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

Report on Emerging Resident Management Corporations in Public Housing

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Prepared for:

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

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ICF Incorporated
Contract HD-5852

January 1993

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EXECUTIVE SUMMARY

This report describes the progress of 80 emerging resident management corporations (RMCs)[1] that received technical assistance grants (TAG) from the U. S. Department of Housing and Urban Development (HUD) between 1988 and 1990. These grants are authorized under Section 20 of the U.S. Housing Act of 1937, as amended by the Housing and Community Development Act of 1987, and are part of a program to promote resident management of public housing. In addition to resident management, the program attempts to increase the economic opportunities of public housing residents through empowerment, economic development, and the provision of supportive services.

The grantees that are the subject of this report are termed emerging RMCs because they did not have significant management experience prior to participation in the program. More experienced resident organizations also participated in the program, but they are the subject of another report (see Evaluation of Resident Management in Public Housing, U.S. Department of Housing and Urban Development, December 1992).

An examination of emerging RMCs is important for at least two reasons. First, there are many more emerging RMCs than experienced RMCs nationwide. And second, the lessons learned from a study of emerging RMCs are especially relevant to HUD's objective of encouraging resident management of public housing on a much broader scale, since meeting this objective requires the development of many new resident management entities.

This study seeks to accomplish the following objectives:

- To describe emerging RMCs and their activities under the program;
- To evaluate the progress emerging RMCs are making toward the goal of resident management; and
- To identify factors that affect progress of emerging RMCs and to highlight their policy implications.

The findings presented in this report are based on three sources: (1) results of a mail survey of emerging RMCs and their PHAs; (2) data from in-person interviews with resident leaders and public housing officials at 15 sample sites; and (3) HUD data provided by the Office of Resident Initiatives, the office of HUD responsible for administering the program.

This executive summary first describes emerging RMCs and discusses their progress toward resident management. It then discusses the policy implications of the study's findings and suggests ways of improving HUD's initiatives to support resident management of public housing.

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[1] The term emerging RMCs includes resident organizations that are working toward resident management, but have not formally incorporated themselves as RMCs.

CHARACTERISTICS OF EMERGING RMCs

While emerging RMCs may not have been involved in management prior to receiving technical assistance funding from HUD, nearly half of these resident organizations have been active at their developments in some capacity for a decade or more and only 15 percent have been active for less than two years. At the time they were surveyed, approximately three-quarters of the emerging RMCs had become fully incorporated. While the vast majority of emerging RMCs are site-based organizations, approximately 15 percent can be described as umbrella organizations representing more than one development (often all or most of the family developments in the housing authority).

In general, the developments with emerging RMCs are representative of the nation's public housing stock, though they tend not to include many elderly developments. The average development in the program is a low-rise or townhouse family development with 200 or more units built before 1970. Less than ten percent of the developments are high-rise buildings. Most of the developments need modernization, with 62 percent of them requiring major or substantial modernization (according to PHA assessments). While 26 percent of the developments have vacancy rates of 20 percent or more, over half have relatively normal vacancy levels (less than 5 percent). And although the neighborhoods in which these developments are located generally receive favorable ratings from resident leaders, drug and crime problems are a major concern.

The public housing agencies (PHAs) participating in the program are an important partner in the development of emerging RMCs. Almost 70 percent of emerging RMCs surveyed are located in large or very large PHAs (more than 1,250 units). While the size of a PHA turns out to be an important positive factor impacting the progress of an emerging RMC, even more important is the performance status of the PHA. Of those PHAs surveyed, one-third are classified by HUD as troubled authorities. Importantly, association with a troubled authority turns out to be one of the most important factors limiting the progress of emerging RMCs toward the program objective of resident management.

PROGRESS OF EMERGING RMCs

In fiscal years 1988 to 1990, HUD awarded $6.2 million in TAG grants to the 80 emerging RMCs that are the subject of this report (an additional $1 million was awarded to 10 more experienced RMCs). These 80 emerging RMCs proposed to use their grants (which averaged about $70,000) primarily for planning and training activities aimed at building their capacity to begin resident management. Often the largest single expense under a TAG grant is the cost associated with hiring a housing management specialist (HMS). While these outside consultants were not interviewed as part of this study, the training and technical assistance they provide appears to be varied, ranging from community organizing and building self-esteem to board development and property management training.

This study assesses the progress of emerging RMCs in terms of their level of involvement in management activities. Organizational development is an important prerequisite for such involvement. Survey results indicate that nearly three-quarters of emerging RMCs have become fully incorporated and a similar proportion have held open elections for officers. However, fewer emerging RMCs have actually become involved in management activities. According to survey results, approximately two-thirds of emerging RMCs remain in a stage of organizing and training and have no involvement yet in public housing management. While grantees in earlier rounds of funding have made more progress than those in later rounds, one-half of the FY88 grantees (the first to enter the program) still remain in an initial organizing and training stage. Note that the study did not examine the progress of emerging RMCs in undertaking related empowerment activities, such as resident services, economic development initiatives, or homeownership efforts.

