PD&R U.S. Department of Housing and Urban Development
Office of Policy Development and Research

Assessment of the Comprehensive Grant Program

Volume II
Case Studies

Assessment of The Comprehensive Grant Program

Volume II
Case Studies

Prepared for:
U.S. Department of Housing and Urban Development
Office of Policy Development and Research

Prepared by:
Abt Associates Inc.
with TAG Associates

HC-5889

June1996

Chicago

CGP CASE STUDY
CHICAGO HOUSING AUTHORITY

Prepared by
Susan J. Popkin, Abt Associates Inc.

1. PHA BACKGROUND AND CHARACTERISTICS

1.1 Description of the Site

With 40,671 units in 113 developments and a staff of over 5,000, the Chicago Housing Authority (CHA) is the third largest public housing authority in the country, after Puerto Rico and New York City. The CHA's size alone creates extraordinary management challenges. However, in addition to its size, there are a number of factors which make CHA's stock almost unmanageable.[1] First, the CHA faces enormous physical problems with its stock. As shown in Exhibit 1, 64 percent of its units are in elevator buildings, most of which are in severely deteriorated condition. CHA's stock is also relatively old, most of it having been constructed in the late 1950s and early 1960s. The majority of the units (83 percent) are in large, family developments with high maintenance needs. Finally, CHA's family high-rises were poorly constructed, with exterior hallways and elevator shafts, making them extremely difficult to maintain.

This general overview does not provide an adequate description of the level of deterioration of much of CHA's stock. The exterior hallways on the high-rises are covered with metal grates, giving the buildings a prison-like appearance. Many apartments (and some entire buildings) are boarded up, and most buildings are covered with graffiti. The grounds and hallways are often filled with refuse and smell of human waste. Lights in elevators and stairwells are frequently vandalized, leaving these areas dark 24 hours a day. The dwelling units generally have cinder-block walls, bare light bulbs, and black linoleum floors; they lack basic amenities such as showers and closet doors. Many units have their original kitchen appliances and cabinets, often in severely deteriorated condition. Further, most apartments have serious maintenance problems, due to years of neglect. For example, in some units it is impossible to turn off the hot water in the bathrooms, and the walls now have severe moisture damage.

One reason for this extreme level of distress is that CHA's stock was so poorly designed and built. In addition to the problem of the "gallery" structure (exterior hallways and elevators) in many of the high-rises, the agency used accelerators to speed the setting of the concrete used in construction. These accelerators cause the concrete to deteriorate rapidly. Further, the high-rises are all linked into a single heating system; there are miles and miles of underground steam

---

[1] TAG Associates Inc. *Review of the Organization, Management Operations, and Public Housing Portfolio of the Chicago Housing Authority: Final Report*, 1994 Norwood, MA.

Exhibit 1
Overview of PHA Characteristics

Chicago Housing Authority

Number of Public Housing Developments and Units:	113 / 40,686
Size of Staff (Total)	5,053
Number of Modernization Staff	765
PHMAP Score:	41
Recently Troubled: (Y/N)	Y
Mod Troubled: (Y/N)	N
Vacancy Rate at Comprehensive Plan:	15.5%
Number of Resident-Managed Developments:	2

Characteristics of the Stock — Distribution	Units	Percent
Age of Development		
Pre-1940	2,373	6
1941-1960	17,214	42
1961-1980	20,014	49
1981 or later	1,085	3
Total	40,686	100%
Structure Type		
Detached/Semi-Detached	0	0
Row	5,657	14
Walk-up	2,308	6
Elevator	26,030	64
Mixed	6,691	16
Total	40,686	100%
Development Program		
Rental	40,686	100
Turnkey III	0	0
Mutual help	0	0
Sec/23-bond financed	0	0
Total	40,686	100%
Occupancy Type		
Family	25,803	63
Elderly	8,703	21
Mixed	6,180	15
Total	40,686	100%
Development Size		
Small (1-49 units)	272	1
Medium (50-199 units)	7,065	17
Large (200+ units)	33,349	82
Total	40,686	100%

tunnels which are expensive to replace. In the agency's largest development (the Robert Taylor Homes), the boilers are on top of the buildings, which causes problems with combustion. The existing electrical system is too old to sustain the demand from the number of appliances tenants now have. The elevators were poorly designed and break down continuously. Finally, the cinderblock structures have exposed piping which means the pipes are vulnerable to vandalism and theft.

The fact that most of the CHA's large developments are concentrated in areas isolated from the rest of the city compounds the agency's problems. On the South Side, a four-mile strip of high-rises runs along an expressway, interrupted only by the campus of the Illinois Institute of Technology. This strip includes the largest public housing development in the world, the Robert Taylor Homes, with over 4,400 units in 28 high-rise buildings. This concentration and isolation increases CHA's crime problem, increases resident needs, and adds substantially to the costs of management.

In addition to structural and locational problems, CHA faces an intractable crime problem that undermines its ability to manage its stock. Rates of violent crime in CHA housing have risen rapidly over the past decade due to increases in drug trafficking and gang activity. Violence is so pervasive in many developments that researchers have compared living in CHA housing to life in a war zone.[2] Although rates of reported crime have fallen in some developments over the past three years, the rate of violent crime in CHA housing remains extremely high.[3] Further, CHA faces tremendous problems with vandalism; modernization efforts are often destroyed by vandals within hours after completion. This deteriorating situation has meant that the CHA has had to divert an increasing proportion of its modernization funds to security, drastically reducing the funds available for actual modernization work.

1.2 Modernization History

Adding to the CHA's difficulties is its long history of management problems, which have led HUD to limit the amount of modernization money available to the authority. The authority is on HUD's troubled list, although its PHMAP scores have been rising gradually over the past few years. The most recent score was 41, and the CHA scored all "As" in the area of modernization. However, current staff are burdened with problems created or exacerbated by earlier administrations. For example, during the late 1970s and early 1980s, modernization funds were left unexpended, and some were allegedly misappropriated. HUD responded to these problems by all but stopping CHA's modernization funds. As Exhibit 2 shows, in 1984 the authority received just $2 million in CIAP grants for all of its developments.

CHA management began to turn around in the late 1980s, with the arrival of Vincent Lane as Executive Director and Chairman of the Authority. Lane hired a new Director of

---

[2] James Gabarino, Katherine Kostelny, and Nancy Dubrow, 1991, *No Place to be a Child.* Lexington, MA: Lexington Books.

[3] Chicago Housing Authority, 1994. *Crime Incidence in Chicago Housing Authority Developments 1988-1993.*

Exhibit CS-2
Funding Overview:
Sources and Amounts of HUD Modernization Funding

Chicago Housing Authority

Fiscal Year	CIAP	MROP	CGP	HOPE VI	TOTAL
FY 1984	$2,010,800	N/A	N/A	N/A	$2,010,800
FY 1985	14,032,910	N/A	N/A	N/A	14,032,910
FY 1986	8,910,500	N/A	N/A	N/A	8,910,500
FY 1987	19,339,069	N/A	N/A	N/A	19,339,069
FY 1988	30,742,000	N/A	N/A	N/A	30,742,000
FY 1989	47,844,807	N/A	N/A	N/A	47,844,807
FY 1990	81,310,000	N/A	N/A	N/A	81,310,000
FY 1991	108,000,000	$8,500,000	N/A	N/A	116,500,000
FY 1992	N/A	N/A	$117,894,299	N/A	117,894,299
FY 1993	N/A	N/A	131,895,343	N/A	131,895,343
FY 1994	N/A	N/A	150,717,000	$50,000,000	200,717,000

Construction Management (modernization), and CHA and HUD officials agree that he was able to completely rebuild the modernization program. CHA funds began increasing each year, from $19 million in 1987 to $108 million in 1991 (plus an addition $8.5 million in MROP funds). Under CGP, the authority's modernization funding has continued to increase, rising to $150 million in 1994.

However, while CHA's modernization department has become more efficient, its ability to carry out the agency's plans is constantly undermined by the need to respond to pressing emergencies. For example, staff members referred frequently to the 1992 shooting of nine-year-old Dantrell Davis in Cabrini-Green as the catalyst for their HOPE VI plan for that development. More recently, a series of events in the Robert Taylor Homes forced the authority to divert millions of dollars in modernization funds. In the summer of 1993, several children fell out of the windows in the Robert Taylor Homes. In response, CHA diverted some of its modernization money to purchase and install window guards in all of its high-rises. Gang members began shooting at the repair crews. CHA responded by conducting warrantless searches for weapons in several buildings. The ACLU sued and, in the spring of 1994, a federal judge issued an injunction preventing the CHA from carrying out further searches. The following weekend, 300 rounds of gunfire were fired in the Robert Taylor Homes. CHA responded by instituting floor-by-floor police patrols (BITE Teams). Virtually all of the funds for each of these CHA actions came from CGP funds, causing other maintenance and modernization to be deferred. Thus, faced with these crises and a deteriorating stock, CHA staff view their CGP program as a "finger in the dike" that allows them to triage their developments.

2. CGP Planning and Administration

2.1 Physical Needs Assessment

The CHA relied primarily on outside consultants to conduct its Physical and Management Needs Assessments for CGP. As part of the process for preparing a Comprehensive Plan for Modernization, the Authority contracted with On-Site Insight in 1991 to provide a 30-year needs assessment of all of its stock. The contractor conducted inspections, reviewed engineering files, examined work already underway, and interviewed engineering staff. On-Site Insight also provided estimates for the costs of reconstruction and redesign for high-rises in eight developments.[4] The agency's Five-Year Plan was derived from this assessment.

On-Site Insight produced a report for each of CHA's 113 developments, detailing needs over a five-year and 30-year period. The consultants' figures for costs were based on standard contracting rates and did not include the additional mark up most contractors impose for providing services to CHA. According to CHA staff, contractors generally inflate their charges,

[4] The developments were ABLA Homes, Ida B. Wells/Darrow, Altgeld Gardens/Murray (row-house), Lathrop Homes (low-rise), Cabrini-Green, Henry Horner, Lake Park (Washington Park), and Rockwell Gardens. These include several of CHA's largest high-rise developments.

both because of the Authority's history of late payment and the additional costs related to vandalism and theft. Because few contractors are willing to work in CHA developments, the agency is forced to pay these higher rates. Since this mark-up was not included in On-Site Insight's figures, the cost estimates the company provided were probably low.

The reconstruction/redesign costs included in the On-Site Insight report did not exceed the TDCs for any developments, although many estimates were very close to this level. However, this assessment did ***not*** include any figures for lead-based-paint (LBP) testing and abatement or asbestos abatement, other than some minimal costs for dealing with emergency abatement needs.

The CHA used the On-Site Insight report as the basis for the 1992 Physical Needs Assessment (PNA) submitted to HUD. However, the staff used only the figures for the five-year needs, inflated by five percent to account for inflation and the "CHA mark-up." In addition, the PNA did not include any of the estimated costs for reconstruction or reconfiguration. When questioned about why the PNA did not include the full costs, the Modernization Coordinator reported that the magnitude of the agency's need was simply too great; the five-year need alone totaled over $1 billion. Other staff reported that there had been some confusion about how to complete the PNA form, and that they had submitted three attempts to HUD before settling on the final version. There had also been some pressure to keep the costs low, because of concerns about prior HUD regulations that prohibited modernization work on developments where costs exceeded the TDCs.

2.1.1 Description of Need

The CHA has overwhelming physical needs, particularly in its family high-rise and older low-rise developments. According to staff, this situation is primarily the result of years of neglect combined with poor physical design. Vandalism has exacerbated the decay and destruction of modernization efforts, dramatically increasing overall costs. The family high-rises have overall needs that include elevators, heating, plumbing, tuckpointing, roofs, and windows. Also included are hard cost expenditures for security, including creating lobby entrances, installing metal detectors, adding stairwells, and providing emergency lighting. The low-rises have major problems with plumbing, in addition to sharing many of the same problems as the high-rises. In all developments, the individual units require new kitchen cabinets, paint, dry wall and ceiling repairs, and new appliances. Most of CHA's elderly and scattered-site housing was built more recently and does not show the extreme deterioration that characterizes the family developments.

Exhibit 3 shows the needs included in Chicago's PNA, totalling ***$1.3 billion.*** Because of the sheer magnitude of the documentation (113 individual reports) and inconsistencies in the CHA's figures, it is impossible to provide a detailed breakdown of needs by category. However, virtually all of the needs for the family developments are Priority 1, making the figure for these developments (about $790 million or 90 percent of the total hard cost need) the best estimate of CHA's total Priority 1 need. However, since about 25 percent of the needs in the

Exhibit 3
Overview of Physical Needs
Chicago Housing Authority

Category of Need	Dollar Amount	Percent of Total
Budget Category		
Hard Costs for Physical Needs	$870,988,396	68
PHA-Wide Management Needs	330,352,094	26
PHA-Wide Non-Dwelling Structures and Equipment	0	0
PHA-Wide Administration	44,137,910	3
PHA-Wide Other	39,998,120	3
Grand Total of PHA Needs	1,285,476,520	100%
Urgency of Need		
Hard Costs Associated with Priority 1 Needs[1]	783,952,884	90
Hard Costs Associated with Lower Priority Needs[2]	87,035,512	10
Total	870,988,396	100%
Mandates		
Hard Costs Associated with Lead-Based Paint Testing	ND[3]	ND
Hard Costs Associated with Lead-Based Paint Abatement	ND	ND
Hard Costs Associated with Section 504	ND	ND
Hard Costs Associated with Title VI Order	NA	NA
High Need Developments		
Hard Costs Associated with Developments with Costs in Excess of 90 Percent of TDC	0	0
Redesign/ Reconstruction in High-Cost Developments	NA	NA

Extent of Overall Need	Ratios
5-Year Funding Level/Total Need	.50
5-Year Funding/Hard Cost Need	.68
5-Year Funding/Mandated Hard Cost Need (LBP/504/Title VI)	ND

[1]Approximate estimate based on total needs for all family high-rise and low-rise developments.
[2]Approximate estimate based on total needs for all elderly and scattered-site developments.
[3]Unable to extract these figures from CHA documents.

elderly and scattered-site housing are also Priority 1, this figure somewhat understates the actual need. Thus, in essence, nearly all of the CHA's reported need is Priority 1.

2.1.2 Mandates and Other Urgent Needs

The CHA's PNA includes a line item for improvements related to Section 504. According to staff, this line item accounts for only a very small proportion of total need, although a more complete estimate was included in the On-Site Insight report. The line items in the PNA include making the site management offices handicapped-accessible and some modest work at the senior buildings, whereas the consultant's report included estimates for 504-related need in each development. The modernization staff's explanation for this omission was that the need is so great (including adapting elevators, stairwells, and entryways) that they are only able to address it when undertaking major reconstruction efforts.

As with Section 504, CHA included only partial figures for lead-based paint (LBP) testing and abatement in the PNA. According to staff and the consultant who prepared the needs assessment, the figures in the PNA reflect the estimated cost of testing and abatement related to emergency situations, i.e. when an child with an elevated blood level (EBL) of lead is reported. Staff estimate that the figures they included amount to less than 10 percent of the total need. However, the Authority has recently been conducting LBP testing, and staff expect to have an accurate assessment by early next year. The best current estimate of CHA's actual need for LBP abatement comes from a staff estimate prepared in 1994. This estimate assumes that about 30 percent of the agency's units may have LBP problems.[5] Based on this figure, CHA staff estimate that the LBP abatement need is approximately $138,240,000, including abatement, monitoring, and relocation. If accurate, this would increase CHA's overall reported need by about 16 percent.

Although asbestos abatement is not mandated by HUD, asbestos is an even more serious problem for CHA than LBP. Based on a consultant report from 1989, CHA staff estimate their total need for asbestos abatement (including reinsulation) at $371,250,800. Thus, acknowledging CHA's total "environmental" needs would increase their original needs assessment by about 50 percent, to $1.7 billion.

In addition to the HUD mandates and environmental needs, CHA has entered into a consent decree with the City of Chicago to resolve outstanding code violations in its properties. These violations are primarily related to health and safety requirements, e.g., installing smoke detectors in every unit. The City and CHA have agreed that CHA will address a certain proportion of these needs each year to avoid further litigation. CHA staff were unable to provide a figure for what proportion of the agency's needs are related to such code violations.

[5] Staff acknowledge that this figure is probably low.

2.1.3 Procedures for Setting Priorities

Given the enormity of the need, CHA staff found setting priorities to be extremely difficult. Since virtually every major need is an "emergency," it was nearly impossible to choose what should be done first. Further, staff pointed out that coming up with one figure for particular need over a twenty-year (or even five-year) period is very difficult, since some needs are continuously recurring. For example, stairwell lighting is an emergency safety and security need and, because of vandalism, a constant problem.

In order to come up with a rational method for setting priorities, staff indicated that they grouped needs into four categories. Health and safety needs came first (including major systems, elevators, windows, tuckpointing, and roofs), followed by actions necessary to correct code violations (including fire protection), then security needs, and finally building finishes.

Once CHA staff had reviewed the needs, residents were brought into the process to determine the priorities for their individual developments. A committee of resident leaders and staff from each development reviewed the individual On-Site Insight reports. These committees were not given a "bottom line" figure to work with, but rather were told to come up with a reasonable plan. According to staff and residents who participated in the process, staff tended to emphasize building systems, management, and security, while residents tended to favor unit repairs (appliances, paint, cabinets).

2.2 Management Needs Assessment

The CHA hired Quadel Consulting Corporation in 1991 to conduct its Management Needs Assessment for the Comprehensive Plan for Modernization. Like On-Site Insight, Quadel prepared a set of individual assessments for each development as well as an overall management report. CHA developed a planning group to decide how to implement Quadel's recommendations and to create a comprehensive planning strategy.

It is difficult to understand how this process translated into the Management Needs Assessment submitted to HUD. According to the Modernization Director, the figure Quadel provided for the agency's total management needs was $330 million. This figure appears in the Executive Summary of the agency's original CGP application. However, according to CHA staff, this is not a "working number," i.e. one they refer to when actually planning their management expenditures. Indeed, the MNA that CHA submitted with its original CGP application includes only annual needs statements for FY 1992 and FY 1993 rather than a full needs assessment. These MNA forms appear to be more of a spending plan analogous to the Five-Year Plan and total only about $56 million. Summary numbers from the FY 1992 and FY 1993 MNA forms appear in Exhibit 4.

According to these documents, CHA's major areas of management need for the first two years of CGP were security, problems related to long-term vacancies, work order reporting, and other PHMAP-related deficiencies. CHA has just signed a Vacancy Reduction Plan with HUD,

Exhibit 4
Overview of Management Needs
FY 1992 and 1993 MNA

Chicago Housing Authority

Type of Need	Mandatory	Optional	Total	%
Needs Associated with PHMAP Deficiencies (by Indicator)				
Vacancy	0	0	0	0
Modernization	0	0	0	0
Uncollected Rents	0	0	0	0
Energy Consumption	0	0	0	0
Unit turnaround	0	0	0	0
Outstanding Work Orders	$2,252,500	0	$2,252,500	4
Inspection/condition of units	1,150,000	0	1,150,000	2
TARS	0	0	0	0
Operating reserves	0	0	0	0
Routine operating expense	400,000	0	400,000	1
Resident initiatives	6,655,362	0	6,655,362	12
Development	500,000	0	500,000	1
Sub-total: PHMAP Related Need	$10,957,862	0	$10,957,862	20%
Other Management Needs (by Functional Area)				
Leasing and Ongoing Tenant Functions (outreach, waiting lists, eligibility, collections, recertifications)	0	0	0	0
Property Management (maintenance, inspections, and modernization)	$500,000	0	$500,000	1
Administration, Finance, MIS, Communications	1,300,000	0	1,300,000	2
Personnel (including training)	0	0	0	0
Resident Services	0	0	0	0
Security	38,687,831	0	38,687,831	69
Other/Misc - Relocation of Central Office	4,500,000	0	4,500,000	8
Sub-total: Other Needs	44,987,831	0	44,987,831	80
Total Management Need	$55,945,693	0	$55,945,693	100%

and staff indicated that they are focusing on other PHMAP-related deficiencies in order to get off of the troubled list. According to the Director of Housing Operations, all needs listed in the MNA are related to PHMAP and range from resident initiatives to improved financial tracking. However, because of CHA's enormous security costs, just 20 percent of management funds are available to use for needs directly related to PHMAP.

The MNA also includes the cost of relocating CHA's central offices from downtown to a renovated warehouse the Authority has purchased, west of the downtown area. Staff stated that this move was mandated by HUD as a cost-cutting measure. The move absorbed $4.5 million (eight percent) of CHA's management funds in 1992 and 1993.

However, as Exhibit 4 shows, security is clearly CHA's predominant management need, accounting for nearly 70 percent of the agency's management needs in FY 1992 and FY 1993. This need has increased dramatically and now consumes a substantial proportion of the CHA's overall CGP funds. The CHA submitted an updated 1993 MNA, indicating planned costs of $42 million, of which $28 million was allocated for security. In its new CGP application for FY 1994 and FY 1995, this figure is even larger, about $45 million per year. According to staff, ***CHA's total expenditures for security in FY 1994, including all sources of funds, is $78 million***. Seven programs are funded as part of CHA's security program: (1) the CHA police force, (2) the CHA security force, (3) contract security guards, (4) drug elimination sweeps, (5) tenant patrols, (6) drug prevention programs (for example, Midnight Basketball leagues), and (7) special police patrols (known as BITE Teams).

The decision to allow CHA to fund its police and security forces from modernization funds was made under CIAP; one long-term HUD staff person explained that when CHA decided it needed to create its own police force to "protect HUD's investments," there were no other sources of funds available. HUD does not require CHA to apply for a formal waiver to expend more than 10 percent of its CGP funds on management, but rather permits CHA to submit a letter along with the annual CGP application explaining the situation. The applications are routinely approved and all parties seem to accept the need for this special arrangement.[6]

This overwhelming security need has major implications for the CHA's ability to fund its other management and physical needs. First, security costs are so great that they limit the funds available for other purposes, leaving the Authority little latitude for addressing other pressing problems. Further, because of the security costs, CHA's management needs, even in the original plan, far exceed the 10 percent cap. The increased need for spending on security is seriously depleting the CGP funds, leaving the agency unable to cope with emergency physical needs, much less to follow the plan laid out in the original FY 1992 CGP application.

---

[6] Several respondents noted that HUD had given the New York City Housing Authority a special allocation for its police force a number of years ago. No such arrangements had been made for CHA, leaving the authority with no additional source of funds for security costs as its needs escalated.

2.3 Resident and Local Government Involvement

CHA has a very highly structured tenant organization, which mirrors in some respects, the structure of Chicago's City government. Each development has a Local Advisory Council (LAC), consisting of elected representatives from the individual buildings on the site. Each LAC elects a president, who sits on the Central Advisory Council (CAC). The LAC presidents resemble Alderman or Ward Committeemen and use their influence to try to bring major initiatives to their developments. Some of the CAC representatives are also on the Tenant Commission, which reports to the CHA Board of Directors. The head of the CAC sits on the CHA Board, and is a powerful politician in her own right.

The CHA brought in a consultant to train staff and residents on CGP. Each LAC has a modernization committee of about 10 residents. After the training was complete, each modernization committee met about five times with a Project Coordinator, the Site Manager, and an Engineer to set priorities for the development. This work went into the draft CGP application, which was made available at CHA's offices and the CAC office prior to the public hearings. CHA held several public hearings at different sites around the city. Notices were sent out to residents in their rent statements to publicize the hearings, which were conducted in places that were handicapped accessible.

Staff and residents generally agreed that residents had a good sense of what the major problems were at their own developments and that there were no major disagreements about priorities. Staff did indicate that residents tended to emphasize unit improvements (appliances and finishes), while staff emphasized major system needs. However, the three residents interviewed for this report felt satisfied that their priorities were reflected in the final plan, although they complained that CHA was implementing it too slowly.

Residents and staff generally indicated that they were satisfied with the overall planning process; indeed, one staff person said she was very pleased that CGP had required the agency to involve residents more. Most respondents also agreed that the level of resident involvement did influence funding; activist LAC presidents were more likely to obtain funding for their own developments. Likewise, the two sites with active resident management councils (RMCs), (Le Claire Courts and 1230 N. Burling) had previously received substantial amounts of CIAP money for comprehensive modernization and were able to sustain that funding under CGP.

2.3.1 Local Government Participation

CHA staff and local government representatives agree that the city's role in the CGP process was essentially reactive. A representative from the Department of Planning attended the public hearings and reviewed the CGP application, but the City provided no direct input.

City officials stated that this lack of involvement in planning for CHA developments is a long-standing concern, and indicated that CHA tends to shut them out of most decision-making processes. According to the Mayor's representative, the City would like to have a more active role in the CGP planning process, but at the moment, sees no way of altering its relationship with the Authority. Indeed, this official stated that CHA often has to be forced to negotiate with residents or the with larger community, and cited as an example the fact that Cabrini-Green residents have publicly disagreed with CHA about plans for the HOPE VI effort.

The City officials interviewed for this case study raised two major concerns about the CHA's CGP process. First, they found it difficult to determine CHA's long-term plan for its properties. The CGP documents were long and complex and City officials found it difficult to interpret them and offer meaningful feedback. Second, the two City officials were concerned about CHA's crisis orientation; the City viewed the CGP application as a listing of emergency needs rather than a true comprehensive plan. At the same time, they recognized that the City government had exacerbated the problem by imposing its own concerns, e.g. mandating the installation of carbon monoxide detectors and insisting that CHA immediately address security problems in senior housing. These officials saw that CHA was in an extremely difficult situation and might have had no choice other than to attempt addressing its most pressing emergencies first.

2.4 On-going CGP Planning

CHA has continued to use the model developed for the FY 1992 CGP for subsequent applications. Staff have held individual meetings with the LAC presidents and the modernization committees. They have continued to hold multiple public hearings in different areas of the city. According to staff, the major difference is that the original plan was much broader, encompassing all of the most pressing needs for each development. Because of the dramatic increase in security costs, there has been significantly less money available for modernization in subsequent years, despite the fact that CHA's funding has increased each year.

Further, CHA has had to respond to several major crises that have involved substantial reallocations of CGP funds. In 1994, HUD and President Clinton required the agency to immediately reprogram $19 million in CGP funds to deal with security at the Robert Taylor Homes. CHA received $5 million in emergency CGP funds to help support special police patrols, but, according to staff, this money was a pass-through for the Chicago Police Department. Other needs that would have been addressed with the $19 million had to be deferred. As discussed above, the same thing happened in 1992 when Dantrell Davis was shot in Cabrini-Green; CHA reprogrammed millions of dollars in CGP funds to finance security sweeps of all the buildings in the development. In addition, CHA officials have to cope with more mundane emergencies, such as exploding boilers and the recent City mandate for carbon monoxide detectors, which also require diverting CGP funds from their planned uses.

CHA officials recognize that they are primarily practicing crisis management. However, they state that they try to maintain a balance between responding to emergencies and sustaining funding for long-term initiatives. For example, they have tried to protect the funds needed for shifting from the old centralized heating plant to a decentralized system. However, because of the magnitude and severity of all of the problems, maintaining any kind of comprehensive plan or treatment effort is clearly very difficult.

2.5 Perspectives on CGP Administration and Effectiveness

CHA staff have mixed feelings about CGP. On the one hand, they view the program as more cumbersome than CIAP, because of the amount of paperwork involved in preparing the Five-Year Plans, annual statements, and Performance and Evaluation reports. Because of CHA's size, these are massive documents, with each year's CGP application filling a three-inch binder. On the other hand, under CGP the agency has the flexibility to include all development numbers in one plan, which allows staff to avoid doing an amended ACC when they need to shift funds around.

CHA staff view CGP as more flexible than CIAP for responding to the many emergencies they face. They also like the fact that the funding is predictable, which permits planning for upcoming needs (as other constraints permit). Finally, staff believe that CGP allows them more freedom. As the modernization director stated, the agency has gone from needing HUD approval for every dollar spent under CIAP to only periodic monitoring under CGP.

CHA's rate of modernization spending has not been affected by CGP. Due to the efforts of the modernization director, the agency's rate of spending was already very high under CIAP; the CHA had only $10 million in unexpended CIAP funds in FY 1994 (about nine percent of its FY 1991 grant). The agency's Performance and Evaluation Reports show that the Authority has been able to sustain this high rate of spending under CGP. Indeed, as noted earlier, modernization is the one area of the agency's PHMAP assessment in which it scores all "As."

CHA staff report no difficulties in submitting CGP materials on time, although the HUD Field Office staff stated that the agency's documents were frequently delayed. The only recommendation CHA staff had for changes in the program was a shift to a "post-audit" HUD review, which would allow the agency to expend funds while HUD conducted its review.

Although CHA has significant needs related to HUD mandates, these needs are not reflected in the agency's CGP plans. CHA's internal estimate indicates that authority-wide LBP abatement would probably require a substantial proportion of the agency's modernization funds. The Authority's Section 504 needs are also significant and require major building redesign. However, staff feel that, given the magnitude of the agency's basic needs, CHA simply cannot devote a substantial proportion of their funds to addressing these mandates. As one said, staff face an impossible set of choices; do they choose to deal with the lead-based paint or provide for basic health and safety needs, such as heat?

2.5.1 Relationship to HUD

Both CHA and HUD Field Office staff agree that the HUD Field Office reorganization has had a much greater impact on their relationship than the shift from CGP to CIAP. Within the past two years, the Chicago HUD office has gotten a new director and become a pilot site for the "HUD reinvention" initiative. Whereas the office used to have a staff of nine devoted solely to monitoring the CHA, responsibility for CHA oversight is now divided among a number of departments. CHA officials appreciate their new freedom, but they are concerned about the number of inexperienced HUD staff and consequent delays in approvals.

The HUD staff who currently oversee CHA's CGP are, for the most part, relatively new to working with the Authority. They believe that CGP has been positive for CHA, allowing the agency significantly more discretion. Other than providing reviews and approvals, the Field Office plays little role in the agency's administration of its CGP funds.

3. Modernization Strategies and Spending Patterns

3.1 Overall Strategy and Rationale

CHA's modernization director asserts that the agency is following a basic strategy of making essential physical improvements at all sites. He views the strategy as having five components: physical improvements, public safety, management, resident involvement, and integrating the housing into the overall community. CHA staff have chosen to put little emphasis on comprehensive modernization, because they see it as essentially fruitless. The modernization director said that under the old CIAP system, they often found they would not even make it to the end of a project before the first part needed to be done again.

CHA is undertaking comprehensive modernization only at five sites that were begun using CIAP or MROP funds. (See Exhibit 5.) These include: the two RMC sites, Le Claire Courts and 1230 North Burling (a building in Cabrini-Green), Wells and Wells-Extension, and Rockwell Gardens. CHA has received a $50 million HOPE VI grant to redevelop a small section of the Cabrini-Extension using a mixed-income model, and the agency anticipates using some CGP funds for this activity as well. CHA successfully used this method to redevelop Lake Parc Place, which opened in 1991. This development, which is privately managed and has a substantial low-income population, is now the Authority's showplace.

However, as discussed above, CHA's ability to plan effectively is severely constrained by both emergency needs and political demands. While CHA attempts to set priorities in terms of the greatest need, the agency is constantly required to modify plans to respond to new exigencies. In addition to the security costs, the modernization director cited a recent consent decree in a suit filed by Horner tenants accusing the Authority of practicing *de facto* demolition by allowing the buildings to become uninhabitable. The consent decree calls for the CHA to spend $200 million redeveloping Horner, using the agency's mixed-income model. If this

Exhibit 5
Concentration of Modernization Spending (CIAP compared to CGP)

Chicago Housing Authority

Year/ Source	Modernization Types		
	Comprehensive Scope	Selected Work Items/Special Purpose	Total
FY 91 CIAP Projects/Units Dollars	5 / 5388 $ 19,715,158 (18%)	73 / 31015 $ 88,284,842 (82%)	78 / 36403 $ 108,000,000
FY 92 CGP Annual Statement and 5-Year Plan	5 / 5388 $ 12,082,408 (16%)	83 / 32576 $ 64,465,907 (84%)	88 / 37964 $ 76,548,315
FY 93	5 / 5388 $13,990,315 (19%)	83 / 31891 $59,738,075 (81%)	88 / 37279 $73,728,390
FY 94	5 / 5388 $43,966,545 (15%)	101 / 34573 $255,961,789 (85%)	106 / 39961 $299,928,334
FY 95	5 / 5388 $37,187,898 (17%)	85 / 31460 $177,870,809 (83%)	90 / 36848 $215,058,707
FY 96	5 / 5388 $34,905,263 (19%)	69 / 29134 $148,841,259 (81%)	74 / 34522 $183,746,522
FY 1993 Annual Statement Revised	5 / 5388 $14,201,603 (18%)	94 / 34176 $66,913,016 (82%)	99 / 39564 $81,114,619
FY 1994 Annual Statement Revised	5 / 5388 $13,838,020 (20%)	102 / 34390 $56,919,506 (80%)	107 / 39778 $70,757,526

* CIAP and CGP Numbers do not include 1230 N. Burling, an individual building in Cabrini-Green that is being comprehensively modernized. In FY 1992, the project had $1,500,000 in comp mod spending and in FY 1993 the amount was $1,503,500. In the FY 1993 Annual Statement, the project had $2,595,525 in comp mod Spending and in the FY 1994 Annual Statement, the amount was $112,392.

agreement stands, it will clearly have a major impact on what CHA is able to spend on other developments.

Thus, CHA staff view themselves as less constrained by HUD mandates than by local problems such as crime and violence, the agreement with the City on addressing code violations, and other legal issues. The costs of completely addressing HUD mandates such as LBP abatement and 504 needs are regarded as so extreme that the Authority has chosen to address only the most pressing needs, i.e. emergency abatement. CHA staff see major reconstruction and redesign the only realistic way of dealing effectively with their structural, environmental, and site management problems.

3.2 Coordination of CGP with Other Funding Sources

As Exhibit 6 shows, CHA receives large amounts of funds from other sources; in FY 1994, CGP funds account for just 66 percent of the agency's overall modernization funding. In FY 1994, the Authority received $150 million in CGP funds as well as an additional $5 million from the CGP Emergency/Disaster Reserve. These latter funds were used to pay for the special Chicago police patrols in the Robert Taylor Homes, and CHA officials expect these funds to be deducted from their next CGP grant. The agency has obligated most of its CIAP funds and has only $10 million remaining of its $108 million 1991 grant. In addition, CHA still has $8.5 million in MROP funds awarded for Rockwell Gardens, $1.7 million in CDBG funds, and $1 million from the State of Illinois for weatherization. The agency also allocated $1.1 million from its operating income to use for non-routine maintenance. None of these additional funds were listed in the annual statement.

Finally, the Authority was awarded a $50 million HOPE VI grant for Cabrini-Green, bringing CHA's total funds for FY 1994 to $227 million.[7] The contract for these HOPE VI funds was recently signed, and CHA's development arm has begun planning for implementation. According to the modernization director, this funding will allow CHA to demolish three double buildings and rehab a fourth high-rise. The Authority will use the vacant land, as well as other sites in the community, to develop new mixed-income housing, with the aim of privatizing management. However, given that CHA's needs far exceed the amount of their CGP funds, this HOPE VI award will have little effect on the Authority's overall needs or spending plans. As the HOPE VI plan only covers a small proportion of Cabrini-Green, it will probably have relatively little effect on needs at even that one development. CHA staff view the HOPE VI grant as an opportunity to test out some of the ideas that Chairman Lane has been promoting, rather than as a means of addressing a substantial proportion of physical needs.

---

[7] The HOPE VI ACC was not signed until late in 1994, so CHA did not have access to these funds during most of this period.

Exhibit 6
Sources of Funding for Modernization

Chicago Housing Authority

Anticipated CGP and Non-CGP Funds by Year (From Initial Five-Year Plan)

Year	CGP	Non-CGP Funds	Total
FY 1992	$117,894,299	0	$117,894,299
FY 1993	117,894,299	0	117,894,299
FY 1994	117,894,299	0	117,894,299
FY 1995	117,894,299	0	117,894,299
FY 1996	117,894,299	0	117,894,299

Sources of Funds for Modernization Needs (Detail from FY 1994 Annual Statement/PHA Documents)

Source	Listed in Statement (Y/N)	Amount	Percent of Total
CGP Formula	Y	$150,000,000	66
CGP Emergency/Disaster Reserve	N	5,000,000	2
Continuing CIAP Programs (not reprogrammed) Estimate of Actual Spending	N	10,000,000	4
Reprogrammed CIAP Funds	N	0	0
MROP	N	8,500,000	4
URD	N	50,000,000	22
Operating income used for betterments & additions or non-routine maintenance	N	1,100,000	<1
Section 8 reserves used for capital improvements and equipment	N	0	0
Modernization staff salaries from non-CGP sources	N	0	0
Other (List)			
CDBG	N	1,700,000	1
City Department of Housing-DOE Weatherization Grant	N	1,000,000	<1
Total		$227,300,000	100%

3.3 Specific Spending Patterns

Because CHA's documentation is so voluminous, it is very difficult to break spending down into categories. Each annual statement fills an entire three-inch binder and provides detailed documentation on 113 individual developments. Compounding the problem, CHA staff have not been consistent in filling out the forms over the years; they frequently use internal development numbers for subdevelopments as well as using different names for the same development in different years.

Given these problems, it is impractical to try to tally the actual amount the CHA expends on Priority 1 needs in a given year. However, as noted earlier, the vast majority of the needs in the family developments are Priority 1. Therefore, in Exhibit 7, we have used the figures for spending in these developments as an approximation for spending on Priority 1 needs.[8]

According to the modernization director, virtually all of CHA's spending goes to Priority 1 needs. These needs generally are related to health and safety (e.g., heat, elevators and fire protection). As Exhibit 7 shows, CHA initially planned to spend about 90 percent of its CGP funds on Priority 1 needs in each year. The 1993 Annual Statement showed that the agency had deviated somewhat from this plan however, spending about 21 percent on lower priority needs. This shift may be attributable to the City's insistence that the agency address the needs of senior residents, generally considered lower priority in the original plan. The FY 1994 Annual Statement reverts to the original spending strategy.

3.3.1 Spending on Mandates

Exhibit 7 shows that the Authority is spending relatively little on mandates, either Section 504 or LBP testing and abatement. The CHA created an Environmental Unit in 1992 specifically to address LBP and asbestos. The unit hires and trains residents through its Step Up program to carry out the abatement. Staff estimate that the agency currently spends about 10 percent of total CGP funds for all environmental needs, including LBP and asbestos. In most cases, these funds are used for emergency abatement, as when an EBL child is reported. A consultant was just completing authority-wide testing for LBP at the time of the site visit, but staff did not expect that this report would lead the Authority to begin spending more of its funds on abatement because there are simply too many other competing needs.

The Authority is also spending very little on Section 504 needs, despite the fact that accessibility is listed in the PNA as a Priority 1 need in virtually every development. According to the modernization director, addressing CHA's 504 needs involves major reconstruction. At this point, the agency has adapted its management offices and plans to address the needs at individual developments only as part of major modernization efforts.

---

[8] This method somewhat understates the CHA's actual spending for Priority 1 needs.

Exhibit 7
Patterns of CGP Hard Cost Spending and Comparison with Need (Mandates vs. Discretionary)

Chicago Housing Authority

Spending Priorities and Mandates	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Priority 1[1]	70,710,045	93	68,579,245	93	262,763,980	88	192,376,773	89	167,188,628	91	63,814,849	79	63,450,404	90
All Other[2]	5,838,270	7	5,149,145	7	37,164,354	12	22,681,934	11	16,557,894	9	17,299,770	21	7,307,122	10
Total	76,548,315	100%	73,728,390	100%	299,928,334	100%	215,058,707	100%	183,746,522	100%	81,114,619	100%	70,757,526	100%
LBP Testing	800,000	1	ND		ND		ND		ND		0	0	0	0
LBP Abatement	2,950,000	4	ND		ND		ND		ND		4,155,337[3]	5	7,362,038	10
Section 504	1,525,000	2	ND		ND		ND		ND		2,115,163	3	1,612,890	2

[1] Approximate estimate based on total spending for all family developments.

[2] Approximate estimate based on spending for elderly and scattered site developments

[3] This total for the FY 1993 Annual Statement includes asbestos abatement as well. The totals given for each project were a combination of the types of abatement and could not be separated.

Exhibit 8 shows the Authority's spending patterns for its 1991 CIAP grant. This breakdown indicates that spending on mandates has increased somewhat under CGP. Environmental Unit staff reported that spending on LBP and asbestos had increased following the creation of the special unit, and the modernization director noted that the mandatory testing had increased CHA's costs. The Authority has been sued over its asbestos problems, which has also affected the level of spending. In contrast, spending on Section 504 compliance has remained at a consistent level of only one or two percent of the agency's funds.

3.3.2 Other Patterns of Hard Cost Spending

As Exhibit 9 shows, the vast majority of CHA's funds go to its large, family developments, which consume nearly 90 percent of the funds in any given year. Together, CHA's family and mixed developments consume ***over 90 percent*** of the funds, leaving only about eight percent for the elderly developments.

CHA now has three active RMCs, but one (Dearborn Homes) only took control of its development in December, 1994. The older groups are in Le Claire Courts and 1230 N. Burling (a single building in Cabrini-Green).[9] The Authority does not consider 1230 N. Burling to be a separate development, so spending for this RMC building cannot be analyzed separately. According to staff, CHA has attempted to be very supportive of its RMCs and is comprehensively modernizing both Le Claire and 1230 N. Burling, primarily with CIAP funds. The 1230 N. Burling group is also involved in the HOPE VI effort for Cabrini-Green, although it is located in a different part of the development. As Exhibit 9 shows, only a very small proportion of CHA's CGP funds are going to Le Claire Courts, which is not surprising since this development is low-rise and has already received CIAP funds. According to staff, 1230 N. Burling also receives only a small proportion of funds (between $1.5 million and $2.5 million per year). Dearborn Homes, the newest RMC development, is not slated for comprehensive modernization at this time, although it will receive a substantial amount of funding for new elevators.

Because of the immense size of CHA's Five-Year Plans and annual statements as well as the difficulties involved in breaking out costs for specific activities, we cannot present reliable figures for spending on unit adaptations, demolition, hard costs for security, energy conservation, or renovations of long-vacant units (See Exhibit 10). However, according to the modernization director, all of these activities are part of CHA's plan and are imbedded in the costs for other modernization work. Staff expect that the proportion of CGP funds spent for demolition and conversion of units, now estimated at five to ten percent of expenditures (including relocation costs), will increase. Chairman Lane has a long-range plan to replace much of the Authority's deteriorated high-rise stock with more manageable units on scattered-sites. At this time, the agency is constrained both by HUD's one-for-one replacement rule and

[9] Sixteen other groups from individual buildings or entire developments are in various stages of management training. Bertha Gillkey, from St. Louis, has been involved in helping to develop the RMCs in Chicago. In addition, CHA is currently developing a plan for a public/private management experiment in Altgeld Gardens, which will be managed by a board including residents from the larger community.

Exhibit 8
Comparative Data on CIAP Spending Patterns (FY 1991)

Chicago Housing Authority

Budgeted Expenditures: FY 1991	Dollars	Percent of Total
Mandates versus Other		
LBP Testing	$684,767	1
LBP Abatement	295,327	<1
Section 504 Compliance	987,353	1
Other Spending	106,032,553	98
Total Planned Expenditures	$108,000,000	100%

Exhibit 9
Patterns of CGP Hard Cost Spending and Need (Specific Development Types)

Chicago Housing Authority

Development Type *	Physical Needs Assessment			Planned Hard Cost Expenditures FY 1992 - FY 1996			FY 92, 93, and 94 Annual Statement		
	Dollars	%	Per Unit	Dollars	%	Per Unit	Dollars	%	Per Unit
Size of Development									
Large	$793,646,912	91	$23,798	758,159,679	89	22,734	197,811,176	86	5,932
Medium	72,999,365	8	10,333	85,877,787	10	12,881	29,356,234	13	4,339
Small	4,342,119	1	15,964	4,972,802	1	24,989	1,253,050	1	4,607
All	870,988,396	100%	21,408	849,010,268	100%	21,112	228,420,460	100%	5,656
Occupancy Type									
Family	$641,286,397	74	$24,853	$654,884,588	77	25,712	172,874,251	76	6,779
Elderly	62,622,183	7	7,195	61,125,263	7	7,137	17,694,271	8	2,033
Mixed	167,079,816	19	27,036	133,000,417	16	21,521	37,851,938	17	6,125
All	870,988,396	100%	21,408	849,010,268	100%	21,112	228,420,460	100%	5,656
Resident Management Status **									
Resident-Managed	$3,207,564	1	$10,692	3,207,564	1	10,692	4,134,421	2	13,781
Not Resident-Managed	867,780,832	99	21,487	845,802,704	99	21,190	224,286,039	98	5,595
All	870,988,396	100%	21,408	849,010,268	100%	21,112	228,420,460	100%	5,656
Development Type									
Rental	$870,988,396	100	$21,408	849,010,268	100	21,112	228,420,460	100	5,656
Turnkey	0	0	0	0	0	0	0	0	0
Mutual Help	0	0	0	0	0	0	0	0	0
Bond Financed	0	0	0	0	0	0	0	0	0
All	870,988,396	100%	21,408	849,010,268	100%	21,112	228,420,460	100%	5,656

* Excluded from this chart are 5 sites which received CGP funding but did not have PNAs with characteristics or need amount. The 5 sites had a total of 17,022,867 for their 5-year spending and a total of 7,943,410 for the three annual statements.

** There are two RMCs in CHA; however, only LeClaire Courts is included in the computations because the second site, 1230 N. Burling, does not have a PNA with characteristics or need amount.

Exhibit 10
Patterns of CGP Hard Cost Spending (Other Specific Uses)

Chicago Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 1993 Annual Statement		FY 1994 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Unit Adaptations	ND		ND		ND		ND		ND		ND		ND	
Demolition/Conversion	ND		ND		ND		ND		ND		ND		ND	
Security and Drug Elimination	ND		ND		ND		ND		ND		ND		ND	
Redesign in High-Need Developments	0		0		0		0		0		0		0	
Energy Conservation Improvements	ND		ND		ND		ND		ND		ND		ND	
Renovations of Long Vacant Units	ND		ND		ND		ND		ND		ND		ND	

ND means that there is no data available which can be used for these computations.

by a consent decree issued in the *Gautreaux* case requiring CHA to locate any new housing in non-impacted (i.e. non-minority) areas.[10] A receiver is currently working to acquire some land in Hispanic areas of the city (considered non-impacted under *Gautreaux*), but has been unable to purchase land in white areas because the costs are prohibitive. Once the land is acquired, the agency hopes to begin constructing new housing on the sites.

According to staff, the Authority had originally planned to undertake some reconstruction in the Washington Park development,[11] but these plans had to be deferred because of negotiations with residents over the final form of the redesign. Thus, at the moment, the agency is spending virtually nothing on reconstruction or redesign. Likewise, the Authority is spending very little on renovating long-vacant units, because the costs are prohibitive. CHA and HUD have recently agreed on a vacancy reduction plan, which will mean increased expenditures in future years.

CHA does spend a substantial amount on hard costs related to security. While staff were unable to provide a precise estimate, CGP funds are used in conjunction with drug elimination (PHDEP) funds for replacing lighting in stairwells and hallways and installing guard booths, metal detectors, and turnstiles in lobbies.

Finally, the modernization director estimates that CHA spends about 10 to 20 percent of its CGP funds annually for energy conservation improvements. These expenditures include replacing lighting, upgrading electrical systems, and replacing boilers, hot water heaters, and doors. In addition, CHA has been gradually replacing the windows in all of its high-rises with thermalpane windows that have built-in child guards.

3.3.3 Administration and Other Expenses

Exhibit 11 shows the CHA's planned spending for administration, management, and other costs. The figures from the out-years in the original Five-Year Plan are considerably larger than the actual amount of the Authority's CGP grants. According to staff, this discrepancy is due to a misunderstanding over how to complete the forms. Staff apparently took the amount of ***needs*** remaining after the ***planned spending*** for FY 1992 and FY 1993 (nearly $1 billion), and divided that amount by three. The FY 1993 and FY 1994 Annual Statements reflect the actual spending patterns.

As shown in Exhibit 11, the CHA originally budgeted only a small proportion of its CGP funds (three or four percent annually) for administrative expenses. The annual statements for both FY 1992 and FY 1993 were part of the original application. However, because of the Authority's extraordinary security needs, staff submitted a revised FY 1993 plan. In the amended FY 1993 Annual Statement and the subsequent FY 1994 plan, the agency's

[10] *Gautreaux vs. the Chicago Housing Authority and the United States Department of Housing and Urban Development, 1976.*

[11] Actually a conglomeration of buildings scattered across the south side of the city.

Exhibit 11
Patterns of Total CGP Spending (By Budget Category)

Chicago Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
EXPENSE CATEGORY														
Hard Cost For Physical Needs	79,357,149	67	ND[1]		304,843,133	68	225,987,509	68	189,127,631	68	76,275,326	56	69,018,568	46
PHA-wide Management	30,900,000	26	ND		114,316,175	26	84,745,315	26	70,922,860	26	42,484,989	31	62,378,514	41
PHA-wide Non- Dwelling	597,150	1	ND		0	0	0	0	0	0	6,845,338	5	5,750,897	4
PHA-wide Administration	4,390,000	4	ND		15,242,155	3	11,299,375	3	9,456,380	3	7,690,380	6	10,550,180	7
PHA-wide Other	2,650,000	2	ND		13,717,940	3	10,169,440	3	8,510,740	3	2,136,262	2	3,018,714	2
Replacement Reserves	0	0	ND		0	0	0	0	0	0	0	0	0	0
Grand Total	117,894,299	100%		100%	448,119,403	100%	332,201,639	100%	278,017,611	100%	135,432,295	100%	150,716,873	100%

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
"OTHER" DETAIL														
Audit	100,000	<1	ND		ND		ND		ND		100,000	<1	100,000	<1
Liquidated Damages	0		ND		ND		ND		ND					
Fees and Cost (A&E)	2,550,000	2	ND		ND		ND		ND		2,036,262	2	2,918,714	2
Site Acquisition	0		ND		ND		ND		ND					
Relocation	0		ND		ND		ND		ND					
Total Other	2,650,000	2%	ND		ND		ND		ND		2,136,262	2%	3,018,714	2%

[1]Could not be extracted from CHA documents.

administrative costs were expected to meet the seven percent cap. In addition, staff have budgeted about $100,000 per year for audits and between $2 and $3 million per year in architecture and engineering (A&E) fees. It should be noted that these A&E fees are actually primarily a security-related expense; CHA has just signed a million-dollar contract with a consultant to evaluate the agency's current deployment of its security forces.

The real shift in CHA's expenditures has been the dramatic increase in management spending. This increase is virtually all due to the agency's spending for security (expected to total $78 million in 1994). Because of the increased security costs, CHA's management expenses have ***nearly doubled in just three years and are now four times the official 10 percent cap***. This dramatic increase in management costs is seriously impairing the Authority's ability to carry out any effective modernization plan. Indeed, the increased management spending is drastically reducing the amount of funds available for physical needs, from 59 percent in FY 1992 to just 43 percent in FY 1994. Given the level of crime in CHA developments, staff anticipate that this situation will only continue.

3.3.4 Section 3 Resident Hiring and Training

CHA has formed a task force to develop a resolution that will require all contractors to abide by Section 3. The Authority currently has voluntary resident hiring goals, and the task force is now working to design a mandatory program to encourage resident employment as much as possible. Contractors will be able to fulfill their obligation either by hiring residents directly or by providing training or educational assistance. Staff are currently in the process of meeting with HUD to finalize the program and are beginning to develop the forms and documentation process necessary to monitor compliance. The resolution is being drafted with specific enforcement provisions. If a contractor fails to comply with CHA's new regulations, the company will be barred from receiving any future contracts.

Staff see the a lack of trained and skilled residents as the greatest barrier to implementing Section 3. They are concerned about the problem of providing residents with adequate training while still meeting the deadlines for compliance. This concern is what has led the task force to include the provision permitting contractors to satisfy their obligation through training and educational assistance. Task force members anticipate being sued by contractors unhappy with the new requirements, and they are further concerned that the additional costs associated with Section 3 compliance will limit the number of companies willing to bid on CHA contracts. Ultimately, they fear this will compromise the quality of the work done in CHA properties.

In addition to the Section 3 plan, CHA has a number of existing initiatives to promote employment and training. As shown in Exhibit 12, the Authority initially planned to spend over $3 million per year on resident services, of which about $1.7 million would be related to employment and training. The revised FY 1993 Annual Statement shows a much lower figure of $1.5 million total, with no funds budgeted for Section 3-related services. However, the FY

Exhibit 12
Patterns of CGP Spending (Management)

Chicago Housing Authority

	Management Needs Assessment (FY 1992 and FY 1993)		Revised '93 Plan		'94 and '95 Plan	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Planned Management Spending						
PHMAP Deficiencies (Mandatory)	$10,957,862	20	$3,113,704	7	$20,922,076	17
PHMAP Deficiencies (Optional)	0	0	0	0	0	0
Other Deficiencies (Mandatory)	44,987,831	80	39,371,285	93	103,834,952	83
Other Improvements (Optional)	0	0	0	0	0	0
Total Management	55,945,693	100%	42,484,989	100%	124,757,028	100%
Planned Management Spending for Resident-Oriented Programs						
Resident Management / Homeownership	$1,505,362	3	$668,840	2	$3,979,128	3
Capacity-Building and Training	100,000	<1	0	0	87,912	<1
Section 3 (Economic and Business Development)	3,350,000	6	0	0	2,953,412	2
Resident Social Services	1,700,000	3	902,630	2	866,740	1
Total Resident Programs	6,655,362	12	1,571,470	4	7,887,192	6
Planned Management Spending for Security and Drug Elimination	38,687,831	69	31,187,847	73	92,638,162	74

1994 and FY 1995 Annual Statements indicate that the Authority has returned to its original plan, and has budgeted about $1.5 million per year for employment and training.

As mentioned above, CHA currently trains a small number of residents through its Step Up program to conduct LBP and asbestos abatement; residents who complete the program earn about $22 an hour plus benefits. The agency is also providing training for other kinds of jobs, including computer work, window glazing, survey work, and security officers. The Resident Employment and Training office provides referrals to contractors seeking to hire CHA residents. CHA also has the so-called "house-sitters" program, which recruits homeless individuals to watch apartments while they are being rehabilitated.

CHA has had less success in promoting resident businesses. Staff are currently working with residents interested in starting a pest control service, a barbershop, a leather shop, a bridal service, a data entry service, and a service to provide day workers for conventions at McCormick Place (a large convention and exhibition hall). Staff are working with some residents who were already skilled and are providing others with a 12-week training course, but their experience has been that most residents get cold feet about starting their own business and tend to opt for the security of a regular job. The agency is currently working with the group interested in starting the pest control service, to help get bank funding to ease the start-up process.

Finally, CHA has been promoting resident management and has begun a small homeownership initiative. In addition to three active RMCs, there are 16 groups in training. The RMC group in the Wentworth Annex complex is also receiving training for homeownership and has won a $200,000 grant to develop a plan.

3.3.5 Spending for Management Needs

CHA's extraordinary level of spending on security needs has already been discussed at some length. The FY 1994 and FY 1995 Annual Statements show that the agency has budgeted 41 percent of its CGP funds for management needs; security alone accounts for over 70 percent of these expenditures.

However, CHA staff are also trying to address the agency's many PHMAP deficiencies with CGP funds. Staff originally budgeted 20 percent of the management funds for PHMAP-related needs, but this has fallen to just 17 percent in the latest annual statement. The Director of Housing Operations reports that the agency's primary concerns are to improve the agency's work order accounting system and to increase the number of staff on site at the developments. The Operations division is currently expanding the number of site coordinators, primarily residents who work in the buildings, collecting rent and preparing leases. The Authority is also trying to ensure that vacant units are leased in a timely manner, and has embarked on a vacancy reduction plan.

CHA is also investing in staff training, including PHA management training for all site managers. The agency originally planned to spend about 12 percent of its management funds for resident services; this has fallen to about six percent in the latest annual statement. Finally, in its original plan, the agency had budgeted a little over $1 million per year to fund the relocation of the central office. This figure had risen to about $3 million per year in FY 1994 and FY 1995.

As noted earlier, CHA's spending on management far exceeds the 10 percent cap. Despite this level of funding, many of CHA's management needs are underfunded because of the resources going to security programs. Given the current circumstances, it seems unlikely that the agency will have the resources to achieve its goal of getting off of HUD's troubled list in the near future.

4. Summary and Conclusions

At first glance, it appears that the CHA has done very well under CGP. The amount of modernization funding the agency receives has increased dramatically, from an average of just $39 million per year under CIAP (ranging from $2 million to $108 million) to an average of $133 million per year under CGP. However, because of the extraordinary level of need and constant crises, even this increased funding has not permitted the Authority to develop a systematic plan for modernizing its developments. Further, because such a large proportion of CHA's CGP funds are spent for security, the actual amount of funding available to address physical needs is decreasing.

Not surprisingly, CHA's modernization director sees the spending on security as one of the major impediments he faces in attempting to effectively treat CHA's stock. He notes that CHA is the only large PHA forced to use its CGP funds to pay for public safety. The agency has no other sources of funding available, and the situation is creating a resource deficiency for modernization. Indeed, the lack of funding for physical needs is impeding CHA's ability to address HUD mandates such as Section 504 and LBP testing and abatement.

CHA's physical needs are immense; the level of deterioration in the family high-rises is extremely severe. Further, design flaws exacerbate the security problems, which, in turn, causes more deterioration. In the Henry Horner development for example, individual apartments open into stairwells. In the high-rises, the larger family units were located on the first floors, which created both a security and modernization problem: people would pass drugs and weapons in through the first floor windows, so the apartments had to be closed off in most buildings. Closing off the apartments meant the agency then had to create larger units on higher floors.

CHA's needs for LBP abatement, asbestos abatement, and Section 504 accessibility are so large that the agency has not even attempted to address them in a systematic fashion. Environmental Unit staff would like to see a separate allocation for LBP, but they fear that would take away critical funds from other emergency needs.

In addition to these physical problems, a long history of management problems has left the agency in considerable disorder. The CHA lost funding for a number of years under CIAP because of prior mismanagement, creating a huge backlog of needs; it is currently in need of a number of significant management improvements in order to be removed from HUD's troubled list. However, CHA cannot adequately address these management needs because of the drain on its resources to fund its security programs.

Given this situation, it is understandable why CHA has so far been unable to create a systematic modernization plan under CGP. Virtually all its needs are emergencies, making planning and setting priorities a nearly impossible task. This situation is complicated by the fact that the agency is constantly responding to crises that often require diverting millions of dollars in modernization funds.

In sum, while the CHA is certainly benefitting from the shift from CIAP to CGP, the overwhelming magnitude of its problems — particularly in its family high rise developments — means that the increased funding is still inadequate to address the agency's needs. Further, the high rates of crime and vandalism are forcing the agency to divert funds away from its physical needs. In essence, CHA's large family properties have become nearly unmanageable. Under these circumstances, staff may be correct in their assessment that the best they can do is "triage" needs until they are able to replace at least the high-rise stock with more viable developments.

CGP Case Study
Baltimore Housing Authority

Prepared by
Mary Joel Holin, Abt Associates Inc.

1. PHA Background and Characteristics

The Housing Authority of Baltimore City (HABC) is considered a "standard performer" by HUD.[1] However, in certain areas, among them modernization, the Authority has enjoyed an excellent reputation with consistent "A" PHMAP scores. The modernization program is managed by the Engineering Services Division of HABC, described by the Chief Engineer as a small but efficient staff of 50, including inspectors, engineers, architects, draftsmen, and administrative and clerical personnel.

1.1 Description of the Site

The Housing Authority of Baltimore City was chartered by the State of Maryland in 1937. During its first 20 years of operation, HABC built or acquired just over 9,000 units, most of them still in use today. Many of the early developments were built in and around the downtown area and most were occupied by families. Among these are three of the four family developments that contain high-rise buildings—Lafayette Courts, Flag House, and Lexington Terrace. These three, plus a fourth family high-rise development built in the 1960's (Murphy Homes), present a significant challenge to the Authority today.

Since the late 1950's, HABC has doubled the number of units under its management. While the 1960's saw only a modest growth in the number of newly constructed public housing units, there was a steady increase in the number of rehabilitated, scattered-site units, with more than 2,800 acquired during the decade. The trend toward deconcentrating Baltimore's public housing continued in the 1970s, with the addition of 4,500 new units throughout the city, many built to house the elderly and disabled. With the decline of public housing construction funds, Baltimore added only 700 more new units during the 1980s.

Today, the Housing Authority of Baltimore City manages 18,088 units citywide; more than 50 percent of all units were built before 1960. (See Exhibit 1.) Approximately 42 percent of all units are contained in walk-up developments while 16 percent are in high-rise buildings. Another 16 percent are rowhouse units, many of them like the city's private stock, two- or three-story brick houses. Family units represent 73 percent of the public housing stock, while

[1] The Authority's overall PHMAP score for FY 1993 was 73.9. Areas where HABC earned a score of "D" or below include vacancies, unit turnaround, outstanding work orders, and development.

Exhibit 1
Overview of PHA Characteristics

PHA Name: Baltimore

Number of Public Housing Developments and Units:	61 / 18,088
Size of Staff (Total)	1,500
Number of Modernization Staff	50
PHMAP Score:	73.9
Recently Troubled: (Y/N)	No
Mod Troubled: (Y/N)	No
Vacancy Rate at Comprehensive Plan:	11.1%
Number of Resident-Managed Developments:	0

Characteristics of the Stock — Distribution	Units	Percent
Age of Development		
Pre-1940	298	2
1941-1960	8,752	48
1961-1980	7,102	39
1981 or later	1,936	11
Total	18,088	100%
Structure Type		
Detached/Semi-Detached	0	0
Row	2,892	16
Walk-up	7,571	42
Elevator	2,951	16
Mixed	4,674	26
Total	18,088	100%
Development Program		
Rental	18,088	100
Turnkey III	0	0
Mutual help	0	0
Sec/23-bond financed	0	0
Total	18,088	100%
Occupancy Type		
Family	13,192	73
Elderly	2,951	16
Mixed	1,945	11
Total	18,088	100%
Development Size		
Small (1-49 units)	78	1
Medium (50-199 units)	3,861	21
Large (200+ units)	14,149	78
Total	18,088	100%

16 percent are units for the elderly and disabled, and another 11 percent are in mixed family/elderly developments.

1.2 Modernization History

Perhaps because of its reputation in the area of modernization, as well as the extensive need for modernization in Baltimore, HABC was quite successful in winning CIAP funds. Between 1984 and 1991, HABC obtained nearly $200 million in funding under the CIAP program. (See Exhibit 2.)

According to HABC's chief engineer, whose knowledge of CIAP applications dates to 1986, the Authority's strategy was to seek funding for two new comprehensive modernization projects each year and a limited number of capital improvements elsewhere. From 1986 until the start of CGP, the Authority typically submitted CIAP applications totalling between $70 and $80 million per year, which included funding for three comprehensive modernization projects. HUD typically funded two out of the three.

The level of CIAP funding varied considerably in the mid-1980s. Beginning in 1988, however, the Authority obtained at least $30 million per year in CIAP money, which is comparable to the level of funding in the first two years of the Comprehensive Grant Program (CGP). Thus, CGP did not result in a significant change in funding amount for Baltimore in the first year of the program, although in FY 1993 and FY 1994 the total dollar amount has crept upwards. Only in 1994, with the award of HABC's first MROP grant and $49 million in HOPE VI funds, did the total level of HUD funding for modernization rise considerably.

While the Authority has used its CIAP money for comprehensive revitalization of a number of developments in recent years, it has a long way to go to address the significant needs of an older, deteriorated, urban housing stock. The HUD Field Office engineer, who has worked with the Authority under CIAP and CGP, described Baltimore's modernization needs as "infinite." Even those developments that were modernized under CIAP continue to experience problems, as cost limitations prevented HABC from fully addressing the needs of those developments.

Discussions with Authority staff reveal that one of the most significant problems confronting HABC is the decline of the four family developments that contain high-rise buildings, representing a total of 2,729 units. Because of the design, location, and age of these developments, the properties require more than modernization. Addressing the physical needs of these developments requires reconfiguration and reconstruction of some buildings and demolition of others. The costs involved are prohibitive—an estimated $75 million for the Lafayette Courts development alone. According to HABC's Chief Engineer, the special needs of these developments and the limitations of CIAP stalled any substantial investment in these properties for some years (except for addressing emergency needs). Instead, HABC allocated its modernization funds to projects that could really benefit from the type and scale of modernization work that CIAP could handle.

Exhibit 2
Funding Overview:
Sources and Amounts of HUD Modernization Funding

Baltimore Housing Authority

Fiscal Year	CIAP	MROP	CGP	OTHER	TOTAL
FY 1984	$17,099,000	N/A	N/A	N/A	$17,099,000
FY 1985	15,962,000	N/A	N/A	N/A	15,962,000
FY 1986	8,928,000	N/A	N/A	N/A	8,928,000
FY 1987	22,765,986	N/A	N/A	N/A	22,765,986
FY 1988	32,535,782	N/A	N/A	N/A	32,535,782
FY 1989	35,679,471	N/A	N/A	N/A	35,679,471
FY 1990	34,216,116	N/A	N/A	N/A	34,216,116
FY 1991	32,600,000	N/A	N/A	N/A	32,600,000
FY 1992	N/A	N/A	$35,611,578	N/A	35,611,578
FY 1993	N/A	N/A	42,413,460	N/A	42,413,460
FY 1994	N/A	$9,800,000	39,672,686	$49,445,400	98,918,086

With the recent award of HOPE VI and MROP grants, HABC will begin to address the problems of the family high-rise developments. However, the HOPE VI and MROP funds alone will not be adequate to address the needs of the two developments where funds are being applied: Lafayette Courts and Lexington Terrace. Annual statements for FY 1994 and 1995 show planned CGP investments of $5 to $6 million per year to rehabilitate the low-rise buildings at Lafayette Courts, but there is no indication from the annual statements or the Five-Year Plan that significant investments are planned for Lexington Terrace.[2] However, as the first Lexington Terrace building is reconstructed with MROP funds, CGP funds will need to be redirected from other sites to address the comprehensive needs of other buildings in the development. According to HABC's chief engineer, the four developments with family high-rise buildings could consume a significant share of Baltimore's CGP funding for the next ten years.

2. CGP Planning and Administration

With the advent of the Comprehensive Grant Program, the Authority created a CGP planning committee to prepare the comprehensive plan and to assume responsibility for all decisions related to implementation of the program. While this committee has changed somewhat since its first year, it remains the decision-making body for CGP. Four residents sat on this committee during its first year of operation, including the chairperson of the citywide Resident Advisory Board and three members of the Board. The committee also included the Deputy Executive Director, directors of each HABC division (including the Engineering Services division), and a local government representative. The Engineering Services division, which had primary responsibility for implementing CIAP, assumed responsibility for administering CGP, doing much of the technical work and making recommendations to the committee. The division's decision-making responsibilities with regard to modernization waned, however, with the creation of the committee. The CGP committee meets monthly, except when budgets are being prepared and more frequent meetings are required.

2.1 Physical Needs Assessment

HABC's Engineering Services Division staff worked with housing management staff, on-site management personnel, maintenance crews as well as residents to develop the Physical Needs Assessment (PNA). Initially, meetings were held at each development, at which time residents and on-site managers developed a list of physical and management needs. They were also asked to set priorities among needs. These lists were compiled by each on-site manager into a field report that outlined the concerns of the residents regarding their developments. The field reports, along with existing CIAP documents and contracts, the experience and knowledge

---

[2] The Five-Year Plan and FY 1993 annual statement show CGP funds have been allocated to Lexington Terrace for emergency and deferred maintenance, which are primarily repairs to elevators and plumbing systems.

of engineering staff, and on-site inspections, became the basis for developing a full listing of needs for each development.[3]

2.1.1 Setting Priorities

Once the list of needs was developed, cost estimates were devised and priorities were assigned. It was generally assumed that all "Priority 1" items would be addressed in the first or second year of the Five-Year Plan.

First among the priorities were mandatory items, such as those needed to comply with the Section 504 regulations, and lead-based paint testing. At the time the PNA was being developed, HABC was entering the second year of a three-year strategy to address 504 requirements in common areas and in some units, as well as to fulfill the requirements regarding needs assessments.[4] A Priority 1 was assigned to Section 504 assessments in all developments.

The Priority 1 rating was also assigned automatically to all lead-based paint testing which HABC planned to complete by December 1994. Interim abatement measures—which were required to address problems in units occupied by children with elevated lead levels—were also given Priority 1 status.

In addition to these HUD-mandated needs, engineering staff also identified all health and safety items as Priority 1, ensuring that these problems would be addressed in the early years of the plan. These items included replacement of roofs, repair of spalling balconies, replacement of sanitary and steam lines, re-wrapping of exposed steam and hot water pipes, and replacement of electric submeters (identified as a result of a HUD utility review).

Finally, modernization work at developments in need of comprehensive modernization received Priority 1 ratings. Typically, the work that must accomplished during the first year of a modernization program—notably the replacement of mechanical and electrical systems—received the Priority 1 rating, with kitchen and bathroom replacement as well as site work receiving lower ratings.

2.1.2 Accuracy of the Estimates

Staff from Engineering Services believe they used the right approach in developing the PNA. They noted, however, that the time frame for completing the PNA was relatively short; as a result, the collection and assessment of data was done hurriedly. While the identification

---

[3] Engineering Services staff noted that they had to do a lot of "sifting through" the field reports in order to separate capital improvements that were required and eligible for CGP funding from ordinary maintenance items.

[4] HABC did not meet HUD's original deadline of July 1992 to comply with the Section 504 requirements. At the time the PNA was prepared, the agency had requested a two-year extension.

of needs was as thorough as it could have been, given the information that was available, the cost estimates were "ballpark figures."[5] Typically, the estimates were developed using figures from current capital improvement projects and from work at developments undergoing modernization at the time.

2.1.3 Major Areas of Need

As shown in Exhibit 3, HABC's total hard cost for physical needs is over $506 million or 90 percent of all PHA needs. Sixty-five percent of the cost is related to Priority 1 needs while only five percent is directly linked to HUD mandates. As noted below, this figure underestimates the true cost related to Section 504 and lead-based paint mandates, because much of this work is included as part of comprehensive modernization and cannot be easily separated. In fact, the PNA shows that much of the Priority 1 need is directed to developments that require comprehensive modernization, including the family high-rise developments already mentioned; these together represent $144 million or 28.4 percent of all hard cost needs identified by HABC.[6] More than $113 million of the $144 million were identified as Priority 1 needs.

Lead-based Paint

The total cost in the PNA associated directly with lead-based paint testing and emergency abatement is $10.8 million or three percent of hard cost needs. This figure reflects the cost of completing testing begun in 1991 under CIAP. It also includes the cost of some interim abatement identified as necessary at the time of the PNA. What is ***not*** reflected in the $10.8 million is the substantial abatement activities the Authority needs and plans to undertake as part of its continued comprehensive modernization work.

Section 504

Section 504 costs were estimated at $9.6 million in the PNA, or 2 percent of hard cost needs. This figure reflects the costs of conducting Section 504 needs assessments at most of the Authority's developments, as well as the costs associated with modifications to community space and some units. As with the lead-based paint costs identified above, the Section 504 hard costs shown in Exhibit 3 do not reflect 504 work to be done as part of comprehensive modernization

---

[5] Since the PNA was developed, HABC has commissioned an engineering study on all the developments to spell out physical needs and associated costs. The information from this study will be significantly better than the information used in developing the PNA.

[6] To some extent, the MROP and HOPE VI grants—a total of $60 million—will contribute substantially to addressing deficiencies at two of the family high-rise developments. At the same time, the hard cost needs of these developments shown in the PNA underestimate costs as now reported by HABC staff. For example, the cost of reconfiguring the Lafayette Court Developments is now estimated at $75 million. The PNA reports the estimated cost at $52 million.

Exhibit 3
Overview of Physical Needs

Baltimore Housing Authority

Category of Need	Dollar Amount	Percent of Total
Budget Category		
Hard Cost for Physical Needs	$506,071,482	90
PHA-Wide Management Needs	19,612,920	3
PHA-Wide Non-Dwelling Structures and Equipment	2,061,178	<1
PHA-Wide Administration	28,283,027	5
PHA-Wide Other	5,109,500	1
Grand Total of PHA Needs	561,138,107	100%
Urgency of Need		
Hard Costs Associated with Priority 1 Needs	328,552,318	65
Hard Cost Associated with Lower Priority Needs	177,519,164	35
Total	506,071,482	100%
Mandates		
Hard Cost Associated with Lead-Based Paint Testing	2,149,800	<1
Hard Cost Associated with Lead-Based Paint Abatement[1]	8,727,400	2
Hard Cost Associated with Section 504[2]	9,599,000	2
Hard Cost Associated with Title VI Order	0	0
High Need Developments		
Hard Cost Associated with Developments with Costs in Excess of 90 Percent of TDC	0	0
Redesign/ Reconstruction in High-Cost Developments	0	0
Extent of Overall Need	**Ratios**	
5-Year Funding Level/Total Need	.319	
5-Year Funding/Priority 1 Hard Cost Need	.544	
5-Year Funding/Mandated Hard Cost Need (LBP/504/Title VI)	8.732	

[1] Does not include abatement costs when part of planned comprehensive modernization.

[2] Does not include 504 costs when part of planned comprehensive modernization.

of developments. Thus, the figure significantly underestimates the true costs associated with Section 504 work in Baltimore, which are instead included as comprehensive modernization expenses.[7]

2.1.4 Amendments to the PNA

A letter was sent to the Manager of the HUD Field Office in June 1993, amending Baltimore's PNA. Basically, the amendment modified the list of physical needs for seven developments and added roughly $14.2 million in additional modernization work. This included windows for one development that had been recently modernized, plus day care and community center renovations to other developments.

2.2 Management Needs Assessment

Baltimore's MNA differs from the PNA in how the assessment was developed. It appears that the Authority "backed into" a total dollar figure based on the funding likely to be available over the Five-Year Planning period. While the ratio of hard cost need to estimated five-year CGP funding was about three to one, the same ratio for the MNA was about one to one. Confirmation of this approach came from staff involved in the MNA/Five-Year Planning process. Further comparison of the MNA with the Five-Year Plan shows that all of the items listed in the MNA appear in the plan.

As Exhibit 4 shows, the total cost of management-related improvements identified by the Authority was $19.6 million. All of the needs that are listed in the MNA are categorized as Priority 1. The Authority's PHMAP score for FY 1992 of 70.9 indicated that management attention was needed in reducing vacancies, and improving unit turnaround and work order response. While the MNA lists PHMAP-related improvements to address the deficiencies, none of the items have a cost associated with them.

The CGP strategy statement indicates that Baltimore will address these basic housing management issues by funding a variety of resident-oriented programs that will focus on what is described by HABC as the root of the problem: poor socio-economic conditions, drug abuse, and crime. At the same time HABC staff reported that there was significant pressure to fund resident programs at the expense of management improvement aimed at improving operations. More than $8 million or 41 percent of the management needs identified are directed at resident services. This includes $6.5 million in employment training and business development initiatives and another $1.28 million for resident management capacity-building.

---

[7] An addendum to HABC's 1992 and 1993 annual statements describes the effort to meet Section 504 requirements. This addendum indicates that during FY 1992 and 1993, HABC will spend roughly $3.5 million to modernize units and make them accessible for residents with mobility and hearing impairments.

Exhibit 4
Overview of Management Needs

Baltimore Housing Authority

Type of Need	Mandatory	Optional	Total	%
Needs Associated with PHMAP Deficiencies (by Indicator)				
Vacancy	**	0	0	0
Modernization	0	0	0	0
Uncollected Rents	**	0	0	0
Energy Consumption	0	0	0	0
Unit turnaround	**	0	0	0
Outstanding Work Orders	**	0	0	0
Inspection/condition of units	0	0	0	0
TARS	0	0	0	0
Operating reserves	0	0	0	0
Routine operating expense	0	0	0	0
Resident initiatives	0	0	0	0
Development	0	0	0	0
Sub-total: PHMAP Related Need	0	0	0	0
Other Management Needs (by Functional Area)				
Leasing and Ongoing Tenant Functions (outreach, waiting lists, eligibility, collections, recertifications)	0	$15,000	15,000	1
Property Management (maintenance, inspections, and modernization)	$2,118,308	250,344	$2,368,652	12
Administration, Finance, MIS, Communications	0	2,268,626	2,268,626	11
Personnel (including training)	0	456,874	456,874	2
Resident Services	0	8,032,792	8,032,792	41
Security	0	5,548,993	5,548,993	28
Other/Misc	921,983	0	921,983	5
Sub-total: Other Needs	3,040,291	16,572,629	19,612,920	100%
Total Management Need	$3,040,291	$16,572,629	$19,612,920	100%

** These items are listed in the MNA; however, no costs are attached to the items.

Other management needs that merit significant financial resources according to the MNA include security and anti-drug activities at $5.5 million (28 percent of identified management needs), and the development and installation of a new data processing system at $2.26 million (11 percent of identified need). Items that are included as a result of HUD mandates or audits or are required by the State of Maryland are: 1) continued support for the Authority's residential maintenance inspection (HQS) teams; 2) creation of a safety officer's position to deal with hazardous waste protection; and 3) establishment of a utility check-meter testing facility.

2.2.1 Methods for Developing the MNA

As with the PNA, the process for developing the Management Needs Assessment began at the development level, with residents and managers preparing a list of needs. HABC staff from all divisions were also asked to provide input, particularly related to staff training needs. Also to be considered were CIAP-funded programs, particularly those related to security, that could not survive without CGP dollars. All of the information was forwarded to the management needs subcommittee of the larger CGP planning committee. The management needs subcommittee, composed of staff and residents, developed the MNA as well as the Five-Year Plan for management-related spending. Staff from the housing management division, who had been involved in identifying management needs under CIAP, led the subcommittee's discussions as the MNA and plan were developed.

The process for developing the MNA (as well as the Five-Year Plan), as described by housing management staff, was hasty and was driven by the dollar amount likely to be available under CGP. Management staff suggested that it was a much less rigorous planning process than had been used under the CIAP program. Under CIAP, the process of determining needed management improvements began with an assessment of functional areas, such as occupancy, maintenance, and security. The strengths and weaknesses of each area were internally evaluated, and an action plan was developed to address deficiencies. This process was carried out by HABC staff only, with no input from the residents.[8]

In beginning the MNA, housing management staff sought to frame the discussion as had been done under CIAP. However, the resident members of the committee did not like this approach, and (according to housing management staff) the discussions that followed highlighted the differences between HABC staff and residents regarding the types of management initiatives that should have priority for funding. For example, the HABC staff were more inclined to focus on improvements related to operations such as maintenance and vacancy turnaround, while the residents were primarily interested in resident initiatives. The final product reflected the significant influence of the residents in targeting resources to resident programs.

---

[8] Under CIAP, resident initiatives were funded separately, not as part of the management improvement account.

2.3 Resident and Local Government Involvement

By all accounts, residents and local government have been integrally involved in the CGP planning and implementation. Resident involvement is a tradition in Baltimore, dating to the creation of the citywide Resident Advisory Board (RAB) in 1967. In fact, the RAB has its own Modernization Committee which was actively involved in the CIAP program long before the advent of CGP. Thus, while CGP offered new opportunities to the residents of Baltimore's public housing with respect to making decisions about modernization plans and spending, this represented an ***expansion*** of their ongoing involvement in modernization activities.

Because of the HABC's semi-autonomous position with respect to city government, local government involvement in CGP planning has been both formal and informal. Formally, a mayoral appointee sits on the CGP planning committee. Informally, the director of HABC—who is also the City Commissioner of the Department of Housing and Community Development and a member of the Mayor's cabinet—influences CGP decision-making, usually through his Deputy director who chairs the CGP committee meetings.[9]

2.3.1 Resident Participation

The Housing Authority of Baltimore City has taken the resident participation requirement of CGP very seriously, involving residents at every step of planning and implementation. The outcome of this involvement has not always been positive from the perspective of staff and the HUD Field Office, but resident members of the CGP committee report general satisfaction with their role. In part as a result of staff concerns, avenues for resident participation have changed from one year to the next and are currently undergoing review and modification.

As noted earlier, broad resident involvement in CGP began with the preparation of the PNA, the MNA, and the first Five-Year Plan. Meetings were held at each development to identify needs and provide input into the needs assessment. These on-site meetings continued a practice established under the CIAP program to obtain resident input from each development regarding maintenance and modernization needs.

As these meetings were underway, the Authority created the CGP planning committee to review the input provided by residents of each development and set priorities for the Five-Year Plan. Through the efforts of this planning committee, which included four resident representatives, the first-year CGP comprehensive plan was prepared and presented to the residents at a public hearing prior to submission to HUD.[10]

---

[9] HABC is part of the Department of Housing and Community Development. The mayor appoints the commissioner of this department, who also serves as executive director of HABC.

[10] The public hearing was well-attended. Because of its downtown location, the Authority provided transportation and day care to residents who wanted to attend.

In the program's second year, consultants were hired by the Deputy Executive Director to modify the CGP planning process. As a result of the consultants' input, resident involvement and influence were further expanded. The committee now included 10 HABC staff members, a local government representative, and 10 residents. The resident members represented different committees of the citywide Resident Advisory Board (such as modernization, maintenance, policy, and social services) as well as different types of properties (elderly, family low-rise, family high-rise, and scattered-site).

The consultants also held CGP training sessions for Resident Advisory Board members. The purpose of the training was to explain the CGP program and the residents' role in planning and implementing the program. The training emphasized the importance of resident involvement in CGP and indicated that residents, largely through their participation on the CGP planning committee, would be involved in every facet of CGP, from early planning through to decision-making about how money would be allocated and contractors selected. In fact, as discussed below in Section 2.4, the residents have had a significant impact on CGP planning and implementation.

2.3.2 Local Government Participation

Local government involvement in CGP has been both formal and informal. Formally, a local government representative has participated on the CGP planning committee since its inception. Two individuals have been involved. The first, who was on the planning committee during the first year, headed one of the Mayor's satellite offices. In the second year, a representative from the Community Development Financial Corporation joined the committee and has participated ever since.

The local government representative has been an active and contributing member of the committee. His primary role is to ensure HABC addresses the Mayor's interests with regard to CGP. A key interest is the modernization of 2,200 units of scattered-site public housing located throughout the city, particularly those units that are located in areas where community revitalization efforts have been focused. The local government representative has also served an important role at times in negotiating conflicts between residents and HABC staff who sit on the committee.

The interests of local government also come to the table informally, through the input of HABC's Executive Director (who is a member of the Mayor's cabinet). Through his efforts, the CGP planning committee recommended that the Hollander Ridge public housing development move to the top of the list of properties slated for comprehensive modernization. This 1,000-unit development is located adjacent to Interstate 95 and has become a center for drug activity in the surrounding area. Comprehensive modernization work at this development began in 1994.

2.4 On-going CGP Planning

As noted above, the CGP planning process put in place in the first year was modified in year two by outside consultants who revamped the CGP planning committee to include over 20 members, including 10 residents. The committee continues to be the decision-making body for the CGP program, responsible for revising the Five-Year Plan and making all spending decisions. For a short period, the consultants chaired the committee meetings.

The consultants also recommended the creation of a new planning office to take over responsibility for CGP planning and implementation from the Engineering Services division. Under this scenario, Engineering Services would make recommendations to this office based on their technical experience but would no longer administer the program.[11]

While this office was never created, according to Engineering Services staff, their decision-making power waned with the arrival of the consultants in the second year. At that point, the role of Engineering Services was limited to making recommendations and then waiting for the committee to vote. (It should be noted that a representative from Engineering Services does serve on the committee.) Up to the present time, all decisions with regard to the CGP program—plans for each development, change orders, etc.—are still made by the committee during its monthly meetings.[12]

According to HABC staff and the HUD Field Office engineer, placing the responsibility for all CGP decisions in the hands of a committee, particularly one with so many resident members, has not proved an effective or efficient way to plan or implement CGP and has had negative consequences for modernization activities in Baltimore. First, the agency's strategy of concentrating on comprehensive rather than piecemeal modernization has been somewhat sacrificed as a result of resident influence, because the resident committee members are anxious to see limited funds spread among many developments. This piecemeal modernization approach is not endorsed by HABC staff, and it represented a shift from the "one-development-at-a-time" strategy that had been in place under CIAP.

Second, staff also note that prior to CGP, decisions were made based on the information available and the best judgment of the technical staff. With the advent of CGP, decision-making by technical staff no longer occurs. Decisions are now made by the committee which is composed of people who—according to staff and residents—do not always share the same priorities and acknowledge some mistrust of one another. Some of the resident members focused exclusively on particular developments or particular concerns (such as day care or community centers), without understanding that health and safety items must be addressed first. HABC staff indicated that the "right" decision—the most cost-effective one—is not always made in the CGP committee. As an example, staff had a long-time interest in modernizing vacant scattered-

[11] According to Engineering Services staff, the then deputy executive director had for some time been trying to limit the "power" that Engineering Services wielded through its management of the CIAP program. The consultants she hired came in with the charge to carry out this objective.

[12] The committee meets more often when budgets are being developed.

site units. Residents wanted the current occupants of scattered-site units to benefit from the modernization program, but that would involve relocation which would increase the costs. After protracted debate, a decision was reached to split modernization funds between vacant and occupied scattered-site units.

Third, staff point out that the role of residents in decisions about modernization work has substantially increased their workload. CGP committee meetings frequently involve protracted discussions where decisions emerge slowly. (Note that not all the disagreements have been between residents and staff. At times, there are also disagreements among staff members.) Engineering Services staff reported that every change order and every contract must be explained to and approved by the committee. This process has increased work for the administrative staff, even as their accountability requirements to HUD have declined with the advent of CGP.

In sum, according to HABC staff, CGP operations have been hampered by the CGP committee's control over the planning and implementation of the program.[13] Increasingly, staff are looking at ways to improve the conduct of the committee meetings. The involvement of a new Deputy Executive Director, who now chairs the meetings, appears to offer some relief from the staff's perspective. Also, a recent decision to have monthly staff CGP meetings prior to the formal CGP meeting has enabled HABC staff to come into the larger meeting having already identified the staff position on a particular issue. Residents have expressed some concern, however, that the "warm-up" meetings serve to circumvent their role in the process.

The irony of this protracted partnership planning process, according to the Chief Engineer, is that the plans so carefully made are inevitably changed. Emergencies arise, and the committee must shift funds from one development to another. The committee's resident members are then dissatisfied that plans are not implemented as originally agreed.

2.5 Perspectives on CGP Administration and Effectiveness

Because of the partnership process established in Baltimore to make decisions about CGP planning and implementation, most HABC staff report that, in many ways, they preferred CIAP to CGP. HABC staff noted that CGP was designed to reduce the administrative burden for housing authorities. While it has reduced the reporting requirements to HUD, it has not lessened the administrative burden, since they now report to the CGP committee instead. (As one staff person said, "We used to argue with HUD; now we argue with the residents.")

The administrative burden has also increased because of the more "piecemeal" modernization approach which has taken hold and resulted in an increase in the number of contracts that the Engineering Services division must oversee. This increase is a direct result

[13] Not everyone is in agreement. The local government representative indicated that committee meetings were difficult when he first joined in the second year of the program. However, he noted that they had improved enormously, and that the staff and residents had come to understand each other's perspective. He believes it is important to have both staff and residents involved in this process and would not be in favor of a change in the structure of the committee.

of the fact that the CGP committee chose to distribute funds more broadly than had been done in the past. According to the Chief Engineer, the division is relatively small and can handle one or two comprehensive modernization contracts a year plus some smaller contracts to deal with capital improvements. The increase in the number of contracts means more work for staff; there has not been (and probably will not be) an accompanying increase in personnel.[14] Administratively, CGP is as much or more of a burden than its predecessor program.

In terms of actual spending under CGP, it does not appear that current administrative capacity has affected the rate of spending to date. According to HABC staff, the agency has obligated 80 percent of the FY 1992 money, with actual expenditures of $26.89 million (76 percent). Close to 60 percent of FY 1993 money has been obligated, with expenditures of $12.5 million (30 percent).

2.5.1 Perceived Benefits of CGP

Despite concerns over the implementation of CGP in Baltimore, HABC staff acknowledged some important benefits of the program. First, the ability to move CGP funds around without needing HUD's permission at every turn is viewed as an improvement over CIAP. Increased discretion has given HABC the ability to respond to emergencies promptly, and this has been particularly welcome. At the same time, it was noted that—because staff must now get the approval of the planning committee—the agency has not realized the full benefits of the program's flexibility.

HABC staff are also pleased that they no longer jump through the application "hoop" each year. Still, until very recently, the funding outcome under CGP has not been all that different from what the Authority received under CIAP. In the last years of CIAP, the Authority received about $30 million per year. The first two years of funding under CGP involved grants of the same magnitude.

HABC staff indicated that they have been able to submit their comprehensive plan and Annual Statements on time. The HUD Field Office confirmed that these documents had been submitted promptly. The only recommendation that staff had regarding the CGP process was to limit the role of residents in decision-making.

2.5.2 Relationship to HUD

According to HABC staff, the agency has maintained good relations with the HUD Field Office under CIAP and CGP. However, the involvement with HUD staff is not as extensive as it was under CIAP and is more informal now. While the HABC engineers seek out the advice

[14] The HUD Field Office engineer also expressed concern about the small size of the Engineering Services Division, in the context of the increase in funding that HABC has received under CGP in the last two years, as well as new HOPE VI and MROP contracts.

of HUD Field Office engineers on a regular basis, the back and forth that was required as part of HUD CIAP oversight has been reduced significantly.

The one exception is in the area of change orders. According to the HUD procurement handbook, the HUD Field Office must continue to review change orders in excess of $25,000. HABC staff view this requirement as somewhat silly, given the PHA's discretion to move CGP dollars around without HUD's approval.

While the reduced HUD oversight is generally welcomed by HABC staff, it also has its perceived disadvantages. To some extent, HUD's control over CIAP provided a buffer between HABC and any resident dissatisfaction with a modernization project. Under CGP, the Authority can no longer point a finger at HUD when resident concerns are raised.

From the perspective of the HUD Field Office staff, the CGP program has taken them "out of the loop" as far as careful monitoring of modernization activity is concerned. The HUD engineer expressed reservations about a program that requires him to be responsible for local compliance of regulations without giving him the tools to ensure compliance. Because of his relationship with HABC staff, he has been kept informed about CGP-related activities and has been comfortable with the way Baltimore has developed its program to date. At the same time, he noted that HUD has quite recently provided HABC with a substantial increase in funding through the CGP, HOPE VI, and MROP programs. Given this current level of funding, HUD should be doubling its monitoring efforts. However, because of the "hands off" philosophy behind CGP, as well as reduced staff resources due to HUD's reorganization, close monitoring is not likely.

According to HUD staff, reduced Field Office resources have also meant delays in completing CGP reviews within the required time frame. The HUD field office engineer noted that, before the reorganization, he and two other staff shared responsibilities for CGP. Since the reorganization, he alone is responsible for most of the CGP-related work. His present method of operation is therefore to manage whatever crisis crosses his desk first.

3. Modernization Strategies and Spending Patterns

3.1 Overall Strategy and Rationale

As noted earlier, HABC staff have always preferred to take a comprehensive approach to modernization. This is the strategy used under CIAP and worked toward under CGP, despite resident efforts to distribute funds more broadly. The Chief Engineer noted that meeting the mandatory requirements associated with lead-based paint testing and Section 504 regulations is most cost-effective when the required work is done as part of a comprehensive modernization program. It also represents a more efficient use of HABC resources, if staff concentrate their efforts on two or three developments at a time.

Throughout the late 1980s, HABC typically undertook two comprehensive modernization projects each year, in addition to capital improvement projects at selected developments. During 1991 (the last year of CIAP), HABC initiated comprehensive modernization at two developments: McCullogh Homes and Cherry Hill Homes II. (See Exhibit 5.) The agency also undertook the modernization of some 150 scattered-site units under a single grant. In all, $14.67 million or 65 percent of modernization spending was devoted to comprehensive modernization in FY 1991.

The FY 1992 Annual Statement and Five-Year Plan suggest a similar pattern during the first two years of CGP. HABC planned to initiate two new comprehensive modernization projects in that year, roughly 71 percent of all modernization spending. In subsequent years, the Five-Year Plan shows an increase in the number of new comprehensive modernization projects started each year.[15] In 1994, comprehensive modernization work reflects 87 percent of all planned hard cost spending. This figure increases to close to 100 percent in FY 1995 and FY 1996.

As the revised FY 1993 and 1994 Annual Statements show, total CGP spending increased beyond what HABC staff anticipated when the plan was prepared. At the same time, the percentage of CGP funds devoted to comprehensive modernization declined. In FY 1993, the agency reports it will spend 43 percent of hard cost CGP dollars for comprehensive modernization (compared to 72 percent in the original plan). In FY 1994, the agency reports it will spend 70 percent of hard cost CGP dollars for comprehensive modernization (compared to 87 percent in the original plan). These figures support the assertions by HABC staff that after the plan was prepared, there was pressure to distribute CGP funds more broadly among the developments due to resident interests and the need for emergency modernization work.

3.2 Coordination of CGP with Other Funding Sources

As the first table in Exhibit 6 shows, HABC anticipated that it would have about $35 million per year in modernization funds over the initial five years of CGP. In fact, HABC has considerably more modernization money than expected. The second table of Exhibit 6 shows funds available for modernization in FY 1994.

CGP provides $39.6 million in FY 1994 which is only 35 percent of all funds available for modernization. The largest share of funds—$49.4 million or 44 percent—comes from the HOPE VI program and will be used to renovate the Lafayette Courts family high-rise development.[16] In addition, a recently acquired MROP grant of $9.8 million is targeted to one of five buildings at the Lexington Terrace family high-rise development. HABC staff noted that, with the award of HOPE VI and MROP grants, the CGP planning committee may need

---

[15] For each year, one of these projects involves the comprehensive modernization of some 100 to 150 scattered-site units.

[16] As shown in Exhibit 5, this was the only non-CGP funding source listed in the FY 1994 Annual Statement.

Exhibit 5
Concentration of Modernization Spending (CIAP compared to CGP)

Baltimore Housing Authority

Year/ Source	Modernization Types		
	Comprehensive Scope	Selected Work Items/Special Purpose	Total
FY 91 CIAP Projects/Units Dollars (% of Dollars)	 3 / 1143 $ 14,675,908 (65%)	 39 / 12434 $ 7,599,902 (35%)	 42 / 13,577 $ 22,275,810 (100%)
FY 92 CGP Annual Statement and 5-Year Plan	2 / 750 $ 17,147,797 (71%)	23 / 7554 $ 6,894,466 (29%)	25 / 8304 $ 24,042,263 (100%)
FY 93	3 / 822 $ 19,209,781 (72%)	36 / 12125 $ 7,530,975 (28%)	39 / 12947 $ 26,740,756 (100%)
FY 94	3 / 1594 $ 22,783,942 (87%)	6 / 2883 $ 3,205,200 (13%)	9 / 4477 $ 25,989,142 (100%)
FY 95	3 / 1250 $ 25,397,741 (98%)	4 / 1402 $ 474,246 (2%)	7 / 2652 $ 25,871,987 (100%)
FY 96	4 / 1676 $ 25,001,160 (97%)	4 / 1995 $ 677,400 (3%)	8 / 3671 $ 25,678,560 (100%)
FY 1993 Annual Statement Revised	5 / 2422 $ 13,923,287 (43%)	34 / 10322 $ 17,750,575 (57%)	39 / 12744 $ 31,673,862 * (100%)
FY 1994 Annual Statement Revised	5 / 2629 $ 20,114,020 (70%)	19 / 7715 $ 8,344,013 (30%)	24 / 10344 $ 28,458,033 * (100%)

*** This total represents the amount of targeted physical improvements plus the amount of Authority-wide physical improvements. In 1993, the Authority-wide amount was over $3.2 million and in 1994, it was over $7.8 million. Please note that the numbers for the projects and units only reflect those targeted projects and units within each year.**

Exhibit 6
Sources of Funding for Modernization

Baltimore Housing Authority

Anticipated CGP and Non-CGP Funds by Year (From Initial Five Year Plan)

Year	CGP	Non-CGP Funds	Total
FY 1992	$35,611,578	0	$35,611,578
FY 1993	35,611,578	0	35,611,578
FY 1994	35,611,578	$250,000	35,861,578
FY 1995	35,611,578	250,000	35,861,578
FY 1996	35,611,578	250,000	35,861,578

Sources of Funds for Modernization Needs (Detail from FY 1994 Annual Statement/PHA Documents)

Source	Listed in Statement (Y/N)	Amount	Percent of Total
CGP Formula	Y	$39,672,686	35
CGP Emergency/Disaster Reserve	N	0	0
Continuing CIAP Programs (not reprogrammed) Estimate of Actual Spending	N	10,400,000	9
Reprogrammed CIAP Funds	N	0	0
MROP	N	9,800,000	9
URD	Y	49,445,400	44
Operating income used for betterments & additions or non-routine maintenance	N	1,324,102	1
Section 8 reserves used for capital improvements and equipment	N	0	0
Modernization staff salaries from non-CGP sources	N	0	0
Other (List)			
Resident Management T.A. Grant	N	100,000	<1
Lead Based Paint Risk Assessment Grant	N	1,530,979	1
Total		$112,273,167	100%

to modify future CGP spending and direct additional resources to these two developments.[17] The total cost of redeveloping the Lafayette Courts development is pegged at $75 million, with 66 percent of funds coming from HOPE VI.

Other sources of funding for modernization in FY 1994 include: $1.3 million in operating income, $1.5 million in a lead-based paint risk assessment grant, $100,000 in a resident management technical assistance grant, and roughly $10 million available from 1990 and 1991 CIAP grants. HABC has no plans to reprogram CIAP funds.

3.3 Specific Spending Patterns

The FY 1992 Annual Statement and Five-Year Plan indicate that HABC planned to spend nearly all CGP funds during the FY 1992-1996 period on Priority 1 items originally listed in the PNA. In fact, during the five-year period, only 1.8 percent of planned expenditures were to be devoted to items not ranked as Priority 1. (See Exhibit 7.)

The revised 1992 Annual Statement shows that, in the first year of CGP, HABC followed through on its intention and devoted the vast majority of all CGP funds to Priority 1 items. However, the FY 1993 and 1994 Annual Statements indicate a shift in the Authority's original focus on Priority 1 items listed in the PNA. In the FY 1993 Annual Statement, HABC indicated it would spend $17.9 million (54 percent of all hard cost dollars) on Priority 1 items, compared to $26 million (97 percent of all hard cost dollars) in the original Five-Year Plan. The FY 1994 Annual Statement shows $21 million will be spent on hard cost Priority 1 items (73 percent of all hard cost dollars), compared to $25 million (96 percent) as reported in the Five-Year Plan.

The lower rate of spending for Priority 1 items reflects less a shift in strategy on the part of HABC than it does some practical realities. First, the Authority must address emergency needs as they arise. Because they were not known at the time of the PNA, emergency expenditures do not appear as Priority 1 items in the Plan. In addition, the shift may reflect the influence of CGP committee members to target certain work items for attention which may not have been given a Priority 1 status in the PNA.

The FY 1992 Annual Statement and Five-Year Plan also show the CGP hard costs involved in complying with HUD's lead-based paint testing requirements by the end of 1994. The annual statements for FY 1993 and 1994 indicate that, with regard to testing, HABC did not deviate from the original plan. All lead-based paint testing was finished as of December 1994.

[17] The original strategy statement for the comprehensive plan indicated that CGP funds would be used to replace elevators at the family high-rises at Lafayette Courts. It is now expected that CGP funds will be used to renovate the low-rise buildings instead. In the case of Lexington Terrace, CGP money was targeted to elevator and plumbing repairs only.

Exhibit 7
Patterns of CGP Hard Cost Spending and Comparison with Need (Mandates vs. Discretionary)

Baltimore Housing Authority

Spending Priorities and Mandates	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Priority 1[1]	23,859,663	99	26,235,256	97	25,061,142	96	25,802,366	99	25,678,560	100	17,967,550	54	21,226,969	73
All other	182,600	1	708,500	3	928,000	4	69,621	1	0	0	15,166,312	46	7,931,064	27
Total	24,042,263	100	26,943,756	100	25,989,142	100	25,871,987	100	25,678,560	100	33,133,862	100	29,158,033	100
LBP Testing	708,900	3	630,000	2	0	0	0	0	0	0	630,000	2	0	0
LBP Abatement [2]	212,000	1	226,000	1	226,000	1	226,000	1	226,000	1	1,226,000	4	0	0
Section 504	2,471,000	10	2,712,000	10	[3]		[3]		[3]		6,345,000	19	3,135,773	11

[1] The Physical Needs Assessments for Baltimore do not include relocation costs nor any Authority-wide costs; therefore, these items were not in included in Priority 1 costs except where they could not be separated.

[2] The 1992 annual statement and Five-Year Plan showed interim or known emergency abatement activities only. The figures do not take into account lead-based paint abatement that will occur as part of comprehensive modernization.

[3] An addendum to the original budget indicates that 504 spending will continue in 1994, 1995, and 1996.

It is more difficult to assess planned spending with regard to lead-based paint abatement. In the FY 1992 Annual Statement and Five-Year Plan, HABC reported the amount to be spent for interim abatement activities over the Five-Year Planning period—roughly $225,000 per year. This amount reflects funds available to address emergencies and does not include lead-based paint abatement that is occurring as part of comprehensive modernization.[18]

The FY 1993 Annual Statement shows spending for lead-based paint abatement of $1.22 million. This figure includes interim abatement as well as authority-wide and non-dwelling structure costs associated with abatement. It, too, does not take into account the lead-based paint abatement activities occurring in Baltimore as part of comprehensive modernization.

In terms of Section 504 spending, the Five-Year Plan shows that all known Section 504 spending (aside from that which would occur as part of a comprehensive modernization) was to be concentrated in FY 1992 and FY 1993.[19] This represented 10 percent of all planned hard cost expenditures in each year. The FY 1993 and FY 1994 Annual Statements reflect an increase in Section 504 expenditures. However, it cannot be assumed that this represents an increase in hard cost spending since the Authority included 504 authority-wide and non-dwelling activities in this figure and they are not included in the original plan.

How does spending on HUD mandated-items compare under CIAP and CGP? Exhibit 8 shows spending patterns for lead-based paint testing and abatement as well as Section 504 during the last year of the CIAP program. When compared to the original plan,[20] lead-based paint testing and abatement expenditures are comparable to planned spending during the first years of CGP.[21] In the case of Section 504, expenditures rise considerably under CGP. The Authority's need to comply with the mandatory requirements is reflected in the increased spending. (In general, HABC staff noted greater recent pressure to spend money to meet HUD-imposed mandates.)

3.3.1 Spending Differences by Development Type

Exhibit 9 indicates that, according to the PNA, the developments with the most significant needs are large, family properties. Seventy-two percent of needed improvements are required in large developments. Seventy-eight percent of needed improvements were also identified in the family developments.

---

[18] The amount for lead-based paint abatement spent as part of the comprehensive modernization program could not be readily separated from overall comprehensive modernization costs.

[19] A 1992 and 1993 addendum to the Annual Statement indicates that 504 spending would continue in 1994, 1995, and 1996, but dollar figures were not reported.

[20] Given that PHA authority-wide and non-dwelling expenditures are reported as part of lead-based paint and 504 costs in the FY 1993 and FY 1994 annual statements, comparisons to CIAP expenditures cannot be made.

[21] Note that lead-based paint testing did not start in Baltimore until 1991. Baltimore funded the first year of LBP testing out of CIAP. Contracts during the second and third year were funded by CGP.

Exhibit 8
Comparative Data on CIAP Spending Patterns (FY 1991)

Baltimore Housing Authority

Budgeted Expenditures: FY 1991	Dollars	Percent of Total
Mandates versus Other		
LBP Testing	$800,000	3
LBP Abatement	370,000	1
Section 504 Compliance	1,372,567	4
Other Spending	30,057,433	92
Total Planned Expenditures	$32,600,000	100%

* Note that for those projects undergoing comprehensive modernization lead-based paint costs cannot be completely separated from the overall total. Thus some lead-based paint abatement expenditures incurred as part of comprehensive modernization are included in the "Other Spending" category.

Exhibit 9
Patterns of CGP Hard Cost Spending and Need (Specific Development Types)

Baltimore Housing Authority

Development Type	Physical Needs Assessment			Planned Hard Cost Expenditures FY 1992 - FY 1996			FY 92, 93, and 94 Annual Statement		
	Dollars	%	Per Unit	Dollars	%	Per Unit	Dollars	%	Per Unit
Size of Development									
Large	363,282,878	72	25,676	122,310,467	95	9,924	66,532,121	91	5,724
Medium	139,460,644	27	36,120	3,658,241	3	1,429	5,092,264	7	1,989
Small	3,327,960	1	42,666	2,354,000	2	30,179	1,604,000	2	20,564
All	506,071,482	100%	27,978	128,322,708	100%	8,576	73,068,385	100%	5,134
Occupancy Type									
Family	396,389,822	78	30,048	123,499,242	96	12,268	58,756,103	80	6,293
Elderly	58,866,945	12	19,948	2,545,016	2	862	4,110,814	6	1,393
Mixed	50,814,715	10	26,126	2,278,450	2	1,171	10,201,468	14	5,245
All	506,071,482	100%	27,978	128,322,708	100%	8,576	73,068,385	100%	5,134
Resident Management Status									
Resident-Managed	ND	ND	ND	ND	ND	ND	ND	ND	ND
Not Resident-Managed	ND	ND	ND	ND	ND	ND	ND	ND	ND
All	506,071,482	100%	27,978	128,322,708	100%	8,576	73,068,385	100%	5,134
Development Type									
Rental	506,071,482	100	27,978	128,322,708	100	8,576	73,068,385	100	5,134
Turnkey	0	0	0	0	0	0	0	0	0
Mutual Help	0	0	0	0	0	0	0	0	0
Bond Financed	0	0	0	0	0	0	0	0	0
All	506,071,482	100%	27,978	128,322,708	100%	8,576	73,068,385	100%	5,134

Not surprisingly, the Five-Year Plan and annual statements show that HABC will spend the vast proportion of CGP resources during the next five years on these developments. According to annual statements for FY 1992, 1993 and 1994, 91 percent of hard cost spending will be focused on large developments, and 80 percent of hard cost spending will go to family developments. HABC staff stated that resources are focused toward the large and family developments simply because these tend to be the oldest, most distressed properties in the stock.

3.3.2 Other Patterns of Hard Cost Spending

Exhibit 10 shows patterns of CGP hard cost spending for three specific uses in Baltimore: unit adaptations, security, and energy conservation. This information was obtained primarily during interviews on site, since it was not possible to extract this information from the plan and annual statements. Also, the totals shown in Exhibit 10 do not reflect all of the hard cost spending related to security and energy conservation since these items are typically part of a comprehensive modernization program and costs are not easily separated. Some work items, notably window replacements, could be counted as security *and* energy conservation measures although an effort has been made not to double count those items.

Overall, hard cost spending for unit adaptations, security, and energy conservation (that is not part of comprehensive modernization) does not represent a significant portion of total hard cost spending. According to HABC staff, one unit adaptation project is planned for FY 1993--the conversion of two scattered-site units to community space. HABC does not plan to use CGP funds for building demolition or conversion.

Regarding security-related spending, a total of $2.2 million will be spent between 1992 and 1996 on fencing and site lighting. The largest hard cost expenditures for security occur in FY 1992. A total of $1.49 million will be devoted to hard cost security items during that year.

Specific energy-related improvements that were identified include window and screen replacements, converting oil furnaces to gas furnaces, boiler replacements, and replacing electric feeder systems. The total cost of energy-related improvements from FY 1992 to 1996 was $5.8 million.

3.3.3 Overall CGP Spending

As Exhibit 11 shows, HABC plans to spend roughly 70 to 75 percent of its annual CGP allocation on the hard cost needs of its developments. Another 10 percent per year is devoted to management improvements, while about 15 percent per year is devoted in the original Five-Year Plan to administrative expenses (the FY 1993 and 1994 Annual Statements show a slightly smaller proportion of funds set aside for administration—11 and 13 percent, respectively). These administrative costs exceed the 7 percent limit on administration allowed under CGP regulations, because the 7 percent cap does not include in-house architectural and engineering work or lead-based paint risk assessment and insurance.

Exhibit 10
Patterns of CGP Hard Cost Spending (Other Specific Uses)

Baltimore Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 1993 Annual Statement		FY 1994 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Unit Adaptations	0	0	0	0	0	0	0	0	0	0	150,000	<1	0	0
Demolition/Conversion	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Security and Drug Elimination	1,405,500	4	0	0	0	0	400,000	1	0	0	250,000	1	92,500	<1
Redesign in High-Need Developments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energy Conservation Improvements	997,200	4	0	0	0	0	290,000	1	665,000	3	2,413,000	8	1,478,000	4
Renovations of Long Vacant Units	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND

Exhibit 11
Patterns of Total CGP Spending (By Budget Category)

Baltimore Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
EXPENSE CATEGORY														
Hard Cost For Physical Needs	24,042,263	68	26,740,756	75	25,989,142	73	25,871,987	73	25,678,560	72	31,673,862	75	28,458,033	72
PHA-wide Management	3,561,157	10	3,561,157	10	3,561,157	10	3,561,158	10	3,561,158	10	3,756,476	9	3,967,268	10
PHA-wide Non- Dwelling	2,027,178	5	228,000	1	0	0	0	0	0	0	1,889,681	4	1,742,500	4
PHA-wide Administration	5,630,980	16	4,981,665	13	5,183,579	15	5,350,233	15	5,549,660	16	4,893,441	11	5,304,885	13
PHA-wide Other	350,000	1	100,000	1	877,700	2	828,200	2	822,200	2	200,000	1	200,000	1
Replacement Reserves	N/A		N/A		N/A		N/A		N/A		N/A		N/A	
Grand Total	35,611,578	100%	35,611,578	100%	35,611,578	100%	35,611,578	100%	35,611,578	100%	42,413,460	100%	39,672,686	100%

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
"OTHER" DETAIL														
Audit	0	0	50,000	<1	ND	ND	ND	ND	ND	ND	50,000	<1	50,000	<1
Liquidated Damages	0	0	0	0	ND	ND	ND	ND	ND	ND	0	0	0	0
Fees and Cost (A&E)	350,000	1	50,000	<1	ND	ND	ND	ND	ND	ND	150,000	<1	150,000	<1
Site Acquisition	0	0	0	0	ND	ND	ND	ND	ND	ND	0	0	0	0
Relocation	0	0	0	0	ND	ND	ND	ND	ND	ND	0	0	0	0
Total Other	350,000	1%	100,000	1%	877,700 *	2%	828,200 *	2%	822,200 *	2%	200,000	1%	200,000	1%

* The details for the "Other" costs for FY 1994, FY 1995, and FY 1996 are not documented in the Five-Year Plan.

The FY 1992, 1993 and 1994 Annual Statements also indicate that HABC will spend four to five percent per year on non-dwelling expenses. In FY 1992, these funds were applied to a new computer system for HABC. In FY 1993 and 1994, they were used for the renovation or construction of day care and community centers, the development of security base stations, and office furniture and equipment.

Exhibit 11 also shows a modest amount of funding applied to audits, fees and costs. Funds were budgeted for utility and CGP audits during the planning period, in addition to outside architectural and engineering fees. While relocation expenses were also incurred, these are reflected under the hard costs for physical needs.

3.3.4 Spending for Management Needs

From FY 1992 through 1994, HABC will spend close to the maximum amount allowable on management improvements, a total of $11.58 million.[22] (See Exhibit 12.) Of this amount, 38 percent will be devoted to resident-oriented programs, including $2.95 million for Section 3 (business and economic development) activities and $986,000 for social service programs. Among the activities underway as part of HABC's Section 3 initiative, the Step-Up program provides on-the-job construction work training to public housing residents. Participants in the Step-Up program are completing the comprehensive modernization of the 34-unit Oswego Mall public housing development. CGP funds pay the salaries of the workers and supervisors and also pay for basic education and day care services.

Resident social services programs being funded in FY 1992 through 1994 with CGP funds include the establishment of a resident initiatives division at the Authority, as well as the hiring of site-based human services and recreation coordinators. A resident management capacity-building program will also be initiated for resident leaders of all developments.

Management spending for security and drug elimination represents 26 percent of management spending in FY 1992 through 1994. Anti-drug activities include staffing to operate a summer youth program and to offer prenatal care. Security measures will include hiring and training security monitors and housing police.

Aside from security and resident initiatives, the balance of management spending will be applied to a range of activities designed to improve operations at HABC. Among these are $1.4 million in mandatory spending during FY 1992 through 1994 for an annual apartment inspection program, the establishment of a utility meter testing lab to test electric meters, and the hiring of a safety coordinator to identify hazards and risks authority-wide. Optional spending

[22] Recently, HABC received a waiver to spend up to 17 percent of its grant amount in 1995 and 1996 on management improvements. This money will help to pay for the Step-Up program and will allow HABC to hire 12 additional housing police officers.

Exhibit 12
Patterns of CGP Spending (Management)

Baltimore Housing Authority

	Management Needs Assessment		Five Year Plan (FY 92-FY 96)		FY 92, 93 and 94 Annual Statement	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Planned Management Spending						
PHMAP Deficiencies (Mandatory)	0		0		0	
PHMAP Deficiencies (Optional)	0		0		0	
Other Deficiencies (Mandatory)	3,040,291	16	2,423,024	14	1,481,929	13
Other Improvements (Optional)	16,572,629	84	15,382,763	86	10,107,653	87
Total Management	19,612,920	100	17,805,787	100	11,589,582	100
Planned Management Spending for Resident-Oriented Programs						
Resident Management / Homeownership	0	0	0	0	0	0
Capacity-Building and Training	1,287,476	7	982,130	6	487,159	4
Section 3 (Economic and Business Development)	6,537,826	33	3,296,663	19	2,953,013	25
Resident Social Services	207,490	1	2,011,571	11	986,372	9
Total Resident Programs	8,032,792	41	6,290,364	35	4,426,544	38
Planned Management Spending for Security and Drug Elimination	5,548,993	28	6,595,221	37	2,986,107	26

will fund staff training and data processing software. Two other activities—the hiring of resident management aides to assist in screening and orienting new residents and an improved occupancy program—are listed in the FY 1993 and 1994 Annual Statements but have not been undertaken. The funds for these programs will probably be reallocated.

As noted earlier, the Authority's PNA identified a number of no-cost management improvements that it planned to address. HABC reports on its efforts to address these items in its 1994 Annual Statement. The items include: improving the work order backlog, improving rent collection, reducing vacancies and improving vacancy turnaround, and improving its marketing efforts.

4. Summary and Conclusions

From the perspective of HABC staff and the HUD field engineer, the agency's modernization needs are infinite. Because of the age of many of the properties and the socio-economic conditions of residents, properties that were modernized five or ten years ago are already in need of substantial capital improvements. Despite this, HABC staff do not believe that they have been "underfunded" through the CGP program. They recognize that funding is limited and believe that the agency has been treated fairly under the formula.

In fact, as a result of the recent URD and MROP awards and an increase in CGP funding, HABC will be spending a record amount of money to modernize public housing over the next few years. According to the HUD engineer, the ability of the "A"-rated HABC Engineering Services division to manage the additional work will be put to the test. This influx of federal funding will enable the Authority to deal with the family high-rise developments which, staff admit, have too long been ignored.

HABC staff welcome the flexibility that the CGP program has brought. However, it is clear that the biggest impact of the CGP program in Baltimore has been the change in the way that decisions about modernization spending are made. The HUD engineer suggested that HABC has lost control of decision-making and provided the residents with "a residential veto." HABC staff also believe that their ability to plan and decide how to spend CGP money has been reduced through the formation of the CGP committee (which contains so many residents), and has resulted in more piecemeal modernization. However, the resident members are pleased with their involvement in the process. The local government representative noted that while there has been a lot of conflict at CGP committee meetings, the meetings have improved considerably. He believes that the planning and spending decisions must be done in a forum that includes residents and Authority staff.

Having given the residents a significant role in CGP decision-making, it would be difficult to curtail their involvement at this juncture. In fact, Authority staff indicate that they do want residents to play a role in the process. Of late, it appears that the Authority staff, with the help of the new Deputy director, have moved toward streamlining the committee meetings and the decision-making process. This will allow the HABC staff to devote more of their attention to a rapidly growing modernization effort.

Dade County

CGP CASE STUDY
DADE COUNTY DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Prepared by
Jeffrey K. Lines, TAG Associates, Inc.

1. PHA Background and Characteristics

The Dade County Department of Housing and Urban Development (DCHUD) is a very large PHA that administers 10,962 units in 115 public housing developments[1] throughout Dade County, Florida. (See Exhibit 1.) Approximately half of these units are located in the City of Miami; the remainder are spread across the county, with as much as 60 miles between developments. The developments range in size from scattered-site single family homes and 20-unit cluster properties to developments with over 1,000 units. The agency also administers the County's Community Development Block Grant program, but does not administer the Section 8 rental assistance program (which is administered by another county agency). DCHUD does operate the Section 8 (project-based) New Construction program, however, which it manages directly in a manner similar to its conventional public housing developments. There are no Resident Management Corporations (RMCs) operating in Dade County public housing.

DCHUD is part of a metropolitan-wide government structure which reports directly to the County Manager who must approve all major policies and procedures. The County Manager appoints and supervises the agency director, who in turn appoints all senior staff. The elected County Board of Commissioners serves as the agency's board.

DCHUD's most recent Public Housing Management Assessment Program (PHMAP) rating is 73.78, which indicates that the agency is regarded as a standard performer. In 1991 HUD removed the agency from the list of troubled PHAs, which marked a turning point for the agency after years of being considered severely troubled. In the late 1980s the severity of the problems faced by the agency prompted a review by a Blue Ribbon Commission established by the County Board of Commissioners to study conditions of severe management distress. In contrast to its history of poor performance, the PHMAP score most recently submitted by the DCHUD indicates continued improvement in public housing operations, with a proposed score of 86 (four points short of high performer).[2] The agency has never been considered modernization-troubled, and in FY 1993 received an "A" rating for modernization.

---

[1]The figure of 115 represents project numbers; for management purposes, the agency has grouped them into 38 clusters with either a property manager or area site manager administering the public housing.

[2]Note that the agency has only recently submitted its proposed PHMAP score for FY 1994 and this submission has not been reviewed and confirmed by HUD at this time.

Exhibit 1
Overview of PHA Characteristics

Dade County Department of Housing and Urban Development

Number of Public Housing Developments and Units:	115/10,823
Size of Staff (Total)	611
Number of Modernization Staff	27 permanent, 10 temporary
PHMAP Score:	73.78 (9/30/93)
Recently Troubled: (Y/N)	Y
Mod Troubled: (Y/N)	N
Vacancy Rate at Comprehensive Plan:	9.6% (1994, adjusted)
Number of Resident-Managed Developments:	0

Characteristics of the Stock — Distribution	Units	Percent
Age of Development		
Pre-1940	1,269	12%
1941-1960	1,347	12%
1961-1980	6,899	63%
1981 or later	1,447	13%
Total	10,962	100%
Structure Type		
Detached/Semi-Detached	1,588	15%
Row	3,641	33%
Walk-up	2,228	20%
Elevator	3,325	30%
Mixed	180	2%
Total	10,962	100%
Development Program		
Rental	10,962	100%
Turnkey III	0	0
Mutual help	0	0
Sec/23-bond financed	0	0
Total	10,962	100%
Occupancy Type		
Family	5,861	53%
Elderly	4,709	43%
Mixed	392	4%
Total	10,962	100%
Development Size		
Small (1-49 units)	1,309	12%
Medium (50-199 units)	5,153	47%
Large (200+ units)	4,500	41%
Total	10,962	100%

In recent years, the Authority has received a significant amount of capital improvement funding through HUD and from Dade County. Prior to CGP (between 1986 and 1991), the agency received approximately $116 million in HUD, county, and CDBG funds for modernization. (See Exhibit 2) Subsequently, the agency has received nearly $46 million under its CGP formula allocations for the Fiscal Years 1992 through 1994 and is anticipating the receipt of $65 million[3] in disaster relief from a variety of sources. As a result, DCHUD does not have a large volume of unfunded capital improvement needs, compared to other very large PHAs. Only four housing developments (all of them family housing, including one scattered-site cluster) require comprehensive modernization treatment. These properties represent less than 10 percent of the total public housing units agency-wide.

There are several reasons for the extraordinary level of funding the agency has received. First, in order to help address conditions of physical distress during the years when the agency was extremely troubled, the county provided capital improvement funding support. When the agency showed signs of improvement, HUD also increased its capital improvement funding by providing a very large MROP award in FY 1988 and a large CIAP award in FY 1991. A second reason for the high level of funding was the provision of disaster relief as a result of Hurricane Andrew in August 1992. The hurricane caused widespread damage which led to the evacuation of public housing developments in the southern part of Dade County. Substantial capital improvement expenditures have been made since the hurricane to repair the damage and destruction caused by heavy wind and rain.

As a result of Hurricane Andrew, the agency has taken steps to develop a new Physical Needs Assessment (PNA) which will be included as part of its FY 1995 CGP submission. Since the revised PNA has not yet been finalized, the exhibits and the majority of the analysis in this case study reflect the original PNA submitted in FY 1992.

2. CGP Planning and Administration

2.1 Physical Needs Assessment

DCHUD prepared its PNA in 1992, with the assistance of a locally-based architectural and engineering (A&E) firm along with in-house staff. Inspections of 10 percent of the units and all building systems PHA-wide were conducted. The inspection teams were led by a representative of the A&E firm and included the site manager (for the property being inspected), the lead maintenance worker, a staff member from DCHUD's Resident Services Department, and a public housing resident. The A&E firm provided training to team members and supervised all inspections. Quality control was provided by the DCHUD planner and a member of the A&E firm, who reviewed inspection reports to confirm their accuracy. DCHUD staff and

[3]The $75.3 million will likely result in the agency retaining only $65.3 million since $10 million is currently considered to be a loan against anticipated insurance proceeds. Further, if insurance proceeds are more than $40 million HUD expects repayment of the funds provided under the CGP reserve for natural disasters of $25 million shown under the column "CGP Emergency\Disaster Reserve" on Exhibit 2.

Exhibit 2
Funding Overview:
Sources and Amounts of Modernization Funding

Dade County HUD

Fiscal Year	CIAP	MROP	CGP	County and CDBG	TOTAL
FY 1984	$619,800	0	0	0	$619,800
FY 1985	326,351	0	0	0	326,351
FY 1986	4,753,849	0	0	0	4,753,849
FY 1987	6,557,930	0	0	0	6,557,930
FY 1988	7,405,940	$21,426,199	0	0	28,832,139
FY 1989	5,839,506	0	0	0	5,839,506
FY 1990	8,447,559	0	0	$10,500,000 County surtax*	18,947,559
FY 1991	49,844,223	0	0	2,000,000 CDBG	51,844,223
FY 1992	158,895	0	$14,128,768	0	14,287,663
FY 1993	0	0	15,973,576	0	15,973,576
FY 1994	0	0	15,702,421	65,300,000	81,002,421

*Grant awarded to DCHUD.

Sources and Amounts of Hurricane Andrew Relief Funding

Fiscal Year	FEMA	CGP Emergency Disaster Relief	Anticipated Insurance Settlement	Total
FY 1990	0	0	0	0
FY 1991	0	0	0	0
FY 1992	0	0	0	0
FY 1993	0	0	0	0
FY 1994	$300,000	$25,000,000	$40,000,000	$65,300,000

residents felt that the process used to develop the PNA resulted in a higher degree of resident acceptance than would have been the case if only agency staff and consultants had been involved.

The A&E firm subcontracted a portion of the work to a local cost estimator who used a customized system (based on local cost data and R.S. Means construction cost tables) to estimate amounts for proposed modernization work items. However, DCHUD staff felt that the standards used to determine the need for modernization improvements and the cost of many work items were conservative. According to these staff, the estimates did not capture all work items that could have been included, such as roof repairs and work on kitchens and bathrooms. The cost estimates for interior repairs seemed to be the most conservative; staff felt that only 50 percent of kitchen repair costs and about 75 percent of bathroom modernization costs were reflected on average in the PNA. This pattern appeared to be quite consistent across all types of developments. Costs associated with Section 504 compliance also seem to have been understated. Due to the conservative nature of the original PNA and the devastation caused by the hurricane in 1992, planning began in 1993 to prepare a new PNA.

The total hard cost for physical needs in the 1992 PNA was estimated to be $91,239,000. (See Exhibit 3.) The Five-Year Plan did not show any funds from sources other than CGP. Even though DCHUD staff considered the method for determining needs to be conservative, there was no limit placed on the process for estimating modernization needs. Indeed, the total needs far exceeded the expected CGP formula amount for the agency projected over a five-year period.

The development-by-development needs assessment data were used to establish a formula for each of the five DCHUD management regions, for purposes of preparing the Five-Year Plan. Each of the management directors for the five regions was instructed to develop a property-based Five-Year Plan in conjunction with the residents and the site managers of the properties. The management directors were given wide latitude in determining what amounts each site would receive in each year.

Working groups for each site consisted of the site manager for the property, resident services staff assigned to the region, the tenant council president, and the regional manager. DCHUD construction management staff, in the facilities development department, provided training in the CGP process and guidance in setting priorities. The agency planner and representatives from the Overall Tenants Advisory Council (OTAC), which is the elected agency-wide governing body for public housing residents, also advised the working groups.

The HUD Field Office commented that as the agency set priorities it may not have given sufficiently high priority to the needs of building systems. Residents indicated that the process may not have given adequate attention, in some cases, to the need for upgrading community facilities in elderly developments or providing playground and recreational equipment for family developments.[4]

---

[4]As indicated in Exhibit 11, planned expenditures for non-dwelling equipment range from less than 1 percent of total expenditures to just 2 percent for each of the five years, with no funds actually allocated for these items in the annual statements for FY 1993 and 1994.

Exhibit 3
Overview of Physical Needs

Dade County HUD

Category of Need	Dollar Amount	Percent of Total
Budget Category		
Hard Cost for Physical Needs	$91,239,000	87%
PHA-Wide Management Needs	$4,608,000	4%
PHA-Wide Non-Dwelling Structures and Equipment	$834,000	<1%
PHA-Wide Administration	$3,632,000	3%
PHA-Wide Other	$4,087,000	4%
Grand Total of PHA Needs	$104,400,000	100%
Urgency of Need		
Hard Cost Associated with Priority 1 Needs	$8,360,765	9%
Hard Cost Associated with Lower Priority Needs	$82,878,235	91%
Total	$91,239,000	100%
Mandates		
Hard Cost Associated with Lead-Based Paint Testing	0	0
Hard Cost Associated with Lead-Based Paint Abatement	0	0
Hard Cost Associated with Section 504	$5,998,936	7%
Hard Cost Associated with Title VI Order	0	0
High Need Developments		
Hard Cost Associated with Developments with Costs in Excess of 90 Percent of TDC	0	0
Redesign/ Reconstruction in High-Cost Developments	0	0
Extent of Overall Need	**Ratios**	
5-Year Funding Level/Total Need	.68	
5-Year Funding/Priority 1 Hard Cost Need	8.45	
5-Year Funding/Mandated Hard Cost Need (LBP/504/Title VI)	11.78	

Items considered to be Priority 1 needs were programmed for the first year of the Five-Year Plan in almost all cases. Priority 1 needs consisted of mandatory items (such as Section 504 compliance or lead-based paint abatement) and items for which residents or site-based management expressed urgent concern (such as dilapidated kitchens or bathrooms which are likely to cause emergencies in the near future). Total Priority 1 needs amounted to $8.4 million or about 9 percent of estimated hard cost need. In the original Five-Year Plan no funds were allocated for lead-based paint (LBP) abatement, since previously identified LBP abatement work was already being undertaken with FY 1991 CIAP funds ($1,836,805), and a special allocation of CIAP funds had been awarded the agency in FY 1992 for further LBP testing.[5] Section 504 work items amounted to about $6 million or 7 percent of hard costs. This work primarily consisted of wheel chair ramps to community and management spaces and bathroom modifications to accommodate the physically disabled. The agency found that the initial PNA understated Section 504 needs, and the new PNA has a larger amount allocated for Section 504 work items.

The updated PNA for FY 1995 was in the final stages of completion at the time this case study was prepared. The new PNA is being prepared entirely by DCHUD staff, using a model similar to that used for the initial PNA. DCHUD staff believe that they now have better data with which to complete the PNA as well as more experience, having had a chance to work with CGP. Following the hurricane, DCHUD undertook extensive surveys of its housing developments. The Federal Emergency Management Agency (FEMA) also conducted a survey of all properties. FEMA estimated total hurricane-related damage at approximately $54 million, while DCHUD estimated these costs at $64 to $65 million. The revised PNA sets total physical needs at approximately $84 million. DCHUD staff indicate they have a high degree of confidence that this amount accurately reflects the current physical needs of Dade County public housing. It is important to note that due to the extensive work needed to repair the hurricane damage, the total dollar amount for outstanding physical needs is lower than total needs as identified in FY 1992. Hurricane related repairs have resulted in a substantial portion of the public housing developments in the southern part of Dade County being comprehensively modernized.

2.2 Management Needs Assessment

At the start of the initial CGP planning process, the current agency director was then the deputy director, and was in charge of developing the Management Needs Assessment (MNA). Approximately three months before the submission of the Five-Year Plan, he was appointed agency director, with continuing responsibility for the management needs assessment portion of the plan. At that time, the agency had already been removed from the PHA troubled list by HUD. The focus of the MNA was primarily on vacancy reduction, maintenance system improvements, and increasing services to residents.

---

[5]Note the LBP testing funded in the FY 1992 CIAP award had not even begun at the time the PNA was being prepared.

The total estimate for management needs was approximately $4.6 million, just four percent of total needs. (See Exhibit 4) This total was identical with planned management spending over the first five CGP program years, which accounted for only five to eight percent of the grant in each year.

One reason for the relatively low amounts allocated to management improvements was that significant spending had already been directed toward improvements in housing management and maintenance systems under the nearly $50 million FY 1991 CIAP grant. Since 1992, DCHUD has moved toward a fully decentralized management operation, and all management improvements have been targeted to achieve this objective (which also includes private management of certain public housing developments.) Major PHMAP deficiencies have been addressed as part of this decentralized management strategy, and site property managers are now responsible for both housing management and maintenance activities. A project-based budgeting and accounting system has also been developed to support the decentralized management approach.

Management needs to be funded under CGP included the following:

- **Vacancy Reduction** — At the start of the Five-Year Plan the agency's vacancy rate was about 15 percent. A strategy for directing contracted labor to the repair of vacant apartments has been an important part of the vacancy reduction plan. After adjusting for vacant units due to on-schedule modernization, the agency's vacancy rate is now less than one percent.

- **Outstanding Work Orders** — Until recently the agency has rated poorly under PHMAP in the areas of work orders and annual unit inspections. Beginning in late 1992 and continuing through the first half of 1994, a major effort was undertaken to address the large number of outstanding work orders. This work order reduction plan operated through contract labor which was assigned to work under the supervision of the agency's central maintenance department and the site managers. Staff felt that if the long-standing backlog of work orders could be reduced, and if a automated work order system was fully implemented (with computer terminals in site management offices), the agency would be in a position to address current work orders and to achieve PHMAP ratings of "C" or better for these indicators. As a result of their efforts, an improved PHMAP score for work orders was achieved as of the end of FY 1994.

- **Property Management and Maintenance Capacity** — The agency has committed funds for the development of on-site preventive maintenance programs, project-based budgeting, and enhanced property-based reporting on key items such as on-site expenditures, vacant unit status, and work order completion.

- **Resident Services and Initiatives** — A substantial need has been identified for resident services and activities, including youth sports programs, resident self-sufficiency programs tailored to individual public housing sites, and the

Exhibit 4
Overview of Management Needs

Dade County HUD

Type of Need	Mandatory	Optional	Total	%
Needs Associated with PHMAP Deficiencies (by Indicator)				
Vacancy	$449,000	0	$449,000	10%
Modernization	0	0	0	0
Uncollected Rents	0	0	0	0
Energy Consumption	0	0	0	0
Unit turnaround	0	0	0	0
Outstanding Work Orders	0	$629,000	$629,000	14%
Inspection/condition of units	0	0	0	0
TARS	0	0	0	0
Operating reserves	0	0	0	0
Routine operating expense	0	0	0	0
Resident initiatives	0	$510,000	$510,000	11%
Development	0	0	0	0
Sub-total: PHMAP Related Need	$449,000	$1,139,000	$1,588,000	34%
Other Management Needs (by Functional Area)				
Leasing and Ongoing Tenant Functions (outreach, waiting lists, eligibility, collections, recertifications)	0	0	0	0
Property Management (maintenance, inspections, and modernization)	0	0	0	0
Administration, Finance, MIS, Communications	0	0	0	0
Personnel (including training)	0	$375,000	$375,000	8%
Resident Services	0	$2,500,000	$2,500,000	54%
Security	0	0	0	0
Other/Misc	0	$145,000	$145,000	3%
Sub-total: Other Needs	0	$3,020,000	$3,020,000	66%
Total Management Need	$449,000	$4,159,000	$4,608,000	100%

supplementation and enhancement of social support services. The provision of staff support and training to the Overall Tenants Advisory Council (OTAC), which works closely with DCHUD in the development of the CGP annual statements and related activities, was also identified as an important resident service in need of funding.

Overall, nearly 54 percent of the non-PHMAP related needs identified in the MNA are for resident services programs. This amount increases to 65 percent when PHMAP related initiatives are included. In spite of the priority given to these items in the MNA, resident services were not considered to be nearly as pressing as the maintenance and management improvements required to decentralize the agency's delivery structure. In fact, the staff made it clear that the first step they take to cover cost overruns for capital work items is to look at reprogramming management improvement funds budgeted for resident programs.[6]

2.3 Resident Participation

Residents were involved in the preparation of the physical needs assessments and also served as members of the capital planning teams. Residents who participated on the capital planning teams worked with staff to allocate funds to developments within the regions and then to set priorities among work items at the development level. The site resident councils were also involved in all aspects of setting priorities for their developments. Meetings were held at each housing development, and all residents were invited to review the proposed work items in the Five-Year Plan for their own site. This occurred even before the required resident meetings to review the overall plan were held.

DCHUD worked closely with Overall Tenant Advisory Council (OTAC) to encourage resident participation. The members of the OTAC Board of Directors and the OTAC staff indicated that they assisted those site councils that were not well-organized or had internal divisions which hampered participation due to "rival" agendas. To facilitate meaningful resident participation, OTAC provided training to site resident councils in the CGP process and helped advise these organizations on setting priorities. A major emphasis of the training was the need to consider improvements required to address building systems problems, such as roof and window replacements.

The HUD Field Office, while very supportive of DCHUD's efforts, felt that in some cases not enough emphasis was placed on addressing building systems needs. OTAC acknowledged this problem and indicated that improvements in resident understanding and participation in setting priorities would be reflected in the new PNA to be finalized and submitted in 1995.

[6]The agency director feels that the first obligation of the agency is that of an "asset manager": funds must first be directed to the preservation of public housing as an asset before they can be allocated for support services. Further, other county agencies are first expected to assume responsibility for resident social services.

DCHUD held two sets of resident meetings in order to assure that there was full resident participation and input into the development of the plan. First, region-based meetings were held, open to those who lived in housing developments in each of the five management regions. Then, an agency-wide resident meeting was held to review the entire plan, before the public hearing. The public hearing consisted of a meeting of the County Board of Commissioners, to review and approve the proposed five-year plan. Resident participation was not as high at the hearing since residents had already had several opportunities to comment on the five-year plan. Residents interviewed as a part of this study, including members of the OTAC Board of Directors, expressed a very high degree of satisfaction with the process used for obtaining resident participation. DCHUD resident services staff also participated in the process and helped get an extraordinary level of funding for resident services and initiatives included in the Five-Year Plan.

2.4 Local Government Participation

While formal local government participation in the development of the five-year plan was not extensive, DCHUD's ties to local government are very close. The agency director reports to the County Manager, who along with the County Board of Commissioners, approves most agency contracts and policies. This relationship provides for a high level of interaction between the agency and the leadership in county government, without it being too intrusive.[7] A great deal of consideration is typically given to DCHUD in awarding contracts and in approving the policies they recommend, including the development of the agency's capital improvement program.

Along with all other agencies of county government, DCHUD must present a capital improvement program each year, which is reviewed by the County Manager and approved by the County Board of Commissioners before being published in the county-wide capital plan. As indicated in above, the county has provided the agency with significant capital improvement funding in the past and loaned the agency $10 million to help support its disaster relief efforts. The county also provides operating funding to the agency, currently about $2 million a year, for administrative and maintenance activities. The budget office for the county is in regular contact with the agency and reviews its activities to make independent recommendations to the County Manager with regard to the capital program. Following the award in 1991 of nearly $50 million in CIAP funds, the county ceased providing capital improvement funding to DCHUD, since HUD appeared to be providing a higher level of funding than in the past.

The county was involved in reviewing the agency's process for developing the PNA and MNA. DCHUD staff indicated that the county was satisfied with the explanation of how needs were estimated, and approved the inclusion of the Five-Year Plan in the county capital program without modification. The former budget analyst for the county who was involved in reviewing the initial Five-Year Plan, is now DCHUD's Finance Director. This appointment has provided

---

[7]All contracts over $25,000 must be approved by the County Board of Commissioners and all contracts over $5,000 must be approved by the County Department of Procurement.

the agency with an even greater degree of credibility in developing its financial and capital plans for review and approval by the county.

Currently, the county is in the process of developing a capital improvement bond issue proposal, which may include anywhere from $20 million to $50 million for DCHUD. This level of funding would enable the agency to meet all of the capital improvement needs for public housing outlined in the new PNA being finalized for submission to HUD in 1995.

2.5 Perspectives on CGP Administration and Effectiveness

The Comprehensive Grant Program has provided DCHUD with a much greater degree of flexibility, in terms of establishing a capital improvement program that can be modified on an annual basis. The CGP process has been particularly important to an agency faced with having to make significant changes in capital improvement priorities as a result of the devastation caused by a natural disaster. Agency staff felt the CGP process enabled them to respond more flexibly to the changes required, and also provided an excellent opportunity to establish a program for meaningful site-based staff and resident input into the capital planning process. Some of the major benefits of CGP cited by staff are:

- ***Predictability*** — The formula approach allows better planning, since there is more certainty as to the level of funding, and whether the agency will be able to address capital needs at a given public housing site.

- ***Relationship with Dade County*** — The agency can plan its capital improvements in a manner that is more consistent with other county agencies and is better understood by the County Board of Commissioners. The predictability of the funding has also enabled the agency to be a more important part of the county's future capital improvement program and may allow the agency to receive a significant amount of funding through a capital bond referendum.

- ***Administration*** — Agency staff indicated that CGP enables them to administer funds more easily and to begin the process of developing plans and specifications for work items in advance of receiving funding for the coming year.[8]

- ***Increased Rate of Expenditures*** — According to agency staff, CGP has enabled the agency to increase its rate of expenditures for modernization.

- ***Flexibility*** — The ability to move work items between funding years and to revise the PNA and submit a new five-year plan at the beginning of a new fiscal year

[8]Both HUD Field Office staff and DCHUD staff pointed out that the agency had its FY 1994 application approval expedited so that it could begin obligating funds early, taking advantage of its efforts to prepare plans and specifications in advance for a number of major capital improvement work items.

are considered important features of the CGP, since circumstances have required that a new PNA be prepared for FY 1995.

- ***Reduced HUD Role*** — Some at the agency felt that the reduced HUD role was good for DCHUD since its capital improvement program was well-developed and well-administered. A greater HUD role in monitoring and oversight (such as existed during the CIAP program) would only serve to slow down the rate of obligating contracts and funds under CGP.

In spite of the benefits attributed to CGP, some of the staff at DCHUD felt that the reduced HUD role was not positive, since the steady contact with HUD under CIAP enabled DCHUD to discuss administrative and other requirements on a more regular basis and to seek HUD's advice. HUD staff indicated that since DCHUD was performing so well, they did not feel close monitoring or oversight of the agency was necessary. However, HUD Field Office staff noted that the CGP process limited their role at other agencies which were troubled and which could benefit from increased monitoring and oversight.

Both the agency and HUD Field Office indicated that there had been no problem in processing CGP applications and that all reports had been submitted by DCHUD on time or ahead of schedule. HUD Field Office and DCHUD staff indicated that the HUD Field Office reorganization has had no effect on the administration of the CGP program. The relationship between the HUD Field Office and DCHUD seems to be very good, and each had praise for the other in connection with the CGP. DCHUD staff indicated that when they had requested information or phone assistance from the HUD Field Office, the staff were usually quick to respond. The HUD Field Office staff indicated that they had conducted a review — along with the Office of Inspector General (OIG) — as a result of DCHUD's major capital improvement effort after the hurricane. Neither the HUD field office nor the OIG found any processing problems with the agency's modernization program, despite the extraordinary stress placed on the agency by having to address extensive hurricane-related damage at its public housing developments.

3. Modernization Strategies and Spending Patterns

3.1 Overall Modernization Strategy

The modernization strategy being pursued by DCHUD reflects movement toward an overall "asset management" approach. The agency seeks to direct capital improvement funding in a way that will first address building systems needs to ensure the long-term viability of all properties. The second priority consists of improvements to enhance curb appeal, so that the properties will be attractive to residents and the surrounding community. The third priority consists of work items that enhance liveability and manageability, such as improvements to unit interiors, parking, and recreation spaces. While the agency pursues a comprehensive modernization approach to certain housing developments, only four housing developments (all family) are considered to have major capital improvement needs requiring comprehensive modernization. DCHUD applied for FY 1993 MROP funding for one of these developments (Larchmont Gardens) but did not receive HUD approval.

DCHUD's overall strategy, then, is to address the comprehensive modernization needs of the four developments (plus a few other sites where all needed work can be accomplished at once) and to proceed with a piecemeal approach at all other developments. As shown in Exhibit 5, spending on comprehensive work accounted for only a very small percentage of the total in FY 1992, and was expected to increase to around 40 percent in the out-years. (The 100 percent shown for FY 1994 reflects reprogramming to meet hurricane rebuilding needs; but once this work is complete, DCHUD will revert to the original plan.) Piecemeal work items, which are expected to constitute the majority of the work in most years, include the repair of building exteriors and a variety of interior improvements such as kitchens and baths. The piecemeal approach is designed to provide managers with a method for undertaking repairs and replacements of capital items in a way that supports the agency's overall effort to decentralize housing management operations. As a part of the decentralization effort, the agency is assigning responsibility for more routine modernization management to site managers, as is done by private management companies operating rental housing.

DCHUD is moving toward a modernization strategy in which the annual capital program for a housing development is reviewed and revised as a part of the annual development of the project-based operating budget. The agency allocates CGP funds by management region; site managers, the regional manager, and residents then allocate funds by housing development. DCHUD expects that, once it addresses its full capital needs over the next few years, it will move to a system where each housing development receives a direct formula allocation through CGP rather than an allocation set on a regional basis.[9]

Overall, the agency appears able to coordinate CGP funds with other capital improvement funding. HUD's review of the agency's capital improvement efforts to address hurricane-related damage shows that DCHUD has managed to coordinate all of its capital programs well, even under very adverse circumstances. Exhibit 6 provides information on the level of funding the agency had to administer in FY 1994. In addition to its annual CGP allocation, DCHUD has had to administer over $65 million in hurricane disaster repair-related funding. DCHUD has not yet allocated funds for replacement reserves, but may in the next five to seven years, depending on whether funds are made available for public housing from the county through a capital projects bond issue.

[9]It is important to note that DCHUD's new PNA indicates that total physical needs are approximately $84 million, and it expects to receive $62.5 million under CGP for physical needs over the next five years. If county funds of between $20 million and $50 million are made available, the agency will have its capital needs fully funded over the next five years, enabling DCHUD eventually to allocate CGP funds based on a property specific replacement reserve.

Exhibit 5
Concentration of Modernization Spending (CIAP compared to CGP)

Dade County HUD

Year/ Source	Modernization Types		
	Comprehensive Scope	Selected Work Items/Special Purpose	Total
FY 91 CIAP Projects/Units Dollars	11/1,443 $33,931,556 (98%)	4/459 $842,102 (2%)	15/1,902 $34,773,658 (100%)
FY 92 CGP Annual Statement and 5-Year Plan	2/447 $754,000 (7%)	72/7,098 $9,648,000 (93%)	74/7,545 $10,402,000 (100%)
FY 93	4/725 $3,367,000 (30%)	70/6,028 $8,012,000 (70%)	74/6,753 $11,379,000 (100%)
FY 94	4/725 $3,056,000 (27%)	70/7,398 $8,344,000 (73%)	74/8,123 $11,400,000 (100%)
FY 95	7/1,543 $4,929,000 (43%)	60/6,388 $6,627,000 (57%)	67/7,931 $11,556,000 (100%)
FY 96	6/1,498 $4,273,000 (37%)	59/6,241 $7,424,000 (63%)	65/7,739 $11,697,000 (100%)
FY 1993 Annual Statement Revised	4/725 $4,195,000 (35%)	50/5,160 $7,839,000 (65%)	54/5,885 $12,034,000 (100%)
FY 1994 Annual Statement Revised	8/1,068 $11,250,000 (100%)	0/0 $0 (0%)	8/1,068 $11,250,000 (100%)

Exhibit 6
Sources of Funding for Modernization
Dade County HUD

Anticipated CGP and Non-CGP Funds by Year (From Initial Five-Year Plan)

Year	CGP	Non-CGP Funds	Total
FY 1992	$14,128,000	0	$14,128,000
FY 1993	$14,128,000	0	$14,128,000
FY 1994	$14,128,000	0	$14,128,000
FY 1995	$14,128,000	0	$14,128,000
FY 1996	$14,128,000	0	$14,128,000

Sources of Funds for Modernization Needs (Detail from FY 1994 Annual Statement/PHA Documents)

Source	Listed in Statement	Amount	Percent of Total
CGP Formula	Y	$15,702,421	19%
CGP Emergency/Disaster Reserve	N	$25,000,000	37%
Continuing CIAP Programs (not reprogrammed) Estimate of Actual Spending	N	0	0
Reprogrammed CIAP Funds	N	0	0
MROP	N	0	0
URD	N	0	0
Operating income used for betterments & additions or non-routine maintenance	N	0	0
Section 8 reserves used for capital improvements and equipment	N	0	0
Modernization staff salaries from non-CGP sources	N	0	0
Other (List): FEMA	N	$300,000	<1%
Anticipated Insurance Settlement	N	$40,000,000	49%
Total		$81,002,421	100%

3.2 Specific Spending Patterns

3.2.1 Mandates and Priorities

The highest level of Priority 1 funding was scheduled for FY 1992. As shown in Exhibit 7, Priority 1 items accounted for about 38 percent of spending for FY 1992, and only a very small proportion thereafter. The major reason given for the low percentage for Priority 1 needs was the re-ordering of expenditures resulting from the hurricane. Virtually all of the emergency reserve funding for hurricane damage was programmed and spent on work items considered to be Priority 1. In total, nearly $56 million has been fully expended on hurricane related repairs through FY 1994, and total expenditures are projected to be approximately $64-65 million when all remaining repair work is completed.

Under the original Five-Year Plan, approximately $947,000 was to be spent on Section 504 compliance. Based on the revised annual statements for FY 1993 and FY 1994, $857,000 has now been programmed for this work in the first three years of CGP. However, work on the revised PNA has revealed that Section 504 compliance needs were understated in the original PNA; the new PNA indicates there are over $800,000 in Section 504 work items remaining, even after these expenditures. The remaining Section 504 work items identified in the 1995 PNA submission will be treated as Priority 1 work items and scheduled for completion in the next two years.

The LBP testing at DCHUD is complete, and much of the needed LBP abatement has been finished. As shown in Exhibit 8, nearly $2 million in 1991 CIAP funds were allocated to LBP abatement, while no CGP funds were originally expected to be used for this purpose. Based on current plans, some small LBP abatement items are being handled at the site level, by property managers, through the project-based operating budget. In addition, based on the latest testing, the FY 1994 annual statement was amended to provide for $500,000, or approximately 3 percent of the allocation for that year, for LBP abatement. This should complete all LBP abatement needs.

3.2.2 Spending by Development Type and by Specific Activity

As discussed above, four family developments are considered to be in need of major comprehensive modernization. None of the family housing developments owned by DCHUD are high-rises. However, 30 percent of all units are in high-rise buildings that serve elderly and disabled households.

As shown in Exhibit 9, just over half of all CGP spending (per the original plan) is scheduled to be used for family housing — a proportion that is in line with needs in this property type. Spending on elderly developments was projected to take 43 percent of total CGP funding under the Five-Year Plan, to address 39 percent of total physical needs. The elderly sites are

Exhibit 7
Patterns of CGP Hard Cost Spending and Comparison with Need (Mandates vs. Discretionary)

Dade County HUD

Spending Priorities and Mandates	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Priority 1	$4,042,347	38%	$711,000	6%	$234,000	2%	$385,000	3%	$412,000	3%	$581,000	5%	$447,000	3%
All other	$6,689,653	62%	$10,762,000	94%	$11,230,000	98%	$11,337,000	97%	$11,376,000	97%	$11,224,000	95%	$14,121,845	97%
Total	$10,732,000	100%	$11,473,000	100%	$11,464,000	100%	$11,722,000	100%	$11,788,000	100%	$11,805,000	100%	$14,568,845	100%
LBP Testing	0	0	0	0	0	0	0	0	0	0	0	0	$50,000	0.3%
LBP Abatement	0	0	0	0	0	0	0	0	0	0	0	0	$500,000	3%
504	$388,000	4%	$150,000	1%	$117,000	1%	$252,000	2%	$40,000	0.3%	$219,000	2%	$250,000	2%
Title 6	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Exhibit 8
Comparative Data on CIAP Spending Patterns (FY 1991)

Dade County HUD

Budgeted Expenditures: FY 1991	Dollars	Percent of Total
Mandates versus Other		
LBP Testing	0	0
LBP Abatement	$1,836,805	4%
Section 504 Compliance	$19,000	<1%
Other Spending	$47,988,418	96%
Total Planned Expenditures	$49,844,223	100%

Exhibit 9
Patterns of CGP Hard Cost Spending and Need (Specific Development Types)

Dade County HUD

Development Type	Physical Needs Assessment			Planned Hard Cost Expenditures FY 1992 - FY 1996			FY 92, 93, and 94 Annual Statement		
	Dollars	%	Per Unit	Dollars	%	Per Unit	Dollars	%	Per Unit
Size of Development									
Large	$19,416,898	26%	$4,315	$14,422,800	32%	$3,205	$12,664,300	36%	$2,814
Medium	$44,784,575	58%	$8,691	$23,199,500	52%	$4,502	$13,888,700	40%	$2,695
Small	$12,428,864	16%	$9,495	$6,975,800	16%	$5,329	$8,410,845	24%	$6,425
All	$76,630,337	100%	$6,991	$44,598,100	100%	$4,068	$34,963,845	100%	$3,190
Occupancy Type									
Family	$43,924,258	57%	$7,494	$23,600,100	53%	$4,026	$24,242,845	69%	$4,136
Elderly	$29,529,686	39%	$6,271	$19,103,000	43%	$4,057	$9,860,000	28%	$2,094
Mixed	$3,176,393	4%	$8,103	$1,895,000	4%	$4,834	$861,000	3%	$2,196
All	$76,630,337	100%	$6,991	$44,598,100	100%	$4,068	$34,963,845	100%	$3,190
Resident Management Status									
Resident-Managed	0	0	0	0	0	0	0	0	0
Not Resident-Managed	$76,630,337	100%	$6,991	$44,598,100	100%	$4,068	$34,963,845	100%	$3,190
All	$76,630,337	100%	$6,991	$44,598,100	100%	$4,608	$34,963,845	100%	$3,190
Development Type									
Rental	$76,630,337	100%	$6,991	$44,598,100	100%	$4,608	$34,963,845	100%	$3,190
Turnkey	0	0	0	0	0	0	0	0	0
Mutual Help	0	0	0	0	0	0	0	0	0
Bond Financed	0	0	0	0	0	0	0	0	0
All	$76,630,337	100%	$6,991	$44,598,100	100%	$4,608	$34,963,845	100%	$3,190

newer and in better overall physical condition than the family units, and so require somewhat less work.

Even though 41 percent of the total housing units are large housing developments, these properties account for only 26 percent of total needs per the PNA and 32 percent of proposed expenditures under the Five-Year Plan. The major reason for this is that the 968-unit Liberty Square development cluster received a large MROP grant in FY 1988, which has helped address the significant capital needs for this property. Other large developments have received significant funding under prior CIAP awards and through funds provided by the county.

As shown in Exhibit 10, DCHUD has not programmed any funds for the redesign of its properties, as none are considered in need of redesign or reconfiguration other than minor modifications to meet Section 504 compliance. There are no funds allocated for the conversion or demolition of units, and only 2 percent of CGP funds for FY 1993 were originally planned for the renovation of long-term vacancies. However, no funds were included for vacancy rehabilitation in the FY 1993 annual statement, since other modernization funding is now considered sufficient to handle the renovation of all vacant units (along with the funds programmed for this item under management improvements). Funds programmed for energy conservation-related work items range from less than 1 percent to 2 percent of total planned expenditures for each year. The agency is considering seeking private financing, using the Performance Contracting approach permitted under Performance Funding System regulations, to implement certain water conservation measures and to reduce electricity consumption for common area lighting in certain elderly housing developments.

3.2.3 Administration and Other Expenses

Exhibit 11 provides a breakdown of the amounts allocated for administration, management improvements, and other agency-wide costs. Proposed expenditures under the Five-Year Plan for management improvements have ranged from 5 percent to 8 percent even though the maximum is 10 percent. Expenditures proposed for administration have ranged from 5 percent to 6 percent even though the CGP maximum is 7 percent. In its FY 1994 annual statement, the agency did allocate 7 percent for administration, in order to provide staffing support to help administer disaster relief funds after the hurricane. The amounts for other costs -- covering A& E services, audit, and relocation activities -- range from 4 percent to 8 percent of total CGP spending.

DCHUD expects to reduce administrative costs for the CGP program in the future by further reorganizing its modernization (Facilities Management Department) area. Under its decentralized management program, the agency will move to have selected piecemeal modernization work items administered at the housing development level by the site managers. This change will leave only a few centrally based staff in Facilities Management to administer the larger, more complex modernization projects such as the comprehensive modernization of family properties.

Exhibit 10
Patterns of CGP Hard Cost Spending (Other Specific Uses)

Dade County HUD

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 1993 Annual Statement		FY 1994 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Unit Adaptations	$76,000	<1%	$114,000	1%	$117,000	1%	$256,000	2%	$40,000	<1%	$219,000	2%	$250,000	2%
Demolition/Conversion	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Security and Drug Elimination	$80,000	<1%	$45,000	<1%	$100,000	1%	0	0	0	0	$205,000	2%	0	0
Redesign in High-Need Developments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energy Conservation Improvements	$23,800	<1%	$233,000	2%	$50,000	<1%	$478,000	4%	$114,000	1%	$272,000	2%	$8,000	<1%
Renovations of Long Vacant Units	0	0	$224,000	2%	0	0	0	0	0	0	0	0	0	0

Exhibit 11
Patterns of Total CGP Spending (By Budget Category)

Dade County HUD

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
EXPENSE CATEGORY														
Hard Cost For Physical Needs	$10,732,000	76%	$11,473,000	81%	$11,464,000	83%	$11,722,000	83%	$11,788,000	83%	$11,805,000	77 %	$14,568,845	91%
PHA-wide Management	$1,160,000	8%	$1,093,000	8%	$805,000	6%	$745,000	5%	$805,000	6%	$1,567,288	10%	0	0
PHA-wide Non- Dwelling	$270,000	2%	$264,000	2%	$250,000	2%	$100,000	<1%	$250,000	2%	0	0	0	0
PHA-wide Administration	$806,000	6%	$706,000	5%	$706,000	5%	$706,000	5%	$706,000	5%	$953,000	6%	$1,100,000	7%
PHA-wide Other	$1,162,000	8%	$593,000	4%	$902,000	6%	$853,000	6%	$576,000	4%	$1,138,288	7%	$304,731	2%
Replacement Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grand Total	$14,128,000	100%	$14,128,000	100%	$14,128,000	100%	$14,128,000	100%	$14,128,000	100%	$15,340,288	100%	$15,973,576	100%

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
"OTHER" DETAIL														
Audit	$20,000	<1	$20,000	<1	*		*		*		$50,000	<1%	0	0
Liquidated Damages	0	0	0	0	0		0		0		0	0	0	0
Fees and Cost (A&E)	$1,132,000	8%	$563,000	4%	*		*		*		$988,000	6%	$200,000	1%
Site Acquisition	0	0	0	0	0		0		0		0	0	0	0
Relocation	$10,000	<1%	$10,000	<1%	*		*		*		$100,288	1%	$104,731	1%
Total Other	$1,162,000	8%	$593,000	4%	$902,000	6%	$853,000	6%	$576,000	4%	$1,138,288	7%	$304,731	2%

*Detail not provided for "other". One lump sum is given for Audit, Relocation, and A&E fees.

3.2.4 Spending for Management Needs

Approximately 46 percent of total planned management improvement spending is designed to address deficiencies identified under PHMAP. (See Exhibit 12(a).) As indicated earlier, the major focus of management improvement activities has to address vacant units and the work order backlog, provide training for staff in implementing a decentralized management approach, and implement the site-based maintenance and reporting systems.

Proposed expenses for management improvements were 10 percent in the FY 1993 annual statement but were not included at all in the FY 1994 annual statement. The need to direct as much funding as possible to capital needs, as well as improvements already being made in the agency's operations, resulted in no additional management improvements being funded for this year.

A significant amount of management improvement funding is allocated for resident services and resident initiatives that are administered by the agency's Resident Services Department. (See Exhibit 12(b).) These programs cover a variety of activities, which are mostly site- or region-based, such as: youth recreational programs; a family self-sufficiency-style program (to promote savings for higher education and homeownership); training for resident councils to promote greater resident participation; and funding for the OTAC board expenses and staff. Funds are also used to support resident training and resident meetings in connection CGP planning.

Responsibility for Section 3 program development and administration has been delegated to the Resident Services Department, which has not yet developed a plan for meeting Section 3 requirements. A plan for the implementation and administration of Section 3 is expected to be completed in 1995.

4. Perspectives and Conclusions

The CGP program has provided DCHUD with more predictable funding, and CGP rules have helped the agency improve its capital program planning process. The agency's unique situation with regard to disaster relief plus the possibility of future local funding may afford it with the opportunity to address all of its capital improvement needs within the next five years. The agency's strategy is to pursue four major comprehensive modernization projects over the next five years and to use CGP to enhance its efforts to decentralize housing management operations by assigning responsibility for more routine modernization management to site managers in a manner similar to that found in private management companies.

CGP has provided the agency with a method for significantly increasing the role of residents and site-based management staff in capital planning, including determining physical needs and setting priorities at the development level. The original PNA indicated that the agency had hard cost needs in excess of $91 million; however, the staff felt that this amount was

Exhibit 12(a)
Patterns of CGP Spending (Management)

Dade County HUD

	Management Needs Assessment		Five Year Plan (FY 92-FY 96)		FY 92, 93 and 94 Annual Statement	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Planned Management Spending						
PHMAP Deficiencies (Mandatory)	$449,000	10%	$449,000	10%	$449,000	17%
PHMAP Deficiencies (Optional)	$1,139,000	24%	$1,664,000	36%	$754,000	29%
Other Deficiencies (Mandatory)	0	0	0	0	0	0
Other Improvements (Optional)	$3,020,000	66%	$2,515,000	54%	$1,434,288	54%
Total Management	$4,608,000	100%	$4,628,000	100%	$2,637,288	100%
Planned Management Spending for Resident-Oriented Programs						
Resident Management / Homeownership	0	0	0	0	0	0
Capacity-Building and Training	$2,010,000	44%	$1,010,000	22%	$100,000	4%
Section 3 (Economic and Business Development)	0	0	0	0	0	0
Resident Social Services	$500,000	11%	$2,020,000	44%	$1,284,288	49%
Total Resident Programs	$2,510,000	55%	$3,030,000	66%	$1,384,288	52%
Planned Management Spending for Security and Drug Elimination	0	0	0	0	0	0

Exhibit 12(b)
Patterns of Spending (Management Detail)

Dade County HUD

	Five Year Plan (FY 92-FY 96)			FY 92, 93, 94 Annual Statement		
Expenditures	Mandatory	Optional	Total	Mandatory	Optional	Total
Needs Associated with PHMAP Deficiencies						
Vacancy	$449,000	0	$449,000	$449,000	0	$449,000
Modernization	0	0	0	0	0	0
Uncollected Rents	0	0	0	0	0	0
Energy Consumption	0	0	0	0	0	0
Unit Turnaround	0	0	0	0	0	0
Outstanding Work Orders	0	$654,000	$654,000	0	$654,000	$654,000
Inspection/Condition of Units	0	0	0	0	0	0
TARS	0	0	0	0	0	0
Operating Reserves	0	0	0	0	0	0
Routine Operating Expense	0	0	0	0	0	0
Resident Initiatives	0	$1,010,000	$1,010,000	0	$100,000	$100,000
Development	0	0	0	0	0	0
Sub-total: PHMAP-Related Need	$449,000	$1,664,000	$2,113,000	$449,000	$754,000	$1,203,000
Percent of Total Management Need	100%	40%	45%	100%	18%	(26%)
Other Management Needs (by Functional Area)						
Leasing and Ongoing Tenant Functions	0	0	0	0	0	0
Property Management	0	0	0	0	0	0
Admin/Finance/MIS/Communications	0	0	0	0	0	0
Personnel (Training)	0	$375,000	$375,000	0	$150,000	$150,000
Resident Services	0	$2,020,000	$2,020,000	0	$1,284,288	$1,284,288
Security	0	0	0	0	0	0
Other (Computer)	0	$120,000	$120,000	0	0	0
Sub-total: Other Needs	0	$2,515,000	$2,515,000	0	$1,434,288	$1,434,288
Percent of Total Management Need	0	60%	55%	0	34%	(31 %)
Total Management Need	$449,000	$4,159,000	$4,608,000	$449,000	$4,159,000	$4,608,000

understated, especially for bathrooms and kitchen modernization. The new PNA now being completed for submission in FY 1995 indicates that there is a hard cost need of approximately $84 million. Based on current grant sizes, 75 percent of these needs will be covered through CGP in the next five years. Total capital improvement needs have declined since the 1992 assessment due to renovations resulting from hurricane-related damage. As indicated above, if DCHUD receives supplemental county funding, all capital improvement needs may be met over the next five years.

The Dade County experience after Hurricane Andrew indicates that CGP reserve funds can be accessed quickly at the national level. While DCHUD chose to pursue an initial $10 million loan from the county because it was more expedient, the agency indicated it could have approached HUD for the funds.[10] DCHUD's ability to undertake approximately $64 million in hurricane repair-related capital improvements along with other CGP and CIAP funded work items is impressive and gives some indication that CGP is more efficient than CIAP to administer for very large public housing agencies such as DCHUD.

Requirements for Section 504 compliance and LBP abatement have not had a significant impact on CGP spending. The agency found that it underestimated Section 504 needs in its original PNA and has included additional Section 504 compliance items in its new PNA. The amount of funding required for mandatory work items is not so significant as to have a major impact on planned spending for other agency priorities in coming years. All remaining LBP abatement costs have been covered in the FY 1994 annual statement and no further funding from CGP will be necessary.

---

[10]The loan from the county was obtained so that repairs could be undertaken while difficult negotiations with the agency's insurance company progressed. The agency did not want to feel pressured to settle for less than the full eligible reimbursement amount just to obtain money to complete needed repairs. HUD was not approached for further disaster relief funding under CGP.

St. Louis

CGP Case Study
St. Louis Housing Authority

Prepared by
Kathleen Heintz, Abt Associates Inc.

1. PHA Background and Characteristics

The St. Louis Housing Authority is an extra-large PHA with 6,769 units in 47 separate developments (See Exhibit 1). Two of the larger developments, Carr Square and Cochran Gardens, are managed by Resident Management Corporations whose leaders are active in the RMC movement and were both recently elected to serve as the first resident members of the PHA's Board of Commissioners. The Authority's most recent PHMAP score (74) falls in the average range, although its initial score of 59.77 put St. Louis in the troubled group, at least briefly. The Authority has never been designated as mod-troubled, although there is continuing concern on the part of the HUD Field Office about slow modernization spending. This concern has been heightened by the significant increase in funding levels under CGP as well as the Authority's recent receipt of a several other large grants for renovation and construction projects.

With regard to the physical stock, the Authority must face the problems posed by maintaining several very large family developments which are essentially obsolete. The Authority is probably best known for the demolition of one such project (the famous Pruitt Igoe development), which became a national symbol of the failure of large, dense projects for family housing. Currently, about one third of the Authority's units are located in family high-rises, and about 1,200 of these units are in two severely distressed properties (Vaughn and Darst-Webbe) that are expected to be demolished and redeveloped using non-CGP funds. The remaining two family high-rise developments (Blumeyer and Cochran Gardens) are in much better condition and will be treated with CGP funds over the next few years. Overall, the level of physical needs in St. Louis is fairly high — $225 million, or about $33,000 per unit. In addition to the substantial needs reflected in the large family properties, overall high levels of current need are a partial result of the extremely modest levels of CIAP funding ($5.4 millon a year, on average) received by the Authority between 1984 and 1991 (See Exhibit 2).

As will be described in more detail below, the substantial increase in modernization funding reflected in CGP, plus funding from outside sources to redevelop the most troublesome projects, should put St. Louis in a good position at the conclusion of the first five years of CGP. Although not ***all*** needs will be addressed, a large portion will be. The major issue in St. Louis, then, appears to be whether the PHA can put in place an appropriate management system in order to complete such a large number of major construction jobs concurrently.

Exhibit 1
Overview of PHA Characteristics

PHA Name: St. Louis Housing Authority

Number of Public Housing Developments and Units:	47 / 6,769
Size of Staff (Total)	350
Number of Modernization Staff	14
PHMAP Score:	74
Recently Troubled: (Y/N)	N
Mod Troubled: (Y/N)	N
Vacancy Rate at Comprehensive Plan:	16%
Number of Resident-Managed Developments:	2

Characteristics of the Stock — Distribution	Units	Percent
Age of Development		
Pre-1940	0	0
1941-1960	2,243	33
1961-1980	2,411	62
1981 or later	315	5
Total	6,769	100%
Structure Type		
Detached/Semi-Detached	760	11
Row	1,153	17
Walk-up	6	1
Elevator	4,084	60
Mixed	748	11
Total	6,769	100%
Development Program		
Rental	6,687	99
Turnkey III	82	1
Mutual help	0	0
Sec/23-bond financed	0	0
Total	6,769	100%
Occupancy Type		
Family	3,019	45
Elderly	2,427	36
Mixed	1,323	20
Total	6,769	100%
Development Size		
Small (1-49 units)	455	7
Medium (50-199 units)	1,691	25
Large (200+ units)	4,623	68
Total	6,764	100%

Exhibit 2
Funding Overview:
Sources and Amounts of HUD Modernization Funding

St. Louis Housing Authority

Fiscal Year	CIAP	MROP	CGP	OTHER	TOTAL
FY 1984	$4,448,935	0	0	0	$4,448,935
FY 1985	3,128,060	0	0	0	3,128,060
FY 1986	0	0	0	0	0
FY 1987	3,129,450	0	0	0	3,129,450
FY 1988	4,951,630	0	0	0	4,951,630
FY 1989	4,502,948	0	0	0	4,502,948
FY 1990	20,388,830	0	0	0	20,388,830
FY 1991	3,233,348	0	0	0	3,233,348
FY 1992	7,096,498[1]	0	$20,450,179	$35,000 000[3]	62,546,677
FY 1993			23,512,459	0	23,512,459
FY 1994		$5,708,000[2]	23,842,268	4,200,000[4]	33,755,268

[1] St. Louis Demo (Vaughn)
[2] Cabanne Court
[3] HOPE and other funding at Carr Square plus development funds for Vaughn.
[4] Vacancy Reduction Program ($3,700,000) and URD Planning Grant ($500,000).

2. CGP PLANNING AND ADMINISTRATION

2.1 Physical Needs Assessment

St Louis completed its Physical Needs Assessment (PNA) in 1992, relying entirely on in-house staff. Sources of information listed in the PNA included: existing assessments (such as those completed for CIAP); the PHA's transition plan for Section 504; the implementation schedule for completing risk assessments; and tenant complaint and/or maintenance records. In addition, field verifications were made by staff of the Division of Development and Technical Services, who then produced a scope of work for each project. The standard used was "comprehensive" or full rehab of the development (and included proposals for demolition and reconstruction at several properties). Although turnover in the Division has left no remaining staff who participated in the original needs assessment, a recent assessment—completed for a development that was accidently left out of the original PNA—followed the same basic approach. This included: 1) a review of documents; 2) field inspection; and 3) the development of a cost estimate by work category, using R.S. Means construction cost manuals.

Resident input to the original needs assessment was solicited via a resident assessment form, which was sent to all tenants requesting them to identify problems or items needing attention. A total of 1,800 forms (about 33 percent) were returned. These were then reviewed by PHA staff and by members of the Tenant Affairs Board, a PHA body comprised of the presidents of all of the tenant associations. Although one tenant representative felt that the form was too specific to be really useful, there was a general consensus that tenant concerns had been taken into account in preparing the PNA. Moreover, the key items that emerged from this process (such as the need for PHA-wide elevator upgrades, electrical work, and exterior lights for security) were rated Priority 1 in the PNA and were programmed into the first few years of the Five-Year Plan.[1]

The PNA documents which resulted from this effort provide only total dollar estimates by development.[2] Unfortunately, they do not break out costs for (or even separately list) mandated work items such as Section 504 alterations or lead-based paint abatement. Rather, needs and priority ratings are presented at the systems-level (e.g., kitchens, baths, interior renovations, HVAC, plumbing). Nevertheless, current staff believe that the development-by-development totals provided in the PNA include estimates for Section 504 work as well as a factor (based on total rehab cost) for lead-based paint abatement. All necessary Section 504 work was programmed into the first year of the Five-Year Plan and totals about $2.3 million, which is only a very small fraction of total need. Needs for lead-based paint abatement are still unknown. The PHA received a contractor-prepared risk assessment in November of 1994, in anticipation of the December due-date for completion of LBP testing. Thus far, however, staff

---

[1] Priority 1 items included elevators, fire protection, and electric (including emergency generators and exterior lighting virtually authority-wide. The only other work to rate a Priority 1 was the redevelopment of the Vaughn project. Other comprehensive modernization work, including new phases of work started under CIAP, was rated as 2 or 3.

[2] Source documents are retained in project files, but these could not be abstracted within the scope of this study.

have not reviewed the contents of the reports in detail; they are unsure whether abatement costs are included, and they have not begun to assess the impact of possible abatement needs on their proposed spending plans.

The needs identified in the PNA are substantial, totaling $247 million[3] (See Exhibit 3). As noted above, this estimate is based on a comprehensive or moderate rehab scope at most developments. In addition, needs for elevator upgrades, fire protection, and electric work (emergency generators and exterior lights) appear frequently and are virtually the only items listed as Priority 1.[4]

Predictably, needs are concentrated in the larger family developments, which also tend to be the oldest developments in the PHA. The four family high-rises mentioned above account for about 44 percent of the Authority's total hard cost need. Two other large, row house-style developments account for another 30 percent of need. However, several of these properties will receive treatment apart from CGP. Specifically:

- *Carr Square* — This project is undergoing conversion to homeownership. Phase 1 of the project has received over $23 million in funding, of which only about $5 million will come from CGP. The remainder comes from HOPE 1 funds ($7.2 million), a HUD special purpose grant ($5.9 million), approximately $4.3 million in CIAP, and $500,000 in local government matching funds. Redevelopment includes demolition of some buildings, gut rehab for the remainder, and construction of new townhouses. The second phase of the project, which is not yet funded, is estimated to require about $10 million in additional funds. Together the two phases will produce 381 units, down from an original project size of 658 units.

- *Vaughn* — This 460-unit development was 86 percent vacant at the time of the PNA. In 1992, St Louis was awarded $7 million in HUD special demonstration funds, along with $17 million from development funds to demolish the family buildings and replace them with 222 townhouse units. The project has since been expanded to include a larger site and market-rate units in addition to the new public housing units.

- *Darst-Webbe* — This project (758 units total) received extensive treatment under CIAP in the 1980s but continues to be a severely distressed property, with a vacancy rate of nearly 70 percent at the time of the PNA. In 1994, the Authority received a URD (HOPE 6) planning grant of $500,000 and expects to receive implementation funds for the total redevelopment of the site.

---

[3] This figure includes approximately $5 million added for the Blumeyer townhouses, which were inadvertently left out of the original PNA.

[4] The data, however, do not permit us to assign a dollar amount to these priority items.

Exhibit 3
Overview of Physical Needs

St. Louis Housing Authority

Category of Need	Dollar Amount	Percent of Total
Budget Category		
Hard Cost for Physical Needs	$225,844,193	91
PHA-Wide Management Needs	2,191,345	1
PHA-Wide Non-Dwelling Structures and Equipment	7,573,294	3
PHA-Wide Administration	3,963,704	2
PHA-Wide Other	8,064,087	3
Grand Total of PHA Needs	247,636,623	100%
Urgency of Need		
Hard Cost Associated with Priority 1 Needs	ND	ND
Hard Cost Associated with Lower Priority Needs	ND	ND
Total	225,144,193	100%
Mandates		
Hard Cost Associated with Lead-Based Paint Testing	0	0
Hard Cost Associated with Lead-Based Paint Abatement	ND	ND
Hard Cost Associated with Section 504	2,373,215	<1
Hard Cost Associated with Title VI Order	0	0
High Need Developments		
Hard Cost Associated with Developments with Costs in Excess of 90 Percent of TDC	7,646,750	3
Redesign/ Reconstruction in High-Cost Developments	7,646,750	3

Extent of Overall Need	Ratios
5-Year Funding Level/Total Need	.47
5-Year Funding/Priority 1 Hard Cost Need	ND
5-Year Funding/Mandated Hard Cost Need (LBP/504/Title VI)	ND

In addition, two smaller developments are identified as having costs exceeding 90 percent of TDC (based on demolition and new construction replacement). Both projects together account for less than $8 million in need, or about 3 percent of the total. The bulk of this need will also be handled outside of CGP, owing to a $5.7 million MROP grant (received in 1994) which will be used for comprehensive renovation of the larger of the two properties.

Altogether, non-CGP funding commitments since 1991 total close to $100 million, assuming a maximum URD implementation grant of $50 million, as well as $3.7 million in Vacancy Reduction Funds. These funds will be used to cover approximately $90 million of the hard cost needs identified in the PNA. Combined with roughly $115 million from CGP (assuming a grant of $23 million annually), the Authority will be able to cover some 83 percent of its total estimated need within the first five years of the program. Even without these other sources of funding, five-year funding under CGP was still a substantial increase over CIAP and would have been sufficient to fund just under half (47 percent) of the PHA's estimated needs.

How accurate are the needs assessments? Unfortunately, there is little experience on which to base an informed judgement. Current modernization managers view the needs estimates as a fairly reasonable measure of overall PHA need. Source documents are still used in preparing updated assessments (prior to comprehensive modernization), and A&E estimates have reportedly been close to the original (although as mod staff point out, "they know our budget"). HUD Field Office personnel are less confident about the numbers, however, and cite the example of a property currently scheduled for moderate rehab where the tenant advisory group has now commissioned a new assessment, believing that the first numbers were inadequate.[5] Modernization staff themselves expressed concern about the adequacy of the estimates for LBP abatement and Section 504 compliance. In properties undergoing comprehensive modernization, LBP abatement costs have proved to be as much as five times the original estimate, although some of this is the result of changes in rules and in local government requirements. Section 504 costs have also come in higher than planned, and there is concern that this will continue as work moves from exterior spaces to the interior of units.

2.2 Management Needs Assessment

Like the PNA, St. Louis' Management Needs Assessment (MNA) was conducted by in-house staff. The process included polling managers of the various divisions to compile a list of needs. The final list was then divided into two years, with identical planned expenditures for FY 1992 and FY 1993. Total management needs were $2.2 million.

Exhibit 4 shows the areas of management need that were identified in the assessment. None of the identified needs are specifically associated with PHMAP deficiencies or required by a MOA or audit. However, the Authority's initial PHMAP score of 59 suggests that management improvements were needed. Following receipt of this failing grade, the Authority

[5] The situation involves competing resident factions, which confuses the issue of accuracy.

Exhibit 4
Overview of Management Needs

St. Louis Housing Authority

Type of Need	Mandatory	Optional	Total	%
Needs Associated with PHMAP Deficiencies (by Indicator)	0	0	0	0
Vacancy	0	0	0	0
Modernization	0	0	0	0
Uncollected Rents	0	0	0	0
Energy Consumption	0	0	0	0
Unit turnaround	0	0	0	0
Outstanding Work Orders	0	0	0	0
Inspection/condition of units	0	0	0	0
TARS	0	0	0	0
Operating reserves	0	0	0	0
Routine operating expense	0	0	0	0
Resident initiatives	0	0	0	0
Development	0	0	0	0
Sub-total: PHMAP-Related Need	0	0	0	0%
Other Management Needs (by Functional Area)				
1. Leasing and Ongoing Tenant Functions (outreach, waiting lists, eligibility, collections, recertifications)	0	0	0	0
2. Property Management (maintenance, inspections, and modernization)	0	$705,700	$705,700	32
3. Administration, Finance, MIS, Communications	0	411,545	411,545	19
4. Personnel (including training)	0	0	0	0
5. Resident Services	0	20,000	20,000	1
6. Security	0	853,100	853,100	39
7. Other/Misc	0	201,000	201,000	9
Sub-total: Other Needs	0	2,191,345	2,191,345	100
Total Management Need		$2,191,345	$2,191,345	100%

entered into a "performance agreement" with HUD and began to make substantial changes, which resulted in a passing grade (70) within nine months.[6]

As explained by staff who prepared the PNA, the timing of the initial score, an appeal, and the performance agreement were such that the MNA document was not tied to specific, mandated performance requirements. Nevertheless, the assessment reflected the key areas where the Authority needed to make improvements, particularly expediting vacant unit turnaround and automating the work order process. In addition, CGP management improvement funds were used to address areas that managers felt had been shortchanged in the past due to chronic deficits in the operating budgets. Thus, funding was included for security personnel and for heavy trucks and other vehicles used at the developments.

Specific improvements included in the MNA were as follows:

- ***Security*** — Most of this need (39 percent of the total) was for officers and supervisory staff (21 positions in year 1 and 26 in year 2). Additional items included patrol cars, base radios, and bullet-proof vests.

- ***Maintenance*** — Needs in this category (32 percent of the total) included 12 maintenance staff (to handle long-standing vacancies) in Year 1 and additional on-site maintenance staff in Year 2. Also included were training for staff, hand tools, vehicles for inspections, some computer equipment, and miscellaneous items.

- ***Computers*** — Approximately 19 percent of planned management expenditures was for computer equipment (identified under the category of "MIS" in Exhibit 4). Staff indicated that much of this equipment was used for improving the maintenance function (automated work orders) and to improve reporting related to performance indicators.

- ***Other*** — The next largest category of planned management spending was for vehicles (listed under "other" in Exhibit 4). As noted above, the majority of these funds went to replace trucks and other on-site vehicles that were in very bad condition. The remainder of the expenditures was for vehicles for central office staff and a van for resident initiatives. (The latter is shown separately under resident services.)

2.3 Resident Participation

Resident participation in CGP-related activities has expanded considerably since the preparation of the needs assessments and the development of the first Five-Year Plan. As noted

---

[6] Staff indicated that this was not an official MOA. They also indicated that the problems that led to the initial score were not long-standing and that the authority had not been on HUD's troubled list prior to PHMAP.

above, initial participation focused on incorporating the results of tenant assessment forms into the PNA. As a direct result of this input, a number of systems-level improvements (elevator upgrades, fire protection, emergency generators, and exterior lighting) were identified as high-priority work and included in the first years of the initial Five-Year Plan. Other elements of the participation plan in the first year included the requisite tenant meeting and public hearing. In addition, the plans were reviewed and voted on by members of the Tenant Affairs Board (TAB), which is composed of the presidents of all the developments.

Year 2 saw a similar pattern of participation, with approval of the annual statement and Five-Year Plan provided by the TAB and more general tenant participation coming at what transcripts revealed to be a fairly disjointed public hearing. Useful input appeared to be minimal. Year 3, however, saw a very dramatic increase in involvement, largely as a result of proposed revisions to the first and second year's annual statements. The revisions were in part generated by a desire to shift some of the non-Section 504 priority work (elevators, lighting) as well as some of the smaller renovation projects from the first to the second year, in order to improve the PHA's spending rates. Funds freed up in year 1 would then be used for abatement work at Carr Square (which was under renovation and could proceed rapidly) and for various improvements at Cochran Gardens and Cochran Towers.

The proposed changes caused an uproar at the 1994 hearing; ultimately (both as a result of tenant and HUD concerns), the Cochran improvements were put into the 1994 annual statement (Year 3) instead. At the hearing, and in subsequent written comments, residents complained about the changes in plan generally, criticized the process (saying they had not been consulted and that the Authority's reliance on the TAB for communication was inadequate), and singled out the proposed Cochran expenditures as resulting in shifts away from their own developments. In response, HUD Field Office staff disapproved the addition of funds for Cochran to the FY 1992 and FY 1993 statements and also tried to prevent the PHA from including them in the FY 1994 plan. In fact, the ACC for FY 1994 funds was delayed while the issue was being debated. In general, Field Office staff felt that the improvements — which included cable TV wiring — were too "soft" and that the funds should have gone to hard needs. Following the FY 1994 hearing, the Field Office recommended that PHA revamp its resident participation process (which was described as "barely adequate") to include both on-going and broader-based informational meetings about CGP issues.

It is important to recognize that St. Louis has a long history of resident activism and has several resident leaders with national reputations and political clout. The Authority has two of the oldest RMCs in the county (Cochran Gardens and Carr Square), and the leaders of both now sit on the PHA Board. While the concept of resident participation is strongly embraced by PHA management, resident activism has led to some friction — both between competing resident factions and more generally between residents and the PHA. Modernization staff indicated that the RMCs and other vocal resident groups were likely to get more funding for their developments than other groups, and executive staff acknowledged that its hard for the PHA to say "no" to residents generally. At the working level, there is some concern because residents are now involved in all phases of modernization planning, including the selection of A&E firms and other technical experts. Modernization staff thought that HUD should define resident participation to exclude participation on selection panels, since those decisions involve highly technical considerations of merit and capacity.

Resident participation also extends to design and administration of specific jobs. Beginning in FY 1994, one of the RMCs, Cochran Gardens, will for the first time assume management responsibility for the expenditure of its CGP funds. At other developments where comprehensive modernization is underway, tenant leaders and advisory groups appear to be active players in the process. Resident input has led to modifications in the design (larger units) in the third phase of comprehensive modernization at Clinton Peabody; as noted above, there is also a resident advisory group (supported by advocates and technical experts) that has demanded a revised needs assessment for the Blumeyer development prior to beginning moderate rehab.

2.4 Local Government Participation

Local government appears to have had only modest involvement in the details of the CGP assessment and planning process. Working-level approvals come from the Community Development Agency and are generally passed through the Mayor's office. Within the Mayor's office, the focus is less on the specifics of proposed CGP spending (no comments on the annual statement could be recalled) and more on the overall management of the PHA. Specific management concerns affecting modernization include: historically low spending rates for modernization funds; construction quality problems; cost overruns and time overruns at the Authority's largest ongoing modernization project; and generally limited capacity to manage what has become (through CGP and other grants) a very significant amount of new funding. Some of these concerns were echoed by the HUD Field Office, and both have recommended that the PHA hire a construction management firm to oversee the increased volume of work. Authority executive staff indicated that plans to hire a firm were recently cancelled and that the staffing issue will now need to be revisited. PHA management acknowledged that high turnover in the modernization group, as well as chronic understaffing, has undercut the PHA's modernization performance to date.

Authority staff also view much of the concern as politically motivated (and related to new levels of funding enjoyed by the PHA).[7] Recent news articles note that the PHA has become the largest source of federal money for the City. Political influence occurs through the appointment of PHA Board members, and, according to PHA staff, is felt most strongly in the awarding of contracts. In November, the Mayor nominated new members of the board, but the nominations have been contested by local unions (whose political allies were replaced) and by tenants (who want three of the seven seats and a say in the board's overall make up.)

---

[7] Historically, the city has not provided any significant funding to the PHA. The first local government grant came only recently and was required as a HOPE 1 match.