Emerging RMCs that do report some involvement in at least one or more management activity (34 percent of those surveyed) are primarily engaged in some form of dual management with their PHA. Dual management, an arrangement under which PHA staff work side-by-side with RMC staff to provide on-the-job training in property management functions, represents a critical stepping stone on the path to full resident management. While a critical interim step, dual management is not resident management as such. Of those emerging RMCs surveyed, only two (representing 4 percent of respondents) have actually begun full resident management of their developments under the terms of a bona fide management contract. Both of these RMCs are 1988 grantees that first had access to their funds over three years ago. These results, combined with comments from PHA and RMC representatives, strongly suggest that resident management requires a fairly long period of time to implement.

A number of factors appear to affect the ability of an emerging RMC to become involved in management activities. To begin with, groups that were more advanced when they entered the program are more likely to be involved in management activities, as might well be expected. However, controlling for this and other factors, emerging RMCs in larger, non-troubled PHAs are likely to make greater progress. This result appears to reflect a greater capacity on the part of larger PHAs that are not experiencing financial distress, and highlights the importance of a working partnership between PHAs and emerging RMCs.

In addition, the usefulness of training received by an emerging RMC is significantly related to a group's progress. While RMC training has also been funded under CDBG and CIAP, most has been provided by outside consultants and paid for by TAG grants, providing evidence of a program effect. However, once one controls for the quality of training and other factors, the amount of TAG funds expended does not appear to affect the RMC's involvement in management activities. This finding suggests that TAG grants further the development of emerging RMCs only to the extent that they are expended on useful training programs.

Finally, the quality of resident leadership also seems to be essential to an RMC's success. While difficult to quantify, observation of selected emerging RMCs strongly suggests that competent, motivated and fair resident leaders can substantially increase the probability that an emerging RMC will reach the goal of resident management. However, it is less certain if policy-level interventions can affect the emergence of good resident leaders, which is fundamentally a grassroots phenomenon.

KEY POLICY FINDINGS

The results presented above -- together with the comments of resident leaders, PHA representatives and HUD field staff -- suggest a number of key policy findings that provide a basis for improving HUD's efforts to support resident management of public housing. These findings relate to specific aspects of both the TAG program and of HUD's approach to resident initiatives more generally.

Understanding the TAG Funding Requirements

A limited understanding of HUD requirements for technical assistance funding appears to have hindered the initial progress of emerging RMCs. Resident leaders at each of the emerging RMCs visited reported that initially they found it hard to determine what HUD expected of them as TAG recipients. This confusion about the program led to delays in receiving TAG funds and required additional effort to meet program reporting requirements, a process which distracted many emerging RMCs from their efforts to carry out other program activities. Training sessions about the TAG program, which were first offered by HUD in 1989 as an annual national workshop for grantees, help familiarize present and future grantees with the program and their responsibilities. Despite these efforts, the communications from HUD regarding both the specific requirements and the general goals of the program have not entirely succeeded either in adequately informing resident leaders or in fully enlisting the support of HUD field office and PHA staff involved in the program.

Readiness for TAG Funding

Although a resident group may show a strong interest in resident management, technical assistance funding alone may not enhance its progress toward resident management if the group has not first developed a strong organizing capacity. In fact, survey results show very little relationship between grant expenditures alone and progress toward resident management, controlling for other factors. Moreover, emerging RMCs that had made progress toward resident management tended to have stronger resident organizing experience (as indicated by full incorporation) prior to receiving their TAG funding. This suggests that resident groups may need to develop their ability to organize before technical assistance funding can impact their progress toward resident management. Groups with weak organizing capacity may well benefit from technical assistance funding in other ways, but it appears unlikely that these funds will help them develop into actively managing RMCs.

Performance Targets

The weak relationship between grant expenditures and progress toward resident management also suggests that emerging RMCs may not always plan how to most effectively use their grant funds. While grantees report to HUD on their progress toward the goals set forth in the required work plans, HUD has not established a set of performance standards that emerging RMCs must meet to continue to draw down grant funds. Several PHA officials and one RIC suggested that incorporating a set of realistic performance standards would encourage RMCs to do more planning about how to get the most out of their grant funds.

RMC-PHA Partnership

The presence of a positive working relationship between the RMC and the PHA appears to be a key factor contributing to the progress of emerging RMCs toward active management. During the on-site visits, resident leaders at sites that had taken significant steps toward full management emphasized that the support of the PHA had been a critical factor. PHAs often provide training, assist with financial management, and help emerging RMCs build relationships in the local community. Survey results indicate that more advanced emerging RMCs were more likely to be found in larger, non-troubled and more supportive PHAs. This strong association between PHA characteristics and RMC progress confirms the qualitative observation that a good working partnership between RMCs and PHAs, particularly PHAs with the capacity and commitment to devote staff resources to resident initiatives, plays a key role in the development of resident groups into bona fide resident management corporations. While PHAs currently support the development of emerging RMCs, PHA staff indicated they could do more if they received more financial, technical and administrative assistance from HUD.