2.5 Perspectives on CGP Administration and Effectiveness

According to all PHA staff, CGP has been a tremendous boon to the Authority. Annual grants under CGP are roughly four times the average level of funding previously received under CIAP. This has allowed the Authority to continue a phased program of comprehensive modernization for key developments while also making systems improvements (such as elevator or electrical work) on a PHA-wide basis. Other benefits cited by staff include:

- Flexibility and greater ability to respond to emergencies — previously HUD approval was needed for any change;
- Simplicity and streamlining — fewer HUD checks and fewer limits on the PHA, fewer major reviews, change order reviews are eliminated;
- Greater productivity — because the money is guaranteed, plans reflect real work as opposed to a wish list that may never be funded;
- Improved reporting — narrative reporting (in addition to numbers) is more useful;
- Speedy processing — since the funds are guaranteed, work can move forward as soon as the ACC is signed; approvals are quicker.

At the same time, however, some negatives of CGP were noted. One of these, ironically, is the reduced HUD oversight role as compared to CIAP: from a political perspective, PHA staff found HUD involvement useful when dealing with the PHA board. In addition, modernization division staff mentioned that resident participation requirements often ended up slowing down the process. While such participation was generally viewed as necessary and positive (despite the slower pace), there was some concern about the appropriateness of resident participation in technical selection panels.

From a processing and administrative point of view, PHA staff were very positive about the program and had no suggestions for improvements. Routine approvals have been quick. However, as noted above, the FY 1994 ACC was held up at least three months due to controversy over the inclusion of work items for the Cochran development.

In contrast to PHA staff, HUD Field Office staff were considerably less positive about recent changes. They do not view CGP as an improvement over CIAP. HUD's role is substantially diminished under CGP (with no more reviews of plans and specs or change orders); also, financial reviews associated with funds requisitions have been made unnecessary by LOCCS. HUD's new role is primarily background monitoring, but there is concern on the part of Field Office that not all PHAs can really handle the planning process inherent in the CGP program. In general, they feel that additional oversight is needed, as well as additional levels of sanctions. Regarding sanctions, the Field Office can issue a corrective action letter (and in fact did so in St. Louis regarding change orders), but beyond that there is no course other than an appeal to HUD central office.

In the case of St. Louis, the Field Office's concerns include the PNA estimates (viewed as weak) and the PHA's capacity to handle the huge increase in funding and work associated with CGP and other grants. According to these staff, the relatively modest levels of funding received under CIAP reflected both underfunding of the Field Office's suballocation ***and*** a belief that the PHA could only handle between $5 and $7 million a year. Issues of capacity concerned not only slow obligations but construction delays and cost overruns in ongoing work. Now, with incoming funds of close to $200 million total, issues of capacity are at the fore. As an indicator, the Field Office points to the fact that very little of FY 1992 and FY 1993 grant funds have been expended so far, although virtually all of the administrative funds have been spent.

3. Modernization Strategies and Spending Patterns

3.1 Overall Modernization Strategy

The modernization strategy adopted by the Authority is largely a continuation of the comprehensive modernization approach followed under CIAP. Exhibit 5 presents information on the amount of planned spending in each year for comprehensive renovations as opposed to other piecemeal work. Overall, the proportion of work classified as comprehensive modernization ranged from 68 percent to 96 percent in the initial Five-Year Plan. This is fairly consistent with the most recent full year of CIAP funding,[8] which included comprehensive modernization at three developments (79 percent of the funds), along with emergency and special purpose work in a dozen others. In the first year of the initial Five-Year Plan, comprehensive modernization was funded only for Clinton Peabody (a continuation of work started under CIAP), with the rest of the funds spread across most of the remaining developments. This PHA-wide work included the priority items identified largely as a result of resident input (elevator upgrades, fire protection, emergency generators, and exterior lights for security) plus required improvements to meet Section 504 requirements. In the out-years, additional properties were to be comprehensively modernized, with a fairly small proportion of the funds going to non-comprehensive purposes. According to PHA staff, the comprehensive approach makes the most sense for St. Louis, given the large needs of many of the family developments and the low levels of funds received for modernization in the past.

CGP funds appear to be effectively coordinated with other sources of funding, and, in fact, the PHA's overall physical strategy is heavily dependent on combined CGP and non-CGP funding. Exhibit 6 shows various sources of funding for modernization received in FY 1994. These do not include any funds from operating budgets; they do include roughly $10 million (almost half again the CGP grant) in funding from MROP, URD, and HUD's Vacancy Reduction Program. In addition, within the past two years, the Authority received over $40 million in other funds for Carr Square and Vaughn; the agency fully expects to receive another $50 million for URD implementation at Darst-Webbe.

---

[8] Data are presented for FY 1990. St. Louis did receive some CIAP funding in FY 1991, but, due to a deficiency in the application, only emergency funds were provided in that year.

Exhibit 5
Concentration of Modernization Spending (CIAP compared to CGP)

St. Louis Housing Authority

Year/ Source	Modernization Types		
	Comprehensive Scope	Selected Work Items/Special Purpose	Total
FY 90 CIAP Projects/Units Dollars	 3/1,323 $13,433,800 (78%)	 12/3,258 $3,674,872 (21%)	 13/4,581 $17,108,672 (100%)
FY 92 CGP Annual Statement and 5-Year Plan	1/210 $11,438,127 (68%)	22/4,771 $5,378,840 (32%)	22/4,981 $16,896,967 (100%)
FY 93	5/613 $16,606,411 (95%)	3/1,121 $737,500 (4%)	8/1,734 $17,343,911 (100%)
FY 94	3/403 $16,382,400 (88%)	23/3,055 $2,216,525 (12%)	26/3,458 $18,598,925 (100%)
FY 95	3/519 $17,521,790 (94%)	2/270 $1,028,355 (6%)	5/789 $18,550,145 (100%)
FY 96	1/218 $10,848,382 (91%)	1/148 $1,070,000 (9%)	2/366 $11,918,382 (100%)
FY 1992 Annual Statement Revised	1/210 $11,438,127 (69%)	18/3,497 $5,158,840 (31%)	19/3,707 $16,596,967 (100%)
FY 1993 Annual Statement Revised	1/288 $11,268,356 (54%)	15/4,448 $9,440,846 (46%)	16/4,736 $20,709,202 (100%)
FY 1994 Annual Statement Revised	3/407 $15,958,916 (76%)	4/911 $5,125,287 (24%)	7/1,318 $21,084,203 (100%)

Exhibit 6
Sources of Funding for Modernization

St. Louis Housing Authority

Anticipated CGP and Non-CGP Funds by Year (From Initial Five Year Plan)

Year	CGP	Non-CGP Funds	Total
FY 1992	$20,450,179	0	$20,450,179
FY 1993	20,450,179	0	20,450,179
FY 1994	20,450,179	0	20,450,179
FY 1995	20,450,179	0	20,450,179
FY 1996	20,450,179	0	20,450,179

Sources of Funds for Modernization Needs (Detail from FY 1994 Annual Statement/PHA Documents)

Source	Listed in Statement (Y/N)	Amount	Percent of Total
CGP Formula	Y	$23,847,268	64
CGP Emergency/Disaster Reserve	N	0	0
Continuing CIAP programs (not reprogrammed) Estimate of Actual Spending	N	3,498,000[1]	9
Reprogrammed CIAP Funds	N	0	0
MROP	N	5,708,000	15
URD	N	500,000	1
Operating Income Used for Betterments & Additions or Non-routine Maintenance	N	0	0
Section 8 Reserves Used for Capital Improvements and Equipment	N	0	0
Modernization Staff Salaries From Non-CGP Sources	N	0	0
Other Vacancy Reduction Program	N	3,700,000	10
Total		$37,253,268	100%

[1] Balance from FY 1990.

The result of other funding has been to reduce the amount of CGP funds needed for given developments. For example, funds budgeted in the initial Five-Year Plan for the first phase of Carr Square are no longer needed, although CGP is being used in conjunction with other funds to cover LBP abatement costs and some renovation. The other projects with new special funding sources (Vaughn, Darst-Webbe, and Cabanne Court) were never budgeted for significant CGP work, presumably because in all three cases complete redevelopment (as opposed to simple modernization) appeared warranted, and also because other sources were expected. Now that these sources have been secured, the PHA will be financially able to treat all of its large family projects within the first five years. Given expected demolition at Vaughn and Darst-Webbe, the PHA will be left with only two family high-rise properties, one of which is managed by a RMC.

It is important to point out that while the PHA's overall strategy is fixed, the timing of spending is quite changeable. As noted above, the PHA has revised its annual statements for FY 1992 and FY 1993. Changes to FY 1992 involved moving most of the non-504 priority work to FY 1993 and using the funds saved to do additional abatement work at Carr Square. A major reason for the change was to improve obligation rates. Changes to the FY 1993 statement provided additional funding for Carr Square and for LBP abatement at soon-to-be demolished Vaughn, plus a higher funding level for moderate rehab at Blumeyer and accelerated funding at Cochran. The revised FY 1993 plan also includes the many of the systems improvements (elevators, electric) delayed from year 1. As a result of these changes, several developments that were to have received comprehensive treatment within the first five years have now been shifted to future years.

3.2 Specific Spending Patterns

3.2.1 Mandates and Priorities

Exhibit 7 provides information on spending for mandates (Section 504, Lead Based Paint, and Title VI) along with spending for priority items as identified in the PNA. Given substantial changes in plan, the table shows both the original Five-Year Plan and spending patterns based on the revised annual statements for FY 1992, 1993, and 1994.

As noted previously, the PNA did not provide separate estimates for Section 504 or LBP work, although staff believe that these costs are included in the project-by-project totals. All of the PHA's identified Section 504 needs were programmed into the first year of the Five-Year Plan and total $2,373,215 (or just under 15 percent of first year spending). Although there is some concern that costs will increase as work gets underway, the overall level of mandated Section 504 spending is not a problem for the PHA.

Unfortunately, the costs of lead-based paint abatement are still unknown. Although the PHA has completed the required risk assessments and testing (budgeted at $200,000 in A&E costs in Year 1), staff have not yet reviewed the assessment documents in detail. Abatement is underway at projects undergoing comprehensive modernization (Clinton Peabody and Carr), and

Exhibit 7
Patterns of CGP Hard Cost Spending and Comparison with Need (Mandates vs. Discretionary)

St. Louis Housing Authority

Spending Priorities and Mandates	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 92 Annual Statement Revised		FY 93 Annual Statement Revised		FY 94 Annual Statement Revised	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996							
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Priority 1	1,972,225	12	380,000	2	915,000	5	1,490,000	8	0	0	0	0	4,060,073	20	1,589,599	7
All other	14,924,742	88	16,963,911	98	17,683,925	95	17,060,145	92	18,497,951	100	16,596,967	100	16,649,129	80	20,102,339	93
Total	16,896,967	100	17,343,911	100	18,598,925	100	18,550,145	100	18,497,951	100	16,596,967	100	20,709,202	100	21,691,938	100
LBP Testing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LBP Abatement	1,171,845	7	0	0	0	0	0	0	0	0	1,171,845	7	2,358,137	11	0	0
Section 504	2,373,215	14	0	0	0	0	0	0	0	0	2,373,215	14	0	0	425,000	2

in both cases costs are higher than originally estimated. Nevertheless, such costs have not exceeded 11 percent of spending in any year to date. Although staff are unclear about the results of the assessment, they expect that virtually all of their family developments will be shown to contain lead-based paint. For those projects scheduled for comprehensive treatment, abatement will be included; as yet there is no plan for dealing with LBP apart from the comprehensive modernization.

Exhibit 7 also shows spending for priority items. These are calculated conservatively, including only those items identified as Priority 1 in the PNA (elevators, fire protection, generators, and lights) and excluding even these items if they were not identified in the PNA for the specific project where they are planned. Neither comprehensive modernization work nor mandates were identified in the plan as priority items. Using this definition, some 12 percent of planned spending in Year 1 was to have gone for priority work, with smaller percentages in the out-years. Spending under the revised plan shows sharply higher spending on priority work in FY 1993 (21 percent) because two year's of work have now been shifted to this statement.

Together, mandates and priority items consumed roughly a third of first-year funds under the initial Five-Year Plan and accounted for much smaller proportions in later years. Under the revised plan, relatively high proportions are observed in the first two years, due to the addition of lead-based paint abatement work at Vaughn, but these drop off in FY 1994. In part, the modest levels of such work reflect St. Louis' orientation towards comprehensive modernization, which leaves only emergency "systems work" as priority items. In any case, neither this work nor mandates have to date impinged on the Authority's ability to exercise discretion in determining how to spend CGP dollars. (As shown in Exhibit 8, comparative data on CIAP expenditures for LBP or Section 504 are not available.)

3.2.2 Spending by Development Type

As discussed previously, St. Louis has two of the oldest RMCs in the country, plus a tenant body that is increasingly vocal about how CGP funds should be spent. PHA staff acknowledge that the vocal groups end up getting more funds and that the RMCs in particular are likely to receive greater funding levels. Exhibit 9 shows considerably higher per unit spending ($27,227 as opposed to $9,114) for RMC properties over the years covered by the initial Five-Year Plan — expenditures that are out of line with needs. However, replacement of CGP funds with other sources for the Carr Square homeownership project has changed this picture considerably, even accounting for the acceleration of funding at Cochran. The final column of Exhibit 9 shows planned expenditures from the revised versions of the three annual statements. Over these three years, RMC properties fare about the same as other developments, although both RMC properties are slated for additional funding in future years.

Expenditures for other types of developments show fairly predictable patterns. Larger properties (those with 200 or more units) consume approximately 76 percent of planned initial expenditures and account for a similar proportion of need. Family developments, likewise, account for the vast majority of identified need (81 percent) and an even greater proportion of

Exhibit 8
Comparative Data on CIAP Spending Patterns (FY 1991)

St. Louis Housing Authority

Budgeted Expenditures: FY 1991	Dollars	Percent of Total
Mandates versus Other	ND	ND
LBP Testing	ND	ND
LBP Abatement	ND	ND
Section 504 Compliance	ND	ND
Other Spending	ND	ND
Total Planned Expenditures	$20,388,860	100%

Exhibit 9
Patterns of CGP Hard Cost Spending and Need (Specific Development Types)

St. Louis Housing Authority

Development Type	Physical Needs Assessment			Planned Hard Cost Expenditures FY 1992 - FY 1996			FY 92, 93, and 94 Annual Statement Revised		
	Dollars	%	Per Unit	Dollars	%	Per Unit	Dollars	%	Per Unit
Size of Development									
Large	173,574,183	77	37,546	62,952,779	76	13,617	47,107,933	81	10,190
Medium	38,527,060	17	22,784	19,633,551	24	11,611	10,729,593	18	6,345
Small	13,742,950	6	30,204	642,000	1	1,411	472,846	1	1,039
All	225,844,193	100%	33,364	83,228,330	100%	12,296	58,310,372	100%	8,614
Occupancy Type									
Family	183,843,043	81	60,895	81,950,080	98	27,145	27,092,546	46	8,974
Elderly	11,229,150	5	4,627	291,760	0	120	5,377,341	9	2,216
Mixed	30,772,000	14	23,259	986,490	1	746	25,840,485	44	19,532
All	225,844,193	100%	33,364	83,228,330	100%	12,296	58,310,372	100%	8,614
Resident Management Status									
Resident-Managed	45,294,822	20	38,095	32,372,374	39	27,227	9,123,750	16	7,673
Not Resident-Managed	180,549,371	80	32,357	50,855,956	61	9,114	49,186,422	84	8,815
All	225,844,193	100%	33,364	83,228,330	100%	12,296	58,310,372	100%	8,614
Development Type									
Rental	222,482,193	99	33,321	80,120,412	96	11,982	55,610,595	95	8,316
Turnkey	3,362,000	1	41,000	3,107,918	4	37,901	2,699,777	5	32,924
Mutual Help	0	0	0	0	0	0	0	0	0
Bond Financed	0	0	0	0	0	0	0	0	0
All	225,844,193	100%	33,364	83,228,330	100%	12,296	58,310,372	100%	8,614

planned initial expenditures. PHA staff indicated that needs in elderly properties are generally of a "systems nature" and will be treated over time with funds not being used for comprehensive work in the family properties.

3.2.3 Specific Activities

Exhibit 10 provides information on planned CGP expenditures for various types of work. Unfortunately, however, in many cases it proved impossible to break out these costs due to the nature of the PHA's reporting and the nature of the work under consideration. As a result, no hard figures can be provided, only indications of the scope and magnitude of the activity.

Unit Adaptations: Changes in unit sizes (other than accessibility-related items) are only occurring at one CGP funded property — Clinton Peabody. This will take place in the third phase of the work and is intended to create units that better reflect the composition of the waiting list. This had also been one of the recommendations of the current residents. Since the buildings are being gutted, the costs of conversion cannot be separately identified.

Demolition and Conversion: No demolition is being funded from CGP funds. However, based on current plans, two of the Authority's largest family properties (Vaughn at 460 units and Darst-Webbe at 758 units in all buildings combined) will be demolished and redeveloped using funds from other sources. In addition, the Carr Square project involves density reduction (by some 277 units) as well as transfer to homeownership. Demolition and redevelopment was also recommended by the Authority for the much smaller Cabanne Court project; however, this site will now be substantially rehabbed using MROP funds.

Security and Drug Elimination: Most of the identifiable spending for this category is found under management improvements (see below). Within hard costs, the only spending specifically identified for security purposes was exterior lighting (accounting for a small fraction of spending in the first two years). Comprehensive modernization work always includes elements that relate to security, but these cannot be disaggregated from other work.

Redesign In High-Need Developments: Only two developments (accounting for a total of 63 units) were identified as having needs that exceeded 90 percent of TDC. In both cases demolition and redevelopment were recommended. No funds were programmed for this work from CGP funds. Currently, one of the properties will be rehabbed with MROP funds.

Reoccupancy of Long-Vacant Units: Comprehensive work addresses vacancies as a matter of course. The only instance where the Authority is using CGP specifically to address vacancies is in 20 units at Cochran Gardens. Here, the work was funded from

Exhibit 10
Patterns of CGP Hard Cost Spending (Other Specific Uses)

St Louis Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 1993 Annual Statement		FY 1994 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Unit Adaptations	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Demolition/Conversion	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Security and Drug Elimination	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Redesign in High-Need Developments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energy Conservation Improvements	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Renovations of Long Vacant Units	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND

savings from work items that came in under budget. The amount in question was estimated by staff to have been $50,000.

Energy Conservation: Staff could not assign a dollar amount to this activity, since many improvements (such as window or boiler replacement) have substantial conservation impact but are not made for solely for conservation reasons. The Authority requires value engineering as a part of all of its A&E contracts.

3.2.4 Administration and Other Expenses

Exhibit 11 provides a breakdown of planned expenditures by year. As shown, physical needs dominate spending plans, accounting for between 77 and 83 percent of planned expenditures. Management expenditures, which may be up to 10 percent of the grant, have ranged from 3 to 9 percent (based on the revised plans). Administration (capped at 7 percent) has been between 4 and 6 percent, and "other costs" have consumed 3 to 9 percent. This latter category includes a range of items such as audits (30,000 in year 1), liquidated damages (none), A&E costs (ranging from roughly $1 million to $1.5), site acquisition (none), and relocation. Relocation expenses have ranged from about $280,000 to $440,000.[9] St. Louis has not placed any funds in reserve and does not expect to in the near future.

3.2.5 Planned Management Spending

As described previously, planned management spending for CGP was identical with the two years of needs identified in the PNA. Such spending, which has typically accounted for less than 10 percent of total grant funds, has focused on spending for maintenance personnel, security personnel, computer equipment, and vehicles. As shown in Exhibit 12, planned spending for resident programs has been modest to date, including $20,000 for the purchase of a van and $300,000 (added to FY 1993) for an apprenticeship program related to the Carr Square renovation. The latter dovetails with the PHA's overall emphasis on Section 3. The Authority is currently in the process of incorporating Section 3 plans into its contracts for modernization.

None of the Authority's planned management spending was specifically associated with a PHMAP deficiency (or other requirement); nevertheless, it has tended to focus on areas identified for performance improvement (automated work orders and turnaround time) or areas shortchanged in the past (security personnel, maintenance vehicles). The nature of management spending did become an issue during the last round of CGP; objections were made to items of equipment (cellular phones) that were ultimately returned.

[9] Staff indicate that finding units for relocation is one of the few drawbacks of the comprehensive approach.

Exhibit 11
Patterns of Total CGP Spending (By Budget Category)

St. Louis Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five-Year Plan										FY 92 Annual Statement Revised		FY 93 Annual Statement Revised		FY 94 Annual Statement Revised	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996							
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
EXPENSE CATEGORY																
Hard Cost For Physical Needs	15,719,742	77	16,762,411	82	16,953,940	83	17,010,790	83	10,878,382	53	16,281,967	80	19,405,813	83	19,547,050	82
PHA-wide Management	1,448,445	7	742,900	4	1,114,400	5	1,114,400	5	1,114,400	5	1,748,445	9	1,238,400	5	740,433	3
PHA-wide Non-Dwelling	862,225	4	141,500	1	0	0	0	0	6,359,569	31	0	0	1,303,389	6	864,050	4
PHA-wide Administration	847,483	4	875,905	4	696,854	3	745,634	4	797,828	4	847,483	4	852,947	4	1,414,902	6
PHA-wide Other	1,572,284	8	1,927,463	9	1,684,985	8	1,579,355	8	1,300,000	6	1,572,284	8	712,000	3	1,280,833	5
Replacement Reserves	0	0	0	0	0	0	0	0		0	0	0	0	0		0
Grand Total	20,450,179	100%	20,450,179	100%	20,450,179	100%	20,450,179	100%	20,450,179	100%	20,450,179	100	23,512,549	100%	23,847,268	100%

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 92 Annual Statement		FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996							
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
"OTHER" DETAIL																
Audit	$30,000	<1	$35,000	<1	ND	ND	ND	ND	ND	ND	$30,000	<1	0	0	0	0
Liquidated Damages	0	0	0	0	ND	ND	ND	ND	ND	ND	0	0	0	0	0	0
Fees and Cost (A&E)	1,227,284	6	1,452,463	7	ND	ND	ND	ND	ND	ND	1,227,284	6	$712,000	3	$997,333	4
Site Acquisition	0	0	0	0	ND	ND	ND	ND	ND	ND		0	0	0	0	
Relocation	315,000	2	440,000	2	ND	ND	ND	ND	ND	ND	315,000	2	0	0	283,500	1
Total Other	1,572,284	8%	1,927,463	9%	1,684,985	8	1,579,355	8	1,300,000	6	1,572,284	8	712,000	3	1,280,833	5%

Exhibit 12
Patterns of CGP Spending (Management)

St Louis Housing Authority

	Management Needs Assessment		Five Year Plan (FY 92-FY 96)		FY 92, 93 and 94 Annual Statement	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Planned Management Spending						
PHMAP Deficiencies (Mandatory)	0	0	0	0	0	0
PHMAP Deficiencies (Optional)	0	0	0	0	0	0
Other Deficiencies (Mandatory)	0	0	0	0	0	0
Other Improvements (Optional)	$2,191,345	100	$5,534,545	100	$3,727,278	100
Total Management	2,191,345	100%	5,534,545	100%	3,727,278	100%
Planned Management Spending for Resident-Oriented Programs						
Resident Management / Homeownership	20,000	<1	20,000	<1	20,000	<1
Capacity-Building and Training	0	0	0	0	320,000	9
Section 3 (Economic and Business Development)	0	0	0	0	0	0
Resident Social Services	0	0	0	0	0	0
Total Resident Programs	20,000	<1	20,000	<1	340,000	9
Planned Management Spending for Security and Drug Elimination	853,100	39	2,241,200	40	1,467,000	39

4. Perspectives and Conclusions

Overall, the CGP program has brought St. Louis a far higher level of capital funding, as well as greater flexibility — and less oversight — in spending. The Authority's basic strategy is to do comprehensive modernization of all of its developments, with roughly a third of the funds going to emergency or systems needs PHA-wide. When CGP funds are coupled with other actual and expected sources of funding, this strategy appears quite reasonable; it should allow the Authority to address the vast majority of its existing needs within a fairly short time period.

Higher CGP funding levels as compared to CIAP appear to be warranted in St. Louis based on the Authority's high level of needs. These needs exceed $225 million in hard costs and reflect in large part relatively low levels of funding provided under CIAP. Based on CGP alone, funding is sufficient to address only 47 percent of estimated need within five years. However, this need includes a number of large projects that are severely deteriorated and ***not*** amenable to simple modernization. Assuming the Darst-Webbe Implementation URD is funded, three of these properties will then be covered outside of CGP. Together, CGP and non-CGP funds will enable the PHA to address over 80 percent of its current need.

If one takes the view that these developments reflect special cases, CGP funding levels for the remainder of the PHA's stock are also reasonably in line with needs. Moreover, neither Section 504 requirements nor LBP abatement have had a major impact on capital spending to date, although the extent of LBP needs is still unknown.

The major issue facing St. Louis, then, appears to be that of modernization management. The volume of work made possible by these funds far exceeds anything the modernization division has managed in the past, and both the Mayor's office and the HUD Field Office have recommended the use of a construction management company to ensure that the work is carried out properly and efficiently. At this point, however, it is not clear what direction the PHA will take.

Richmond

CGP CASE STUDY
RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY

Prepared by
Susan J. Popkin, Abt Associates Inc.

1. PHA BACKGROUND AND CHARACTERISTICS

The Richmond Redevelopment and Housing Authority (RRHA) is an exceptionally well-managed housing authority. The Authority's most recent PHMAP score was 100, and has been in the high-90s since PHMAP began. The RRHA's maintenance director serves as a consultant to HUD and to other PHAs around the nation. In part because of this management success, the RRHA is in the unusual position of having sufficient funds to address virtually all of its major backlog and accrual needs. The Authority is also able to afford programs that are beyond the reach of many other PHAs, such as a model preventive maintenance program and a new computer network.

1.1 Description of the Site

The RRHA has 4,461 units of public housing in 24 developments. As shown in Exhibit 1, just over half of the stock was constructed between 1941 and 1960, 42 percent in the 1960s and 1970s, and just three percent in the 1980s. Most of the housing consists of family units in large developments. The stock is mainly low-rise and relatively easy to maintain: rowhouses make up the vast majority (77 percent); the few elevator buildings are for elderly housing; and a small number of units (2 percent) are single-family homes. Much of the housing is concentrated in one area near the RRHA's central offices.

1.2 Modernization History

Because of its excellent management history, the RRHA was fairly successful in winning CIAP funds. As Exhibit 2 shows, the Authority received approximately $37.5 million dollars in CIAP funds from 1984 to 1991, averaging about $4.5 million per year.[1] The RRHA also received several large grants in the early 1980s, including a $13 million award in 1980. This level of funding allowed RRHA to address many of its major backlog needs, including most of its Section 504 needs and all of its lead-based paint testing. The agency was able to address most of their energy conservation needs with a special grant they received in the 1980s. Thus, the RRHA began the CGP program with only four developments requiring comprehensive modernization.[2]

---

[1]Since the RRHA has no severely distressed developments or high-need developments, the agency has not been eligible for MROP or HOPE VI funds.

[2]The director of modernization and maintenance was involved in the process of developing CGP and thus was aware of program requirements and mandates before they became official.

Exhibit 1
Overview of PHA Characteristics

Richmond Housing Authority

Number of Public Housing Developments and Units:	24 / 4461
Size of Staff (Total)	218
Number of Modernization Staff	10
PHMAP Score:	100
Recently Troubled: (Y/N)	N
Mod Troubled: (Y/N)	N
Vacancy Rate at Comprehensive Plan:	0
Number of Resident-Managed Developments:	0

Characteristics of the Stock — Distribution	Units	Percent
Age of Development		
Pre-1940	0	0
1941-1960	2435	55
1961-1980	1894	42
1981 or later	132	3
Total	4461	100%
Structure Type		
Detached/Semi-Detached	70	2
Row	3456	77
Walk-up	387	9
Elevator	450	10
Mixed	98	2
Total	4461	100%
Development Program		
Rental	4461	100
Turnkey III	0	0
Mutual help	0	0
Sec/23-bond financed	0	0
Total	4461	100%
Occupancy Type		
Family	3814	86
Elderly	549	12
Mixed	98	2
Total	4461	100%
Development Size		
Small (1-49 units)	147	3
Medium (50-199 units)	633	14
Large (200+ units)	3681	83
Total	4461	100%

Exhibit 2
Funding Overview:
Sources and Amounts of HUD Modernization Funding

Richmond Housing Authority

Fiscal Year	CIAP	MROP	CGP	TOTAL
FY 1984	$7,708,501	0	0	$7,708,501
FY 1985	1,645,034	0	0	1,645,034
FY 1986	4,500,000	0	0	4,500,000
FY 1987	9,000,000	0	0	9,000,000
FY 1988	4,000,000	0	0	4,000,000
FY 1989	4,000,000	0	0	4,000,000
FY 1990	3,792,466	0	0	3,792,466
FY 1991	2,498,935	0	0	2,498,935
FY 1992	0	0	$6,570,559	6,570,559
FY 1993[1]	0	0	7,374,330	7,374,330
FY 1994[2]	0	0	7,615,939	7,615,939

[1] CGP is "presumptive amount" from April 28, 1993.

[2] CGP is "presumptive amount" from June 8, 1994.

2. CGP Planning and Administration

2.1 Physical Needs Assessment

RRHA used a combination of methods to prepare its Physical Needs Assessment (PNA). A consultant was hired to prepare a 20-year needs assessment for the developments that had not received modernization under CIAP.[3] The agency also got information from the maintenance supervisors at the developments about major needs. The supervisors developed this information from their own knowledge and experience and by looking through their work order data. Finally, as part of their resident participation process, RRHA staff received feedback from residents as to what needs they felt were most significant.

RRHA staff used the HUD Modernization Standards Handbook in making determinations about need. Since they had little backlog need, they concentrated primarily on needs for a five-year rather than a 20-year period. They were aware of the amount of funding they were to receive under CGP before they prepared their full PNA, which influenced the items they chose to include in the needs assessment. For example, because they knew the funds would not be adequate, RRHA staff did not include the costs of updating electrical systems at the developments to accommodate air conditioning.

2.1.1 Accuracy of Estimates

According to the agency's performance and evaluation reports, some of the actual modernization costs have turned out to be higher than in the original needs assessment, sometimes by as much as 50 percent. RRHA staff offer several explanations for this discrepancy. First, their estimates were based on historical data, i.e. their past experience in working with contractors, and some of these costs increased simply because of inflation and price increases in commodities such as lumber. Second, the agency changed procurement systems after the PNA was submitted; the consolidated supply system, which resulted in significantly lower construction costs because of lower prices for building materials, has been discontinued. This change has meant higher prices for building materials, which has raised hard costs for modernization. Under the new internal Job Order Contracting System (JOCS), RRHA has experienced higher costs for both labor and supplies, but dramatically reduced administrative costs. Finally, most of the underestimates in the PNA were related to the costs of a new PHA-wide computer system. The hardware for this system has cost RRHA nearly twice as much as originally estimated. This cost overrun forced RRHA to submit a budget revision for its FY 1992 funds in 1994.

---

[3]RRHA had a 20-year assessment of all developments done at the beginning of the CIAP program.

2.1.2 Major Areas of Need

As shown in Exhibit 3, the total hard cost physical needs at RRHA come to $32.5 million (84 percent of their total needs). Only 19 percent of these needs are Priority 1 items, and only 13 percent are associated with mandates (LBP abatement and Section 504). RRHA has no high-need developments and no need for redesign or reconstruction in any development. The agency's emphasis is mainly on structural problems (e.g. roof replacements) and remodeling needs (e.g., window replacement, floor tile, kitchen cabinets, and updating bathrooms). The RRHA also has a large need for appliance replacements and updating HVAC systems.

Mandates

Mandates (both LBP abatement and Section 504) were considered either Priority 1 or 2, and all were slated to be addressed in the first two years of the Five-Year Plan. LBP abatement accounted for only 11 percent of RRHA's total needs, a relatively unusual situation for a PHA with a large percentage of its stock built before 1960. RRHA was able to complete all initial LBP testing using CIAP funds; the $1.7 million in abatement needs in the PNA includes the cost of the agency's abatement crew, administration, and follow-up testing. However, costs for replacing prime and screen doors, which are listed separately, are also included in abatement costs, bringing the total abatement need up to $3.4 million. RRHA staff report that their LBP abatement needs are not consistent; the single-family homes in their Used House Program have the largest need, averaging $4,100 per unit, while the highest-need rowhouse development averages only $500 per unit.

RRHA was able to take care of most of its Section 504 needs under the CIAP program. In addition, much of its elderly housing was built relatively recently and was already in compliance with federal regulations. Thus, only about $800,000 in needs related to Section 504 was included in the PNA. These funds will permit the RRHA to complete installing ramps for five percent of its units. Modernization staff indicated that some additional Section 504-related costs are included in the costs for updating kitchens and baths, but they could not quote a specific figure.

2.1.3 Procedures for Setting Priorities

RRHA's strategy for setting priorities was that all mandates (LBP and Section 504) were Priority 1 or 2, as were all structural problems (e.g. roof replacement). The next highest priority needs were systems replacement (heating and plumbing), followed by safety issues (fire alarms, sprinkler systems in elevator buildings), and finally amenities (remodeling, appliances, tree pruning, and playgrounds). All Priority 1 needs were planned for the first year of the comprehensive plan. Staff met first to determine which needs were the highest priority for each development, and then took their decisions to resident planning committees. Residents were told that mandates, structural problems, and systems had to be addressed first, but they *were* able to change the priorities for other items. In some developments, where funds were sufficient, playgrounds and tree pruning became Priority 1 items.

Exhibit 3
Overview of Physical Needs

Richmond Housing Authority

Category of Need	Dollar Amount	Percent of Total
Budget Category		
Hard Costs for Physical Needs	$32,516,545	84
PHA-Wide Management Needs	2,000,000	5
PHA-Wide Non-Dwelling Structures and Equipment	1,333,200	4
PHA-Wide Administration	1,642,640	4
PHA-Wide Other	1,314,112	3
Grand Total of PHA Needs	38,806,497	100%
Urgency of Need		
Hard Costs Associated with Priority 1 Needs[1]	6,091,709	19
Hard Costs Associated with Lower Priority Needs	26,424,836	81
Total	32,516,545	100%
Mandates		
Hard Cost Associated with Lead-Based Paint Testing	0	0
Hard Cost Associated with Lead-Based Paint Abatement	3,420,550	11
Hard Cost Associated with Section 504	712,704	2
Hard Cost Associated with Title VI Order	0	0
High Need Developments		
Hard Cost Associated with Developments with Costs in Excess of 90 Percent of TDC	0	0
Redesign/ Reconstruction in High-Cost Developments	0	0
Extent of Overall Need	**Ratios**	
5-Year Funding Level/Total Need	.85	
5-Year Funding/Priority 1 Hard Cost Need	5.39	
5-Year Funding/Mandated Hard Cost Need (LBP/504/Title VI)	9.39	

[1] Includes all LBP or Section 504 mandated work.

2.2 Management Needs Assessment

RRHA's consistently high PHMAP scores mean that the PHA has no HUD-mandated management deficiencies to address; thus, all of the management spending is discretionary. As with the PNA, the amount of funds available defined the amount of need reflected in the MNA; staff determined that approximately $400,000 per year would be available for management after all physical needs were met. Thus, RRHA's reported management needs total $2 million over five years, with the largest proportion in the area of resident services (48 percent). Fifteen percent of the management needs are in the area of administration and finance, and 14 percent are in personnel (training and salaries). The remainder consists of on-going tenant functions, security, and other miscellaneous costs. These figures are shown in Exhibit 4.

As with the PNA, RRHA staff used a variety of methods to develop their Management Needs Assessment (MNA). According to RRHA staff, the Authority's management goals are to promote self-sufficiency for residents and improve the overall quality of life in the developments (by improving security). As part of the 1991 overall needs assessment, surveys were conducted with tenants regarding resident services and PHA management. Resident services staff drew on this information in preparing the MNA. They also reviewed their existing services and decided what ought to be continued. The tenant council was consulted to find out what services they wanted to see continued. At the time that the PNA was developed, RRHA already had begun its Richmond Business Enterprise Corporation (RBETC), a program that supports resident business initiatives, provides training, and coordinates work opportunities. The agency also initiated a leadership development program. Thus, the agency's costs for resident services funded through CGP were based on their recent experiences with other resident programs.

To assess needs in the areas of automation and finance, RRHA brought in consultants. Based on this assessment, staff decided to fund a major project over several years to explore the feasibility of using electronic imaging (using a scanner to copy documents to computer files), as a means of data and file control and also for resident employment training (residents will be trained to handle this process). Finally, to assess the Authority's personnel and administrative needs, staff used a "wish-list" process; the management improvements coordinator asked all department heads to identify needs for training (software training, HVAC, etc).

The Authority chose to make resident employment and training its first priority for management needs. For this reason, it was decided that costs for staff training and salaries should not exceed about one-third of CGP management funds, at least for the first three years of the plan. The hope was that increased funding now would enable RBETC to become self-sustaining through the expansion of its resident businesses and employment programs during the first three years of CGP funding.

RRHA has chosen not to put any management funds in reserve. As noted above, it has programmed phased funding over a number of years to cover the costs of purchasing an electronic imaging system to manage file data and the costs of training residents to manage this system. RRHA has not made any updates to its original MNA. However, as part of the regular

Exhibit 4
Overview of Management Needs

Richmond Housing Authority

Type of Need	Mandatory	Optional	Total	%
Needs Associated with PHMAP Deficiencies (by Indicator)	0	0	0	
Vacancy	0	0	0	
Modernization	0	0	0	
Uncollected Rents	0	0	0	
Energy Consumption	0	0	0	
Unit turnaround	0	0	0	
Outstanding Work Orders	0	0	0	
Inspection/condition of units	0	0	0	
TARS	0	0	0	
Operating reserves	0	0	0	
Routine operating expense	0	0	0	
Resident initiatives	0	0	0	
Development	0	0	0	
Sub-total: PHMAP Related Need	0	0	0	
Other Management Needs (by Functional Area)				
Leasing and Ongoing Tenant Functions (outreach, waiting lists, eligibility, collections, recertifications)	0	$187,500	$187,500	9
Property Management (maintenance, inspections, and modernization)	0	0	0	0
Administration, Finance, MIS, Communications	0	290,500	290,500	15
Personnel (including training)	0	277,500	277,500	14
Resident Services	0	964,500	964,500	48
Security	0	170,000	170,000	8
Other/Misc	0	110,000	110,000	6
Sub-total: Other Needs	0	2,000,000	2,000,000	100
Total Management Need	0	$2,000,000	$2,000,000	100%

CGP planning process, staff do go back to the resident committees in each development and review their programs. The Authority is currently reorganizing the resident services staff, and a formal review of management programs is planned as part of this process.

2.3 Resident and Local Government Participation

RRHA has a highly organized tenant population and has made a substantial effort to involve residents in the CGP planning process in a meaningful way. In contrast, local government has had virtually no involvement in the process, although city officials are only beginning to play a more active role in some projects.

2.3.1 Resident Participation

To organize the resident participation process, RRHA assigned key modernization and management staff to coordinate committees at three to four developments. Each staff person held an initial meeting at every development to explain the CGP program and the residents' role in the planning process. Documents were distributed at this meeting, and the residents were asked to select an advisory board whose members would work with staff to develop the final comprehensive plan. Each development selected three or four residents (tenant council members, for the most part) who then met with the staff person and the resident representatives from the other developments for which that staff person had responsibility. These small groups met twice before the formal, HUD-mandated meeting. Resident representatives were responsible for taking the information from these meetings back to their developments.

The advance meetings to present the plan were held in the early evening at all developments and were well-attended (50-60 people). RRHA staff prepared a color-coded spreadsheet showing the spending plan for all developments for a seven-year period and circulated this to the residents. Staff felt that this was the easiest way to explain the program and to illustrate the problem of having limited funds available, i.e. that any extra money put into one development would have to be taken from another. Approximately 100 people attended the public hearing, at which some final changes were made to the plan (e.g. playgrounds became a Priority 1 item at one development).

According to the residents interviewed for this case study and the staff who participated in the meetings, few problems were encountered with this process. Staff mentioned the difficulty of explaining the program to residents, but they felt that they had solved this problem by preparing the spreadsheet. Several staff also mentioned that the process increases administrative costs, but all said they felt that the funds were well-spent. Residents raised some concerns about getting tenants who were not on the tenant council to participate in the process. However, no one seemed to feel that competing demands among tenant groups was a serious problem, particularly since residents were made aware of the entire planning process.

Both residents and staff cited some disagreements about setting priorities; staff generally felt that HUD mandates, structural work, and system needs should receive priority, while residents placed a higher priority on new appliances, kitchen and bath remodeling, playgrounds, and landscaping. Staff and residents agreed that RRHA had successfully explained the rationale for the agency's decisions and also had been able to accommodate some of residents' requests. Despite the disagreement about priorities, residents and staff both felt that resident participation had a meaningful impact on the planning process. Both cited items that were added or shifted in the plan as a result of resident requests, including installing showers in one development, adding playgrounds, and providing funding for new window locks.

In sum, both residents and staff expressed satisfaction with the resident participation process. The major concerns for staff were the additional administrative costs and the difficulty of explaining the CGP program to residents. Residents were most concerned about having adequate participation and about ensuring that the Authority funded some of the items they saw as higher priorities. The participation process developed in 1992 is still in use, and the Authority now uses this process in preparing each annual statement and the performance and evaluation reports. In fact, staff report that, as all mandates and Priority 1 needs will be addressed under the FY 1992 and FY 1993 plans, residents were given complete control over setting priorities for work items in the 1994 plan.

2.3.2 Local Government Participation

In contrast to the high level of resident participation, local government has played virtually no role in RRHA's comprehensive planning process. According to both RRHA staff and a representative from the city's Community Development Department, the city manager has simply signed off on the plans submitted to HUD. RRHA sent the proposed plans to the Community Development Department, but city officials provided no input to the plan. The city and the Authority are in the process of developing a partnership effort to promote homeownership and self-sufficiency that will include increasing the city's level of involvement in the planning process. This new partnership is growing out of a neighborhood development project involving one RRHA development, Mosby Court. However, neither RRHA staff nor the representative from the city were able to provide any specific information how this new relationship will affect the CGP planning process.

2.4 On-going CGP Planning

As discussed above, RRHA has continued to use the process developed in preparing the 1992 CGP application for subsequent annual statements and performance and evaluation reports. The Authority is still using the original color-coded spreadsheet that was prepared in 1992 as a guide. The same staff go back and meet with the resident advisory groups each year. The only difference in the process is that, as noted above, in 1994 residents had complete control over setting priorities for the next five years since all mandates and Priority 1 needs had been addressed.

Because RRHA is in the enviable position of being able to take care of its backlog in the first seven years of CGP funding, the agency is able to budget for new needs as they occur. The Authority has received a higher level of funding than they originally anticipated because HUD had a larger amount to distribute due to an increase in appropriations. This extra funding has allowed RRHA to cover all the costs for roof work (the highest priority need after mandates) earlier than planned; to cover all the differences between original estimates and actual costs; and to actually get ahead of the original plan by moving up items from year 4 to year 2. As a result, there are more discretionary funds available for later years, and the Authority is in a position to be able to respond easily to new needs as they arise.

2.5 Perspectives on CGP Administration and Effectiveness

RRHA staff are uniformly enthusiastic about CGP and view it as a dramatic improvement over CIAP. They note that the funding is more predictable; under CIAP they often received funding for a project in several phases and did not always receive adequate funding to carry out planned activities in subsequent years. Staff do feel, however, that administering CGP is more complex, because they are spreading the agency's resources across all of their developments rather than concentrating on one or two sites. Administrative costs have increased, because of increased transportation and staffing costs for monitoring modernization, as well as the additional costs of the resident participation process.

However, because the Authority has implemented the new JOCS procurement system, staff report that the rate of spending has actually increased under CGP while the administrative burden has decreased. Staff felt that without this system, CGP would be "impossible to administer." As RRHA now receives nearly twice as much money per year as it did under CIAP, HUD is concerned about their ability to expend these funds efficiently. The HUD Field Office staff representative states that slow rates of expenditures were a concern for RRHA under CIAP and agrees that JOCS has improved the rate of spending. RRHA's own numbers do not appear to indicate substantial change in the expenditure rate. As of September 30, 1994, the RRHA had obligated 65 percent and expended 30 percent of its FY 1992 CGP funds, and obligated 35 percent and expended 17 percent of its FY 1993 funds. The most recent quarterly report on CIAP funds (April, 1994) shows that the Authority expended virtually all of its CIAP funds from grants received from 1986 to 1988; approximately 90 percent of its FY 1989 and FY 1990 grants; and 41 percent of its FY 1991 grant.

2.5.1 Discretion

RRHA staff feel that they have a great deal more discretion over spending decisions under CGP than they did under CIAP. They spoke of the program's flexibility as one of the main assets of the new system. As the needs assessment indicated, only a small proportion of the Authority's needs were related to HUD mandates. RRHA had planned to address all of these the first year; however, some of their LBP abatement expenditures had to be shifted to the following year due to lack of staff. Beyond addressing these mandates, the staff feel that they have complete freedom to address their needs as they see fit, and all perceive this as a dramatic improvement from the CIAP program.

RRHA staff feel that the increased discretion and flexibility allow for more rational spending. As the modernization director indicated, systems and structural replacements do not occur on the same schedule; kitchens may last for only ten years while windows can last a much longer time. Some needs are predictable; for example, refrigerators last about ten years and CGP permits planning for regular replacement. In addition, CGP allows RRHA to avoid the cost of delaying repairs. Under CIAP, the agency often had to delay roof and plumbing system repairs, which led to more serious problems. The HUD Field Office representative, on the other hand, expressed concern about this greater level of discretion, feeling that it prevented HUD from being able to monitor the Authority's activities effectively.

2.5.2 Process and Documentation

RRHA staff said they have had no difficulty in submitting the comprehensive plan and annual statements on time. The HUD Field Office representative indicated that this was a concern, although a review of the documents appears to indicate they were submitted on time. The only suggestion RRHA staff made was that they should be able to do the annual statement and Performance and Evaluation reports at the same time. Right now, because their fiscal year does not coincide with the federal government's, they have to begin their performance and evaluation process as soon as they complete their annual statement. Since this always includes the entire resident participation process, it is quite cumbersome. The other concern staff raised was about difficulties in working with HUD's LOCCS system. The LOCCS system cannot currently accommodate shifting funds from one year to another, which make shifting large work items problematic. The agency has also run into problems drawing down funds from the LOCCS system. When a drawdown request exceeds a certain threshold, the LOCCS system will not allow an automatic disbursement of funds. RRHA staff felt this threshold was artificially low, requiring written approval for large but routine drawdowns.

2.5.3 Relationship to HUD

RRHA staff report that the major change in their relationship to HUD under CGP is that they have more flexibility to do what they want; there is less need for HUD approvals. Since Richmond has been a consistently high performing PHA, the agency has always had a fair amount of independence from HUD. The main difference is that, under CGP, RRHA does not have to seek HUD approval for budget changes. Staff felt that their relationship to HUD has been affected less by the change from CIAP to CGP than the fact that the HUD Engineer they worked with for 15 years just retired. Staff perceive that the HUD Field Office reorganization has had little effect, although the Director of housing operations reports that, as field staff now have more authority, it gives them more direct access.

The only concern RRHA staff raised about their relationship with HUD is the fact that approvals of their CGP ACCs have been slow. The HUD Field Office representative agreed that this was a problem the first year, but stated that subsequent years have been better. These delays are a source of concern, because staff believe that it hurts their credibility with the residents to have to explain that the funds are not available when expected. In the first year of the program, they did not receive any funds until November. This year, they know how much has been approved but do not yet have access to the funds. Again, the RRHA staff cited the LOCCS system as a problem, stating that it does not reflect the program's flexibility.

In contrast, the HUD Field Office representative raised a number of concerns about the way the CGP has affect the relationship to the RRHA. The main concern is that the greater flexibility has decreased HUD's ability to monitor the PHA's activities adequately. As a high performer, Richmond has had a great deal of freedom in the past, but the shift to CGP has meant that the Field Office has virtually no control over how the agency expends its modernization funds.

3. Modernization Strategies and Spending Patterns

3.1 Overall Strategy and Rationale

The RRHA's modernization strategy is a combination of dispersed and comprehensive approaches. According to staff, the idea is to be as comprehensive as possible while still taking care of needs at all sites. Three developments that did not receive treatment under CIAP (Whitcomb, Mosby Court, and Fulton Court)[4] are slated to receive comprehensive modernization during the first three years of CGP. A fourth site is slated to receive comprehensive modernization in years four and five in preparation for being converted to a homeownership site.

As Exhibit 5 shows, this plan is actually fairly similar to the Authority's CIAP strategy, although the amounts of funds -- and thus the number of developments involved -- is larger under CGP. In its last CIAP grant (FY 1991), the Authority planned to undertake comprehensive modernization at one development (accounting for about 60 percent of the funds) while doing special purpose modernization (mainly related to Section 504) at four other developments. RRHA's current plan also calls for the developments requiring comprehensive modernization to receive about two-thirds of the CGP funds over the first five years.

Under CGP, the developments requiring comprehensive modernization will receive a range of repairs. For example, Whitcomb Court will receive new kitchens and baths, tile, porches, roofs, doors, and landscaping, as well as LBP abatement and Section 504 adaptations. All developments will receive new window locks to improve security, and those that require it

[4]Fulton Court was built in the early 1980's and was not eligible for CIAP. Although it is relatively new, it is in need of comprehensive modernization because it was poorly constructed.

Exhibit 5
Concentration of Modernization Spending (CIAP compared to CGP)

Richmond Housing Authority

Year/ Source	Modernization Types		
	Comprehensive Scope	Selected Work Items/Special Purpose	Total
FY 91 CIAP Projects/Units Dollars	1 / 447 $ 1,499,821 (60%)	4 / 1541 $ 999,114 (40%)	5 / 1988 $ 2,498,935 (100%)
FY 92 CGP Annual Statement and 5-Year Plan	3 / 957 $ 1,524,000 (27%)	16 / 2445 $ 4,055,209 (73%)	19 / 3402 $ 5,579,209 (100%)
FY 93	3 / 957 $ 3,843,597 (72%)	18 / 3129 $ 1,500,612 (28%)	21 / 4086 $ 5,344,209 (100%)
FY 94	3 / 957 $ 2,636,964 (49%)	13 / 3144 $ 2,792,245 (51%)	16 / 4101 $ 5,429,209 (100%)
FY 95	3 / 1493 $ 4,745,749 (85%)	6 / 858 $ 833,460 (15%)	9 / 2351 $ 5,579,209 (100%)
FY 96	3 / 1493 $ 2,935,768 (53%)	5 / 1196 $ 2,568,441 (47%)	8 / 2689 $ 5,504,209 (100%)
FY 1993 Annual Statement Revised	3 / 957 $ 4,180,597 (66%)	19 / 3329 $ 2,133,612 (34%)	22 / 4286 $ 6,314,209 (100%)
FY 1994 Annual Statement Revised	3 / 957 $ 2,611,085 (41%)	15 / 3297 $ 3,827,119 (59%)	18 / 4254 $ 6,438,204 (100%)

will receive LBP abatement and/or Section 504 treatment. Finally, every development will receive whatever repairs are specific to that site, such as roofs, tree pruning, playgrounds, and so on. Thus, the main difference between the RRHA's CIAP and CGP strategies is that, under CGP, there appears to be a much larger range of items that can be funded at developments ***not*** receiving comprehensive treatment.

The Authority's strategy for setting priorities for its spending plan was identical to that used for the needs assessment. HUD mandates received Priority 1, as did structural problems, particularly roofs.[5] After that came systems (heating and plumbing) and then tenant requests. Priority 1 items were all scheduled for year 1 of the Comprehensive Plan. This was possible because only a small proportion of the Authority's total need was related to HUD mandates.

3.2 Coordination of CGP with Other Funding Sources

As Exhibit 6 shows, RRHA has over $10.5 million in modernization funds available for FY 1994. The majority (72 percent) of these funds come from CGP. According to its most recent quarterly report (April 1994), the Authority also had approximately $2 million in unexpended CIAP funds (20 percent of its total funds), primarily from its 1991 CIAP grant. Finally, about $700,000 (7 percent of the total) in operating funds were used for betterments, additions, and non-routine maintenance. Neither of these other sources of funds were listed in the Authority's annual statement.

RRHA intends to expend its CIAP funds as originally planned rather than to reprogram them for other uses; the staff's rationale for this decision is that it is problematic to take funds away from a development once the residents are aware that the repairs are planned. Since it has no severely distressed developments, RRHA has received no MROP or HOPE VI grants. It does not use any of its Section 8 reserves for capital improvements or equipment and does not pay modernization staff salaries from non-CGP sources. Finally, the agency does not use any of its redevelopment funds for modernization in its public housing developments.

3.3 Specific Spending Patterns

As Exhibit 7 shows, the RRHA budgeted all of its Priority 1 needs, and Section 504 needs, and a substantial proportion of its LBP abatement needs for FY 1992. Mandated needs account for only about a third of the total spending for years 1 and 2 and only about three percent thereafter. The funds for LBP testing shown in the 1994 Annual Statement are actually monitoring costs (i.e. the costs for follow-up testing after abatement has been completed). The Authority's LBP needs were not scheduled for the first year of the comprehensive plan because of a lack of staff, not because the needs exceeded the available funds.

---

[5]The only exception to this rule was that some LBP abatement was scheduled for Year 2 because of a lack of adequate staff to complete the abatement process.

Exhibit 6
Sources of Funding for Modernization

Richmond Housing Authority

Anticipated CGP and Non-CGP Funds by Year (From Initial Five Year Plan)

Year	CGP	Non-CGP Funds	Total
FY 1992	$6,570,559	0	$6,570,559
FY 1993	6,570,559	0	6,570,559
FY 1994	6,570,559	0	6,570,559
FY 1995	6,570,559	0	6,570,559
FY 1996	6,570,559	0	6,570,559

Sources of Funds for Modernization Needs (Detail from FY 1994 Annual Statement/PHA Documents)

Source	Listed in Statement (Y/N)	Amount	Percent of Total
CGP Formula	Y	$7,615,93	72
CGP Emergency/Disaster Reserve	N/A		
Continuing CIAP Programs (not reprogrammed) Estimate of Actual Spending	N	2,145,107	20
Reprogrammed CIAP Funds	N/A		
MROP	N/A		
URD	N/A		
Operating income used for betterments & additions or non-routine maintenance	N	755,198	7
Section 8 reserves used for capital improvements and equipment	N/A		
Modernization staff salaries from non-CGP sources	N/A		
Other (List)	N		
Total		$10,516,244	100%

Exhibit 7
Patterns of CGP Hard Cost Spending and Comparison with Need (Mandates vs. Discretionary)

Richmond Housing Authority

Spending Priorities and Mandates	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Priority 1	5,152,209	92	0	0	0	0	0	0	0	0	0	0	0	0
All other	427,000	8	5,344,209	100	5,429,209	100	5,579,209	100	5,504,209	100	6,314,209	100	6,573,809	100
Total	5,579,209	100	5,344,209	100	5,429,209	100	5,579,209	100	5,504,209	100	6,314,209	100	6,573,809	100
LBP Testing	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LBP Abatement	1,261,000	23	1,760,250	33	167,000	3	0	0	172,800	3	1,760,250	28	870,164	13
Section 504	712,704	13	0	0	0	0	0	0	0	0	0	0	0	0

Exhibit 8 shows the comparable spending patterns for RRHA's 1991 CIAP grant. Mandated needs (LBP testing and Section 504) accounted for about one-fourth of the Authority's budget for this grant, slightly less than planned in the first years of CGP. The likely reason for this change is that, having completed LBP testing under CIAP, the Authority chose to address its LBP abatement needs immediately under CGP.

3.3.1 Spending Differences by Development Type

As Exhibit 9 shows, the vast majority of RRHA's spending is planned for its large, family developments. There is little variation between what the Authority submitted in its original plan and in subsequent annual statements, although the dollar amounts spent on the large and small developments have lagged in FY 1994. This spending pattern is logical, not only because family developments tend to be more expensive to maintain, but also because most of its senior housing was constructed after 1970 and so is in better condition. Further, these buildings already met the requirements for Section 504. RRHA has no resident-managed developments, and all of its developments are conventional rental housing.

3.3.2 Other Patterns of Hard Cost Spending

RRHA has no plans for unit adaptations and has no high-need developments that require reconstruction or reconfiguration. However, the Authority does have serious problems with drugs and crime in its developments; therefore, it is devoting some of its funds, both hard costs and management, to security.[6] As Exhibit 10 shows, the Authority budgeted an average of about $170,000 from hard costs for security needs, including lighting, window locks, and card key systems for its elderly housing.

In addition to security, RRHA also plans to spend a very small amount ($115,200) on energy conservation improvements in FY 1994. These funds are for purchasing new thermal pane windows for Dove Court, one of the smaller housing developments. The Authority purchased new windows and insulation for the majority of its other stock under a special energy conservation grant during the 1980s.

Exhibit 11 shows RRHA's total CGP spending by budget category. In each year, the Authority has budgeted approximately 80 percent of its funds for physical needs, 6 percent for management needs, 5 percent for administration, and 4 percent for other expenses (all A&E fees). The one area which shows some variation over the years of the comprehensive plan is PHA-wide non-dwelling expenses, which reflects the cost of the new computer system. As discussed earlier, this item ended up costing far more than originally estimated. The change is reflected in the detail for the FY 1993 Annual Statement. However, since the RRHA received

[6] RRHA also has a PHDEP grant, which is the source of most of its funding for security.

Exhibit 8
Comparative Data on CIAP Spending Patterns (FY 1991)

Richmond Housing Authority

Budgeted Expenditures: FY 1991	Dollars	Percent of Total
Mandates versus Other		
LBP Testing	$15,052	1
LBP Abatement	0	0
Section 504 Compliance	577,716	23
Other Spending	1,906,167	76
Total Planned Expenditures	$2,498,935	100%

Exhibit 9
Patterns of CGP Hard Cost Spending and Need (Specific Development Types)

Richmond Housing Authority

Development Type	Physical Needs Assessment			Planned Hard Cost Expenditures FY 1992 - FY 1996			FY 92, 93, and 94 Annual Statement		
	Dollars	%	Per Unit	Dollars	%	Per Unit	Dollars	%	Per Unit
Size of Development									
Large	27,007,734	83	7,337	23,387,734	85	6,354	14,373,030	78	3,905
Medium	4,335,911	13	6,850	3,307,811	12	5,226	3,454,392	19	5,457
Small	1,172,900	4	7,979	740,500	3	5,037	504,200	3	3,430
All	32,516,545	100%	7,289	27,436,045	100%	6,150	18,331,622	100%	4,109
Occupancy Type									
Family	29,719,504	91	7,792	24,952,404	91	6,542	16,833,722	92	4,414
Elderly	2,710,541	8	4,937	2,427,141	8	4,421	1,386,900	8	2,526
Mixed	86,500	1	883	56,500	1	577	111,000	< 1	1,133
All	32,516,545	100%	7,289	27,436,045	100%	6,150	18,331,622	100%	4,109
Resident Management Status									
Resident-Managed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Not Resident-Managed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
All	N/A	100%	N/A	N/A	100%	N/A	N/A	100%	N/A
Development Type									
Rental	32,516,545	100	7,289	27,436,045	100	6,150	18,331,622	100	4,109
Turnkey	0	0	0	0	0	0	0	0	0
Mutual Help	0	0	0	0	0	0	0	0	0
Bond Financed	0	0	0	0	0	0	0	0	0
All	32,516,545	100%	7,289	27,436,045	100%	6,150	18,331,622	100%	4,109

Exhibit 10
Patterns of CGP Hard Cost Spending (Other Specific Uses)

Richmond Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 1993 Annual Statement		FY 1994 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Unit Adaptations	N/A		N/A		N/A		N/A		N/A		N/A		N/A	
Demolition/Conversion	N/A		N/A		N/A		N/A		N/A		N/A		N/A	
Security and Drug Elimination	164,000	3	262,800	5	133,020	2	26,820	1	255,000	5	262,800	5	133,020	2
Redesign in High-Need Developments	N/A		N/A		N/A		N/A		N/A		N/A		N/A	
Energy Conservation Improvements	0	0	0	0	115,200	2	0	0	0	0	0	0	0	0
Renovations of Long Vacant Units	N/A		N/A		N/A		N/A		N/A		N/A		N/A	

Exhibit 11
Patterns of Total CGP Spending (By Budget Category)

Richmond Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
EXPENSE CATEGORY														
Hard Cost For Physical Needs	5,579,209	85	5,344,209	81	5,429,209	83	5,579,209	85	5,504,209	84	5,129,209	70	6,413,573	84
PHA-wide Management	400,000	6	400,000	6	400,000	6	400,000	6	400,000	6	400,000	5	400,000	5
PHA-wide Non- Dwelling	0	0	235,000	4	150,000	2	0	0	75,000	1	1,185,000	16	160,236	2
PHA-wide Administration	328,528	5	328,528	5	328,528	5	328,528	5	328,528	5	370,000	5	344,955	5
PHA-wide Other	262,822	4	262,822	4	262,822	4	262,822	4	262,822	4	290,121	4	297,175	4
Replacement Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grand Total	6,570,559	100%	6,570,559	100%	6,570,559	100%	6,570,559	100%	6,570,559	100%	7,374,330	100%	7,615,939	100%

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
"OTHER" DETAIL														
Audit														
Liquidated Damages														
Fees and Cost (A&E)	262,822	4	262,822	4	262,822	4	262,822	4	262,822	4	290,121	4	297,175	4
Site Acquisition														
Relocation														
Total Other	262,822	4%	262,822	4%	262,822	4%	262,822	4%	262,822	4%	290,121	4%	297,175	4%

about $1 million more than anticipated in this year, this increase in costs did not affect their spending for other categories.

Although Exhibit 11 indicates no separate costs for relocation of tenants, staff report that relocation costs are included in the line item for LBP abatement. Staff estimated that about $500 of the costs per unit for 1992 were related to temporary relocation for tenants in the Used House program. Since the Authority is doing no other reconstruction, they have no other relocation costs.

3.3.3 Spending for Management Needs

Since the RRHA has no PHMAP deficiencies, all of its management spending is related to discretionary items. Given the Authority's emphasis on promoting resident employment, the agency planned to spend about half of its CGP management funds on resident services over the first five years of CGP. The majority of these funds will go for Section 3-related programs through the Authority's RBETC program. (See Exhibit 12.) The Authority also plans to spend approximately $100,000 for security and drug elimination from CGP funds, although it has funds from both PHDEP and Weed and Seed which cover most of these needs.

RRHA's Section 3 programs are extensive. First, under the new JOCS procurement system, the agency has instituted a requirement that contractors must use RRHA residents for at least 10 percent of their labor. To facilitate their reaching this goal, RRHA provides some basic training for residents and maintains a resident labor pool. This labor pool is also used to meet the RRHA's own needs for maintenance. Tenants participating in the program are paid for training time and receive the prevailing wage when they work. RRHA's staff is not unionized, which has facilitated the use of resident labor. This program is coordinated through the RBETC.

RBETC also supports the Resident Business Enterprise program. RRHA currently has seven active businesses, the largest being a janitorial company that provides services to the Authority and other businesses in the area. The Authority has just initiated a job readiness program which involves RRHA making shared-wage agreements with area businesses to cover part of the participants' wages during the training period. Finally, RRHA has trained some residents to be Resident Services Assistants who provide information and referral services in some developments to help prevent drug abuse and family problems. Staff report that these programs have been very successful and that about one-third of the original participants have moved out of public housing. However, they have encountered difficulties in getting financing for resident businesses and in helping owners to cope with budgeting.

While the Authority has not allocated a substantial proportion of its CGP funds for homeownership programs, RRHA has a HOPE I grant and has designated one development for homeownership under that program. Participants live in this development under a lease-purchase agreement and are receiving training in budgeting and maintenance. RRHA is in the process of developing another 40 units for lease-purchase and will be working with the city government to expand this program even further.

Exhibit 12
Patterns of CGP Spending (Management)

Richmond Housing Authority

	Management Needs Assessment		Five Year Plan (FY 92-FY 96)		FY 92, 93 and 94 Annual Statement	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Planned Management Spending						
PHMAP Deficiencies (Mandatory)	N/A		N/A		N/A	
PHMAP Deficiencies (Optional)	N/A		N/A		N/A	
Other Deficiencies (Mandatory)	N/A		N/A		N/A	
Other Improvements (Optional)	864,700	43	865,500	43%	641,000	53
Total Management	2,000,000	100%	2,000,000	100%	1,200,000	100%
Planned Management Spending for Resident-Oriented Programs						
Resident Management / Homeownership	0	0	0	0	0	0
Capacity-Building and Training	95,000	5	410,000	21	75,000	6
Section 3 (Economic and Business Development)	799,500	40	624,500	31	449,000	37
Resident Social Services	70,000	4	0	0	0	0
Total Resident Programs	964,500	48	1,034,500	52	524,000	44
Planned Management Spending for Security and Drug Elimination	170,000	9%	100,000	5	35,000	3

4. Summary and Conclusions

The RRHA is in an unusual position because it has relatively little backlog need. The funding it is slated to receive over the first five years of CGP will allow the agency to address its backlog completely as well as to keep up with new needs as they accrue. After 1998, spending will be only for accrual, such as major needs (e.g. heating systems, appliances) in developments that received CIAP funds in the 1980's. The Authority has achieved this situation because of its excellent management performance, including its model preventive maintenance program. As a result, staff believe that CGP has allowed them to create a superior property management program, where they are allowed to address major needs before they lead to serious problems.

The main impact CGP has had on the Authority's spending strategy is to allow it to address all needs in all of it developments, rather than focusing solely on one or two. RRHA continues to fund some developments for comprehensive modernization, but is using the remaining funds to address pressing needs, such as roofs, security needs, and appliances in other developments. While the RRHA did some wide-spread special-purpose modernization under CIAP, those funds were limited and the modernization was restricted to such things as Section 504 treatment.

However, it is not only the flexibility of the CGP program that has altered the RRHA's strategy and allowed the agency to address its backlog needs so thoroughly; it is also that they are receiving substantially more funding under the CGP formula. Under CIAP, RRHA averaged \$4.5 million per year; under CGP, the Authority is receiving about \$7.5 million annually. This high level of funding means that the Authority is able to afford to meet all mandates and resident demands, and also undertake expensive administrative improvements, particularly the purchase of a new computer system. RRHA was well-positioned to take advantage of this funding because its backlog needs were quite low, primarily due to excellent management and low-need stock.

Given this combination of low needs and good management, the Authority has been able to maintain its stock in good condition and so expend its CGP funds primarily on discretionary items. RRHA will be able to address virtually all of its Section 504 and LBP needs within the first five years of the CGP program, without affecting its ability to do other major modernization. The agency will also be able to address all major structural and system needs and provide a large number of programs and amenities for residents.

CGP CASE STUDY
OAKLAND HOUSING AUTHORITY

Prepared by
Kathleen Heintz, Abt Associates Inc.

1. PHA BACKGROUND AND CHARACTERISTICS

The Oakland Housing Authority (OHA) is a large PHA with 3,306 conventional public housing units. The stock consists of 11 major developments and a large number of scattered-site units. Among the major developments, the three oldest (Peralta Villa, Campbell Village, and Lockwood Gardens) date from the early 1940s. Together they contain 916 units in low-rise or row-type structures. The remainder of the family units are in smaller, low-rise developments or located on scattered-sites. The latter account for 1,619 units — or just under half of the stock — and present both modernization and management challenges for OHA. Only 12 percent of the Authority's units are for the elderly, and these are located predominantly in high rise buildings (see Exhibit 1).

OHA has consistently fallen into the average performer group under PHMAP. However, the agency was identified as mod-troubled in the second year of PHMAP (due to contracting problems which were corrected within a year), and it is currently appealing a failing score related to its maintenance program. Overall, the OHA is viewed as a well-managed authority, and the 13-person modernization group was described by the HUD Field Office representative as "the best in Region IX." The maintenance division, however, which accounts for roughly 150 of the Authority's 250 employees, has been criticized — both externally and internally — for its lack of responsiveness and for "dropping the ball" on maintaining newly modernized units. Although the scattered nature of the stock is offered as a reason for maintenance problems, there appears to be agreement that the focus of CGP management improvements should be to reform this aspect of the PHA's operations, particularly given the need to maintain and preserve units undergoing comprehensive modernization.

Modernization funding for OHA was modest prior to CGP (see Exhibit 2). CIAP funds averaged $4.8 million per year between 1984 and 1991, roughly half of the PHA's current funding level under CGP. Although OHA staff seemed to think that the Authority had received its fair share of modernization funding in the past, the level of funding was not sufficient to complete much comprehensive work; for those properties that ***were*** treated, funds usually had to be accumulated over several CIAP grants.

Modernization needs are thus relatively high, totaling approximately $210 million or $63,500 per unit. Needs are concentrated in the larger family developments that had not yet received treatment under CIAP, and in the scattered-site units, almost none of which have been

Exhibit 1
Overview of PHA Characteristics

Oakland Housing Authority

Number of Public Housing Developments and Units:	76 / 3,306
Size of Staff (Total)	250
Number of Modernization Staff	13
PHMAP Score:	Average
Recently Troubled: (Y/N)	Y (Mod)
Mod Troubled: (Y/N)	N
Vacancy Rate at Comprehensive Plan:	1%
Number of Resident-Managed Developments:	0

Characteristics of the Stock — Distribution	Units	Percent
Age of Development		
Pre-1940	0	0
1941-1960	916	28
1961-1980	2,208	67
1981 or later	182	6
Total	3,306	100%
Structure Type		
Detached/Semi-Detached	0	0
Row	372	11
Walk-up	301	9
Elevator	283	9
Mixed	2,350	71
Total	3,306	100%
Development Program		
Rental	3,306	100
Turnkey III	0	0
Mutual help	0	0
Sec/23-bond financed	0	0
Total	3,306	100%
Occupancy Type		
Family	2,923	88
Elderly	383	12
Mixed	0	0
Total	3,306	100%
Development Size		
Small (1-49 units)	1,695	51
Medium (50-199 units)	849	26
Large (200+ units)	762	23
Total	3,306	100%

Exhibit 2
Funding Overview:
Sources and Amounts of HUD Modernization Funding

Oakland Housing Authority

Fiscal Year	CIAP	MROP	CGP	OTHER	TOTAL
FY 1984	$1,855,000	0	0	0	$1,855,000
FY 1985	2,250,000	0	0	0	2,250,000
FY 1986	1,246,980	0	0	0	1,246,980
FY 1987	9,506,956	0	0	0	9,506,956
FY 1988	8,217,085	0	0	0	8,217,085
FY 1989	2,219,000	0	0	0	2,219,000
FY 1990	4,994,898	0	0	0	4,994,898
FY 1991	7,783,000	0	0	0	7,783,000
FY 1992	0	0	$9,354,195	0	9,354,195
FY 1993	0	0	10,838,135	0	10,838,135
FY 1994	0	0	10,808,050	$25,500,000 (URD)	36,308,050

modernized. The latter are located on approximately 250 separate sites in buildings of 4 to 27 units; most date from the late 1960s and early 1970s. The poor conditions in these units are attributed to deferred maintenance, shoddy initial workmanship, use of cheap materials, and poor siting.[1] By contrast, the older family developments have benefited from better initial construction and higher levels of routine maintenance. The Authority's elderly high-rise units are in the best condition of all. About half of these units were quite recently constructed (1984); the two older properties include one (Palo Vista) that has just received comprehensive modernization under CIAP and another (Harrison Street) which was built in 1972 and houses the Authority's executive offices.

2. CGP Planning and Administration

2.1 Physical Needs Assessment

OHA contracted out its needs assessments in two phases. The first was an initial "fast-paced" needs assessment which was intended to be a quick review with minimum documentation, yet sufficient enough to prepare the FY 1992 CGP application. The second phase was a full-scale needs assessment, which would reflect the additional time needed to fully assess the condition of the stock and analyze needs.

The initial physical needs assessment was conducted by Guiterrez/Associates, based on existing documentation, resident input, and physical inspections. The inspections were limited to drive-by exterior inspections of all sites (except for the major developments) and a 10 percent sample of unit interiors. Identified need amounted to approximately $218 million, $185 million of this for hard cost improvements. Although the assessment included Section 504 needs and a factor for LBP abatement, neither of these categories was broken out in the needs assessment documents. Moreover, the documents identified the types of items included as priorities but did not attach dollar amounts.

The full needs assessment (completed by VBN in conjunction with Interactive Resources and others) was finished in time for the 1994 annual statement. This effort reflected a far more intensive data collection effort: 100 percent of the sites were inspected by architects and engineers, and a 30 percent interior sample was reviewed.[2] The effort also produced a sophisticated data base which includes all needs at the work item level, cross referenced by priority level and site. The data can be easily aggregated and manipulated (for example to identify those scattered-sites with the greatest level of priority needs). The work item listing constitutes, in effect, a detailed modernization and maintenance plan for the Authority.

---

[1] The units were purchased on a turnkey basis from multiple developer/builders. Lack of standardization in materials and fixtures contributes to maintenance problems. Use of low-cost designs (flat roofs, inexpensive exterior materials) also causes the units to stand out from their neighbors, making them readily identifiable as public housing. Because of the widespread locations of the units, public housing is a target for criticism and blame for neighborhood problems across the city.

[2] The higher sampling rate was deemed necessary to account for widely varying interior conditions among the scattered site units.

Despite differences in methods, the two needs assessments produced remarkably similar results. In contrast to the $185 million in hard cost needs identified in 1992, the 1994 PNA produced a hard cost estimate of $183 million (see Exhibit 3).[3] Of this amount, $7.9 million (4 percent) was associated with Priority 1 needs, which generally included health and safety or emergency-type items, such as dry rot and deteriorated stairs and railings. Section 504 needs were separately identified and are not included in the Priority 1 figures. As shown in Exhibit 3, Section 504 needs are roughly $8 million, or 4 percent of the total. Authority staff indicated that OHA had already met all of its statutory Section 504 requirements (those in the transition plan) from maintenance funds. Any remaining Section 504 work (aimed toward meeting the 5 percent/2 percent requirement) will be done as a part of the comprehensive rehab of developments. Needs for lead-based paint abatement, recently documented as part of a separate risk assessment, amount to about $5 million, or 3 percent of hard cost need. These rather modest abatement needs will also be addressed as part of comprehensive modernization or systematic painting projects.[4]

The updated PNA is, according to PHA staff, a complete accounting of the modernization and long-term replacement needs of the Authority. The scope of the assessment was broad and, in addition to basic rehab and replacements, included the additional categories of viability work items (roughly $6 million) and redesign work ($22 million). Viability work includes items deemed essential to maintaining the site as public housing over the long term. Examples are adding acoustical barriers to a site located near the freeway and relocating some units on their lots for better security. Redesign work is optional; it might include redesign of the site or updating interior unit layouts from the 1940s (e.g., changing enclosed kitchens to a more contemporary open plan). Long-term replacements accounted for a sizable proportion of need — $79 million or 38 percent of the total.

The 1994 needs assessment process also included a systematic process for taking account of the views of residents. This was accomplished not only through the public hearing and resident comment process, but also through a "human needs assessment" conducted by resident surveyors who visited the sites along with the physical inspectors. Approximately 1,000 surveys were completed, which documented concerns related to maintenance, security, and other aspects of the sites.

Although there is little experience to go by thus far, the figures in the needs assessment are thought by staff to be quite accurate. As an example, for comprehensive work at Peralta Villa, estimated at $24 million in the PNA, the PHA recently received a low bid of $25 million.

---

[3] This includes $143.7 million in hard cost needs identified in the PNA executive summary, plus $38.7 million in need that had been subtracted from the total because it was to be funded from sources other than CGP.

[4] The risk assessment revealed little interior lead. The Authority plans to address LBP as a part of comprehensive modernization or systematic painting work, as opposed to immediate removal, because the latter tends to spread lead dust and also unnecessarily upsets tenants in nearby units.

Exhibit 3
Overview of Physical Needs (1994)

Oakland Housing Authority

Category of Need	Dollar Amount	Percent of Total
Budget Category		
Hard Cost for Physical Needs	$182,510,025	87
PHA-Wide Management Needs	5,202,000	2
PHA-Wide Non-Dwelling Structures and Equipment	549,407	<1
PHA-Wide Administration	10,061,262	5
PHA-Wide Other	11,498,585	5
Grand Total of PHA Needs	209,821,279	100%
Urgency of Need		
Hard Cost Associated with Priority 1 Needs[1]	7,913,389	4
Hard Cost Associated with Lower Priority Needs	174,596,636	96
Total	182,510,025	100%
Mandates		
Hard Cost Associated with Lead-Based Paint Testing	0	0
Hard Cost Associated with Lead-Based Paint Abatement[2]	5,000,000	3
Hard Cost Associated with Section 504	7,997,875	4
Hard Cost Associated with Title VI Order	0	0
High Need Developments		
Hard Cost Associated with Developments with Costs in Excess of 90 Percent of TDC	0	0
Redesign/ Reconstruction in High-Cost Developments	NA	NA

Extent of Overall Need	Ratios
5-Year Funding Level/Total Need	.25
5-Year Funding/Priority 1 Hard Cost Need	6.7
5-Year Funding/Mandated Hard Cost Need (LBP/504/Title VI)	4.1

[1] Excludes LBP and 504
[2] From separate Risk Assessment Document

2.2 Management Needs Assessment

Like the PNA, the Management Needs Assessment (MNA) was conducted in two parts, an initial fast-track assessment and a more thorough full-scale assessment. Again, consultants were hired to conduct the reviews. However, final management needs as shown in the MNA reflected a mix of the consultants' suggestions and the "wish lists" developed by the various department heads. As at many authorities, the items listed in the MNA reflected essentially a five-year spending plan designed to fit within the management spending cap under CGP. Items identified as Priority 1 were funded in the first year, Priority 2 items were funded in the second year, and so on.

According to the staff, none of the items in the PNA was directly tied to a PHMAP deficiency, despite the fact that the Authority received poor grades on some indicators. One reason was that Oakland has typically appealed its scores, so that most failing grades were in dispute. It should also be noted that OHA staff do not put much stock in the PHMAP process, primarily because they believe that the standards are not consistently applied. This is evidenced by appeals that produce widely varying scores and/or widely different assessments provided by different HUD staff. The OHA believes that it has a strong management record (including an enviable vacancy rate of about 1 percent and good rent collections). Despite this good overall performance, there is general acknowledgement that the maintenance department is a relatively weak performer and represents the area where management improvements are most needed.[5]

Exhibit 4 summarizes management improvement needs from the 1994 MNA.[6] As shown, the largest area of need (and funding) is that related to resident-oriented programs, constituting nearly $2 million dollars or 36 percent of the total. This area of funding has been strongly supported by the CGP Advisory Committee, which provides input into the CGP planning process. Resident initiatives include funding for a community services team to assist with resident organizing, for business incubation, and for coordinating resident employment on CGP-funded projects. In addition, the category includes a program called MOPEP (Management On-site Presence Enhancement Program) which hires PHA residents to provide light maintenance services and to serve as the "eyes and ears" of the Authority at specific locations.[7] OHA is also starting a small internship program to train residents in job skills through employment at the Authority.

Administrative functions consume the next largest share of management needs ($1.6 million or 30 percent of the total). This category includes a grants manager position for the Authority, financial and accounting improvements, the development of performance measures for staff positions, and various computer/MIS upgrades.

---

[5] In the most recent round, OHA received an F for correcting inspection deficiencies. OHA appealed unsuccessfully and does not believe that the Authority received a fair hearing on the issue.

[6] The 1994 assessment continues the general plan developed in the 1992 assessment.

[7] It should be noted that MOPEP means different things to different people. While the program is listed under resident initiatives in the management needs assessments, many in the Authority view it as more of a maintenance-oriented program than a resident-oriented effort. At this point the program is still evolving and is not defined.

Exhibit 4
Overview of Management Needs (1994)

Oakland Housing Authority

Type of Need	Mandatory	Optional	Total	%
Needs Associated with PHMAP Deficiencies (by Indicator)	0	0	0	0
Vacancy	0	0	0	0
Modernization	0	0	0	0
Uncollected Rents	0	0	0	0
Energy Consumption	0	0	0	0
Unit turnaround	0	0	0	0
Outstanding Work Orders	0	0	0	0
Inspection/condition of units	0	0	0	0
TARS	0	0	0	0
Operating reserves	0	0	0	0
Routine operating expense	0	0	0	0
Resident initiatives	0	0	0	0
Development	0	0	0	0
Sub-total: PHMAP-Related Need	0	0	0	0%
Other Management Needs (by Functional Area)				
1. Leasing and Ongoing Tenant Functions (outreach, waiting lists, eligibility, collections, recertifications)	0	$61,000	$61,000	1
2. Property Management (maintenance, inspections, and modernization)	0	1,065,000	1,065,000	20
3. Administration, Finance, MIS, Communications	0	1,554,000	1,554,000	30
4. Personnel (including training)	0	280,000	280,000	5
5. Resident Services	0	1,889,000	1,889,000	36
6. Security	0	353,000	353,000	7
7. Other/Misc	0	0	0	0
Sub-total: Other Needs	0	5,202,000	5,202,000	100%
Total Management Need	0	$5,202,000	$5,202,000	100%

Maintenance functions constitute the final major area of management need, with $1 million, or 20 percent of the total, allocated to maintenance improvements. As noted above, the maintenance function is considered to be the Authority's weak point and the area most in need of management reform. Initially, in 1992, planned maintenance improvements focused largely on "decentralization," i.e., moving some of the Authority's centralized maintenance operations out to the major housing sites (clearly, however, decentralization can go only so far, given that half of the stock is located in scattered-site properties averaging only 5 units at any one site). The initial needs assessment (1992) allocated 40 percent of all management improvement funds to "decentralization" which was to have included a feasibility study, followed by a pilot, and, subsequently, full-scale implementation. As it has turned out, however, the contracting process for the decentralization effort has moved slowly, allowing the Authority to shift some funds away from this area. Moreover, the initiative is now viewed more broadly as "revitalization of the maintenance department," with no definitive decision about whether or how much decentralization is desirable. The OHA has only recently hired a consultant for this work; the maintenance department is also just starting a small pilot effort which will locate some maintenance personnel at Lockwood Gardens to serve three large developments along with nearby scattered-site units. Although OHA residents strongly desire more "on-site" presence and have lobbied for this initiative as a part of management improvements, there is some doubt among staff that the decentralization pilot will provide the extent of local maintenance/management presence that residents have in mind.

In addition to these three major areas of management need, smaller amounts of funds are budgeted for security (7 percent) and staff training and other personnel-related efforts (5 percent). Management spending for security during the first two CGP years (not included in the updated needs assessment) had already included the purchase of a mobile command center designed to allow PHA security officers to establish a short-term, on-site presence in locations selected for brief, but intensive, security work.

2.3 Resident Participation in the CGP Process

The Authority has made extensive efforts to involve residents in the CGP planning process. These efforts include two pre-hearing information meetings for each Comprehensive Grant cycle, as well as the required public hearings and the solicitation of written comments from residents. In addition, beginning just after the preparation of the first CGP submission in 1992, the Modernization Director established a CGP Planning Advisory Committee both to provide advice and recommendations on OHA's program and to monitor implementation. The Committee meets frequently during the planning phase for each new year and quarterly to review progress on grants from the prior year. The committee has 16 members, of whom 6 are residents; there are also representatives from City government and a local citizens' group. The remainder of the committee is composed of members of the modernization staff and staff from other OHA departments.

According to the Modernization Director, the establishment of the Planning Advisory Committee was essential in Oakland because there is no officially organized tenant group in any of the developments. In addition, he believes that it is important to provide tenant members with on-going involvement in the program, so that they can get an appreciation for the key issues involved in modernization planning and develop a broader, PHA-wide perspective instead of focusing only on their own developments. This has not always worked as planned; some tenant members of the committee did not work out, and it is sometimes difficult to get the desired level of attendance at meetings, both from residents and from PHA staff. Nevertheless, the Committee appears to provide a very effective forum for taking resident concerns into account. Detailed minutes produced from each meeting provide a running account of committee suggestions and OHA responses. Resident committee members interviewed for this study expressed satisfaction with their level of input and involvement as well as with the general spending strategy followed by the PHA.

Among the most prevalent concerns of residents are security, maintenance issues, and resident initiatives. Security concerns were highlighted in the initial meetings on the first Five-Year Plan and have continued to be near the top of the list in each year (in fact, in the most recent round of hearings, a group of resident "demonstrators" marched to the public meeting to demand that their development receive security enhancements comparable to those completed at other developments). Resident emphasis on security resulted in funding for fences and lighting in the larger developments under the first-year CGP grant. In addition, in FY 1993, virtually all of the funding not absorbed by comprehensive modernization jobs went to security enhancements at various locations.

Maintenance issues raised by residents include a wide variety of specific complaints, underscored by a fairly consistent desire to see more on-site management and maintenance presence. As mentioned previously, there is a great deal of interest among residents and the Committee in decentralization, but it is not clear if resident desires can be met given the scattered nature of the PHA's stock.

Finally, Committee members (as well as participants at the public hearings) have expressed their desire to see more resident hiring as a result of CGP and to use the comp grant funding to help develop resident-owned businesses. Committee input was largely responsible for the increased levels of management spending for resident initiatives that has occurred over time.

As the above discussion indicates, resident input has tended to focus on management spending as opposed to physical needs.[8] OHA staff view the Committee as a valuable means of getting resident input and guidance and are generally satisfied with the process. By contrast, although the larger resident meetings and hearings are carefully planned and prepared, some members of the staff view these as less productive. Also, one staff member indicated that the

---

[8] The PHA has made an effort to familiarize committee members with all of the comprehensive modernization jobs under way and to help residents develop a broader perspective of the PHA's physical stock.

written comment period delayed the process while not providing much in the way of additional substantive input.

2.4 Local Government Participation

A representative from the City of Oakland's community development department sits on the CGP Planning Advisory Committee. Input from this member has also tended to focus on management improvements and has echoed many of the concerns voiced by residents. In the most recent planning round, for example, the City representative presented a motion that any cuts in management spending should be made from categories other than resident initiatives, on-site management initiatives, or security services. In discussions for this study, the representative also emphasized the need for OHA to reform its maintenance operation to make it more responsive to tenants.

Regarding physical needs, City representatives did not participate in the development of the PNA (which was prepared by consultants), but they believe that it was well done. Spending patterns are also thought to be quite sensible in terms of the division of work between comprehensive modernization and other needs. One important City contribution was the suggestion that rehab jobs incorporate design features that would make scattered-site units fit in better with the surrounding neighborhood. The PHA has responded by including more landscaping and painting work in its plans, as well as some design changes (e.g., changing flat roofs to pitched ones) that serve to better integrate PHA units with their environments.

In recent years, the City of Oakland has not provided any CDBG or other local funding for coordinated improvements with public housing. City staff were, however, instrumental in getting the PHA to apply for a HOPE VI (URD) grant, targeting an area known as Fruitvale for this effort.

2.5 Perspectives on CGP Administration and Effectiveness

As discussed previously, CGP represents a doubling of the annual funding level received by OHA under CIAP. This increase has had several impacts on the agency. First, it has allowed the PHA to undertake a substantial number of comprehensive modernization jobs. In the past, a few of the major developments had been fully modernized, but funds had to be aggregated from several years to complete each job. CGP has allowed the Authority to undertake several large comprehensive projects at once (although still aggregating across years), and also to begin comprehensive work at a number of the scattered-sites. When combined with recent CIAP and the URD funds, OHA will have comprehensively modernized about a third of its stock by the end of the first five years. Although funding is still short of need, CGP funding is viewed as closer to meeting needs than CIAP and more fairly distributed to the PHAs. Moreover, according to the Deputy Executive Director, CGP has allowed the agency to do long-range planning for the first time in 12 years.

A second benefit of CGP is the stability and predictability of funding, which has allowed the Authority to staff up its modernization department with some assurance of continued funding. The group is now at 13 members, with authority for one more position.[9]

Finally, CGP has allowed the PHA to undertake a comprehensive planning effort and develop a rational approach for determining priorities both across and within sites. The data base created as part of the Physical Needs Assessment process continues to be an important planning tool and an aid to decision making.

In addition to these benefits, OHA staff cited the leeway and flexibility in how funds are spent as an important change relative to CIAP. Such flexibility, according to the Executive Director, allows the agency to take real responsibility for its decisions. The local government representative also commented favorably on the breadth of allowable management spending under CGP, saying that the committee felt empowered by the freedom; when they asked if funds could be used for a certain purpose, the answer was always yes.

The flexibility or fungibility inherent in the Management Improvements portion of CGP was also viewed as a key benefit by OHA's Deputy Executive Director, who cited CGP as the single most positive change in public housing administration in the last 25 years. Management improvement funds allow OHA to pursue strategic, operational changes (such as the reorganization of the maintenance department) that the agency previously had no funds to even consider. Under CGP, the Authority can now begin to take risks and develop pilot activities that can later be incorporated into regular operations.

On a broader scale, the Deputy Executive Director believes that the real significance of CGP may be a "foot in the door" towards real fungibility -- that is, a combined funding system for capital and operating needs. Such a system would allow PHAs to operate more like private market housing providers. Combined funding would also even out the small changes in funding levels that are not so important in the capital area but are critical when it comes to operating funds.

With respect to program management, PHA staff had few recommendations for administrative improvements at HUD. Approvals under the program have been timely, and reporting under CGP is viewed as "more understandable" than CIAP (although still requiring a fair amount of meaningless paper work). The only suggestion was to consolidate reporting which is now annually for CGP and semi-annually (previously quarterly) for CIAP.

Overall, OHA staff are pleased with HUD's role under the program, which is described as "hands-off." Staff believe the Field Office trusts them; in fact the modernization group has received high praise from HUD despite an F related to procurement documentation in the second PHMAP round (this was brought back up to an A in the next year). Current HUD concerns relate primarily to the maintenance department, whose performance resulted in an F score this year for failure to correct deficiencies identified through inspections. The HUD representative

---

9 For the HOPE VI project, a temporary staff of five will be hired.

feels that maintenance "drops the ball" on recently modernized units, allowing them to fall back into disrepair. It was noted by some OHA staff that perhaps maintenance should rethink the approach to recently modernized units (currently viewed as units with the lowest needs) and instead view these as the units that need the most attention in order to assure that the improvements last.

3. Modernization Strategies and Spending Patterns

3.1 Strategy and Rationale

Oakland's strategy for the use of CGP funds is to combine comprehensive modernization at a small number of developments with more widespread funding for "critical needs." This mixed strategy is intended to reflect the varying needs of the different sites and also to take advantage of the new flexibility afforded by CGP. As OHA wrote in its Five-Year Plan, "After compiling a list of the needs in each of the developments, it was clear that a single strategy would not provide the best result for the Authority. A strategy aimed entirely at comprehensive modernization would ignore important and critical needs at some developments. A strategy entirely directed at addressing the most pressing needs at ***every*** development would render ineffective efforts at some developments clearly in need of a comprehensive approach, because all or nearly all major systems are at or near failure or the end of their useful life."

The allocation of resources between comprehensive and critical needs funding is shown in Exhibit 5. During the first CGP year, only one development (Peralta Villa) was scheduled for comprehensive modernization, a continuation of work funded under CIAP. This work accounted for 68 percent of the funds (based on the revised annual statement). The remainder went to critical needs: primarily rotted decks, stairs, and railings in scattered-site properties and a few major items (security fencing and a solid waste system) in several of the larger developments.

During FY 1993 and FY 1994, the revised plans show the addition of a second large comprehensive modernization job (Campbell Village), along with comprehensive modernization at three of the scattered-site properties. In FY 1993, comprehensive work accounted for 71 percent of funds, with the remainder used for security-related work (fences and lighting) in 47 separate sites. The proportion of funds for comprehensive modernization was lower (56 percent) in FY 1994, due to the need to accommodate some $3 million in PHA-wide spending for hard-wired smoke detectors. However, the basic strategy remained the same. According to the revised plan, spending in the out-years (after all of the major developments have been rehabilitated) will cover an increasing number of small scattered-sites receiving comprehensive treatment.

Exhibit 5 also compares spending patterns under CGP to those under CIAP. As shown, the proportion of funds spent for comprehensive jobs under CIAP was higher, about 86 percent of the total, as compared with 56 to 71 percent for the three (revised) CGP annual statements.

Exhibit 5
Concentration of Modernization Spending (CIAP compared to CGP)

Oakland Housing Authority

Year/ Source	Modernization Types		
	Comprehensive Scope	Selected Work Items/Special Purpose	Total
FY 91 CIAP Projects/Units Dollars	1/390 $6,712,200 (86%)	17/696 $1,070,800 (14%)	18/1,086 $7,783,000 (100%)
FY 92 CGP Annual Statement and 5-Year Plan	1/390 $4,730,000 (72%)	NA/NA $1,842,000 (28%)	NA/NA $6,572,000 (100%)
FY 93	1/154 $5,344,000 (80%)	NA/NA $1,335,000 (20%)	NA/NA $6,679,195 (100%)
FY 94	1/154 $5,430,064 (77%)	NA/NA $1,600,936 (23%)	NA/NA $7,031,000 (100%)
FY 95	1/27 $1,295,194 (18%)	NA/NA $5,927,501 (82%)	NA/NA $7,218,695 (100%)
FY 96	1/372 $6,000,000 (83%)	NA/NA $1,222,695 (17%)	NA/NA $7,222,695 (100%)
FY 1992 Annual Statement Revised	1/390 $4,505,167 (68%)	14/727 $2,137,003 (32%)	15/1,117 $6,642,170 (100%)
FY 1993 Annual Statement Revised	3/191 $5,668,093 (71%)	47/790 $2,307,536 (29%)	50/981 $7,975,629 (100%)
FY 1994 Annual Statement Revised	2/164 $4,586,054 (56%)	3/86 $3,579,556 (44%)	5/250 $8,165,610 (100%)

3.2 Coordination with Other Funding Sources

As shown in Exhibit 6, OHA has several other sources of modernization funding in addition to CGP, although none of these was specifically identified in the initial Five-Year Plan. One source is remaining CIAP funds scheduled for use at Peralta Villa and currently being used to finish work at Palo Vista. Approximately $4.5 million of CIAP funds were spent in 1994; roughly $13 million is outstanding for the modernization of Peralta Villa. This large backlog reflects OHA's strategy of accumulating funds over several years in order to undertake comprehensive modernization.[10]

In FY 1994, OHA also received a HOPE VI (Urban Revitalization Demonstration) grant of $25.5 million. The URD project includes four scattered-site properties in an area of town known as Fruitvale, plus rehabilitation of Lockwood Gardens (one of the older family complexes), and development of a community training center at nearby Coliseum Gardens. About $20 million of the URD grant will go to hard cost improvements, and another $5 million will be devoted to community services, which will be provided by some 17 different organizations. According to PHA staff, the City encouraged OHA to apply for the funds and even loaned the PHA a grant writer to help prepare the application. The City's primary interest was in the Fruitvale area, so the Authority selected four small developments (all with significant siting problems) for redevelopment. Lockwood Gardens was selected for rehab since it had received little past work, was the most distressed site in the Authority (after Peralta), and had a high crime rate; in addition, Lockwood was thought to be the OHA development closest to having a viable resident organization. URD funds will be combined with about $8.5 million in CGP funds to complete the rehab work at Lockwood. Finally, the most urgent need facing the Lockwood/Coliseum area related to social conditions, hence the $5 million in social services funding and the development of the training center.

In addition to these funding sources, the OHA typically spends operating dollars for non-routine maintenance. As mentioned above, most of the PHA's transition plan for Section 504 was funded from the operating budget. Expenditures for non-routine maintenance in 1994 were $1.4 million, or 3 percent of total modernization sources for the year. Total funds spent or made available during the year exceeded $42 million, of which only 26 percent came from CGP.

Despite the fact that no non-CGP funds have been listed in the annual statements, there is clearly coordination between CGP and other funds. CGP is being used in conjunction with previous CIAP allocations to complete work at Peralta Villa. Similarly CGP and URD funds will be used together at Lockwood Gardens. The role of other funds has been largely to replace spending that would otherwise have come from CGP. This is reflected in the revised 1994 Physical Needs Assessment which subtracts needs funded from other sources from the PNA total.

[10] OHA has received approval for its revised spending schedule for these funds.

Exhibit 6
Sources of Funding for Modernization

Oakland Housing Authority

Anticipated CGP and Non-CGP Funds by Year (From Initial Five Year Plan)

Year	CGP	Non-CGP Funds	Total
FY 1992	$9,354,195	0	$9,354,195
FY 1993	9,354,195	0	9,354,195
FY 1994	9,354,195	0	9,354,195
FY 1995	9,354,195	0	9,354,195
FY 1996	9,354,195	0	9,354,195

Sources of Funds for Modernization Needs (Detail from FY 1994 Annual Statement/PHA Documents)

Source	Listed in Statement (Y/N)	Amount	Percent of Total
CGP Formula	Y	$10,808,050	26
CGP Emergency/Disaster Reserve	NA	0	0
Continuing CIAP Programs (not reprogrammed) Estimate of Actual Spending	N	4,528,178[1]	11
Reprogrammed CIAP Funds	NA	0	0
MROP	N	0	0
URD	N	25,500,000	60
Operating income used for betterments & additions or non-routine maintenance	N	1,360,381	3
Section 8 reserves used for capital improvements and equipment	NA	0	0
Modernization staff salaries from non-CGP sources	NA	0[2]	0
Other (List) Vacancy Reducation Program			
Total		$42,196,609	100%

[1]Actual 1994. Outstanding unexpended funds are $13 million.
[2]However maintenance funds portions of two positions for technical support.

3.3 Specific Spending Patterns

3.3.1 Mandates versus Discretionary Spending

Exhibit 7 presents information on planned spending patterns for priority work as well as spending for mandated LBP and Section 504 work. It shows that the proportion of funds going to Priority 1 items has varied considerably across years and has been subject to revision. It is important to note that the elements of comprehensive modernization work are not usually identified as Priority 1. Rather, most of this category has been accounted for by decks, rails, and other critical needs (Year 1) or by security enhancements (Year 2). Based on revised plans, spending for Priority 1 items has ranged from 6 to 23 percent of the total.

Planned spending for LBP and Section 504 is also quite modest. As noted previously, LBP abatement and new Section 504 work will only be undertaken in conjunction with comprehensive modernization. LBP abatement for the largest comprehensive job is already funded under CIAP. Expected future spending, then, is limited to the Campbell Village job (2 percent of total planned spending in FY 1993) and LBP abatement in conjunction with the modernization of Lockwood Gardens in the out-years. As noted previously, the Authority recently conducted a full LBP risk assessment that estimated the Authority's total abatement needs at only \$5 million. The Authority's Section 504 need is roughly \$8 million. Planned spending for either type of work does not exceed 1 percent in any year. Previous LBP and Section 504 spending from CIAP has also been modest (see Exhibit 8), amounting to only 6 percent of the funds, which were used for LBP testing.[11]

3.3.2 Spending by Development Type

Exhibit 9 presents information on needs and spending for different types of OHA developments. As discussed above, needs tend to be concentrated in the small, scattered-site properties (which have never been modernized) and in the larger family developments. Medium-sized developments show the lowest level of needs on a per unit basis. However, spending under CGP has at least initially focused on this last group, accounting for nearly half of all planned expenditures over the past three program years (it should be pointed out, though, that other resources — including existing CIAP and URD funds — are being used for rehab of the two largest and most distressed properties, Peralta Villa and Lockwood Gardens). OHA recognizes that the bigger sites have gotten most of the modernization funds thus far, however current (revised) plans call for an increasing share of funding in the out-years to be devoted to comprehensive modernization of the scattered-sites.

Needs as well as spending are overwhelmingly concentrated in family (as opposed to elderly) properties. This is because most of OHA's elderly units are in new or recently

[11] OHA staff reported that all Section 504 needs identified in the transition plan had been met from operating funds.

Exhibit 7
Patterns of CGP Hard Cost Spending and Comparison with Need (Mandates vs. Discretionary)

Oakland Housing Authority

Spending Priorities and Mandates	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 92 Annual Statement Revised		FY 93 Annual Statement Revised		FY 94 Annual Statement Revised	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996							
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Priority 1	244,000	4	985,195	15	1,600,936	23	5,923,501	82	1,222,695	17	664,711	10	1,872,536	23	485,764	6
All other	6,328,000	96	5,694,000	85	5,430,064	77	1,295,194	18	6,000,000	83	5,977,459	90	6,103,093	77	7,679,846	94
Total	6,572,000	100%	6,679,195	100%	7,031,000	100%	7,218,695	100%	7,222,695	100%	6,642,170	100%	7,975,629	100%	8,165,610	100%
LBP Testing	40,000	1	0	0	0	0	0	0	0	0	40,000	1	0	0	0	0
LBP Abatement	0	0	308,000	5	0	0	0	0	744,500	10	0	0	179,000	2	0	0
Section 504	5,000	<1	0	0	20,800	<1	0	0	63,000	1	5,000	<1	111,056	1	26,473	<1

Exhibit 8
Comparative Data on CIAP Spending Patterns (FY 1991)

Oakland Housing Authority

Budgeted Expenditures: FY 1991	Dollars	Percent of Total
Mandates versus Other		
LBP Testing	$505,263	6
LBP Abatement	0	0
Section 504 Compliance	0	0
Other Spending	7,277,737	94
Total Planned Expenditures	$7,783,000	100%

Exhibit 9
Patterns of CGP Hard Cost Spending and Need (Specific Development Types)

Oakland Housing Authority

Development Type	Physical Needs Assessment (1994)			Planned Hard Cost Expenditures FY 1992 - FY 1996			FY 92, 93, and 94 Annual Statement Revised		
	Dollars	%	Per Unit	Dollars	%	Per Unit	Dollars	%	Per Unit
Size of Development									
Large	$46,231,709	25	$60,672	$11,036,000	32	$14,483	$5,065,167	26	$6,647
Medium	40,835,497	22	48,098	12,442,060	36	14,655	9,709,056	49	11,436
Small	95,442,819	52	56,308	11,245,521	32	6,635	4,915,394	25	2,900
All	182,510,025	100%	55,206	34,723,585	100%	10,503	19,689,617	100%	5,956
Occupancy Type									
Family	169,190,566	93	57,883	34,672,585	100	11,862	19,566,895	99	6,694
Elderly	13,319,459	7	34,777	51,000	<1	133	122,722	1	320
Mixed	0	0	0	0	0	0	0	0	0
All	182,510,025	100%	55,206	34,672,585	100%	10,503	19,689,617	100%	5,956
Resident Management Status									
Resident-Managed	0	0	0	34,672,585	100	10,503	19,689,617	100	5,956
Not Resident-Managed	182,510,025	100	55,206	0	0	0	0	0	0
All	182,510,025	100%	55,206	34,672,585	100%	10,503	19,689,617	100%	5,956
Development Type									
Rental	182,510,025	100	55,206	34,672,585	100	10,503	19,689,617	100	5,956
Turnkey	0	0	0	0	0	0	0	0	0
Mutual Help	0	0	0	0	0	0	0	0	0
Bond Financed	0	0	0	0	0	0	0	0	0
All	182,510,025	100%	55,206	34,672,585	100	10,503	19,689,617	100%	5,956

rehabilitated properties. There are no RMC-managed properties within the OHA, and all of the OHA's units are conventional low-rent housing.

3.3.3 Other Patterns of Hard Cost Spending

Exhibit 10 provides information on hard cost spending for various specific activities, including unit adaptations, demolition and conversion, security and drug elimination, reconstruction or redesign in high-need developments, energy conservation improvements, and renovations in long-vacant units. As shown, no CGP funds are planned for unit adaptations or demolition (although URD-funded work may include selected demolition and rebuilding). OHA's expenditures on security-related items have been substantial, however, with most of this going to security fences and lighting, which were high priorities among residents. The level of such expenditures ranged from around 20 percent in the first program year up to almost 30 percent in FY 1993. During FY 1993, virtually all funds not used for comprehensive modernization went to security enhancements.

OHA does not have any high-cost developments (those with needs exceeding 90 percent of TDC); consequently there are no planned expenditures for this category. No data were available on expenditures for energy-related items, which are typically embedded in costs for other work. Finally, no funds have been directed towards renovations of long-vacant units. OHA has an adjusted vacancy rate of only 1.3 percent, and most of the Authority's empty units are those held open specifically for modernization.

A spending item of some importance is $3.1 million now budgeted in FY 1994 for hard-wiring smoke detectors on an Authority-wide basis. A city ordinance requires OHA to hard-wire detectors whenever rehab work exceeds $1,000. However, OHA believes it will be more efficient to do all of this work at once and has therefore included the cost in a single CGP year. OHA is also exploring the possibility of training residents for this job.

3.3.4 Administration and Other Expenses

Total CGP program expenditures at OHA are shown in Exhibit 11. Overall, hard cost expenditures have accounted for about 70 to 75 percent of the total, although (as will be discussed below) some of these funds have been placed in reserve, as shown in the revised annual statements. Management expenditures have been just under 10 percent in each year, based on revised plans, and administrative expenses are in the 6 to 7 percent range. Other expenses include A&E fees (which have been between 8 and 12 percent of total) and relocation costs of less than 1 percent. For FY 1993 and FY 1994 OHA has put roughly one-third) of its CGP grants in reserve.

Exhibit 10
Patterns of CGP Hard Cost Spending (Other Specific Uses)

Oakland Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five-Year Plan										FY 1992 Annual Statement		FY 1993 Annual Statement		FY 1994 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996							
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Unit Adaptations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Demolition/Conversion	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0
Security and Drug Elimination	1,433,000	22	0	0	0	0	0	0	0	0	1,203,424	18	2,280,136	29	760,545	9
Redesign in High-Need Developments	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Energy Conservation Improvements	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Renovations of Long Vacant Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Exhibit 11
Patterns of Total CGP Spending (By Budget Category)

Oakland Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 92 Annual Statement Revised		FY 93 Annual Statement Revised		FY 94 Annual Statement Revised	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996							
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
EXPENSE CATEGORY																
Hard Cost For Physical Needs	6,572,000	70	6,679,195	70	7,031,000	75	7,218,695	77	7,222,695	77	6,642,161	71	3,968,593	37	4,156,541	38
PHA-wide Management	935,000	10	935,000	10	583,000	6	395,500	4	383,500	4	801,591	9	935,000	9	1,040,400	10
PHA-wide Non- Dwelling	107,000	1	140,000	1	0	0	0	0	0	0	140,907	2	225,000	2	0	0
PHA-wide Administration	654,000	7	654,000	7	654,195	7	654,000	7	654,000	7	669,263	7	654,000	6	748,285	7
PHA-wide Other	1,086,195	12	1,086,000	11	1,086,000	12	1,086,000	12	1,094,000	12	1,100,273	12	1,272,643	12	873,755	8
Replacement Reserves	0	0	0	0	0	0	0	0	0	0	0	0	3,782,899	35	3,989,069	37
Grand Total	9,354,195	100%	9,494,195	100%	9,354,195	100%	9,354,195	100%	9,354,195	100%	9,354,195	100%	10,838,135	100%	10,808,050	100%

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 92 Annual Statement		FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996							
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
"OTHER" DETAIL																
Audit	0	0	ND	ND	ND	ND	ND	ND	ND	ND	0	0	0	0	0	0
Liquidated Damages	0	0	ND	ND	ND	ND	ND	ND	ND	ND	0	0	0	0	0	0
Fees and Cost (A&E)	1,037,195	11	ND	ND	ND	ND	ND	ND	ND	ND	1,100,273	12	1,215,643	11	853,755	8
Site Acquisition	0	0	ND	ND	ND	ND	ND	ND	ND	ND	0	0	0	0	0	0
Relocation	49,000	1	ND	ND	ND	ND	ND	ND	ND	ND	0	0	57,000	1	20,000	<1
Total Other	1,086,195	12%	ND	ND	ND	ND	ND	ND	ND	ND	1,100,273	12%	1,272,643	12%	873,755	8%

3.3.5 Spending for Management Needs

As described previously, annual management spending is directly tied to the MNA, with each priority level (1 through 5) indicating the year in which the funds are to be spent. No funds are associated directly with PHMAP deficiencies (see Exhibit 12).

Planned management spending/need has focused on various finance and MIS systems, improvements in the maintenance department, resident initiatives, and to a lesser extent security. Overall, the level of planned management expenditures has increased since the initial Five-Year Plan and is now just under 10 percent of the total grant amount.

Improvements related to the maintenance department were to have focused on decentralization, including a major feasibility study and "pilot" implementation. The study has been delayed, allowing OHA to spend somewhat less on this activity than originally planned. The maintenance department has just started up a small pilot effort that will serve three larger projects as well as nearby scattered-site units.

Resident initiatives have consumed an increasing share of the management improvements budget, due largely to the emphasis placed on this activity by the Planning Advisory Committee. Resident initiatives accounted for 26 percent of the management budget in FY 1993 and 36 percent in FY 1994. The budgets include funding for the resident initiatives team, which focuses on coordinating jobs on rehab work, resident business development, and resident organizing. OHA also plans to hire residents to provide on-site management, and the Authority is initiating an internship program to train residents through employment at OHA.

In addition to management spending directed to economic development and Section 3, the Authority is in the process of revamping its contracting procedures to take account of revised Section 3 provisions. Unfortunately, however, this has delayed the award of a $25 million contract for rehab of Peralta Villa, which the PHA board sent back to be rebid under the new regulations. It also appears that the OHA's own standards for resident employment may have been stricter than those of Section 3. Previously, OHA contractors committed to a goal of 15 percent resident participation for contracts under $500,000 and 20 percent for contracts over this amount. However, participation was based on total ***hours*** worked, as opposed to number of "new hires" under Section 3. As a result, staff believe that there will be less resident hiring under the revised approach.

4. Summary and Conclusions

The Authority has undertaken a thorough and complete approach to modernization planning under CGP. Both the physical and management needs assessments were extremely detailed efforts, in both cases undertaken by independent consultants. In order to meet the initial deadlines for FY 1992, an initial, fast-paced assessment was completed first, followed by a more extensive effort leading to revised submissions in FY 1994. The process of completing the PNA has provided Oakland with a detailed database documenting needs in each development. The

Exhibit 12
Patterns of CGP Spending (Management)

Oakland Housing Authority

	Management Needs Assessment		Five Year Plan (FY 92-FY 96)		FY 92, 93 and 94 Annual Statement	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Planned Management Spending						
PHMAP Deficiencies (Mandatory)	0	0	0	0	0	0
PHMAP Deficiencies (Optional)	0	0	0	0	0	0
Other Deficiencies (Mandatory)	0	0	0	0	0	0
Other Improvements (Optional)	$3,232,000	100	$3,232,000	100	$2,776,991	100
Total Management	3,232,000	100	3,232,000	100	2,776,991	100
Planned Management Spending for Resident-Oriented Programs						
Resident Management / Homeownership	312,788	10	312,788	10	199,161	7
Capacity-Building and Training	248,654	8	248,654	8	121,316	4
Section 3 (Economic and Business Development)	497,308	15	497,308	15	394,072	14
Resident Social Services	0	0	0	0	0	0
Total Resident Programs	1,058,750	33	1,058,750	33	714,549	26
Planned Management Spending for Security and Drug Elimination	202,250	6	202,250	6	301,289	11

process of establishing priority work items has also given the Authority a tool for planning work at over 250 separate housing sites.

The spending strategy adopted by OHA takes advantage of the flexibility inherent in CGP. While the bulk of the funds (typically 70 percent) have gone to comprehensive modernization work, a portion of the budget is used to meet pressing needs. To date, these "critical needs" have included emergency and safety items identified by the PHA and a variety of security enhancements requested by residents and members of the Planning Advisory Committee. OHA modernization staff indicated that they hoped to be able to focus more on comprehensive modernization in the future and to spend less on security-related work. Some thought is also being given to setting aside a small fund to cover new work identified by residents as part of the hearing process.

OHA staff are quite satisfied with the funding level provided under CGP, which is about twice the average level of funding historically received under CIAP. However, physical needs are substantial, and five years of CGP funding will only address about a quarter of the PHA's measured need. Note, however, that the needs assessment total includes the entire current backlog of modernization needs plus ***all anticipated major replacement needs over the next 20 years.***

OHA staff are not sure how the CGP formula really works and therefore have no basis for comment, other than to note that funding under CGP is closer to need than before. The Authority's Executive Director pointed out that neither CGP nor PFS takes into account the scattered-site nature of OHA's housing. Rather, HUD treats the Authority in the same way as it would another authority with the same number of units but in a much denser arrangement. The poor construction quality of the scattered-site units is an additional factor that may have some influence on needs. However, per unit needs in this stock are actually a bit lower than those of the older developments. Finally, OHA does not score highly on several of the factors that contribute to higher funding: presence of family high-rise units (OHA has none), PHA size, and age of stock. The accrual formula, however, does contain a factor for low-rise developments (the vast majority of OHA's stock) which is designed to capture fewer economies of scale for major systems in these sites.

In terms of mandates for lead-based paint and Section 504, OHA appears to have only modest needs, that can be easily addressed within the formula. These needs will be addressed over time, as part of comprehensive modernization work.

Lucas

CGP CASE STUDY
LUCAS METROPOLITAN HOUSING AUTHORITY

Prepared by
John E. Wilson, TAG Associates, Inc.

1. PHA Background and Characteristics

1.1 Description of Site

The Lucas Metropolitan Housing Authority (LMHA) is a large, well-managed housing authority serving the community of Lucas County, Ohio, which encompasses the City of Toledo. The agency owns and manages 3,253 units of public housing in 40 developments. The agency's most recent PHMAP score (as of September 30, 1993) was 86.74, and staff anticipate a score of 94.25 for FY 1994, which would indicate that LMHA is a high performer according to HUD standards. This score is all the more remarkable because as recently as two years ago LMHA was a troubled housing agency according to PHMAP.

The current staffing of LMHA is 140 full-time equivalents (FTEs), for a staff-to-unit ratio of 1:23. This ratio indicates that LMHA is in line with HUD's recommended staffing guidelines for large PHAs. The modernization department of LMHA is staffed by 7 persons, down from a high of 10 (which the staffing level employed to manage the last CIAP grant of $19 million).

There are 40 developments of various sizes in the LMHA portfolio, comprising 3,253 units (see Exhibit 1). The housing is rather evenly distributed with respect to structure type and occupancy type. More than a third of the units were built in 1960 or earlier.

1.2 Modernization History

LMHA was quite successful in obtaining funding under the Comprehensive Improvement Assistance Program (CIAP). The agency received some $45 million in CIAP funds between from FY 1984 and FY 1991. These grants ranged from $134,000 to $19 million and averaged $5.7 million per year (see Exhibit 2). In addition, LMHA received two grants of $6.9 and $4.4 million under the Major Rehabilitation of Obsolete Properties (MROP) program during this time period.

Under CGP, LMHA has received an annual allocation ranging from $5.2 million in FY 1992 to $6 million in FY 1993. Thus, the agency has not experienced any significant change in its overall level of modernization funding under CGP as compared with CIAP. There has been a large change in the consistency of this funding, however, which staff indicated has meant a great deal in the planning of projects.

Exhibit 1
Overview of PHA Characteristics

Lucas

Number of Public Housing Developments and Units:	40 /3253
Size of Staff (Total)	140
Number of Modernization Staff	7
PHMAP Score:	86.74
Recently Troubled: (Y/N)	Y
Mod Troubled: (Y/N)	N
Vacancy Rate at Comprehensive Plan:	13
Number of Resident-Managed Developments:	0

Characteristics of the Stock — Distribution	Units	Percent
Age of Development		
Pre-1940	724	22
1941-1960	531	16
1961-1980	1,501	46
1981 or later	497	15
Total	3,253	100%
Structure Type		
Detached/Semi-Detached	649	20
Row	691	21
Walk-up	1,161	36
Elevator	601	19
Mixed	151	5
Total	3,253	100%
Development Program		
Rental	3,167	97
Turnkey III	86	3
Mutual help	0	0
Sec/23-bond financed	0	0
Total	3,253	100%
Occupancy Type		
Family	830	26
Elderly	1,020	31
Mixed	1,403	43
Total	3,253	100%
Development Size		
Small (1-49 units)	560	17
Medium (50-199 units)	2,080	64
Large (200+ units)	613	19
Total	3,253	100%

Exhibit 2
Funding Overview:
Sources and Amounts of HUD Modernization Funding

Lucas Metropolitan Housing Authority

Fiscal Year	CIAP	MROP	CGP	TOTAL
FY 1984	$3,424,154	0	0	$3,424,154
FY 1985	134,000	0	0	134,000
FY 1986	1,902,000	0	0	1,902,000
FY 1987	3,239,000	$6,896,000	0	10,135,000
FY 1988	4,640,000	0	0	4,640,000
FY 1989	6,623,064	0	0	6,623,064
FY 1990	6,999,500	4,431,823	0	11,431,323
FY 1991	18,988,559	0	0	18,988,559
FY 1992	0	0	$5,248,479	5,248,479
FY 1993	0	0	5,874,806	5,874,806
FY 1994	0	0	6,000,000	6,000,000

2. CGP PLANNING AND ADMINISTRATION

2.1 Physical Needs Assessment

LMHA's Physical Needs Assessment (PNA) was developed in-house, principally by the Director of Maintenance and the Director of Modernization. Specific needs were identified by the maintenance staff, based on reviewing data from HQS (housing quality standards) inspections, site visits to all developments, and reviews of all work orders. While the PNA does not exactly equal the Five-Year Plan in terms of total dollars, it is clear that staff developed both the PNA and MNA based on full knowledge of the CGP formula amount to be received. (This is evidenced by the fact that the total dollars identified in the MNA exactly match the management improvements listed in the Five-Year Plan.)

Exhibit 3 shows needs as identified by LMHA. These total $34.4 million, of which $26.9 million are for physical needs. Staff indicated that the basic approach to modernization at LMHA is not to redesign a project, but rather to update all the systems and basic amenities of the property — always using slightly above-average materials — with the goal of increasing life expectancy of the capital improvement. In assigning priorities, the highest priority might be assigned by LMHA to a physical improvement for any of the following reasons:

- The item would cause larger problems if left untreated (e.g. roofs);
- The item is required for health and safety reasons (e.g. water lines, security lights and fences);
- The item continuously caused the most work orders;
- The item is nearing the end of its useful life;
- The items reflects a HUD or local mandate (e.g. Section 504, lead-based paint, smoke detectors).

Exhibit 3 shows that LMHA identified $3.3 million of the total as Priority 1 hard cost needs. Some examples of improvements receiving a Priority 1 status include re-roofing at several developments, updating existing handicapped units to current accessibility codes, remodeling kitchens and baths, replacing hot water systems, installing smoke detectors and emergency call systems, and installing security lighting.

The cost estimates for the PNA were all done in-house, based on any experience LMHA had already gained from doing similar work. Staff typically referred to the R.S. Means construction cost estimation manual for materials and systems, and consulted with contractors on some of the larger jobs. Inflation was always factored in. Staff indicated that the estimates were in almost all cases very good, with bid costs usually coming in within 5 to 15 percent of the estimates. The accuracy of the estimates was confirmed by HUD field staff.

Exhibit 3
Overview of Physical Needs

Lucas Metropolitan Housing Authority

Category of Need	Dollar Amount	Percent of Total
Budget Category		
Hard Cost for Physical Needs	$26,975,720	78
PHA-Wide Management Needs	2,624,235	8
PHA-Wide Non-Dwelling Structures and Equipment	1,990,000	6
PHA-Wide Administration	1,836,965	5
PHA-Wide Other	1,050,000	3
Grand Total of PHA Needs	34,476,920	100%
Urgency of Need		
Hard Cost Associated with Priority 1 Needs	3,336,074	12
Hard Cost Associated with Lower Priority Needs	23,639,646	88
Total	26,975,720	100%
Mandates		
Hard Cost Associated with Lead-Based Paint Testing	25,000	<1
Hard Cost Associated with Lead-Based Paint Abatement	0	0
Hard Cost Associated with Section 504	1,173,632	3
Hard Cost Associated with Title VI Order	0	0
High Need Developments		
Hard Cost Associated with Developments with Costs in Excess of 90 Percent of TDC	0	0
Redesign/ Reconstruction in High-Cost Developments	0	0
Extent of Overall Need	**Ratios**	
5-Year Funding Level/Total Need	.76	
5-Year Funding/Priority 1 Hard Cost Need	7.9	
5-Year Funding/Mandated Hard Cost Need (LBP/504/Title VI)	21.9	

Note: The PNA only covers 25 of 40 developments, comprising 1,818 of 3,253 units (56%). See section 2.1 for discussion.

Agency staff indicated that they felt that the PNA was very thorough and accurate. However, the PNA submitted by the agency only included needs at those developments where work was to be funded in the Five-Year Plan. LMHA staff did not believe that they should include other developments. In addition, certain items were not fully addressed in the PNA: specifically, utility items like transformers and sewer lines, as well as roofs at some developments were overlooked. ***As a result, the PNA is not nearly a complete assessment of the capital improvement needs of the agency; only 25 developments - comprising 1,818 of the agency's 3,253 units - are included in the assessment.***

The developments that were excluded from the PNA were generally those that had already undergone comprehensive modernization. However, staff indicated that this does not mean there were no needs at those developments, only that they would not receive further treatment under the first Five-Year Plan. It is likely that staff made the decision to exclude these developments based on their knowledge of the formula funding that would actually be available over the period.

Since the original PNA, there have been several updates, because LMHA views the PNA as a dynamic document. Each year, as improvements are made at specific developments, those improvements are removed from the PNA, and new needs are identified and added to it. In this way, the PNA is always changing and always being made more current. Note, however, that the needs assessment does not yet include any needs at the developments originally excluded from the plan.

2.2 Management Needs Assessment

The Management Needs Assessment (MNA) was completed in-house by LMHA senior staff. The general process involved division directors determining the needs in their divisions, and presenting them, along with those needs identified by their peers, to the Executive Director. The Executive Director then decided which initiatives to put in the budget, based on the presentations of the senior staff and keeping in mind any mandated improvements resulting from PHMAP deficiencies. In addition, there was some limited use of consultants in the areas of Section 504 needs and PHA-wide training needs. These reports were utilized in making a final selection of management needs to fund in the Five-Year Plan.

The selection of particular management needs to be funded was largely at the discretion of the Authority, with the exception of those needs required under PHMAP improvement plans, a HUD MOA[1] , and Section 3 of the Housing Act of 1968. In total, mandated needs comprise only 7 percent of the total management needs identified in the agency's MNA (see Exhibit 4). It is important to note, however, that LMHA undertook many PHMAP-related management improvement initiatives that do not appear in the exhibit, because they were "no-cost" items. These were general organizational and supervisory improvements rather than additions of new staff or new systems.

---

[1] This agency was one of only 23 HUD-designated troubled PHAs as recently as 1991. Consequently, it entered into a Memorandum of Agreement with HUD in order to formalize an agreed-upon improvement plan.

Exhibit 4
Overview of Management Needs

Lucas Metropolitan Housing Authority

Type of Need	Mandatory	Optional	Total	%
Needs Associated with PHMAP Deficiencies (by Indicator)				
Vacancy	0	0	0	0
Modernization	0	0	0	0
Uncollected Rents	0	0	0	0
Energy Consumption	0	0	0	0
Unit turnaround	75,000	0	75,000	3
Outstanding Work Orders	0	100,000	100,000	4
Inspection/condition of units	100,000	0	100,000	4
TARS	0	100,000	100,000	4
Operating reserves	0	0	0	0
Routine operating expense	0	0	0	0
Resident initiatives	0	0	0	0
Development	0	0	0	0
Sub-total: PHMAP-Related Need	175,000	200,000	375,000	14
Other Management Needs (by Functional Area)				
Leasing and Ongoing Tenant Functions (outreach, waiting lists, eligibility, collections, recertifications)	0	0	0	0
Property Management (maintenance, inspections, and modernization)	0	0	0	0
Administration, Finance, MIS, Communications	0	650,000	650,000	25
Personnel (including training)	0	0	0	0
Resident Services	0	384,947	384,947	14
Security	0	200,000	200,000	8
Other/Misc	0	1,014,288	1,014,288	39
Sub-total: Other Needs	0	2,249,235	2,249,235	86
Total Management Need	175,000	2,449,235	2,624,235	100%

Specific PHMAP-related management improvements were in the areas of unit turnaround, inspection of units, outstanding work orders, and TARs. Other (non-PHMAP) management needs were in the areas of resident services, computer hardware and software upgrades, and resident security. The largest cost item was consolidating staff into two central offices from a number of remote sites. This move was funded almost exclusively out of CGP management improvement funds.

2.3 Resident and Local Government Involvement

2.3.1 Resident Participation

LMHA staff indicate that the agency has had an active resident council for several years and that residents were actively involved in the modernization program even before the advent of CGP. At LMHA, there is a Central Resident Council (CRC) and several smaller development-based councils. LMHA staff have attended meetings of all of these groups for several years, involving them in CIAP planning. Prior to the development of the CGP plans, the president of the CRC accompanied LMHA staff to Chicago for training on CGP.

Under CGP, staff still attend meetings at the sites, which are used as a primary vehicle for gathering resident input. The only difference in resident participation under CGP is that there is now a mandated public hearing. At the public hearing each year, postage-paid envelopes are distributed for residents to send in comments or suggestions regarding the program to the modernization department.

Overall, LMHA has been very solicitous of resident suggestions for physical improvements at the various sites, and, according to the CRC and staff, the plans have been changed based on resident input. One example was the inclusion of a heating system upgrade at a development based solely on resident demands that this be given top priority. The work was included in the plan and has now been completed. Residents were generally pleased with the plans for modernization, since it seemed that nearly all developments had recently received some type of modernization. Nevertheless, both staff and the CRC president expressed frustration with the modest level of resident participation despite the best efforts of the agency. The reason cited for low participation was resident fears that if they speak out, they will be evicted. No reason was cited for the existence of this fear.

The CRC president indicated that residents are very satisfied with the process for input and with the administration of the modernization program of the agency. She stated that the agency has been doing a great job and that the developments are fine places to live.

2.3.2 Local Government Participation

The Commissioner of Housing acts as the chief liaison for the City of Toledo with the Housing Authority. He indicated that the City had been consulted during the development of the comprehensive plan to solicit the City's recommendations for physical improvements. The City was also sent a draft copy of the Five-Year Plan, before it was sent to HUD, which was accepted as written. While the City did not shape the plan in any material way, it is satisfied with the process for input into the plan. City staff are constantly apprised of events affecting the LMHA through monthly meetings of the Toledo Housing Advisory Commission, a 33-member body on which the Executive Director of the Authority sits. The Commissioner indicated that the City is quite satisfied with the overall management of the agency in general, and with the modernization program specifically.

2.4 On-Going CGP Planning

The LMHA's process for preparing subsequent CGP annual statements has generally been the same as that for the initial statement. Staff have used the original application as a template, updating it as appropriate. Each year, LMHA staff try to increase resident involvement in this process, but they have met with only limited success.

The needs assessment is revised with the submission of each new application, deleting those items that have been completed and adding new needs as they are identified. So far, there have been revisions in the areas of both management and physical needs. Revisions are transmitted by way of the annual performance and evaluation reports.

Staff report that the program does require many revisions to the spending plans, and that this can be quite labor-intensive. As a result, LMHA is investigating CGP software developed by a firm in Chicago; this software is would replace the agency's current spreadsheet approach for tracking expenditures and obligations and should make revisions simpler and more efficient to manage.

2.5 Perspectives on CGP Administration and Effectiveness

2.5.1 Perceived Impact of Formula Approach

The Authority generally likes the changes associated with CGP. Knowing funding levels in advance has made planning significantly easier and more productive. The fact that the funding level is generally constant has made the administration of the program easier, insofar as staff work loads are now more constant. Under CIAP, the agency had some years with very modest modernization funding and one year in which it received nearly $19 million. Under CGP, it is easier to determine the staffing required from year to year and to proceed with the program.

Regarding planning, staff indicated that they no longer have to do extensive up-front work for an application that may never be funded. By contrast, under CGP, staff know that when they do a site assessment and develop work item specifications and implementation schedules, the job will in fact be done. In addition, staff report that drawing down funds is now vastly easier and more efficient under LOCCS as compared to the previous HUD payment method, the Rapid Payment System (RPS).

With respect to administration, staff indicated that they no longer need HUD approval for a variety of items, including: the Previous Participation report; plans and specifications; the bid process; and, change orders. All of these added a great deal of work and time to the CIAP process. The change to CGP has made the process substantially more efficient, as staff no longer have to write numerous letters to the HUD Field Office requesting all sorts of approvals. This reduces administration costs and allows the work to be completed more quickly.

The Lucas Metropolitan Housing Authority staff see HUD's role as being substantially reduced under CGP, and this is generally viewed positively. However, staff also report that under CGP, HUD staff have not conducted any reviews since the program began; under CIAP, HUD staff came once or twice each year to review the modernization work of the agency. This diminished HUD role, staff feel, could allow problems to arise over time, particularly with larger modernization efforts.

2.5.2 Process and Documentation

As confirmed by HUD staff, LMHA has submitted all of its CGP documentation in a timely manner. The Authority staff did not suggest any changes to the information provided to HUD. Staff also reported that HUD was timely in its approval of all applications and performance reports. Generally, they feel that the process and documentation support the program well.

2.5.3 Relationship to HUD

Agency staff felt that HUD personnel are more focused now in their more limited roles, and that, as a result, the relationship is vastly improved and more productive. LMHA staff did not see a significant difference in the relationship with or performance by HUD as a result of Field Office reorganization. They did report that HUD performance with respect to monitoring, evaluation, approval, and fund disbursement under CGP is significantly more streamlined and timely than under CIAP.

3. Modernization Strategies and Spending Patterns

3.1 Overall Strategy and Rationale

The modernization strategy favored by LMHA is one of comprehensive modernization of the developments. In the first Five-Year Plan, over 90 percent of funds were planned for use in comprehensive modernization efforts (see Exhibit 5). Staff reported that, as long as developments are in need of comprehensive modernization, this strategy will remain in place.

Exhibit 5
Concentration of Modernization Spending (CIAP compared to CGP)

Lucas Metropolitan Housing Authority

Year/ Source	Modernization Types		
	Comprehensive Scope	Selected Work Items/Special Purpose	Total
FY 91 CIAP Projects/Units Dollars	10/967 $18,582,959 (98%)	3/250 $405,600 (2%)	13/1,217 $18,988,559 (100%)
FY 92 CGP Annual Statement and 5-Year Plan	12/537 $3,865,788 (74%)	9/986 $1,382,691 (26%)	21/1,523 $5,248,479 (100%)
FY 93	6/610 $5,248,479 (100%)	0/0 $0 (0%)	6/610 $5,248,479 (100%)
FY 94	5/415 $5,123,479 (98%)	1/49 $125,000 (2%)	6/464 $5,248,479 (100%)
FY 95	8/459 $5,248,479 (100%)	0/0 $0 0%	8/459 $5,248,479 (100%)
FY 96	2/315 $5,248,479 (100%)	0/0 $0 0%	2/315 $5,248,479 (100%)
FY 1993 Annual Statement Revised	6/610 $5,645,308 (96%)	2/196 $229,498 (4%)	8/806 $5,874,806 (100%)
FY 1994 Annual Statement Revised	4/401 $3,691,000 (62%)	8/1,164 $2,309,000 (38%)	12/1,565 $6,000,000 (100%)

However, the majority of the older developments have now been comprehensively modernized, thus allowing the agency to begin performing more limited piecemeal work. This work centers on so-called "curb appeal" items which are intended to improve the marketability of the developments. Improving marketability is critical, since the agency has a 20 percent annual move-out rate. Staff believe that improvements in visual appeal will help reduce turnover, which is costly to the Authority and impedes a sense of community among the residents.

3.2 Coordination of CGP with Other Funding Sources

For FY 1994, the Authority plans to spend some $767,000 in CIAP funds and another $131,000 in operating funds on capital improvements in addition to its CGP grant of $6 million (see Exhibit 6). This level of additional funding is fairly representative of past practice, as finances in all programs have been limited at LMHA. At the time of the initial Five-Year Plan, operating reserves were just above 20 percent of the maximum required by HUD, barely yielding for the agency a grade of "C" on this PHMAP indicator. Given limited use of operating funds for modernization, and no recent MROP or URD grants, coordination of non-CGP dollars with CGP dollars has been quite limited; no other funds were reported in any of the CGP documents. However, as the reserve position of the Authority has improved over the past few years, staff now anticipate being able to fund some of the curb appeal projects mentioned above that historically have gone unfunded.

3.3 Specific Spending Patterns

3.3.1 Mandates versus Discretionary Spending

Exhibit 7 shows basic spending patterns under CGP including the proportion of funds going to priorities and to mandates such as LBP abatement and Section 504. In Lucas, most of the lead paint had already been treated under CIAP, with the possible exception of the agency's scattered-site units. These units are scheduled for modernization work in Year Five of the initial plan. There is, however, a substantial amount of handicapped accessibility work to be done. Since this work is typically handled while comprehensive modernization is taking place at a site, it is included in all of the comprehensive modernization to be performed under CGP.

In total, mandated improvements (apart from comprehensive modernization) comprise only 6 percent of all improvements planned over the first five years of the CGP. This shows a significant increase over spending on the same items under CIAP, where less than 1 percent of spending was for mandates (see Exhibit 8). Staff attribute this to the greater emphasis placed on these improvements under the CGP program.

Exhibit 6
Sources of Funding for Modernization

Lucas Metropolitan Housing Authority

Anticipated CGP and Non-CGP Funds by Year (From Initial Five Year Plan)

Year	CGP	Non-CGP Funds	Total
FY 1992	$5,248,479	0	$5,248,479
FY 1993	5,248,479	0	5,248,479
FY 1994	5,248,479	0	5,248,479
FY 1995	5,248,479	0	5,248,479
FY 1996	5,248,479	0	5,248,479

Sources of Funds for Modernization Needs (Detail from FY 1994 Annual Statement/PHA Documents)

Source	Listed in Statement (Y/N)	Amount	Percent of Total
CGP Formula	Y	6,000,000	87
CGP Emergency/Disaster Reserve	N	0	0
Continuing CIAP Programs (not reprogrammed) Estimate of Actual Spending	N	767,900	11
Reprogrammed CIAP Funds	N	0	0
MROP	N	0	0
URD	N	0	0
Operating income used for betterments & additions or non-routine maintenance	N	131,100	2
Section 8 reserves used for capital improvements and equipment	N	0	0
Modernization staff salaries from non-CGP sources	N	0	0
Other (List)	N	0	0
Total		6,899,000	100%

Exhibit 7
Patterns of CGP Hard Cost Spending and Comparison with Need (Mandates vs. Discretionary)

Lucas Metropolitan Housing Authority

Spending Priorities and Mandates	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Priority 1	2,538,650	62	548,632	13	0	0	100,000	2	0	0	N/A *		3,856,500	82
All other	1,526,350	38	3,723,000	87	4,148,632	100	4,149,538	98	4,103,632	100	N/A		859,000	18
Total	4,065,000	100	4,271,632	100	4,148,632	100	4,249,538	100	4,103,632	100	4,530,990	100	4,715,500	100
LBP Testing	0	0	0	0	0	0	0	0	25,000	< 1	0	0	0	0
LBP Abatement	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Section 504	434,000	11	239,632	6	235,000	5	65,000	2	200,000	5	282,218	6	0	0

* FY 93 Annual Statement does not identify priority of needs funded.

Exhibit 8
Comparative Data on CIAP Spending Patterns (FY 1991)

Lucas Metropolitan Housing Authority

Budgeted Expenditures: FY 1991	Dollars	Percent of Total
Mandates versus Other		
LBP Testing	0	0
LBP Abatement (a)	86,400	<1
Section 504 Compliance (b)	21,000	<1
Other Spending	18,881,159	99
Total Planned Expenditures	18,988,559	100

(a) estimated at $1,600 * 54 units
(b) estimated at $7,000 * 3 units

3.3.2 Spending Differences by Development Type

As can be seen in Exhibit 9, there are some significant differences in spending both by development size and occupancy type. Large developments are receiving vastly less CGP treatment than medium or small developments; however, this is due to the fact that there are only two large developments in the LMHA portfolio, and both of these were comprehensively modernized recently under CIAP. Spending at medium and small developments exhibits some differences, with smaller developments receiving less per unit. This is because these developments are overwhelmingly for the elderly; the units are smaller and less subject to wear-and-tear than the family units.

There are three factors that lead to spending differences by occupancy type, two that favor family sites and one that favors elderly. To begin, the elderly developments are the newest in the portfolio and are in many cases not receiving comprehensive modernization as a result; also, since elderly units are smaller with fewer bedrooms, even in cases where they are receiving comprehensive treatment, the cost is less per unit than for the larger family units. On the other hand, since the elderly units house more of handicapped residents, there is greater spending on Section 504 on elderly units than on family units. The net effect of these factors is that spending per unit is significantly higher at family developments than it is at elderly developments ($12,180 versus $5,947).

3.3.3 Other patterns of Hard Cost Spending

Exhibit 10 presents information on several other spending patterns including spending for unit adaptations, demolition/conversion, security and drug elimination, redesign in high cost developments, energy conservation, and renovation of long vacant units. As shown, LMHA identified few needs of this type and, accordingly, expended few funds in these categories. Specifically, there are no planned expenditures in the area of unit adaptations at the LMHA. While the Authority has identified one site where demolition is needed, this is a old store at the site, not a housing unit. LMHA staff estimate that approximately $150,000 is expended annually for security related physical improvements. Examples cited were lighting, security fencing at some sites, and centralized mail boxes. LMHA staff indicated that a full 25 percent of all hard cost expenditures represent energy conservation measures, such as installing energy-efficient windows and doors, attic insulation, and new furnaces that are 80 percent energy-efficient. The installation of these physical improvements is now standard operating procedure for the LMHA modernization program. Finally, there are no expenditures in any of the remaining categories, since there are no high-cost developments in the LMHA portfolio and there are no long-vacant units to renovate.

3.3.4 Administration and other Expenses

As shown in Exhibit 11, LMHA has budgeted the full amount allowable under CGP (7 percent) for administration, and, according to the 1994 CGP Performance and Evaluation report,

Exhibit 9
Patterns of CGP Hard Cost Spending and Need (Specific Development Types)

Lucas Metropolitan Housing Authority

Development Type	Physical Needs Assessment			Planned Hard Cost Expenditures FY 1992 - FY 1996			FY 92, 93, and 94 Annual Statement		
	Dollars	%	Per Unit[1]	Dollars	%	Per Unit	Dollars	%	Per Unit[2]
Size of Development									
Large	0	0	0	0	0	0	444,500	4	725
Medium	20,728,836	77	14,557	14,672,432	73	10,303	10,892,000	80	7,649
Small	6,246,884	23	15,855	5,357,670	27	13,598	2,110,990	16	5,358
All	26,975,720	100%	14,838	20,029,802	100%	11,017	13,447,490	100%	7,397
Occupancy Type									
Family	8,201,720	30	15,359	5,242,670	28	9,818	6,504,490	49	12,180
Elderly	11,316,000	42	13,220	10,454,500	52	12,213	5,091,500	38	5,947
Mixed	7,458,000	28	17,425	4,332,632	20	10,123	1,851,500	13	4,326
All	26,975,720	100%	14,838	20,029,802	100%	11,017	13,447,490	100%	7,397
Resident Management Status									
Resident-Managed	0	0	0	0	0	0	0	0	0
Not Resident-Managed	26,975,720	100	14,838	20,029,802	100	11,017	13,447,490	100	7,397
All	26,975,720	100%	14,838	20,029,802	100%	11,017	13,447,490	100%	7,397
Development Type									
Rental	26,779,846	99	15,187	19,883,352	99	11,297	13,301,040	99	7,557
Turnkey	195,874	1	3,377	146,450	<1	2,517	146,450	1	2,517
Mutual Help	0	0	0	0	0	0	0	0	0
Bond Financed	0	0	0	0	0	0	0	0	0
All	26,975,720	100%	14,838	20,029,802	100%	11,017	13,447,490	100%	7,397

[1]Per unit need and spending figures are based on the 1,818 units included in the PNA and Five-Year Plans.

[2]Reflects improvements that were added to the PNA and Five-Year Plan for two developments.

Exhibit 10
Patterns of CGP Hard Cost Spending (Other Specific Uses)

Lucas Metropolitan Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 1993 Annual Statement		FY 1994 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Unit Adaptations	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Demolition/Conversion	0	0	0	0	0	0	0	0	0	0	0	0	30,000	1
Security and Drug Elimination	0	0	150,000	4	150,000	4	150,000	4	150,000	4	150,000	4	150,000	4
Redesign in High-Need Developments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energy Conservation Improvements *	0	0	1,000,000	25	1,000,000	25	1,000,000	25	1,000,000	25	1,000,000	25	1,000,000	25
Renovations of Long Vacant Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0

* The Modernization Director estimates that 25 percent of total hard cost expenditures relate to energy conservation.

Exhibit 11
Patterns of Total CGP Spending (By Budget Category)

Lucas Metropolitan Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
EXPENSE CATEGORY														
Hard Cost For Physical Needs	4,065,000	77	4,225,632	81	4,148,632	79	4,249,538	81	4,058,632	77	4,530,990	77	4,715,500	79
PHA-wide Management	524,847	10	524,847	10	524,847	10	524,847	10	524,847	10	587,480	10	600,000	10
PHA-wide Non-Dwelling	0	0	50,000	1	50,000	1	50,000	1	0	0	109,000	2	0	0
PHA-wide Administration	367,393	7	368,000	7	370,000	7	370,000	7	370,000	7	411,236	7	420,000	7
PHA-wide Other	291,239	6	80,360	2	157,000	3	77,094	1	295,000	6	236,000	4	264,500	4
Replacement Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grand Total	5,248,479	100%	5,248,479	100%	5,248,479	100%	5,248,479	100%	5,248,479	100%	5,874,706	100	6,000,000	100

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
"OTHER" DETAIL														
Audit	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Liquidated Damages	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees and Cost (A&E)	266,239	5	34,360	<1	157,000	3	54,094	1	250,000	5	175,000	3	264,500	4
Site Acquisition	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Relocation	25,000	<1	46,000	1	0	0	23,000	<1	45,000	1	61,000	1	0	0
Total Other	291,239	6%	80,360	1%	157,000	3%	77,094	1%	295,000	6	236,000	4	264,500	4%

all of these funds will be expended. LMHA expects to incur only minimal relocation expenses, totalling only $25,000 for Year One. Because LMHA is doing considerable comprehensive modernization work, architectural and engineering costs are substantial, totalling some $266,000 in Year One (5 percent of the grant award). LMHA has not budgeted any funds for replacement reserves since all needs identified in the needs assessment have not been met.

3.3.5 Spending for Management Needs

As described previously, the Authority had a number of mandatory management improvement needs, either resulting from a low PHMAP score or a Memorandum of Agreement with HUD. Of these, LMHA has funded mandatory improvements in the area of unit turnaround and inspection of units (see Exhibit 12). LMHA has also funded optional PHMAP-related improvements in the areas of work orders and TARs. Over the period of the CGP, LMHA has improved in all of these PHMAP areas and has gone from a troubled PHA to a high-performer.

The agency has steadily increased its spending in the area of resident initiatives from the first annual statement through the third annual statement, going from $50,000 up to $215,000. In year one, the agency allocated funds to a resident services coordinator only; in year three, the agency is allocating funds to the resident services coordinator, an economic development specialist, economic development programs, a family support case manager, and resident training. This represents a greater than 300 percent increase in funding of these programs, and a very clear commitment on the part of the agency to funding resident initiatives.

The Authority has a three-pronged approach to meeting Section 3 requirements. This involves: the creation of the position of economic development specialist with the goal of developing programs that will assist residents to become economically self-sufficient; the inclusion of language in all contracts that encourages hiring residents for large modernization contracts; and the creation of a in-house program which has trained residents to become glaziers. LMHA recently trained 10 residents as glaziers; 7 were then hired and employed by LMHA to work on several modernization jobs. All of them were offered jobs as a result of this program, but none accepted work. The program has terminated for this cycle, and staff believe that all 7 residents are now unemployed. Nevertheless, staff felt that the program was a success, and are likely to resume it at a later date.

4. Summary and Conclusions

LMHA staff believe that the CGP process is very useful and constructive with respect to planning and needs assessments. Unfortunately, however, staff indicated that the PNA they developed was incomplete in a number of ways: first, about half of the Authority's units were excluded from the needs assessment, and several items were apparently left out. All told, staff believe that the PNA is understated by some $15 million.

Exhibit 12
Patterns of CGP Spending (Management)

Lucas Metropolitan Housing Authority

	Management Needs Assessment		Five Year Plan (FY 92-FY 96)		FY 92, 93 and 94 Annual Statement	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Planned Management Spending						
PHMAP Deficiencies (Mandatory)	175,000	7	175,000	7	122,480	7
PHMAP Deficiencies (Optional)	200,000	7	200,000	7	175,000	10
Other Deficiencies (Mandatory)	0	0	0	0	0	0
Other Improvements (Optional)	2,249,235	86	2,249,235	86	1,415,000	83
Total Management	2,624,235	100	2,624,235	100	1,712,480	100
Planned Management Spending for Resident-Oriented Programs						
Resident Management / Homeownership	0	0	0	0	0	0
Capacity-Building and Training	0	0	0	0	70,000	4
Section 3 (Economic and Business Development)	0	0	0	0	65,000	4
Resident Social Services	384,947	15	475,000	18	210,000	12
Total Resident Programs	384,947	15	475,000	18	345,000	20
Planned Management Spending for Security and Drug Elimination	200,000	8	200,000	8	0	0

As mentioned above, staff have indicated that CGP has allowed them to plan in a far more rational way for necessary physical improvements. In addition, under CGP, LMHA is able for the first time to do site improvement work never before considered, specifically with the intent of improving the "curb appeal" (and thus marketability) of LMHA units.

Regarding the adequacy of the CGP formula amount, a review of the LMHA needs assessments, including all mandated improvements, reveals that the physical needs as presented in the PNA can be funded in just 6 years at the current annual funding level. If the needs that were overlooked in the PNA are added, the needs will be met over a period of 9 years. Assuming that the program continues over the medium to long term, with a relatively constant funding level, the CGP formula appears to provide sufficient funds to complete needed improvements within a reasonable time period.

Hartford

CGP Case Study
Hartford Housing Authority

Prepared by
Paul Elwood, Abt Associates Inc.

1. PHA Background and Characteristics

The Hartford Housing Authority (HHA), of Hartford, Connecticut, is a large housing authority with 2,951 units in 13 developments. Family housing makes up 83 percent of the agency's stock, but the agency also owns 488 units of elderly housing, mostly in two high-rise developments (see Exhibit 1). Hartford has been hit hard by the combination of a regional recession, cutbacks in defense spending, and an acceleration of middle class flight from the inner city. The vacancy rate in public and private housing has risen dramatically in the past four years, reaching almost ten percent in the HHA's stock and 16 percent in the city's private rental stock. The political context has changed significantly as well. A new mayor and city council majority took office in 1994, and a new governor has just taken office in 1995.

Three large family developments dominate HHA's image and preoccupy its staff. Charter Oak Terrace (958 units), Stowe Village (598 units), and Bellevue Square (309 units) account for 63 percent of the total stock and 92 percent of the physical needs identified in the 1992 Physical Needs Assessment. Stowe Village and Bellevue Square are located in Northeast Hartford, a neighborhood with high levels of disinvestment, poverty, crime, and gang activity. These developments are classic examples of public housing that is poorly designed for its current residents. They are very densely built, three- and four-story walk-up buildings, the many small units are accessed through common entrances. According to staff, the developments are blamed for the high crime rate in the Northeast neighborhood. Charter Oak Terrace was built as temporary housing in southwest Hartford for workers moving to the City for manufacturing jobs during World War II. This large development has very high maintenance costs because it consists of many small structures situated on wet, low-lying land. HHA owns the infrastructure, including gas mains and water mains that require frequent and expensive repairs.

The agency intends to dramatically re-make each of these three developments in the near future, although funding has been secured for only part of the overall Master Plan. HHA will use a 1994 MROP award to renovate about one-quarter of Charter Oak Terrace. CGP monies for the next several years will be dedicated to a rehabilitation and reconfiguration effort at Bellevue Square. Stowe Village is the subject of a recently completed Master Plan that calls for a major reconfiguration and downsizing of that development. The remainder of Charter Oak Terrace is the subject of another Master Plan that calls for an even more dramatic treatment: HHA would like to convert some or all of the remaining three-quarters of Charter Oak Terrace to new uses, perhaps commercial and industrial.

The Hartford Tenants Rights Federation (HTRF), the representative inter-development council, is lead by a very experienced former activist who is now the Executive Director.

Exhibit 1
Overview of PHA Characteristics

Housing Authority of the City of Hartford (Hartford, Connecticut)

Number of Public Housing Developments and Units:	13 / 2,951
Size of Staff (Total)	186
Number of Modernization Staff	7
PHMAP Score:	80
Recently Troubled: (Y/N)	No
Mod Troubled: (Y/N)	No
Vacancy Rate at Comprehensive Plan:	10%
Number of Resident-Managed Developments:	2

Characteristics of the Stock — Distribution	Units	Percent
Age of Development		
Pre-1940	0	0
1941-1960	2,197	74
1961-1980	491	17
1981 or later	263	9
Total	2,951	100%
Structure Type		
Detached/Semi-Detached	0	0
Row	368	12
Walk-up	1,041	35
Elevator	438	15
Mixed	1,104	37
Total	2,951	100%
Development Program		
Rental	2,951	100
Turnkey III	0	0
Mutual help	0	0
Sec/23-bond financed	0	0
Total	2,951	100%
Occupancy Type		
Family	2,463	83
Elderly	488	17
Mixed	0	0
Total	2,951	100%
Development Size		
Small (1-49 units)	80	3
Medium (50-199 units)	816	28
Large (200+ units)	2,055	70
Total	2,915	100%

HTRF is also an RMC, managing two HHA developments, Bellevue Square and Nelton Court. Hartford has scored in the standard range on PHMAP (68 in 1992, 80 in 1994). It appears to be reasonably well-managed, maintaining an old, poorly designed stock without running into the types of serious problems that have plagued the other large PHAs in Connecticut. The Executive Director has one of the longest tenures, 17 years, of any large PHA in the country. However, the agency does have a history of being slow to expend modernization funds.

Hartford had completed a modest level of modernization in its developments before the implementation of the CGP in 1992. In 1978 and 1979, $24 million was budgeted for modernization at Charter Oak. In 1982 and 1983, Nelton Court and Dutch Point each were budgeted for over $3 million ($3.4 million at Nelton Court and $4.7 million at Dutch Point).

As Exhibit 2 shows, Hartford garnered a steady series of CIAP grants in the late 1980s, averaging almost $4 million per year between 1986 and 1991. The cumulative grand total of $23.7 million in CIAP funding for the period 1984 to 1991 equals an average of $8,030 per unit agency-wide. (From 1984 through 1991, the annual average was $1,004 per unit in CIAP funds, compared to $2,516 per unit annually under CGP.) This level of CIAP funding allowed for a significant level of work at Bellevue Square ($9.95 million over six years) and at Stowe Village ($9.47 million), but little was budgeted for Charter Oak Terrace, which by itself accounts for almost one third of the agency's units. All five major family developments have received some modernization activity, but all have significant backlogs of needs.

2. CGP Planning and Administration

The CGP planning process in Hartford fit into an existing planning system that involved extensive participation by residents and local government. HHA residents were represented by the Hartford Tenants Rights Federation (HTRF), and the City was represented by a planner. Within HHA, the modernization director took the lead, with early input from the City's planner. In April 1992, a CGP planning committee was formed that included several prominent tenant leaders, including a member of the HHA board of commissioners and a member of the Hartford City Council. Senior HHA staff, including all three deputy directors, were on the committee, as was the modernization director. In May, a series of meetings were held at HHA developments. At a hearing in June, the PNA and Five-Year Plan were presented to the public.

2.1 Physical Needs Assessment

The Physical Needs Assessment (PNA) was conducted by a consultant who worked with HHA staff. As Exhibit 3 indicates, a total of $147 million in physical needs were identified. Included in this total were three line items that accounted for over 72 percent of the total. Two of those were for "reconfiguration" at Stowe Village ($58 million) and Bellevue Square ($28 million); another $20.5 million was for demolition and reconstruction of 192 units at Charter Oak Terrace (work on this section of the development was funded by a 1994 MROP grant.) The remaining work items were identified by the consultant and members of the CGP planning committee. Cost estimates were done by the consultant's architect and were based primarily on

Exhibit 2
Funding Overview:
Sources and Amounts of HUD Modernization Funding

Hartford Housing Authority

Fiscal Year	CIAP	MROP	CGP	OTHER	TOTAL
FY 1984	0	0	0	0	0
FY 1985	0	0	0	0	0
FY 1986	$2,000,000	0	0	0	$2,000,000
FY 1987	3,610,000	0	0	0	3,610,000
FY 1988	5,300,000	0	0	0	5,300,000
FY 1989	4,911,267	$1,805,275	0	0	6,716,542
FY 1990	3,048,147	0	0	0	3,048,147
FY 1991	4,827,164	0	0	0	4,827,164
FY 1992		0	$6,303,444	0	6,303,444
FY 1993		0	7,200,792	0	7,200,792
FY 1994		19,759,250	8,765,568	0	28,524,818

Exhibit 3
Overview of Physical Needs

Hartford Housing Authority

Category of Need	Dollar Amount	Percent of Total
Budget Category		
Hard Cost for Physical Needs	$147,021,910	94
PHA-Wide Management Needs	4,437,000	3
PHA-Wide Non-Dwelling Structures and Equipment	0	0
PHA-Wide Administration	2,206,200	1
PHA-Wide Other	2,000,880	1
Grand Total of PHA Needs	155,665,110	100%
Urgency of Need		
Hard Costs Associated with Priority 1 Needs	79,693,241	54
Hard Cost Associated with Lower Priority Needs	67,328,669	46
Total	147,021,910	100%
Mandates		
Hard Cost Associated with Lead-Based Paint Testing	0	0
Hard Cost Associated with Lead-Based Paint Abatement	0	0
Hard Cost Associated with Section 504	2,421,300	2
Hard Cost Associated with Title VI Order	0	0
High Need Developments		
Hard Cost Associated with Developments with Costs in Excess of 90 Percent of TDC	100,312,840	68
Redesign/ Reconstruction in High-Cost Developments	86,000,000	58
Extent of Overall Need	**Ratios**	
5-Year Funding Level/Total Need	0.20	
5-Year Funding/Priority 1 Hard Cost Need	0.40	
5-Year Funding/Mandated Hard Cost Need (LBP/504/Title VI)	13.02	

site inspections. Physical inspections were done of all buildings at each development and of a sample of units, including at least one at each building. The R.S. Means construction cost manual was the principal source of cost data.

The list of modernization needs at each development was extensive, particularly at the five, older family developments. Residents and maintenance staff helped set priorities at each development. Top priority ranking went to a variety of items; some were threats to health and safety, some were necessary to prevent structural damage, and some were urgently needed improvements to residents' quality of life. At Nelton Court, top priority was assigned to bathroom renovations, interior painting, repairs to the brick facade, security lighting, and dumpster replacement. At Dutch Point, top priority was given to replacing entry doors and dumpsters, resurfacing the parking lot, repairing stoops, and Section 504 renovations. Priority 1 at Bellevue Square went to dumpsters, security cameras and lighting, new entry doors, stairwell painting, kitchen renovations, and new tub surrounds. Charter Oak Terrace's highest priority items were kitchen and bathroom renovations, heating system replacements, fascia and soffits, resurfacing sidewalks, driveways and parking areas, and Section 504 renovations. At Stowe Village, top priority was assigned to new roofs and extensive work on building exteriors, entrance ways, and stairwells. Further needs given highest priority at Stowe Village included kitchen and bathroom renovation, new doors, and Section 504 renovations. At the elderly high rises, top priority items included dumpsters, security lighting, roofs, sprinkler systems, and Section 504 renovations.

For each development, modernization work required for compliance with Section 504 was included in the PNA. Section 504 requirements were given Priority 1 at most developments, but they were Priority 2 at the two RMC-managed developments, Nelton Court and Bellevue Square. The total physical need related to Section 504 compliance came to $2.4 million, about 2 percent of the total. Lead-based paint (LBP) was not addressed in the PNA, even though the agency knew some LBP was present and that abatement would be necessary. At the time, the agency had not yet done its LBP testing. Since the extent of LBP abatement required was unknown, it was not included in the PNA.

CGP funding levels are low relative to the needs identified in the PNA. Five years of funding at the 1992 level would cover only 20 percent of the total need identified and only 40 percent of the Priority 1 need. HHA staff expressed satisfaction at the PNA produced in 1992, but there is some reason to question its usefulness as a planning tool. For instance, the $86 million earmarked for reconfiguration at Bellevue Square and Stowe Village is about double that of budgets developed more recently. On the other hand, the physical needs budget identified for Charter Oak Terrace appears to have been too low. After the $20.5 million for demolishing and replacing 192 units, the PNA identifies another $14.4 million in physical need among the remaining 756 units. One can only assume that the PNA did not include all modernization needs at Charter Oak Terrace. As the agency has now revised its modernization strategy, the 1992 PNA has quickly become outdated. HHA has concluded that several projects are not viable. Instead of modernization, the agency anticipates the radical reconfiguration of some developments and the demolition of others.

2.2 Management Needs Assessment

The Management Needs Assessment was conducted in-house by HHA staff and identified a total of $4.4 million in management needs, as indicated in Exhibit 4. Staff included three items in response to low PHMAP scores. These pertained to maintenance skills, rent collection, and the spending of modernization funds. Together, these times accounted for only a small portion ($45,000) of the total identified need. The biggest management improvement item was $1.5 million to establish an authority-wide security program. Another $1 million was included for the creation of business development training and job training programs for residents.

2.3 Resident Participation

Hartford Housing Authority residents are involved in modernization planning in two ways. The tenants association at each development has a modernization committee among its standing committees. These committees have been somewhat revitalized in the last year since the current planner joined the agency. The modernization committee chair is expected to attend job meetings when construction is in progress and act as a liaison between the contractor and residents. During the 1992 CGP planning process, residents were also involved in modernization planning through a series of public meetings held specifically to address the participation requirements of CGP.

The first such meeting was held in April 1992 at Charter Oak Terrace, the only development with a meeting room large enough to hold agency-wide meetings. Transportation was arranged for tenants from the other family developments to the CGP kick-off meeting. In May, a number of smaller meetings were held at various developments other than Charter Oak Terrace. Tenant organization leaders from several elderly developments attended one such meeting. Meetings for residents were also held at Nelton Court, Dutch Point, Bellevue Square and Stowe Village. Finally, in June, the PNA and Five-Year Plan were presented at a public hearing. Residents interviewed for this study had difficulty recalling these meetings, because they were not a departure from existing operating procedures, and many other meetings had happened in the intervening years. According to staff involved, residents played an important role in identifying priorities at each building. There was no recollection of any conflict between residents' priorities and those of the Authority staff. One area of special concern for residents was building security, including security lighting and cameras. These items were identified as Priority 1 items at several developments.

2.4 Local Government Participation

HHA has been fortunate to have an active and interested local government representative. participating in the planning process. She has worked with the Authority on modernization and other planning issues over many years, even as her job has changed from director of the planning department to deputy City manager. She had been actively involved in developing CIAP proposals. Each year, in January or February, HHA would convene a CIAP planning

Exhibit 4
Overview of Management Needs

Hartford Housing Authority

Type of Need	Mandatory	Optional	Total	
Needs Associated with PHMAP Deficiencies (by Indicator)				
Vacancy	0	0	0	0
Modernization	0	0	0	0
Uncollected Rents	0	0	0	0
Energy Consumption	0	0	0	0
Unit turnaround	0	0	0	0
Outstanding Work Orders	0	0	0	0
Inspection/condition of units	0	$25,000	%25,000	1
TARS	0	20,000	20,000	<1
Operating reserves	0	0	0	0
Routine operating expense	0	0	0	0
Resident initiatives	0	0	0	0
Development	0	0	0	0
Sub-total: PHMAP Related Need	0	45,000	45,000	1
Other Management Needs (by Functional Area)				
Leasing and Ongoing Tenant Functions (outreach, waiting lists, eligibility, collections, recertifications)		$165,000	$165,000	4
Property Management (maintenance, inspections, and modernization)		0	0	0
Administration, Finance, MIS, Communications		977,000	977,000	22
Personnel (including training)		350,000	350,000	8
Resident Services		1,350,000	1,350,000	30
Security		1,500,000	1,500,000	34
Other/Misc		50,000	50,000	1
Sub-total: Other Needs		4,392,000	4,392,000	100
Total Management Need		4,437,000	4,437,000	100%

group that would review the previous year's award and discuss what to include in the next proposal. Under CIAP, the City's representative said her main agenda was to encourage the Authority to think strategically and long-range. The Authority's tendency was to make a continued investment in infrastructure which served to maintain a poor status quo. The City would encourage the agency to try to work around the HUD mandates to identify improvements that would help make life "bearable" for residents.

A similar process took place with the CGP needs assessment and planning process in 1992. In fact, what is different about CGP is that the full planning process was not repeated in subsequent years. In 1992, the City's representative met with HHA's modernization director very early as the process was being designed. Later, she went with the consultant on site tours and provided input into the needs assessment process. She participated in several of the meetings with residents, including the kickoff meeting and the public hearing.

Both HHA staff and the City's representative were pleased with the high level of interaction around modernization planning. There seemed to be a fairly high level of coordination and cooperation between the City and HHA. As an example, the City just won designation as a Weed and Seed site, with an application that focused on Stowe Village.

2.5 Ongoing CGP Planning

HHA has not followed the full-scale process used in FY 1992 for CGP planning in later years. The general approach has been to use the original Five-Year Plan, with some modifications in response to newly identified needs and the higher funding levels. Documentation about the 1993 and 1994 planning process was not made available to us, and the memories of key informants seemed to have faded quickly. No records of public hearings or any other meetings related to CGP planning in FY 1993 and FY 1994 were made available, despite a direct request for this information. Although our informants provided conflicting accounts, it appears possible that the mandatory public hearing may not have been held in those years.

Regardless of whether the formal procedures were followed, it seems clear that the planning process in FY 1993 and FY 1994 was much less extensive. The local government representative did not participate in the CGP planning process in either of these years. She has been working closely with the HHA on plans for major reconfiguration, replacement, or removal of Charter Oak Terrace, but that falls outside the scope of what can be addressed through CGP. Resident participation in FY 1993 and FY 1994 CGP planning process seems to have been limited. A letter of support from the Hartford Tenant Rights Federation accompanies each CGP submission, and at the very least, the highest level of tenant leadership would have been informed of any significant changes to the original Five-Year Plan. It seems unlikely, though, that there was a mechanism for input by residents who were not leaders of HTRF or its constituent tenant associations.

In November 1994, well after the 1994 Annual Statement had been prepared and submitted to HUD, HHA hired a new modernization director who proposed a major change in modernization strategy. (The specifics of the strategy will be discussed in Section 3 below.) Basically, he proposed dramatically reconfiguring the Bellevue Square development instead of undertaking the piecemeal modernization that had been proposed in the original FY 1994 Annual Statement. To win resident support for the revision to the plan, the director held meetings with tenants at Bellevue Square and took the leadership of HTRF and several Bellevue Square tenants on a tour of a development in New Haven that had received treatment similar to what he envisioned for Bellevue Square. With the support of the residents and the senior staff, HHA submitted the revised FY 1994 Annual Statement.

2.6 Perspectives on CGP Administration and Effectiveness

The conversion to CGP at Hartford Housing Authority was somewhat overshadowed by other factors that affected the administration of modernization funds. In the late 1980s, the modernization department was disrupted by the illness and eventual death of the modernization director. When his replacement was hired in 1990, he was not highly experienced. At the HUD Field Office, an inexperienced engineer was assigned to Hartford. The second modernization director left the Authority in mid-1994, and his replacement did not begin until November, 1994. In this context, the absence of complaints or problems with the administration of the CGP program is noteworthy.

Although conversion to CGP did not immediately transform the agency's approach to capital planning, HHA staff expressed appreciation for the greater planning opportunity afforded by the predictable stream of CGP funds. The current modernization director intends to take advantage of the option to do a two-year CGP plan, because this will cut down on the need for board and tenant approval for program changes. In general, working with larger sums makes for more efficient planning and administration. Under CIAP, planning was less efficient, because only a small portion of each year's plan was funded.

2.6.1 Perceived Impact of Formula Approach

The formula approach has been beneficial to HHA because it more than doubled the average annual amount of modernization funds available. The CIAP program was perceived to favor large, ***troubled*** housing authorities; Hartford's housing authority was large but not troubled. (Until the early 1990s, agency-wide vacancy rates were typically around two percent.) In the regional competition for CIAP funds, HHA staff felt that the agency had consistently lost out to the large, troubled housing authorities in Bridgeport and New Haven. While Hartford received $8,030 per unit in CIAP funds from 1984 to 1991, New Haven received $13,244 per unit and Bridgeport received $29,893 per unit. New Haven also received an MROP award of $10 million in 1989.

HHA thus has a significant amount of backlog need. Although the higher award amounts under CGP allow for more modernization work than before, the formula does not support the kind of dramatic treatment that the Authority now favors. HHA is counting on receiving additional funding to pursue the process of re-making its developments; this process will begin with the 1994 MROP and some FY 1994 CGP funds.

2.6.2 Relationship with HUD

HHA submitted its CGP documents on time, and the HUD Field Office completed its review in a timely manner. The HUD Field Office is in Hartford, and there has typically been good communication and cooperation between it and the Authority. According to Field Office staff, the change to CGP has "taken the pressure off" the relationship in two ways. First, HUD staff no longer review individual work items. Second, the decision about funding levels is out of the Field Office's hands. Nevertheless, HHA staff emphasized the similarities between CIAP and CGP. Under CIAP, the agency was allowed to certify that it had followed procedures, and then later undergo an audit rather than getting prior HUD approval at each step. In practice, this was similar to the current CGP procedures. HHA staff cited the rapid approval of the 1994 CGP budget revision as an example of the smooth working relationship with the Field Office, although HHA staff question the value of even an expeditious Field Office review.

One HUD requirement puts particular pressure on the modernization planning process. The failure to spend modernization funds quickly holds down HHA's PHMAP score. The agency would prefer to delay spending at some developments where it now feels major reconfiguration is needed, in order to accumulate larger totals, but the requirement that funds be spent within three years forces it to expend the funds. For instance, at Stowe Village, HHA has reprogrammed FY 1991 CIAP funds that were earmarked for reconfiguration of two buildings, even though staff would like to proceed with reconfiguration. Instead, the funds will be used for roof repairs and new windows that may become obsolete if reconfiguration work is done in the near future. Because there were no immediate prospects for raising the large sums needed for a thorough reconfiguration, HHA has to go ahead with the piecemeal work or risk a rebuke from HUD for failure to expend its modernization funds.

3. MODERNIZATION STRATEGIES AND SPENDING PATTERNS

3.1 Overall Strategy and Rationale

In 1992, HHA developed a strategy that put a priority on first addressing mechanical deficiencies (such as heating systems or roofs) and then turning to major interior repairs such as replacing bathrooms and kitchens. The strategy, as reflected in the initial Five-Year Plan, called for piecemeal and dispersed activity. In one year, security lighting was budgeted for all developments; in the next, bathroom renovations were planned at the five major family developments. All the family developments would be addressed in this way first, and then attention would turn to the elderly developments. At the same time, Section 504 requirements at all developments were to be addressed. Lead-based paint (LBP) was a major unknown variable at the time of original 1992 plan. HHA delayed testing for LBP as long as possible, in order to limit liability in case some LBP was found. HHA staff felt the agency might be liable for damages caused by LBP that they had known about but not abated.[1] The Authority expected that it would incur significant, but unknown, expenses for LBP abatement, and the strategy was to assume that LBP would take up all available funds in the out years of the Five-Year Plan. In general, the backlog of needs was substantial. The Authority had to make priorities even among urgent needs, addressing those with the most serious consequences for safety and for structural damage first.

This strategy did not represent a major departure from that followed under CIAP. Most CIAP grants to HHA had been budgeted for a number of different developments, as shown in Exhibit 5. No comprehensive modernization was funded in 1991, nor was any planned under the first five years of CGP.

In the first two years of CGP and in the original 1994 CGP submission, HHA's modernization strategy was the quintessential piecemeal approach: virtually every development got some modernization treatment in each year. Priorities were set in terms of functional areas that were to be addressed in all developments, or at least all developments of one type (i.e., traditional family developments or elderly elevator buildings.) The result of this strategy, according to HHA staff and other observers, was to keep the family housing functioning at a level just barely tolerable for many residents. Recently, the Authority, residents leaders, and City officials appear to have reached a consensus that the status quo is not satisfactory and that more radical treatment is necessary.

The combination of a major MROP award, favorable political changes in Washington and Hartford, and the hiring of a new modernization director after a long period of the position being vacant, has pushed the Authority farther in re-thinking its modernization strategy. Reconfiguration at Bellevue Square and Stowe Village was included in the 1992 PNA, but not in the initial Five-Year Plan. Now, HHA has made its top priority the removal, replacement, or reconfiguration of its three large family developments. Almost 40 percent of the 1994 CGP budget and similar amounts in the coming years will be dedicated to a building-by-building redesign and reconfiguration of the smallest of these developments, Bellevue Square. Over $2.5 million of the FY 1994 CGP funds are budgeted for three of the development's 14 buildings.

The plans for Stowe Village call for spending about $29 million under each of three different scenarios, one of which entailed the complete demolition of the existing structures and reconstruction of a smaller development in its place. There is no price tag yet on the Charter Oak Terrace plan, but it calls for replacing some or all of three sections not addressed by the 1994 MROP award with a mix of project-based and tenant-based Section 8 certificates. HHA staff feel they have the political support in Hartford and Washington to go forward with this ambitious (and expensive) agenda for their large family developments. Realizing that it may

---

[1] Until recently, the only information about LBP exposure has been from elevated blood levels of residents. HHA just met the HUD deadline for testing in December 1994.

Exhibit 5
Concentration of Modernization Spending (CIAP compared to CGP)

Hartford Housing Authority

Year/ Source	Modernization Types		
	Comprehensive Scope	Selected Work Items/Special Purpose	Total
FY 91 CIAP			
Projects/Units	0 / 0	7 / 2,682	7 / 2,682
Dollars	0	$4,827,164	$4,827,164
Percent of Total	(0%)	(100%)	(100%)
FY 92 CGP Annual Statement and 5-Year Plan	0 / 0 0 (0%)	12 / 2,817 $4,835,204 (100%)	12 / 2,817 $4,835,204 (100%)
FY 93	0 / 0 0 (0%)	13 / 2,951 $4,832,204 (100%)	13 / 2,951 $4,832,204 (100%)
FY 94	0 / 0 0 (0%)	3 / 651 $4,832,204 (100%)	3 / 651 $4,832,204 (100%)
FY 95	0 / 0 0 (0%)	1 / 948 $4,832,204 (100%)	1 / 948 $4,832,204 (100%)
FY 96	0 / 0 0 (0%)	2 / 1,546 $4,834,204 (100%)	2 / 1,546 $4,832,204 (100%)
FY 1993 Annual Statement Revised	0 / 0 0 (0%)	13 / 2,951 $5,437,078 (100%)	13 / 2,951 $5,437,078 (100%)
FY 1994 Annual Statement Revised	1 / 309 $2,535,460 (38%)	11 / 2,589 $4,103,642 (62%)	11 / 2,598 $6,639,102 (100%)

take some time to put together the funding, HHA will use CGP funds to keep these developments viable. None of the HHA developments are new enough to ignore; thus, keeping ahead of their deterioration takes up funds that might be used for big projects.

3.2 Coordination of CGP with Other Funding Sources

Exhibit 6 shows that CGP is only one of several sources of modernization funding currently available to HHA. Hartford has not reprogrammed any of its previous CIAP funds; rather, the emphasis has been on continuity with the previous modernization strategy. These two sources of modernization funds have been used in a similar manner, mostly for piecemeal repairs and replacements.

Although HHA has not received formal approval, HHA staff believe that, in the future, HUD will allow it to demolish certain developments. As a result, the agency wants to reprogram CGP funds away from developments that might be demolished or radically reconfigured. For instance, a $19.8 million MROP grant will fund the demolition and reconstruction of housing at one section of Charter Oak Terrace; this entails the demolition of all 286 units that make up Section D, their replacement with 143 newly constructed units on the same site plus 143 Section 8 certificates. The CGP funds that had been budgeted for work at Charter Oak Terrace Section D will be used elsewhere.

CGP funds have also been used to cover a series of shortfalls in CIAP-funded modernization projects. HHA staff could not identify a common cause of these shortfalls, because each case was unique: a contractor went bankrupt; another was fired for poor performance; and the scope of work was expanded in another case. In any event, the flexibility of CGP allowed the agency to cover these shortfalls with a minimum of paperwork.

3.3 Specific Spending Patterns

The CGP planning process in Hartford resulted in a fairly even distribution of modernization funding among developments, as can be seen in Exhibit 7. Family developments make up 83 percent of the Authority's units and accounted for 79 percent of the funds budgeted in the first three years of CGP. Two developments received a disproportionate share of the funding. Bellevue Square and Stowe Village accounted for almost 50 percent of the CGP funds budgeted in the first three years. Other than the major reconfiguration planned for Bellevue Square, the work items scheduled for each development are quite similar.

Exhibit 8 presents budget amounts for selected items in the CGP annual statements for FY 1992, FY 1993, and FY 1994, and for the original (FY 1992) Five-Year Plan. Redesign in High-Needs Developments was not anticipated in the original Five-Year Plan, but was included in the FY 1994 Annual Statement. In FY 1992, CGP funds were budgeted for Section 504 compliance activity at each of the five major family developments ($2 million) and for security lighting at 11 of the agency's 13 developments ($542,160). To bring the agency's

Exhibit 6
Sources of Funding for Modernization

Hartford Housing Authority

Anticipated CGP and Non-CGP Funds by Year (From Initial Five-Year Plan)

Year	CGP	Non-CGP Funds	Total
FY 1992	$6,303,444	0	$6,303,444
FY 1993	6,303,444	0	6,303,444
FY 1994	6,303,444	0	6,303,444
FY 1995	6,303,444	0	6,303,444
FY 1996	6,303,444	0	6,303,444

Sources of Funds for Modernization Needs (Detail from FY 1994 Annual Statement/PHA Documents)

Source	Listed in Statement (Y/N)	Amount	Percent of Total
CGP Formula	Y	8,765,568	26
CGP Emergency/Disaster Reserve	N	0	0
Continuing CIAP Programs (not reprogrammed) Estimate of Actual Spending	N	4,518,625	14
Reprogrammed CIAP Funds	N	0	0
MROP	N	19,759,250	59
URD	N	0	0
Operating income used for extraordinary maintenance	N	147,600	< 1
Section 8 reserves used for capital improvements and equipment	N	0	0
Modernization staff salaries from non-CGP sources	N	0	0
Other (List)			
CDGB	N	90,000	< 1
Total		33,281,043	100%

Exhibit 7
Patterns of CGP Hard Cost Spending and Need (Specific Development Types)

Hartford Housing Authority

Development Type	Physical Needs Assessment			Planned Hard Cost Expenditures FY 1992 - FY 1996			FY92, FY93, FY94 Annual Statements		
	Dollars	%	Per Unit	Dollars	%	Per Unit	Dollars	%	Per Unit
Size of Development									
Large	136,653,160	93%	66,498	18,485,224	76%	8,995	10,675,643	63%	5,195
Medium	9,374,440	6%	11,488	5,283,216	22%	6,475	5,254,193	31%	6,439
Small	994,310	1%	12,429	395,480	2%	4,945	981,458	6%	12,269
All	147,021,910	100%	49,821	24,163,920	100%	8,188	16,911,384	100%	5,731
Occupancy Type									
Family	141,976,680	97%	57,644	22,720,350	94%	9,225	13,400,181	79%	5,441
Elderly	5,045,230	3%	10,339	1,443,570	6%	2,958	3,511,203	21%	7,195
Mixed	0	0%	0	0	0	0	0	0%	0
All	147,021,910	100%	49,821	24,163,920	100%	8,188	16,911,384	100%	5,731
Resident Management Status									
Resident-Managed	33,101,270	23%	71,186	5,199,365	22%	11,181	4,678,361	27%	10,061
Not Resident-Managed	113,920,640	77%	45,825	18,964,555	78%	7,629	12,233,023	73%	4,921
All	147,021,910	100%	49,821	24,163,920	100%	8,188	16,911,384	100%	5,731
Development Type									
Rental	147,021,910	100%	49,821	24,163,920	100%	8,188	16,911,384	100%	5,731
Turnkey	0	0	0	0	0	0	0	0%	0
Mutual Help	0	0	0	0	0	0	0	0%	0
Bond Financed	0	0	0	0	0	0	0	0%	0
All	147,021,910	100%	49,821	24,163,920	100%	8,188	16,911,384	100%	5,731

Exhibit 8
Patterns of CGP Hard Cost Spending (Other Specific Uses)

Hartford Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 1993 Annual Statement		FY 1994 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Unit Adaptations	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Demolition/Conversion	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Security and Drug Elimination	554,660	11%	0	0%	0	0%	0	0%	0	0%	0	0%	199,000	3%
Redesign in High-Need Developments	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	2,535,460	37%
Energy Conservation Improvements	0	0%	0	0%	0	0%	0	0%	0	0%	558,633	10 %	77,940	1%
Renovations of Long Vacant Units	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%

elderly housing up to code, sprinkler systems, elevator safety improvements, and emergency lighting were budgeted for three high-rise buildings. In FY 1993, CGP funds were budgeted for LBP testing ($241,928) and bathroom renovations ($3 million) at the family developments and Section 504-related work at the elderly and scattered-site developments ($408,880).

The original FY 1994 CGP budget called for the replacement of doors and frames ($285,000), exterior brick work ($642,550), and landscaping and related site work ($302,630) at three family developments (Nelton Court, Dutch Point, and Bellevue Square). Another $1.5 million in 1994 CGP funds was dedicated to LBP abatement at Stowe Village and Bellevue Square. Work budgeted for the elderly developments included new roofs for two high-rises ($161,000) and funds to cover shortfalls on a variety of work items from previous CIAP and CGP projects ($783,080). The revision to the FY 1994 CGP budget called for some dramatic changes to the original plan, halving the funds for LBP abatement at Stowe Village. Some of that funding plus all the monies dedicated to Bellevue Square in the original plan were reprogrammed to fund the complete redesign and reconfiguration of three Bellevue Square buildings. The rest of the original FY 1994 budget was left in place.

Mandates have not accounted for a large share of Hartford's budget during the first three years of CGP, but they have been a significant factor in CGP planning. As Exhibit 9 indicates, over 40 percent of the 1992 CGP award was budgeted for Section 504 improvements. Over 20 percent of the 1994 award was budgeted for LBP abatement, although the full magnitude of the need was not yet known. Thus, almost one-quarter of the combined three-year total was budgeted for either LBP or Section 504 activity. Exhibit 10 presents information about spending on HUD mandates in the last CIAP budget. The only funding related to mandates in that budget was a small amount of funds ($25,000) budgeted for LBP testing.

As noted above, HHA staff originally expected that virtually all their CGP budget would be taken up by LBP abatement. In the meantime, they have not actually spent any funds on LBP abatement. Although funds were budgeted for LBP abatement in 1994, there are currently no specific plans to use any CGP funds for LBP abatement or any cost estimates related to LBP abatement. During the next round of CGP planning, HHA staff will use the recent testing results to plan for LBP abatement. They expect that 1995 CGP funds will be budgeted for this activity.

HHA staff now feel they may have budgeted more CGP funds for Section 504 than was necessary. The new modernization director has asked for an extension of the deadline for Section 504 compliance. His predecessor did not take up the option to apply for a waiver for units not suited to Section 504 conversion. If approved, such a waiver could prevent the agency from doing work that will become obsolete if major reconfiguration goes forward.

HHA budgeted 77 percent of its CGP funds for hard costs in 1992. As Exhibit 11 indicates, it budgeted a similar share (76 percent) in 1993 and in 1994 (78 percent). Administrative expenses have been consistently set at about six to seven percent of the total, as have funds allocated for architecture and engineering costs. Management improvements took up ten percent of the CGP budget in 1992 and 1994, but only eight percent in 1993. In 1993,

Exhibit 9
Patterns of CGP Hard Cost Spending and Comparison with Need (Mandates vs. Discretionary)

Hartford Housing Authority

Spending Priorities and Mandates	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Priority 1	3,610,673	75	3,435,960	71	0	0	0	0	0	0	3,985,863	84	1,169,980	17
All other	1,224,531	24	1,396,244	29	4,832,204	100	4,832,204	100	4,832,204	100	1,451,215	16	5,669,122	83
Total	4,835,204	100%	4,832,204	100%	4,832,204	100%	4,832,204	100%	4,832,204	100%	5,437,078	100%	6,839,102	100%
LBP Testing	0	0	241,928	0	0	0	0	0	0	0	241,928	0	0	0
LBP Abatement	0	0	0	0	4,832,204	100	4,832,204	100	4,832,204	100	0	0	1,438,392	21
Section 504	2,017,194	42	408,880	8	0	0	0	0	0	0	408,880	8	0	0

Exhibit 10
Comparative Data on CIAP Spending Patterns (FY 1991)
Hartford Housing Authority

Budgeted for 1991 CIAP Program	Dollars	Percent of Total
Mandates versus Other		
LBP Testing	25,370	1%
LBP Abatement	0	-
Section 504 Compliance	0	-
Other Spending	4,801,800	99%
Total Planned Expenditures	4,827,170	100%

Exhibit 11
Patterns of Total CGP Spending (By Budget Category)

Hartford Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
EXPENSE CATEGORY														
Hard Cost for Physical Needs	4,835,204	77%	4,590,606	73%	4,832,204	77%	4,832,204	77%	4,832,204	77%	5,437,078	76	6,839,102	78%
PHA-wide Management	627,000	10%	330,000	5%	630,000	10%	630,000	10%	630,000	10%	585,200	8	876,556	10%
PHA-wide Non- Dwelling	0	0%	300,000	5%	0	0%	0	0%	0	0%	270,000	4	40,000	<1%
PHA-wide Administration	441,240	7%	441,240	7%	441,240	7%	441,240	7%	441,240	7%	483,914	7	509,910	6%
PHA-wide Other	400,000	6%	641,598	10%	400,000	6%	400,000	6%	400,000	6%	424,600	6	500,000	6%
Replacement Reserves	0	0%	0	0%	0	0%	0	0%	0	0%	0	0	0	0%
Grand Total	6,303,444	100%	6,303,444	100%	6,303,444	100%	6,303,444	100%	6,303,444	100%	7,200,792	100%	8,765,568	100%

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
"OTHER" DETAIL														
Audit	0	0%	0	0%	ND	ND	ND	ND	ND	ND	0	0%	0	0%
Liquidated Damages	0	0%	0	0%	ND	ND	ND	ND	ND	ND	0	0%	0	0%
Fees and Cost (A&E)	400,000	6%	641,598	10%	ND	ND	ND	ND	ND	ND	424,600	6%	500,000	6%
Site Acquisition	0	0%	0	0%	ND	ND	ND	ND	ND	ND	0	0%	0	0%
Relocation	0	0%	0	0%	ND	ND	ND	ND	ND	ND	0	0%	0	0%
Total Other	400,000	6%	641,598	10%	400,000	6%	0	0%	0	0%	424,600	6%	500,000	0%

four percent of CGP funds were budgeted for "non-dwelling equipment," i.e., new telephone communications equipment.

3.3.1 Spending for Management Needs

HHA's budgeting for management improvements has followed the pattern laid out in the management needs assessment and the Five-Year Plan developed in 1992 (see Exhibit 12). About half of the $627,000 budgeted for management improvements in 1992 went to administrative improvements, including $150,000 for computer software (not shown). Most of the remainder was budgeted for resident-oriented activities such as business development training, job training, a family self-sufficiency program, and an anti-drug program. In 1993, management improvement funds were divided evenly among administrative items (32%), resident-oriented programs (39%), and staff training (29%). In 1994, funding for management improvements was increased significantly, with more funds going to resident-oriented programs ($270,000) and a new security initiative ($195,000).

As discussed earlier, two items budgeted in 1992 were supposed to address PHMAP deficiencies; $20,000 was budgeted for improved rent collection procedures and $25,000 for improved maintenance training. Apparently these actions were taken without the need for the CGP funds. The rent collection problem may have been an artifact of the system Hartford was using to report to HUD. The maintenance issue was addressed by hiring and training new staff. These deficiencies have thus been corrected.

Staff raised some concerns about the spending of the management improvement budget. While the modernization director is responsible for spending the funds for physical improvements, no one is responsible for spending the management improvement funds. As a result, the spending of management improvement funds is inconsistent. Funds for a new computer system and telephone system were being spent rapidly. Resident job training and resident social services funds were spent on well-established programs. However, the staff training and family self-sufficiency funds have not yet been spent.