Providing Training to Emerging RMCs

Training clearly emerged as an important factor affecting the progress of emerging RMCs. In general, resident leaders spoke quite favorably about the training they received under the program. However, in a number of cases, resident leaders experienced problems with the consultants they had hired, problems which set them back until a replacement trainer could be found. As a result, several resident leaders indicated they would like to be able to obtain more information about the quality of the training programs offered by various consultants. In an important sense, these comments reflect the problems inherent in the piecemeal approach to training provision that has developed under the TAG program. While hiring consultants on a case-by-case basis provides emerging RMCs with important contracting experience, it also exposes them to the risk of inconsistent or even incompetent training programs that may do them little good. These concerns may be addressed by HUD's recently established cooperative agreement to develop training and certification standards for trainers of RMCs.

Reaching Resident Management Takes Time

While there appear to have been significant delays in the execution of TAG Agreements, the findings of this study clearly indicate that emerging RMCs need a fair amount of time both to implement their TAG-funded activities and to assume management responsibilities. While many of those interviewed in the course of the study perceive the program as producing important positive changes in public housing communities, these changes are at once subtle and take time. Nevertheless, PHA expectations for RMC advancement are encouraging, since they suggest that a significant proportion of emerging RMCs (60 percent) will either remain in or progress to a more advanced stage within two years.

Sustaining Emerging RMCs in the Future

Technical assistance funding from HUD can be used to support the initial development of emerging RMCs. However, once the $100,000 statutory cap is reached, new sources of support must be found if the RMC is to survive financially. If RMCs are ready to begin assuming management responsibilities, management fees provide one important source of on-going support. But if additional training is needed before an emerging RMC is ready to become an active manager, additional fund raising will be necessary. In either case, ensuring that emerging RMCs plan for the day their grant funds are expended – and assisting them in preparing for this eventuality – becomes critical to the long-term prospects of emerging RMCs. In short, if resident management organizations are to be sustained beyond the several years of their initial involvement in the program, then plans for precisely how they will be sustained must be drawn.

CHAPTER 1

INTRODUCTION

This report describes the progress of 80 emerging resident management corporations (RMCs) that received grants from the U.S. Department of Housing and Urban Development (HUD) between 1988 and 1990 to support their development.[1] An understanding of the experiences of these emerging organizations is essential to HUD's continued effort to promote resident management of public housing.

This report has three principal objectives:

- To describe emerging RMCs and their activities under the program;
- To evaluate the progress emerging RMCs are making toward the goal of resident management; and
- To identify factors that affect progress of emerging RMCs and to highlight their policy implications.

The methods employed to investigate these issues are described at the end of this chapter, while the specific findings are the subject of later chapters of the report. The following section presents a brief overview of the program.

1.1 THE RESIDENT MANAGEMENT PROGRAM

Beginning with the National Tenant Management Demonstration in 1975, HUD has been involved in supporting resident management corporations in public housing. However, it was not until the late 1980s that resident management was formally embodied as a federal program.

A. Legislative Background

In the Housing and Community Development Act of 1987, Congress amended the United States Housing Act of 1937 (Section 20) to encourage increased resident management of public housing developments. The Section 20 amendment permits RMCs to retain funds they are able to save through efficient operation to use for improvements or services at the development. Section 20 also directs HUD to provide funding for technical assistance to promote the formation and development of resident management entities. According to Section 20(f):

The Secretary shall provide financial assistance to resident management corporations or resident councils that obtain, by contract or otherwise, technical assistance for the development of resident management entities, including the

[1] By 1992, a total of 289 resident organizations received TAG grants.

formation of such entities, the development of the management capability of newly formed or existing entities, the identification of the social support needs of residents of public housing projects, and the securing of such support.

Section 20 also outlines a number of key program requirements. First, RMCs must be established through a democratically-elected resident organization or through a vote in which all residents can participate. Second, RMCs must select a public housing management specialist (HMS) to help determine the feasibility of resident management and to provide training. Third, RMCs and their officers must obtain fidelity bonding and insurance. Fourth, RMCs must have contractual agreements with PHAs and must operate under the same collective bargaining restrictions that apply to other contractors to PHAs. Fifth, RMCs must submit audited annual financial statements to HUD. And sixth, the legislation places a $100,000 ceiling on the amount of HUD technical assistance funds groups can receive.

A second and related part of the 1987 amendments (Section 21) lays out the basis for selling public housing units to residents. This law requires that resident groups interested in such homeownership conversion first form an RMC to demonstrate an ability to manage their development effectively. Several of the emerging RMCs examined in this report are considering pursuing the homeownership option provided for in the law.