4. Summary and Conclusions

4.1 CGP Process

CGP did not bring about a change in HHA's approach to modernization, but it has been compatible with such a change. For the first three years, the CGP planning closely resembled CIAP planning both in process and in results. In both cases, modernization planning was part of an ongoing dialogue among the HHA staff, residents, and City officials; it did not generate any special interest or enthusiasm on the part of residents. Resident leaders were consulted on key budgeting decisions, but residents seemed to be more actively involved in construction monitoring activities.

Exhibit 12
Patterns of CGP Spending (Management)

Hartford Housing Authority

	Management Needs Assessment		Five Year Plan (FY 92-FY 96)		FY 92, 93 and 94 Annual Statement	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Planned Management Spending						
PHMAP Deficiencies (Mandatory)	0	0%	0	0%	0	0%
PHMAP Deficiencies (Optional)	45,000	1%	45,000	2%	45,000	2%
Other Deficiencies (Mandatory)	0	0%	0	0%	0%	0%
Other Improvements (Optional)	4,392,000	99%	2,802,000	98%	2,043,756	98%
Total Management	4,437,000	100%	2,847,000	100%	2,088,756	100%
Planned Management Spending for Resident-Oriented Programs						
Resident Management / Homeownership	0	0%	0	0%	0	0%
Capacity-Building and Training	100,000	2%	60,000	2%	225,200	11%
Section 3 (Economic and Business Development)	1,000,000	23%	760,000	27%	220,000	11%
Resident Social Services	350,000	8%	350,000	12%	325,000	16%
Total Resident Programs	1,450,000	33%	1,170,000	41%	770,200	37%
Planned Management Spending for Security and Drug Elimination	1,500,00	34%	785,000	28%	195,000	9%

The PNA was a useful exercise to some degree, although the value of the assessments of the three largest developments appears to be rather limited in retrospect. Furthermore, the cost of LBP abatement was excluded from the PNA. LBP abatement has appeared in CGP budgets, but detailed plans have not yet been made. The 1995 CGP planning process will likely generate the first serious attention to LBP abatement in Hartford. Finally, the strategic re-thinking that has occurred recently makes the original PNA quite obsolete. There is no interest among HHA staff in going through the PNA process again, unless the agency is specifically required to do so.

Subsequent to 1992, the agency has not undertaken the full-fledged CGP planning process. Indeed, it seems possible that HHA may not have held the required public hearings, as staff could produce no documentation and residents had no recollection of such an event. There have also been no CGP steering committee or site-level meetings since the first year. Given the high level of resident involvement in 1992, and the Authority's history of tenant activism (as noted above, two developments are resident managed), this lack of resident participation over the past two years is surprising.

While the CGP program did not stimulate a change in HHA's modernization strategy, it has accommodated such a change. Political developments in Hartford and Washington, the award of a large MROP grant, and the hiring of a new modernization director after a long period without one, have brought about the change in HHA's basic approach to modernization of its stock. The new vision includes massive reconfiguration and, in some cases, removal of the agency's largest developments. CGP will accommodate this change in due course, although HHA's current vision far exceeds what is feasible with CGP funds alone. The current strategy is the result of several years of internal discussion at HHA, and the intention to radically reconfigure several developments is recorded in the original PNA. However, reconfiguration did not enter into the CGP budgets until the revision to the 1994 plan that was submitted in November, 1994, in which funds were allocated for the reconfiguration of Bellevue Square. It will take several years to fully fund the reconfiguration work at Bellevue Square. The reconfiguration work proposed for the other two large family developments is too costly to be addressed with CGP funds at their current level. At Charter Oak Terrace and Stowe Village, CGP funds will be used for emergency repairs needed to keep the developments habitable until they can be replaced or reconfigured.

4.2 Adequacy of the CGP Formula

The adequacy of the CGP formula depends upon the level of modernization intended. HHA staff and residents feel the funding is clearly inadequate for the high level of need in Hartford, if that need is to be addressed by major reconfiguration. However, CGP did entail an increase in funding over the CIAP program. Because HHA has been slow to expend funds, the full impact of the higher funding level under CGP is not yet visible at the agency's developments. If the scope of modernization were limited to thorough renovation of the existing structures, the funding level might be adequate (although it would take many years of CGP funds to comprehensively modernize the large Charter Oak Terrace development). For example, if the three reconfiguration and replacement line items identified above are removed from the PNA, only about $41 million in physical needs remain. In theory, this level of need could be addressed within six years at current funding levels.

HHA staff and residents argue that the large family developments have deteriorating buildings and a design that is completely inadequate for current conditions. They have concluded that it would be unwise to spend further capital funds on the three large family developments without a major effort to lower the density of the developments and dramatically reconfigure the units. CGP is clearly insufficient for this undertaking. Over a period of several years, the smallest of these developments will be addressed with CGP funding alone. The two larger developments need much more funding than is available through CGP.

Camden

CGP CASE STUDY
CAMDEN, NEW JERSEY HOUSING AUTHORITY

Prepared by
Jeffrey K. Lines, TAG Associates, Inc.

The Camden Housing Authority (CHA) has a service area that spans the political boundaries of the City of Camden, New Jersey, which is located minutes from downtown Philadelphia. Camden is a seriously economically distressed area that has been on the decline for two decades or more. Most major businesses (retail, commercial, and industrial) have left the city, resulting in extraordinary economic and social isolation for city residents. Given the level of deterioration in the non-publicly owned housing stock, public housing in the city (despite its significant capital improvement needs) has come to represent housing of choice for many low-income residents.

1. PHA Background and Characteristics

The Camden Housing Authority owns and operates 2,333 units of low-income housing, of which all but 93 units are conventional public housing.[1] None of the CHA's family housing developments contain high rise structures. As shown in Exhibit 1, the CHA's portfolio includes a large percentage of family housing units (87 percent), and most of these are in their fourth, fifth, or sixth decade of useful life. They require significant capital repairs to building systems and infrastructure.

HUD has recently removed the CHA from the list of troubled PHAs. The Authority's most recent PHMAP score was 63.69. CHA is still considered to be modernization troubled, but staff expect it will achieve a score above 60 percent on the modernization indicator for 1994 and will no longer have this designation. Through a waiver request approved by HUD's Office of Public and Indian Housing (PIH), the agency has not had any modernization funds withheld under the penalty provisions for CGP that may be imposed on modernization-troubled PHAs.

1.1 Description of the Site

CHA operates 10 developments which are dispersed throughout the city of Camden. The CHA's has its central administrative offices downtown across from City Hall, and the modernization staff are located in an administration building at the Authority's largest housing development, Westfield Acres. As of December 1994, CHA had approximately 300 vacant units, comprising about 13 percent of its stock; 168 of these vacant units were located in the

[1]The 93 units are located in a Turnkey III homeownership development (Royal Court) that is soon to undergo significant renovation to address outstanding physical needs and make the development suitable for purchase by current and yet-to-be-selected households. Funds have been committed for this project under the HOPE I program and through the New Jersey Housing Finance Agency.

Exhibit 1
Overview of PHA Characteristics

Camden Housing Authority

Number of Public Housing Developments and Units:	10/ 2,333
Size of Staff (Total)	185
Number of Modernization Staff	68 total, 11 in Mod. Dept
PHMAP Score:	63.69
Recently Troubled: (Y/N)	Yes, lifted 4/94
Mod Troubled: (Y/N)	Yes, since 1992
Vacancy Rate at Comprehensive Plan:	16%
Number of Resident-Managed Developments:	None

Characteristics of the Stock — Distribution	Units	Percent
Age of Development		
Pre-1940	514	22
1941-1960	1,420	61
1961-1980	399	17
1981 or later	0	0
Total	2,333	100%
Structure Type		
Detached/Semi-Detached	0	0
Row	1,513	65
Walk-up	514	22
Elevator	306	13
Mixed	0	0
Total	2,333	100%
Development Program		
Rental	2,240	96
Turnkey III	93	4
Mutual help	0	0
Sec/23-bond financed	0	0
Total	2,333	100%
Occupancy Type		
Family	2,027	87
Elderly	306	13
Mixed	0	0
Total	2,333	100%
Development Size		
Small (1-49 units)	192	8
Medium (50-199 units)	306	13
Large (200+ units)	1,835	79
Total	2,333	100%

Westfield Acres site, which is also the site with the largest amount of unfunded capital improvement needs. Vacancies at CHA generally result from the condition of the units, since there is strong demand for family public housing in Camden, with over 1,000 households on the waiting list.

The size of CHA's developments ranges from under 50 units to over 500 units, which would present a significant management challenge for any agency, let alone one that is located in an extremely depressed urban setting with a high crime rate and limited economic opportunities. However, many private housing units in Camden that serve low-income persons are in worse condition than those owned by CHA.[2] The largest housing development is the Westfield Acres site, which consists of 514 three-story, walk-up units (over 23 percent of all units). There are six other family developments, as well as three elderly developments, which are smaller and newer than the family housing developments.[3] In addition to the large Westfield Acres site, the McGuire housing development contains 376 units and is considered to be so severely distressed that it has qualified for and received a HOPE VI Urban Revitalization Demonstration implementation grant of approximately $42 million. Together, these two distressed family developments contain 890 units, or over 38 percent of CHA's entire portfolio.

1.2 Management History

The CHA's management history is well known in the greater public housing community. The Authority has been troubled for approximately 15 years and has experienced great difficulty in administering its public housing program. Its poor maintenance and modernization program management have been of concern to HUD for well over a decade. The problems at the CHA were considered to be so severe that HUD decided to withhold over $10 million in CIAP funds in 1991; these funds were instead awarded to other PHAs in New Jersey.[4]

Nevertheless, improvements made at the Authority over the past two years have been impressive. The CHA has earned a new PHMAP score of 63.69 by taking steps to address items relating to the on-site management of its developments (such as resident initiatives, rent collection, annual unit inspection) and other PHMAP indicators related to financial management (such as routine operating expenses and operating reserves). The Authority has moved to decentralize its entire operation, and now has housing maintenance and management staff reporting to the on-site housing manager. The Executive Director credits the decentralized management approach, along with management improvement-funded training programs, for

---

[2]This is according to the City's Division of Planning, based on analysis undertaken to prepare the recent Consolidated Plan for the City.

[3]These three housing developments contain only 306 units (or 13 percent) of the housing stock operated by the CHA; they were all built since the 1960's.

[4]HUD Field Office staff indicate the decision to not award CIAP funds in 1991 was a difficult one and was taken only after they examined the agency and found there was little capacity and movement in obligating prior modernization awards. The large unfunded capital needs at CHA are acknowledged by HUD staff, who would have preferred not to have denied the 1991 funds. However, this was the only option that appeared to be available to HUD under the CIAP process.

improving CHA's operations. He also indicates that a change in modernization strategy, focusing on a comprehensive approach instead of piecemeal capital repairs, has allowed CHA staff to focus on improving the overall operation of individual developments.

The decentralization of housing management operations is evidenced by the fact that approximately 117 staff of a total 185 are assigned to site-based operations. This staff complement includes a force account[5] repair and vacancy rehabilitation program crew supported by CIAP, CGP, and anticipated Vacancy Reduction Program (VRP) funds.

1.3 Modernization History

As indicated above, HUD has recognized for some time the extensive capital improvement needs of the CHA's housing stock, and made efforts under CIAP to provide significant levels of modernization funding for the agency. However, concerns about slow spending of modernization funds were so great that HUD denied the agency 1991 CIAP funding despite its compelling need.

During fiscal years 1984 through 1990, the agency received an average of $12,081,176 under CIAP, with grants ranging from $1 million in 1986 to $23 million in 1985, and $22 million in 1990 (see Exhibit 2). The wide variation in funding under CIAP compares with the relatively stable, but significantly lower, level of funding under CGP (approximately $5 million per year). Both CHA staff and HUD representatives characterize the CIAP years as being frustrating due to poor rates of spending and obligation of funds, the piecemeal manner in which they were spent, and lack of an overall plan for achieving the restoration of individual developments. Planning prior to CGP was essentially reactive to high-profile capital improvement items, without regard to an overall strategy for ensuring the long-term viability of the developments. The significant level of capital needs led CHA staff to constantly redirect funding to minor site and interior unit refurbishment and individual emergency work items, which resulted in little sustainable improvement to the properties. The effects of this lack of coordinated planning and the lengthy time frames for obligating modernization funds were aggravated by poor maintenance services that tended to accelerate the overall physical deterioration at the sites.

The lack of CIAP funding in 1991 aggravated the agency's problems. Further, the in-house force account approach to undertaking renovation at certain developments required extensive management attention in order to correct deficiencies in the earlier operation of this program. Given past problems, the work that can be undertaken by the Authority using force accounts has been limited by HUD, even though the CHA feels management and administrative problems have been corrected. The CHA feels that force account modernization allows for a more flexible and expedient way to undertake unit rehabilitation, since it eliminates the time required for public bidding of construction and can allow changes in the scope of work on a

[5]Force account is a term used to cover capital improvement or modernization repair work undertaken with PHA staff instead of outside contractors.

Exhibit 2
Funding Overview:
Sources and Amounts of HUD Modernization Funding

Camden Housing Authority

Fiscal Year	CIAP	URD	CGP	TOTAL
FY 1984	$4,198,650	0	0	$4,198,650
FY 1985	23,488,275	0	0	23,488,275
FY 1986	1,039,650	0	0	1,039,650
FY 1987	11,957,566	0	0	11,957,566
FY 1988	7,680,926	0	0	7,680,926
FY 1989	13,487,975	0	0	13,487,975
FY 1990	22,715,190	0	0	22,715,190
FY 1991	0	0	0	0
FY 1992	0	0	$4,647,927	4,647,927
FY 1993	0	0	$5,133,245	5,133,245
FY 1994	0	$42,000,000	$5,274,249	5,274,249

unit-by-unit basis while the repair program is underway. However, HUD is apparently monitoring the program closely and may not be interested in expanding it further. Instead, HUD may favor a more traditional contract repair approach to modernization since this would require less management capacity on the part of CHA.

2. CGP Planning and Administration

The CHA's Physical Needs Assessment (PNA) does not reflect all capital needs of the agency. Instead, the PNA estimate of need was developed to ***fit the expected formula allocation of funds*** under CGP over the first five years. Specifically, the plan triages the two largest family developments (Westfield Acres and McGuire) in order to address the critical needs of the other developments. In addition, redesign was not included in the scope of the PNA. (Also, work to be funded from unobligated CIAP funds was excluded.) Thus, the figures presented in the PNA document significantly understate total capital improvement needs for Camden public housing.

2.1 Physical Needs Assessment

Despite high demand for CHA housing, the overall condition of the CHA housing stock is poor. Many family developments have capital needs related to infrastructure improvements (i.e., electrical distribution systems, water and sewer systems, and roads) that are quite costly and have little effect on the "curb appeal" of the housing. Since these high-cost work items do not appreciably affect the attractiveness of the developments, the CHA has often been compelled to undertake site and unit repairs which had a more visible impact to residents and the community, even though these repairs did not address basic building systems and the long-term viability of properties. As an indication of the needs of the housing stock, the McGuire Hope VI site is funded at $42 million, an amount well above the total listed in the PNA for all of the properties taken together. In many respects, CHA considered the Westfield Acres site to have even greater physical needs than McGuire, but the agency has no options currently available to fund needs at this site. Neither site was included in the PNA except for emergency items, since the overall strategy was to pursue other funding for these developments.

To produce the PNA, modernization staff developed a form which maintenance personnel used to report on capital repair requirements for each development. The PNA was undertaken entirely in-house, using CHA staff to survey needs and develop cost estimates. Meetings were held with all resident organizations, and information from past modernization contract awards was used (along with the R.S. Means construction cost manuals) to prepare work item cost estimates. The modernization staff examined past CIAP-funded work items that were found to be underestimated, reviewed the backlog of CIAP funded items that could be reprogrammed for needs of higher priority, and considered the need to meet Section 504 requirements. However, as noted above, the final PNA figures were backed into and reflect anticipated spending over the next five year as opposed to the full needs of the authority.

As shown in Exhibit 3, total hard cost needs identified in the PNA were only $19.6 million. As mentioned previously, CHA received $42 million in Hope VI funds for the McGuire development alone. The HOPE VI grant is for the comprehensive modernization of the development, construction of new administrative offices for the Authority, and needed social support and community services for residents. Given this level of funding, the PNA should have included an amount of $20 million or more in capital needs for McGuire, or about four to five times the amount actually included in the PNA. Needs for Westfield Acres are estimated by staff to be about $36 million, or six times the amount listed in the PNA. This figure could be higher, however, depending on whether unit reconfiguration or demolition and replacement are included in the strategy. The inclusion of more appropriate needs levels for Westfield and McGuire would set total hard cost needs for the Authority at about $81 million, and bring total needs up to at least $86 million. Additional needs for reconfiguration and redesign may exist (such needs were considered to be outside the scope of the assessment), but the costs of these cannot be estimated.

Mandates played a relatively small role among those needs which ***were*** reported in the PNA. The Authority took steps to fund all Section 504 needs with CIAP and first-year CGP funds. In addition, the agency targeted lead-based paint (LBP) abatement as a special set-aside and included LBP abatement in its cost estimates for comprehensive modernization. Costs for LBP abatement in developments slated for comprehensive modernization are embedded in the overall estimates and cannot be broken out separately; as a result, the $1 million in abatement costs shown in Exhibit 3 represent only those costs that will be incurred apart from comprehensive modernization. The amount of need identified in the PNA for Section 504 compliance was quite small (approximately $60,000), since these mandated improvements were primarily funded under prior CIAP awards.

The CHA used the following method to set priorities among reported needs:

- Priority 1 was given to those needs that were statutorily required or mandated, along with items considered to be emergencies.

- Priority 2 encompassed those work items that were considered urgent and that needed to receive attention in the next two years; if not addressed, they would materially affect maintenance service delivery and costs.

- Priority 3 needs were those work items necessary to sustain the property as an asset, but less urgent based on the criteria for 1 and 2 above.

- Priorities 4 and 5 were primarily planned replacement items -- such as roofs, boilers, non-dwelling repairs -- that were not needed or essential in the next 2 to 3 years.

No changes have been made to Camden's PNA. However, an update is planned for FY 1995, to account for funding received for McGuire under HOPE VI. There appears to be no plan to modify the PNA to reflect the total estimated capital needs for Westfield Acres;

Exhibit 3
Overview of Physical Needs

Camden Housing Authority 1992

Category of Need	Dollar Amount	Percent of Total
Budget Category		
Hard Cost for Physical Needs	$19,605,720	79
PHA-Wide Management Needs	3,444,365	14
PHA-Wide Non-Dwelling Structures and Equipment	54,573	<1
PHA-Wide Administration	1,534,346	6
PHA-Wide Other	$263,940	<1
Grand Total of PHA Needs	$24,902,944	100%
Urgency of Need		
Hard Costs Associated with Priority 1 Needs	3,462,000	18
Hard Cost Associated with Lower Priority Needs	16,143,720	82
Total	$19,605,720	100%
Mandates		
Hard Cost Associated with Lead-Based Paint Testing	0	0
Hard Cost Associated with Lead-Based Paint Abatement	$1,000,000	4
Hard Cost Associated with Section 504	$60,000	<1
Hard Cost Associated with Title VI Order	0	0
High Need Developments		
Hard Cost Associated with Developments with Costs in Excess of 90 Percent of TDC	0	0
Redesign/ Reconstruction in High-Cost Developments	0	0

Extent of Overall Need	Ratios
5-Year Funding Level/Total Need	.93
5-Year Funding/Priority 1 Hard Cost Need	6.7
5-Year Funding/Mandated Hard Cost Need (LBP/504/Title VI)	21.9

furthermore Camden has not yet been able to identify a source of funding for this property. By omitting the full needs of these two sites from the Five-Year Plan, the CHA was better able to direct the funds it expected under CGP toward comprehensive modernization of its other family developments. The strategy was based on the belief that the two troubled properties would need to be addressed outside the CGP framework. As it happens, one of these will now be fully treated under HOPE VI, leaving CHA to concentrate its efforts to secure capital improvement funding for Westfield outside of the CGP program.

2.2 Management Needs Assessment

Camden's Management Needs Assessment (MNA) largely reflected the Executive Director's philosophy of instituting a decentralized site-based management approach and building staff capacity at CHA. Unlike the Physical Needs Assessment, the MNA was not a five-year spending plan, but rather provided a comprehensive identification of needs (without regard to cost). The identification of management needs and the setting of priorities were largely the result of a top-down process orchestrated by the Executive Director, in consultation with the Board of Commissioners, key tenant leaders, and HUD field office staff.

The Management Needs Assessment focused on two overall objectives: increasing resident participation and services, and addressing critical items identified as PHMAP deficiencies in order to move the agency off the troubled list. Specific areas of management improvements are shown in Exhibit 4.

While proposed spending on resident initiatives and services was not required under CGP, staff considered these items important due to the level of distress experienced by the resident population occupying its family developments. All of the CHA's developments are located in neighborhoods which have high crime rates. Therefore, both resident services and security received high levels of attention under the Management Needs Assessment. Steps to increase social services and to promote healthy resident organizations — through organizing resident councils and promoting economic development opportunities — will, in the view of the staff, improve the manageability of the large family developments in the long run. In addition, improved security programs, involving resident participation and contracted supplemental police patrols, are meant to increase the stability and manageability of the developments. Overall, just over 50 percent of all management improvement need was associated with resident services and security.

Virtually all of the remaining need is associated with staff training or improvements directly related to PHMAP. Most of the CHA's poor PHMAP ratings were on indicators related to the management and delivery of maintenance services. The CHA received low scores under the indicators for vacancies, unit turnaround, work order backlog, and annual unit inspections and repairs. The management assessment identified the need for increased training of maintenance and property management staff; as a result, almost all the funds for these items were allocated to staff training in inspections and to the development of preventive and planned maintenance systems. Improved training and programs for vacancy preparation and re-

Exhibit 4
Overview of Management Needs

Camden Housing Authority

Type of Need	Mandatory	Optional	Total	%
Needs Associated with PHMAP Deficiencies (by Indicator)				
Vacancy	$500,000	0	$500,000	15%
Modernization	0	0	0	0
Uncollected Rents	0	0	0	0
Energy Consumption	0	0	0	0
Unit turnaround	0	0	0	0
Outstanding Work Orders	100,000	0	100,000	3
Inspection/condition of units	100,000	0	100,000	3
TARS	100,000	0	100,000	3
Operating reserves	0	0	0	0
Routine operating expense	0	0	0	0
Resident initiatives	0	0	0	0
Development	0	0	0	0
Sub-total: PHMAP Related Need	$800,000	0	$800,000	24%
Other Management Needs (by Functional Area)				
Leasing and Ongoing Tenant Functions (outreach, waiting lists, eligibility, collections, recertifications)	0	0	0	0%
Property Management (maintenance, inspections, and modernization)	0	$79,573	$79,573	2
Administration, Finance, MIS, Communications	0	0	0	0
Personnel (including training)	0	750,000	750,000	22
Resident Services	0	1,214,792	1,214,792	35
Security	0	600,000	600,000	17
Other/Misc	0	0	0	0
Sub-total: Other Needs	0	2,644,365	2,644,365	76
Total Management Need	$800,000	$2,644,365	$3,444,365	100%

occupancy, unit inspections, and work order system enhancements received the highest priority to improve the agency's overall PHMAP score. As indicated in Exhibit 4, $800,000 (about a quarter of the total) was identified for these PHMAP-related improvements.

It is important to note, however, that no management improvement funds are specifically allocated to address modernization, even though the CHA is considered to be modernization-troubled. The Executive Director firmly believes that the best way to improve management performance is through strong leadership with regard to setting goals and priorities for staff, and an increase in on-site management capacity at housing developments. Similarly, CHA staff believe the Authority will be removed from the list of modernization-troubled PHAs by addressing critical administrative items and through clearer planning objectives, such as those outlined for the PNA. By taking active steps to revise Project Implementation Schedules (PIS) for modernization and improving the capacity to bid work and obligate funds in accordance with the revised plans and schedules, the agency will be better able to meet the performance requirements specified under the categories for modernization.

There have been no material revisions to the MNA since the development of the original Five-Year Plan. The agency is no longer operating under a MOA, but its improvement plans for addressing PHMAP deficiencies are similar to the MOA and are consistent with the MNA.

2.3 Resident and Local Government Participation

CHA included residents in the development of the Physical Needs Assessment in order to ensure their support for the capital improvement programs to be undertaken by the Authority. In terms of management needs, the CHA seemed committed from the outset to support resident training and social support services, as is evidenced by the fact that 46 percent the management improvement needs identified in the PNA were for resident programs and initiatives. Local government participation was obtained by the CHA primarily in the form of endorsement and concurrence with CHA initiatives. Direct involvement by the local government was limited to participation in resident meetings by the City's Department of Community Services.

2.3.1 Resident Participation

CHA staff shared the survey forms used to develop the list of proposed capital improvements and associated cost estimates with interested residents. These residents were primarily members of a resident advisory board created to facilitate resident participation in the development of the Five-Year Plan. The resident advisory board consisted of ten members (one from each housing development) and also included a member of the City's Department of Community Services, who was assigned to help work with the residents in identifying needs and programs of importance to them. The capital improvement plans and programs proposed for inclusion in the Five-Year Plan were discussed and generally met with the approval of the advisory board.

Residents at CHA developments range from poorly organized to well-organized, and the level of resident activism tends to influence the proposals put forward by the CHA. At one housing development, for example, extraordinary pressure from organized residents has resulted in the CHA's directing funds toward the renovation of kitchens and bathrooms instead of addressing more basic (and less visible) improvements at this site. The less organized residents in other developments were more likely to agree with the CHA's proposals.

Despite the large amount of unfunded needs at certain developments and poor physical conditions at many sites, only a few resident organizations expressed concerns about the proposed capital needs and priorities proposed by CHA. The resident leader interviewed from Westfield Acres seemed to be more interested in resident programs and economic development initiatives that could be undertaken by CHA than in capital projects. There appeared to be recognition of the need to treat redevelopment needs at McGuire and Westfield Acres outside the normal Five-Year Plan process.

The proposed Five-Year Plan work items were reviewed with resident organizations, and the required resident meeting and public hearing were held. In order to assure full participation, the CHA actually held two separate meetings in two different locations of the City. The CHA sent notices to all residents and invited certain community and city officials through certified mail to the public hearing. Other than the issue of kitchens and baths cited above, residents appeared to fully support the priorities and proposals contained in the Five-Year Plan.

2.3.2 Local Government Participation

The City of Camden participated in the CGP planning process in two ways, both of which involved the Division of Planning and the Department of Community Services. A staff member from the Department of Community Services participated on the advisory board with residents, assisted in identifying resident needs, and facilitated resident comments and participation. The Division of Planning serves as the City's liaison to CHA and staff there indicate that they follow CHA planning and management activity closely. The Division of Planning did not appear to play any formal or active role in the development of the Five-Year Plan, yet staff were in regular contact with the Executive Director and CHA modernization staff during its development. Further, the Division of Planning used the five-year plan and involved CHA staff in the preparation of the City's CHAS, as well as plans and schedules for infrastructure improvements in the neighborhoods where public housing developments are located. The Division of Planning also offered support and concurrence with respect to the capital improvements proposed in the Five-Year Plan before the plan was presented for City approval. It is also important to note that Division of Planning staff worked closely with CHA in the development of its Hope VI application.

2.4 On-going CGP Planning

The CHA has used essentially the same process described above for developing subsequent changes to the annual statements submitted under CGP. Overall, on-going planning under the Five-Year Plan has resulted in some minor modifications to the 1993 and 1994 annual statements, primarily to address cost estimate modifications after the actual public bid experience for contracted work. The adjustments proposed for the coming year (FY 1995) will relate to reprogramming funds allocated for McGuire to Westfield Acres and to the elderly developments. CHA staff noted that the elderly developments are typically newer and in better condition; therefore, it was easier to defer these work items. With funds becoming available due to the Hope VI grant, additional CGP funds may be allocated for the elderly developments in FY 1995. In addition, the 1994 Vacancy Reduction Program (VRP) funds received by CHA will for the most part be used to treat vacancy problems at Westfield Acres, addressing to some extent the lack of funding available under CGP for this property. The allocation of VRP funds will not result in any modifications to the PNA or to the FY 1995 annual statement.

2.5 Perspectives on CGP Administration and Effectiveness

Both CHA staff and HUD field office staff felt that CGP yielded some important benefits in terms of the predictability of formula funding, the process used to develop the Five-Year Plan, and the development of a framework for a more constructive working relationship with HUD.

2.5.1 Perceived Impacts of the Formula Approach

According to CHA staff, the CGP formula approach allows for better planning than CIAP. However, the Authority believes that the formula amount is too low to meet its comprehensive modernization needs. CHA staff also believe that the CGP regulation limiting total administrative costs to 7 percent of the formula grant is too restrictive. In order to help cover administrative costs associated with the CGP, the CHA has moved some of its technical and force account charges to capital work items and the "fees and costs" line items, wherever possible and permissible.

CHA staff like the discretion they have under CGP. By contrast, they feel the involvement of HUD in approving all work items, and the joint review process under CIAP, did not always give the Authority credit for making its own decisions. CHA staff cited examples where the HUD Field Office tended to limit their ability to program and spend funds effectively under CIAP[6]. These issues no longer seemed to be of great of concern under CGP. Both the Authority and HUD staff tended to feel the greater flexibility offered under CGP would facilitate

[6]One such example was the more restrictive cost limitations under CIAP, which provided for a high level of HUD review and Authority justification of modernization expenditures when total proposed expenditures were expected to exceed 67.5 percent of cost guidelines. CGP now allows for expenditures up to 90 percent of cost guidelines before a detailed viability analysis is required.

modernization program spending, since CHA was able to determine the phasing and sequencing of work items in a way that would better enable it to contract for and spend the funds. Given the large backlog of CIAP funds that existed at the start of the CGP, the impact of CGP on spending rates has not yet been determined.

CHA staff feel that CGP creates a framework which encourages them to engage in more reasonable and rational planning for modernization work and to involve residents in a more meaningful manner. The more predictable method of receiving modernization funds allowed them to be clear with residents as to what capital work items could be supported under the program. Further, the ability to use 10 percent of total funds for management improvements on an annual basis allowed the Authority to commit to funding resident initiatives in a more predictable and credible manner than in the past.

CHA staff felt that as long as a PHA put the time and effort in at the start of the process (i.e. first year of CGP) to develop a reasonable plan, the process of maintaining the plan could be administratively easier than the CIAP process. Also, a five-year strategy gave the staff and the residents a chance to buy into priorities up front and to have a road map to work from over the next few years. This approach tended to minimize any issues with regard to the next year's priorities, assuming the funding level stayed at the predicted amount. Overall, the first year was the most difficult in terms of making submission deadlines. The CHA has experienced no difficulty in submitting performance and evaluation reports and annual statements within the deadlines established by HUD. Similarly, the HUD field office has had no difficulty in processing CHA submissions of annual statements and performance and evaluation reports.

CHA staff feel that they should have greater discretion over the use and documentation of administrative expenses for the program. For example, the limit of 7 percent should be raised and made more reflective of the administrative needs of a PHA's modernization program. The record-keeping for tracking administrative expenses should be more flexible and should not rely on a strict method of time accounting, since modernization activities are so integral to the operation of a PHA such as Camden, where it is often hard to separate what is a modernization-related administrative activity from other, routine activities funded in the operating budget.

2.5.2 Relationship to HUD

CHA staff and HUD Field Office staff feel that CGP has contributed to an improved relationship between the two agencies, with less intrusion into CHA management on the part of HUD. Some of this results from the new national policy of assisting rather than sanctioning troubled PHAs, as well as from the positive changes under the current Executive Director and the HUD Field Office Director of Public Housing. The HUD Field Office has been actively working with CHA to improve its modernization staff capacity by providing technical assistance (a maintenance review and assessment) and by giving priority attention to CHA modernization processing. As indicated above, the HUD Field Office has been able to meet the review timetables established under CGP, and the Field Office staff indicated the CHA's submissions (annual statements and performance and evaluation reports) were on-time and of acceptable quality. Neither CHA nor HUD staff felt that the reorganization of HUD Field and Regional offices had much effect on the administration of CGP, except that exclusive monitoring through the Field Office promotes consistency in CHA's policy implementation.

3. MODERNIZATION STRATEGIES AND SPENDING PATTERNS

3.1 Overall Strategy and Rationale

The CHA is using a comprehensive modernization approach to treating most of its family housing developments. Of the seven family developments, five are being treated comprehensively through CGP or remaining CIAP funds. A sixth (McGuire) is being treated comprehensively outside of CGP through the HOPE VI Program. Therefore, six of the seven family housing developments are to be treated in a comprehensive manner with CGP, CIAP, and HOPE VI funds during the next five years.[7] The one site that CHA is not able to treat through a comprehensive modernization approach is Westfield Acres, due to a lack of capital improvement funds. This lack of funding is of great concern to CHA staff and HUD Field Office staff, since Westfield is the largest public housing development in CHA's portfolio.

The three elderly housing developments are not considered to be comprehensive modernization sites. These developments tend to require more routine forms of building repairs and security system improvements. All CGP spending for the family developments under the Five-Year Plan can be characterized as comprehensive modernization and, as shown in Exhibit 5, constitutes more than three-quarters of the work in most years. For the three elderly sites, spending is for selected work items instead, and constitutes only about a quarter of overall CGP spending.

3.2 Coordination of CGP with Other Funding Sources

Based on interviews with CHA staff, there is a high degree of coordination between CGP funded activities and those funded through other programs. However, such coordination is not at all evident from the PNA or the annual statement. The lack of information on other funding sources and activities is significant, since CGP formula funding accounts for only a minor proportion of all funds available for modernization uses.

As shown in Exhibit 6, the major sources of funding for capital repairs in FY 1994 were prior CIAP awards (particularly the major balance of the 1990 award of $22 million), a HOPE I grant of $2.1 million for Royal Court, $1 million from the State HFA for Royal Court, and $42 million from Hope VI for the McGuire development. In fact, CGP funds for FY 1994 represent just 7 percent of the total capital funds available. The availability of nearly $73

---

[7] Even CHA's Turnkey III site (Royal Court) is to receive comprehensive modernization, using a $2.1 million HOPE I grant and approximately $1 million from the New Jersey Housing Finance Agency.

Exhibit 5
Concentration of Modernization Spending (CIAP compared to CGP)

Camden Housing Authority

Year/ Source	Modernization Types		
	Comprehensive Scope	Selected Work Items/Special Purpose	Total
FY 90 CIAP* Projects/Units Dollars	 9/1,934 $15,949,115 (97%)	 3/306 $482,810 (3%)	 12/2,240 $16,431,925 (100%)
FY 92 CGP Annual Statement and 5-Year Plan	5/1,567 $3,504,430 (97%)	3/306 $110,000 (3%)	8/1,873 $3,614,430 (100%)
FY 93	5/1,567 $2,395,780 (62%)	3/306 $1,462,000 (38%)	8/1,873 $3,857,780 (100%)
FY 94	4/1,261 $2,660,500 (73%)	2/207 $997,000 (27%)	6/1,468 $3,657,500 (100%)
FY 95	3/1,187 $2,765,000 (75%)	3/306 $928,840 (25%)	6/1,493 $3,693,840 (100%)
FY 96	3/914 $4,415,000 (100%)	0/0 $0 (0%)	3/914 $4,415,000 (100%)
FY 1993 Annual Statement Revised	5/1,567 $2,881,098 (66%)	3/306 $1,462,000 (34%)	8/1,873 $4,343,098 (100%)
FY 1994 Annual Statement Revised	5/1,567 $3,150,588 (76%)	2/207 $997,000 (24%)	7/1,774 $4,147,588 (100%)

*The Camden Housing Authority was not awarded a CIAP grant for 1991.

Exhibit 6
Sources of Funding for Modernization

Camden Housing Authority

Anticipated CGP and Non-CGP Funds by Year (From Initial Five Year Plan)

Year	CGP	Non-CGP Funds	Total
FY 1992	$4,647,927	0	$4,647,927
FY 1993	4,647,927	0	4,647,927
FY 1994	4,647,927	0	4,647,927
FY 1995	4,647,927	0	4,647,927
FY 1996	4,647,927	0	4,647,927

Sources of Funds for Modernization Needs (Detail from FY 1994 Annual Statement/PHA Documents)

Source	Listed in Statement (Y/N)	Amount	Percent of Total
CGP Formula	Y	$5,274,249	7
CGP Emergency/Disaster Reserve	NA	0	0
Continuing CIAP Programs (not reprogrammed) Estimate of Actual Spending	N	22,623,805*	31
Reprogrammed CIAP Funds	NA	0	0
MROP	NA	0	0
URD	N	42,000,000	58
Operating income used for betterments & additions or non-routine maintenance	NA	0	0
Section 8 reserves used for capital improvements and equipment	NA	0	0
Modernization staff salaries from non-CGP sources	NA	0	0
Other (List)			
State funds	N	1,000,000	1
HOPE I	N	2,106,176	3
Total		$73,004,230	100%

* Prior balance.

million (with almost $68 million coming from non-CGP funding sources) for capital repair, management and resident initiatives is an important part of the agency's ability to address both physical deficiencies at its properties and managerial deficiencies within its overall operations.

The CGP funds are not supplemented by operating or Section 8 resources. Rather, in terms of the operating program, capital funds have been used in such a way as to minimize the amount of non-routine expenditures that would have had to be funded from operating income, allowing the agency to increase its operating reserves and achieve an "A" rating for this indicator under PHMAP. While unobligated CIAP funds are not reflected (and were not reprogrammed to CGP) in the annual statement, the use of the funds has been fully considered with regard to the PNA development process. Further, Hope VI funds have been used to virtually eliminate the need for funding the McGuire development under the CGP. The flexibility afforded by the CGP has allowed the CHA to make necessary changes in the planning for and allocation of CGP funds, to take full advantage of its Hope VI grant.

3.3 Specific Spending Patterns

Exhibit 7 presents information on specific spending patterns planned under CGP. Priority 1 work items represented approximately 93 percent of planned expenditures for FY 1992 in the Five-Year Plan but only 11 percent for 1993. This pattern indicates that activities designated Priority 1 (including mandates and items such as utilities and building systems) received immediate attention under the first year of CGP. For FY 1993, Priority 1 items were initially to have consisted of 11 percent of total expenditures but were reduced to 9 percent in the revised statement. For FY 1994 and beyond, no funds under CGP are allocated for Priority 1 items.

The CHA is not required to take any steps to remedy past noncompliance with the requirements of Title VI of the Civil Rights Act of 1964. Therefore, the only mandates identified with regard to capital improvement spending are LBP abatement and Section 504 compliance.

Section 504 compliance activities consist almost exclusively of unit modifications to meet the costs of handicapped bathroom fixtures and wheel-chair accessibility improvements; these total only about $60,000. A significant amount of 504-related activity occurred previously under CIAP. Further, some adaptations are embedded in comprehensive modernization work and are not specifically identified as Section 504 improvements.[8] Lead-based paint abatement testing was undertaken in connection with both the CIAP and CGP funded work in year 1, and a total of $1 million is allocated for lead-based paint abatement in that year. The amount for lead-based paint abatement comes to just over 4 percent of total CGP planned spending over the first five

[8]An example is the bathroom modernization work at Roosevelt Manor which was observed as a part of the case study site visit.

Exhibit 7
Patterns of CGP Hard Cost Spending and Comparison with Need (Mandates vs. Discretionary)

Camden Housing Authority

Spending Priorities and Mandates	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Priority 1	$3,462,000	93%	$407,780	11%	0	0	O	0	0	0	$407,780	9%	0	0
All other	$152,430	7%	$3,450,000	89%	$3,871,100	100%	$3,693,840	100%	$4,415,000	100%	$3,935,318	91%	$4,147,588	100%
Total	$3,614,430	100%	$3,857,780	100%	$3,871,100	100%	$3,693,840	100%	$4,415,000	100%	$4,343,098	100%	$4,147,588	100%
LBP Testing	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LBP Abatement	$1,000,000	28%	0	0	0	0	0	0	0	0	0	0	0	0
Section 504	$60,000	2%	0	0	0	0	0	0	0	0	0	0	0	0
Title 6	0	0	0	0	0	0	0	0	0	0	0	0	0	0

years. However, as noted previously, this excludes amounts that may be embedded in comprehensive modernization work. Exhibit 8 suggests that spending on both Section 504 and LBP account for a higher share under CGP than they did under CIAP.

3.3.1 Spending Differences by Development Type

Exhibit 9 presents information on spending by development type. In general, spending as well as need is concentrated in larger developments. Spending for elderly versus family developments also appears to be in line with patterns of need, however the large amount of funding for family developments outside of CGP needs to be taken into account. Specifically, the comprehensive modernization of six of the Authority's seven family developments is possible (primarily) due to the availability of currently unspent CIAP funds and the Hope VI grant award for McGuire. There are no RMCs within the CHA; however, the presence of a strong resident organization at Roosevelt Manor did not appear to have any major impact on the decision to designate six of the seven family developments as comprehensive modernization sites.

3.3.2 Other Patterns of Hard Cost Spending

None of Camden's CGP funding is allocated for reconstruction or redesign, nor for demolition or conversion. (See Exhibit 10.) These items were not included in the assessment protocol for development of the PNA. The Hope VI grant does provide for the reconfiguration of units, but this was developed subsequent to and separate from the Five-Year Plan. A small amount of funds have been allocated for security-related improvements. The only funds allocated for long-term vacancies are those that are part of the comprehensive modernization of housing developments.

3.3.3 Administrative and Other Expenses

The Camden Housing Authority has allocated the maximum permitted percentage of 7 percent for administrative costs. (See Exhibit 11.) As indicated above, CHA staff feel there is a need for more flexible rules on accounting for and charging administrative expenses; they would also like to see a greater percentage allowed for administrative expenses under the CGP. The CHA has not allocated any funds for replacement reserves and is unlikely to do so in the next few years, given its high level of capital improvement needs. Finally, other costs (such as A&E or relocation) have been modest — only a small percentage of the total.

3.3.4 Spending on Management Needs

Management spending typically accounts for just under 10 percent of CGP funds. Many of the management improvements considered necessary to address PHMAP deficiencies can be accomplished through relatively low cost efforts pertaining to staff training and capacity

Exhibit 8
Comparative Data on CIAP Spending Patterns (FY 1990*)

Camden Housing Authority

Budgeted Expenditures: FY 1990	Dollars	Percent of Total
Mandates versus Other		
LBP Testing	0	0
LBP Abatement	0	0
Section 504 Compliance	$72,000	<1
Other Spending	22,643,190	>99
Total Planned Expenditures	$22,715,190	100%

*Camden Housing Authority did not receive CIAP funding for FY 1991

Exhibit 9
Patterns of CGP Hard Cost Spending and Need (Specific Development Types)

Camden Housing Authority

Development Type	Physical Needs Assessment			Planned Hard Cost Expenditures FY 1992 - FY 1996			FY 92, 93, and 94 Annual Statement		
	Dollars	%	Per Unit	Dollars	%	Per Unit	Dollars	%	Per Unit
Size of Development									
Large	$16,057,880	82%	$8,303	$15,740,710	82%	$8,139	$9,686,116	78%	$5,008
Medium	$3,497,840	18%	$8,531	$3,497,840	18%	$8,531	$2,754,000	22%	$6,717
Small	0	0	0	0	0	0	0	0	0
All	$19,555,720	100%	$8,343	$19,238,550	100%	$8,208	$12,440,116	100%	$5,307
Occupancy Type									
Family	$16,057,880	82%	$8,303	$15,740,710	82%	$8,139	$9,686,116	78%	$5,008
Elderly	$3,497,840	18%	$8,531	$3,497,840	18%	$8,531	$2,754,000	22%	$6,717
Mixed	0	0	0	0	0	0	0	0	0
All	$19,555,720	100%	$8,343	$19,238,550	100%	$8,208	$12,440,116	100%	$5,307
Resident Management Status									
Resident-Managed	0	0	0	0	0	0	0	0	0
Not Resident-Managed	$19,555,720	100%	$8,343	$19,238,550	100%	$8,208	$12,440,116	100%	$5,307
All	$19,555,720	100%	$8,343	$19,238,550	100%	$8,208	$12,440,116	100%	$5,307
Development Type									
Rental	$19,555,720	100%	$8,343	$19,238,550	100%	$8,208	$12,440,116	100%	$5,307
Turnkey	0	0	0	0	0	0	0	0	0
Mutual Help	0	0	0	0	0	0	0	0	0
Bond Financed	0	0	0	0	0	0	0	0	0
All	$19,555,720	100%	$8,343	$19,238,550	100%	$8,208	$12,440,116	$100%	$5,307

Exhibit 10
Patterns of CGP Hard Cost Spending (Other Specific Uses)

Camden Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 1993 Annual Statement		FY 1994 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Unit Adaptations	$60,000	1%	0	0	0	0	0	0	0	0	0	0	0	0
Demolition/Conversion	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Security and Drug Elimination	$175,000	4%	$150,000	3%	$185,000	4%	$695,000	15%	0	0	$150,000	3%	$185,000	4%
Redesign in High-Need Developments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energy Conservation Improvements	$700,000	15%	$467,780	10%	$236,000	5%	0	0	0	0	$467,780	9%	$449,600	9%
Site Improvements	0	0	0	0	$1,150,000	25%	$1,850,000	40%	0	0	0	0	$1,426,488	31%
Renovations of Long Vacant Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Exhibit 11
Patterns of Total CGP Spending (By Budget Category)

Camden Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
EXPENSE CATEGORY														
Hard Cost For Physical Needs	$3,768,000	81%	$3,857,780	83%	$3,871,100	87%	$3,693,840	79%	$4,415,000	95%	$4,343,098	85%	$4,147,588	79%
PHA-wide Management	$400,000	9%	$464,792	10%	$451,472	6%	$464,792	10%	0	0	$464,792	9%	$527,424	10%
PHA-wide Non- Dwelling	$54,573	1%	0	0	0	0	0	0	0	0	0	0	$80,040	2%
PHA-wide Administration	$325,354	7%	$325,355	7%	$325,355	7%	$325,355	7%	$532,927	5%	$325,355	6%	$369,197	7%
PHA-wide Other	$100,000	2%	0	0	0	0	$163,940	4%	0	0	0	0	$150,000	3%
Replacement Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grand Total	$4,647,927	100%	$4,647,927	100%	$4,647,927	100%	$4,647,927	100%	$4,647,927	100%	$5,133,245	100%	$5,274,249	100%

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
"OTHER" DETAIL	0		0		0		$163,940	4%	0		0		0	0
Audit	0		0		0		0		0		0		0	0
Liquidated Damages	0		0		0		0		0		0		0	0
Fees and Cost (A&E)	0		0		0		0		0		0		$150,000	3%
Site Acquisition	0		0		0		0		0		0		0	0
Relocation	$100,000	2%	0		0		0		0		0		0	0
Total Other	$100,000	2%	0	0%	0	0%	$163,940	4%	0	0%	0		$150,000	3%

building. Actions aimed at improving staff productivity include the purchase of non-dwelling equipment such as maintenance and office automation equipment. The Executive Director feels that increased staff capacity can be accomplished through training and by directing funds to support on-site management operations through improved maintenance and computer equipment.

Exhibit 12 indicates that about a quarter of management spending for FY 1992 through FY 1994 has been directed towards mandatory PHMAP related improvements, and another 17 percent towards optional improvements related to PHMAP indicators. Activities include property management training, the implementation of more effective work order procedures, a preventive maintenance program, improved management of the vacant unit preparation and turnaround process, and improved procedures for the collection of tenant accounts receivable. Virtually all of these management initiatives are designed to support the efforts of in-house staff through training programs and additional equipment and procedures. Overall, the HUD field office staff are very supportive of the CHA's efforts to undertake staff training programs and to implement improvements in the maintenance area. For example, in 1993 the HUD Field Office conducted a comprehensive maintenance needs assessment for the Authority and assisted the staff in developing a list of improvement activities so as to better direct the spending of management improvement and operating funds on the delivery of maintenance services.

Another important area of management spending (also designed to support on-site housing management) is security. Security costs, specifically the purchase of local police services, account for approximately $510,000 over three years or 41 percent of total management funds.

The final focus of management improvement funding is resident initiatives and services. Training for residents, assistance in developing resident councils, and the creation of resident-owned businesses are considered high priorities by the CHA's Executive Director and the Chairperson of the Board of Commissioners. The management needs assessment identified over $1.5 million for resident programs (46 percent of total). However, the CHA was only able to allocate $325,000 under the Five-Year Plan and only approximately $115,000 (9 percent of total) in the annual statements for fiscal years 1992, 1993 and 1994. This limited level of funding resulted from having to give housing management and maintenance improvements higher priority under the Five-Year Plan since the CHA was required to address a number of PHMAP deficiencies in order to improve its overall score and be removed from the list of troubled PHAs. To the extent possible, the CHA will attempt to identify other grants that it can pursue to fund the various resident programs identified in the management needs assessment. It is important to note that even though the CHA was recently considered troubled, it has scored an "A" on the indicator which covers resident initiatives.

While the Authority supports resident programs focusing on economic and business development, it has not allocated any funds specifically to implement Section 3 contracting requirements, since it feels its local contracting rules cover most items required under Section 3. CHA follows the basic rules and strategies for area-based business participation, Minority and Women-Owned Business participation, and minority work force requirements (including tenant employment and training) that are covered by Section 3. Both CHA and the City of Camden feel that some adaptations to the contract and bidding documents used by CHA may be

Exhibit 12
Patterns of CGP Spending (Management)

Camden Housing Authority

	Management Needs Assessment		Five Year Plan (FY 92-FY 96)		FY 92, 93 and 94 Annual Statement	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Planned Management Spending						
PHMAP Deficiencies (Mandatory)	1,500,000	43	300,000	17	300,000	24
PHMAP Deficiencies (Optional)	364,792	11	424,792	24	214,792	17
Other Deficiencies (Mandatory)	0	0	0	0	0	0
Other Improvements (Optional)	1,579,573	46	1,026,264	59	727,424	59
Total Management	$3,444,365	100%	$1,751,056	100%	$1,242,216	100%
Planned Management Spending for Resident-Oriented Programs						
Resident Management / Homeownership	0	0	0	0	0	0
Capacity-Building and Training	600,000	17	150,000	9	0	0
Section 3 (Economic and Business Development)	914,792	27	114,792	7	114,792	9
Resident Social Services	0	0	0	0	0	0
Other: Develop Resident Service Manual	60,000	2	60,000	3	0	0
Total Resident Programs	$1,574,792	46%	$324,792	19%	$114,792	9%
Planned Management Spending for Security and Drug Elimination	690,000	20	510,000	29	510,000	41

needed. These changes have not been determined as yet. However, it appears the targets used by the City are at least equal to those required under Section 3. Further review of Section 3 rules is to be undertaken by CHA to assure that all issues raised by Section 3 are covered under CHA modernization documents and procurement methods in the future.

4. SUMMARY AND CONCLUSIONS

The Camden Housing Authority has made a number of improvements in its management operations under the current Executive Director. In a relatively short period of time (since 1992), the agency has instituted a number of basic improvements which have resulted in the removal of this Authority from the list of troubled PHAs. Most of the management improvements have been accomplished through efforts to increase staff capacity, decentralize the management and maintenance of public housing, and provide more consistent leadership at the agency. Currently, the agency is still considered to be modernization-troubled, but it expects to achieve a PHMAP rating of "C" or better by the coming year.

The one issue that needs to be given careful notice is that the PNA did not cover all needs required to maintain and/or restore the CHA's entire housing portfolio. The Authority effectively omitted two of its highest-need developments by excluding them from any form of comprehensive modernization or treatment through the CGP. One housing development subsequently received a Hope VI grant that will apparently address all of the capital and operating needs of the property. The other development will require some other form of intervention if it is to be comprehensively modernized or revitalized. The public housing stock is considered viable, especially when compared to the housing available locally for low-income households in the private market. The strategy for treating the other family developments and for providing capital repair funding for elderly sites seems effective and should result in sustaining these properties (based on the information provided by CHA).

Based on the information available from CHA, it appears that the proposed funding for LBP abatement and for addressing 504 compliance is adequate, even though (considering the needs discussed above) the formula amount under CGP is not adequate to meet all capital and management improvement needs. Therefore, the main issue for CHA seems to be the level of funding available through the CGP, given the total needs of the properties. Without programs such as Hope VI, MROP, VRP and so on, it will be difficult for the Authority to modernize its housing stock fully and to meet the apparent demand for low-income public housing in the City of Camden.

Athens

CGP CASE STUDY
ATHENS HOUSING AUTHORITY

Prepared by
Paul Elwood, Abt Associates Inc.

1. PHA BACKGROUND AND CHARACTERISTICS

The Athens Housing Authority (AHA) is a medium-sized housing authority with 1,287 units in 11 developments. Athens, a small city in northeast Georgia, is the home of the University of Georgia, whose 25,000 students make up a significant fraction of the population. In 1991, the City merged with the county to form a unified Athens/Clarke County government. The population of the new entity is 87,594, of which one quarter is African-American.

One of AHA's developments is an elderly high-rise. The other ten developments house mixed populations (family and elderly) in row-house style buildings. The developments are mostly medium-sized; six have between 115 and 160 units, and while the largest development has 207 units. In terms of age, the developments are distributed fairly evenly; two were built around 1940, two in the 1950s, two in the 1960s, three in the 1970s, and one small development in the late 1980s (see Exhibit 1).

There are 60 staff at the AHA, including three modernization staff. The agency is housed in one central office, except for the modernization staff, who are housed in a model unit at a development that is undergoing comprehensive modernization. AHA is rated as a high performer under PHMAP; the agency's most recent PHMAP score was 100. Many respondents spoke to the dramatic improvement in AHA's management since the arrival of the current Executive Director in 1988. Under his leadership, AHA has begun the task of comprehensively modernizing virtually all of its developments.

1.2 Modernization History

AHA had done very little modernization before 1988, despite the fact that two developments were then over 40 years old. As shown in Exhibit 2, the agency received a total of $4.7 million in CIAP funds between 1981 and 1990 (an average of $665,000 per year). In 1991, AHA won a large CIAP grant of $7.6 million. Including this award, Athens received an overall average of $9,557 per unit over the eight year period. As a result of this modest level of modernization funding, AHA has a high level of backlog modernization needs.

The stock appears to have been well-maintained and there are no long-vacant units. Nevertheless, developments that have not yet been modernized reveal their age, with peeling paint on the trim. Some developments still have 60-amp electrical service, fuse boxes, and electric space heaters. The older stock is solidly built, with a simple design that still works

Exhibit 1
Overview of PHA Characteristics

PHA Name: Athens Housing Authority

Number of Public Housing Developments and Units:	11 / 1287
Size of Staff (Total)	60
Number of Modernization Staff	3
PHMAP Score:	100
Recently Troubled: (Y/N)	N
Mod Troubled: (Y/N)	N
Vacancy Rate at Comprehensive Plan:	6%
Number of Resident-Managed Developments:	0

Characteristics of the Stock — Distribution	Units	Percent
Age of Development		
Pre-1940	0	0
1941-1960	571	44
1961-1980	672	52
1981 or later	44	3
Total	1,287	100%
Structure Type		
Detached/Semi-Detached	0	0
Row	1,172	91
Walk-up	0	0
Elevator	115	9
Mixed	0	0
Total	1,287	100%
Development Program		
Rental	1,287	100%
Turnkey III	0	0
Mutual help	0	0
Sec/23-bond financed	0	0
Total	1,287	100%
Occupancy Type		
Family	0	0
Elderly	115	9
Mixed	1,172	91
Total	1,287	100%
Development Size		
Small (1-49 units)	44	3
Medium (50-199 units)	1,036	80
Large (200+ units)	207	16
Total	1,287	100%

Exhibit 2
Funding Overview:
Sources and Amounts of HUD Modernization Funding

Athens Housing Authority

Fiscal Year	CIAP	MROP	CGP	OTHER	TOTAL
FY 1984	$825,000	0	0	0	$825,000
FY 1985	0	0	0	0	0
FY 1986	141,975	0	0	0	141,975
FY 1987	571,500	0	0	0	571,500
FY 1988	1,251,438	0	0	0	1,251,438
FY 1989	1,867,800	0	0	0	1,867,800
FY 1990	0	0	0	0	0
FY 1991	7,696,823	0	0	0	7,696,823
FY 1992	0	0	$1,785,467	0	1,785,467
FY 1993	0	0	2,032,387	0	2,032,387
FY 1994	0	0	1,660,761	0	1,660,761

reasonably well, except perhaps for the limited parking at some sites. AHA's housing is not highly concentrated geographically, with most developments distributed among single-family housing and private, multifamily developments. Although the agency-wide vacancy rate was 6 percent at the beginning of the CGP program, over three-quarters of those vacancies were due to modernization activity at one development, Parkview Homes. The combined vacancy rate was under two percent at AHA's other developments.

2. CGP Planning and Administration

The AHA's Executive Director and the modernization coordinator took the lead in organizing the CGP needs assessment and planning process. Key decisions were made by a planning team that consisted of four residents, four AHA staff (the Executive Director, the modernization coordinator, the maintenance director, and the resident services director), a representative of the Chamber of Commerce, the director of the Athens-Clarke County Human and Economic Development Department (HED), and a professor at the University of Georgia.

2.1 Physical Needs Assessment

AHA followed a resident-driven assessment process to complete its Physical Needs Assessment (PNA) in 1992. This entailed working through existing resident organizations, which include an elected resident association at each development and the Inter-Community Council (ICC) which is made up of the officers of each of the resident associations.

To begin the process, AHA staff (including the Executive Director) attended a meeting of the ICC and oriented members to the CGP process. At that meeting, a HUD video about CGP was shown. The AHA staff then left the room while the council selected four members to represent residents on the Planning Team. Once the planning team was in place, AHA's resident services staff distributed surveys to residents, asking each household to identify the physical needs of their developments in eight areas: kitchen, bedrooms, bathroom, living room, building, community spaces, parking area, and play area. Surveys were submitted to AHA staff for compilation.

Next, the resident associations for each development held a meeting on the CGP planning process. At the meetings, AHA staff presented a list of physical needs drawn from the surveys and from staff input. Residents were invited to add to the list of physical needs and to discuss needs and priorities. Members of the planning team were invited to attend each meeting, and the AHA staff on the planning team attended all of them. The meetings were well-attended at all developments; at one, for example, 30 out of 50 households attended (compared to five for a typical resident association meeting). At another, all 28 households were represented.

AHA staff used the surveys, the discussions at the resident association meetings, and the input of the maintenance staff to develop an unduplicated list of modernization needs which was given to the planning team. The planning team then met two or three times to discuss overall modernization strategy, to set priorities among needs, and to develop the Five-Year Plan. Throughout this process, the maintenance director played a prominent role in identifying high-priority needs and needs that could be addressed through avenues other than CGP funding. Cost estimates were prepared in-house by the modernization staff, the Executive Director and the director of maintenance.

As shown in Exhibit 3, AHA's total modernization needs were $30,306,435, which included over $28 million in hard costs for physical needs. Since AHA's developments had not been substantially modernized since they were built, needs were fairly broad. New roofs, flooring, electrical systems, and heating systems were high priorities. Many units urgently needed exterior work, replacement of soffits and fascia, kitchen cabinets, and interior painting. There was no need for major reconfiguration work at any of the developments, except that required for Section 504 compliance.

In terms of priorities, top priority was assigned to HUD mandates (504 compliance and LBP), and to items that could result in structural damage or an imminent health hazard. Second priority went to urgent problems that, although significant, did not require immediate attention. Third priority included items necessary to bring modernized units up to local code. Forth and fifth priority went, respectively, to modernization needs that were important but not urgent and items that could be deferred if necessary.

Almost one quarter (24%) of the physical needs in the assessment were designated as Priority 1 needs. A sizable portion of this high priority need is related to Section 504 compliance (15 percent) and lead-based paint testing and abatement (23 percent); however, these HUD mandates amount to only about 11 percent of need, overall. AHA staff do not consider lead-based paint (LBP) a significant problem for their housing, and most LBP will be abated in the course of comprehensive modernization. Asbestos testing and abatement were also listed as high-priority needs. The asbestos testing was ultimately undertaken using non-CGP funds. The authority considers the asbestos problem to be negligible and will not take any measures to abate it unless required to do so by HUD (the only asbestos identified by the testing was in the glue used on the floor tiles in some developments.)

Overall, AHA staff feel that the 1992 PNA was quite complete, with the exception of a few work items left out when the document was typed. The cost estimates were reasonably accurate at the time, but have quickly become outdated due to substantial increases in the cost of construction due to rising materials costs and a tighter construction market. In 1994, AHA conducted a complete update of the PNA. This was not because the 1992 PNA was inadequate, but rather to support and justify a major change in strategy from a piecemeal approach to a more comprehensive approach (see below). No major new needs were identified during the second PNA process, which was conducted with the assistance of an architectural consultant. Total costs in 1994 were almost identical to those identified in 1992.

Exhibit 3
Overview of Physical Needs

Athens Housing Authority

Category of Need	Dollar Amount	Percent of Total
Budget Category		
Hard Cost for Physical Needs	$28,208,444	93
PHA-Wide Management Needs	735,000	2
PHA-Wide Non-Dwelling Structures and Equipment	0	0
PHA-Wide Administration	459,800	2
PHA-Wide Other	903,186	3
Grand Total of PHA Needs	30,306,435	100%
Urgency of Need		
Hard Cost Associated with Priority 1 Needs	6,864,220	24
Hard Cost Associated with Lower Priority Needs	21,344,224	76
Total	28,208,444	100%
Mandates		
Hard Cost Associated with Lead-Based Paint Testing	270,448	1
Hard Cost Associated with Lead-Based Paint Abatement	1,604,000	5
Hard Cost Associated with Section 504	1,032,500	3
Hard Cost Associated with Title VI Order	N/A	N/A
High Need Developments		
Hard Cost Associated with Developments with Costs in Excess of 90 Percent of TDC	0	0
Redesign/ Reconstruction in High-Cost Developments	0	0
Extent of Overall Need	Ratios	
5-Year Funding Level/Total Need	.29	
5-Year Funding/Priority 1 Hard Cost Need	1.30	
5-Year Funding/Mandated Hard Cost Need (LBP/504/Title VI)	3.07	

2.2 Management Needs Assessment

The Management Needs Assessment (MNA) process paralleled the PNA process. In the course of the PNA survey, residents were also asked to assess management needs. Staff were asked for their input as well. Three major areas of management need were identified:

- Operational improvements, such as computer system enhancements and a new tenant orientation program;
- Resident initiatives, including crime prevention, RMC training, homeownership, and economic development activities; and
- Support for resident initiatives and operational improvements, including maintenance training for residents and AHA staff, a health and family planning program, substance abuse counseling, and a tutorial program.

Some of the management improvement needs identified through this process are addressed by ongoing programs that are funded by other means. Others were somewhat vague "wish-list" items. The maintenance training program was one of the few new initiatives with some specificity. As Exhibit 4 indicates, there were no mandatory management improvements (related to PHMAP deficiencies) among the $735,000 in management improvement needs identified in the assessment. The MNA quickly became moot, however, because it was decided that physical needs would take priority over management improvements and that no CGP funds would be spent on management improvements.

2.3 Resident Participation

As described above, residents were involved in a substantial way in the development of the Physical Needs Assessment and the Five-Year Plan in 1992. They were also fully involved in subsequent planning, both in 1993 and 1994. AHA is committed to resident participation as an integral part of managing public housing. Staff report they received a national resident participation award for a leadership training program called Leadership AHA! It may be noted that residents also participated in planning for CIAP-funded modernization in a manner closely paralleling the CGP process. For both CIAP and CGP-funded modernization work, residents meet with construction contractors and AHA staff to make interior design decisions.

All of the residents interviewed regarding the planning process felt that residents had meaningful input both into identifying physical needs and setting priorities. AHA staff took the lead on establishing priorities and putting together the Five-Year Plan, but there was a high level of satisfaction with the resident input. There was no indication of substantial conflict among residents about priorities. People tended to advocate improvements to their own developments, but in general they followed the principal that older buildings and more urgent needs should have higher priority. This appeared to be equally true in the 1992 planning process and the 1994 planning process, despite the very different strategies that resulted. Residents were very

Exhibit 4
Overview of Management Needs

Athens Housing Authority

Type of Need	Mandatory	Optional	Total	%
Needs Associated with PHMAP Deficiencies (by Indicator)	0	0	0	0
Vacancy	0	0	0	0
Modernization	0	0	0	0
Uncollected Rents	0	0	0	0
Energy Consumption	0	0	0	0
Unit turnaround	0	0	0	0
Outstanding Work Orders	0	0	0	0
Inspection/condition of units	0	0	0	0
TARS	0	0	0	0
Operating reserves	0	0	0	0
Routine operating expense	0	0	0	0
Resident initiatives	0	0	0	0
Development	0	0	0	0
Sub-total: PHMAP-Related Need	0	0	0	0
Other Management Needs (by Functional Area)				
Leasing and Ongoing Tenant Functions (outreach, waiting lists, eligibility, collections, recertifications)	0	$65,000	$65,000	9
Property Management (maintenance, inspections, and modernization)	0	0	0	0
Administration, Finance, MIS, Communications	0	70,000	70,000	10
Personnel (including training)	0	0	0	0
Resident Services	0	575,000	575,000	78
Security	0	25,000	25,000	3
Other/Misc	0	0	0	0
Sub-total: Other Needs	0	735,000	735,000	100
Total Management Need	0	$735,000	$735,000	100%

enthusiastic about their role in the planning process. "It was fun," said one resident planning team member, "like building your own home."

As a result of resident input to the 1994 plan, one work item that fell outside the main strategy of sequential, comprehensive modernization will be done sooner than originally proposed. In the 1994 CGP submission, installation of a fire sprinkler system at Denney Tower is scheduled for the fourth year (1997). AHA is now planning to revise the schedule to allow the work to be completed sooner, either by submitting an amendment to the 1994 Annual Statement or including the work in the 1995 Annual Statement.

2.4 Local Government Participation

Local government had little impact on the 1992 needs assessment or planning process and has not been represented in CGP planning in subsequent years. Since 1991, City staff have been very busy with the process of integrating the City and county governments. The director of the Human and Economic Development Department (HED) of Athens-Clarke County was a member of the planning team in 1992, but there was little recollection of his involvement. One respondent said, "It was an educational thing for the City to be involved." One person remembered that the local government representative's contribution was to have members think "philosophically" about how City and PHA activities could support one another. Some speculated that his primary interest was to get control of some of the CGP money. Shortly after the 1992 plan was complete, the HED director left, and his replacement has not participated in the CGP planning process in either of the last two years.

The PHA director expressed frustration at this lack of City participation; nevertheless, he has a good working relationship with the CEO of the local government. The City and the AHA do cooperate to the extent required by HUD and other funders. For example, AHA provided information used by HED in its Comprehensive Plan for HUD and in an application for Enterprise Zone status. Through CDBG, the City funds services that are housed in a converted apartment at the Nellie B. development. The City has also provided CDBG funds for new playground equipment at several developments. However, the local government was not aware of, or especially interested in, the details of the modernization planning process.

2.5 Ongoing CGP Planning

AHA followed the same basic process in 1993 that was used in 1992, except that the physical needs survey was not conducted. AHA staff met with the ICC and the resident associations at each development.

In 1994, the full process used in 1992 was repeated, including a complete Physical Needs Assessment and a new round of surveys. However, the 1994 process differed from that followed in 1992 in several ways. In 1994, cost estimates were prepared by the architect under contract for AHA's CIAP-funded modernization work instead of by AHA staff. Resident surveys were filled out at the resident council meetings rather than delivered to each home. Finally, AHA's Executive Director attended only the first of the development-level planning meetings. Twenty to forty residents attended each of six development-level resident council meetings, and one hundred residents attended the public hearing. CGP planning meetings were not held at three developments where substantial CIAP modernization had been planned or completed. There were also no CGP planning meetings at two newer developments.

The planning process has entailed some important "on-the-job training" for planning team members. To take advantage of the experience of existing members, AHA has sought to keep the same group together each year. Thus, of the four resident members of the team, two were elected originally in 1992 and one in 1993. The Planning Team met twice in 1993 and once in 1994. These meetings were open to the public, and, in 1994, several residents who were not members of the Planning Team sat in on the them. Although the residents were extensively involved, local government representatives were not involved at all.

2.6 Perspectives on CGP Administration and Effectiveness

AHA does not feel that the CGP formula works to the agency's advantage relative to CIAP. This is because the lack of previous modernization, combined with a new and effective administration, had put AHA in a favorable competitive position to receive large CIAP awards. As noted previously, AHA's most recent CIAP award (1991) had been over $7 million. Now, under CGP, AHA must modernize all of its developments with a steady, but relatively slow, stream of CGP funding (of $1.5 to 2 million per year). However, to the extent that CGP minimizes the need for HUD approvals before starting modernization activities, AHA staff are supportive of the new program. The fact that HUD Field Office staff no longer approve specific work items is a significant improvement in their view; however, AHA staff would like to see further progress in moving HUD's role to post hoc review rather than up-front approval.

AHA staff view CGP as ***more*** flexible than CIAP before and during the planning process, but ***less*** flexible once the planning process is complete. In developing its Five-Year Plan, the Authority has considerable leeway in setting priorities. But because resident participation is required for substantial change orders, it is cumbersome to change course once the Five-Year Plan is in place. AHA staff would like the option to shift funds within the Five-Year Plan without going through the review process.

2.6.1 Perceived Impact of the Formula Approach

As indicated previously, AHA had done very little modernization prior to 1991. Because the developments are old and need very thorough modernization, AHA staff believe that they might have fared better under the competitive CIAP system. At this point, the developments need comprehensive modernization, but the annual CGP amounts are too small to comprehensively address even one development. As a result, it will take two or more years of CGP funding for each, and the whole process will stretch out over 15 to 20 years.

Also, the need to fund projects from multiple years can lead to scheduling problems and jeopardize the Authority's ability to meet requirements for timely obligation of funds. For example, AHA recently used a single procurement for A&E services covering two projects funded from consecutive CGP years. This saved on the administrative expense of issuing separate RFPs for A&E services, but it entailed delaying A&E work related to Section 504 compliance for a year. By the time the A&E work was complete, two years had passed without hiring a construction contractor.

More generally, the rolling Five-Year Plans are much more complex to budget and revise than the CIAP projects. AHA staff predicted HUD will have difficulty monitoring modernization funds in the future, when the Authority has funds from four or five grants being expended in a single year. Theoretically, there should not be more than three grants open at a time. But in practice, AHA staff anticipate there will be more. It routinely takes 16 months from the issuance of an RFP for architectural services to the award of a construction contract. Any delay in this process threatens to put the agency over the two-year deadline for obligating funds.

Another issue in Athens has been the formula itself. Theoretically, the CGP formula approach allows PHAs to anticipate their funding levels. In practice, however, the formula may be a "black box" that makes it difficult for PHAs to evaluate the awards. Although national funding levels for CGP have increased each year, Athens' 1994 CGP funding was 18 percent lower than its 1993 award. Specifically, AHA received $1.79 million in 1992, $2.03 million in 1993, and $1.66 million in 1994. AHA requested that the HUD Field Office review the award and was notified that there was "no problem" with the amount. According to HUD staff in Washington, the R.S. Means construction cost factor in the formula worked against many Georgia PHAs, including Athens, in the distribution in the 1994 award.

Nevertheless, AHA staff have doubts about their CGP allocation, and are particularly concerned that HUD may be using inaccurate data on past CIAP funding. The first notice from HUD regarding AHA's preliminary CGP award in 1994 included an accurate record of AHA's modernization funding history. However, the later notice of the presumptive amount included a dramatically different, and inaccurate modernization funding history. AHA notified Field Office staff of the error and provided correct information. Months later, the Field Office responded that the correct CIAP amounts had been used to calculate the AHA CGP grant and that the award amount was correct.

2.6.2 Process and Documentation

There have been no major problems with AHA's CGP submissions to HUD. However, AHA staff found the mandated schedule problematic. In particular, CGP regulations require three weeks between the publication of a draft plan and the public hearing. The effect of this requirement was to limit the time available for meeting with residents and developing the draft. AHA staff are committed to a significant level of resident input, but would like more scheduling flexibility concerning which public meetings to hold and when to hold them.

AHA staff also feel that the public hearing requirement is unnecessary because no members of the "public" (i.e. people who are not residents, staff, or planning team members) attend the meeting. AHA staff would prefer to use other mechanisms for resident input. In addition, they feel it should be possible to make changes to the CGP plan without holding a public hearing at PHAs with effective resident councils. Finally, AHA staff feel that the detailed level of resident input required by the plan is not necessary every year. The staff's main concerns are the time spent on the planning process and the potential for losing the interest of residents and those from outside the PHA who are involved in the planning effort. In most years, the only changes to the plan should be to add a new fifth year and to adjust the schedule for changes in costs and funding levels. AHA staff would prefer to undertake the full planning process only every two to four years.

2.6.3 Relationship to HUD

A major concern for AHA modernization staff is HUD's tendency to "micro-manage." Under CIAP, a HUD engineer would review modernization work plans and could disallow certain work items. In practice, the result was a "mutual mark-up session." In the end, work items struck by HUD would typically be added back later, when the need became more acute. Adding work items later, rather than up front, resulted in change orders and the reprogramming of funds. AHA staff told of one CIAP-funded project where the Field Office would not allow an AHA change order for additional exterior work that would have cost $400,000; instead, the work was included in a later CIAP budget and cost $650,000.

CGP has changed the agency's relationship with HUD significantly, but there is still uncertainty about the new requirements. HUD Field Office staff themselves are not certain about what HUD approvals are required. AHA has taken the cautious approach: only in situations where HUD approval is clearly *not* required has AHA proceeded without HUD approval. For example, for projects funded under CIAP and CGP, it is not clear which rules apply when making change orders. If a CIAP work item goes over budget, should CIAP or CGP funds be used to make up the difference? AHA has followed the principle of using the oldest funds first, even though this requires board-approval and a HUD-approved budget review for the CIAP funds which might not be necessary if CGP funds were used.

With CGP, HUD engineers no longer evaluate the need for individual work items. Also, the work items are presented at a more general level than in the CIAP documents. (The CIAP application required a detailed justification of each work item, which AHA staff viewed as a waste of time.) AHA staff would like to see even further steps taken to limit the HUD Field Office's review of planned modernization expenditures. In addition to being cumbersome, HUD review can, according to staff, result in different interpretations across Field Offices of what items are eligible.[1]

---

[1] As an example, AHA staff say that their HUD Regional Office takes a strict interpretation of what qualifies as modernization, and will not approve new construction of needed central office administrative space. Under a different area office, a North Carolina PHA was able to do such a project with modernization funds.

3. Modernization Strategies and Spending Patterns

3.1 Overall Strategy and Rationale

Since its original 1992 CGP submission, AHA has changed its strategy dramatically. The 1992 Five-Year Plan reflected an approach that was fairly dispersed and included a combination of comprehensive and piecemeal modernization. Under this plan, priorities were addressed first regardless of what development they were in. The CIAP-funded modernization of the Rocksprings development would be completed; Section 504 compliance activity would take place at many developments; two developments would get significant, but not comprehensive treatment; and smaller work efforts would be undertaken at several other developments. The resulting plan meant that every development that was not either already covered by CIAP funds or too new to need modernization would have at least some modernization activity funded.

By contrast, the 1994 Five-Year Plan is highly concentrated and heavily weighted towards comprehensive modernization. This change is largely the result of staff turnover: the previous modernization coordinator left and was replaced by an individual who was an experienced construction manager. Together with the agency director, the new modernization coordinator began to re-think AHA's overall modernization strategy. Coming to the AHA from a private-sector construction management position, the new coordinator was more attuned to the efficiencies possible with a comprehensive strategy. As a result, the agency revised the Five-Year Plan significantly during the 1993 CGP planning process. For 1994, the AHA staff orchestrated a wholesale re-evaluation of the strategy which resulted in AHA's adopting a policy of sequential, concentrated, comprehensive modernization to replace the more dispersed and piecemeal approach taken in the original 1992 Five-Year Plan. This is highlighted in Exhibit 5, which shows that half of all CGP funds will go to comprehensive modernization in the revised FY 1993 Annual Statement and 100 percent will be used for this purpose in FY 1994. Previously, zero funds were to have gone for comprehensive work in either year.

The agency has made Section 504 compliance a priority, and it has not had any difficulty meeting the requirements. LBP has been less of a priority. AHA feels that its LBP problems are minimal and will be addressed in the course of the comprehensive modernization they have planned. As a result, the agency has had a great deal of discretion in how to spend CGP funds.

3.2 Coordination of CGP with Other Funding Sources

AHA has used its CGP funds in conjunction with CIAP to complete a comprehensive modernization project at Rocksprings Homes. This project had only been partially funded from 1991 CIAP funds (with the original expectation that the rest of the funds would be made available in a 1992 CIAP grant). Because of the partial funding and because costs for Rocksprings have significantly exceeded expectations, the majority of CGP funds for the first three years of CGP have been budgeted to complete that project. As shown in Exhibit 6, about $3.5 million in CIAP funds were spent in FY 1994, accounting for roughly two-thirds of all

Exhibit 5
Concentration of Modernization Spending (CIAP compared to CGP)

Athens Housing Authority

Year/ Source	Modernization Types		
	Comprehensive Scope	Selected Work Items/Special Purpose	Total
FY 91 CIAP Projects/Units Dollars	3 / 415 $6,706,439 (100%)	0 / 0 $ 0 (0%)	3 / 415 $ 6,706,439 (100%)
FY 92 CGP Annual Statement and 5-Year Plan	1 / 156 $1,022,467 (58%)	4 / 430 $728,500 (42%)	5 / 586 $1,750,967 (100%)
FY 93	0 / 0 $ 0 (0%)	7 / 802 $1,299,310 (100%)	7 / 802 $1,299,310 (100%)
FY 94	0 / 0 $ 0 (0%)	7 / 802 $1,405,637 (100%)	7 / 802 $1,405,637 (100%)
FY 95	1 / 150 $734,360 (49%)	3 / 387 $757,867 (51%)	4 / 537 $1,491,745 (100%)
FY 96	1 / 150 $795,323 (51%)	4 / 407 $753,867 (49%)	5 / 557 $1,549,190 (100%)
FY 1993 Annual Statement Revised	1 / 156 $554,471 (45%)	4 / 522 $669,000 (55%)	5 / 678 $1,223,471 (100%)
FY 1994 Annual Statement Revised	2 / 286 $1,342,472 (100%)	0 / 0 $0 (0%)	2 / 286 $1,342,472 (100%)

Exhibit 6
Sources of Funding for Modernization

Athens Housing Authority

Anticipated CGP and Non-CGP Funds by Year (From Initial Five-Year Plan)

Year	CGP	Non-CGP Funds	Total
FY 1992	$1,785,467	0	$1,785,467
FY 1993	1,785,467	0	1,785,467
FY 1994	1,785,467	0	1,785,467
FY 1995	1,785,467	0	1,785,467
FY 1996	1,785,467	0	1,785,467

Sources of Funds for Modernization Needs (Detail from FY 1994 Annual Statement/PHA Documents)

Source	Listed in Statement (Y/N)	Amount	Percent of Total
CGP Formula	Y	$1,660,761	31
CGP Emergency/Disaster Reserve	N	0	0
Continuing CIAP Programs (not reprogrammed) Estimate of Actual Spending	N	3,565,443	66
Reprogrammed CIAP Funds	N	0	0
MROP	N	0	0
URD	N	0	0
Operating income used for betterments & additions or non-routine maintenance	N	167,035	3
Section 8 reserves used for capital improvements and equipment	N	0	0
Modernization staff salaries from non-CGP sources	N	0	0
Other (List)	N	0	0
Total		$5,393,239	100%

modernization funding in that year. The only other source of modernization funds for AHA has been operating funds under the extraordinary maintenance line item.

CIAP and operating funds used for modernization are not mentioned in the CGP annual statements. Although there was a substantial amount of unobligated CIAP money in 1992 (most of the $7.6 million 1991 grant was still unobligated at that point), it was not reprogrammed for use in accordance with CGP rules. In Athens, it is not a question of using CIAP funds to meet CGP objectives, but of the reverse — using CGP funds to meet CIAP objectives.

3.3 Specific Spending Patterns

Spending patterns varied significantly in each of the three annual statements that have been submitted, however, they have been dominated by the effort to complete a major modernization project at Rocksprings Homes that was begun using CIAP funds. This took up 58 percent of CGP funds budgeted for hard costs in 1992, 45 percent in 1993, and 82 percent in 1994, for a combined total of 62 percent over the first three years of CGP funding.

The only HUD mandate that has driven AHA's CGP spending has been Section 504 compliance. In 1992, as shown in Exhibit 7, 29 percent of funds for hard costs were spent on Section 504 compliance. In its 1993 Annual Statement, 63 percent of CGP hard costs were related to Section 504 compliance. No funds are budgeted for Section 504 compliance in 1994, however. Since LBP is not a major factor and Section 504 compliance work is fully funded, HUD mandates do not constrain Athens' CGP budgets after 1993. (As shown in Exhibit 8, about 3 percent of the AHA's most recent CIAP grant was budgeted for LBP and Section 504.)

Exhibit 9 presents CGP needs and planned spending by development type. The one development over 200 units, Nellie B., accounts for a disproportionate amount of need, over $35,000 per unit, compared to an average of $20,000 per unit for the medium-sized development. Because it is a newer development, however, only a small amount of CGP funds were budgeted for Nellie B. in the first three annual statements (most of this for Section 504 compliance work.) The average amount budgeted for units modernized under the first three annual statements was $4,500.

All AHA developments, except the elderly high-rise, are row houses with individual entrances. They need very little adaptation from their original design (see Exhibit 10). Units being modified for Section 504 compliance undergo some redesign, since walls must be moved to make bathrooms and doorways larger. In the Rocksprings Homes development, each unit had a large pantry that is being removed to create a modern, eat-in kitchen. Other than the Section 504 work, this is the only significant reconfiguration activity, and is not readily separable from other modernization expenses. There are no high-needs developments or long-vacant units.

Exhibit 7
Patterns of CGP Hard Cost Spending and Comparison with Need (Mandates vs. Discretionary)

Athens Housing Authority

Spending Priorities and Mandates	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996		
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars s
Priority 1	1,538,237	88	1,051,578	81	1,281,866	85	801,867	54	311,322	20	1,223,470
All other	213,000	12	247,732	19	233,212	15	689,878	46	1,237,868	80	0
Total	1,750,967	100	1,299,310	100	1,405,637	100	1,491,745	100	1,549,190	100	1,223,470
LBP Testing	1,500	<1	188,548	<15	109,441	N/A	0	N/A	0	N/A	189,369
LBP Abatement	0	0	0	0	0	0	0	0	0	0	42,000
Section 504	515,500	29	517,000	40	0	0	0	0	0	0	769,000

Exhibit 8
Comparative Data on CIAP Spending Patterns (FY 1991)

Athens Housing Authority

Budgeted Expenditures: FY 1991	Dollars	Percent of Total
Mandates versus Other		
LBP Testing	0	0
LBP Abatement	183,180	3
Section 504 Compliance	189,000	3
Other Spending	6,334,259	94
Total Planned Expenditures	6,706,439	100

Exhibit 9
Patterns of CGP Hard Cost Spending and Need (Specific Development Types)

Athens Housing Authority

Development Type	Physical Needs Assessment			Planned Hard Cost Expenditures FY 1992 - FY 1996			FY 92, 93, and 94 Annual Statement		
	Dollars	%	Per Unit	Dollars	%	Per Unit	Dollars	%	Per Unit
Size of Development									
Large	7,364,624	26	35,578	1,364,787	18	6,593	280,000	6	1,353
Medium	20,843,825	74	20,120	6,132,062	82	8,165	4,036,910	94	5,375
Small	1,172,900	< 1	947	0	0	0	0	0	0
All	28,208,449	100%	22,072	7,496,849	100%	5,825	4,316,910	100%	4,506
Occupancy Type									
Family	0	0	0	0	0	0			
Elderly	1,945,658	7	16,919	432,754	6	3,763	165,000	4	1,435
Mixed	26,262,791	93	22,409	7,064,095	94	8,380	4,151,910	96	4,925
All	28,208,449	100%	22,072	7,496,849	100%	5,825	4,316,910	100%	4,506
Resident Management Status									
Resident-Managed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Not Resident-Managed	28,208,449	100%	22,072	7,496,849	100%	N/A	4,316,910	100%	4,506
All	28,208,449	100%	22,072	7,496,849	100%	N/A	N/A	100%	N/A
Development Type									
Rental	28,208,449	100	22,072	7,496,849	100	7,826	4,316,910	100%	4,506
Turnkey	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mutual Help	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bond Financed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
All	28,208,449	100%	22,072	7,496,849	100%	7,826	4,316,910	100%	4,506

Exhibit 10
Patterns of CGP Hard Cost Spending (Other Specific Uses)

Athens Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 1993 Annual Statement		FY 1994 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Unit Adaptations	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Demolition/Conversion	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Security and Drug Elimination	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Redesign in High-Need Developments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Energy Conservation Improvements	0	0	61,933	5	0	0	0	0	264,246	17	71,403	5	175,000	13
Renovations of Long Vacant Units	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Few CGP funds are dedicated to security or drug elimination initiatives at AHA. The agency has a Public Housing Drug Elimination Program (PHDEP) grant, under which physical improvements have been made. The only CGP funds that went to security purposes were security screens on new windows and, at Parkview Homes Extension, porch and side lighting.

3.3.1 Administration Expenses and Section 3 Requirements

In 1992, AHA did not budget any of its CGP funds for administrative expenses (see Exhibit 11). In 1993 and 1994, administrative expenses were 7 percent of the total CGP budget. AHA has not used CGP funds for a replacement reserve.

AHA has also not dedicated any funds to Section 3 or other resident-oriented activities. This is due in part to the decision to devote CGP funds strictly to physical improvements and not to spend any CGP funds on management. It is also due to AHA's concern and confusion about the Section 3 requirements. Specifically, AHA staff believe that the requirements for minority contracting are in conflict with the requirements for free and open competition. Since there are clear consequences to AHA for failing to follow procurement procedures that require contracting with low bidders, AHA does not want to possibly compromise the procurement process in order to meet Section 3 requirements.

The fact that few adult men live in AHA housing was also raised as an issue regarding Section 3. It was argued that since it is mostly men who do construction work, candidates for Section 3 work are likely to be illegal live-ins. Also, any earnings to residents from construction work will result in a rent increase. The agency would like to offer rent exemptions to working residents, but in order for AHA to authorize rent exemptions, they must have a state-approved apprentice program (and they are not aware of any). Finally, staff are concerned that Section 3 will impose burdensome reporting requirements on contractors which will discourage them from bidding on AHA work. Overall, AHA staff expressed confusion about Section 3 requirements. They reported asking the Field Office for guidance on Section 3, but still feel that they do not have a clear idea of how to implement Section 3 in Athens.

3.3.2 Spending for Management Needs

As shown in Exhibit 12, none of Athens' CGP funds have been spent on management needs. AHA is a high-performing agency, scoring 100 on the most recent PHMAP round. AHA staff anticipate they will score 96 this year. AHA's excellent management is reflected in the high PHMAP score and a low vacancy rate (most vacant units are those slated for modernization as part of the ongoing modernization projects). Consequently, there are no mandatory improvements. As noted above, AHA has made physical improvements the exclusive priority for CGP funds, budgeting zero CGP funds for management in either the 1992 or the 1994 Five-Year Plans. According to the Executive Director, substantial management improvements have been undertaken without the need to spend modernization funds on them. There is also an active social services program funded from the operating budget and other sources.

Exhibit 11
Patterns of Total CGP Spending (By Budget Category)

Athens Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
EXPENSE CATEGORY														
Hard Cost - Physical Needs	1,750,967	98	1,299,310	73	1,405,637	79	1,491,745	84	1,549,190	87	1,399,789	69	1,342,472	81
PHA-wide Management	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PHA-wide Non-Dwelling	0	0	0	0	0	0	0	0	0	0	0	0	5,000	0
PHA-wide Administration	0	0	105,000	6	105,000	6	124,900	7	124,900	7	142,000	7	116,000	7
PHA-wide Other	34,500	2	383,157	21	274,830	15	168,822	9	111,377	6	490,598	24	197,289	12
Replacement Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grand Total	1,785,467	100%	1,785,467	100%	1,785,467	100%	1,785,467	100%	1,785,467	100%	2,032,387	100%	1,660,761	100%

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
"OTHER" DETAIL														
Audit	0	0	0	0	0		0	0	0	0	0	0	0	0
Liquidated Damages	0	0	0	0	0		0	0	0	0	0	0	0	0
Fees and Cost (A&E)	13,500	1	360,837	20	274,830	15	168,822	9	111,377	6	470,298	23	160,389	10
Site Acquisition	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Relocation	21,000	1	20,300	1	0	0	0	0	0	0	20,300	1	36,900	2
Total Other	34,500	2	381,157	21	274,830	15	168,822	9	111,377	6	490,598	24	197,289	12

Exhibit 12
Patterns of CGP Spending (Management)

Athens Housing Authority

	Management Needs Assessment		Five Year Plan (FY 92-FY 96)		FY 92, 93 and 94 Annual Statement	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Planned Management Spending						
PHMAP Deficiencies (Mandatory)	N/A	N/A	N/A	N/A	N/A	N/A
PHMAP Deficiencies (Optional)	N/A	N/A	N/A	N/A	N/A	N/A
Other Deficiencies (Mandatory)	N/A	N/A	N/A	N/A	N/A	N/A
Other Improvements (Optional)	735,000	100	0	N/A	0	N/A
Total Management	735,000	100%	0	N/A	0	N/A
Planned Management Spending for Resident-Oriented Programs						
Resident Management / Homeownership	130,000	18	0	N/A	0	N/A
Capacity-Building and Training	0	4	0	N/A	0	N/A
Section 3 (Economic and Business Development)	100,000	14	0	N/A	0	N/A
Resident Social Services	345,000	47	0	N/A	0	N/A
Total Resident Programs	575,000	79	0	N/A	0	N/A
Planned Management Spending for Security and Drug Elimination	25,000	3	0	N/A	0	N/A

4. Summary and Conclusions

4.1 CGP Process

Athens Housing Authority staff felt that the CGP process provided a very useful mechanism for involving residents in the operations of the Authority. However, the process initially resulted in a dispersed, piecemeal approach to modernization by which Priority 1 needs were addressed first, regardless of which development they were in or what other needs were present in that development. But the 1994 planning process demonstrated that CGP was flexible enough to accommodate a concentrated, comprehensive approach to modernization as well. The 1994 Five-Year Plan shows an almost exclusive focus on comprehensive modernization.

Before the current Executive Director arrived in 1988, AHA had done a very limited amount of modernization, mostly piecemeal items in a variety of developments. In that year, the new director adopted a strategy of comprehensive modernization at each development, beginning with the oldest. CIAP awards in 1988, 1989, and 1991 funded comprehensive modernization at two developments (Parkview and Broadacres) and partially funded comprehensive modernization at another (Rocksprings). At first, CGP led AHA away from the sequential, comprehensive modernization strategy being pursued under CIAP. By 1994, however, with a new modernization coordinator leading the planning process, AHA changed its strategy back to the kind of sequential, comprehensive modernization funded in the past.

Currently, modernization activity is heavily focused on the Rocksprings development. The most recent Five-Year Plan calls for major activity only at two other developments, although there may be some overlap in the timing of modernization activity. At current CGP funding levels, however, there would never be more than two developments receiving significant modernization at the same time.

4.2 Adequacy of the CGP Formula

AHA's original Five-Year Plan anticipated that five years of funding would address only 29 percent of the needs identified in the PNA. The PHA has opted to make no management improvements, and showed zero administrative expenditures in the first year. In its first three annual statements, AHA budgeted an average of $1,438,970 for hard costs each year. However, even at this rate, all physical needs identified in 1992 will not be addressed until the year 2012. Thus, while CGP provides Athens with a relatively consistent source of modernization funding, the low level of this funding threatens to extend the process over a very long period of time. The funding formula does appear adequate for funding Section 504 and LBP needs, however. LBP remediation needs in Athens are limited and will be addressed in the course of comprehensive modernization at the older developments. Outstanding Section 504 needs were addressed in the first several years.

Laredo

CGP Case Study
Laredo Housing Authority

Prepared by
Linda M. Santiago, TAG Associates, Inc.

1. PHA Background and Characteristics

Located in south central Texas on the Rio Grande River, the Laredo Housing Authority (LHA) is a small housing authority that owns and operates 942 conventional public housing units in eight developments. With the exception of one elevator structure (a seven story elderly high-rise) the housing is row-style (see Exhibit 1). In addition to the 100-unit high-rise elderly development, LHA has one elderly row-house development, Meadow Acres. While LHA's remaining 812 conventional public housing units are located in family developments, there are also many elderly residents at these sites.

The LHA's housing stock is in generally good condition. The older and larger developments (built between 1940 and 1960) make up 61 percent of LHA's housing stock, and require more modernization work. One of these developments, Colonia Guadalupe, which was constructed in 1941, is the only development which requires major comprehensive modernization.

The LHA is an independent city agency with a Board of Commissioners appointed by the Mayor. The agency has 89 staff, including 31 modernization staff. While the Authority publicly bids large construction work items, such as roofs, the LHA uses an "in-house" force account crew for smaller modernization jobs.

The LHA is rated at the high end of standard performer under the Public Housing Management Assessment Program (PHMAP), receiving a score of 86.5 for FY 1993. LHA received a low score ("D") on only one indicator, modernization, because the agency had difficulties expending its CIAP funds over a three-year period. The LHA appealed the score to the HUD Field Office, since staff felt that the low score was unjustified because the agency had filed for an extension for the expenditure of these funds. However, the HUD Field Office never approved this request and instead, upheld its original decision; the Executive Director decided not to continue the PHMAP appeal process.

The Authority received an average of $685,385 in CIAP funds from 1984 to 1991, ranging from a high of approximately $2.5 million in FY 1988 to a low of about $375,000 in FY 1991 (See Exhibit 2). The agency has benefitted from the shift to CGP, receiving an average of $1.5 million per year. In addition, the agency received small special CIAP awards in FY 1992 and FY 1993 for lead-based paint abatement.

Exhibit 1
Overview of PHA Characteristics

The Housing Authority of the City of Laredo, Texas

Number of Public Housing Developments and Units:	8/942
Size of Staff (Total)	89
Number of Modernization Staff	31
PHMAP Score:	86.5
Recently Troubled: (Y/N)	N
Mod Troubled: (Y/N)	N
Vacancy Rate at Comprehensive Plan:	2%
Number of Resident-Managed Developments:	0

Characteristics of the Stock — Distribution	Units	Percent
Age of Development		
Pre-1940	0	0
1941-1960	572	61
1961-1980	226	24
1981 or later	144	15
Total	942	100%
Structure Type		
Detached/Semi-Detached	0	0
Row	842	89
Walk-up	0	0
Elevator	100	11
Mixed	0	0
Total	941	100%
Development Program		
Rental	942	100
Turnkey III	0	0
Mutual help	0	0
Sec/23-bond financed	0	0
Total	942	100%
Occupancy Type		
Family	812	86
Elderly	130	14
Mixed	0	0
Total	942	100%
Development Size		
Small (1-49 units)	66	7
Medium (50-199 units)	404	43
Large (200+ units)	472	50
Total	942	100%

Exhibit 2
Funding Overview:
Sources and Amounts of HUD Modernization Funding

Laredo Housing Authority

Fiscal Year	CIAP	MROP	CGP	TOTAL
FY 1984	0	0	0	0
FY 1985	$1,038,197	0	0	$1,038,197
FY 1986	0	0	0	0
FY 1987	0	0	0	0
FY 1988	2,587,284	0	0	2,587,284
FY 1989	1,884,402	0	0	1,884,402
FY 1990	532,025	0	0	532,025
FY 1991	375,552	0	0	375,552
FY 1992[1]	16,830	0	$1,418,196	1,435,026
FY 1993	14,560	0	1,577,980	1,592,540
FY 1994	0	0	1,648,572	1,648,572

[1]The Laredo Housing Authority received special CIAP awards in FY 1992 and FY 1993 for Lead Based Paint Abatement.

2. CGP PLANNING AND ADMINISTRATION

The LHA hired the Nelrod Company, a consulting firm based in Fort Worth to develop its CGP plan because staff felt it was important to have an independent, objective assessment. The consultants were responsible developing the entire CGP plan, including both the Physical and Management Needs Assessment, and preparing the Five-Year Plan and annual statement. While the consultant had primary responsibility, LHA organized resident and staff meetings, and worked closely with the consultants on the development of the management needs and priorities.

2.1 Physical Needs Assessment

In 1991, the Nelrod Company completed its assessment of dwellings, structures, grounds and other property owned by the LHA, reviewing the conditions of all LHA buildings and grounds and inspecting a sample of at least 10 percent of each development's units. This process included a viability study of developments planned for future modernization. The Nelrod Company also conducted a resident survey and included these results in the PNA, to highlight areas that the residents identified as having structural or modernization problems. Cost estimates for physical needs work items were based on both R.S. Means construction cost guidelines and the experience of in-house architects.

The Nelrod Company used the following standards to determine the agency's physical needs: the HUD modernization standards handbook; local building codes; southern building codes[1]; Section 504 (Uniform Federal Accessibility Standard); and state requirement standards. The consultant also inspected every development to make sure that it was not in a flood plain, and verified that the LHA had either flood or fire and extended insurance coverage. While Nelrod also reviewed the authority's Energy Audit updates, it did not include these energy conservation items in the PNA because no findings were outstanding.

2.1.1. Setting Priorities

The Nelrod Company gave first priority to emergency items, defined as anything that might affect the health, security and safety of the residents. Second priority was given to modernization improvements, including Section 504 compliance, lead-based paint testing (LBP), lead-based paint (LBP) abatement, and asbestos removal. Third priority items included other urgent needs, such as roofing, termite treatment, doors and windows, security lights and equipment, plumbing, and kitchen equipment.

The Physical Needs Assessment was presented as a detailed workplan. The representative from the Nelrod Company explained that the more detailed the plan was, the more options it provided the LHA because it let the Authority know exactly where its needs were.

[1]These codes are used in Texas.

The consultant was not aware of the level of funding the CGP formula would provide to Laredo, so plan was prepared without regard to the prospective five-year funding level.

The consultant estimated the total physical need for the LHA to be $13,424,925 (see Exhibit 3). For the most part, need was dispersed throughout LHA's developments and included items such as plumbing, landscaping, sidewalks, and infestation (termites) treatment. One development, Colonia Guadalupe, was targeted for comprehensive modernization, although the modernization coordinator noted that the Authority may not be able to complete all items.

The PNA included estimates for LBP testing but not abatement, because the testing had not yet been completed. The consultant noted that if LBP were detected, the plan could be amended to include abatement. As of this writing, however, the LHA has not made any updates to the original PNA; instead LBP abatement is being funded through a special CIAP award.

To determine the extent of needs related to Section 504 compliance, the LHA developed a Section 504 Needs Assessment and Transition plan. Section 504 requires that five percent of units be made accessible for handicapped individuals. To meet this requirement, the agency would need to have 66 handicapped-accessible units. Under CGP, the 44 additional units needed to achieve compliance will be designated and scheduled for conversion. The PNA also provides for upgrading the accessibility of existing handicapped dwelling units as well as modifying nondwelling facilities and exteriors (such as office areas, laundry facilities, resident meeting facilities, and sidewalk). The plan also provides for monitoring of LHA's compliance with Section 504 requirements.

2.2 Management Needs Assessment

As part of its Management Needs Assessment (MNA) of the LHA, the Nelrod Company examined past HUD reviews of LHA's management capacity. These documents included HUD's Decontrol Handbook, which preceded PHMAP, as well as LHA's interim PHMAP review. The Nelrod Company set management standards based on the above documents and the HUD Monitoring Handbook. In addition to examining these background materials, the consultant evaluated the authority's overall public housing program management performance, reviewing several management and operations activities to identify areas in need of improvement (Exhibit 4).[2]

The MNA report prepared by Nelrod points out that numerous and continuing changes, required by legislation and HUD regulations, necessitate that LHA review and update its policies and procedures at least every two years. For this reason, the consultant recommended training LHA management personnel, commissioners, executive staff, department directors and selected

[2] These areas included: organization structure and levels of management of LHA; financial management; procurement and contract administration; occupancy; resident initiatives; maintenance; and fair housing requirements.

Exhibit 3
Overview of Physical Needs

Laredo Housing Authority

Category of Need	Dollar Amount	Percent of Total
Budget Category		
Hard Cost for Physical Needs	13,424,925	86
PHA-Wide Management Needs	690,810	5
PHA-Wide Non-Dwelling Structures and Equipment	223,7190	1
PHA-Wide Administration	496,370	3
PHA-Wide Other	740,799	5
Grand Total of PHA Needs	15,576,623	100%
Urgency of Need		
Hard Costs Associated with Priority 1 Needs	1,001,244	8
Hard Cost Associated with Lower Priority Needs	12,423,681	92
Total	13,424,925	100%
Mandates		
Hard Cost Associated with Lead-Based Paint Testing	5,640	<1
Hard Cost Associated with Lead-Based Paint Abatement	0	0
Hard Cost Associated with Section 504	285,679	2
Hard Cost Associated with Title VI Order	0	0
High Need Developments		
Hard Cost Associated with Developments with Costs in Excess of 90 Percent of TDC	NA	0
Redesign / Reconstruction in High-Cost Developments	NA	0
Extent of Overall Need	**Ratios**	
5-Year Funding Level/Total Need	.46	
5-Year Funding/Priority 1 Hard Cost Need	7.08	
5-Year Funding/Mandated Hard Cost Need (LBP/504/Title VI)	24.34	

Exhibit 4
Overview of Management Needs

Laredo Housing Authority

Type of Need	Mandatory	Optional	Total	%
Needs Associated with PHMAP Deficiencies (by Indicator)				
Vacancy	0	0	0	
Modernization	0	0	0	
Uncollected Rents	0	0	0	
Energy Consumption	0	0	0	
Unit turnaround	0	0	0	
Outstanding Work Orders	0	0	0	
Inspection/condition of units	0	0	0	
TARS	0	0	0	
Operating reserves	0	0	0	
Routine operating expense	0	0	0	
Resident initiatives	0	0	0	
Development	0	0	0	
Sub-total: PHMAP Related Need	0	0	0	
Other Management Needs (by Functional Area)				
Leasing and Ongoing Tenant Functions (outreach, waiting lists, eligibility, collections, recertifications)	0	$6,300	$6,300	1
Property Management (maintenance, inspections, and modernization)	0	19,600	19,600	3
Administration, Finance, MIS, Communications	0	127,790	127,790	18
Personnel (including training)	0	4,600	4,600	1
Resident Services	0	450,000	450,000	65
Security	0	20,00	20,000	3
Other/Misc (consulting)	0	62,520	62,520	9
Sub-total: Other Needs		$690,810	690,810	100%
Total Management Need		$690,810	$690,810	100%

line supervisors on current policies and procedures. In addition, Nelrod recommended that LHA update its maintenance plan.

Cost estimates for these management improvements were developed based on Nelrod's past experience in estimating similar items. Nelrod also included an estimate of training hours, the number of people who would be receiving the training, and added travel expenses. Since the MNA has proven to be an accurate assessment of LHA's management needs, it has not been revised or updated.

2.3 Resident Participation

The LHA and the Nelrod Company designed a two-tier resident participation process: meetings at each development to give residents an opportunity to express their views and surveys to obtain resident input on needed physical and management improvements. Surveys were hand-delivered to residents, who were also encouraged to attend the meetings. The meetings, conducted in English with Spanish translation, were attended by 414 residents from the 922 occupied units. The Nelrod Company provided residents with an overview on the CGP program, including its requirements and how it differed from CIAP, as well as the importance of resident participation in the planning process. The consultant explained the difference between comprehensive grant items and maintenance items as well the definitions for the various priority levels.

Nelrod representatives also explained the resident survey and stressed the importance of completing it. The surveys (which were presented in both Spanish and English) listed sixty-five areas that residents could mark if they felt the areas were in need of improvement. Resident participation in the survey was high; 768 (83 percent) surveys were completed. Based on their knowledge of the CIAP program, in which only some developments were modernized, residents pushed for a more dispersed or piecemeal approach to the upcoming modernization.

The resident surveys played an important role in assisting the Nelrod Company in determining the physical needs of individual developments, as well as work items for particular units. After the surveys were competed, the consultant held a second meeting to present the results. The second series of meetings was not as well attended as the first, with only 177 residents attending.

The consultant felt that, because of the survey and meetings, residents were satisfied with the final plan. The residents also felt this process would provide a fair distribution of CGP funds. In interviews, three resident council presidents stated that they did not play a special role in the CGP implementation process. Despite the lack of a formal organized group, residents interviewed were fully satisfied with their input and felt their concerns were addressed. Residents believed they had a legitimate voice in the process and preferred the CGP program to CIAP because they felt more residents would benefit from CGP modernization funds.

2.4 Local Government Participation

There was limited local government involvement in the development of LHA's Five-Year Plan. While LHA forwards its housing initiatives to the City for inclusion in the City's Comprehensive Housing Affordability Statement (CHAS), the local government had no direct influence or involvement in the development of the CGP plan. Nevertheless, according to the Mayor and the community development director, the City fully supported LHA's application and welcomed any funds that would help its residents.

2.5 On-going CGP Planning

The modernization coordinator has based subsequent planning initiatives on the original PNA, MNA, and Five-Year Plan, using the document as the primary blueprint for the agency's future CGP work. The modernization coordinator goes through the resident coordinator to set up meetings with residents concerning upcoming work at each development. The Authority informs the residents of future CGP submissions, and holds an annual meeting with the residents to discuss the contents of the annual statements. (As mentioned above, the LHA has not revised the original PNA or the MNA.)

2.6 Perspectives on CGP Administration and Effectiveness

The modernization coordinator believes the CGP planning and application process was more timely and responsive to the needs of the Authority than the CIAP process. He feels that CIAP is development-oriented, whereas the CGP program is designed to address needs PHA-wide. Both programs addressed modernization needs, but CGP also allows the agency to plan for long term modernization needs. For example, many of the developments still have their original roofs, which the modernization coordinator knows will have to be replaced in the near future. CGP provides him with the flexibility to plan for these contingencies by allowing him to revise and change his budget when necessary. While the needs assessment was time-consuming, it was a necessary process, providing the LHA with a catalogue of work items to be addressed and corrected. No revisions have been made to the 1992 Annual Statement, but the LHA received an increase in funds in 1993, leading to a revision of its original 1993 Annual Statement.

CGP has provided the LHA with consistent funding and a more predictable and reliable funding source. However, while the modernization coordinator is confident about LHA's future modernization planning and implementation, he has some concern that the current level of funding may not continue. He knows that the agency is supposed to receive funding each year, but has some concern that LHA could lose funding due to constraints on HUD monies.

Overall, the CGP program has reduced and will continue to reduce administrative costs for the LHA. For example, some management improvement funds will be used to upgrade and purchase a new computer system. The modernization coordinator appreciates the amount of discretion provided in the CGP program. After emergency and regulatory mandates were addressed, the LHA still had enough discretionary funds to address other areas in need of improvement. The Authority also has the ability to schedule work in a logical manner; for example, if cabinets are scheduled for installation one year and staff discover that plumbing is also needed, but it is scheduled for the subsequent year, the modernization coordinator can simply re-order the work items.

The CGP provides the LHA with consistent funding for a more adequate level of staff, who in turn help expedite the process of spending funds. LHA staff believe that CGP provides them with more flexibility to do the work in-house. The piecemeal or dispersed approach to modernization gave the staff more experience in small modernization projects, whereas CIAP seemed more constraining and tended to favor contracting out the work. The CGP program also provides the LHA with the opportunity for agency-wide improvements, such as the purchase of equipment to make cabinets in-house.

The LHA submitted all of its CGP materials on time. However, the modernization coordinator feels that reporting could be more effective if it were more comprehensive, instead of submitting one report at a time.

2.7 Relationship to HUD

LHA has experienced some noticeable changes in its relationship to HUD under CGP. One of the most important changes relates to the processing of program funds. Under the LOCCS system, the Authority can draw down funds by voice requisition. As long as the funds are allocated and approved in the agency's CGP annual statement, the money will be available to pay program expenses. Prior to the LOCCS system, the Authority would have to request funds through the HUD Field Office, and the requisition required more detailed HUD review and a lengthier time for processing a disbursement of funds.

The formula approach to CGP also provides a more predictable method of planning for the use of modernization funds to the HUD Field Office. Since the formula sets the amount of funds available to the Authority, there is no need to justify a funding level to HUD or to proceed with the lengthy and detailed review that used to characterize the CIAP application process.

The Authority did not have any difficulty in meeting HUD's processing requirements for the Five-Year Plan and the submission of the CGP annual statement for the first year. However, staff complained that it took six months after HUD action on the CGP application to process an ACC for the first year of the program. The staff reported no delays in the processing of the following year's grant.

The reorganization of the HUD Field Office has had no material effect on the administration of the CGP program by the Authority, but at first it did cause some confusion. Apparently, the modernization coordinator did not know whom he should contact on certain matters, but the Field Office clarified the process for the Authority under CGP.

LHA staff did offer one recommendation for improving HUD's processing of CGP applications: that HUD develop or in some way provide standardized computer software for use in preparing and submitting annual statements, the Five-Year Plan, and other basic reports. This process would save the Authority time and allow for an easier system of providing needed information to HUD. This method could also be used by HUD to track and process its approvals for CGP-related items and activities more easily.

3. Modernization Strategies and Spending Patterns

3.1 Overall Strategy and Rationale

The LHA's modernization strategy was to respond first to priority needs, including emergency items and mandates, as well as to needs identified by residents. CGP funds were not used for comprehensive modernization for two primary reasons: it would be financially impossible to relocate residents for a comprehensive modernization project and the LHA decided a piecemeal or dispersed approach would allow more residents to benefit from the program. Housing in Laredo is scarce; there are not enough vacancies to move people into other units temporarily. However, The Modernization Coordinator feels that the LHA's strategy cannot be classified as "comprehensive modernization" or a "piecemeal" approach but fits somewhere in between. For example, LHA has planned major modernization work items which may affect a whole development, even if the units are not gutted and redone (See Exhibit 5).

The modernization coordinator believes that, while CIAP may have affected fewer units than CGP in a given year, the overall level of modernization at a development is greater under CIAP, since funds are concentrated. However, in the long run, the modernization coordinator feels CGP will address the physical needs and other needs in a systematic fashion, because CGP allows for a rational approach to spending modernization funds. The PNA gives the LHA a catalogue of the needs, enabling the LHA to plan accordingly. The program provides for planning, both long-term and short-term, and it also gives the LHA the flexibility to explain priorities to the residents.

3.2 Coordination of CGP with Other Funding Sources

The LHA obligated all of its unexpended CIAP funds by 1992 when CGP began. The LHA did not reprogram any of its CIAP funds, but used them as originally planned, to avoid the bureaucratic process involved with reprogramming funds. However, the LHA has received two special CIAP awards to address its LBP abatement needs. The Authority has not applied for any other modernization funds, including URD or CGP reserve funds for natural disasters and emergencies. The FY 1991 CIAP was used exclusively for emergency work items, including roof repair and replacing the sewer system (see Exhibit 6).

Exhibit 5
Concentration of Modernization Spending (CIAP compared to CGP)

Laredo Housing Authority

Year/ Source	Modernization Types		
	Comprehensive Scope	Selected Work Items/Special Purpose	Total
FY 91 CIAP* Projects/Units Dollars	 0 0 (0%)	 1/100 375,552 (100%)	 1/100 $375,552
FY 92 CGP Annual Statement and 5-Year Plan	1/272 $581,045 (41%)	7/670 $837,151 (59%)	8/942 $1,418,196
FY 93	1/272 $592,582 (42%)	7/670 $825,582 (58%)	8/942 $1,418,196
FY 94	1/272 $694,582 (49%)	4/478 $723,614 (51%)	5/750 $1,418,196
FY 95	1/272 $396,675 (28%)	6/592 $1,021,521 (72%)	7/864 $1,418,196
FY 96	0 0 (0%)	5/344 $1,418,196 (100%)	5/344 $1,418,196
FY 1993 Annual Statement Revised	1/272 $662,843 (42%)	7/670 $915,137 (58%)	8/942 $1,577,980
FY 1994 Annual Statement Revised	1/272 $883,763 (54%)	4/478 $764,809 (46%)	5/750 $1,648,572

* The CIAP award in FY 1991 was an emergency CIAP grant, for the replacement of roofs and sewer lines which posed a health and safely concern.

Exhibit 6
Sources of Funding for Modernization

Laredo Housing Authority

Anticipated CGP and Non-CGP Funds by Year (From Initial Five Year Plan)

Year	CGP	Non-CGP Funds	Total
FY 1992	$1,418,196	0	$1,418,196
FY 1993	1,418,196	0	1,418,196
FY 1994	1,418,196	0	1,418,196
FY 1995	1,418,196	0	1,418,196
FY 1996	1,418,196	0	1,418,196

Sources of Funds for Modernization Needs (Detail from FY 1994 Annual Statement/PHA Documents)

Source	Listed in Statement (Y/N)	Amount	Percent of Total
CGP Formula	Y	1,648,572	80%
CGP Emergency/Disaster Reserve	NA		
Continuing CIAP Programs (not reprogrammed) Estimate of Actual Spending	Y	406,942	20%
Reprogrammed CIAP Funds	NA		
MROP	NA		
URD	NA		
Operating income used for betterments & additions or non-routine maintenance	NA		
Section 8 reserves used for capital improvements and equipment	NA		
Modernization staff salaries from non-CGP sources	NA		
Other (List)	NA		
Total		$2,055,514	100%

3.3 Specific Spending Patterns

3.3.1 Mandates vs. Discretionary Spending

The LHA only allocated one half of one percent of CGP funds to LBP testing, because the agency received two special CIAP grants in FY 1992 and FY 1993 to abate the small amount lead-based paint found in its developments (located on the door frames). The agency allocated $285,679 to address its Section 504 related needs in the first year of CGP funding. All other items in its Five-Year Plan were discretionary (see Exhibit 7). As Exhibit 8 shows, this spending pattern differs considerably from the agency's last year of CIAP, when no funds were allocated for HUD mandates.

3.3.2 Spending by Development Type

The LHA allocated 61 percent of planned hard cost expenditures in the Five-Year Plan to larger and older developments, the majority of which went to its two largest developments. Exhibit 9 shows that spending on these developments was actually higher than predicted; the FY 1992, 1993 and 1994 Annual Statements show the larger and older developments receiving 78 percent of the total hard cost funding.

Exhibit 9 also shows that the majority of planned hard cost expenditures are targeted for family developments. The modernization coordinator clarified this pattern explaining that elderly residents generally make different requests than families, and that these requests tend to be given the utmost consideration. For example, elderly residents asked for the removal of tubs and new closet doors and these requests were included in the plan. However, per unit costs for elderly units are lower than family units because they are in newer developments.

As shown in Exhibit 10, the LHA did not program any hard cost spending to do unit adaptations, demolition and conversion, reconstruction or redesign in high need developments, security or drug elimination, or renovations in long vacant units.

3.3.4 Administration and Other Expenses

Exhibit 11 provides a breakdown of overall planned expenditures by year. The LHA allocated the maximum permitted seven percent for administrative costs in each year. The Authority programmed only one item under the Other Expense category (A&E fees). Since LHA will now be doing A&E estimates in-house, the modernization coordinator thinks the costs will decrease. This approach will be more efficient than CIAP, for which A&E costs had to be paid out of the budget due to the limited availability of CIAP funds. LHA has not put any funds in a CGP reserve, and there is no plan to do so.

Exhibit 7
Patterns of CGP Hard Cost Spending and Comparison with Need (Mandates vs. Discretionary)

Laredo Housing Authority

Spending Priorities and Mandates	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement (revised)		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Priority 1	504,104	47%	320,512	29%	13,222	1%	0	0	0	0	415,277	34%	18,605	1%
All other	558,833	53%	782,625	71%	1,090,115	99%	843,173	100%	1,032,127	100%	811,192	66%	1216,998	99%
Total	1,062,937	100%	1,103,137	100%	1,103,337	100%	843,173	100%	1,032,127	100%	1226,469	100%	1235,603	100%
LBP Testing	5,640	<1%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
LBP Abatement	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Section 504	285,679	27%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%

Exhibit 8
Comparative Data on CIAP Spending Patterns (FY 1991)

Laredo Housing Authority

Budgeted Expenditures: FY 1991	Dollars	Percent of Total
Mandates versus Other		
LBP Testing	0	0
LBP Abatement	0	0
Section 504 Compliance	0	0
Other Spending	$375,552	100
Total Planned Expenditures	$375,552	100%

Exhibit 9
Patterns of CGP Hard Cost Spending and Need (Specific Development Types)

Laredo Housing Authority

Development Type	Physical Needs Assessment			Planned Hard Cost Expenditures FY 1992 - FY 1996			FY 92, 93, and 94 Annual Statement		
	Dollars	%	Per Unit	Dollars	%	Per Unit	Dollars	%	Per Unit
Size of Development									
Large	9,369,486	70%	19,850	3,003,100	61%	6,362	2,489,342	78%	5,274
Medium	3,859,525	29%	9,553	1,733,371	35%	4,290	621,614	20%	1,538
Small	195,914	1%	2,968	184,521	4%	2,795	49,581	2%	751
All	13,424,925	100%	14,252	4,920,992	100%	5,224	3,160,537	100%	3,355
Occupancy Type									
Family	12,327,358	92%	15,181	4,488,849	91%	5,528	2,890,886	91%	3,560
Elderly	1,097,567	8%	8,442	432,143	9%	3,324	269,651	9%	2,074
Mixed	NA			NA			NA		0
All	13,424,925	100%	14,252	4,920,992	100%	5,224	3,160,537	100%	3,355
Resident Management Status									
Resident-Managed	NA			NA			NA		
Not Resident-Managed	13,424,925	100%	14,252	4,920,992	100%	5,224	3,160,537	100%	3,355
All	13,424,925	100%	14,252	4,920,992	100%	5,224	3,160,537	100%	3,355
Development Type									
Rental	13,424,925	100%	14,252	4,920,992	100%	5,224	3,160,537	100%	3,355
Turnkey	NA			NA			NA		
Mutual Help	NA			NA			NA		
Bond Financed	NA			NA			NA		
All	13,424,925	100%	14,252	4,920,992	100%	5,224	3,160,537	100%	3,355

Exhibit 10
Patterns of CGP Hard Cost Spending (Other Specific Uses)

Laredo Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 1993 Annual Statement		FY 1994 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Unit Adaptations	0		0		0		0		0		0		0	
Demolition/Conversion	0		0		0		0		0		0		0	
Security and Drug Elimination	0		0		0		0		0		0		0	
Redesign in High-Need Developments	0		0		0		0		0		0		0	
Energy Conservation Improvements	0		0		0		0		0		0		0	
Renovations of Long Vacant Units	0		0		0		0		0		0		0	

Exhibit 11
Patterns of Total CGP Spending (By Budget Category)

Laredo Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement (revised)		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
EXPENSE CATEGORY														
Hard Cost For Physical Needs	839,218	59%	1,103,137	78%	1,103,337	78%	843,173	59%	1,032,127	73%	1,226,469	78%	1,235,603	75%
PHA-wide Management	141,820	10%	141,820	10%	141,820	10%	141,820	10%	141,820	10%	151,534	9%	164,857	10%
PHA-wide Non- Dwelling	223,719	16%	0	0	0	0	0	0	0	0	0	0	0	0
PHA-wide Administration	99,274	7%	99,274	7%	99,274	7%	99,274	7%	99,274	7%	106,074	7%	115,400	7%
PHA-wide Other*	114,165	8%	73,965	5%	73,765	5%	333,929	24%	144,975	10%	93,903	6%	132,712	8%
Replacement Reserves	NA		NA		NA		NA		NA		NA			
Grand Total	1,418,196	100%	1,418,196	100%	1,418,196	100%	1,418,196	100%	1,418,196	100%	1,577,980	100%	1,648,572	100%

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement (revised)		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
"OTHER" DETAIL														
Audit	0		0		0		0		0		0		0	
Liquidated Damages	0		0		0		0		0		0		0	
Fees and Cost (A&E)	114,165	8%	73,965	5%	73,965	5%	333,929	24%	144,975	10%	93,903	6%	132,712	8%
Site Acquisition					0		0		0		0		0	
Relocation					0		0		0		0		0	
Total Other	114,165	8%	73,965	5%	73,965	5%	333,929	24%	144,975	10%	93,903	6%	132,712	8%

3.3.5 Planned Management Spending

The LHA also allocated the maximum permitted amount of 10 percent for management improvements. The Nelrod Company used different evaluation tools to determine what areas needed management improvement. Most of the management improvements were optional. Exhibit 12 shows spending patterns for management improvements over a five year period. LHA will spend $34,050 for capacity building and resident training, and $360,000 for resident social services, including Section 3 implementation. The LHA has hired two resident services staff, a resident initiative coordinator and an economic development (self-sufficiency) coordinator. The economic development coordinator will be responsible for Section 3 initiatives.

Based on the LHA's 1991 interim PHMAP score, the only areas that the LHA had to address as mandatory were vacancies and Tenant Accounts Receivable (TARS). The LHA included training in those management areas as well as every other area of public housing management in its Five-Year Plan. The LHA programmed $90,000 in management improvements funds towards resident capacity-building and training (see Exhibit 12). LHA will focus on: establishing and improving resident councils; participation in modernization efforts; economic development and job training; resident management; drug elimination; and, homeownership activities.

The MNA showed a need for more staff to oversee agency wide resident initiative efforts as well as specific programs. Therefore, the LHA recently hired two staff, a resident initiatives coordinator to handle agency-wide needs and a self-sufficiency/economic development coordinator. The LHA was not well-versed on the Section 3 program, but has begun taking steps to implement its requirements. For example, the agency is committed to hiring residents, and has hired them to work on the force account programs. Ten residents are currently employed by the LHA, accounting for 11 percent of the housing staff. At the time of this study, the modernization coordinator had not developed a method for tracking Section 3 performance, but he plans to develop a monitoring system. However, he is concerned there may be multiple factors that will impede the implementation of Section 3, such as residents' lack of education and language barriers. For this reason, he feels that Section 3 should be encouraged but not mandated by the government.

4. Perspectives and Conclusions

Overall, the Authority has benefited from the CGP program. The agency has received more funds, so CGP has affected more units and developments than CIAP. The program allows the agency to address the developments with greater modernization needs, and most importantly, it enables LHA to plan programs to address some long-term modernization needs.

The LHA will receive funding for 46 percent of its total assessed needs over a five- year period. However, this amounts leaves about $8,500,000 of needs unfunded. While the housing stock is in need of upkeep and general modernization, the conditions in Laredo are not a result of an inordinately deteriorated housing stock or flawed physical characteristics. The housing

Exhibit 12
Patterns of CGP Spending (Management)

Laredo Housing Authority

	Management Needs Assessment		Five Year Plan (FY 92-FY 96)		FY 92, 93 and 94 Annual Statement	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Planned Management Spending - (included training)						
PHMAP Deficiencies (Mandatory)	NA		NA		NA	
PHMAP Deficiencies (Optional)	NA		NA		NA	
Other Deficiencies (Mandatory)	NA		NA		NA	
Other Improvements (Optional)	220,810	32	259,100	37	142,875	32
Total Management	690,810	100%	709,100	100%	448,475	100%
Planned Management Spending for Resident-Oriented Programs						
Resident Management / Homeownership	0	0	55,950	8	19,572	4
Capacity-Building and Training	90,000	13	34,050	5	46,050	10
Section 3 (Economic and Business Development)	0	0	0	0	0	0
Resident Social Services	360,000	52	360,000	50	228,000	51
Total Resident Programs	450,000	65%	450,000	63%	293,622	65%
Planned Management Spending for Security and Drug Elimination	20,000	3%	0	0%	12,000	3%

stock has simply not been adequately modernized in the past, and it will take longer than five years for CGP to remedy this, particularly for the older and larger developments.

Fortunately for the LHA, the CGP formula adequately addressed the Authority's Section 504 needs. Over half of the LHA's housing stock needed work to be brought into 504 compliance, especially the larger, older developments. Those were also the same developments that were heavily weighted in the formula. Section 504 compliance was accomplished using 27 percent of the LHA's first-year allocation. The LHA was able to address its LBP testing needs and to acquire additional funding to do the LBP abatement.

The Nelrod Company appeared to be thorough in determining the LHA's physical and management needs and translating these needs into a detailed comprehensive plan, effectively utilizing resident participation in its development. The Authority benefited immensely from having this plan and program organized in a detailed manner. The present Modernization Coordinator has also benefited from being able to trust the items in the PNA and to follow the plan. The Modernization Coordinator and the LHA continue to be satisfied with the plan.

Owensboro

CGP CASE STUDY
HOUSING AUTHORITY OF OWENSBORO, KENTUCKY

Prepared by
John E. Wilson, TAG Associates, Inc.

1. PHA BACKGROUND AND CHARACTERISTICS

1.1 Description of the Site

The Housing Authority of Owensboro (HAO) is a medium-sized, well-managed housing authority operating in Owensboro, KY, a city of approximately 54,000 people. The Authority's most recent PHMAP score (as of September 30, 1993) was 99.29, indicating that HAO is a high performer according to HUD scoring standards. Previous PHMAP scores also established HAO as a high performer. According to staff, one of the principal reasons for the managerial excellence and continuing success of the agency is the fact that senior staff (and others) have occupied their positions for long periods of time. For example, the Executive Director, the Director of Administration, and the Director of Maintenance have held their positions for periods ranging from 13 to 21 years. This continuity has substantially contributed to the agency's sense of commitment to the PHA's housing stock and the housing programs.

The current staffing of the Authority is 27 full-time equivalents (FTEs), for a staff-to-unit ratio of one staff member for every 23 units. Only three HAO staff work on the modernization program in any material way. These are the Director of Administration, the Director of Maintenance, and the Executive Director. These three staff manage and conduct the varied duties associated with running the modernization program for the Authority.

There are six developments in the HAO portfolio, comprising 614 units. (See Exhibit 1) The housing is typically two-story rowhouses, in keeping with surrounding private market housing. The housing stock appeared to be in excellent condition; in fact, HAO's public housing stock seemed to be in significantly better condition than the private housing stock in the surrounding neighborhoods. Both the HAO staff and the City's representative agree with this characterization.

1.2 Modernization History

HAO was active and successful in using the Comprehensive Improvement Assistance Program (CIAP). Between 1984 and 1991, the agency received funding to comprehensively modernize all four of its family developments. These CIAP grants ranged from just under half a million dollars to $2.3 million, and totaled $3.7 million. However, in five of the eight years,

Exhibit 1
Overview of PHA Characteristics

PHA Name: Owensboro

Number of Public Housing Developments and Units:	6 / 614
Size of Staff (Total)	27
Number of Modernization Staff	0.5
PHMAP Score:	99.29
Recently Troubled: (Y/N)	N
Mod Troubled: (Y/N)	N
Vacancy Rate at Comprehensive Plan:	1.7
Number of Resident-Managed Developments:	0

Characteristics of the Stock — Distribution	Units	Percent
Age of Development		
Pre-1940	0	0
1941-1960	508	83
1961-1980	106	17
1981 or later	0	0
Total	614	100%
Structure Type		
Detached/Semi-Detached	30	5
Row	128	21
Walk-up	0	0
Elevator	0	0
Mixed	456	74
Total	614	100%
Development Program		
Rental	614	100
Turnkey III	0	0
Mutual help	0	0
Sec/23-bond financed	0	0
Total	614	100%
Occupancy Type		
Family	508	83
Elderly	106	17
Mixed	0	0
Total	614	100%
Development Size		
Small (1-49 units)	30	5
Medium (50-199 units)	302	49
Large (200+ units)	282	46
Total	614	100%

HAO received no CIAP funding, bringing its annual average down to about $500,000 (see Exhibit 2).

To augment CIAP funds, the Authority was able to direct some 20 percent of its annual operating budget to capital spending at the developments because it was managed well and staffed efficiently. Through this development-centered spending approach, HAO was able to effectuate and sustain the excellent condition of its housing. Consequently, the stock was in need of very little major modernization work when the Comprehensive Grant Program (CGP) commenced in FY 1992.

Under CGP, HAO is receiving an annual allocation of $1.25 million, nearly three times the annual amount received under CIAP. As a result, HAO is now able to complete all sorts of modernization activities (such as providing central air-conditioning to all residents who desire it) that were unthinkable under CIAP. In addition, HAO continues to be able to maintain its housing stock in excellent condition.

2. CGP Planning and Administration

2.1 Physical Needs Assessment

The Physical Needs Assessment (PNA) was developed in-house principally by the Director of Maintenance, the Director of Administration, and the Executive Director. Specific needs were identified by the maintenance staff, with the involvement of residents whose opinions and preferences were solicited.

It is important to note that the Physical Needs Assessment was prepared with the knowledge of what the HAO's annual funding level under CGP would be. Consequently, the physical needs identified in the PNA are equal to the amount of CGP funding anticipated to be available for this purpose over the period covered by the Five-Year Plan. (See Exhibit 3.) Setting priorities for needs was based on anticipated funding levels, with all Priority 1 needs funded in year one and lower priority needs funded in the subsequent years.

The majority of the Priority 1 needs identified in the original PNA were not "health-and-safety" needs. Rather, they were items such as outside door lights, soundproofing of walls, some Section 504 requirements, washer hook-ups, window replacement, patios, and weather stripping of doors. Additional items such as roofs, ceiling fans, furnaces, central air, and private fencing for all units were all considered to be lower priority needs. Priorities were set based on the staff's knowledge of the developments, a review of the work order history at each site, and the age and life expectancy of all systems. This can be seen in the fact that roofs and furnaces were not deemed to be Priority 1 needs, because their useful life had not yet been reached. Accordingly, HAO management decided to wait on replacement of these items until their useful life was exhausted.

Exhibit 2
Funding Overview:
Sources and Amounts of HUD Modernization Funding

Owensboro Housing Authority

Fiscal Year	CIAP	MROP	CGP	TOTAL
FY 1984	$467,750	0	0	$467,750
FY 1985	0	0	0	0
FY 1986	2,357,909	0	0	2,357,909
FY 1987	870,650	0	0	870,650
FY 1988	0	0	0	0
FY 1989	0	0	0	0
FY 1990	0	0	0	0
FY 1991	0	0	0	0
FY 1992	0	0	$1,090,535	1,090,535
FY 1993	0	0	1,341,851	1,341,851
FY 1994	0	0	1,250,977	1,250,977

Exhibit 3
Overview of Physical Needs

Owensboro Housing Authority

Category of Need	Dollar Amount	Percent of Total
Budget Category		
Hard Cost for Physical Needs	$3,689,780	80
PHA-Wide Management Needs	434,949	9
PHA-Wide Non-Dwelling Structures and Equipment	0	0
PHA-Wide Administration	250,000	6
PHA-Wide Other	209,538	0
Grand Total of PHA Needs	4,584,267	100%
Urgency of Need		
Hard Costs Associated with Priority 1 Needs	940,050	25
Hard Cost Associated with Lower Priority Needs	2,749,730	75
Total	3,689,780	100%
Mandates		
Hard Cost Associated with Lead-Based Paint Testing	0	0
Hard Cost Associated with Lead-Based Paint Abatement	0	0
Hard Cost Associated with Section 504	495,550	13
Hard Cost Associated with Title VI Order	0	0
High Need Developments		
Hard Cost Associated with Developments with Costs in Excess of 90 Percent of TDC	0	0
Redesign/ Reconstruction in High-Cost Developments	0	0

Extent of Overall Need	Ratios
5-Year Funding Level/Total Need	1.2
5-Year Funding/Priority 1 Hard Cost Need	5.8
5-Year Funding/Mandated Hard Cost Need (LBP/504/Title VI)	11.0

Estimates of the cost of the work were all done in-house, based on any prior experience gained from doing similar work. In addition, staff would often informally seek the assistance of vendors: maintenance staff would simply call various vendors to develop a sense of what the cost might be. Inflation was always factored in. Staff indicated that the estimates were in almost all cases very good, with final costs often coming in just a bit lower than estimated. The accuracy of the estimates was confirmed by the HUD representative.

Since 1992, there have been two updates to the original PNA. First, since the time of the first PNA, HUD has decided that central air conditioning is an eligible cost. Since residents had requested this, the PNA was updated to include it. In addition, with the growing reliance on electrical appliances, the electrical capacity of the sites was considered in need of expansion. Consequently, the PNA has been updated to include new electrical transformers with greater capacity for all sites. Other than these changes, the needs assessment has remained substantially the same.

2.2 Management Needs Assessment

The Management Needs Assessment (MNA) was completed in-house by senior staff with some assistance from HUD staff. Like the PNA, the MNA was prepared with the full knowledge of the CGP formula funding amount. As a result, needs identified in the MNA equal the five-year funding amount for this category.

In identifying management needs, HAO staff determined that there were two issues that needed the most attention: the lack of an automated work order system, and the need to upgrade resident services (see Exhibit 4). The lack of an automated workorder system had always impeded the Authority's efforts to develop timely work order reports, therefore $15,000 (3 percent of the total) was allocated to this effort in the MNA. The resident service needs identified in the MNA were for a resident services coordinator position, and for the start-up and implementation of a program entitled "OUTTA HERE" which is HAO's version of the Step-Up program. "OUTTA HERE" is a resident employment program that offers residents the opportunity to pursue career goals in varied professions, including construction trades, with self-sufficiency for the resident as the primary goal. "OUTTA HERE" differs from Step-Up in that Step-Up is an apprenticeship program for the maintenance trades only, while "OUTTA HERE" is far more varied. HAO staff feel that the program has been very successful, since three of the six residents who enrolled in it have since gained full-time employment outside of the Authority and have moved out of the developments.

All of the needs identified in the MNA were included at the discretion of HAO; as a good performer under PHMAP, the agency was not required to undertake any mandated improvements. In general, HAO staff feel that they have had a great deal of latitude in the selection of management and physical improvements for CGP funding. They have also been able to reprogram funds with great ease.

Exhibit 4
Overview of Management Needs

Owensboro Housing Authority

Type of Need	Mandatory	Optional	Total	%
Needs Associated with PHMAP Deficiencies (by Indicator)				
Vacancy	0	0	0	0
Modernization	0	0	0	0
Uncollected Rents	0	0	0	0
Energy Consumption	0	0	0	0
Unit turnaround	0	0	0	0
Outstanding Work Orders	0	0	0	0
Inspection/condition of units	0	0	0	0
TARS	0	0	0	0
Operating reserves	0	0	0	0
Routine operating expense	0	0	0	0
Resident initiatives	0	0	0	0
Development	0	0	0	0
Sub-total: PHMAP Related Need	0	0	0	0
Other Management Needs (by Functional Area)				
Leasing and Ongoing Tenant Functions (outreach, waiting lists, eligibility, collections, recertifications)	0	0	0	0
Property Management (maintenance, inspections, and modernization)	0	0	0	0
Administration, Finance, MIS, Communications	0	$15,000	$15,000	3
Personnel (including training)	0	0	0	0
Resident Services	0	419,949	419,949	97
Security	0	0	0	0
Other/Misc	0	0	0	0
Sub-total: Other Needs	0	$434,949	434,949	100
Total Management Need	0	$434,949	$434,949	100%

2.3 Resident and Local Government Involvement

2.3.1 Resident Participation

HAO has had difficulty sustaining an active resident council for several years. The general explanation for this, both on the part of the staff and the residents, is that residents are satisfied with the services they have received from the agency for the most part.

For purposes of the CGP planning process, numerous meetings were held with residents. These meetings were advertised in the HAO monthly newsletter, ***The Scanner***. Nevertheless, participation was low — rarely involving more than eight or ten residents. At the meetings, HAO solicited resident comments and requests. By and large, residents focused their comments on the need for central air conditioning at all sites. The summer weather is quite warm in Owensboro, and residents repeatedly expressed the need and desire for this amenity. As noted previously, HUD did not approve installation of air conditioning at the time of the original plan, but later changed its decision to permit it. Once HUD gave the go-ahead, HAO revised the annual statement to include central air as requested by residents. Another area where residents had an impact on the plan was around the issue of soundproofing. HAO originally planned to soundproof all sites, but based on opposition from elderly residents, this plan was dropped at the elderly sites. Evidently, the elderly residents did not feel that the noise level warranted the intrusion of the construction work.

Residents interviewed for this study indicated that they were very satisfied with the planning process, which they felt allowed for meaningful resident participation. Residents felt that their interests were addressed and included in the final plan and that they were able to have a real impact. An example was given of a child requesting at the public hearing that a basketball hoop be set up at one of the sites; this was immediately done. One resident discussed how she had been able to make use of child care facilities at the development, which enabled her to finish college and ultimately get a job at the Authority. She indicated that she would not have been able to do this had it not been for the significant level of funding HAO provides for social services to residents.

2.3.2 Local Government Participation

The Associate Director of Community Development for the City of Owensboro, who has been in the position for over twenty years, acts as the chief liaison for the City with the Housing Authority. He indicated that the City had been consulted during the development of the comprehensive plan, specifically to gather City recommendations for improvements at Authority sites. The Community Development Office also approved the Five-Year Plan before it went to the Mayor for signature.

While the City did not shape the plan in any material way, its lack of involvement was not considered a problem, since the City is very satisfied with the plan and with the overall management of HAO's modernization program. The City was quite satisfied with the process and the opportunity for meaningful contribution on the part of both government and residents. The City representative also feels that the service and quality of the public housing is as good or better than private assisted housing in the City.

2.4 On-Going CGP Planning

The process for preparing subsequent annual statements was generally the same as for the first year, but with less resident involvement. Over time, the residents have become less involved in the planning process, although Authority staff insist that they continue to make efforts to encourage their participation. These efforts include advertising the meetings in the Authority newsletter and offering to provide residents with transportation to the meetings.

As new needs have developed, the Authority has handled them in two ways. One is to simply add them to the annual statement and the PNA, since HAO's annual formula funding amount has increased each year. The second method of handling new needs is to fund some items through the operating budget thus freeing up CGP dollars to cover newly identified initiatives.

2.5 Perspectives on CGP Administration and Effectiveness

2.5.1 Perceived Impact of Formula Approach

The Authority has generally welcomed the changes brought by CGP. The advance knowledge of each year's funding level has made planning significantly easier. Moreover, relatively high funding levels have allowed the Authority to plan and accomplish work items that would never have been possible under CIAP. Examples are the installation of central air conditioning and funding for the resident services efforts now under way.

With respect to planning and administration, the Authority does not feel that CGP has created any efficiencies or cost savings. The agency recognizes that HUD's role is decidedly reduced under CGP, which the HAO does not feel is especially good. Staff believe that HUD had a more meaningful role under CIAP and that its diminished role under CGP could allow problems to arise over time, particularly for larger modernization programs.

2.5.2 Process and Documentation

The Authority has been able to submit all of its CGP documentation and reports in a timely manner. This was confirmed by HUD field staff. Authority staff did not suggest any changes to the information provided to HUD. They did suggest several general program improvements, however. One was that HUD should approve and fund two-year annual statements at the time of submission, instead of the current policy of approving annual statements once a year. The fact that HUD funding is appropriated annually by Congress will make two-year funding commitments difficult to implement. Also, HAO staff thinks that HUD engineers should be on site more to review plans and contract work, and provide oversight generally. Additionally, since CGP funding is virtually guaranteed, there is no incentive to conserve funds. Staff wondered if the program should add a competitive component to provide an incentive for efficiency.

HAO senior staff indicated that the current CGP funding level for the Authority is more than adequate to meet the needs of the Authority. The Authority has been able to keep current with all of its modernization needs over the years, for three reasons: they are conservatively staffed; they received CIAP funds over the past ten years to modernize comprehensively all of their family developments; and they have been directing up to twenty-five percent of their annual operating budget dollars to fund capital improvements. The result of these factors is a housing stock with minimal modernization needs. HUD field staff noted that while HAO is particularly well run, there are other PHAs in the Field Office's jurisdiction in comparable situations.

2.5.3 Relationship to HUD

Staff indicated that the process is easier now under CGP, since the program is not competitive, there is no envelope study required, and there is essentially no joint review. HAO staff felt that HUD staff were very helpful when asked, but reported that they had not needed any significant assistance from HUD in preparing their CGP applications. HAO staff did not see a significant difference in their relationship with or performance by HUD as a result of the Field Office reorganization. They reported that HUD performance with respect to CGP evaluation, approval, and funds disbursement had been and remains good. Again, however, HAO management was quite clear and consistent in its warning that HUD's diminished role under CGP for performance monitoring could eventually lead to problems.

3. MODERNIZATION STRATEGIES AND SPENDING PATTERNS

3.1 Overall Strategy and Rationale

HAO's modernization strategy is very clearly one of dispersed, piecemeal modernization at all developments. This can be seen in Exhibit 5, which indicates that, for each of the three most recent annual statements, spending was spread across all six of HAO's developments. The rationale for this spending approach is that all of the Authority's family developments had been comprehensively modernized within the past ten years. (Only the two elderly developments were not comprehensively modernized, but they are the newest in the portfolio and are in very good condition.) Given that no one site is in need of greater attention than any other site, management opted for an equitable approach and decided to spread the work throughout the inventory.

Exhibit 5
Concentration of Modernization Spending (CIAP compared to CGP)

Owensboro Housing Authority

Year/ Source	Modernization Types		
	Comprehensive Scope	Selected Work Items/Special Purpose	Total
FY 91 CIAP Projects/Units Dollars	0 / 0 $0 (0%)	0 / 0 $0 (0%)	0 / 0 $0 (100%)
FY 92 CGP Annual Statement and 5-Year Plan	0 / 0 $0 (0%)	6 / 614 $775,500 (100%)	6 / 614 $775,500 (100%)
FY 93	0 / 0 $0 (0%)	4 / 508 $925,980 (100%)	4 / 508 $925,980 (100%)
FY 94	0 / 0 $0 (0%)	5 / 584 $943,900	5 / 584 $943,900 (100%)
FY 95	0 / 0 $0 (0%)	4/ 508 $938,650 (100%)	4/ 508 $938,650 (100%)
FY 96	0 / 0 $0 (0%)	1/ 282 $105,750 (100%)	1/ 282 $105,750 (100%)
FY 1993 Annual Statement Revised	0 / 0 $0 (0%)	6 / 614 $1,069,560 (100%)	6 / 614 $1,069,560 (100%)
FY 1994 Annual Statement Revised	0 / 0 $0 (0%)	6/ 614 $746,000 (100%)	6/ 614 $746,000 (100%)

3.2 Coordination of CGP with other Funding Sources

As indicated previously, HAO spends a considerable amount of operating funds on capital improvements. As shown in Exhibit 6, the Authority expended some $230,000 from operating funds on capital items in FY 1992, $123,000 in FY 1993, and $67,700 in FY 1994. These figures represent an average of nearly 20 percent of total operating expenditures allocated to capital improvements, even though in FY 1994 operating funds were used for only about 5 percent of total capital expenditures.

Beyond operating funds, no other source of funds is used to augment CGP dollars. The Authority has no remaining CIAP funds and no MROP or URD grants. In previous years, the Authority did use PHDEP dollars to fund management improvements and security costs, and this did augment CGP; however, HAO has stopped applying for these funds, preferring to leave them available for a needier Authority.

The coordination of non-CGP dollars with CGP dollars has been quite straightforward. Staff work very closely together and, in fact, wear several hats; for example, the modernization director also oversees finance and works closely with the maintenance director in establishing spending priorities. This close coordination notwithstanding, the CGP documents do not show the availability of operating and other grant dollars for modernization uses.

3.3 CGP Spending Patterns

3.3.1 Mandates versus Discretionary Spending

In determining its spending priorities, the Authority indicated that staff looked first to fund any mandated improvements recognizing that there were very few mandates to meet. All lead-based paint had already been treated, either through removal or encapsulation, when the developments had undergone comprehensive modernization. Further, the developments need limited handicapped accessibility work. As shown in Exhibit 7, the Authority has spent none of its CGP funds to meet LBP requirements and spent about a quarter of its funds in FY 1992 and FY 1993 for Section 504 mandates. Now that the Section 504 work has been completed, the Authority has virtually full discretion to use CGP fund to meet locally defined priorities. (Due to the timing of HAO's last CIAP grant, no comparison of spending for mandates from this source is possible — (see Exhibit 8.)

3.3.2 Spending Differences by Development Type

As can be seen in Exhibit 9, spending patterns by size of development and occupancy type are consistent with what one might expect, given the history discussed above. Spending patterns show no significant disparity with respect to size of development, which is consistent

Exhibit 6
Sources of Funding for Modernization

Owensboro Housing Authority

Anticipated CGP and Non-CGP Funds by Year (From Initial Five Year Plan/PHA Documents)

Year	CGP	Non-CGP Funds	Total
FY 1992	$1,090,535	$230,000	$1,090,535
FY 1993	1,099,768	122,000	1,099,768
FY 1994	1,095,787	67,700	1,095,787
FY 1995	1,102,632	153,100	1,102,632
FY 1996	1,102,632	N/A	1,102,632

Sources of Funds for Modernization Needs (Detail from FY 1994 Annual Statement/PHA Documents)

Source	Listed in Statement (Y/N)	Amount	Percent of Total
CGP Formula	Y	$1,250,977	93
CGP Emergency/Disaster Reserve	N	0	0
Continuing CIAP Programs (not reprogrammed) Estimate of Actual Spending	N	0	0
Reprogrammed CIAP Funds	N	0	0
MROP	N	0	0
URD	N	0	0
Operating income used for betterments & additions or non-routine maintenance	N	67,700	5
Section 8 reserves used for capital improvements and equipment	N	0	0
Modernization staff salaries from non-CGP sources[1]	N	30,000	2
Other (List)	N	0	0
Total		$1,250,977	100%

[1] Staff time equals 0.50 FTE.

Exhibit 7
Patterns of CGP Hard Cost Spending and Comparison with Need (Mandates vs. Discretionary)

Owensboro Housing Authority

Spending Priorities and Mandates	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Priority 1	925,500	100	39,550	4	0	0	0	0	0	0	1,069,560	100	100,000	13
All other	0	0	886,430	96	943,900	100	938,650	100	105,750	100	0	0	646,000	87
Total	925,500	100	925,980	100	943,900	100	938,650	100	105,750	100	1,069,560	100	746,000	100
LBP Testing	0		0		0		0		0		0		0	
LBP Abatement	0		0		0		0		0		0		0	
Section 504	242,500	26	260,000	27	0		0		0		225,000	20	0	

Exhibit 8
Comparative Data on CIAP Spending Patterns (FY 1991)

Owensboro Housing Authority

Budgeted Expenditures: FY 1991	Dollars	Percent of Total
Mandates versus Other	N/A	
LBP Testing	N/A	
LBP Abatement	N/A	
Section 504 Compliance	N/A	
Other Spending	N/A	
Total Planned Expenditures	N/A	

Owensboro Housing Authority received no funding under CIAP after FY 1987

Exhibit 9
Patterns of CGP Hard Cost Spending and Need (Specific Development Types)

Owensboro Housing Authority

Development Type	Physical Needs Assessment			Planned Hard Cost Expenditures FY 1992 - FY 1996			FY 92, 93, and 94 Annual Statement		
	Dollars	%	Per Unit	Dollars	%	Per Unit	Dollars	%	Per Unit
Size of Development									
Large	1,411,130	42	5,060	1,411,130	42	5,004	718,930	28	2,549
Medium	1,914,150	56	6,394	1,914,150	56	6,338	1,773,730	68	5,873
Small	64,500	2	2,150	64,500	2	2,150	98,400	4	1,295
All *	3,389,780	100%	5,520	3,389,780	100%	5,520	2,591,060	100%	4,220
Occupancy Type									
Family	2,672,980	79	4,968	2,672,980	79	4,968	2,092,780	81	3,890
Elderly	716,800	21	9,432	716,800	21	9,432	498,280	19	6,556
Mixed	0	0	0	0	0	0	0	0	0
All *	3,389,780	100%	5,520	3,389,780	100%	5,520	2,591,060	100%	4,220
Resident Management Status									
Resident-Managed	0	0	0	0	0	0	0	0	0
Not Resident-Managed	3,839,780	100	5,520	3,389,780	100	5,520	2,591,060	100	4,220
All	3,839,780	100%	5,520	3,389,780	100%	5,520	2,591,060	100%	4,220
Development Type									
Rental	3,839,780	100	6,254	3,839,780	100	6,254	2,591,060	100	4,220
Turnkey	0	0	0	0	0	0	0	0	0
Mutual Help	0	0	0	0	0	0	0	0	0
Bond Financed	0	0	0	0	0	0	0	0	0
All	3,872,318	100%	6,254	3,839,780	100%	6,254	2,591,060	100%	4,220

* Does not include $450,000 of physical needs PHA-wide

with the fact that all of the large and medium sized family developments received comprehensive modernization in the 1980's. The exhibit does indicate that the only small development is receiving somewhat less than the medium and large developments, but this is the newest development in the portfolio and has low needs as a result.

On the other hand, there is a spending difference by occupancy type, with elderly sites receiving substantially more than family developments. This pattern is consistent with the fact that all family developments received comprehensive modernization while elderly developments did not. Accordingly, elderly developments have a greater backlog need and should receive more CGP spending per unit than their family counterparts. In fact, as the exhibit shows, elderly units are receiving about $6,500 per unit, while family units have received about $3,900 per unit.

3.3.3 Other Patterns of Hard Cost Spending

With respect to specific areas of hard cost spending — which includes unit adaptations, demolition/conversion, security and drug elimination, redesign in high cost developments, energy conservation, and renovation of long vacant units — HAO identified few needs and accordingly expended few funds in these categories (see Exhibit 10).

Specifically, there are no planned expenditures in the area of unit adaptations at the HAO. The Authority has identified one site where demolition is needed in order to dramatically modify the traffic flow on that site. There is virtually no off-street parking at the development, so that most residents park their vehicles on the very narrow streets within the site. Recently, this has led to safety concerns because children crossing the streets are at risk of being hit because of the limited visibility due to parked cars. The Authority has decided that the best way to reduce the number of parked cars is to create off-street parking available to the residents. This plan will diminish the visibility problem and create a safer neighborhood for pedestrians. Both HUD and the City have agreed that this is an appropriate and forward-looking solution to the problem.

The Authority has also decided to fund certain security and drug elimination efforts through CGP. These are not new efforts, but rather a continuation of existing programs previously funded under PHDEP. The Authority decided not to apply for any more PHDEP funds because it currently has an operating reserve equal to 95 percent of routine operating expenses, or nearly twice the HUD recommended maximum.

HAO has no high-cost developments (and hence no redesign expenditures), and there are no long-vacant units to renovate. (Note that the average vacancy rate for this agency over the past three years has been less than two percent.) Finally, the Authority undertook several energy conservation efforts (e.g. installing energy efficient windows at all developments) under the CIAP program and does not currently perceive further need in this area.

Exhibit 10
Patterns of CGP Hard Cost Spending (Other Specific Uses)

Owensboro Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 1993 Annual Statement		FY 1994 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Unit Adaptations	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Demolition/Conversion	0	0	20,000	2	0	0	0	0	0	0	20,000	2	0	0
Security and Drug Elimination	0	0	100,000	11	100,000	11	0	0	0	0	100,000	10	141,000	11
Redesign in High-Need Developments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energy Conservation Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Renovations of Long Vacant Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0

3.3.4 Administration and other Expenses

As shown in Exhibit 11, the Authority has budgeted 5 percent for administration, lower than the allowable 7 percent, and has reported expending less than this amount in its CGP Performance and Evaluation reports. This low level of spending is due to the fact that the Authority is charging only direct staff instead of also allocating indirect staff to the program. Once again, HAO's good financial management and efficient operations have allowed it to minimize administrative costs and direct more funds to the developments.

In its initial Five-Year Plan, the Authority budgeted for a small replacement reserve in the early years, and planned to later place the majority of CGP funds in reserve. HAO was able to do this because all of its Priority 1 needs were to be addressed in the first several years; therefore, HAO believed it prudent to begin building replacement reserves. The amount of funds put in reserve has actually increased in the revised annual statements, however. As shown in Exhibit 11, in FY 1994 the agency has budgeted $409,161 (30 percent of the grant award) for replacement reserves.

3.3.5 Spending for Management Needs

The Authority had no mandatory management improvement needs, which would have been the result of a low PHMAP score or a Memorandum of Agreement with HUD. Consequently, all CGP management improvements spending is at the discretion of the Authority. As indicated previously, the Authority decided to allocate the majority of these dollars to direct resident services, hiring a resident services coordinator, and creating the "OUTTA HERE" program (see Exhibits 12a and 12b). "OUTTA HERE" has been implemented, and has been used to train and employ a number of the Authority's residents. The program is widely viewed as a success and has been considered for imitation elsewhere.

Regarding Section 3 requirements, the Authority has budgeted nearly all of its management improvement funds to resident services (96 percent in year one of the initial Five-Year Plan). More specifically, HAO is spending some 51 percent of total management improvement dollars on Section 3-related efforts. In addition to creating the "OUTTA HERE" program, HAO has for several years included language in all construction contracts that references Section 3 of the Housing Act of 1968, and encourages contractors to hire low-income residents of HAO developments.

4. Summary and Conclusions

Authority staff view the CGP process favorably. Staff indicated that, on balance, they were quite supportive of the changes from CIAP. They did however, offer some suggestions on how the process and plans could be improved. They also felt that there should be more on-site HUD review of the needs assessment and of the planned work projects, as well as on-site

Exhibit 11
Patterns of Total CGP Spending (By Budget Category)

Owensboro Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
EXPENSE CATEGORY														
Hard Cost For Physical Needs	775,500	71	925,980	84	943,900	86	938,650	86	105,750	8	789,560	59	746,000	56
PHA-wide Management	86,000	8	84,800	8	83,790	8	87,980	8	92,379	7	37,800	3	131,690	10
PHA-wide Non- Dwelling	0	0	0	0	0	0	0	0	0	0	280,000	21	0	0
PHA-wide Administration	50,000	5	50,000	5	50,000	5	50,000	5	50,000	4	50,000	4	50,000	4
PHA-wide Other	164,550	15	38,988	4	6,000	<1	0	0	0	0	80,000	6	5,000	<1
Replacement Reserves	14,485	1	0	0	12,097	1	13,905	1	1,093,722	81	104,491	8	409,161	30
Grand Total	1,090,535	100%	1,099,768	100%	1,095,787	100%	1,090,535	100%	1,341,851	100%	1,341,851	100%	1,341,851	100%

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
"OTHER" DETAIL														
Audit	0	0	0	0	0	0	0	0	0	0	5,000	<1	5,000	<1
Liquidated Damages	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees and Cost (A&E)	14,550	1	38,988	4	6,000	<1	0	0	0	0	0	0	0	0
Site Acquisition	150,000	14	0	0	0	0	0	0	0	0	75,000	6	0	0
Relocation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other	164,550	15%	38,988	4%	6,000	<1%	0	0%	0	0%	80,000	6%	5,000	<1%

Exhibit 12(a)
Patterns of CGP Spending (Management)

Owensboro Housing Authority

	Management Needs Assessment		Five Year Plan (FY 92-FY 96)		FY 92, 93 and 94 Annual Statement	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Planned Management Spending						
PHMAP Deficiencies (Mandatory)	0	0	0	0	0	0
PHMAP Deficiencies (Optional)	0	0	0	0	0	0
Other Deficiencies (Mandatory)	0	0	0	0	0	0
Other Improvements (Optional)	434,949	100%	434,949	100%	248,800	100%
Total Management	434,949	100%	434,949	100%	248,800	100%
Planned Management Spending for Resident-Oriented Programs						
Resident Management / Homeownership	0	0	0	0	0	0
Capacity-Building and Training	0	0	0	0	0	0
Section 3 (Economic and Business Development)	221,025	51	221,025	51	40,000	16
Resident Social Services	198,924	46	198,924	46	107,800	43
Total Resident Programs	419,949	97	419,949	97	147,800	59
Planned Management Spending for Security and Drug Elimination	0	0	0	0	91,000	37

Exhibit 12(b)
Patterns of Spending (Management Detail)

Owensboro Housing Authority

	Five Year Plan (FY 92-FY 96)			FY 92, 93, 94 Annual Statement		
Expenditures	Mandatory	Optional	Total	Mandatory	Optional	Total
Needs Associated with PHMAP Deficiencies						
Vacancy	0	0	0	0	0	0
Modernization	0	0	0	0	0	0
Uncollected Rents	0	0	0	0	0	0
Energy Consumption	0	0	0	0	0	0
Unit Turnaround	0	0	0	0	0	0
Outstanding Work Orders	0	0	0	0	0	0
Inspection/Condition of Units	0	0	0	0	0	0
TARS	0	0	0	0	0	0
Operating Reserves	0	0	0	0	0	0
Routine Operating Expense	0	0	0	0	0	0
Resident Initiatives	0	0	0	0	0	0
Development	0	0	0	0	0	0
Sub-total: PHMAP-Related Need	0	0	0	0	0	0
Percent of Total Management Need	0	0	0	0	0	0 %
Other Management Needs (by Functional Area)						
Leasing and Ongoing Tenant Functions	0	0	0	0	0	0
Property Management	0	0	0	0	0	0
Admin/Finance/MIS/Communications	0	15,000	15,000	0	10,000	10,000
Personnel	0	0	0	0	0	0
Resident Services	0	419,949	419,949	0	147,800	147,800
Security	0	0	0	0	91,000	91,000
Other/Misc.	0	0	0	0	0	0
Sub-total: Other Needs	0	434,949	434,949	0	248,800	248,800
Percent of Total Management Need	0	100	100	0	100	57 %
Total Management Need						

HUD review of contractor and Authority work performance. The feeling was that there was simply too little HUD involvement under CGP to ensure that tax dollars are being spent in the most cost-effective and beneficial way. They would welcome more HUD review of their work. Beyond this, HAO staff were very supportive of the CGP program.

The effect that CGP has had on HAO strategy and spending is dramatic, and is perhaps unique to this agency. Since HAO had already comprehensively modernized all of its sites under CIAP, it is quite possible that the agency would not have received any further CIAP funding for some time to come. With the advent of CGP, a non-competitive program, the agency was again able to access modernization funds. This may be the strongest evidence in support of adding a competitive component to the CGP program, since the agency may not have received nor needed further CIAP funding.

Based on the fact that the Physical Needs Assessment corresponds exactly to the Five-Year Plan, it is quite clear that reported needs were based on the anticipated availability of CGP funds. It is less clear whether these needs would have been identified absent the funds. HAO's needs, as shown in the MNA and as funded over time are not, in fact, what are generally considered to be high priority needs, that is, they do not address conditions that threaten the health or welfare of the residents. Consequently, it is reasonable to assume that some of these needs might not have been addressed if CGP funding had not been available.

In discussions with the Directors of Maintenance and Administration, and the Executive Director, this view was essentially confirmed. This is not to say, however, that the Housing Authority of Owensboro is over-funded simply because at this point in time needs may not be as great as the amount of funding received under the CGP formula. The Authority has low needs now because the current administration, in place for some thirteen years, has managed very competently, has taken steps to ensure that the backlog of needs would not become overly burdensome, and has used operating funds when necessary to help address capital needs. They have done this not only for routine physical needs, but also to meet mandates such as those related to paint and Section 504. Over time, the Authority has taken steps to ensure that these problems were addressed in a timely and effective manner to prevent them from becoming a large problem that would require large amounts of funding.

For the future, HAO plans to continue this strategy through the funding of a replacement reserve. CGP anticipates situations wherein an agency has low current needs, whether due to "young" physical systems or recently modernized developments, but needs to make provisions for replacements and modernization as systems age. HAO knows that these funds will be needed at that time, and is planning accordingly now.

Hammond

Hammond

CGP CASE STUDY
HAMMOND HOUSING AUTHORITY

Prepared by
Susan J. Popkin, Abt Associates Inc.

1. PHA BACKGROUND AND CHARACTERISTICS

Hammond, Indiana is an old steel mill town, located just south of Chicago. Like its more famous neighbor, Gary, Indiana, Hammond has suffered greatly from the industrial decline in the region, yet has not succeeded in converting itself into a commuter suburb like some of the other towns nearby. The downtown area has deteriorated, and the local government is staking its hopes for revitalization on the building of a federal courthouse.

The Hammond Housing Authority (HHA) is a small PHA, with 599 units in two developments. (See Exhibit 1.) One development, Columbia Center, was built in the 1930s and consists of 400 small, redbrick duplex units. The other development, Turner Park, was built in the 1970s and consists of a four-story senior building (the Hubert Humphrey Apartments) and 80 townhouse units. The stock is generally in good condition and appears to be better maintained than the private housing stock in the area. Columbia Center blends nicely into its surrounding neighborhood, and the Turner Park Townhouses (particularly the units that have been remodeled under CGP) are much more attractive than other nearby private housing developments.

The HHA has a total of 31 staff with only two modernization staff — the Modernization Coordinator and a clerk. The agency is considered "well-managed" and received a score of 92.5 on its most recent PHMAP assessment. The Authority has a very low vacancy rate, just 3.5 percent at the time of the original CGP application. Given the quality of the HHA's housing relative to other housing in the area, it is not surprising that there is always demand for the agency's units.[1] The Authority's tenants are ethnically diverse; about 50 percent are white, 47 percent African-American; and three percent Hispanic, reflecting the population of the region. Neither of the Authority's development has a resident management corporation; indeed, at the time of the site visit, there were no functioning tenant organizations.

As Exhibit 2 shows, the HHA has had a mixed modernization history. From 1984 to 1986 the agency did not receive any CIAP funding. This lack of funding was seen by HHA staff as the penalty for not spending earlier modernization monies, and for misappropriation of funds in the 1980s.[2] In the late 1980s, however, the HHA was able to win CIAP modernization funds for three consecutive years, receiving a large award of $1.8 million in 1987, smaller awards in 1988 and 1989, and another large award in 1990.

---

[1]The HHA currently has a waiting list of about 500.

[2] The Executive Director hinted that there may have been some misappropriation of funds in the early 1980s, but as she is relatively new, she did not know the exact circumstances.

Exhibit 1
Overview of PHA Characteristics

Hammond Housing Authority

Number of Public Housing Developments and Units:	2 /599
Size of Staff (Total)	31
Number of Modernization Staff	2
PHMAP Score:	92.5
Recently Troubled: (Y/N)	N
Mod Troubled: (Y/N)	N
Vacancy Rate at Comprehensive Plan:	3.5
Number of Resident-Managed Developments:	0

Characteristics of the Stock — Distribution	Units	Percent
Age of Development		
Pre-1940	400	67
1941-1960	0	0
1961-1980	199	33
1981 or later	0	0
Total	599	100%
Structure Type		
Detached/Semi-Detached	400	67
Row	0	0
Walk-up	0	0
Elevator	0	0
Mixed	199	33
Total	599	100%
Development Program		
Rental	599	100
Turnkey III	0	0
Mutual help	0	0
Sec/23-bond financed	0	0
Total	599	100%
Occupancy Type		
Family	400	67
Elderly	0	0
Mixed	199	33
Total	599	100%
Development Size		
Small (1-49 units)	0	0
Medium (50-199 units)	199	33
Large (200+ units)	400	67
Total	599	100%

Exhibit 2
Funding Overview:
Sources and Amounts of HUD Modernization Funding

Hammond Housing Authority

Fiscal Year	CIAP	MROP	CGP	OTHER	TOTAL
FY 1984	0	0	0	0	0
FY 1985	0	0	0	0	0
FY 1986	0	0	0	0	0
FY 1987	$1,840,240	0	0	0	$1,840,240
FY 1988	406,850	0	0	0	406,850
FY 1989	496,975	0	0	0	496,975
FY 1990	1,172,390	0	0	0	1,172,390
FY 1991	0*	0	0	0	0
FY 1992	0	0	$1,338,480	0	1,338,480
FY 1993	0	0	1,614,056	0	1,614,560
FY 1994	0	0	1,549,539	0	1,549,539

* Applied for 1991 CIAP, but HUD rejected application.

In 1991, the Authority's CIAP application was once again denied. Staff offered several explanations for this denial. First, the HHA had requested numerous extensions on its 1987 CIAP, and HUD was skeptical about the agency's ability to expend its funds. Second, the new modernization coordinator had no housing background, and the HUD Field Office was not confident of his ability to handle over $1 million in additional grant funds. Finally, both HHA and HUD Field Office staff implied that the funding may have been shifted to needier PHAs in the region, particularly the Chicago Housing Authority. In terms of the continuity of funding, the HHA has fared better under CGP. As Exhibit 2 shows, the agency has received between $1.3 million and $1.6 million in each fiscal year.

2. CGP Planning and Administration

2.1 Physical Needs Assessment

The HHA hired an architectural consulting firm, DLM Architects, Inc., in 1991 to conduct its Physical Needs Assessment (PNA). The consultant inspected the properties and prepared cost estimates for the Authority. As Exhibit 3 shows, the agency's total hard cost needs were estimated at $7.8 million. Under the current formula allocation, the HHA should be able to address the majority (86 percent) of its needs in the first five years of CGP. Only a small proportion of those needs (eight percent) were considered Priority 1, all of which were related to Section 504 compliance. These renovations included the costs of converting units in both developments and making the service center accessible.

Because the HHA used its CIAP funds to do lead-based paint (LBP) testing and abatement in the 1980s, the Authority listed no costs related to LBP in its PNA. To comply with the HUD mandate, the HHA has just completed another assessment and detected only a very minor LBP problem affecting some closet shelves and wooden supports in the Columbia Center development. The HHA has no plans for conducting further abatement at this time.

The HHA used its CIAP funds to modernize the Columbia Center development extensively during the 1980's, yet Columbia Center still has some major needs. These major physical needs include measures which will be taken to correct design problems (i.e., the furnaces and hot water heaters are currently located in the kitchens) and a major sewer problem. (The sewer problem is due partly to age and partly to the fact that the HHA installed new water-conserving toilets that do not provide adequate water to keep the system flowing.) In addition to these system-level needs at Columbia Center, the agency must complete some modernization work on the kitchens in this development.

Despite the need for continued modernization at the Columbia Center development, most of the Authority's remaining need is in HHA's other development, Turner Park. The townhouse section of the development, although only 20 years old, requires major modernization because it was poorly constructed. The townhouses need new windows, doors, siding, plumbing,

Exhibit 3
Overview of Physical Needs

Hammond Housing Authority

Category of Need	Dollar Amount	Percent of Total
Budget Category		
Hard Cost for Physical Needs	$7,805,668	90
PHA-Wide Management Needs	131,310	2
PHA-Wide Non-Dwelling Structures and Equipment	194,350	2
PHA-Wide Administration	246,143	3
PHA-Wide Other	315,827	4
Grand Total of PHA Needs	8,693,298	100%
Urgency of Need		
Hard Cost Associated with Priority 1 Needs	607,500	8
Hard Cost Associated with Lower Priority Needs	7,198,168	92
Total	7,805,668	100%
Mandates		
Hard Cost Associated with Lead-Based Paint Testing	0	0
Hard Cost Associated with Lead-Based Paint Abatement	0	0
Hard Cost Associated with Section 504	607,500	8
Hard Cost Associated with Title VI Order	0	0
High Need Developments		
Hard Cost Associated with Developments with Costs in Excess of 90 Percent of TDC	0	0
Redesign/ Reconstruction in High-Cost Developments	0	0

Extent of Overall Need	Ratios
5-Year Funding Level/Total Need	.86
5-Year Funding/Priority 1 Hard Cost Need	11.02
5-Year Funding/Mandated Hard Cost Need (LBP/504/Title VI)	11.02

upstairs subflooring, new finish flooring, and new wallboard. The Hubert Humphrey senior building needs a new heating system and siding.

The modernization coordinator stated that he set the priorities for the PNA without input from residents or other staff. He ranked 504 compliance as Priority 1 because of the HUD deadline. The largest other items — plumbing, new subflooring, windows, and siding — were Priority 2. He then attempted to rank the remaining needs in terms of importance and logical progression, i.e. large items first.

HHA staff feel that the original PNA represented a generally accurate assessment of the agency's needs. However, the cost estimates provided by the consultant have turned out to be low, although staff are not sure why. They believe that the consultant based his estimates on previous work and that the bids have simply come in higher than anticipated. Another problem was that the assessment did not include the costs of replacing stoves and refrigerators; this problem has now become acute. The HHA has not submitted a formal updated PNA, but the modernization coordinator stated that he mentions new needs, such as the sewer problem in Columbia Center, in the narrative portion of the CGP applications.

2.2 Management Needs Assessment

To prepare the Management Needs Assessment (MNA), the modernization coordinator sent out a request to all HHA department heads asking them to assess the needs in their areas. The response to this request was low, therefore the MNA was written without much input from HHA staff — the modernization coordinator simply included items in the original MNA that he thought were important. Since the agency has an excellent management history, he did not refer to the PHMAP assessment to define needs. He obtained cost estimates for the proposed management improvements by calling local businesses. In the original CGP application management needs were estimated to be only two percent of the agency's overall need.

Exhibit 4 shows that HHA's major areas of management need were administration, property management, and security. These needs included the costs of a computer consultant and software, LBP abatement training for staff, and training on CGP for staff and residents. However, the original MNA has turned out to be largely inaccurate because of an increase in spending on security, which will be discussed below. The agency has not submitted any formal updates to its MNA documenting this shift in management need.

2.3 Resident and Local Government Participation

Residents and local government officials have had only very minimal involvement with the HHA's CGP planning process. The Authority does not have any active tenant organizations, and it has had difficulty interesting tenants in participating in planning for modernization. There

Exhibit 4
Overview of Management Needs

Hammond Housing Authority

Type of Need	Mandatory	Optional	Total	%
Needs Associated with PHMAP Deficiencies (by Indicator)				
Vacancy	0	0	0	
Modernization	0	0	0	
Uncollected Rents	0	0	0	
Energy Consumption	0	0	0	
Unit turnaround	0	0	0	
Outstanding Work Orders	0	0	0	
Inspection/condition of units	0	0	0	
TARS	0	0	0	
Operating reserves	0	0	0	
Routine operating expense	0	0	0	
Resident initiatives	0	0	0	
Development	0	0	0	
Sub-total: PHMAP Related Need	0	0	0	
Other Management Needs (by Functional Area)				
Leasing and Ongoing Tenant Functions (outreach, waiting lists, eligibility, collections, recertifications)	0	10,000	10,000	8
Property Management (maintenance, inspections, and modernization)	0	21,310	21,310	16
Administration, Finance, MIS, Communications	0	70,000	70,000	53
Personnel (including training)	0	7,500	7,500	6
Resident Services	0	7,500	7,500	6
Security	0	15,000	15,000	11
Other/Misc	0	0	0	0
Sub-total: Other Needs	0	131,310	131,310	100
Total Management Need	0	$131,310	$131,310	100%

was a viable tenant organization in Columbia Center at one time, but it has since disbanded.[3] The HHA did send three residents to CGP training, but only one of them was interested in continuing her involvement after the training. The modernization coordinator attempted to start a modernization committee, but has been unable to sustain any level of interest. About a dozen residents attended the advance meeting in 1992, but none have attended in subsequent years. HHA staff report that no residents have ever attended any of the public hearings.

The HHA has done surveys of its residents to identify needs, and staff feel that this approach to obtaining resident feedback has been successful. Based on one survey, the Authority abandoned a plan to remove a partition wall in the kitchens in Columbia Center. The modernization director also said that he attempted to involve residents in choosing the colors for the siding for the Humphrey senior building, but the tenants were unable to arrive at any consensus.

HHA staff are very dissatisfied with the resident participation process, feeling that — with the exception of the surveys — it has ultimately been a waste of time. The residents interviewed for this case study generally seemed unaware of the CGP process and expressed no interest in participating in a more organized planning group. They feel that HHA staff are very responsive, and they had no major concerns about modernization. Indeed, their biggest complaint was that television reception was poor because the antennae on their duplexes were not working properly.

Likewise, the local government has had very little involvement in HHA's planning process. In 1992, the modernization coordinator sent copies of the plan to the Mayor and Precinct Committees. One council member responded with a letter, but otherwise the government provided no input. Since then, the Mayor's office has reviewed the plan each year and the Mayor has simply signed off on it. The City official interviewed for this case study indicated that he is beginning to work more closely with the HHA to support its grant applications and anticipates a somewhat more active role in the future. However, HHA staff report a long history of tension between the housing authority and the City government and a current struggle over responsibility for paying for the necessary sewer repairs. Given this level of tension, it seems unlikely that the city will play any substantive role in the authority's planning process.

2.4 On-Going CGP Planning

The HHA has continued to use the same planning process which was used to prepare the 1992 plan: the modernization coordinator reviews his documentation and decides what needs remain to be addressed. The agency has submitted an updated version of its 1992 annual statement because residents in Columbia Center rejected the plan for remodeling their kitchens and the money was reallocated. In 1993, HHA staff submitted a revised annual statement because the figure HUD had provided them for the agency's presumptive grant amount turned

[3]The former head of the tenant organization has been indicted for misappropriating funds.

out to be incorrect. As noted above, the modernization coordinator has handled new needs by simply mentioning them in the narrative of the CGP applications rather than submitting a new PNA or MNA.

2.5 Perspectives on CGP Administration and Effectiveness

The CGP has had some clear benefits for the HHA. First, the agency is receiving considerably more funds per year under CGP (average $1.5 million) than it did under CIAP (average $486,000). Further, the funding has been more reliable; as noted above, the Authority was denied CIAP funding in four different years. HHA staff also appreciate the fact that the funding level is more predictable. According to the modernization coordinator, under CIAP, he would prepare a budget, HUD would go through it and strike out line items, and the remainder would be his modernization budget. Under CGP, he can expect a fixed amount, which allows him to plan more rationally.

The modernization coordinator did not feel that CGP had any effect on the agency's administrative burden. However, since he was involved in preparing only one CIAP budget, it is not clear whether he had a good basis for comparison. The HHA's administrative costs have increased since 1992, although staff did not believe this increase was related to the introduction of the CGP process.

According to staff, CGP has had the effect of improving the agency's ability to expend its modernization funds, as has the hiring of a full-time modernization coordinator. The modernization coordinator reported that when he started in 1991, all of the CIAP grants from 1987 to 1990 were still open, and the agency had great difficulty in requisitioning its funds. Since he now monitors the HHA's modernization projects closely, the agency now expends its funds at a much higher rate. Indeed, he expects that the agency will complete its modernization effort in Turner Park earlier than expected, which will use up most of its CGP funds. Further, the LOCCS system has simplified the requisition process, which also increases the rate of spending.

HHA staff feel that they have complete discretion over how they spend their CGP funds. Since the agency has now completed all renovations necessary for Section 504 compliance and has essentially no LBP abatement need, staff are not bound by any HUD mandates. Further, because the HHA is a high performer, the agency can now shift funds throughout its Five-Year Plan, which allows it to take advantage of economies of scale. The modernization coordinator did reprogram $292,500 from the 1990 CIAP so that the Authority would be in complete compliance with Section 504 by 1994. Because of the ability to shift funds, he estimates that the Authority will be able to complete its comprehensive modernization of the townhouses more quickly than expected.

HHA staff have had no difficulties in submitting annual statements and Performance and Evaluation reports on time. They have no specific recommendations for changes in the CGP application process, but did state that they would appreciate receiving significantly more training from HUD on how to prepare applications and manage the CGP funds. The modernization coordinator stated that he would prefer that HUD mandate a standard system for modernization planning and budgeting rather than allowing individual PHAs so much discretion.

2.5.1 Relationship to HUD

Both HHA and HUD Field Office staff agreed that their relationship had changed little as a result of the shift from CIAP to CGP. The only significant change came as a result of the reorganization of the Field Office. Under the old system, HUD had a Housing Management Specialist who handled all of HHA's needs. Now, the modernization coordinator deals with a staff person who coordinates CIAP and CGP for all the PHAs in the area. This change has meant that HHA receives less monitoring and has more freedom. The modernization coordinator has mixed feelings about this change. On the one hand, he appreciates the increased discretion; on the other hand, he would prefer to have more assistance from HUD in preparing his CGP applications.

HHA has experienced some delays in receiving funds, although those do not appear to be related to the timeliness of Field Office reviews. For example, the agency's 1993 funds were delayed both because HUD had just introduced the LOCCS system, which apparently slowed the process, and because the Authority's plan had to be reviewed by the State Historical Preservation Committee. According to the modernization coordinator, this year he was told he should get his 1995 CGP plan in as early as possible; yet at the time of the site visit (January 1995), he still had not been told the size of the award.

3. Modernization Strategy and Spending Patterns

As Exhibit 5 shows, CGP was Hammond's only source of modernization funds in FY 1994. In FY 1992, the agency reprogrammed about $300,000 of its FY 1990 CIAP funds to complete unit conversions for Section 504 accessibility, and the 1990 CIAP was then closed out. Since then, the Authority has applied for no additional modernization funds.

Under CIAP, the HHA had previously conducted a comprehensive modernization effort at Columbia Center, the older and larger of its two developments. According to the modernization coordinator, this effort involved all units, but was not really a complete overhaul. Despite their age, the units are still in relatively good condition. HHA's current modernization strategy under CGP is to do comprehensive modernization of the townhouse units in its Turner Park development while still addressing selected items in the Humphrey senior building and Columbia Center. As Exhibit 6 shows, the HHA had budgeted about 40 percent of its CGP funds for comprehensive modernization of the townhouses in the first three years of its Five-Year Plan and 60 percent in the last two years. Review of the FY 1993 and FY 1994 annual statements shows that the agency has shifted its spending plan somewhat, budgeting slightly less than originally planned for comprehensive modernization in FY 1993 and slightly more in FY 1994.

Exhibit 5
Sources of Funding for Modernization

Hammond Housing Authority

Anticipated CGP and Non-CGP Funds by Year (From Initial Five Year Plan)

Year	CGP	Non-CGP Funds	Total
FY 1992	$1,338,480	$292,500*	$1,630,980
FY 1993	1,338,480	0	1,338,480
FY 1994	1,338,480	0	1,338,480
FY 1995	1,338,480	0	1,338,480
FY 1996	1,338,480	0	1,338,480

* These are reprogrammed FY 1990 CIAP funds.

Sources of Funds for Modernization Needs (Detail from FY 1994 Annual Statement/PHA Documents)

Source	Listed in Statement (Y/N)	Amount	Percent of Total
CGP Formula	Y	$1,549,539	100
CGP Emergency/Disaster Reserve	NA	NA	
Continuing CIAP Programs (not reprogrammed) Estimate of Actual Spending	NA	NA	
Reprogrammed CIAP Funds	NA	NA	
MROP	NA	NA	
URD	NA	NA	
Operating income used for betterments & additions or non-routine maintenance	NA	NA	
Section 8 reserves used for capital improvements and equipment	NA	NA	
Modernization staff salaries from non-CGP sources	NA	NA	
Other (List)	NA	NA	
Total		$ 1,549,539	100%

Exhibit 6
Concentration of Modernization Spending (CIAP compared to CGP)

Hammond Housing Authority

Year/ Source	Modernization Types		
	Comprehensive Scope	Selected Work Items/Special Purpose	Total
FY 91 CIAP Projects/Units Dollars	1 / 400 $ 1,172,390 (100%)	0 / 0 $ 0 (0%)	1 / 400 $ 1,172,390 (100%)
FY 92 CGP Annual Statement and 5-Year Plan	1 / 80* $ 388,560 (37%)	2 / 519 $ 674,982 (63%)	2 / 599 $ 1,063,542 (100%)
FY 93	1 / 80* $ 388,560 (37%)	2 / 519 $ 664,148 (63%)	2 / 599 $ 1,052,708 (100%)
FY 94	1 / 80* $ 518,080 (42%)	2 / 519 $ 706,290 (58%)	2 / 599 $ 1,224,370 (100%)
FY 95	1 / 80* $ 662,040 (62%)	2 / 519 $ 400,870 (38%)	2 / 599 $ 1,062,910 (100%)
FY 96	1 / 80* $ 781,900 (63%)	2 / 519 $ 461,330 (37%)	2 / 599 $ 1,243,230 (100%)
FY 1993 Annual Statement Revised	1 / 80* $ 362,572 (26%)	2 / 519 $ 1,025,237 (74%)	2 / 599 $ 1,387,809 (100%)
FY 1994 Annual Statement Revised	1 / 80* $ 700,000 (57%)	2 / 519 $ 520,069 (43%)	2 / 599 $ 1,220,069 (100%)

* These 80 units represent the townhouses which comprise part of the Turner Park development. The other 119 units are not undergoing Comp Mod and are therefore listed separately under the "Selected Work Items/Special Purpose" category.

3.1 Spending Patterns

As shown in Exhibit 7, the HHA planned to complete all of its spending for Priority 1 and mandates in the first year of its Five-Year Plan. This funding was primarily used to make 11 units in Columbia Center and six units in Turner Park handicapped accessible. Five percent of the agency's funds went toward completing LBP abatement in Columbia Center (primarily installing new doors and windows). Together, these needs absorbed about half of the agency's 1992 CGP funds. This work was completed in 1993, and the Authority anticipates no further spending on mandated needs.

This spending pattern differs little from the HHA's spending under CIAP. (See Exhibit 8.) The only significant difference is that the agency did not expend any of its CIAP funds for Section 504 compliance. According to the modernization coordinator, the majority of HHA's LBP abatement needs were addressed using the agency's 1987 CIAP funds; work in subsequent years consisted of finishing up this process.

Exhibit 9 shows that HHA has budgeted about 70 percent of its CGP funds for Turner Park, its medium-sized, mixed-occupancy development. This spending pattern is consistent with the agency's desire to comprehensively modernize the townhouse segment of this development, while doing some major work (e.g. replacing the heating system) in the Humphrey senior building.

3.1.1 Other Patterns of Hard Cost Spending

Hammond has budgeted no funds for unit adaptations. (See Exhibit 10.) The Authority has budgeted a small proportion of its funds (between two and nine percent) in each year for physical improvements related to security. These costs include spending on security screens for the ground floor windows, a video surveillance system, new lighting for the Humphrey senior building, a new locking system for the townhouse units, and the conversion of a unit in Columbia Center into a police substation and crime watch office. (The HHA also purchased two-way radios and video surveillance equipment for the crime watch office.)

In addition to these expenditures, the HHA has budgeted a substantial proportion of its funds for energy conservation improvements. These improvements include the costs of new siding and paneling for the Humphrey senior building and window replacement for the townhouse units and Columbia Center duplexes. The Authority has no plans for any demolition or conversion of units and has no high-need developments or long-vacant units.

3.1.2 Spending for Administration and Management

HHA's administrative costs have increased gradually since CGP began, and the agency's expenditures are now approaching the seven percent cap. (See Exhibit 11.) According to the modernization coordinator, the Authority's administrative costs have increased as a result of the

Exhibit 7
Patterns of CGP Hard Cost Spending and Comparison with Need (Mandates vs. Discretionary)

Hammond Housing Authority

Spending Priorities and Mandates	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Priority 1	451,610	41	0	0	0	0	0	0	0	0	0	0	0	0
All other	661,932	59	1,052,708	100	1,224,370	100	1,062,910	100	1,243,320	100	1,387,809	100	1,220,069	100
Total	1,113,542[1]	100	1,052,708	100	1,224,370	100	1,062,910	100	1,243,320	100	1,387,809	100	1,220,069	100
LBP Testing	0		0		0		0		0		7,000	1	0	
LBP Abatement	54,540	5	0		0		0		0		0		1,500	<1
Section 504	451,610	41	0		0		0		0		0		0	

[1] Total includes cost for non-dwelling structures.

Exhibit 8
Comparative Data on CIAP Spending Patterns (FY 1990*)

Hammond Housing Authority

Budgeted Expenditures: FY 1991	Dollars	Percent of Total
Mandates versus Other		
LBP Testing	0	0
LBP Abatement	$76,870	7
Section 504 Compliance	0	0
Other Spending	1,095,520	93
Total Planned Expenditures	$1,172,390	100%

* Data reflect the 1990 CIAP since Hammond received no 1991 CIAP funds.