B. Office of Resident Initiatives

In June of 1989, HUD established an Office of Resident Initiatives (ORI) within the Office of Public and Indian Housing (PIH). ORI has four divisions responsible for priority initiatives in the areas of resident management, homeownership, drug free neighborhoods, and economic development and supportive services.

To provide ongoing support for RMCs, PIH established a system of Resident Initiatives Coordinators (RICs) through the Public Housing Division in local HUD Field Offices. RICs and/or other HUD PIH field staff manage ORI's grant programs, support resident initiatives within the existing regional and field office structure, and help coordinate efforts and resources to enhance resident initiatives. The roles RICs play include disseminating information, communicating department policy, developing resource information, identifying resident initiative opportunities, facilitating cooperation between PHAs and resident groups, coordinating federal and state resources, and overseeing resident initiatives grant programs including resident management.

1.2 OVERVIEW OF THE STUDY

This study examines the progress of 80 resident management organizations -- termed *emerging* RMCs -- that received Technical Assistance Grant (TAG) funding (or the CIAP equivalent) between 1988 and 1990. These groups are termed emerging RMCs because they had not become involved in managing their developments prior to entering the program. (The more experienced groups in the TAG program are the subject of another report, Evaluation of Resident Management in Public Housing, U.S. Department of Housing and Urban Development, December 1992.)

A. Data Collection

To meet the objectives of the study, the research team relied on four principal data sources:

- HUD data
- A mail survey of all emerging RMCs
- A mail survey of all PHAs with emerging RMCs, and
- Site visits to a sample of 15 emerging RMCs.

Appendix A lists the 15 sites visited by the research team and describes the methodology used to select this sample. The site visits combined with survey and HUD data allowed the team to describe the progress and experiences of emerging RMCs using both quantitative and qualitative methods.

The data collection effort began in June, 1992 with mail surveys to all 80 emerging RMCs and their PHAs (there are a total of 53 PHAs, since a number of the 80 emerging RMCs are in the same PHAs). The surveys were designed to collect basic information about the progress the emerging RMCs had made and their plans for the future. Telephone follow-ups were made to encourage respondents to return their surveys. Interview staff also attempted to collect the data by telephone for those that did not return written surveys. In total, 61 emerging RMCs returned completed surveys for a return rate on the RMC survey of 76 percent. PHAs returned 73 completed surveys for a return rate of 91 percent (a number of PHAs had to complete more than one survey, since certain questions were specific to each emerging RMC in the PHA).

Between October and November of 1992, staff of ICF Incorporated and its subcontractor, OKM Associates, visited 15 sites representing emerging RMCs at various stages of development. The purpose of these visits was to conduct administrative interviews with RMC and PHA representatives at each site and to assess RMC progress firsthand.

Finally, data were provided by HUD on TAG grant awards and expenditures as of December 31, 1991. These data were merged with both RMC and PHA survey data for purposes of analysis.

B. Summary

The remainder of this report presents the findings of the study. Chapter 2 provides basic descriptive information on RMCs, PHAs, and property conditions. Chapter 3 discusses the administration of the program and the expenditure of TAG funds. Chapter 4 begins the assessment of RMC progress by examining the initial organizing and training stages of an emerging RMC's development. Chapter 5 focuses on the involvement of emerging RMCs in management activities and factors that impact this involvement.

CHAPTER 2

EMERGING RMCs, PHAS AND PROPERTIES

Before assessing the progress that emerging RMCs have made toward resident management, it is important to understand the diverse contexts in which they operate. Some emerging RMCs have existed as resident councils for many years, while others have formed just recently. A number are located in relatively safe neighborhoods, while others face serious neighborhood problems. Some are in developments that are in relatively good condition, while others are in developments that require significant repair. This chapter describes these emerging RMCs, their PHAs, and the properties in which they operate.

2.1 EMERGING RMCs

The emergence of groups pursuing resident management has not been strictly limited to a few geographic areas. Each of HUD's 10 regions has observed some resident organization activity, but the midwest and middle atlantic areas have been particularly heavy in such efforts. The geographic distribution of these groups is presented in Exhibit 2-1.

Exhibit 2-1

DISTRIBUTION OF EMERGING RMCs BY HUD REGION: 1988-1990[a]

	Number	Percent
Region V (Chicago)	18	23%
Region IV (Atlanta)	16	20%
Region III (Philadelphia)	15	19%
Region IX (San Francisco)	8	10%
Region II (New York)	5	6%
Region VII (Kansas City, KS)	5	6%
Region I (Boston)	4	5%
Region VI (Fort Worth)	4	5%
Region X (Seattle)	4	5%
Region VIII (Denver)	1	1%
	80	100%

Source: HUD Data.