Exhibit 9
Patterns of CGP Hard Cost Spending and Need (Specific Development Types)

Hammond Housing Authority

Development Type	Physical Needs Assessment			Planned Hard Cost Expenditures FY 1992 - FY 1996			FY 92, 93, and 94 Annual Statement		
	Dollars	%	Per Unit	Dollars	%	Per Unit	Dollars	%	Per Unit
Size of Development									
Large	2,817,090	36	7,043	1,559,630	28	3,899	1,091,872	30	2,730
Medium	4,988,578	64	25,068	4,087,220	72	20,539	2,579,548	70	12,963
Small	0	0	0	0	0	0	0	0	0
All	7,805,668	100%	13,031	5,646,850	100%	9,427	3,671,420	100%	6,129
Occupancy Type									
Family	2,817,090	36	7,043	1,559,630	28	3,899	1,091,872	30	2,730
Elderly	0	0	0	0	0	0	0	0	0
Mixed	4,988,578	64	25,068	4,087,220	72	20,539	2,579,548	70	12,963
All	7,805,668	100%	13,031	5,646,850	100%	9,427	3,671,420	100%	6,129
Resident Management Status									
Resident-Managed	0	0	0	0	0	0	0	0	0
Not Resident-Managed	7,805,668	100	13,031	5,646,850	100	9,427	3,671,420	100	6,129
All	7,805,668	100%	13,031	5,646,850	100%	9,427	3,671,420	100%	6,129
Development Type									
Rental	7,805,668	100	13,031	5,646,850	100	9,427	3,671,420	100	6,129
Turnkey	0	0	0	0	0	0	0	0	0
Mutual Help	0	0	0	0	0	0	0	0	0
Bond Financed	0	0	0	0	0	0	0	0	0
All	7,805,668	100%	13,031	5,646,850	100%	9,427	3,671,420	100%	6,129

Exhibit 10
Patterns of CGP Hard Cost Spending (Other Specific Uses)

Hammond Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 1993 Annual Statement		FY 1994 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Unit Adaptations	0	0	0		0		0		0		0		0	
Demolition/Conversion	0		0		0		0		0		0		0	
Security and Drug Elimination	64,700	6	20,300	2	23,000	2	0		107,200	9	25,265	2	0	
Redesign in High-Need Developments	NA		NA		NA		NA		NA		NA		NA	
Energy Conservation Improvements	156,280	15	386,730	37	129,480	11	212,350	20	162,300	13	557,404	40	168,670	14
Renovations of Long Vacant Units	NA		NA		NA		NA		NA		NA		NA	

Exhibit 11
Patterns of Total CGP Spending (By Budget Category)

Hammond Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
EXPENSE CATEGORY														
Hard Cost For Physical Needs	1,063,542	80	1,052,708	79	1,224,370	91	1,062,910	79	1,243,320	93	1,387,809	86	1,220,069	80
PHA-wide Management	10,000	1	25,000	2	25,000	2	25,000	2	25,000	2	90,000	6	140,000	9
PHA-wide Non- Dwelling	220,400	16	158,000	12	0	0	184,600	14	0	0	24,000	1	23,671	2
PHA-wide Administration	44,538	3	46,765	3	49,110	4	51,570	4	54,160	4	47,240	3	94,288	6
PHA-wide Other	0	0	56,007	4	40,000	3	14,400	1	16,000	1	65,007	4	50,500	3
Replacement Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grand Total	1,338,480	100%	1,338,480	100%	1,338,480	100%	1,338,480	100%	1,338,480	100%	1,614,056	100%	1,528,528	100%

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
"OTHER" DETAIL	0	0	0	0	ND		ND		ND		0	0	0	0
Audit	0	0	0	0	ND		ND		ND		2,000	<1	0	0
Liquidated Damages	0	0	0	0	ND		ND		ND		0	0	0	0
Fees and Cost (A&E)	0	0	56,007	4	ND		ND		ND		63,007	4	50,500	3
Site Acquisition	0	0	0	0	ND		ND		ND		0	0	0	0
Relocation	0	0	0	0	ND		ND		ND		0	0	0	0
Total Other	0	0%	56,007	4%	ND		ND		ND		65,007	4%	50,500	3%

decision to hire a full-time modernization coordinator in 1991. He has now added a clerk, and both of their salaries are charged to CGP. In addition, the Authority now charges a proportion of the Executive Director's and Finance Director's salaries to the grant.

The Authority had budgeted a fairly substantial amount of money for nondwelling expenses in its original 1992 plan, but according to the FY 1993 and FY 1994 annual statements, it has actually expended only a small amount (one to two percent) of its funds for this purpose. This spending includes Section 504 modifications for the service center in Columbia Center, repair and replacement of sidewalks and curbs, converting a basement room in the service center for record storage, and rehabilitation work for the social center in Turner Park. The figures for A&E fees (about four percent of the budget in FY 1993 and FY 1994) are primarily to cover the costs of LBP testing. Finally, according to the modernization coordinator, the HHA does have some minimal relocation costs associated with the comprehensive modernization of the townhouse units (a maximum of $350 per family), but these costs were not broken out in the original Five-Year Plan or subsequent annual statements.

As discussed above, the HHA's original plan for its management needs has changed. The agency has no PHMAP-related needs, and originally had planned to expend only a minimal amount (about $15,000 per year) on security and use the rest for resident services and other management improvements. However, the Authority is now spending close to the 10 percent cap on management expenses, largely due to an increase in security costs. The agency does not yet have a major crime problem, but according to the modernization coordinator, tenants have complained of drug trafficking spilling over from a development nearby and of people from Chicago creating problems in the developments.

To address these concerns, the Authority planned to hire private security guards to patrol its developments. According to staff, these patrols would be "preventative" and would "reassure residents." For various reasons, this plan did not work out and the HHA has now contracted with the Hammond police to provide extra patrols in its developments. Police patrols are substantially more costly than private security; these unanticipated costs have created the dramatic increase in management costs. In FY 1994, the agency budgeted nine percent of its CGP funds for management, and security now accounted for over 80 percent of these expenditures. (See Exhibit 12.) Only about two percent is being spent for resident programs. Another two percent is set aside for capacity building and training, for both residents and staff.

According to the modernization coordinator, the Authority has not yet allocated any funds for Section 3 compliance. Two staff have recently attended Section 3 training, and the agency is just beginning to develop its plan for addressing these needs. The Authority has no existing resident training or employment programs, but the agency is working with the City and with staff from the Chicago and Gary housing authorities to try to develop one. As the region is still heavily unionized, staff are also working with local unions to create an acceptable plan. According to HHA staff, the unions are resistant to the plan and generally insist that contractors

Exhibit 12
Patterns of CGP Spending (Management)

Hammond Housing Authority

	Management Needs Assessment		Five Year Plan (FY 92-FY 96)		FY 92, 93 and 94 Annual Statement	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Planned Management Spending						
PHMAP Deficiencies (Mandatory)	NA		NA		NA	
PHMAP Deficiencies (Optional)	NA		NA		NA	
Other Deficiencies (Mandatory)	NA		NA		NA	
Other Improvements (Optional)	$131,310	100	$110,000	100	$240,000	100
Total Management	131,310	100%	110,000	100%	240,000	100%
Planned Management Spending for Resident-Oriented Programs						
Resident Management / Homeownership	0	0	0	0	0	0
Capacity-Building and Training	7,500	6	7,500	7	5,000	2
Section 3 (Economic and Business Development)	0	0	0	0	0	0
Resident Social Services	0	0	0	0	0	0
Total Resident Programs	7,500	6%	7,500	7%	5,000	2%
Planned Management Spending for Security and Drug Elimination	15,000	11	20,000	18	195,000	81

use union labor. The modernization coordinator expressed surprise that HUD had not negotiated any arrangements with the unions before requiring housing authorities to comply with Section 3.

4. Summary and Conclusions

The HHA clearly has benefitted from the shift from CIAP to CGP. Under CIAP, the agency received no funding at all in some years, and extremely variable amounts of funding in other years (from less than half a million dollars to nearly two million dollars). Under CGP, the Authority has averaged $1.5 million per year, which has allowed it to address its modernization needs systematically. Although the cost estimates included in the original PNA were somewhat low, the Authority has been able to follow its original plan. Staff still anticipate that they will have addressed 85 percent of their assessed needs by 1996, including all needs related to Section 504 compliance and LBP. In fact, unless the HHA is required to fund the full cost of water main replacement at Columbia Center (estimated at $6 million), virtually all of its spending will be discretionary after 1996. The modernization coordinator stated that he had no plans for how to expend any additional funds, other than creating a very healthy reserve.

According to staff, the HHA's enviable position is a result of both the quality of the construction of their large development and the "quality of their residents." Further, the Authority received enough funding under CIAP to address its most serious needs, including LBP abatement, asbestos abatement, and window replacement in Columbia Center. Finally, the developments have been well-managed and maintained, and no large backlog of needs has been permitted to accrue. The townhouse units in Turner Park required major work because of the poor quality of the construction, not because of poor management.

Given the relatively good condition of the HHA's stock, it is puzzling that the Authority has received so much funding under CGP. This funding is more than adequate for the HHA to address all of its Priority 1 and mandated needs. Relative to the factors in the CGP formula, the HHA's large development is quite old. However, the agency has no elevator buildings or large family units, and its developments are not concentrated in a single area. Further, HHA's oldest development is also the one in the best condition. In this instance, the formula allocation has resulted in a situation where the PHA may be overfunded relative to its level of need.

Cheyenne

CGP CASE STUDY
THE CHEYENNE HOUSING AUTHORITY

Prepared by
Linda M. Santiago, TAG Associates, Inc.

1. PHA BACKGROUND AND CHARACTERISTICS

The Cheyenne Housing Authority (CHA), located in Cheyenne, Wyoming, is a small PHA with 266 units in nine developments. (See Exhibit 1.) Because of its size, CHA did not become eligible for CGP until 1993. The CHA is a relatively new housing agency; it was formed in 1969 and constructed its first developments in 1975. Since the inception of the Public Housing Management Assessment Program (PHMAP) in 1992, CHA has been considered a "high performer". In 1993, however, the CHA received a failing grade on the indicator for unit turnaround. CHA took action to correct this problem, and regained its high performance status in 1994, receiving a score of 99.6.

The CHA has been privately administered by Housing Operations and Management (HOM) since 1981.[1] The company has operational responsibilities for all of the public housing programs, including CIAP and CGP, as well as Section 8. Because HOM receives a flat fee for running the Authority, it is difficult to determine which administrative costs are going to individual program activities.

Because the CHA was aggressive in applying for CIAP funds, it received several large CIAP awards, including over $900,000 in 1989 and almost $800,000 in 1992. (See Exhibit 2.) However, the average CIAP award from 1984-1992 was about $300,000, including several years where the agency received no funds. The CHA expects to receive between $320,000 and $350,000 per year in CGP funds; perhaps because of their success in the later years of CIAP, staff perceive this as a significant reduction in funding. Thus, while CHA may receive other benefits from CGP, such as greater flexibility in revising budgets and work items, and while the LOCCS system enables the CHA to more quickly draw down funds, staff believe the agency has been hurt financially from the shift to the formula approach.

The CHA's housing stock is relatively new and is in generally good condition. The Burke elderly high-rise (one of the oldest developments, constructed in 1975) is in need of some exterior modernization, but its units are in excellent shape. The CHA constructed four of its developments itself. However, the other five were acquired and modernized with development funds and CIAP funds. The CHA also has 97 scattered-site units; the agency most recently

[1] HOM is a privately held housing management company that specializes in housing program management and housing development.

Exhibit 1
Overview of PHA Characteristics

Cheyenne Housing Authority

Number of Public Housing Developments and Units:	9/266
Size of Staff (Total)	12
Number of Modernization Staff	1
PHMAP Score:	98.6
Recently Troubled: (Y/N)	N
Mod Troubled: (Y/N)	N
Vacancy Rate at Comprehensive Plan:	99%
Number of Resident-Managed Developments:	0

Characteristics of the Stock — Distribution	Units	Percent
Age of Development		
Pre-1940	0	0
1941-1960	0	0
1961-1980	100	38
1981 or later	166	62
Total	266	100%
Structure Type		
Detached/Semi-Detached	97	36
Row	0	0
Walk-up	0	0
Elevator	169	64
Mixed	0	0
Total	266	100%
Development Program		
Rental	266	100
Turnkey III	0	0
Mutual help	0	0
Sec/23-bond financed	0	0
Total	266	100%
Occupancy Type		
Family	97	36
Elderly	169	64
Mixed	0	0
Total	266	100%
Development Size		
Small (1-49 units)	135	51
Medium (50-199 units)	131	49
Large (200+ units)	0	0
Total	266	100%

Exhibit 2
Funding Overview:
Sources and Amounts of HUD Modernization Funding

Cheyenne Housing Authority

Fiscal Year	CIAP	MROP	CGP	TOTAL
FY 1984	0	0	0	0
FY 1985	0	0	0	0
FY 1986	$97,700	0	0	$97,700
FY 1987	0	0	0	0
FY 1988	256,000	0	0	256,000
FY 1989	946,410	0	0	946,410
FY 1990	554,520	0	0	554,520
FY 1991	312,765	0	0	312,765
FY 1992	775,740	0	0	775,740
FY 1993	0	0	$335,057	335,057
FY 1994	0	0	321,576	321,576

acquired 11 units in 1993. For reporting purposes, the CHA treats each group of scattered-site units as a development, even though the individual units are dispersed throughout the city.[2]

Because of its relatively high level of funding, the CHA was to use its CIAP funds to bring its units into Section 504 compliance, carry out special work items, and comprehensively modernize several developments. With its 1992 CIAP funds, CHA completed comprehensive modernization on two developments, an eight-unit family development and a 38-unit elderly development.

2. CGP Planning and Administration

2.1 Physical Needs Assessment

The CHA relied entirely on in-house staff to prepare its Physical Needs Assessment (PNA) in 1993. As indicated in the PNA, staff drew on past CIAP applications, HQS inspections, work orders, and other maintenance records (i.e., data on deferred maintenance items). In addition, the CHA inspected every unit for the PNA using HQS inspection forms. These inspections were verified by the modernization coordinator and maintenance supervisor.

The CHA used HUD regulations, Uniform Building Codes, and local city codes as its standards for determining if its properties were in compliance with local and federal laws. Staff based cost estimates for modernization work items on various sources, including work items contained in previous unfunded CIAP applications, and estimates from contractors and architects for various work items similar to those included in the PNA. In addition, the maintenance supervisor and modernization coordinator used local building associations' standards and HUD guidelines on lead-based paint (LBP) abatement.

CHA estimated its total hard costs for physical needs at $1.1 million of which about $250,000, or 22 percent, was allocated for LBP. (See Exhibit 3.) Since the Authority had addressed most of its Section 504 compliance needs with prior CIAP and development funds, the PNA only included $13,000 for two Section 504 work items, accounting for just one percent of hard costs.

The CHA submitted a formal update to its PNA in 1994 to address new concerns and needs (such as inadequate garbage bins) which were presented by the residents and city representatives. To address these new needs, the CHA reprogrammed some funds ($25,755) which had been planned for replacement reserves for FY 1994.

---

[2]The following developments were acquired and received development funds: WY 2-10, 2-13, 2-16, and 2-17.

Exhibit 3
Overview of Physical Needs

Cheyenne Housing Authority

Category of Need	Dollar Amount	Percent of Total
Budget Category		
Hard Cost for Physical Needs	$1,132,555	80
PHA-Wide Management Needs	78,155	6
PHA-Wide Non-Dwelling Structures and Equipment	0	0
PHA-Wide Administration	112,630	8
PHA-Wide Other	91,000	6
Grand Total of PHA Needs	1,414,340	100%
Urgency of Need		
Hard Costs Associated with Priority 1 Needs	494,355	44
Hard Cost Associated with Lower Priority Needs	638,200	56
Total	1,132,555	100%
Mandates		
Hard Cost Associated with Lead-Based Paint Testing	0	0
Hard Cost Associated with Lead-Based Paint Abatement	245,355	22
Hard Cost Associated with Section 504	13,000	1
Hard Cost Associated with Title VI Order	0	0
High Need Developments		
Hard Cost Associated with Developments with Costs in Excess of 90 Percent of TDC	0	0
Redesign/ Reconstruction in High-Cost Developments	0	0

Extent of Overall Need	Ratios
5-Year Funding Level/Total Need	1.18
5-Year Funding/Priority 1 Hard Cost Need	3.39
5-Year Funding/Mandated Hard Cost Need (LBP/504/Title VI)	6.48

2.1.1 Setting Priorities

When the Authority was developing its PNA, staff knew that a number of its units tested positive for lead-based paint. CHA staff made LBP abatement the agency's first priority. Needs related to health and safety, for example, adding a sprinkler system in one development, were also rated Priority 1. In addition, the following items were all classified as Priority 1: two Section 504 work items; metal siding; new roofs;[3] and installation of wind breaks.[4] Finally, residents at one development requested that the creation of additional parking be made a priority.

2.2 Management Needs Assessment

Like the PNA, the CHA's Management Needs Assessment (MNA) was conducted by in-house staff. Supervisors met to discuss what changes would improve the efficiency and effectiveness of Authority operations. The supervisors identified four primary management needs: a new maintenance vehicle; copy machines; new mailing system equipment; and an upgrade of the network computer system. Because the FY 1992 PHMAP did not indicate any management improvement needs (see Exhibit 4), staff did not use PHMAP as a tool to develop the MNA. In addition, residents expressed a need for a resident initiatives coordinator, a position that had been funded by the 1992 Drug Elimination Grant but was eliminated when that funding ended. This position was originally included in the MNA, but, as discussed below, was removed from the later years after HUD review.

The CHA submitted its CGP application and Five-Year Plan in June of 1993. At the time HUD was reviewing the CGP, the CHA also made its PHMAP submission, and the agency failed one indicator. Because of this problem, the HUD Field Office requested two items from the Authority before approving the ACC: a justification for the Resident Initiatives Coordinator position; and, as part of the MNA, a management improvement plan for its failing indicator. In response, the Authority provided HUD with a justification for the resident initiatives position, but chose to handle the PHMAP deficiency in-house, using other funds, and thus, did not include it in the MNA.

After reviewing the MNA, HUD notified the agency that the resident initiatives position could only be funded for a single year with CGP funds.[5] After this decision, the CHA chose not to include any funding for additional management improvements in its last three years of its Five-Year Plan. According to the modernization coordinator, the remaining management needs were fully addressed in the first two years with an allocation of about $78,000.

---

[3]These two items seem to address energy or health and safety issues, but they are included to address high insurance costs and high maintenance overhead. The modernization coordinator explained that the insurance rates are lower when buildings have new roofs, and the metal siding is easier to maintain, resulting in lower maintenance costs.

[4]Wind breaks are cement or other barriers constructed near entryway of building to prevent strong gusts of wind from entering the building.

[5]Based on the CGP Handbook 7485.3, the resident initiatives coordinator is an eligible item and it is not restricted to one year.

Exhibit 4
Overview of Management Needs

Cheyenne Housing Authority

Type of Need	Mandatory	Optional	Total	%
Needs Associated with PHMAP Deficiencies (by Indicator)				
Vacancy	0	0	0	0
Modernization	0	0	0	0
Uncollected Rents	0	0	0	0
Energy Consumption	0	0	0	0
Unit turnaround	0	0	0	0
Outstanding Work Orders	0	0	0	0
Inspection/condition of units	0	0	0	0
TARS	0	0	0	0
Operating reserves	0	0	0	0
Routine operating expense	0	0	0	0
Resident initiatives	0	0	0	0
Development	0	0	0	0
Sub-total: PHMAP Related Need			0	0
Other Management Needs (by Functional Area)				
Leasing and Ongoing Tenant Functions (outreach, waiting lists, eligibility, collections, recertifications)	0	0	0	0
Property Management (maintenance, inspections, and modernization)	0	$20,000	$20,000	26
Administration, Finance, MIS, Communications	0	36,555	36,555	46
Personnel (including training)	0	0	0	0
Resident Services	0	21,600	21,600	28
Security	0	0	0	0
Other/Misc	0	0	0	0
Sub-total: Other Needs		78,155	78,155	100%
Total Management Need		$78,155	$78,155	100%

2.3 Resident Participation

The CHA had no existing resident council, and staff felt that creating a resident council solely for the purposes of CGP could cause divisions among residents and foster accusations of favoritism. Thus, staff chose to hold individual meetings at the elderly developments and one meeting at the central office for other residents. They hoped that this approach would allow them to have more contact with residents, and thus more opportunities to understand their concerns. The CHA sent letters to all of the residents inviting them to participate in meetings for the CGP program. All residents were allowed to attended any of the four sessions.

The meetings were conducted by the modernization coordinator, deputy director, and maintenance supervisor. The format for the meetings was an open forum to allow residents to tell CHA representatives what work items were needed at their developments. The modernization coordinator explained to the residents that LBP abatement was CHA's top priority. The residents identified their needs, which were then evaluated and ranked by the staff. Some of the residents' ideas, such as the installation of a windbreak on the dining room entrance door at one development and the replacement of a door and lock to the Wellness Center with a handicapped operation system, were put in the top category.

The level of participation by family development residents was low; only two individuals from the 97 family units attended the meetings, perhaps because these meetings were held in the central office rather than on-site. However, the turnout of elderly residents was excellent. At these meetings, the modernization coordinator explained the difference between the two modernization programs (CIAP and CGP). Elderly residents were asked to identify their needs and were told that many of their requests were already targeted with CIAP funds. Based on interviews with five elderly residents and one family resident, it appears that CHA residents were unable to distinguish between the two modernization programs.[6]

The modernization coordinator stated that the residents have a great influence in determining work items. The CHA has a large number of elderly residents who are quite outspoken and demanding when they feel an item needs to be repaired, or replaced. In 1994, resident input had an even greater affect on the PNA. At the CHA's annual meeting with the residents, a few concerns surfaced that the CHA felt should be included in the plan. As a result, the agency submitted an updated PNA.

2.4 Local Government Participation

Although the City of Cheyenne did not have substantial influence or input in the development of the CGP plan, it has provided CHA with CDBG funds for modernization and provided other modernization assistance, to pay for A&E costs, for example. (See Exhibit 5.) The City has also supplemented the CHA's CIAP funds, in order to complete specific work

[6]The other family resident who participated in the meeting had moved out of public housing by the time of the site visit for this assessment.

Exhibit 5
Sources of Funding for Modernization

Cheyenne Housing Authority

Anticipated CGP and Non-CGP Funds by Year (From Initial Five Year Plan)

Year	CGP	Non-CGP Funds	Total
FY 1993	$335,057	0	$335,057
FY 1994	321,780	0	321,780
FY 1995	321,780	0	321,780
FY 1996	321,780	0	321,780
FY 1997	321,780	0	321,780

Sources of Funds for Modernization Needs (Detail from FY 1994 Annual Statement/PHA Documents)

Source	Listed in Statement (Y/N)	Amount	Percent of Total
CGP Formula	Y	$322,576	19
CGP Emergency/Disaster Reserve			
Continuing CIAP Programs (not reprogrammed) Estimate of Actual Spending (FY 1991 and FY 1992)	Y	1,088,505	65
Reprogrammed CIAP Funds (FY 1990)	Y	119,930	7
MROP			
URD			
Operating income used for betterments & additions or non-routine maintenance	Y	94,920	6
Section 8 reserves used for capital improvements and equipment			
Modernization staff salaries from non-CGP sources			
Other (CDBG)	Y	42,300	3
Total		$1,668,231	100%

*CIAP 1991 & 1992 **CIAP 1990 ***CDBG 1994 items. For example, the City paid for the removal of a canopy in front of one of the senior buildings because it was a fire hazard. In addition, the City has funded a parking lot, electric doors, office space, and new bathrooms in one development. The administrator of the City's Office of Housing and Community Development and the CHA's modernization coordinator work closely on modernization improvements. The City needs to be familiar with the Authority's modernization initiatives to make sure that they are all included in the city's consolidated plan, formerly known as the CHAS.

The City is also cooperating with the CHA to fund specific improvements at one CHA development. Based on the results of a traffic usage study, the City is widening a street through the development. The City bought property parallel to the street to widen it, and as a result cut into residents' parking spaces. The City will pay for an architect to redesign the parking spaces, while the CHA put construction costs for the new parking area into the CGP plan.

The city representative interviewed for this study was generally satisfied with the CHA's plans, but raised a concern about the large proportion of CGP being allocated to HUD mandates. He felt that using funds for mandates cut into funds available to address the real need for more affordable housing for low-income people.

2.5 Perspectives on CGP Administration and Effectiveness

As discussed earlier, the Cheyenne Authority has suffered financially under CGP. In its last CIAP allocation, the CHA received $775,000; in FY 1993, the CHA received only $335,000 under CGP. As a result, the CHA has had to limit the number of work items it can address. The agency has planned to use CGP funds to comply with federal and local mandates such as lead-based paint abatement. Though CHA staff are concerned about the reduced level of funding under CGP, the agency was able address many of its modernization needs with its CIAP funds, and entered CGP with a relatively low level of need. CHA was able to complete comprehensive modernization at a number of developments and address specific work items at others. In addition, the agency completed all of its lead-based paint testing and virtually all work related to Section 504. Thus, the major threat the agency faces under CGP is having to stop or severely limit its program of purchasing older buildings and rehabilitating them for use as scattered-site units.

CHA staff had no major recommendations or complaints about the administration of CGP. Staff were pleased with the LOCCS system because it speeds up the requisition process. Under the CIAP program, it would take weeks for a requisition to be processed; now, with the LOCCS system it takes just three days. While the modernization coordinator noted that the development of the PNA was time-consuming, he felt it provided the Authority with a clearer understanding of needs at specific developments. CHA discovered that the older developments had much greater capital needs than the scattered-site properties. In addition, the modernization coordinator thought that the resident participation process, the increased flexibility to revise work items within the five-year time frame, and the ability to update the PNA were all positive changes.

The HUD Field Office representative stated that CIAP planning and implementation was a difficult and time-consuming process during the early years of the program, but that CIAP has now been streamlined and made easier to administer at all PHAs still covered by that program. He added that the CGP process was demanding in the first year, when the PHAs had to complete the PNA, MNA, original statement, and Five-Year Plan. He felt that the subsequent years will be less time-consuming because the PHAs will have to submit less paperwork and will be more familiar with the program.

3. MODERNIZATION STRATEGIES AND SPENDING PATTERNS

3.1 Overall Modernization Strategy

The modernization strategy adopted by the CHA for the CGP program is completely different from its strategy under CIAP. (See Exhibit 6.) For example, in 1992 the CHA received over $775,000 in CIAP funds for work in four developments. Three out of the four developments were comprehensively modernized. In 1991, the Authority received about $300,000, which it used to target two developments, one of which was comprehensively modernized; the other development had special work items, including LBP testing and Section 504 compliance work.

Under CGP, the CHA has shifted entirely to a strategy of special purpose modernization, primarily because of the mandates that the agency has to address. In 1993, after the shift to CGP, CHA did not allocate any funds for comprehensive modernization. CHA had to address mandates from HUD, the fire department, and also was pressed to accommodate resident requests. For these reasons, CHA staff appear to feel more restricted in long-term planning due to the lower level of funding the agency is receiving under the CGP formula.

CHA had three major priorities in their modernization strategy: to complete all of its lead-based paint abatement; address fire department concerns; and reduce maintenance costs. For example, the PHA is installing metal siding on one of its developments because it will greatly reduce maintenance costs (it does not have to be painted), and because it will insulate the homes better, thus reducing the residents monthly utility bills.

When CGP began, the CHA had unused and unobligated CIAP funds from FY 1990. The authority decided to reprogram the funds into its first year of CGP (FY 1993). The modernization coordinator recalls that the reprogramming of CIAP funds was a new process for everyone, including HUD. As a result of reprogramming the CIAP funds, the modernization coordinator was able to use the funds to complete CGP work items which had been scheduled for later years.

Exhibit 6
Concentration of Modernization Spending (CIAP compared to CGP)

Cheyenne Housing Authority

Year/ Source	Modernization Types		
	Comprehensive Scope	Selected Work Items/Special Purpose	Total
FY 91 CIAP Projects/Units Dollars	 1/15 $137,630 (44%)	 1/38 $175,150 (56%)	 2/53 $312,780 (100%)
FY 92 CIAP Projects/Units Dollars	 3/49 $643,130 (83%)	 1/20 $132,610 (17%)	 4/69 $775,740 (100%)
FY 93 CGP Annual Statement and 5-Year Plan	0 0 0%	8/194 $335,057 (100%)	8/194 $355,057 (100%)
FY 94	0 0 0%	4/189 $321,780 (100%)	4/189 $321,780 (100%)
FY 95	0 0 0%	4/189 $321/780 (100%)	4/189 $321,780 (100%)
FY 96	0 0 0%	2/92 $321,780 (100%)	2/92 $321,780 (100%)
FY 97	0 0 0%	2/65 $321,780 (100%)	2/65 $321,780 (100%)
FY 1994 Annual Statement Revised	0 0 0%	4/189 $322,576 (100%)	4/189 $322,576 (100%)

3.2 Specific Spending Patterns

3.2.1 Mandates and Priorities

As previously mentioned, lead-based paint abatement was the CHA's number one priority. CHA had completed all its LBP testing under CIAP and abatement was scheduled for the first year of the Five-Year Plan. (See Exhibit 7.) Ninety-six percent of the CGP funds for FY 1993 were allocated for Priority 1 needs, nearly all related to lead-based paint abatement. In addition, as Exhibit 7 shows, CHA spent five percent of its funds on two items related to Section 504 compliance. CHA was also mandated by the local fire department to complete specific work items because of potential fire hazards, and the agency addressed these in the first year of its Five-Year Plan. Exhibit 8 shows that this spending pattern represents a significant shift from CHA's spending pattern in its last year of CIAP, when it expended no funds for LBP abatement.

3.2.2 Spending by Development Type and for Specific Activities

Exhibit 9 provides information on spending patterns by specific development type. However, break downs by development size do not provide an accurate picture, because all six family developments actually consist of scattered-site units. Exhibit 9 shows that the real distinction in spending appears to be between family and elderly developments, with elderly developments scheduled to receive a far greater share of funds. This distinction is not apparent in the FY 1993 and 1994 annual statements, because the LBP abatement was scheduled for 1993. Once mandated spending on lead-based paint abatement is accounted for, the elderly developments will receive a larger share of CGP dollars. The modernization coordinator stated that most of the family developments have been recently modernized under one of the previous CIAP grants. Furthermore, the elderly developments have older units, which require more upgrading due to normal wear-and-tear.

Exhibit 10 shows planned expenditures for specific types of hard costs. As indicated, CHA had no plans to expend funds for unit adaptations, demolitions or conversions, security and drug elimination, or energy conservation. The Authority also did not have to set aside any funds to renovate long vacant units, nor did it need funds to redesign high need developments.

3.2.3 Administration and Other Expenses

Exhibit 11 provides a breakdown of Cheyenne's planned expenditures by year. Physical needs dominate the annual spending plans, accounting for 73 to 93 percent of planned expenditures. Administrative expenditures account for seven percent of CGP spending in each year. As discussed earlier, CHA planned management expenditures, ranging from six to ten percent, for only the first three years of the plan. Expenditures for "other" costs range from less than one percent to seven percent. With the exception of some resident relocation

Exhibit 7
Patterns of CGP Hard Cost Spending and Comparison with Need (Mandates vs. Discretionary)

Cheyenne Housing Authority

Spending Priorities and Mandates	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 94 Annual Statement	
	FY 1993		FY 1994		FY 1995		FY 1996		FY 1997			
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Priority 1	258,355	96	236,000	95	0	0	0	0	0	0	223,500	90
All other	11,300	4	12,000	5	340,200	100	277,755	100	298,655	100	23,991	10
Total	269,655	100%	248,000	100%	340,200	100%	277,755	100%	298,655	100%	247,291	100%
LBP Testing	0	0	0	0	0	0	0	0	0	0	0	0
LBP Abatement	245,355	91	0	0	0	0	0	0	0	0	0	0
Section 504	13,000	5	0	0	0	0	0	0	0	0	1,500	1%

Exhibit 8
Comparative Data on CIAP Spending Patterns (FY 1991 & 1992)

Cheyenne Housing Authority

Budgeted Expenditures: FY 1992	Dollars	Percent of Total
Mandates versus Other		
LBP Testing	$2,400	< 1
LBP Abatement	0	
Section 504 Compliance	0	
Other Spending	773,340	99
Total Planned Expenditures	$775,740	100%

Exhibit 9
Patterns of CGP Hard Cost Spending and Need (Specific Development Types)

Cheyenne Housing Authority

Development Type	Physical Needs Assessment			Planned Hard Cost Expenditures FY 1993 - FY 1997			FY 93 and 94 Annual Statement		
	Dollars	%	Per Unit	Dollars	%	Per Unit	Dollars	%	Per Unit
Size of Development									
Large	0	0	0	0	0	0	0	0	0
Medium	671,000	59	5,122	683,200	48	5,215	430,146	83	3,283
Small	461,555	41	3,418	751,065	52	5,563	87,000	17	644
All	1,132,555	100%	4,258	1,434,265	100%	5,392	517,146	100%	1,944
Occupancy Type									
Family	266,555	24	2,747	561,065	39	5,784	270,354	52	2,787
Elderly	866,000	76	5,124	873,200	61	5,166	246,791	48	1,460
Mixed	0	0	0	0	0	0	0		0
All	1,132,555	100%	4,258	1,434,265	100%	5,392	517,146	100%	1,944
Resident Management Status									
Resident-Managed	0	0	0	0	0	0	0	0	0
Not Resident-Managed	1,132,555	100	4,258	1,434,265	100	5,392	517,146	100	1,944
All	1,132,555	100%	4,258	1,434,265	100%	5,392	517,146	100%	1,944
Development Type									
Rental	1,132,555	100	4,258	1,434,265	100	5,392	517,146	100	1,944
Turnkey	0	0	0	0	0	0	0	0	0
Mutual Help	0	0	0	0	0	0	0	0	0
Bond Financed	0	0	0	0	0	0	0	0	0
All	1,132,555	100%	4,258	1,434,265	100%	5,392	517,146	100%	1,944

[redacted]

Exhibit 10
Patterns of CGP Hard Cost Spending (Other Specific Uses)

Cheyenne Housing Authority

Category	Planned Expenditures: FY 1993 Annual Statement and Five Year Plan										FY 1994 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996			
	Dollars	%	Dollar s	%	Dollar s	%	Dollar s	%	Dollar s	%	Dollars	%
Unit Adaptations	0		0		0		0		0		0	
Demolition/Conversion	0		0		0		0		0		0	
Security and Drug Elimination	0		0		0		0		0		0	
Redesign in High-Need Developments	0		0		0		0		0		0	
Energy Conservation Improvements	0		0		0		0		0		0	
Renovations of Long Vacant Units	0		0		0		0		0		0	

Exhibit 11
Patterns of Total CGP Spending (By Budget Category)

Cheyenne Housing Authority

Category	Planned Expenditures: FY 1993 Annual Statement and Five Year Plan										FY 94 Annual Statement	
	FY 1993		FY 1994		FY 1995		FY 1996		FY 1997			
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
EXPENSE CATEGORY												
Hard Cost For Physical Needs	269,655	81	248,000	77	237,200	73	267,755	83	298,655	93	247,491	77
PHA-wide Management	21,600	6	33,155	10	25,000	8	0	0	0	0	33,155	10
PHA-wide Non- Dwelling	0	0	0	0	3,000	1	10,000	3	0	0		0
PHA-wide Administration	23,454	7	22,525	7	22,525	7	22,525	7	22,525	7	22,580	7
PHA-wide Other	20,348	6	18,100	6	8,300	3	21,500	7	600	< 1	19,350	6
Replacement Reserves		0	0	0	25,755	8	0	0	0	0	0	
Grand Total	335,057	100%	321,780	100%	321,780	100%	321,780	100%	321,780	100%	322,576	100%

Category	Planned Expenditures: FY 1993 Annual Statement and Five Year Plan										FY 94 Annual Statement	
	FY 1993		FY 1994		FY 1995		FY 1996		FY 1997			
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
"OTHER" DETAIL												
Audit	0	0	0	0	0	0	0	0	0	0	0	0
Liquidated Damages	0	0	0	0	0	0	0	0	0	0	0	0
Fees and Cost (A&E)	9,848	3	18,100	6	8,300	3	21,500	7	600	< 1	19,350	6
Site Acquisition	0	0	0	0	0	0	0	0	0	0	0	0
Relocation	10,500	3	0	0	0	0	0	0	0	0	0	0
Total Other	20,348	6	18,100	6	8,300	3	21,500	7	600	< 1	19,350	6

expenditures during year one (due to LBP abatement), all of the "other" costs are to cover Architectural and Engineering fees.

3.2.4 Planned Management Spending

The items in the MNA correspond exactly to the planned management spending in the first five years. Because the CHA is managed by HOM and is rated as a high performer under PHMAP. The company prefers to put most of its funds into capital expenditures, rather than inventing ways to spend management improvement funds that will not appreciably improve the effectiveness of public housing program operations.

As shown in Exhibits 12(a) and 12(b), the Authority spent a considerable portion of its management funds on resident services. The CHA hired a resident initiatives coordinator with management improvement funds because the agency knew that it had to begin to work closely with residents to begin to address their issues. As the HUD Field Office representative reported, the CHA has always had a good relationship with the residents, despite the fact that the position of Resident Initiative Coordinator has been filled only sporadically, depending on funding.

4. PERSPECTIVES AND CONCLUSIONS

The CHA has only completed one year under CGP, and a full evaluation of the effectiveness of this program is difficult. Overall, the CGP program appears adequate to fund all the emergency and other critical needs of the Cheyenne Authority. However, staff are concerned that the amount of funds presented in the PNA for lead-based paint abatement may not be adequate. The CHA is waiting for bids to come back on the costs for abatement, before making a final determination on the adequacy of funding. Additionally, the Authority is not sure whether the funds it has allocated for relocation are adequate to cover all expenses.

The CHA was commended by the HUD Field Office representative interviewed for this study. The representative feels the Authority performs very well in terms of both its public housing program management and the administration of modernization programs. The CHA has been proactive throughout its history in obtaining needed capital improvement funds from the City, in order to complete needed modernization work and to supplement funds received through HUD. However, perhaps because of the agency's success during the last years of CIAP, staff perceive that CHA is receiving a much lower level of funding under CGP. For this reason, the staff do not feel that CGP has enhanced long-term planning capabilities, since the agency has had to scale back expectations for receiving modernization funds.

The CHA, and to some extent the City, feel that HUD has too much control over funding and tends to limit its flexibility on the use of modernization funds. In particular, they are concerned about the requirement that funds first be directed toward addressing mandatory needs such as lead-based paint abatement. According to staff and the City representative, the

Exhibit 12(a)
Patterns of CGP Spending (Management)

Cheyenne Housing Authority

	Management Needs Assessment		Five Year Plan (FY 93-FY 97)		FY 93 and 94 Annual Statement	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Planned Management Spending						
PHMAP Deficiencies (Mandatory)	0	0	0	0	0	0
PHMAP Deficiencies (Optional)	0	0	0	0	0	0
Other Deficiencies (Mandatory)	0	0	0	0	0	0
Other Improvements (Optional)	58,155	73	58,155	73	33,155	61
Total Management	79,155	100%	79,155	100%	54,755	100%
Planned Management Spending for Resident-Oriented Programs						
Resident Management / Homeownership	0	0	0	0		
Capacity-Building and Training	0	0	0	0		
Section 3 (Economic and Business Development)	0	0	0	0		
Resident Social Services	21,600	27	21,600	27	21,600	40
Total Resident Programs	21,600	27	21,600	27	21,600	40
Planned Management Spending for Security and Drug Elimination	0	0	0	0	0	0

Exhibit 12(b)
Patterns of Spending (Management Detail)

Cheyenne Housing Authority

	Five Year Plan (FY 93-FY 97)			FY 93 and 94 Annual Statement		
Expenditures	Mandatory	Optional	Total	Mandatory	Optional	Total
Needs Associated with PHMAP Deficiencies						
Vacancy	0	0	0	0	0	0
Modernization	0	0	0	0	0	0
Uncollected Rents	0	0	0	0	0	0
Energy Consumption	0	0	0	0	0	0
Unit Turnaround	0	0	0	0	0	0
Outstanding Work Orders	0	0	0	0	0	0
Inspection/Condition of Units	0	0	0	0	0	0
TARS	0	0	0	0	0	0
Operating Reserves	0	0	0	0	0	0
Routine Operating Expense	0	0	0	0	0	0
Resident Initiatives	0	0	0	0	0	0
Development	0	0	0	0	0	0
Sub-total: PHMAP-Related Need						
Percent of Total Management Need	0	0	0	0	0	(%)
Other Management Needs (by Functional Area)						
Leasing and Ongoing Tenant Functions	0	0	0	0	0	0
Property Management	0	20,000	26%	0	0	0
Admin/Finance/MIS/Communications	0	5,000	6%	0	0	0
Personnel	0	0	0	0	0	0
Resident Services	0	21,600	28%	0	21,600	41%
Security	0	0	0	0	0	0
Other/Misc.	0	31,555	40%	0	31,555	59%
Sub-total: Other Needs	0	78,155	0	0	53,155	
Percent of Total Management Need		100%	100%	0	100%	(100 %)
Total Management Need		78,100	78,100	0	53,155	

priorities set by the local public housing community should be given precedence over the mandatory work items.

CHA staff feel that CGP offers greater flexibility than CIAP. The LOCCS method of obtaining funds is also far more efficient for this Authority and, along with the flexibility for revising work items, will reduce administrative costs associated with the modernization program.

It is important to note that this Authority is privately managed and is considered a high performer under PHMAP. The CHA has targeted capital improvements as virtually its sole priority area under CGP, with management improvements funded only in the first two years of the Five-Year Plan. The Authority finds little need or benefit to using CGP funds for management improvements, due to the few management and operational problems at the agency.

Despite its relatively low level of need, the CHA does not feel that CGP formula is adequate to address all of the agency's needs. The Authority plans to address all of its mandates within the first two years of CGP funding. However, the CHA is more concerned about modernization needs that may arise in the future and its inability to acquire additional public housing units without adequate modernization funds. In the past, the CHA acquired housing, modernizing it with development funds and CIAP funds. If the CHA were now to acquire new housing, the development funds would not be adequate to address modernization needs, and the CGP funding would be not be adequate for all the CHA's needs. Therefore, CGP does not fit the CHA's pattern of acquiring additional public housing, even though it may address the needs of the agency's current portfolio.

CGP CASE STUDY
AMSTERDAM, NEW YORK HOUSING AUTHORITY

Prepared by
Mary Joel Holin, Abt Associates Inc.

1. PHA BACKGROUND AND CHARACTERISTICS

The Amsterdam Housing Authority (AHA) is a small, well-managed agency located in the City of Amsterdam, some 30 miles northwest of Albany, New York. With an Executive Director, a modernization coordinator, and 15 other employees, the Authority operates public housing, a Section 8 tenant-based program, and a Section 8 moderate rehabilitation program. Recently, the Authority was successful in applying for New York State HOME funds, which will be used to fund tenant-based housing vouchers.

1.1 Description of the Site

The Authority manages two public housing developments with a total of 265 units (see Exhibit 1). The older of the two developments, New Amsterdam Apartments, contains 190 units and was built in 1970; its high-rise building houses elderly residents and its low-rise garden apartments are occupied by families. The other development, Stratton Apartments, was built in 1976 and includes 75 units for the elderly. Amsterdam's well-maintained public housing is located within a two-block area near the Authority offices and close to the downtown area.

1.2 Modernization History

The Authority was quite aggressive and successful in seeking CIAP funds over the years (see Exhibit 2). Between 1984 and 1992, the agency obtained a total of $5,276,089, almost $20,000 per unit over the eight year period. Awards were received in all but two of the nine years, ranging in amount from $536,000 in FY 1991 to $1.15 million in FY 1985. By comparison, the estimated $330,000 to $350,000 that AHA will receive each year under CGP suggests a decline in modernization funding.

Because public housing in Amsterdam is relatively new — the oldest property is just 24 years old — the properties have not required comprehensive modernization. Even so, recent CIAP grants have been used to address a wide range of building deficiencies. The 1991 CIAP award was an emergency grant, used in large part to replace an underground electric distribution system and to remove asbestos found in the garden apartments. The 1992 grant has been used to meet Section 504 requirements, replace dwelling equipment such as ranges and refrigerators, and improve community spaces. The Authority met most of its Section 504 requirements with

Exhibit 1
Overview of PHA Characteristics

Amsterdam, New York

Number of Public Housing Developments and Units:	2 / 265
Size of Staff (Total)	17
Number of Modernization Staff	1
PHMAP Score:	93.57
Recently Troubled: (Y/N)	N
Mod Troubled: (Y/N)	N
Vacancy Rate at Comprehensive Plan:	1%
Number of Resident-Managed Developments:	0

Characteristics of the Stock — Distribution	Units	Percent
Age of Development		
Pre-1940	0	0
1941-1960	0	0
1961-1980	265	100
1981 or later	0	0
Total	265	100%
Structure Type		
Detached/Semi-Detached	0	0
Row	0	0
Walk-up	0	0
Elevator	75	28
Mixed	190	72
Total	265	100%
Development Program		
Rental	265	100
Turnkey III	0	0
Mutual help	0	0
Sec/23-bond financed	0	0
Total	265	100%
Occupancy Type		
Family	0	0
Elderly	75	28
Mixed	190	72
Total	265	100%
Development Size		
Small (1-49 units)	0	0
Medium (50-199 units)	265	100
Large (200+ units)	0	0
Total	265	100%

Exhibit 2
Funding Overview:
Sources and Amounts of HUD Modernization Funding

Amsterdam Housing Authority

Fiscal Year	CIAP	MROP	CGP	OTHER	TOTAL
FY 1984	$722,980	0	0	0	$722,980
FY 1985	1,154,900	0	0	0	1,154,900
FY 1986	0	0	0	0	0
FY 1987	738,810	0	0	0	738,810
FY 1988	677,400	0	0	0	677,400
FY 1989	789,250	0	0	0	789,250
FY 1990	0	0	0	0	0
FY 1991	536,122	0	0	0	536,122
FY 1992	656,627	0	0	0	656,627
FY 1993	0	0	$333,133	0	333,133
FY 1994	0	0	357,055	0	357,055

CIAP funds. Lead-based paint testing was completed in the 1980s; no abatement needs were identified.

The Authority closed out its 1991 CIAP grant in December 1994. Approximately $97,000 dollars of the 1992 grant remains unspent at the end of 1994. These funds, left over after all planned work items have been completed, will be used to fund some work items originally included in the CGP Five-Year Plan.[1]

2. CGP Planning and Administration

2.1 Physical Needs Assessment

To prepare the Physical Needs Assessment (PNA), the Authority hired an architectural consultant to walk through the two developments, assessing the CIAP work that had been completed and identifying additional capital improvements that would be required in the coming years. Using this information, the Executive Director and modernization coordinator worked with other PHA staff to develop a "wish list" of needs that could be addressed with CGP funds. A meeting was then held with residents, to review the list and identify additional needs. The final "wish list" was then pared down to reflect what the PHA expected to receive under CGP over the Five-Year Planning period. The PNA document was prepared by the agency's modernization coordinator.

Exhibit 3 provides an overview of the needs and costs reflected in Amsterdam's PNA. The total of all PHA needs is about $ 1.6 million.[2] This includes: hard costs for physical needs of $831,302 (52 percent of all needs), non-dwelling structure and equipment needs of $403,368 (25 percent of needs), and management needs of $159,950 (10 percent of needs). It should be noted that the total needs identified in the PNA reflect the actual amount the Authority planned to spend in their initial Five-Year Plan based on the estimated formula amount provided by HUD. Therefore, total needs and five-year funding are equal.

2.1.1 Major Areas of Need

In part because of its active CIAP program, the Authority's developments did not require the kinds of major capital improvements needed and long-delayed at some other agencies. In addition, HUD mandates regarding Section 504 and lead-based paint testing and abatement had

---

[1]For small agencies like AHA, CGP started in FY 1993, a year after the larger agencies.

[2]The housing authority made an error in preparing the "Executive Summary of Preliminary Estimated Costs" for the PNA. As a result, the total of all PHA needs show $2,016,622 which is about $400,000 more than the sum of needs identified in the PNA. The error was made when the PHA listed more than $400,000 in non-dwelling structures/equipment costs as part of the hard cost for physical needs. The PNA separately listed (and double-counted) the same amount under the line item "Total Preliminary Cost for PHA-Wide Non-Dwelling Structures and Equipment." We have corrected this error by subtracting $400,000 from the hard cost for physical needs and from the $2 million listed as the grand total of all needs.

Exhibit 3
Overview of Physical Needs

Amsterdam Housing Authority

Category of Need	Dollar Amount	Percent of Total
Budget Category		
Hard Cost for Physical Needs	$831,302	52
PHA-Wide Management Needs	159,950	10
PHA-Wide Non-Dwelling Structures and Equipment	403,368*	25
PHA-Wide Administration	111,965	7
PHA-Wide Other	92,935	5
Grand Total of PHA Needs	1,599,520	100%
Urgency of Need		
Hard Costs Associated with Priority 1 Needs	208,500	25
Hard Cost Associated with Lower Priority Needs	622,802	75
Total	831,302	100%
Mandates		
Hard Cost Associated with Lead-Based Paint Testing	0	0
Hard Cost Associated with Lead-Based Paint Abatement	0	0
Hard Cost Associated with Section 504	25,500**	3
Hard Cost Associated with Title VI Order	0	0
High Need Developments		
Hard Cost Associated with Developments with Costs in Excess of 90 Percent of TDC	0	0
Redesign/ Reconstruction in High-Cost Developments	0	0

Extent of Overall Need	Ratios
5-Year Funding Level/Total Need	1
5-Year Funding/Priority 1 Hard Cost Need	7.7
5-Year Funding/Mandated Hard Cost Need (LBP/504/Title VI)	62.7

* The housing authority included more than $400,000 in non-dwelling structures/ equipment cost as part of their hard cost for physical needs. They separately listed and (double-counted) the same amount under the line item "Total Preliminary Cost for PHA-Wide Non-Dwelling Structures and Equipment." We have corrected this error by subtracting out $403,368 from their "hard cost for physical needs."
** There is an additional $16,000 of non-dwelling structure/equipment costs under Section 504.

little impact in Amsterdam, since lead-based paint was not a problem and most of the Section 504 requirements had been met under the CIAP program.[3] Thus, the agency could afford to include a number of items in the PNA that were requested by tenants but were not essential to basic operation of the buildings.

The AHA classified a number of work items as Priority 1, including hard cost items and items that fell under the heading of non-dwelling structures and equipment. Of all hard cost items listed in the PNA, only 25 percent were classified as Priority 1. In addition, $27,000 of the more than $400,000 defined as non-dwelling structures/equipment items (7 percent) was associated with a Priority 1 rating.

According to the Executive Director, a Priority 1 rating was assigned if:

- a work item addressed health and safety concerns (i.e., placing a fire separation between the community room and the kitchen in the common space of one elderly high-rise, and installing a new generator in the other elderly high-rise); or

- a work item addressed Section 504 requirements (i.e., making a laundry room handicapped-accessible, and placing hearing-impaired devices in some apartments); or

- residents identified a work item as particularly important.

Items ranked Priority 2 also included those that were requested by the residents, particularly one major item — a new community building. According to residents, the community room at the New Amsterdam elderly high-rise is used by children from the garden apartments throughout the day, so it is not available when the elderly residents need to use this common space. The new community building would allow families from the low-rise garden apartments to have their own common space. Other items requested by tenants that appear in the PNA include additional parking, doorbells, and recreation equipment.

In general, staff believe the PNA reflected the Authority's needs at the time it was developed, although it was noted that needs do change periodically. AHA staff also believe that the cost estimates were reasonable. No updates to the PNA have been necessary to date.

2.2 Management Needs Assessment

The Executive Director and staff developed the Management Needs Assessment (MNA) with some input from residents. Because Amsterdam is categorized by HUD as a "high

[3]The PNA listed $25,500 in Section 504 improvements, 3 percent of all hard cost needs. An additional $18,000 in non-dwelling structures/equipment improvements is also related to Section 504.

performer,"[4] no PHMAP-related improvements were required. Thus, the agency had the "luxury" of identifying optional uses for its management improvement funds.

The total cost of management-related improvements identified by the Authority was $159,950, which is exactly equal to 10 percent of Amsterdam's estimated CGP five-year funding allocation and the maximum they could spend on management items (see Exhibit 4). Forty-three percent of management needs are security-related, while another 34 percent involve services to residents, specifically hiring a staff person to coordinate services to the elderly. The remaining 23 percent of these needs are related to management improvements at the PHA, including staff training, additional computer software, and consultant assessments of maintenance operations and OSHA-related activities.

The Authority did not plan to put any management funds in reserve. However, the Executive Director indicated that they may do so in the coming year.

2.3 Resident and Local Government Involvement

Resident involvement in the CGP program was described by the Executive Director as "hard to come by." The local government is inclined to take a "hands-off" attitude, which the Executive Director attributes to the Mayor's trust in his ability to manage the authority efficiently.

2.3.1 Resident Participation

The Authority made good faith efforts to comply with the resident participation requirement of CGP. The agency held meetings with residents while the comprehensive plan and subsequent annual statement were prepared, and it conducted a public hearing. Although residents voiced their concerns with regard to needed capital improvements at the meetings, resident involvement has not been substantial. The Executive Director noted that elderly residents tend to participate in the meetings more than families do. He also noted that there is no organized resident association or resident leadership at either development. In general, the Authority would like to see more involvement from the residents in CGP and in other programs.

From conversations with elderly residents at the Stratton and New Amsterdam apartments, it is clear that they are very satisfied with the condition of their apartments and community space. Residents indicated that management staff were very responsive to their requests for improvements and for maintenance repairs. They indicated that the Executive Director and his staff met with them from time to time to discuss building conditions and other concerns the residents might have. However, the residents were not familiar with the CGP or any other modernization program.

---

[4]The Authority's PHMAP scores for 1993 was 93.57%.

Exhibit 4
Overview of Management Needs

Amsterdam Housing Authority

Type of Need	Mandatory	Optional	Total	%
Needs Associated with PHMAP Deficiencies (by Indicator)				
Vacancy	0	0	0	0
Modernization	0	0	0	0
Uncollected Rents	0	0	0	0
Energy Consumption	0	0	0	0
Unit turnaround	0	0	0	0
Outstanding Work Orders	0	0	0	0
Inspection/condition of units	0	0	0	0
TARS	0	0	0	0
Operating reserves	0	0	0	0
Routine operating expense	0	0	0	0
Resident initiatives	0	0	0	0
Development	0	0	0	0
Sub-total: PHMAP Related Need	0	0	0	0
Other Management Needs (by Functional Area)				
Leasing and Ongoing Tenant Functions (outreach, waiting lists, eligibility, collections, recertifications)	0	0	0	0
Property Management (maintenance, inspections, and modernization)	0	$18,990	$18,990	12
Administration, Finance, MIS, Communications	0	7,468	7,468	5
Personnel (including training)	0	7,900	7,900	5
Resident Services	0	54,500	54,500	34
Security	0	69,092	69,092	43
Other/Misc	0	2,000	2,000	1
Sub-total: Other Needs	0	159,950	159,950	100
Total Management Need	0	159,950	159,950	100%

2.3.2 Local Government Participation

Local government participation in the CGP process has been minimal. No local government staff have been involved in developing the Five-Year Plan, although the Executive Director met with the Mayor to review the contents of the original Five-Year Plan. Council members were invited to the public hearing, but none attended.

The Executive Director stated that, from his perspective, the lack of government involvement is a signal that the Mayor is confident that the Authority is a good landlord and that the Executive Director is doing a good job. He noted that the Mayor has always been supportive of applications for federal funds that the Authority has submitted and mentioned, in particular, their recent request for HOME funds. The fact that the Authority received an award of HOME funds served to enhance its image in the community.

2.4 On-going CGP Planning

During the second year of CGP planning, the unexpected departure of the Authority's modernization coordinator necessitated the hiring of an outside consultant to prepare the FY 1994 Annual Statement. Despite this, the process did not change substantially. The consultant met with PHA staff to review the work items that had been included in Years 1 and 2 and made adjustments as necessary.[5] Residents were consulted and the local government signed off on the second-year submission.

2.5 Perspectives on CGP Administration and Effectiveness

The Executive Director believes that CGP is a better program than CIAP because it offers the opportunity to make long-term plans for addressing the capital needs of the Authority's developments. He noted that prior to CGP, he always had some ideas as to the work he wanted to undertake in three years, but he had no way of knowing whether funds would be available to do that work. CGP provides reliable annual funding to allow AHA to spend its modernization money in the most efficient manner. The fact that CGP will probably provide less funding annually than has been received by Amsterdam in recent years was not seen to be a problem, perhaps because CGP appears to be quite adequate to meet AHA's current needs.

CGP also offers greater flexibility than CIAP. The Executive Director said he welcomed the increased discretion to spend modernization money. The construction of the community center at the New Amsterdam Apartments, which was slated for FY 1994, may not have been possible under CIAP.

---

[5] In fact, the FY 1994 Annual Statement indicates that there were very few changes from the previous year's plan, except that additional work items needed to be added because the PHA received $357,055 instead of the estimated $319,000.

CGP was also described as less of an administrative burden, partly due to reduced HUD oversight. However, the Executive Director also expressed concern about the diminished role of HUD in the new program. Given the amount of money that is distributed under CGP, he believes HUD should be weaning agencies more gradually from its previously strict oversight. The continuous round of approvals that was required under CIAP has disappeared. The annual Field Office visits have disappeared as well. Since CGP started, only one HUD monitoring visit has occurred in two years.

While the AHA has always had a good relationship with the HUD Field Office staff, agency staff are now unsure who is their prime CGP contact at HUD. In recent months, the Executive Director reported that his staff are referred to different Field Office personnel when they call with technical questions. They understand that this problem is as much the result of changes and reductions in HUD Field Office staff as it is the result of changes that ensued from CGP. Although concern was expressed about HUD staffing, there has been no delay in approvals from the HUD Field Office.[6]

The Executive Director is confident that his agency is doing a good job in administering CGP; under such circumstances, he is not overly concerned about the lack of HUD monitoring. However, he worries that the potential is always there for ". . . HUD to swoop in and say we've made a mess of something." As a result, he and his staff are careful to consult with HUD whenever they do have a question to make sure they are adhering to program rules.

HUD Field Office staff would like to have greater control over how housing authorities spend CGP funds. In the case of Amsterdam, for example, there is no question that they would have approved a new community center. However, the HUD representative questioned the planned location of the building, saying that she was concerned that the site was too small to accommodate such a structure. Because the Authority was able to show that the residents had raised no objections to the site, HUD was not in a position to tell them to find another location.

Overall, the HUD Field Office representative indicated that Amsterdam was spending its CGP funds at an appropriate rate. While she criticized the quality of the AHA's 1994 Annual Statement for its incompleteness, she noted that this submission coincided with the departure of the modernization coordinator. A revised annual statement, prepared with the assistance of an outside consultant, was acceptable.

3. Modernization Strategies and Spending Patterns

3.1 Overall Strategy and Rationale

The AHA modernization coordinator and the Executive Director indicated that their modernization strategy is simple—to plan three to four years ahead for the significant

---

[6]The HUD Field Office Representative stated that there had recently been a shift in the responsibilities of the Field Office engineers. Amsterdam was assigned a different engineer from the one that the agency had worked with previously.

investments that must be made to keep properties in good working order. These items include replacing heating systems, windows, or roofs. Once they know that funds are available to address major repairs and replacements, they look at other items, which often focus on the "quality of life" concerns of the residents. These can include everything from the new community building which will soon be constructed, to smaller items such as installing doorbells and replacing locks. With the advent of CGP, the Authority has had ***increased discretion (and funds)*** to provide residents with more "amenities."

3.2 Coordination of CGP with Other Funding Sources

As Exhibit 5 shows, the Authority anticipated receiving $319,904 per year for the first five years of the CGP program. No other modernization funds were reflected in their initial Five-Year Plan.

However, as Exhibit 5 also shows, funds for modernization were significantly greater in FY 1994 than was estimated in the Five-Year Plan. First, the actual CGP grant was $37,000 more than anticipated (a total $357,055 in FY 1994). This grant accounted for 53 percent of funds actually available for modernization that year. In addition, the Authority had more than $316,500 in modernization funds available from other sources, including $179,963 in CIAP money (FY 1991 and FY 1992) that was spent during the course of the year and $136,600 in operating funds budgeted for non-routine maintenance or betterments and additions.

This level of modernization funding will probably not continue into future years. The CGP coordinator said that, at the end of FY 1994, the agency had closed out its FY 1991 CIAP grant. All planned work items under the FY 1992 grant had been completed, with just over $100,000 remaining. The agency will probably select some of the work items that had been programmed to occur in years three to five of the CGP and have the work done earlier using the remaining CIAP money. Finally, the Authority had traditionally used operating income to pay for items that they were not sure HUD would be willing to fund under CIAP. With the increased spending discretion under CGP, the amount of operating income devoted to modernization may be reduced.

3.3 Specific Spending Patterns

Exhibit 6 shows that AHA has performed no comprehensive modernization under the CIAP or CGP programs. All of its modernization work has been for special purpose or emergency projects.

Exhibit 7 shows hard cost spending patterns under CGP as proposed in the original Five-Year Plan and in the 1994 Annual Statement. In Year 1 of CGP (FY 1993), 98 percent of Priority 1 hard cost needs listed in the PNA were to be addressed. These items included $25,500 in work items to meet Section 504 requirements, as well as items related to safety, security, and energy improvements. The most significant expenditure in Year 1 was the replacement of a generator at the New Amsterdam elderly high-rise development.

Exhibit 5
Sources of Funding for Modernization

Amsterdam Housing Authority

Anticipated CGP and Non-CGP Funds by Year (From Initial Five Year Plan)

Year	CGP	Non-CGP Funds	Total
FY 1992	N/A	N/A	N/A
FY 1993	$319,904	0	$319,904
FY 1994	319,904	0	319,904
FY 1995	319,904	0	319,904
FY 1996	319,904	0	319,904
FY 1997	319,904	0	319,904

Sources of Funds for Modernization Needs (Detail from FY 1994 Annual Statement/PHA Documents)

Source	Listed in Statement (Y/N)	Amount	Percent of Total
CGP Formula	Y	$357,055	53%
CGP Emergency/Disaster Reserve	N/A		
Continuing CIAP Programs (not reprogrammed) Estimate of Actual Spending	N	179,963	27
Reprogrammed CIAP Funds	N/A		
MROP	N/A		
URD	N/A		
Operating income used for betterments & additions or non-routine maintenance	N	136,600	20
Section 8 reserves used for capital improvements and equipment	N/A		
Modernization staff salaries from non-CGP sources	N/A		
Other (List)			
Total		$673,618	100%

Exhibit 6
Concentration of Modernization Spending (CIAP compared to CGP)

Amsterdam Housing Authority

Year/ Source	Modernization Types*		
	Comprehensive Scope	Selected Work Items/Special Purpose	Total
FY 91 CIAP Projects/Units Dollars	0 $0 (0%)	2 / 265 $536,122 (100%)	2 / 265 $536,122 (100%)
FY 92 CIAP Projects/Units Dollars	0 $0 (0%)	2 / 265 $656,627 (100%)	2 / 265 $656,627 (100%)
FY 93 CGP Annual Statement and 5-Year Plan	0 $0 (0%)	2 / 265 $211,934 (100%)	2 / 265 $211,934 (100%)
FY 94	0 $0 (0%)	1 / 190 $24,434 (100%)	1 / 190 $24,434 (100%)
FY 95	0 $0 (0%)	2 / 265 $202,500 (100%)	2 / 265 $202,500 (100%)
FY 96	0 $0 (0%)	2 / 265 $159,500 (100%)	2 / 265 $159,500 (100%)
FY 97	0 $0 (0%)	2 / 265 $232,934 (100%)	2 / 265 $232,934 (100%)
FY 1994 Annual Statement	0 $0 (0%)	1 / 190 24,434 (100%)	1 / 190 24,434 (100%)

* No comprehensive modernization work occured in Amsterdam.

Exhibit 7
Patterns of CGP Hard Cost Spending and Comparison with Need (Mandates vs. Discretionary)

Amsterdam Housing Authority

Spending Priorities and Mandates	Planned Expenditures: FY 1993 Annual Statement and Five Year Plan												FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996		FY 1997			
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Priority 1	N/A		208,500	98	0	0	0	0	0	0	0	0	0	0
All other	N/A		3,434	2	24,434	100	202,500	100	159,500	100	232,934	100	24,434	100
Total	N/A		211,934	100	24,434**	100	202,500	100	159,500	100	232,934	100	24,434**	100
LBP Testing	N/A		N/A		N/A		N/A		N/A		N/A		N/A	
LBP Abatement	N/A		N/A		N/A		N/A		N/A		N/A		N/A	
Section 504	N/A		25,500	12	0		0		0		0		0	

** Hard cost expenditures in FY 1994 are low because the majority of CGP funds in that year were targeted to the construction of a new community building as part of the New Amsterdam Garden Apartments. This is a non-dwelling structure and so is not reflected under CGP hard cost spending in FY 1994.

In subsequent years of the plan, AHA will address needs ranked as Priority 2 or lower. The FY 1994 Annual Statement shows, overall, that planned expenditures have not shifted since the Five-Year Plan was developed. One important Priority 2 item that is being attended to in FY 1994 is the construction of the new community center for the New Amsterdam garden apartments.[7] Other items to be addressed at the New Amsterdam apartments in 1994 include resealing the parking lot, replacing mail slots, and providing bathroom heaters in some units.

As Exhibit 7 suggests, HUD mandates regarding lead-based paint testing and abatement or Section 504 requirements have had little effect on CGP spending patterns. As noted earlier, lead-based paint testing done at the Authority during the 1980s revealed that no abatement was required. Most of the work required to meet Section 504 requirements was completed during the last two years of CIAP. More than one-half of the Authority's FY 1992 CIAP money was devoted to 504 modifications (see Exhibit 8).

3.3.1 Spending Differences by Development Type

Exhibit 9 shows that needs and spending differ significantly at Amsterdam's two developments. Twenty percent of needs identified in the PNA were associated with the Stratton Apartments (a 75-unit elderly high-rise), while 80 percent of needs were associated with New Amsterdam Apartments, the 190-unit development that includes an elderly high-rise building and garden apartments for families. The PNA indicates that needed hard cost improvements are just under $3,500 per unit at New Amsterdam, compared to $2,300 per unit at Stratton.

The fact that the New Amsterdam development is older and larger than the Stratton apartments explains some of the difference in need. Authority staff also attribute the difference to the higher costs associated with operating family-occupied garden apartments. In general, turnover is higher in the garden apartments, as is the wear-and-tear on the units.

Over a five-year period, planned hard cost spending at the two developments will match identified hard cost needs, with 20 percent of spending targeted to Stratton and 80 percent to New Amsterdam. The FY 1993 and 1994 Annual Statements show, however, that the New Amsterdam development will receive 93 percent of all planned hard cost dollars in the first two years of CGP.

3.3.2 Other Patterns of Hard Cost Spending

Exhibit 10 shows that annual spending for security and energy conservation improvements will vary over the Five-Year Planning period. In FY 1993 and 1994, $10,000 or less will be spent each year on hard cost items related to security or energy conservation. During these years, CGP funds will pay for such modest improvements as weatherstripping exterior doors and

---

[7]The cost of the new center, an estimated $258,000, is not reflected in hard cost spending in FY 1994. It is falls under the category of non-dwelling expenditures.

Exhibit 8
Comparative Data on CIAP Spending Patterns (FY 1991 and FY 1992)

Amsterdam Housing Authority

Budgeted Expenditures	FY 1991		FY 1992	
	Dollars	Percent of Total	Dollars	Percent of Total
Mandates versus Other				
LBP Testing	0	0	0	0
LBP Abatement	0	0	0	0
Section 504 Compliance	$121,815	23	$350,927	53
Other Spending	414,307	77	305,700	47
Total Planned Expenditures	536,122	100%	656,627	100%

Exhibit 9
Patterns of CGP Hard Cost Spending and Need (Specific Development Types)

Amsterdam Housing Authority

Development Type	Physical Needs Assessment*			Planned Hard Cost Expenditures FY 1993 - FY 1997			FY 93 and 94 Annual Statement		
	Dollars	%	Per Unit	Dollars	%	Per Unit	Dollars	%	Per Unit
Size of Development									
Large	0	0	0	0	0	0	0	0	0
Medium	831,302	100	3,137	831,302	100	3,137	236,368	100	892
Small	0	0	0	0	0	0	0	0	0
All	831,302	100%	3,137	831,302	100%	3,137	236,368	100%	892
Occupancy Type									
Family	0	0	0	0	0	0	0	0	0
Elderly	171,634	20	2,288	171,634	20	2,288	15,500	7	207
Mixed	659,668	80	3,472	659,668	80	3,472	220,868	93	1162
All	831,302	100%	3,137	831,302	100%	3,137	236,368	100%	892
Resident Management Status									
Resident-Managed	0	0	0	0	0	0	0	0	0
Not Resident-Managed	831,302	100	3,137	831,302	100	3,137	236,368	100	892
All	831,302	100%	3,137	831,302	100%	3,137	236,368	100%	892
Development Type									
Rental	831,302	100	3,137	831,302	100	3,137	236,368	100	892
Turnkey	0	0	0	0	0	0	0	0	0
Mutual Help	0	0	0	0	0	0	0	0	0
Bond Financed	0	0	0	0	0	0	0	0	0
All	831,302	100%	3,137	831,302	100%	3,137	236,368	100%	892

Exhibit 10
Patterns of CGP Hard Cost Spending (Other Specific Uses)

Amsterdam Housing Authority

Category	Planned Expenditures: FY 1993 Annual Statement and Five Year Plan												FY 1994 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996		FY 1997			
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Unit Adaptations	N/A		0	0	0	0	0	0	0	0	0	0	0	0
Demolition/Conversion	N/A		0	0	0	0	0	0	0	0	0	0	0	0
Security and Drug Elimination	N/A		3,000	1	0	0	5,000	3	30,000	19	40,000	17	0	0
Redesign in High-Need Developments	N/A		0	0	0	0	0	0	0	0	0	0	0	0
Energy Conservation Improvements	N/A		3,434	1	10,700	44	0	0	110,000	69	2,800	1	10,700	44
Renovations of Long Vacant Units	N/A		0	0	0	0	0	0	0	0	0	0	0	0

providing a security system in the common area of one elderly high-rise. In later years (FY 1996 and FY 1997), the Authority plans more significant security and energy improvements, such as replacing the windows and entry locks at the Stratton Apartments and providing exterior fencing and a voice-activated building access system at the New Amsterdam high-rise.[8]

3.3.3 Overall CGP Spending

As Exhibit 11 shows, with the exception of FY 1994, the Authority will spend from one-half to three-fourths of its estimated CGP budget on hard cost improvements to its developments. (In FY 1994, only 8 percent is devoted to dwelling structure hard costs, while 70 percent is devoted to the construction of a new community building, a non-dwelling structure cost item.)

As allowed by HUD regulations, Amsterdam will devote the maximum 10 percent of CGP funds to PHA-wide management and 7 percent to PHA-wide administration. Except for 1994, AHA will spend anywhere from 4 to 27 percent per year on non-dwelling items. This includes improvements to an existing community room, hallways, entryways, and other common spaces of the developments. Six percent per year of the CGP budget is devoted to architectural and engineering services, which will cover consultant services to help implement the CGP program as well as to prepare specifications for various work items.

At the time the plan was prepared, the Authority did not intend to put any funds into reserve. However, the Executive Director indicated that he is now considering putting some funds into a replacement reserves account. He has some concerns about putting CGP funds in reserve, however, for fear that HUD will eventually recapture the money.

3.3.4 Spending for Management Needs

Amsterdam's planned spending for management needs between FY 1993 and FY 1997 totals $159,950 — the same amount that was identified in the Management Needs Assessment (see Exhibit 12(a)). With the exception of a proposed job training program for residents, all of the management improvements listed in the MNA are currently underway or have been completed.

Amsterdam's plan indicates that the agency will spend 43 percent of management improvement funds on security — specifically for foot patrols that operate during the evening hours. About 35 percent was planned to be devoted to resident programs, with the lion's share of this paying for a services coordinator for frail elderly residents. Also proposed was a job training program for residents; while still listed in the 1994 Annual Statement, this has not been implemented. The AHA modernization coordinator also mentioned that the agency was working to comply with the Section 3 requirements. At present, two of AHA's contractors have hired

---

[8]The spending for security may reflect resident concerns about safety. Some elderly residents mentioned a recent assault on a neighbor. It was also mentioned that the Section 8 office had been recently vandalized.

Exhibit 11
Patterns of Total CGP Spending (By Budget Category)

Amsterdam Housing Authority

Category	Planned Expenditures: FY 1993 Annual Statement and Five Year Plan												FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996		FY 1997			
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
EXPENSE CATEGORY														
Hard Cost For Physical Needs	N/A		211,934	66	24,434	8	202,500	63	159,500	50	232,934	73	24,434	7
PHA-wide Management	N/A		31,990	10	31,990	10	31,990	10	31,990	10	31,990	10	31,990	9
PHA-wide Non- Dwelling	N/A		35,000	11	222,500	70	44,434	14	87,434	27	14,000	4	258,218	72
PHA-wide Administration	N/A		22,393	7	22,393	7	22,393	7	22,393	7	22,393	7	23,319	7
PHA-wide Other	N/A		18,587	6	18,587	6	18,587	6	18,587	6	18,587	6	19,094	5
Replacement Reserves	N/A		0	0	0	0	0	0	0	0	0	0	0	0
Grand Total	N/A	100%	319,904	100%	319,904	100%	319,904	100%	319,904	100%	319,904	100%	357,055	100%

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan												FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996		FY 1997			
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
"OTHER" DETAIL	N/A													
Audit	N/A													
Liquidated Damages	N/A													
Fees and Cost (A&E)	N/A		18,587	6	18,587	6	18,587	6	18,587	6	18,587	6	19,094	5
Site Acquisition	N/A													
Relocation	N/A													
Total Other	N/A		18,587	6%	18,587	6%	18,587	6%	18,587	6%	18,587	6%	19,094	5%

Exhibit 12(a)
Patterns of CGP Spending (Management)

Amsterdam Housing Authority

	Management Needs Assessment		Five Year Plan (FY 93-FY 97)		FY 93 and 94 Annual Statement	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Planned Management Spending						
PHMAP Deficiencies (Mandatory)						
PHMAP Deficiencies (Optional)						
Other Deficiencies (Mandatory)						
Other Improvements (Optional)	159,950	100	159,950	100	63,980	100
Total Management	159,950	100	159,950	100	63,980	100
Planned Management Spending for Resident-Oriented Programs						
Resident Management / Homeownership	0	0	0	0	0	0
Capacity-Building and Training	4,500	3	4,500	3	4,500	7
Section 3 (Economic and Business Development)	0	0	0	0	0	0
Resident Social Services	50,000	31	50,000	31	20,000	31
Total Resident Programs	54,500	34	54,500	34	24,500	38
Planned Management Spending for Security and Drug Elimination	69,092	43	69,090	43	6,090	9

residents to work on Authority-related projects. Amsterdam will make this a requirement with all future contracts.

Exhibit 12(b) shows spending for management improvements that are targeted at upgrading Authority operations. The Authority proposes staff training in the area of maintenance operations, occupancy, and computers. They will also employ consultants to assess their maintenance operation and to examine the extent to which they have been meeting OSHA standards.

4. SUMMARY AND CONCLUSIONS

The Authority operates a small but successful Comprehensive Grants Program. Prior success in securing and effectively spending CIAP money, combined with the fact that the developments required no lead-based paint testing or abatement, allowed the agency to begin the CGP planning process with relatively modest modernization needs. The promise of $1.6 million in CGP dollars over a five-year period, and the increased discretion that the program offers, gave the Authority the opportunity to plan ahead and to consider funding "quality of life improvements" as well as management improvements that may not have been possible under CIAP.

The Executive Director is satisfied with the level of funding that has been provided. Indeed, it would appear that, at times, he may be searching for additional ways to spend the money that is currently available for modernization. This may explain the fact that no one at the agency was concerned about receiving less modernization money under CGP than under CIAP; there is still ample money to address the agency's modernization needs.

The director would like to put some funds in reserve, particularly because he is concerned about that HUD funding will decline in future years. At the same time, he indicated that, in placing funds in reserve, he may risk having those funds recaptured at a later date. Concern was also expressed regarding the lack of HUD oversight that has accompanied the CGP program.

The HUD Field Office representative echoed the Executive Director's concern about HUD monitoring, and noted that when the final rule goes into effect program oversight will increase. She is aware of one Authority in her region that is now putting CGP funds into reserve accounts and expects that some others will follow suit shortly. She believes that many of the housing authorities in the Buffalo region are receiving more money than they can spend through the CGP program.

Exhibit 12b
Patterns of Spending (Management Detail)

Amsterdam Housing Authority

	Five Year Plan (FY 93-FY 97)			FY 93, 94 Annual Statement		
Expenditures	Mandatory	Optional	Total	Mandatory	Optional	Total
Needs Associated with PHMAP Deficiencies						
Vacancy						
Modernization						
Uncollected Rents						
Energy Consumption						
Unit Turnaround						
Outstanding Work Orders						
Inspection/Condition of Units						
TARS						
Operating Reserves						
Routine Operating Expense						
Resident Initiatives						
Development						
Sub-total: PHMAP-Related Need	0	0	0	0	0	0
Percent of Total Management Need	0	0	0	0	0	0 %
Other Management Needs (by Functional Area)						
Leasing and Ongoing Tenant Functions	0	0	0	0	0	0
Property Management	0	9,950	9,950	0	9,050	9,050
Admin/Finance/MIS/Communications	0	7,460	7,460	0	15,940	15,940
Personnel	0	16,950	16,950	0	6,400	6,400
Resident Services	0	54,500	54,500	0	24,500	24,500
Security	0	69,090	69,090	0	6,090	6,090
Other/Misc.	0	2,000	2,000	0	2,000	2,000
Sub-total: Other Needs	0	159,950	159,950	0	63,980	63,980
Percent of Total Management Need	0%	100%	100%	0%	100%	100%
Total Management Need	0	159,950	159,950	0	69,980	69,980

CGP CASE STUDY
GILA RIVER HOUSING AUTHORITY

Prepared by
Gretchen Locke, Abt Associates Inc.

1. IHA BACKGROUND AND CHARACTERISTICS

The Gila River Indian Community is located 45 miles southwest of Phoenix, Arizona. The reservation's population of approximately 9,000 is primarily made up of Pima and Maricopa Indians, with small numbers from other tribal groups. Estimates of average household income range from $3,800 per year (according to Gila River Housing Authority staff) to $8,100 per year (according to a Bureau of Indian Affairs (BIA) household survey). Both sources agree that unemployment, estimated at 60 to 65 percent, is a significant problem. Tribal government is the key source of jobs, employing about 300 people. An additional 250 people work for the tribe's farm operation, and an industrial park along the interstate at the northern edge of the reservation also provides some employment. Despite the relative proximity to Phoenix, few reservation residents seek employment outside the reservation, because most lack reliable transportation. The condition of the housing stock on the reservation is poor. The local BIA housing program estimates that 40 percent of reservation's 1,600 housing units are substandard, due to physical deterioration and overcrowding. Drug and alcohol abuse, gang activity, and crime (generally theft) are also significant problems in the community.

The Gila River Housing Authority (GRHA) is based in the town of Sacaton. The agency's 75 staff members administer 696 low-rent and 405 Mutual Help units in 32 developments on the 1,800-square-mile reservation. As shown in Exhibit 1, the housing stock is relatively new; almost two-thirds of the units have been constructed since 1981. Just over one-third of the units are in rowhouse developments, while the remaining units are single-family homes. Roughly 42 percent of the units are located in small developments with fewer than 49 units, and 58 percent are in developments of 50 to 199 units. The stock is predominantly family housing (95 percent).

GRHA has had significant management problems in recent years. HUD management reviews and audits have identified 25 (according to Authority staff) to 40 (according to HUD Field Office staff) findings, most related to financial operations. There has been frequent turnover in Executive Directors and senior staff, resulting in a lack of continuity in agency priorities and program implementation. The IHA's board has recently taken an active role in ensuring management improvements by bringing in new staff; with CGP funds, the board has hired a management consultant to conduct a comprehensive assessment of all agency operations and help resolve identified problems. The board has also been actively involved in the implementation of CGP; the CGP coordinator reports directly to the board at monthly CGP meetings.

Exhibit 1
Overview of IHA Characteristics

Gila River Housing Authority

Number of Public Housing Developments and Units:	32 / 1,101
Size of Staff (Total)	75
Number of Modernization Staff	3
PHMAP Score:	N/A
Recently Troubled: (Y/N)	N/A
Mod Troubled: (Y/N)	N/A
Vacancy Rate at Comprehensive Plan:	13%
Number of Resident-Managed Developments:	0

Characteristics of the Stock — Distribution	Units	Percent
Age of Development		
Pre-1940	0	0%
1941-1960	0	0%
1961-1980	398	36%
1981 or later	703	64%
Total	1,101	100%
Structure Type		
Detached/Semi-Detached	678	62%
Row	423	38%
Walk-up	0	0%
Elevator	0	0%
Mixed	0	0%
Total	1,101	100%
Development Program		
Rental	696	63%
Turnkey III	0	0%
Mutual help	405	37%
Sec/23-bond financed	0	0%
Total	1,101	100%
Occupancy Type		
Family	1,041	95%
Elderly	60	5%
Mixed	0	0%
Total	1,101	100%
Development Size		
Small (1-49 units)	463	42%
Medium (50-199 units)	638	58%
Large (200+ units)	0	0%
Total	1,101	100%

Other operational issues the agency staff face include the following:

- Vacancies, amounting to 13 percent of the agency's units, which are largely attributed to the local perception that some low-rent subdivision developments are unsafe. New residents have refused to move to these communities, and the vacant units have become targets of vandalism;

- Rent delinquencies, estimated at $250,000 ($200,000 attributed to low-rent tenants and $50,000 to Mutual Help homebuyers);

- Deferred maintenance, due to loss of income has resulted in units needing of major repair despite the relatively new housing stock.

GRHA will not use any other funding sources to supplement CGP funding for physical and management improvements. Based on available records, it appears that the only CIAP funding received by GRHA since FY 1984 was a grant of $1,009,590 in FY 1986. This grant amounted to only a about a third of the grants GRHA will receive each year under CGP (see Exhibit 2).

The Comprehensive Grant Program got a slow start in Gila River due to staff turnover and changing priorities. It was difficult to compile a complete picture of the evolution of the CGP for this assessment because of the turnover and a lack of documentation. Local Authority staff and HUD Field Office staff were able to provide only some of the early program documents. The maintenance supervisor is on medical leave and was not available for an interview for this assessment. Other interview respondents also proved difficult to contact, and tribal officials did not respond to repeated requests for interviews.

The only comprehensive set of documents available for review consisted of a Physical and Management Needs Assessment, a Five-Year Plan, and a two-year annual statement (covering FY 1994-95), all completed in 1994. Annual Statements for FY 1992 and FY 1993 were also reviewed, although there were no corresponding planning documents for comparison. The FY 1993 statement largely duplicates work identified in the FY 1992 statement. According to the coordinator, this was because virtually no progress was made on the FY 1992 work in the first year. The recent planning documents, while more comprehensive than earlier versions, are still very general. Estimated costs for individual work items are not included, and the Five-Year Plan does not detail planned activities by development. The FY 1993 and FY 1994-95 Annual Statements are the only documents that provide some development-level detail on work items and costs and, as a result, are the primary documents used for this case study. In addition, the case study relies on respondents' descriptions of earlier plans and events. Comparisons of the Physical and Management Needs Assessments and Five-Year Plans with subsequent annual statements are not possible for this site.

Exhibit 2
Funding Overview:
Sources and Amounts of HUD Modernization Funding

Gila River Housing Authority

Fiscal Year	CIAP	MROP	CGP	TOTAL
FY 1984	0			0
FY 1985	0			0
FY 1986	$1,009,590			$1,009,590
FY 1987	0			0
FY 1988	0			0
FY 1989	0			0
FY 1990	0			0
FY 1991	0			0
FY 1992			$2,861,264	$2,861,264
FY 1993			2,861,264	2,861,264
FY 1994			2,863,012	2,863,012

2. CGP Planning and Administration

2.1 Physical Needs Assessment

According to the current CGP coordinator, the original Physical Needs Assessment (PNA) for Gila River Housing Authority was compiled by the maintenance supervisor. Inspection reports and the supervisor's experience with the CIAP program were the primary sources of information for the PNA. The assessment was not comprehensive, according to the coordinator, and it is unclear how the cost estimates were developed. Under this version of the plan, mandates and the agency's oldest developments were to receive priority, followed by the newer stock.

In the fall of 1993, just as staff were beginning to implement CGP, a new Executive Director instructed the staff to target the agency's 75 vacant units before working on occupied units and to use force account labor[1] (which had not been planned). This change in strategy caused further delays in implementation. As of December 1994, GRHA had almost finished preparing the vacant units for occupancy and was planning for the work on occupied units. CGP staff had completed a revised Physical and Management Needs Assessment, Strategy Statement and Five-Year Plan, which had been approved by HUD. The new assessments show an estimated $17 million in need (as shown in Exhibit 3) and $14 million in expected funding. Estimated per unit hard cost need ranged from $2,700 to $34,286 and appears to be strongly related to development age; with a few exceptions, the older the development the higher the per unit cost of the physical improvements.

The priority work items for both past work on vacancies and upcoming work on occupied units are:

- roofs;
- replacement of poor quality evaporative coolers;
- floor tile replacement;
- kitchen cabinets,
- plumbing and heating systems;
- exterior upgrades; and
- septic tank replacements.

Evaporative cooler and plumbing and fixture upgrades are necessary because of the extremely poor water quality on the reservation. According to the modernization coordinator and others, the water causes pipes, fixtures, and tile to deteriorate rapidly.

The current CGP documents indicate no planned spending for Section 504 improvements or lead-based paint testing or abatement, although lead-based paint testing does appear in the PNA's development-level detail for several developments. According to the CGP coordinator,

[1] The force account mechanism allows housing authorities to hire local labor directly rather than hiring contractors.

Exhibit 3
Overview of Physical Needs

Gila River Housing Authority

Category of Need	Dollar Amount	Percent of Total
Budget Category		
Hard Cost for Physical Needs	$14,023,400	83
PHA-Wide Management Needs	1,399,200[1]	8
PHA-Wide Non-Dwelling Structures and Equipment	900,000	5
PHA-Wide Administration	525,000	3
PHA-Wide Other	0	0
Grand Total of PHA Needs	16,847,600	100%
Urgency of Need		
Hard Costs Associated with Priority 1 Needs	ND	
Hard Cost Associated with Lower Priority Needs	ND	
Total		100%
Mandates		
Hard Cost Associated with Lead-Based Paint Testing	ND	
Hard Cost Associated with Lead-Based Paint Abatement	0	
Hard Cost Associated with Section 504	0	
Hard Cost Associated with Title VI Order	0	
High Need Developments		
Hard Cost Associated with Developments with Costs in Excess of 90 Percent of TDC	0	
Redesign/ Reconstruction in High-Cost Developments	0	
Extent of Overall Need	Ratios	
5-Year Funding Level/Total Need	0.85	
5-Year Funding/Priority 1 Hard Cost Need	ND	
5-Year Funding/Mandated Hard Cost Need (LBP/504/Title VI)	511.2	

[1] The Executive Summary of Preliminary Costs indicates this amount in management needs, although the costs of items identified in the Strategy Statement only sum to $955,000. The latter figure is used in the rest of this analysis.

past lead-based paint testing indicated no abatement needs. Section 504 improvements are being completed as needed, based on the needs of current occupants of units targeted for modernization.

HUD Field Office staff involvement in the development of the PNA was minimal, according to both GRHA and Field Office staff. The CGP coordinator commented that the HUD construction specialists' approach to CGP seems to be, "there's the money; spend it." The Field Office's management staff is more involved in developing the Management Needs Assessment, as described below. The Field Office construction specialist indicated that he reviewed documents and provided some assistance in technical matters but otherwise left the responsibility for identifying needs and setting priorities to the Authority. The construction specialist was not aware of revisions to GRHA's needs assessments.

2.2 Management Needs Assessment

Gila River Housing Authority's Management Needs Assessment (MNA) focuses on deficiencies identified in financial and compliance audits and management review findings. The agency had received corrective action orders in numerous areas, including requirements to:

- update agency policies and develop internal cash management controls;
- improve monitoring of travel spending;
- revise procedures for financial and personnel documents and HUD reporting;
- improve investment management;
- revamp maintenance procedures;
- reassess tenant ledgers, collection and eviction policies; and
- examine conveyance procedures for Mutual Help units.

According to both HUD Field Office and GRHA staff, the Phoenix Field Office management specialist assigned to Gila River was very involved in the development of the MNA. The specialist said the Gila River staff developed draft documents for Field Office review and comment. Authority staff then revised the drafts. According to the management specialist, he wanted the Authority staff to address all problem areas comprehensively and to identify specific strategies to address the problems. He acknowledged that Gila River has so far been "pretty successful" in addressing management needs. From the Authority's perspective, the CGP coordinator commented that the iterative process of developing the MNA was quite time-consuming compared to the PNA development and review process.

Total management need at GRHA amounted to $955,000, largely in staff training (as shown in Exhibit 4). The total cost of training is $725,000, or 76 percent of total management need. The current Five-Year Plan identifies an extensive list of proposed training activities for various department staffs, including senior management, accounting, and maintenance, as well as for the GRHA board. Other management improvement items in the MNA are

- Computer hardware and software, at $80,000; and
- Security costs, at $150,000;

Exhibit 4
Overview of Management Needs

Gila River Housing Authority

Type of Need	Mandatory	Optional	Total	%
Needs Associated with PHMAP Deficiencies (by Indicator)	0	0	0	0
Vacancy	0	0	0	0
Modernization	0	0	0	0
Uncollected Rents	0	0	0	0
Energy Consumption	0	0	0	0
Unit turnaround	0	0	0	0
Outstanding Work Orders	0	0	0	0
Inspection/condition of units	0	0	0	0
TARS	0	0	0	0
Operating reserves	0	0	0	0
Routine operating expense	0	0	0	0
Resident initiatives	0	0	0	0
Development	0	0	0	0
Sub-total: PHMAP Related Need	0	0	N/A	0
Other Management Needs (by Functional Area)				
Leasing and Ongoing Tenant Functions (outreach, waiting lists, eligibility, collections, recertifications)	0	0	0	0
Property Management (maintenance, inspections, and modernization)	0	0	0	0
Administration, Finance, MIS, Communications	0	80,000	80,000	8
Personnel (including training)	365,000	360,000	725,000	76
Resident Services	0	0	0	0
Security		150,000	150,000	16
Other/Misc	0	0	0	0
Sub-total: Other Needs	0	0	955,000	100
Total Management Need	0	0	955,000	100%

There are no identified resident services needs, although the agency has identified $125,000 of the training funds discussed above for "Tenant Management" training. This training will include topics such as counseling, public relations, communication, and IHA roles and responsibilities; the training is intended to respond to resident complaints that some GRHA staff are unprofessional and are not properly trained to work effectively with tenants and homebuyers. Other proposed activities to benefit residents are:

- Coordination of funding from the Public Housing Drug Elimination Program with CGP funding for security; and

- Development of a joint venture with the Arizona Conservation Corps to involve reservation youth corps members in housing rehabilitation.

2.3 Resident Participation

The Gila River Indian Community participated in HUD's Model Cities program, and the reservation's division into seven political units is a vestige of the Model Cities era. Each district has a Resident Board and a committee structure that includes housing committees (one for BIA housing and one for HUD housing). According to the CGP coordinator, the district housing committees are part of the CGP "partnership," along with the tribal government's natural resources and zoning committees.

District meetings were organized to discuss CGP and identify residents' concerns. However, few residents participated in the CGP planning process, according to all interview respondents. One resident, who described herself as "involved in the community," said that just 10 residents (all homebuyers) had attended the CGP meeting in her area. She recalled that the Authority had put up posters about the meetings and had mailed surveys to residents. She felt the agency had made a real effort to provide people with opportunities to participate, but residents had not chosen to get involved. Similarly, the HUD Field Office staff said Gila River had made a good effort to encourage participation.

The strategy statement accompanying the current Five-Year Plan reviews the comments made at the advance meetings and public hearings, and indicates that resident input was incorporated into planned activities. For example, GRHA staff had assumed that security would be a concern IHA-wide. Low-rent program tenants (especially elderly tenants) living in subdivisions did feel security should be a high priority; however, residents in scattered-site, Mutual Help developments were less concerned about security and more interested in new roofs and exterior improvements. These preferences were incorporated into the Authority's plans.

The review of public comments also reveals resident concerns about the initial implementation of the CGP. Residents commonly questioned why so little work had been accomplished after two years and why residents are not more involved in the process. Staff explained that the apparent delays are due to the fact that vacant units are being repaired first. Regarding participation in the CGP planning process, residents at one meeting argued that turn-out at the CGP planning meetings is poor because residents believe the agency has not followed through on promises made at past meetings. In response, the Strategy Statement indicates the residents who attended the series of advance meetings and public hearings were invited to form a committee to represent residents in overseeing the CGP.

The resident interviewed for this case study described the meeting she attended as productive. The Authority staff listened to the needs and priorities identified by the residents, rather than presenting a prepared list of planned activities. The residents identified wiring and evaporative cooler work as the priorities for their development of 15 scattered-site Mutual Help homes. Security was also a concern, but it was considered a lower priority work item.