[a] Excludes 10 mature RMCs that were 1988-1990 grant recipients.

The resident groups examined in this study include both resident management corporations (RMCs), which are incorporated entities created especially to manage public housing, and resident councils (RCs), some of which are formally incorporated and some of which are not. Exhibit 2-2 shows the current organizational characteristics of the groups in this study and the extent of their experience working with residents. Approximately 70 percent of the groups are incorporated as RMCs, while resident councils represent the remaining sites.

Exhibit 2-2

CHARACTERISTICS OF EMERGING RMCS

Current Organizational Type	
Resident Councils	29%
Resident Management Corporations	71%
	100%
Current Organizational Structure	
Site-Based Organizations	85%
Umbrella Organizations	15%
	100%
Years of Resident Organization Experience as of 1992	
Under 2 years	15%
3-4 years	21%
5-9 years	17%
10+ years	47%
	100%
Pre-Program Experience	
Formed RMC prior to TAG grant agreement	38%
Did not form RMC prior to TAG grant agreement	62%
	100%

Source: RMC Survey.

In most cases, the emerging RMC organizations were formed to represent residents at a single public housing development. However, although 85 percent of the groups are site-specific organizations, 15 percent of the emerging RMCs were established to represent residents from a number of developments. These organizations will be referred to as *umbrella organizations* throughout the remainder of this report.

Many of the groups have a long history of working with residents. As Exhibit 2-2 shows, nearly half of the emerging RMCs have been active for more than 10 years with a few having histories as long as 25 years. Only 15 percent of the groups have less than two years of resident organizing experience. Over one-third of emerging RMCs surveyed established themselves as fully incorporated RMCs prior to the execution of their TAG grant agreement. As later chapters demonstrate, this indicator of pre-program experience is significantly related to the progress of emerging RMCs toward the goal of resident management.

2.2 PHAS WITH EMERGING RMCS

Resident groups do not develop in isolation. Each organization exists within the context of a PHA, the characteristics of which have important implications for the progress of emerging RMCs. Exhibit 2-3 provides information about the PHAs in which emerging RMCs are located.

Exhibit 2-3

PHAS WITH EMERGING RMCS

Distribution of Emerging RMCs by Number of RMCs Within the PHA	
One Emerging RMC in PHA	53%
Two Emerging RMC in PHA	13%
Three Emerging RMCs in PHA	11%
Four or More Emerging RMCs in PHA	23%
	100%
Distribution of Emerging RMCs by Size of PHA	
Small (0-499 units)	12%
Medium 500-1,250 units)	19%
Large (1,251-6,500 units)	39%
Very large (more than 6,501+ units)	30%
	100%
Distribution of Emerging RMCs by Troubled/Non-Troubled Status of PHA	
Troubled	34%
Non-Troubled	66%
	100%

Source: PHA Survey.

As shown in the chart, about half of survey respondents are the only RMC in their PHA. The others are located in PHAs with two or more emerging RMCs. In fact, nearly a quarter of the emerging RMCs were located in PHAs that had four or more emerging groups. The advantages of multiple resident management initiatives in one PHA are exemplified by the Chicago Housing Authority (CHA), which works with six emerging RMCs and one mature RMC. This concentrated amount of resident activity has allowed the CHA to devote resources to the development of systems that meet the training and support needs of the resident groups, and thereby encourage additional resident activity.

Two-thirds of the emerging RMCs are found in large or very large PHAs. One-third of emerging RMCs are located in troubled PHAs.[1] As later chapters reveal, both the size of the PHA and whether it is troubled or not appear to significantly affect the progress of emerging RMCs. In part, both factors represent indicators of the capacity and performance of the PHA.

In addition to the PHA, resident groups can enhance their skills and augment their resources by establishing partnerships with outside organizations that are willing to work with the residents, offer resources, or provide expertise. As Exhibit 2-4 reveals, nearly all of the

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[1] Prior to the Public Housing Management Assessment Program (PHMAP) in January, 1992, HUD designated PHAs as troubled on the basis of their performance on seven performance standards. Normally, a PHA failing a majority of the seven performance standards was designated as troubled.

groups report having formed partnerships with one or more community organizations or local government agencies. The most frequent partnerships formed are with police departments, churches, and educational institutions. These connections are not surprising, given the important role of churches in many neighborhoods, the concern expressed by many resident groups over crime and drug problems, and the focus on training under the program.

Exhibit 2-4

PARTNERSHIPS WITH OUTSIDE ORGANIZATIONS

Community Partners	Percent of RMCs
Police Department	75
Churches	66
Colleges and Universities	54
School System	53
Department of Health (U.S. or local)	53
Banks	49
Foundations	43
Urban League	31
United Way	30
Department of Labor (U.S. or local)	20
None	8

Source: RMC Survey.