2.4 Local Government Participation

According to the CGP coordinator and the current Strategy Statement, GRHA staff met with the tribal council to discuss CGP plans. Tribal officials did not respond to requests for interviews, so no additional details are available.

2.5 Perspectives on CGP Administration and Effectiveness

The CGP coordinator confirmed resident complaints that CGP implementation has been very slow in Gila River. The agency is still completing work associated with the first (FY 1992) annual grant. The coordinator is not satisfied with the pace of work, but said he does not have the administrative capacity to move work more quickly. He mentioned the following problems he and his staff have had:

- ***Use of force account labor*** -- He thinks he has hired the most skilled workers on the reservation, but they are still not as efficient as private contractors and they require more oversight by agency staff. He considers it likely he will need to hire outside labor to complete the work on schedule, but he knows this will not be politically popular.

- ***Delays in HUD approvals of CGP documents*** -- The iterative process described above for developing needs assessments and plans has been time-consuming. According to the HUD Field Office staff, GRHA has turned in most required documents just before the deadline, and the documents generally need revisions to be acceptable. CGP staff feel this process is overly burdensome.

The coordinator is also concerned that relocation problems may arise when work begins on occupied units. Efforts will be made to move residents to vacant units; this process requires extensive oversight, and is often unpopular with families.

3. Modernization Strategies and Spending Patterns

3.1 Overall Modernization Strategy

The current strategy for Gila River Housing Authority is the modernization of vacant units to prepare them for occupancy and bring these units back on the rent roll. According to the CGP coordinator, vacant units would generally be prepared for occupancy by the maintenance department, but because of their limited budget, maintenance staff were not always able to do as much work as was needed on the units. CGP funding has allowed the agency to spend more on correcting deficiencies in vacant units prior to occupancy. In addition to improvements in vacant units, GRHA's other CGP priorities are Mutual Help units that will soon be paid off and older low-rent program units.

Annual statements for FY 1993 and FY 1994-95 indicate approximately $4 million in planned work on vacant and occupied units in five Mutual Help developments and 10 low-rent developments (as shown in Exhibit 5). The FY 1993 statement identifies $1.6 million in special purpose and emergency improvements in 10 of the agency's oldest developments (totaling 351 occupied units), as well as 46 vacant units agency-wide. Two of the developments received "almost-comprehensive" renovations; only one or two items in the Physical Needs Assessment were not addressed. The remainder of the developments received more piecemeal attention, generally focusing on some (although usually not all) of the developments' Priority 1 and 2 work items. Work items for the vacant units are not identified in the annual statements; however, the planned spending averaged roughly $1,200 per unit in FY 1993. In addition, in FY 1993 the agency budgeted $483,481 for non-dwelling equipment (23 vehicles for staff, office equipment, equipment for force account crews, and a tractor-trailer) and $280,000 for non-dwelling structures (for construction of a 5,600 square-foot maintenance shop.) These items represent a substantial 27 percent of total planned spending.

The first two years of the current Five-Year Plan (FY 1994 and 1995) are covered in the FY 1994-95 Annual Statement. Budgeted hard costs total almost $2.3 million. Planned work items are generally security improvements and exterior renovations for the nine targeted developments (totaling 298 units). In addition, special purpose work items—such as appliance replacements, septic tank replacements, and fencing—were planned in several of the developments. Five of the developments were also targeted in the FY 1993 Annual Statement; the current work consists mainly of addressing remaining work items. Two of these developments are Mutual Help homes (108 units), and the remainder are low-rent developments (190 units). GRHA budgeted $288,057 for work on 40 vacant units; the budgeted per unit cost of $7,201 is substantially higher than the comparable figure for FY 1993. GRHA also budgeted $120,000 for non-dwelling equipment in FY 1994-95, including vehicles, and maintenance and CGP equipment.

The rest of the planning documents are very general regarding planned modernization. For the final three years of the plan (FY 1996-98), the plan only identifies numbers of units and costs per unit for the Mutual Help and low-rent stock and amounts for "vacancies and emergencies." The numbers of units and amounts are the same for each year: 50 Mutual Help homes at $32,000 per home, 35 low-rent units at $19,900 per unit, and $16,512 for vacancies

Exhibit 5
Concentration of Modernization Spending (CIAP compared to CGP)

Gila River Housing Authority

Year/ Source	Modernization Types		
	Comprehensive Scope	Selected Work Items/Special Purpose	Total
FY 91 CIAP Projects/Units Dollars	ND	ND	ND
FY 92 CGP Annual Statement and 5-Year Plan	ND	ND	ND
FY 93	ND	ND	ND
FY 94	ND	ND	ND
FY 95	ND	ND	ND
FY 96	ND	ND	ND
FY 1993 Annual Statement Revised	ND	15/397[2] $1,708,363	15/397 $1,708,363
FY 1994 Annual Statement Revised	ND	9/298[3] $2,387,512	9/298 $2,387,512

[2] Unit count includes 46 vacant units agency-wide.

[3] Unit count includes 40 vacant units agency-wide.

and emergencies. Specific developments and work items are not identified, although a note indicates the developments will be addressed in "ascending project order"—that is, oldest developments first. As shown in Exhibit 6, no documentation regarding the sources of non-CGP modernization funds was available.

3.2 Specific Spending Patterns

3.2.1 Mandates and Priorities

The FY 1993 Annual Statement indicates that lead-based paint testing would be carried out in seven developments at a cost of $52,000,[2] or roughly 3 percent of total hard cost as shown in Exhibit 7. The CGP coordinator reported that no abatement needs were identified. Section 504 improvements were planned for one unit in each of two developments, at a cost of $3,000 per unit. The FY 1994-95 Annual Statement and Five-Year Plan do not indicate any future Section 504 or lead-based paint related work, although lead-based paint testing appears frequently in the development-level detail in the Physical Needs Assessment. According to the coordinator, Section 504 needs will be addressed as appropriate based on the needs of the units' occupants, but anticipated costs have not been separately calculated. There were no data available to compare CIAP spending on LBP testing and abatement or Section 504 compliance with planned CGP spending (see Exhibit 8).

Based on the FY 1994 Physical Needs Assessment, Priority 1 work items are security upgrades (yard lights and hardware) and electrical system upgrades. These items have been included in the annual statements for the developments targeted to date.[3] In FY 1993, total cost for Priority 1 needs was $443,000, or 26 percent of total planned expenditures. In FY 1994-95, Priority 1 needs totaled $380,000, or 16 percent of total planned expenditures. Again, the Five-Year Plan does not identify developments or work items for the final three years; however, the CGP coordinator emphasized that the priorities established in the needs assessments will receive appropriate attention.

3.2.2 Spending by Development Type

Exhibit 9 shows the costs of needs identified in GRHA's Physical Needs Assessment and the budgeted spending for FY 1993 and FY 1994-95. Planned spending by development size and occupancy type is roughly proportionate to need, with slightly more spending for small developments than for medium-sized ones, and slightly less allocated to elderly than to family housing. Homes developed under the Mutual Help program were scheduled to receive proportionately much more CGP funding than low-rent units. Spending for Mutual Help homes totals 67 percent of total spending and averages $6,172 per unit, against 45 percent of need and

---

[2] The summary page indicates a total of $128,000 in lead-based paint testing. The additional cost may have been for testing on vacant units, although this could not be confirmed.

[3] For this discussion, it was assumed that the Priority 1 needs identified in the FY 1994 Physical Needs Assessment applied to the FY 1993 Annual Statement.

Exhibit 6
Sources of Funding for Modernization

Gila River Housing Authority

Anticipated CGP and Non-CGP Funds by Year (From Initial Five Year Plan)

Year	CGP	Non-CGP Funds	Total
FY 1992	N/A	0	ND
FY 1993	N/A	0	ND
FY 1994	N/A	0	ND
FY 1995	N/A	0	ND
FY 1996	N/A	0	ND

Sources of Funds for Modernization Needs (Detail from FY 1994 Annual Statement/PHA Documents)

Source	Listed in Statement (Y/N)	Amount	Percent of Total
CGP Formula	ND	ND	ND
CGP Emergency/Disaster Reserve	ND	ND	ND
Continuing CIAP Programs (not reprogrammed) Estimate of Actual Spending	ND	ND	ND
Reprogrammed CIAP Funds	ND	ND	ND
MROP	ND	ND	ND
URD	ND	ND	ND
Operating income used for betterments & additions or non-routine maintenance	ND	ND	ND
Section 8 reserves used for capital improvements and equipment	ND	ND	ND
Modernization staff salaries from non-CGP sources	ND	ND	ND
Other (List)	ND	ND	ND
Total	ND	ND	ND

Exhibit 7
Patterns of CGP Hard Cost Spending and Comparison with Need (Mandates vs. Discretionary)

Gila River Housing Authority

Spending Priorities and Mandates	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Priority 1	ND		ND		ND		ND		ND		443,000	26%	380,000	16%
All other	ND		ND		ND		ND		ND		1,265,363	74%	2007,512	84%
Total	ND		ND		ND		ND		ND		1,708,363	100%	2,387512	100%
LBP Testing	ND		ND		ND		ND		ND		52,000	3%	0	0%
LBP Abatement	ND		ND		ND		ND		ND		0	0%	0	0%
Section 504	ND		ND		ND		ND		ND		6,000	<1%	0	0%

Exhibit 8
Comparative Data on CIAP Spending Patterns (FY 1991)

Gila River Housing Authority

Budgeted Expenditures: FY 1991	Dollars	Percent of Total
Mandates versus Other	ND	ND
LBP Testing	ND	ND
LBP Abatement	ND	ND
Section 504 Compliance	ND	ND
Other Spending	ND	ND
Total Planned Expenditures	ND	ND

Exhibit 9
Patterns of CGP Hard Cost Spending and Need (Specific Development Types)

Gila River Housing Authority

Development Type	Physical Needs Assessment			Planned Hard Cost Expenditures FY 1992 - FY 1996			FY 92, 93, and 94 Annual Statement[4]		
	Dollars	%	Per Unit	Dollars	%	Per Unit	Dollars	%	Per Unit
Size of Development									
Large	NA		NA	ND		ND	NA		NA
Medium	6,810,750	49%	10,675	ND		ND	1,702,363	45%	2,668
Small	7,212,650	51%	15,578	ND		ND	2,049,455	55%	4,426
All	14,023,400	100%	12,737		100%		3,751,818	100%	3,408
Occupancy Type									
Family	12,829,400	91%	12,324	ND		ND	3,619,818	96%	3,477
Elderly	1,194,000	9%	19,900	ND		ND	132,000	4%	2,200
Mixed				ND		ND			
All	14,023,400	100%	12,737		100%		3,751,818	100%	3,408
Resident Management Status									
Resident-Managed				ND		ND			
Not Resident-Managed	14,023,400	100%	12,737	ND		ND	3,751,818	100%	3,408
All	14,023,400	100%	12,737	ND	100%	ND	3,751,818	100%	3,408
Development Type									
Rental	7,693,900	55%	11,054	ND		ND	1,252,000	33%	1,799
Turnkey				ND		ND			
Mutual Help	6,329,500	45%	15,628	ND		ND	2,499,818	67%	6,172
Bond Financed				ND		ND			
All	14,023,400	100%	12,737	ND	100%	ND	3,751,818	100%	2,977

[4] These totals reflect only the FY 1993 and FY 1994-95 Annual Statements, and exclude $344,057 budgeted for improvements to vacant units agency-wide.

37 percent of the agency's stock. Budgeted spending for units in the low-rent stock totals 33 percent of all spending or $1,799 per unit, against 55 percent of need and 63 percent of the agency's total units.

3.2.3 Specific Activities

GRHA is not undertaking any unit adaptations, demolition, or conversion, and there were no high-need developments identified in the needs assessment process. Exhibit 10 provides estimates of planned spending for some specific activities; in most cases exact costs could not be identified due to limited documentation. Only the FY 1993 and FY 1994-95 Annual Statements provide cost estimates for specific work items, and these documents only provide detailed breakdowns for work conducted on occupied units, not on vacancies. Planned spending for FY 1996-98 is not broken out by work item.

- *Security and Drug Elimination:* As mentioned above, security lights and hardware are a priority for low-rent, subdivision-style developments and for units occupied by elderly residents. The total cost of security improvements identified in the FY 1993 and FY 1994-95 Annual Statements was $266,000 and $380,000 respectively. Additional security costs were budgeted under management improvements, described below.

- *Re-occupancy of Vacant Units:* Planned spending to prepare vacant units for occupancy totaled $56,000 in the FY 1993 Annual Statement and $288,057 in the FY 1994-95 Annual Statement. Planned spending for vacant units in the remaining years of the current Five-Year Plan is included in the $16,512 per year budgeted for "vacancies and emergencies;" the cost specifically allocated to vacancies cannot be identified.

- *Energy Conservation:* Several work items in the annual statements are associated with energy conservation. In FY 1993, budgeted energy improvements included attic venting and insulation, furnace replacements and evaporative cooler replacements at several developments, these items totaled $124,000. In the FY 1994-95 Annual Statement, evaporative coolers were to be replaced at one development, at a budgeted cost of $47,000.

3.2.4 Administration and Other Expenses

Administrative costs amounted to $186,416, or 7 percent of total CGP funding in the FY 1993 Annual Statement; this included staff salaries as well as travel, legal, insurance and telephone/FAX costs associated with the CGP (see Exhibit 11). The components of the $183,300 for FY 1994-95 administrative costs are not identified in the annual statement. While the coordinator thinks funding for administrative costs has been adequate so far, he is concerned costs will rise when work on occupied units begins.

Exhibit 10
Patterns of CGP Hard Cost Spending (Other Specific Uses)

Gila River Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 1993 Annual Statement		FY 1994 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
	ND		ND		ND		ND		ND					
Unit Adaptations	ND		ND		ND		ND		ND					
Demolition/Conversion	ND		ND		ND		ND		ND					
Security and Drug Elimination	ND		ND		ND		ND		ND		266,000	16%	380,000	16%
Redesign in High-Need Developments	ND		ND		ND		ND		ND					
Energy Conservation Improvements	ND		ND		ND		ND		ND		124,000	7%	47,000	2%
Renovations of Long Vacant Units	ND		ND		ND		ND		ND		56,000	3%	288,057	12%

Exhibit 11
Patterns of Total CGP Spending (By Budget Category)

Gila River Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
EXPENSE CATEGORY	ND		ND		ND		ND		ND					
Hard Cost For Physical Needs	ND		ND		ND		ND		ND		1,708,367	60%	2,307,512	80%
PHA-wide Management	ND		ND		ND		ND		ND		158,000	6%	92,200	3%
PHA-wide Non- Dwelling	ND		ND		ND		ND		ND		763,481	27%	200,000	7%
PHA-wide Administration	ND		ND		ND		ND		ND		186,416	7%	183,300	6%
PHA-wide Other	ND		ND		ND		ND		ND		45,000	2%	80,000	3%
Replacement Reserves	ND		ND		ND		ND		ND		0	0%	0	0%
Grand Total	ND	100%	ND	100%	ND	100%	ND	100%	ND	100%	2,861,264	100%	2,863,012	100%

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
"OTHER" DETAIL	ND		ND		ND		ND		ND					
Audit	ND		ND		ND		ND		ND					
Liquidated Damages	ND		ND		ND		ND		ND					
Fees and Cost (A&E)	ND		ND		ND		ND		ND		45,000	2%	30,000	1%
Site Acquisition	ND		ND		ND		ND		ND					
Relocation	ND		ND		ND		ND		ND				50,000	2%
Total Other	ND		ND		ND		ND		ND		45,000	2%	80,000	3%

Other expenses include A&E fees totaling $75,000 over the two annual statements and $50,000 for relocation beginning in FY 1994-95. There are no details available on spending for these items in the three out-years of the Five-Year Plan.

3.2.5 Planned Management Spending

Most management spending so far has been budgeted for hiring an outside management consultant to assess the agency's policies, procedures, and needs. A consultant was hired in the summer of 1994, and was still working with the agency as of January 1995. Costs associated with the consultant's activities in FY 1993 were $78,000. An additional $80,000 was budgeted for hiring more staff to help improve operations and address management deficiencies, bringing the FY 1993 total for management improvements to $158,000 (or 6 percent of the CGP grant). The FY 1994-95 Annual Statement indicates $26,200 in on-going costs for the management consultant, plus $46,000 for security services and $20,000 for a computer for the resident services department; thus, spending for management improvements totals $92,200, or less than 3 percent of budgeted FY 1994-95 spending. The CGP coordinator said the consultant is still assessing operations and identifying problems; no remedial actions (such as staff training) have been undertaken yet. As shown in Exhibit 12, a total of $104,200 was budgeted for mandatory improvements, while $146,00 was budgeted for discretionary improvements, a total of $250,000. The Five-Year Plan indicates $200,000 per year will be allocated to management improvements in the three out-years of the plan, representing roughly 7 percent of the expected annual grants. Staff training is scheduled to take place largely in FY 1996, although the Plan does not specify the associated costs.

4. PERSPECTIVES AND CONCLUSIONS

Even though the first CGP funding cycle was FY 1992, the program is really only getting started in Gila River. The delay was partly due to staff turnover in the CGP department, as well as a change in Executive Director and accompanying changes in CGP priorities. Staff capacity is also an issue; both the HUD Field Office construction specialist and the CGP coordinator commented that the agency does not have the administrative capacity to implement the program more quickly. The Field Office representative expressed concern that HUD has over-estimated the capacity of agencies such as Gila River to undertake this scale of modernization. In addition to staff skills and capacity, the agencies need streamlined accounting, contracting and purchasing procedures, which the Field Office representative thinks are not always present in Indian Housing Authorities of Gila River's size and level of expertise. Both the construction and management specialists indicated that the IHAs in their region need substantially more training and technical assistance to implement CGP effectively, but limited HUD budgets do not allow Field Office staff to provide the level of on-site support needed.

The GRHA CGP coordinator commented that the CGP is very different from past modernization programs because "there are so few rules." He felt the program could be abused because there is seemingly so little accountability. He also noted that there is potential for

Exhibit 12
Patterns of CGP Spending (Management)

Gila River Housing Authority

	Management Needs Assessment		Five Year Plan (FY 92-FY 96)		FY 92, 93 and 94 Annual Statement	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Planned Management Spending			ND			
PHMAP Deficiencies (Mandatory)						
PHMAP Deficiencies (Optional)						
Other Deficiencies (Mandatory)	365,000	38%			104,200	42%
Other Improvements (Optional)	590,000	62%			146,000	58%
Total Management	955,000	100%			250,200	100%
Planned Management Spending for Resident-Oriented Programs						
Resident Management / Homeownership						
Capacity-Building and Training						
Section 3 (Economic and Business Development)						
Resident Social Services						
Total Resident Programs						
Planned Management Spending for Security and Drug Elimination	150,000	16%			46,000	18%

conflict between Authority leadership and program staff when executive staff and priorities change.

Local staff and HUD Field Office representatives agree that expected CGP funding should meet most of GRHA's physical and management needs, although none of the respondents could comment specifically on the appropriateness of the CGP formula. The success of GRHA's CGP effort will likely rest on the agency's ability to develop and sustain the administrative capacity to run the program.

Rosebud

CGP Case Study
Rosebud Housing Authority

Prepared by
Gretchen Locke, Abt Associates Inc.

1. IHA Background and Characteristics

Rosebud Housing Authority (RHA) was established in 1961 to serve the Sioux population of the Rosebud Indian Reservation in south-central South Dakota. Originally encompassing four counties and nearly one million acres, the reservation was greatly reduced in size by a 1977 Supreme Court decision. The court held that the reservation included only one county (Todd County), although the tribe continues to exercise jurisdiction over Sioux communities within the old boundaries. Serving the original four counties, Rosebud Housing Authority employs 65 staff at the headquarters in the town of Rosebud. As shown in Exhibit 1, the agency administers 805 low-rent units and 223 Mutual Help units[1] in 23 developments. The low-rent stock is made up of clustered, detached or semi-detached homes, while the Mutual Help units are located on scattered, 2.5-acre sites outside of Rosebud. About two-thirds of the IHA's units are located in developments of 50 to 200 units; the remainder are in smaller developments of fewer than 50 units. The housing is predominantly occupied by families or mixed households (multi-generational families), while a small number of units (31 total, or 3 percent of the stock) is reserved exclusively for elderly and disabled residents.

According to the Executive Director, there was steady development of HUD housing on the Rosebud reservation from the early 1960s until about 1979. A few units were added in 1982 and 1983, followed by another period of limited new development. New construction has resumed in recent years, adding about 165 units to the reservation's stock in the past five years. Because of a lack of funds, much of the older, low-rent stock has had little or no modernization since construction, resulting in some badly deteriorated units.

The economy on the Rosebud Reservation is very depressed, due largely to its isolated location and limited resources. There are few employment opportunities. Unemployment rates are extremely high; local respondents estimate that they may be as high as 80 to 90 percent, including discouraged workers. Some of the reservation's residents are involved in ranching or agriculture. Most of those who have non-agricultural employment work for one of the tribe's federally funded programs, for Sinte Gleska College, or for the regional hospital. Finally, about 60 people work for a small casino; a larger casino, scheduled to open in early 1995, is projected to employ 120 people. HUD housing is virtually the only source of housing on the reservation.

[1] Approximately 50 Mutual Help units have been conveyed to homebuyers.

Exhibit 1
Overview of IHA Characteristics

Rosebud Housing Authority

Number of Public Housing Developments and Units:	23 / 1,028
Size of Staff (Total)	65
Number of Modernization Staff	4
PHMAP Score:	N/A
Recently Troubled: (Y/N)	N/A
Mod Troubled: (Y/N)	N/A
Vacancy Rate at Comprehensive Plan:	3%
Number of Resident-Managed Developments:	0

Characteristics of the Stock — Distribution	Units	Percent
Age of Development		
Pre-1940		
1941-1960		
1961-1980	592	58
1981 or later	436	42
Total	1,028	100%
Structure Type		
Detached/Semi-Detached	645	63
Row		
Walk-up		
Elevator		
Mixed	383	37
Total	1,028	100%
Development Program		
Rental	805	78
Turnkey III		
Mutual help	223	22
Sec/23-bond financed		
Total	1,028	100%
Occupancy Type		
Family	693	67
Elderly	31	3
Mixed	304	30
Total	1,028	100%
Development Size		
Small (1-49 units)	414	40
Medium (50-199 units)	614	60
Large (200+ units)	0	0
Total	1,028	100%

RHA's CIAP funding levels varied considerably during the late 1980s and early 1990s, the period for which data are available. As shown in Exhibit 2, CIAP funding from FY 1987 through FY 1991 ranged from about $700,000 in the earlier years to almost $2.1 million in FY 1990. According to the modernization director at the time, RHA's CIAP strategy evolved away from emergency and special purpose items and toward comprehensive modernization during this period.

Rosebud Housing Authority has experienced a great deal of turnover in senior management in recent years. The current Executive Director participated in the early stages of the original CGP planning process in 1992. However, he resigned before the planning was completed, partly due to disagreements with the IHA's Board of Commissioners over establishing priorities for the CGP. He has since been reappointed Executive Director, after an investigation by the tribe determined that he should be reinstated. In addition, there have been three modernization coordinators since 1992.

The high level of staff turnover makes it difficult to compile a complete picture of Rosebud Housing Authority's experience with CGP. Most IHA respondents knew only about their own involvement in the program and could not make comparisons with earlier or later programs and events. For example, the current modernization coordinator did not participate in the original CGP planning process and had no experience with CIAP. The first coordinator organized the planning process but then took a job in another housing authority and has not been involved in program implementation. The Executive Director participated in early planning and more recent oversight, but not in early CGP implementation.

2. CGP Planning and Administration

2.1 Physical Needs Assessment

Overall, the Rosebud Housing Authority's stock is considered to be in average condition; however, most of the older low-rent stock is considered to be worse than average. According to IHA staff, some of these units were so poorly constructed that virtually everything needs to be modernized. For example, one staff member cited a development where an insufficient number of nails had been used to secure the roofs. All the roof shingles had to be removed to fix the problem. In another case, the siding had not been properly sealed and painted, and the interiors had not been well-constructed.

RHA staff compiled the CGP Physical Needs Assessment (PNA) based on inspections, a review of work orders, and an assessment of CIAP documents to identify work that had not been completed. Resident input was solicited through a mailing to all residents. The mailing included an explanation of the CGP program and the public participation process and a survey on resident perceptions of the IHA's physical and management needs. Staff also reviewed HUD audits and reviews, correspondence from residents to congressional representatives, and comments made at Board of Commissioners and tribal council meetings.

Exhibit 2
Funding Overview:
Sources and Amounts of HUD Modernization Funding

Rosebud Housing Authority

Fiscal Year	CIAP	MROP	CGP	TOTAL
FY 1984	ND	0	0	ND
FY 1985	ND	0	0	ND
FY 1986	ND	0	0	ND
FY 1987	$743,590	0	0	$743,590
FY 1988	$703,850	0	0	$703,850
FY 1989	$1,319,430	0	0	$1,319,430
FY 1990	$2,122,800	0	0	$2,122,800
FY 1991	$1,121,100	0	0	$1,121,100
FY 1992	0	0	$2,095,254	2,095,254
FY 1993	0	0	2,362,948	2,362,948
FY 1994	0	0	2,466,688	2,466,688

RHA staff decided early in the planning process that CGP funding would be used to undertake comprehensive modernization and would be targeted first to the low-rent stock. The Mutual Help stock would be scheduled later, probably beginning in Year 6. The reasons given for this decision were that:

- the needs were greater in the low-rent stock; and

- many Mutual Help homebuyers were not in compliance with their homebuyer's agreements and were therefore not eligible for assistance.

However, there were some internal disagreements over the sequence of planned CGP work ***within*** the low-rent stock. According to the Executive Director, the original modernization strategy was to begin with the four oldest low-rent developments. As mentioned earlier, the Director and the Board of Commissioners disagreed over this strategy, contributing to the Director's decision to resign. The Board then re-ordered planned work to address different developments. According to the modernization director at the time, these newly selected developments were chosen because they had not had CIAP-funded modernization and—though not as old—were in greater need of work.

Total physical needs at RHA were estimated at about $17 million (See Exhibit 3), or an average of $16,888 per unit. Expected funding over the initial five years of CGP amounted to roughly two-thirds of total need. Need associated with mandates was limited; no lead-based paint testing or abatement needs were identified, and Section 504 need was limited to $155,720 (or about 1 percent of total need.) Mandates were assigned top priority, along with furnace replacement (converting from propane to electric heat, for cost reasons), fire protection (extinguishes and smoke detectors), and electrical and plumbing upgrades. The estimated cost of these Priority 1 items was $859,630, or about 5 percent of total physical need. The priority rankings were assigned by Authority staff.

In addition to development-level needs, a number of IHA-wide needs were identified during the planning phase. These included:

- Security lights (estimated cost of $28,000);

- Shelterbelts (or windbreaks) to protect developments in areas with few or no trees ($60,000);

- Relocation of the IHA's offices to allow space for expansion ($50,000);

- Playground equipment ($50,000); and

- Security fencing ($244,000).

Cost estimates were developed in-house, using cost sheets from past modernization projects and a contractor's estimating book for labor costs. According to modernization staff,

Exhibit 3
Overview of Physical Needs

Rosebud Housing Authority

Category of Need	Dollar Amount	Percent of Total
Budget Category		
Hard Cost for Physical Needs	$17,360,561	91
PHA-Wide Management Needs	942,460	5
PHA-Wide Non-Dwelling Structures and Equipment	0	0
PHA-Wide Administration	622,060	3
PHA-Wide Other	200,000	1
Grand Total of PHA Needs	19,125,081	100%
Urgency of Need		
Hard Costs Associated with Priority 1 Needs	859,630	5
Hard Cost Associated with Lower Priority Needs	16,500,931	95
Total	17,360,561	100%
Mandates		
Hard Cost Associated with Lead-Based Paint Testing	0	0
Hard Cost Associated with Lead-Based Paint Abatement	0	0
Hard Cost Associated with Section 504	155,720	1
Hard Cost Associated with Title VI Order	0	0
High Need Developments		
Hard Cost Associated with Developments with Costs in Excess of 90 Percent of TDC	0	0
Redesign/ Reconstruction in High-Cost Developments	0	0

Extent of Overall Need	Ratios
5-Year Funding Level/Total Need	0.62
5-Year Funding/Priority 1 Hard Cost Need	13.8
5-Year Funding/Mandated Hard Cost Need (LBP/504/Title VI)	76.2

the cost estimates have proved to be low. Actual costs ran higher than planned due to inflation in construction costs (especially lumber costs) and due to higher wage standards issued by HUD. Because of this problem, the Authority has deferred some planned modernization work until later years. For example, one development was scheduled to receive comprehensive interior and exterior rehabilitation in the first year. Because costs were higher than planned, the interior work was not completed, and the unfinished work was rescheduled for Year 3. The current CGP coordinator noted, however, that in recent years he has generally been able to come close to the original cost estimates by increasing efficiency.

Regarding HUD's involvement in the CGP process, an RHA staff member said that the Field Office had been "very helpful" in explaining the forms, assisting in working with residents to set priorities among work items, and working with the LOCCS system. According to the respondent, even when HUD staff may have wanted to intervene, they "held back" and allowed the Authority staff to make their own decisions. The RHA director did not recall receiving help from HUD, but he mentioned that NAHRO had provided some training and technical assistance during the CGP planning phase.

2.2 Management Needs Assessment

The Management Needs Assessment (MNA) was developed largely in response to HUD audit and review findings and Administrative Capability Assessment (ACA) scores. This assessment may not be comprehensive, since staff limited identified costs to approximately 10 percent of the expected grant amount. Mandated items made up about one-quarter of estimated management needs and included the following items:

- HUD ACA reviews and fiscal audits identified the need for a physical inventory system;
- HUD staff mandated improved TARS performance. In response, RHA identified the need to hire a local attorney to handle eviction and collection cases and the need to maintain staff to coordinate collections;
- HUD and residents determined that the agency needed to revise and update all RHA policies; and
- Automation of the agency's inspection process was identified by HUD and residents as an important priority.

The remainder of the management needs identified were "optional" and included:

- Hiring a personnel officer to coordinate personnel functions for the agency's 65 employees (this had been the Executive Director's responsibility);

- Filling a vacant finance officer position that had not been filled due to budget constraints;

- Developing homebuyer and low-rent tenant mini-courses on maintenance and fire prevention;

- Hiring a consultant to develop a routine and preventive maintenance plan and to train maintenance personnel to implement the plan;

- Obtaining training for all RHA staff, especially budgeting and accounting training for in-house staff to eliminate the agency's dependence on a fee accountant;

- Hiring two security staff persons;

- Establishing youth recreation and drug elimination initiatives; and

- Conducting feasibility studies on low-rent conversion to homeownership and on a ceiling rent policy.

Management needs are broadly distributed among the general categories listed in Exhibit 4. About one-quarter of the total value of management needs fell in each of two categories: administration and security. Needs in the leasing and tenant functions represented about 19 percent of the total, and personnel costs (for training and travel) represented another 16 percent. Resident services (youth recreation, drug elimination and mini-courses for homebuyers and tenants) accounted for 11 percent of estimated need.

2.3 Resident Participation

The Rosebud Reservation is divided into nine districts. According to RHA staff, the Rosebud Housing Authority organized a series of meetings in each district with tenants, homebuyers, members of local housing boards (made up of IHA residents and others), and tribal officials to discuss CGP and local needs. The meetings were publicized in flyers and local newspaper and radio announcements. According to IHA staff, attendance at the CGP public meetings was low. One staff member estimated that 5 to 12 people attended each meeting. Most were tenants, although tribal officials occasionally attended. Staff indicated that residents' concerns generally focused on routine maintenance rather than modernization issues.

Authority staff noted that there was some confusion at the beginning of the planning process about the impact of CGP-funded improvements on the purchase price of Mutual Help units. IHA staff initially informed homebuyers that the modernization costs would be added to the purchase price of their homes and amortized over 25 years. The IHA later learned from HUD that the CGP-funded rehabilitation would not affect homebuyers' purchase prices or amortization schedules, and it conveyed this information to the homebuyers.

Exhibit 4
Overview of Management Needs

Rosebud Housing Authority

Type of Need	Mandatory	Optional	Total	%
Needs Associated with PHMAP Deficiencies (by Indicator)	0	0	N/A	0
Vacancy	0	0	0	0
Modernization	0	0	0	0
Uncollected Rents	0	0	0	0
Energy Consumption	0	0	0	0
Unit turnaround	0	0	0	0
Outstanding Work Orders	0	0	0	0
Inspection/condition of units	0	0	0	0
TARS	0	0	0	0
Operating reserves	0	0	0	0
Routine operating expense	0	0	0	0
Resident initiatives	0	0	0	0
Development	0	0	0	0
Sub-total: PHMAP Related Need	0	0	0	0
Other Management Needs (by Functional Area)				
Leasing and Ongoing Tenant Functions (outreach, waiting lists, eligibility, collections, recertifications)	177,010	0	177,010	19%
Property Management (maintenance, inspections, and modernization)	15,000	15,000	30,000	3%
Administration, Finance, MIS, Communications	10,000	229,850	239,850	25%
Personnel (including training)	0	151,970	151,970	16%
Resident Services	0	103,630	103,630	11%
Security	0	240,000	240,000	25%
Other/Misc	0	10,000	10,000	1%
Sub-total: Other Needs	202,010	740,450	942,460	100%
Total Management Need			942,460	100%

In addition to the public meetings, the Authority sent a survey to tenants and homebuyers to obtain input on perceived needs. Only 7 percent of low-rent tenants and 18 percent of homebuyers responded to the survey. However, one RHA staff member noted that broader resident input was considered, in an indirect way, because the Authority reviewed work orders initiated by residents. This respondent felt the plan addressed resident concerns well. A HUD Field Office representative agreed that RHA had made an effort to obtain and incorporate resident input, even though relatively few residents chose to participate in the process. It is not clear whether this low level of participation reflects logistical problems (i.e., the large distances involved) or a lack of major concerns about modernization issues.

The planning and resident participation process has remained essentially the same since 1992. The current modernization coordinator said the most recent public meeting attracted only three residents, even though the Authority now offers transportation to encourage attendance. One staff member speculated that residents are more vocal when they are unhappy with the Authority's performance; he suggested residents' lack of participation may in fact be tacit approval.

2.4 Local Government Participation

RHA staff sent letters to tribal officials to inform them about CGP and the planning process. However, local official involvement was described as "minimal." When RHA staff presented their plan to the tribal council, council members had virtually no comments. This situation remains true today. A tribal official claimed very little knowledge of the details of the CGP but acknowledged that the tribe has opportunities to comment on IHA modernization plans. The modernization coordinator noted that RHA also takes advantage of other meetings (such as a recent general workshop for tribal officials) to discuss CGP-related issues.

2.5 Perspectives on CGP Administration and Effectiveness

The current modernization coordinator, who joined the staff in April 1994, thinks CGP is a good program. Predictable funding levels allow better planning, and the flexibility of program rules is appreciated. While the expected funding is not enough to meet all the RHA's needs, the coordinator does not think he could administer a larger program with current staffing and resources. His primary concerns about RHA's capacity to administer the program are largely related to local elements of program design: the use of force account labor and relocation requirements.

RHA is using force account labor for all work items except furnace work. The force account mechanism allows Authorities to hire local labor directly to work on modernization projects, rather than hiring independent contractors. Given the critical unemployment problems on the reservation, the Authority seeks not only to create training opportunities, but to employ residents on a long-term basis. While the force account crews initially took more time to complete projects, the CGP coordinator reported that over the past several months the crews have reduced the average time to complete a comprehensive renovation on a house from 8 weeks to 4 weeks. The coordinator also reported he has increased efficiency by computerizing record-keeping. Quality control has been improved by conducting comprehensive inspections at the end of each project; such inspections were never conducted under CIAP, according to the coordinator. According to a tribal official, sustaining these increases in efficiency is challenging, particularly given the limited size of the IHA staff.

Relocation has also been a local problem that has affected RHA's ability to keep modernization projects on schedule. While relocation has not caused significant delays, staff indicated the process is time-consuming for staff and disruptive for residents. IHA staff attempt to relocate residents to vacant units within the targeted development, to minimize the disruptiveness of the work. However, vacant units are not always available, and there are few alternative sources of temporary housing. The local motels have limited space, and residents are reluctant to move to another development, especially during the school year. Residents mentioned that some families prefer to stay in their own units or stay with friends or relatives. A resident services staff member who assists families with relocation said she thought RHA should assign one full-time staff member to handle this task. Currently, she coordinates relocation along with her other resident services duties.

While unfamiliar with the day-to-day operations of the CGP, non-RHA respondents had positive comments about the general design and implementation of the program. A tribal official said RHA appears to be running the program as efficiently as possible and is working with the tribe as appropriate. The HUD Field Office representative cited predictable staffing as an additional advantage of predictable funding. Widely fluctuating CIAP grants made stable staffing difficult for many IHAs. Both HUD and RHA respondents indicated relations between HUD and the local agency have improved under CGP; the relationship is less adversarial than before. IHA staff also appreciate the convenience of the LOCCS system and the simplified reporting associated with CGP. According to a HUD Field Office representative, RHA submissions have been on time. HUD staff reported the reviews are easy to complete and there have been no delays in executing ACC agreements. Field Office reorganization has meant fewer HUD staff are involved in oversight of the program (2 staff now compared to 12 before). The respondent commented that this may be an advantage for IHA staff, who now have fewer people to track down when they need help.

3. Modernization Strategies and Spending Patterns

3.1 Overall Modernization Strategy

Rosebud Housing Authority's overall strategy is to provide comprehensive modernization, first on the agency's low-rent stock and subsequently on the Mutual Help stock. RHA staff do not anticipate using any other sources of funding to supplement anticipated CGP funds, as shown in Exhibit 5. All CIAP projects have been closed with the exception of a small number of projects involved in litigation.

Exhibit 5
Sources of Funding for Modernization

Rosebud Housing Authority

Anticipated CGP and Non-CGP Funds by Year (From Initial Five Year Plan)

Year	CGP	Non-CGP Funds	Total
FY 1992	2,095,254	0	2,095,254
FY 1993	2,095,254	0	2,095,254
FY 1994	2,095,254	0	2,095,254
FY 1995	2,095,254	0	2,095,254
FY 1996	2,095,254	0	2,095,254

Sources of Funds for Modernization Needs (Detail from FY 1994 Annual Statement/PHA Documents)

Source	Listed in Statement (Y/N)	Amount	Percent of Total
CGP Formula	Y	2,466,688	100
CGP Emergency/Disaster Reserve	N/A	0	0
Continuing CIAP Programs (not reprogrammed) Estimate of Actual Spending	N/A	0	0
Reprogrammed CIAP Funds	N/A	0	0
MROP	N/A	0	0
URD	N/A	0	0
Operating income used for betterments & additions or non-routine maintenance	N/A	0	0
Section 8 reserves used for capital improvements and equipment	N/A	0	0
Modernization staff salaries from non-CGP sources	N/A	0	0
Other (List)	N/A	0	0
Total	N/A	2,466,688	100%

The initial Five-Year Plan includes comprehensive CGP-funded work on 10 of the agency's 23 developments, at a rate of one to three developments per year, as shown in Exhibit 6. The remainder of RHA's developments were not targeted for CGP-funded modernization; one had recently been comprehensively modernized with CIAP funds, and a second was new and had few needs. The rest of the developments are Mutual Help housing built since 1985, with few or no Priority 1 needs.

According to the FY 1993 and FY 1994 Annual Statements, RHA is proceeding at roughly the planned pace although with a somewhat higher funding level. However, rather than targeting three new developments as indicated in the Five-Year Plan, carryover work items were planned for the three developments targeted in FY 1992 and FY 1993, in addition to work in one other development.

A small amount of funding in each of the first two years of the Five-Year Planning period was set aside for RHA-wide Section 504 improvements plus shelterbelt and security lighting installation for both dwelling units and RHA offices and facilities. The FY 1994 Annual Statement also indicated some special-purpose funding for RHA office equipment. This rate of modernization is similar to that undertaken with FY 1991 CIAP funding; RHA's modernization strategy had evolved to a comprehensive modernization approach so that one development consisting of 35 units received comprehensive modernization in the final year of CIAP funding.

With the exception of Section 504 improvements, which were to be completed quickly, Priority 1 work items appear through the first four years of the Five-Year Plan. By Year 5, the Authority assumed it would be addressing lower priority needs, as shown in Exhibit 7. Handicapped accessibility in both the low-rent and Mutual Help stock were to be addressed in the early years. Comprehensive IHA-wide Section 504 improvements were not undertaken prior to CGP.

3.2 Specific Spending Patterns

3.2.1 Mandates and Priorities

Lead-based paint testing and abatement needs were not identified in the original Rosebud PNA; however, CIAP-funded testing did identify abatement needs, which were addressed in FY 1993. According to the modernization coordinator, lead-based paint was found on pre-painted shutters and on roof-lines painted with military surplus paint. Abatement was done in conjunction with exterior rehab work.

Similarly, Section 504-related need exceeded the level indicated in the original PNA. The modernization coordinator said that Section 504 needs were identified for the current occupants of each unit targeted for renovation, and needed improvements were generally made in conjunction with other work. Typically, bedroom and bathroom doors were widened, appropriate bathroom fixtures were installed, and exterior ramps were built.

Exhibit 6
Concentration of Modernization Spending (CIAP compared to CGP)

Rosebud Housing Authority

Year/ Source	Modernization Types		
	Comprehensive Scope	Selected Work Items/Special Purpose	Total
FY 91 CIAP[1] Projects/Units Dollars	1/30 $1,050,000 (100%)	0 $0	1/30 $1,050,000 (100%)
FY 92 CGP Annual Statement and 5-Year Plan	1/60 $1,435,344 (95%)	23/1,028 $77,860[2] (5%)	23/1,028 $1,513,204 (100%)
FY 93	2/88 $1,532,970 (95%)	23/1,028 $77,860 (5%)	23/1,028 $1,532,970 (100%)
FY 94	3/66 $1,594,460 (100%)	0 $0	3/66 $1,594,460 (100%)
FY 95	1/80 $1,712,744 (100%)	0 $0	1/80 $1,712,744 (100%)
FY 96	3/58 $1,204,594 (100%)	0 $0	3/58 $1,204,594 (100%)
FY 1993 Annual Statement Revised	2/88 $1,525,900 (87%)	23/1,028 $222,038[3] (13%)	23/1,028 $1,754,238 (100%)
FY 1994 Annual Statement Revised	4/94 $1,723,658 (98%)	Central Offices $33,200 (2%)	4/94 $1,756,858 (100%)

[1] Estimates provided by former modernization coordinator. Documentation on actual budgets was not available.

[2] RHA included this figure for IHA-wide Section 504 improvements, including both dwelling units and RHA offices and facilities.

[3] Includes Section 504 improvements in both dwelling units and IHA offices, as well as IHA-wide shelterbelt and security lighting installation.

Exhibit 7
Patterns of CGP Hard Cost Spending and Comparison with Need (Mandates vs. Discretionary)

Rosebud Housing Authority

Spending Priorities and Mandates	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Priority 1	459,380	29%	320,650	20%	195,520	12%	226,800	13%	0	0	442,328	25%	160,060	9%
All other	1,214,544	71%	1,290,180	80%	1,449,760	88%	1,516,744	87%	1,762,934	100%	1,311,910	75%	1,596,798	91%
Total	1,596,064	100%	1,610,830	100%	1,645,280	100%	1,743,544	100%	1,762,934	100%	1,754,238	100%	1,756,858	100%
LBP Testing	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
LBP Abatement	0	0%	0	0%	0	0%	0	0%	0	0%	168,660	10%	0	0%
Section 504	77,860	5%	77,860	5%	0	0	0	0%	0	0%	202,338	12%	0	0%

Referring again to Exhibit 7, spending for mandates in the FY 1993 Annual Statement was significantly higher than anticipated, although it was still a relatively small percentage of total planned spending. Lead-based paint abatement costs were expected to total about 10 percent of total hard costs, and Section 504 improvements totaled roughly 12 percent of total hard cost.

Under CIAP, Section 504 improvements had been undertaken on an "as-needed" basis; the required accessibility improvements were identified for the developments to be modernized based on the needs of the current occupants. The rate of spending for accessibility improvements was just 2 percent of RHA's FY 1991 CIAP grant, as shown in Exhibit 8. The modernization director at the time estimated that only a few units required Section 504 improvements in the targeted development.

3.2.2 Spending by Development Type

As shown in Exhibit 9, planned expenditures are roughly proportionate to share of need across development size and type. Average total need was estimated at $16,888 per unit; the overall average per unit hard cost was $7,895.[2] Per unit needs and planned hard cost expenditures are somewhat higher in smaller developments than in medium-sized ones, although spending was to be equally distributed across the two size categories. RHA did not break out spending by development in the FY 1994 Annual Statement. Because the targeted developments were of mixed sizes and occupancy types, total spending by category could not be determined. Spending per unit for the first three years was $4,968, based on total funding of $5,107,160.

As detailed in Exhibit 10, needs and planned spending by development program again are roughly proportionate to the share of Mutual Help and low-rent housing in RHA's stock. Approximately three-quarters of both physical need and planned spending are in the rental stock. On a per-unit basis, planned spending is much lower in the Mutual Help developments, because RHA decided not to target most of these units in the first Five-Year Plan.

3.2.3 Specific Activities

Exhibit 11 provides information on planned spending for specific types of work. The agency did not plan to undertake any unit adaptations, demolition/conversion, redesign, or renovation of long-term vacancies. RHA did identify planned spending in the following areas:

---

[2] Note that costs for Section 504 improvements and non-expendable equipment (totaling $348,350) were calculated on an IHA-wide basis and could not be allocated to specific developments. These costs are excluded from the per unit calculations.

Exhibit 8
Comparative Data on CIAP Spending Patterns (FY 1991)

Rosebud Housing Authority

Budgeted Expenditures: FY 1991[1]	Dollars	Percent of Total
Mandates versus Other		
LBP Testing	0	0
LBP Abatement	0	0
Section 504 Compliance	20,000	2%
Other Spending	1,073,000	98%
Total Planned Expenditures	1,093,000	100%

[1] Estimates provided by former modernization coordinator. Documentation on actual budgets was not available.

Exhibit 9
Patterns of CGP Hard Cost Spending and Need (Specific Development Types)

Rosebud Housing Authority

Development Type	Physical Needs Assessment			Planned Hard Cost Expenditures FY 1992 - FY 1996[1]			FY 92, 93, and 94 Annual Statement[2]		
	Dollars	%	Per Unit	Dollars	%	Per Unit	Dollars	%	Per Unit
Size of Development									
Large									
Medium	8,154,566	47%	13,281	4,067,828	50%	6,625	ND		
Small	9,205,995	53%	22,237	4,048,484	50%	9,778			
All	17,360,561	100%	16,888	8,116,312	100%	7,895			
Occupancy Type									
Family	9,554,404	55%	14,197	3,559,678	44%	5,289	ND		
Elderly	531,691	3%	17,151	0	0%	0			
Mixed	7,274,466	42%	23,929	4,556,634	56%	14,989			
All	17,360,561	100%	16,888	8,116,312	100%	7,895			
Resident Management Status									
Resident-Managed									
Not Resident-Managed	17,360,561	100%	16,888	8,116,032	100%	7,895	5,107,160	100%	4,968
All	17,360,561	100%	16,888	8,116,032	100%	7,895	5,107,160	100%	
Development Type									
Rental	12,445,383	72%	15,460	6,353,378	78%	7,892	5,107,160	100%	4,968
Turnkey									
Mutual Help	4,915,178	28%	22,041	1,762,934	22%	7,906			
Bond Financed									
All	17,360,561	100%	16,888	8,116,312	100%	7,895	5,107,160	100%	4,968

[1] The Five Year Plan includes $358,350 for IHA-wide Section 504 improvements and non-expendible equipment. These costs could not be allocated to specific developments and are excluded from the totals in this column.

[2] RHA's FY 1994 Annual Statement broke out spending only by work item, not by development. Spending by occupancy type and development size could not be determined.

Exhibit 10
Spending by Development Program (IHAs Only)

Rosebud Housing Authority

Program	IHA Total		Needs			Five-Year Plan FY 1992 - FY 1996			Annual Statements FY 1992 - FY 1994		
	Units	Percent	Dollars	Percent	Per Unit	Dollars	Percent	Per Unit	Dollars	Percent	Per Unit
Rental	805	78%	12,445,383	72%	15,460	6,353,378	78%	7,892	5,107,160	100%	4,968
Mutual Help	223	22%	4,915,178	28%	22,041	1,762,934	22%	7,906	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
Total	1,028	100%	17,360,561	100%	16,888	8,116,312	100%	7,895	5,107,160	100%	4,968

Exhibit 11
Patterns of CGP Hard Cost Spending (Other Specific Uses)

Rosebud Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 1993 Annual Statement		FY 1994 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Unit Adaptations	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Demolition/ Conversion	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Security and Drug Elimination	0	0%	14,000	N/A[1]	14,000	N/A	0		0	N/A	14,000	N/A	0	N/A
Redesign in High-Need Developments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energy Conservation Improvements	652,830	41%	511,380	32%	585,890	37%	643,520	38%	594,200	34%	493,780	28%	287,640	16%
Renovations of Long Vacant Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0

[1] RHA planned to install security lighting IHA-wide, at a cost of $28,000 over two years. This sum was considered "site work" and was not included in their estimate of hard costs.

- In the area of security, the Five-Year Plan indicates RHA planned to install IHA-wide security lighting in FY 1993 and FY 1994, at a total cost of $28,000.[3]

- Costs of energy conservation improvements could not be broken out in detail; however, most of the exterior work items (including door and window replacement, caulking, and siding upgrades) were undertaken to improve energy efficiency. The planned costs over five years for exterior improvements totaled almost $2 million, and averaged roughly $400,000 per year. In addition, furnace upgrades — estimated at $965,130 over the first four years of the Five-Year Plan — were targeted to reduce heating costs and improve efficiency. IHA-wide installation of shelterbelts, at a planned cost of $12,000 per year over five years, was another energy conservation strategy. In total, energy conservation improvements represented 32 to 41 percent of total hard cost each year.

Planned spending for energy conservation improvements as reported in the FY 1993 and FY 1994 Annual Statements was lower than indicated in the Five-Year Plan, at $493,780 (or 28 percent of total hard cost) in FY 1993, and $287,640 (or 16 percent of total hard cost) in FY 1994. This seems to be due to delays in planned modernization work. The carryover work items undertaken in FY 1994 were generally non-energy related interior work; exterior work and furnace upgrades had already been completed. As of January 1994, work including energy-related items has not yet begun at three developments originally planned for FY 1994.

3.2.4 Administration and Other Expenses

RHA's planned spending for physical needs represents at least 77 percent of total planned spending in each of first five years, as shown in Exhibit 12. Management spending was planned at 10 percent of the total in the first 3 years of the Five-Year Plan, reduced to 6 percent in the final two years. Administration ranges from 5 percent in the first year, to 6 percent in the following 3 years, to 7 percent in the fifth year. "Other" planned administrative spending was comprised of $20,000 per year for fees and costs and $5,000 per year for audits.

According to the FY 1993 and FY 1994 Annual Statements, estimates for fees and costs ran higher than expected. Estimated costs for A&E fees were increased from $20,000 to $35,000 in FY 1993 and to $56,000 in FY 1994; an additional $10,000 per year was added for inspection costs. The annual statements did not include any planned spending for audits, but did include $15,000 per year for relocation costs, which had not been anticipated in the Five-Year Plan.

[3] Although not included in these figures, RHA also planned to hire additional security personnel at a cost of $48,000 per year in management improvement funds.

Exhibit 12
Patterns of Total CGP Spending (By Budget Category)

Rosebud Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
EXPENSE CATEGORY														
Hard Cost For Physical Needs	1,591,064	77%	1,610,830	78%	1,594,460	77%	1,712,744	83%	1,762,934	85%	1,754,238	78%	1,924,038	78%
PHA-wide Management	203,440	10%	200,984	10%	202,154	10%	120,400	6%	123,500	6%	214,245	10%	276,180	11%
PHA-wide Non- Dwelling	128,180	6%	105,240	5%	114,520	6%	71,800	3%	12,000	1%	84,430	4%	33,200	1%
PHA-wide Administration	112,570	5%	118,200	6%	124,120	6%	130,310	6%	136,820	7%	116,230	5%	162,270	7%
PHA-wide Other	25,000	1%	25,000	1%	25,000	1%	25,000	1%	25,000	1%	73,310*	3%	71,000	3%
Replacement Reserves	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Grand Total	2,060,254	100%	2,060,254	100%	2,060,254	100%	2,060,254	100%	2,060,254	100%	2,242,453	100%	2,466,688	100%

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
"OTHER" DETAIL														
Audit	5,000	<1%	5,000	<1%	5,000	<1%	5,000	<1%	5,000	<1%	0	0%	0	
Liquidated Damages	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees and Cost (A&E)	20,000	1%	20,000	1%	20,000	1%	20,000	1%	20,000	1%	35,000	2%	56,000	2%
Site Acquisition	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Relocation	0	0	0	0	0	0	0	0	0	0	15,000	<1%	15,000	<1%
Total Other	25,000	1%	25,000	1%	25,000	1%	25,000	1%	25,000	1%	50,000	3%	71,000	

*This was reported in annual statment, yet there was insufficient detail to account for full amount in a categorized breakdown.

3.2.5 Planned Management Spending

As discussed above, the costs of items identified in the Management Needs Assessment were developed to approximate expected funding. Exhibit 13 shows that planned spending is approximately the same as the total value of needs. The main difference between the MNA and the Five-Year Plan is a reduction in the amount planned for staff training and travel. Otherwise, most of the identified needs are included in the Five-Year Plan, with slight differences in spending levels. A significant amount of the management improvement spending — approximately 30 percent — is for security needs, including hiring two security staff ($240,000 over five years) and funding drug elimination activities ($53,010 over the first three years of the Five-Year Plan.)

Mandatory items represent about 22 percent of needs identified in the MNA and 24 percent of expected spending. Exhibit 13 also shows that FY 1992 through FY 1994 spending reflects roughly these proportions. According to interview respondents and CGP documents, RHA has completed rewriting the agency's policies, developing home maintenance courses and establishing a routine and preventive maintenance plan. Finance and personnel officers and additional TARS and security staff have been hired. Feasibility studies on low-rent conversion and ceiling rent policies have also been completed. RHA also targeted some newly-identified needs in the FY 1994 Annual Statement, including improving radio communication and filing systems and establishing an animal control center. Finally, as shown in the lower half of Exhibit 13, the resident services needs identified in the Management Needs Assessment have not yet been addressed, although the IHA intends to address them in later years.

4. Perspectives and Conclusions

CGP has been well-received by Rosebud Housing Authority staff, although interview respondents agreed that RHA will require CGP funding for many years before all modernization needs are addressed. Sufficient funding to do comprehensive modernization was cited as a key advantage of the program over past modernization funding mechanisms.

One staff respondent qualified his generally positive assessment of CGP. While he described CGP as "the best thing to happen to IHAs in a long time" he also described as a "local political nightmare." In his experience (which included work with another IHA), balancing the competing interests of communities, the tribes, and the Authority has been a significant challenge. In the past, IHAs could sometimes hide behind program regulations and HUD mandates and priorities in order to sidestep local politics. CGP's flexibility makes it more difficult to avoid confronting local conflicts.

Regarding the CGP planning process, IHA and HUD respondents indicated RHA had put forth a good effort to provide opportunities for resident participation, including holding meetings in all nine districts and conducting a resident survey. However, despite these extensive efforts, participation in both the meetings and survey was low.

Exhibit 13
Patterns of CGP Spending (Management)

Rosebud Housing Authority

	Management Needs Assessment		Five Year Plan (FY 92-FY 96)		FY 92, 93 and 94 Annual Statement	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Planned Management Spending						
PHMAP Deficiencies (Mandatory)						
PHMAP Deficiencies (Optional)						
Other Deficiencies (Mandatory)	207,010	22%	202,009	24%	183,440	26%
Other Improvements (Optional)	735,450	78%	648,469	76%	510,425	74%
Total Management	942,460	100%	850,478	100%	693,865	100%
Planned Management Spending for Resident-Oriented Programs						
Resident Management / Homeownership	5,000	1%	5,000	1%	5,000	1%
Capacity-Building and Training	10,000	1%	10,000	1%	15,000	8%
Section 3 (Economic and Business Development)	0	0	0	0	0	0
Resident Social Services	50,620	5%	50,614	6%	0	0%
Total Resident Programs	65,620	7%	65,614	8%	20,000	3%
Planned Management Spending for Security and Drug Elimination	283,010	30%	283,010	33%	200,370	29%

IHA respondents all said they were not familiar enough with the CGP formula to comment on its adequacy. The HUD Field Office representative was familiar with the formula and expressed concern that the formula's treatment of CIAP funding history tends to favor Authorities that have not taken care of their housing stock. He suggested that the formula should ignore agencies' CIAP history in determining CGP funding. Another respondent questioned the proportion of funding Authorities were able to allocate for management improvements. He thinks the current 10 percent cap is more than adequate, and any increase would be unproductive: "mod funding should be for the housing, not to waste." None of the other respondents criticized the management improvements allocation in such strong terms, although there were comments that some IHAs are hard-pressed to identify management needs totaling 10 percent of their expected grant amounts.

IHA respondents at Rosebud shared the view expressed by other IHA staff interviewed for this study: that IHAs should not be covered by a separate modernization funding allocation system. While IHA needs are thought to be different from needs commonly associated with conventional public housing developments, IHA staff fear that a separate funding system would force IHAs to compete with politically more powerful PHAs for limited modernization funding.

AVCP

CGP Case Study
Association of Village Council Presidents Regional Housing Authority

Prepared by
Gretchen Locke, Abt Associates Inc.

1. IHA Background and Characteristics

The Association of Village Council Presidents Regional Housing Authority (AVCPRHA) manages 1,026 units in 58 developments in 43 villages in northwest Alaska. AVCPRHA has the largest service area of any IHA in the country, with a region comparable in size to the state of Montana. The IHA's offices are located in Bethel, the largest town in the region with a population of 5,000 people. Approximately 250 to 300 people live in each of the region's villages. There are no paved roads leading to these villages; they are reachable only by air or, in some cases, by river. Very few villages have paved roads within the village; roughly a dozen of the villages have one mile or less of boardwalk linking key village services such as the post office, school, and airport. Village economies are largely dependent on federal assistance, dividends from Alaska's "permanent fund" (earnings on oil revenues which are distributed to Alaska residents), and subsistence activities.

As shown in Exhibit 1, AVCPRHA's stock is almost exclusively single-family detached units in small developments of fewer than 50 units. Ninety-eight percent of the units were developed under the Mutual Help program, and the remaining 2 percent are low-rent, rowhouse units for the elderly. The units are all technically scattered site; however, HUD housing is usually concentrated within a project area in one part of the town or village.

Most of the stock has been built since 1978. According to IHA staff, approximately 20 percent of the units are modular housing. Half-houses are shipped to Bethel on barges, flown to the site, and assembled. The remainder of the units have been stick-built on site, during the building season between May and October. Most housing does not have water or sewer utilities.

AVCPRHA has had a history of problems with poor construction and materials quality, inappropriate design, vandalism, overcrowding, and lack of homebuyer maintenance. In combination with the extremely severe climate and high construction and freight costs, these factors have resulted in extensive modernization need, despite the relatively young housing stock. Building conditions vary considerably from village to village. Some development sites are located on swampy tundra, others in wooded areas, and still others on barren hillsides. One IHA staff member estimated that houses with a 50-year life in the lower 48 states might only be expected to last 25 to 30 years in their arctic climate. The average CIAP grant between 1987 and 1991 was approximately $1.6 million. As shown in Exhibit 2, annual grant amounts fluctuated widely over this period, ranging from a low of $450,000 in FY 1989 to a high of over

Exhibit 1
Overview of IHA Characteristics

AVCP Regional Housing Authority

Number of Public Housing Developments and Units:	58 / 1,026
Size of Staff (Total)	35
Number of Modernization Staff	6
PHMAP Score:	N/A
Recently Troubled: (Y/N)	N/A
Mod Troubled: (Y/N)	N/A
Vacancy Rate at Comprehensive Plan:	1%
Number of Resident-Managed Developments:	0

Characteristics of the Stock — Distribution	Units	Percent
Age of Development		
Pre-1940	0	0
1941-1960	0	0
1961-1980	180	18
1981 or later	846	82
Total	1,026	100%
Structure Type		
Detached/Semi-Detached	1,006	98
Row	20	2
Walk-up	0	0
Elevator	0	0
Mixed	0	0
Total	1,026	100%
Development Program		
Rental	20	2
Turnkey III	0	0
Mutual help	1,006	98
Sec/23-bond financed	0	0
Total	1,026	100%
Occupancy Type		
Family	1,006	98
Elderly	20	2
Mixed	0	0
Total	1,026	100%
Development Size		
Small (1-49 units)	971	95
Medium (50-199 units)	55	5
Large (200+ units)	0	0
Total	1,026	100%

Exhibit 2
Funding Overview:
Sources and Amounts of HUD Modernization Funding

AVCP Regional Housing Authority

Fiscal Year	CIAP	MROP	CGP	TOTAL
FY 1984	ND	0	0	ND
FY 1985	ND	0	0	ND
FY 1986	ND	0	0	ND
FY 1987	$1,329,000	0	0	$1,329,000
FY 1988	586,800	0	0	586,000
FY 1989	450,000	0	0	450,000
FY 1990	1,835,010	0	0	1,835,010
FY 1991	4,123,578	0	0	4,123,578
FY 1992	0	0	$3,109,906	3,109,906
FY 1993	0	0	3,547,580	3,547,580
FY 1994	0	0	4,115,137	4,115,137

$4.1 million in FY 1991, the last year of CIAP funding for AVCPRHA. According to AVCPRHA staff, CIAP funding was only adequate to address the most urgent emergencies in most years.

AVCPRHA employs roughly 35 staff, with six staff members working in modernization. The agency is currently headed by an interim director and new Board, appointed after the former director left after a conflict with the Board a few years ago. The interim director has been working on management and operational problems identified through the ACA and HUD review processes and through internal discussions with staff. As he describes their progress, the agency has completed the "healing process" and is moving on to address operational issues. The IHA's policies are undergoing thorough revisions; job descriptions, handbooks and procedures are being developed to help clarify the agency's expectations of their staff.

2. CGP Planning and Administration

2.1 Physical Needs Assessment

AVCPRHA's Physical Needs Assessment for CGP was developed in 1992 from written and oral comments from tenants and homebuyers, site visits by AVCPRHA staff, and yearly inspection reports. The HUD Field Office did not assist in developing needs assessments or the Five-Year Plan beyond providing some general training on the CGP process and responding to technical questions from IHAs in the region. At the beginning of the planning process, AVCPRHA organized a series of four regional advance meetings and invited village representatives to discuss the physical needs of their villages' developments. To encourage participation, the Authority paid for transportation for village representatives, and advance mailings were sent outlining the meeting's purpose and summarizing the Authority's preliminary list of identified needs. According to a tribal official who helped organize the meetings and served as a translator, approximately twelve people attended each meeting. Most were homebuyers; a few tribal officials also attended the meetings. During the meetings, the Authority staff presented their preliminary list of identified needs and requested input on further needs.

The Authority staff then developed cost estimates based on past modernization work. According to the modernization coordinator, the estimates have not always been accurate. Discrepancies generally arise because unforeseen problems are discovered after work begins. He cited as an example a unit where exterior envelope work had been scheduled. Workers discovered extensive dry rot in the walls, resulting in increases in the cost of the work. He thinks they will be able to estimate costs more accurately now that they have completed a number of projects.

As shown in Exhibit 3, AVCPRHA's physical needs are extensive, totaling almost $44 million or an average of $41,800 per unit. Per unit costs range from $9,000 in several newer developments to almost $300,000 in one small development requiring extensive interior

Exhibit 3
Overview of Physical Needs
AVCP Regional Housing Authority

Category of Need	Dollar Amount	Percent of Total
Budget Category		
Hard Cost for Physical Needs	$42,885,004	96
PHA-Wide Management Needs	752,866	2
PHA-Wide Non-Dwelling Structures and Equipment	602,812	1
PHA-Wide Administration	348,406	<1
PHA-Wide Other	130,000	<1
Grand Total of PHA Needs	44,719,088	100%
Urgency of Need		
Hard Costs Associated with Priority 1 Needs	2,394,000	6
Hard Cost Associated with Lower Priority Needs	40,491,004	94
Total	42,885,004	100%
Mandates		
Hard Cost Associated with Lead-Based Paint Testing	22,500	<1
Hard Cost Associated with Lead-Based Paint Abatement	0	0
Hard Cost Associated with Section 504	220,000	<1
Hard Cost Associated with Title VI Order	0	0
High Need Developments		
Hard Cost Associated with Developments with Costs in Excess of 90 Percent of TDC	895,552	2
Redesign/ Reconstruction in High-Cost Developments	0	0
Extent of Overall Need	Ratios	
5-Year Funding Level/Total Need	0.43	
5-Year Funding/Priority 1 Hard Cost Need	7.94	
5-Year Funding/Mandated Hard Cost Need (LBP/504/ Title VI)	79.0	

and exterior work. This development greatly exceeded the reasonable cost cap because of extensive water and sewer problems; septic tanks were thought to be leaching into the aquifer. Approximately $450,000 of the development's $900,000 in need was associated with replacing septic tanks and connecting the units with public water supplies.

The extent of need associated with federal mandates is relatively small, representing less than one percent of total need. Since only 18 percent of the IHA's stock was built prior to 1980, most were in compliance with the regulations. Only the oldest developments required testing for lead-based paint. Similarly, the IHA identified relatively modest Section 504 needs in a dozen developments, generally ranging from $10,000 to $20,000 per development in a dozen developments.

There were several considerations in setting priorities for physical needs and developing the Five-Year Plan. First, 16 developments (totaling 238 units and $8,097,000 in physical needs) were included in the PNA, but were left out of the Five-Year Plan for various reasons. For example, ten developments were excluded because of legal problems.[1] One village does not have a recognized government which qualifies for HUD assistance. Contractors who developed units in several of the other villages are suing the Authority because they want additional money for the development of the units. Also, five developments were relatively new and were determined to have limited need compared to the rest of the stock; therefore, the IHA chose to leave them out of the initial Five-Year Plan.

Second, the homebuyers in the Mutual Help units had to be in compliance with their homebuyers' agreement to be eligible for CGP funding on their units. Twenty-one units were eliminated from first-year eligibility because the homebuyers occupying the units were not in compliance with their agreements, generally due to non-payment problems or failure to maintain the unit. Examples of items considered homebuyer responsibilities include replacement of electrical and plumbing fixtures and window and door hardware. These repairs will not be done with CGP funding. The Authority assumes responsibility for items related to health and safety, physical accessibility, correction of development deficiencies, energy audits, and lead-based paint testing and abatement. However, there is some disagreement about who has primary responsibility for specific tasks as poor-quality construction may have made the unit extremely difficult for residents to maintain.

In identifying the sequence of work items, the Authority considered the following:

- Statutory needs would be addressed first. Health/safety items and items which caused an imminent threat of severe structural failure would take second priority.
- Foundation systems would be upgraded before other building systems were considered for renovation.

[1] By FY 1993, the legal problems in two of these developments had been resolved, and foundation problems described as "severe" in the PNA were addressed.

- Mechanical ventilation systems to alleviate moisture penetration problems would be done when funding was sufficient to install the systems and "tighten up" the exterior envelope of the building.

- Interior work would be completed after exteriors and foundations. Attics and sub-floors would then be insulated as needed.

- Any units still not meeting energy standards would have heating system upgrades.

The Authority also considered economies of scale to be gained by addressing common problems in villages with particular unit designs. Because of the vast geographic area and short building season, the geographic location of the villages also had to be considered.

The needs assigned first priority varied from development to development. Mandates, to the extent they needed to be addressed, were always considered Priority 1. In addition, foundations, fuel tank replacement, fire escapes, and stove replacement were Priority 1 items established through resident input and staff recommendations. The cost of these first-priority needs in the developments targeted in the first Five-Year Plan totaled approximately $2.4 million, or 6 percent of total need.[2] According to all respondents, the most costly and critical work item is foundation repairs. Because of the region's climate, moisture penetration due to freezing and thawing causes foundations to shift, resulting in damage throughout the unit. Repair cost estimates ranged from $5,000 to $17,000 per unit, depending on the building conditions at the site. The foundations need to be leveled and sealed properly before other work is done.

As shown at the bottom of Exhibit 3, expected funding would be sufficient to address approximately 43 percent of total needs. Anticipated funding would be more than adequate to cover the hard costs for Priority 1 items and mandates. Most respondents felt the estimates of need were realistic, although the HUD Field Office representative did raise some concerns about the accuracy and comprehensiveness of the PNA.

2.2 Management Needs Assessment

According to Authority staff, the Management Needs Assessment for AVCPRHA was developed by reviewing the results of HUD reviews, audits, and ACAs and considering resident and staff input. The needs identified totaled a fairly modest amount, approximately $750,000. Staff note that the agency considers the physical needs of the stock to be far more important than management needs of the agency. Further, the management assessment may not have been comprehensive, since the agency limited the total cost of the needs identified to approximately 10 percent of the expected grant amount.

[2] Detailed cost figures for the first priority needs in the non-targeted developments were not available. The percent of need attributed to first priority needs is thus somewhat understated.

As shown in Exhibit 4, most of the management needs fall in the administrative area. Two mandatory items were identified in a HUD management review. HUD required an independent evaluation of the Authority's operations and the development of resolutions in disputes over site control among the Authority, the tribe and private land-owners. The cost of these items ($25,000 and $75,054 respectively) accounted for 13 percent of identified management needs. Other items included developing new office and warehouse space and purchasing vehicles for transportation to the villages. Lack of office space was perceived to be a significant problem. The Authority had been given temporary HUD approval to use a dwelling unit for office space for the 10 Housing Management staff members, but the unit was not large enough to accommodate current and anticipated future staff. AVCPRHA submitted a waiver request to exceed HUD office space standards and received permission to construct a new building to house the staff. The cost estimated in the needs assessment was $235,000, or roughly 30 percent of total management need. The cost of buying trucks, four-wheel-drive vehicles, and an airplane added $190,406, or 25 percent of need; and construction of a warehouse contributed another $177,406 to the needs assessment, or 24 percent of total need.

In addition, AVCPRHA identified the need to hire a resident services coordinator to help develop resident groups and activities, although this was not included in the original Five-Year Plan. According to respondents, more emphasis has been placed on resident-oriented activities in the past two years. However, there is some concern about what can be accomplished, given the vast geographic area and the diversity of tribes in the region.

The Five-Year Plan did not specify which management improvements would be addressed in the last three years of the plan; for FY 1994-96, the plan simply noted that $100,000 was budgeted for "management improvements identified by residents." IHA staff were not able to provide details on future management improvement spending other than $50,000 per year for a resident services coordinator. Other needs will be identified in consultation with residents during the annual planning process.

2.3 Resident Participation

As mentioned above, AVCPRHA organized a series of four advance meetings early in the planning process. These meetings were intended to provide residents with an opportunity to add to the preliminary list of needs developed by the Authority. Public hearings began three weeks following these advance meetings. Respondents noted that participation in the meetings was limited partly by the timing of the meetings. Because of HUD's implementation schedule for CGP, the meetings had to be scheduled during the winter months, when severe weather makes travel difficult. Despite AVCPRHA requests to postpone the process until after the winter months, HUD required them to adhere to the original schedule. HUD staff, tribal officials and resident representatives all agreed that the Authority staff did the best they could to provide opportunities for resident involvement.

According to staff, concerns raised by homebuyers and community members at the meetings included the need for foundation work, replacement of exterior doors and windows,

Exhibit 4
Overview of Management Needs

AVCP Regional Housing Authority

Type of Need	Mandatory	Optional	Total	%
Needs Associated with PHMAP Deficiencies (by Indicator)				
Vacancy	0	0	0	0
Modernization	0	0	0	0
Uncollected Rents	0	0	0	0
Energy Consumption	0	0	0	0
Unit turnaround	0	0	0	0
Outstanding Work Orders	0	0	0	0
Inspection/condition of units	0	0	0	0
TARS	0	0	0	0
Operating reserves	0	0	0	0
Routine operating expense	0	0	0	0
Resident initiatives	0	0	0	0
Development	0	0	0	0
Sub-total: PHMAP Related Need	0	0	0	0
Other Management Needs (by Functional Area)				
Leasing and Ongoing Tenant Functions (outreach, waiting lists, eligibility, collections, recertifications)	0	0	0	0
Property Management (maintenance, inspections, and modernization)	0	0	0	0
Administration, Finance, MIS, Communications	$100,054	$602,812	$702,866	93
Personnel (including training)	0			
Resident Services	0	50,000	50,000	7
Security	0	0	0	0
Other/Misc	0	0	0	0
Sub-total: Other Needs	100,054	652,000	752,866	100%
Total Management Need			752,866	100%

and remediation of causes of moisture penetration (which could be due to poor foundations or poor-quality materials). Homebuyers also requested replacement of appliances, which the Authority agreed to do in cases where the appliances had ceased functioning due to age or where inappropriate appliances had been installed (for example, propane stoves in villages with no propane supply). Homebuyer interest in the construction of additional bedrooms was considered a low priority by the Authority given the extent of other physical needs. (Homebuyers are permitted to modify their homes, with prior Authority approval, although major renovations are rarely undertaken.)

There are few organized resident groups in AVCPRHA housing. The community of Kipnuk does have a fairly well-organized group, which participated in the CGP planning process. In general, the IHA deals with local tribal councils rather than resident groups. However, IHA officials expressed optimism that residents are taking an increased interest in participating in the CGP process as they see work being accomplished. According to interview respondents, the planning process and strategies for involving residents have not changed significantly since the beginning of the CGP.

While the process has remained the same, it should be mentioned that the order of scheduling work may be changed due to a wave of litigation involving IHA homebuyers. According to IHA staff and one homebuyer, during the past 18 months, a regional legal services office has threatened to initiate grievances or class action lawsuits on behalf of as many as 400 homebuyers, charging the Authority with unreasonable deferred maintenance on the homes. The Authority has been negotiating with the legal services office to keep the lawsuits out of court. These negotiations may result in changes to the planned sequence of CGP work, as developments occupied by potential litigants may be renovated sooner than planned. The Authority is naturally concerned about how the other homebuyers, whose units will be renovated later than promised, will react to the change in schedule. In addition to the legal difficulties, a number of communities are organizing to secede from the AVCP region and create their own governmental structure, along with an independent Authority.

2.4 Local Government Participation

Some tribal officials attended the advance meetings held by the Authority. AVCPRHA also presented their Five-Year Plan to tribal councils for comment on needs, strategy, and priorities. A tribal administrator who attended one of the tribal council presentations felt the IHA had done a good job at identifying needs. He noted that his tribal government did have some input in re-ordering work items they felt should be addressed sooner than scheduled by the IHA. The tribal council did not have any additional work items to suggest, nor did they have concerns about work being done in any particular development.

2.5 Perspectives on CGP Administration and Effectiveness

Virtually all respondents interviewed agreed that the CGP has been very successful so far. While the needs are great, respondents were optimistic that CGP would permit them to address critical needs in the AVCPRHA housing stock. The more predictable funding allows them to "make promises and keep them", in the words of one IHA staff member. CGP has given the modernization staff greater flexibility to respond to emergencies, such as frequent weather-related problems (e.g. burst water pipes). HUD staff agreed that the expected level of funding will allow AVCPRHA to address many of their critical needs.

Modernization staff are happy to have greater control over the uses of funding, because, as one respondent said, "we know the problems." Others noted that even officials in Anchorage do not understand the physical conditions and culture of the AVCPRHA region, let alone observers from the lower 48 states.

AVCPRHA staff have used this greater CGP flexibility to develop local (i.e. village-level) standards for foundations, so that the foundation will be suited to the local conditions. They also cited the exclusive use of the force account approach as an example of a benefit of local flexibility. All local respondents expressed optimism that hiring local labor had the potential for avoiding past problems, especially lack of accountability for poor workmanship. Local observers note that not only is CGP being used to improve housing, it is contributing to increased incomes and skills development for the region's people. AVCPRHA staff clearly see contributing to the region's economic well-being as part of the IHA's mission. HUD staff were more cautious about the effectiveness of using force account, particularly the transience of the labor force (e.g., workers may unexpectedly leave the area for more lucrative jobs during the fishing season).

Staff noted they have had little contact with HUD regarding CGP, beyond an occasional call for an answer to a question. IHA staff seem satisfied with this arm's length relationship. The HUD Field Office representative shares the view that CGP is the agencies' program, and that HUD's involvement should be minimal. He said the Field Office's relationship with the agencies in the region is less adversarial than in the past, and that he rarely hears from the IHAs other than when they need access to LOCCS. The modernization coordinator did note he had problems with delays in an expedited approval. In one case, the Anchorage office delayed an approval for three months. Given the region's short building season, three months can mean missing the whole season.

3. MODERNIZATION STRATEGIES AND SPENDING PATTERNS

3.1 Overall Modernization Strategy

As shown in Exhibit 5, AVCPRHA does not have access to many non-CGP funds in their Five-Year Plan. According to IHA staff, AVCPRHA cannot afford to do comprehensive improvements on any given development, because the costs are too high and the needs throughout the region are too great. In addition, the IHA had to consider the logistics of organizing work crews and obtaining and transporting materials to the work sites. Exhibit 6 shows the distribution of planned spending over the first five years. Work was to take place in 44 of the IHA's 58 developments. In general, work in any given development was to be spread over two to three years, following the sequence from mandates to foundations and ventilation to exteriors and interiors (as described above).

The pattern of spreading special purpose funding over numerous developments is consistent with planned spending of the FY 1991 CIAP grant, as shown at the top of Exhibit 6. Approximately $2.3 million of the FY 1991 CIAP grant was allocated for foundation repairs, and $400,000 was allocated for floor and subfloor repairs to remedy moisture penetration problems. Twenty-two developments, including over 300 units, were targeted for these repairs.

3.2 Specific Spending Patterns

3.2.1 Mandates and Priorities

Priority 1 needs represented about one-third of planned spending in the first three years of the Five-Year Plan, as shown in Exhibit 7. Lead-based paint testing and 504 needs were to be addressed in the first two years. According to the modernization coordinator, only one development of the four developments tested required abatement. As shown in Exhibit 8, no Section 504 or lead-based paint work was undertaken with the FY 1991 CIAP grant.

Actual CGP funding levels were somewhat higher than expected, as shown in the FY 1993 and FY 1994 Annual Statement figures reported in Exhibit 7. Given the higher grant amounts, budgeted hard costs increased from $2.5 million to $2.8 million in FY 1993 and $3.4 million in FY 1994. However, spending on Priority 1 work items declined, both in dollars and as a percent of total funding. In FY 1993, stoves and fuel tanks were replaced. These were Priority 1, yet lower-cost, work items. In FY 1994, extensive foundation repairs were undertaken, including some developments where foundations had not been identified as top priority needs.

Exhibit 5
Sources of Funding for Modernization

AVCP Regional Housing Authority

Anticipated CGP and Non-CGP Funds by Year (From Initial Five Year Plan)

Year	CGP	Non-CGP Funds	Total
FY 1992	$ 3,109,906	0	$ 3,109,906
FY 1993	3,109,906	0	3,109,906
FY 1994	3,109,906	0	3,109,906
FY 1995	3,109,906	0	3,109,906
FY 1996	3,109,906	0	3,109,906

Sources of Funds for Modernization Needs (Detail from FY 1994 Annual Statement/PHA Documents)

Source	Listed in Statement (Y/N)	Amount	Percent of Total
CGP Formula	N/A	0	0
CGP Emergency/Disaster Reserve	N/A	0	0
Continuing CIAP Programs (not reprogrammed) Estimate of Actual Spending	N/A	0	0
Reprogrammed CIAP Funds[1]	N/A	$515,000	100%
MROP	N/A	0	0
URD	N/A	0	0
Operating income used for betterments & additions or non-routine maintenance	N/A	0	0
Section 8 reserves used for capital improvements and equipment	N/A	0	0
Modernization staff salaries from non-CGP sources	N/A	0	0
Other (List)	N/A	0	0
Total	N/A	$ 515,000	100%

[1] $515,000 was reprogrammed for office renovations; an additional but unknown amount was reprogrammed for emergency foundation repairs.

Exhibit 6
Concentration of Modernization Spending (CIAP compared to CGP)

AVCP Regional Housing Authority

Year/ Source	Modernization Types		
	Comprehensive Scope	Selected Work Items/Special Purpose	Total
FY 91 CIAP Projects/Units Dollars	0	22/334 $2,757,158 (100%)	22/334 $2,757,158 (100%)
FY 92 CGP Annual Statement and 5-Year Plan	0	15/149 $2,241,500 (100%)	15/149 $2,241,500 (100%)
FY 93	0	34/660 $2,512,500 (100%)	34/660 $2,512,500 (100%)
FY 94	0	20/366 $2,663,000 (100%)	20/366 $2,663,000 (100%)
FY 95	0	12/253 $2,826,000 (100%)	12/253 $2,826,000 (100%)
FY 96	0	8/175 $2,705,000 (100%)	8/175 $2,705,000 (100%)
FY 1993 Annual Statement Revised	0	36/666 $2,847,520 (100%)	36/666 $2,847,520 (100%)
FY 1994 Annual Statement Revised	0	18/396 $3,436,870 (100%)	18/396 $3,436,870 (100%)

Exhibit 7
Patterns of CGP Hard Cost Spending and Comparison with Need (Mandates vs. Discretionary)

AVCP Regional Housing Authority

Spending Priorities and Mandates	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Priority 1	757,500	28%	803,500	32%	821,000	31%	60,000	2%	20,000	1%	531,520	19%	417,500	12%
All other	1,909,406	72%	1,709,000	68%	1,842,000	69%	2,766,000	98%	2,685,000	99%	2,316,000	81%	3,019,370	88%
Total	2,666,906	100%	2,512,500	100%	2,663,000	100%	2,826,000	100%	2,705,000	100%	2,847,520	100%	3,436,870	100%
LBP Testing	22,500	1%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
LBP Abatement	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Section 504	140,000	5%	80,000	3%	0	0%	0	0%	0	0%	70,000	2%	60,000	2%

Exhibit 8
Comparative Data on CIAP Spending Patterns (FY 1991)

AVCP Regional Housing Authority

Budgeted Expenditures: FY 1991	Dollars	Percent of Total
Mandates versus Other		
LBP Testing	0	0
LBP Abatement	0	0
Section 504 Compliance	0	0
Other Spending	4,115,137	100%
Total Planned Expenditures	4,115,137	100%

3.2.2 Spending by Development Type

Given the uniformity of the stock, which is almost entirely single-family detached Mutual Help units, it is difficult to see any patterns in planned spending by occupancy or development type, as shown in Exhibit 9. Planned spending appears to be proportionate to the share of the stock, on average. The bigger developments were planned to receive a slightly higher relative share of planned spending, largely due to higher foundation costs associated with these larger developments.

3.2.3 Specific Activities

Exhibit 10 shows the distribution of planned spending for certain activities. Weatherization and energy efficiency are obviously a critical issue for AVCPRHA, where the severe climate contributes to high costs and rapid deterioration of the housing stock. In effect, virtually all modernization work is somehow related to weatherization and energy conservation. However, for the purposes of Exhibit 10, only the cost of exterior envelope work and fuel tank replacement is included in the energy conservation cost estimates. According to the modernization coordinator, interior envelope work often includes insulation for greater energy efficiency, but these costs could not be broken out of the interior envelope totals. Examples of other weatherization work items include installation of mechanical ventilation systems to reduce moisture penetration and condensation problems.

AVCPRHA is not undertaking any unit adaptations or demolition/conversion. According to the modernization coordinator, the IHA does have a few long-term vacancies, which it is considering modernizing with CGP funds. The needs in these units are extensive, however, and so far, the units have not been entered into the Five-Year Plan. Staff are hesitant to invest the large amount of funding in these units, when the needs are so great elsewhere. The coordinator commented he feels a separate grant fund should be available for dealing with these units.

3.2.4 Administration and Other Expenses

Planned spending for administration and other expenses averages about 10 percent over the first five-year period, as shown in Exhibit 11. Administration ranges from 5 to 7 percent, and other spending varies from 1 to 5 percent. The modernization coordinator noted that the force account method requires substantial administrative oversight, because the IHA is responsible for work quality and schedule. A&E fees account for all of the "other" costs. The FY 1994 Annual Statement detail (which was provided in somewhat abbreviated form) did not indicate any other expenses; IHA staff indicated A&E fees are included in the administration line, resulting in administrative expenses exceeding the 7 percent cap. According to IHA staff, no relocation costs are anticipated.

Exhibit 9
Patterns of CGP Hard Cost Spending and Need (Specific Development Types)
AVCP Regional Housing Authority

Development Type	Physical Needs Assessment			Planned Hard Cost Expenditures FY 1992 - FY 1996			FY 92, 93, and 94 Annual Statement		
	Dollars	%	Per Unit	Dollars	%	Per Unit	Dollars	%	Per Unit
Size of Development									
Large									
Medium	2,437,500	6%	44,318	1,509,000	12%	27,436	1,569,000	19%	28,527
Small	40,447,504	94%	41,655	11,439,000	88%	11,781	6,946,890	81%	7,154
All	42,885,004	100%	41,798	12,948,000	100%	12,620	8,515,890	100%	8,300
Occupancy Type									
Family	42,595,004	99%	42,341	12,813,000	99%	12,737	8,480,890	99%	8,430
Elderly	290,000	1%	14,500	135,000	1%	6,750	35,000	<1%	1,750
Mixed									
All	42,885,004	100%	41,798	12,948,000	100%	12,620	8,515,890	100%	8,300
Resident Management Status									
Resident-Managed	0	0%	0						
Not Resident-Managed	42,885,004	100%	41,798	12,948,000	100%	12,620	8,515,890	100%	8,300
All	42,885,004	100%	41,798	12,948,000	100%	12,620	8,515,890	100%	8,300
Development Type									
Rental	290,000	1%	14,500	135,000	1%	6,750	35,000	<1%	1,750
Turnkey									
Mutual Help	42,595,004	99%	42,341	12,813,000	99%	12,737	8,480,890	99%	8,430
Bond Financed									
All	42,885,004	100%	41,798	12,948,000	100%	12,620	8,515,890	100%	8,300

Exhibit 10
Patterns of CGP Hard Cost Spending (Other Specific Uses)

AVCP Regional Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 1993 Annual Statement		FY 1994 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Unit Adaptations	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Demolition/ Conversion	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Security and Drug Elimination	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Redesign in High-Need Developments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energy Conservation Improvements	1,200,000	55%	1,103,000	44%	615,000	23%	990,000	35%	2,405,000	89%	1,573,000	55%	270,500	8%
Renovations of Long Vacant Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Exhibit 11
Patterns of Total CGP Spending (By Budget Category)

AVCP Housing Authority

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
EXPENSE CATEGORY														
Hard Cost For Physical Needs	2,241,500	72	2,512,500	81	2,663,000	86	2,826,000	91	2,705,000	87	2,847,520	84	3,436,870	84
PHA-wide Management	150,054	5	90,000	3	100,000	3	100,000	3	100,000	3	100,000	3	120,000	3
PHA-wide Non- Dwelling	425,406	14	177,406	6	0	0	0	0	0	0	166,606	5	147,406	4
PHA-wide Administration	162,946	5	200,000	6	200,000	6	175,000	6	204,906	7	231,093	7	410,861	10
PHA-wide Other	145,000	5	130,000	4	146,906	5	8,906	1	100,000	3	50,000	1	0	0
Replacement Reserves	0	0	0	0	0	0	0	0	0	0	0	0		
Grand Total	3,109,906	100	3,109,906	100	3,109,906	100	3,109,906	100	3,109,906	100	3,395,219	100	4,115,137	100

Category	Planned Expenditures: FY 1992 Annual Statement and Five Year Plan										FY 93 Annual Statement		FY 94 Annual Statement	
	FY 1992		FY 1993		FY 1994		FY 1995		FY 1996					
	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%	Dollars	%
"OTHER" DETAIL														
Audit	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Liquidated Damages	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees and Cost (A&E)	145,000	5	0	0	0	0	0	0	0	0	50,000	1	0	0
Site Acquisition	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Relocation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other	145,000	5	130,000	4	146,906	5	8,906	1	100,000	3	50,000	1	0	[illegible]

3.2.5 Spending for Management Needs

Spending for management needs was planned to range from 3 to 5 percent of the annual grant, well below the 10 percent cap.[3] As mentioned above, the IHA places a higher priority on spending for physical needs than for management needs, but most of the needs identified in the Management Needs Assessment were scheduled to be addressed. Spending in the first year included hiring a resident services coordinator, conducting an independent evaluation of the Authority, and dealing with site control issues (See Exhibit 12). In addition, $235,000 was budgeted for construction of new IHA offices. In the second year, only the resident services coordinator cost appeared under the management improvements category.

According to the FY 1993 Annual Statement, management improvement spending was even somewhat lower than planned. The first priority item was construction of additional office space, which was undertaken using $515,000 in reprogrammed CIAP funding. The $75,000 for site control work has been carried over through both years.

4. Perspectives and Conclusions

Even though the expected CGP funding level for AVCPRHA is far below the estimated need, all respondents had a favorable impression of the early implementation of the program. Respondents all stated that IHAs should not be covered by some other system for modernization funding. They fear that a separate funding mechanism would put Indian Housing Authorities in competition for scarce resources with politically more powerful PHAs. While the funding available is insufficient to accommodate all the agency's needs, respondents felt the CGP system allocated shares of funding fairly.

According to a tribal official, residents of his community are pleased that work is being done, and the quality is good. IHA staff appreciate the flexibility of the program and the predictability of funding. Staff hope that by the end of the Five-Year Plan, most homebuyers will have structurally sound units that do not need extensive homebuyer-paid repairs. As shown in Exhibit 13, all but 20 of the IHA's units are Mutual Help, and virtually all CGP spending is devoted to these units. While threatened litigation may elevate the existing level of competition between villages, staff and others are optimistic that the planning process is fair and that residents have ample opportunity to participate in decision-making about modernization.

An important part of the level of satisfaction with the program seems to be the relative success of using force account labor, both as an employment and skill development strategy, and as a way to create greater local accountability for the projects. Staff and community representatives speculate that the program design has the potential to increase accountability, but much will depend on the level of resident involvement. As more work is completed, and the program becomes more visible, staff hope that community participation will increase.

---

[3] Management improvement spending under the FY 1991 CIAP grant totaled only $2,700.

Exhibit 12
Patterns of CGP Spending (Management)

AVCP Regional Housing Authority

	Management Needs Assessment		Five Year Plan (FY 92-FY 96)		FY 92, 93 and 94 Annual Statement	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Planned Management Spending						
PHMAP Deficiencies (Mandatory)	0	0	0	0	0	0
PHMAP Deficiencies (Optional)	0	0	0	0	0	0
Other Deficiencies (Mandatory)	$100,054	13	$100,054	14	$100,054	27
Other Improvements (Optional)	652,812	87	617,406	86	270,000	73
Total Management	752,866	100%	717,460[2]	100%	370,054	100%
Planned Management Spending for Resident-Oriented Programs						
Resident Management / Homeownership	0	0	0	0	0	0
Capacity-Building and Training	50,000	7	50,000	7	125,000	34
Section 3 (Economic and Business Development)	0	0	0	0	0	0
Resident Social Services	0	0	0	0	0	0
Total Resident Programs	50,000	7	50,000	7	125,000	34
Planned Management Spending for Security and Drug Elimination	0	0	0	0	0	0

[2] The IHA budgeted a lump sum of $100,000 per year for planned management improvements spending for FY 1994-1996. This money would be spent on "needs identified by residents." For this table, it was assumed these needs would be optional.

Exhibit 13
Spending by Development Program (IHAs Only)

AVCP Regional Housing Authority

Program	IHA Total		Needs			FY 1992 - FY 1996			FY 1992-1994		
	Units	Percent	Dollars	Percent	Per Unit	Dollars	Percent	Per Unit	Dollars	Percent	Per Unit
Rental	20	2%	290,000	1%	14,500	135,000	1%	6,750	0	0%	0
Mutual Help	1,006	98%	42,595,004	99%	42,341	12,813,000	99%	12,737	8,525,890	100%	8,310
Other	0	0%	0								
Total	1,026	100%	42,885,004	100%	41,798	12,948,000	100%	12,620	8,525,890	100%	8,310

U.S. Department of Housing and Urban Development
Washington, D.C. 20410-6000

Official Business

HUD–1589-PDR (Volume II)
June 1996

EQUAL HOUSING OPPORTUNITY

- 03516 -