2.3 PROPERTIES

As noted in the beginning of this chapter, most emerging RMCs represent residents from a single site. These site-based groups, in addition to umbrella organizations that have chosen a particular property to manage in the near future, have provided information about the properties and neighborhoods in which they operate. This section describes these properties, their modernization needs, and their occupancy problems. Importantly, the conditions of the properties targeted for resident management can help account for the willingness and ability of emerging RMCs to begin resident management.

As Exhibit 2-5 shows, over 80 percent of emerging RMCs are located in low-rise or townhouse developments. Only seven percent are located exclusively in high-rise developments, and ten percent are in mixed high-rise and low-rise developments. Only one development consists of single family units.

The vast majority of RMC developments have relatively few elderly units, suggesting that resident management is primarily a family housing program. However, it should be noted that elderly residents are often among the most involved members of resident organizations and are frequently found in leadership roles despite the fact that they constitute a relatively small percentage of the total residential population.

Exhibit 2-5

DESCRIPTION OF SITE-BASED GRANTEE PROPERTIES

Distribution of Emerging RMCs by Building Type	
High Rise	7%
Mixed High and Low Rise	10%
Low Rise and Townhouse	82%
Single Family	1%
	100%
Distribution of Emerging RMCs by Percent Elderly Units	
0-5%	71%
6-10%	5%
11-20%	11%
20%+	13%
	100%
Distribution of Emerging RMCs by Size of Development	
0-200 units	33%
201-400 units	31%
401-600 units	14%
601-800 units	11%
801+ units	11%
	100%
Distribution of Emerging RMCs by Age of Development	
1937-1950	39%
1951-1970	50%
1971-1992	11%
	100%

Source: PHA Survey.

The developments in which emerging RMCs have formed tend to be relatively large. As shown in Exhibit 2-5, two-thirds of these developments have 200 or more units. Reflecting the public housing stock as a whole, RMC developments also tend to be relatively old. Only 11 percent of the properties are less than 20 years old. Half were built in the 1950s and 60s, and another 39 percent were constructed before 1950. The age of these properties suggests that many may be in need of modernization.

Indeed, as shown in Exhibit 2-6, almost two-thirds of the RMC developments had a need for major or substantial rehabilitation, according to PHA assessments. Roughly 30 percent of the RMC developments require only minor rehabilitation work. Only 7 percent were reported to need no modernization work.

For the emerging RMC developments, vacancy rates are generally low, as demonstrated in Exhibit 2-6. However, while more than half of the developments reported rates of less than five percent, just over one-quarter of these sites have vacancy rates in excess of 20 percent. In addition, a number of other occupancy issues were prevalent at these developments. As shown in Exhibit 2-6, drug activity was cited as a serious problem by 83 percent of the resident groups. This concern probably explains the high percentage of groups that have formed partnerships with their local police departments.

Exhibit 2-6

MODERNIZATION NEEDS AND OCCUPANCY PROBLEMS

Distribution of Emerging RMCs by Modernization Need (PHA Survey)	
No Modernization Need	7%
Minor Modernization Need	31%
Major Modernization Need	48%
Substantial Rehabilitation Need	14%
	100%
Distribution of Emerging RMCs by Vacancy Rates (PHA Survey)	
Less than 5%	54%
5-9%	12%
10-19%	8%
20%+	26%
	100%
Percent of Emerging RMCs Considering Selected Occupancy Issues a Major or Moderate Problem	
Drug Activity	83%
Difficulty Evicting Tenants	70%
Abuse of Development Property	61%
Rent Delinquency	59%
Non-Drug Related Crime	55%

Source: RMC Survey and PHA Survey.

2.4 NEIGHBORHOOD CONDITIONS

The quality of housing depends a great deal upon the neighborhood in which it is located. Public housing is no exception. Moreover, neighborhood conditions can affect the ability and willingness of an emerging RMC to assume management responsibilities.

Exhibit 2-7 presents information about the views of emerging RMCs regarding neighborhood conditions and crime problems. It looks at the overall neighborhood, as well as respondents' assessments of the seriousness of a range of issues confronting public housing residents.

Asked to rate the neighborhood's overall quality in terms of safety, stability, condition of housing, and convenience, the vast majority of RMCs (74 percent) ranked their neighborhoods as somewhat or very good. However, 26 percent gave their location a negative rating. Likewise, while about half of the resident groups believed that their neighborhoods were improving, about one quarter reported that their neighborhoods were on the decline.

In addition to these overall ratings of the emerging RMC neighborhoods, respondents rated particular factors as major or moderate neighborhood problems. Over three quarters considered loitering a problem for the neighborhood, and over half viewed street litter and vacant and deteriorated structures as problems. Vacant or littered lots were rated as a

Exhibit 2-7

NEIGHBORHOOD CHARACTERISTICS

	Percent of RMCs
Neighborhood Rating	
Very Good	12%
Somewhat Good	62%
Somewhat Bad	19%
Very Bad	7%
	100%
Projected Neighborhood Change	
Improving	50%
Stable	27%
Deteriorating	23%
	100%
Rate Selected Issues as Major or Moderate Problems in Their Neighborhoods:	
Loitering	78%
Street Litter	58%
Vacant or Deteriorated Structures	54%
Vacant or Littered Lots	38%
Rate Selected Crimes as Major or Moderate Neighborhood Problems:	
Drug Dealing	85%
Other Neighborhood Crime	80%
Vandalism	50%

Source: RMC Survey.

problem by 38 percent of emerging RMCs. A substantial number also reported several types of crime as serious problems. Neighborhood drug dealing was reported to be a major or moderate problem by 85 percent of the emerging RMCs and non-drug related crimes by 80 percent. A smaller proportion (50 percent) of respondents rated vandalism a problem.

In sum, the varied characteristics of RMCs, PHAs and properties in the program demonstrate that resident management is being tried in differing circumstances. These circumstances, as discussed in the remaining chapters, have important implications for the progress of emerging RMCs toward the goal of resident management.

CHAPTER 3

TECHNICAL ASSISTANCE FUNDING

HUD began offering technical assistance grants (TAGs) to resident groups in 1988. This chapter discusses the administration of these grants during Fiscal Years 1988-1990,[1] reviews TAG awards made to emerging RMCs during this period, and examines the expenditure of funds by TAG recipients.

3.1 TAG FUNDING FOR EMERGING RMCs

The emerging RMCs examined in this study received up to $100,000 in TAG funds from HUD.[2] Groups that received individual grants of less than $100,000 were allowed to apply for additional funding in subsequent years as long as the total amount of all TAG awards did not exceed the $100,000 ceiling established by legislation. Grantees have up to two years from the execution of the TAG agreement to spend their awards, with an automatic one year extension.

TAG funds can be used for various activities designed to build the capacity of RMCs for resident management, ranging from initial organizing and planning efforts to property management and homeownership training and economic development. However, since the law restricts the funds to technical assistance, not all activities are eligible. Functions related to the day-to-day operation of a development, as well as activities not directly related to building a group's capacity to become involved in resident management or empowerment initiatives, cannot be supported with TAG funds. Eligible and ineligible uses of TAG funds are summarized in Exhibit 3-1.

1988 grants were given out through the Comprehensive Improvement Assistance Program (CIAP), using the local PHA as a financial intermediary for the RMC. However, in 1989, HUD's Office of General Counsel (OGC) determined that the law required direct grants to resident groups. As a result, HUD developed the Technical Assistance Grant (TAG) Program. Since 1989, all grants have been awarded directly to resident organizations.

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[1] Because most 1991 grantees would have just received their funds at the time data collection activities for the study were being undertaken, these recipients were not included in this analysis.

[2] Mini-grants up to $40,000 were added to the TAG Program in 1991, which provided funds for less experienced groups to explore the feasibility of pursuing resident management. Mini-grant awards count toward the $100,000 TAG ceiling. Because mini-grants were not awarded until 1991, they are beyond the scope of this evaluation.

Exhibit 3-1

ELIGIBLE AND INELIGIBLE USES OF TAG FUNDS

Eligible Activities	Ineligible Activities
• Feasibility study; • Develop surveys to identify resident needs and concerns; • Organize residents; • Visit other RMC sites to learn how they work; • Educate residents about public housing laws and requirements; • Incorporate as an RMC; • Establish financial accounting procedures and system; • Develop partnerships with the PHA and other local community agencies; • Bring in consultants to provide training and technical assistance; • Plan economic development projects; and • Purchase office supplies and equipment.	• Payment of salaries for routine project operations; • Entertainment; • Purchase of land or a building, or any improvement to land or buildings; • Activities not directly related to resident management; • Purchase of any vehicles or any property having a useful life of more than one year and an acquisition cost of $300 or more per item; • Architectural and engineering fees; and • Payment of fees for lobbying.

TAG awards[3] are administered through HUD Field Office staff known as Resident Initiatives Coordinators, or RICs. The RICs serve as HUD's primary contact with resident groups who receive funding, communicating program requirements to residents and administering the TAG awards.

A. TAG Awards

TAG funds were awarded through a competitive process. Each year HUD announced the amount of TAG funds available and interested resident groups submitted applications for funding consideration. Over 97 percent of the $7.4 million in program funds available to resident groups between 1988 and 1990 was awarded.

[3] Throughout the remainder of this report grants through the TAG Program and CIAP funding in support of resident management both will be referred to as TAG awards.

Exhibit 3-2 shows the funding available and the amount of funds awarded for each of the three grant years examined.[4] The funds available during each of the grant years was nearly constant, with a slight reduction in 1990. The proportion of available funds actually awarded, however, increased during the three years examined. In 1988, 94 percent of available funds were awarded to resident organizations. The proportion of funds awarded rose to 98 percent in 1989 and, in 1990, all available TAG funds were awarded.

Exhibit 3-2

TAG FUNDING BY GRANT YEAR

Fiscal Year	Funds Available	Funds Awarded
1988	2.5 million	2.35 million
1989	2.5 million	2.45 million
1990	2.4 million	2.4 million
Total	7.4 million	7.2 million

Source: HUD Data

To make funding decisions, HUD reviewed the applications submitted each year and rated them according to a set of evaluation factors. The key factors include:

- Effectiveness of the proposed activities in accomplishing an applicant's objectives for resident management;
- Applicant's experience in resident organizing;
- Evidence of resident support;
- Level of support from PHA, local government entities, community groups, and private organizations; and
- Capability of applicant to financially manage the grant.

TAG funds were awarded to both emerging RMCs (which are the subject of this report) and mature RMCs (which are the subject of an earlier report). Exhibit 3-3 shows the distribution of TAG awards by type of RMC for each grant year. Eighty (80) emerging RMCs received 86 awards totaling nearly $6.2 million, or 86 percent of the $7.2 million in TAG funds

[4] Although this evaluation was not able to analyze 1991 grants, it is important to note that the funds available for TAG awards doubled to $5 million in 1991.

awarded between 1988 and 1990. Ten mature RMCs received 11 awards amounting to just over $1 million, or 14 percent of the total given out during this period.

Exhibit 3-3

GRANT AWARDS BY TYPE OF RESIDENT GROUP

	EMERGING RMCs			MATURE RMCs		
Grant Year	**No. of Awards**	**Amount of Grant Funds**	**Average Grant**	**No. of Awards**	**Amount of Grant Funds**	**Average Grant**
1988	20	1.65 million	$82,267	7	.70 million	$100,000
1989	30	2.14 million	$71,287	3	.31 million	$77,875
1990	36	2.39 million	$66,440	1	.01 million	$12,100
All Years	86	6.19 million	$71,977	11	1.02 million	$85,300

Source: HUD Data.

Although emerging RMCs received a larger share of the funds awarded each year, mature RMCs received larger grants on average. Mature RMCs received an average grant of over $85,000, compared to about $72,000 for emerging RMCs. In fact, the 1990 grant of $12,000 to a mature RMC was a second year award that brought the site's total to roughly $90,000.

The remainder of this analysis focuses on the TAG funding received by emerging RMCs. As noted above, the number of TAG awards does not reflect the number of sites receiving funds since grantees can receive more than one award. Exhibit 3-4 shows the number of first-time grants to emerging RMCs, as well as the number of additional awards between 1988 and 1990. During the three-year period, six sites received second grants, one in FY89 and five in FY90. As a result, the number of grantees (80) is slightly smaller than the number of awards given out (86).

B. Size of Grant Awards

TAG awards to emerging RMCs ranged in size from $15,000 to $100,000, as Exhibit 3-5 shows. It is important to note that relatively few small grants were awarded under the program. Over 80 percent of TAG awards to emerging RMCs were $50,000 or larger, and one out of five received the maximum ceiling grant of $100,000.

Exhibit 3-4

NUMBER OF FIRST-TIME GRANTEES BY GRANT YEAR

Grant Year	No. of First-Time Grantees	Additional Awards	Total
1988	20	0	20
1989	29	1	30
1990	31	5	36
All Years	80	6	86

Source: HUD Data

Exhibit 3-5

TAG AWARDS BY SIZE OF GRANT

Grant Year	SIZE OF TAG AWARD				
	$100,000	$75,000 to $99,999	$50,000 to $74,999	$0 to $49,999	Average Grant
1988	55%	20%	10%	15%	$82,367
1989	7%	40%	40%	13%	$71,287
1990	11%	36%	28%	25%	$66,640
All Years	20%	33%	28%	19%	$71,977

Source: HUD Data. N = 86.

In general, there appears to be some relationship between the size of the grant and an emerging RMC's experience in resident organizing. As shown in Exhibit 3-6, grantees receiving a maximum $100,000 award tended to be significantly older (about 4 years older) than other grantees. However, there were no significant differences in experience for other categories of grant size. It is important to note that most grantees (75 percent) had been active for at least three years at the time they applied for funding.

Exhibit 3-6

EXPERIENCE BY GRANT SIZE

	SIZE OF TAG AWARD			
Grantees	$100,000	$75,000 to $99,999	$50,000 to $74,999	$0 to $49,999
Average Years of Experience	6.4**	2.6	1.4	2.6

Source: RMC Survey and HUD Data. N = 64

** Statistically significant at the 95% confidence level.

Because resident organizations can receive more than one grant, it is important to look at the total amount of all TAG funds awarded to emerging RMCs under the program. Exhibit 3-7 shows the distribution of grantees by the total amount of TAG funds received between 1988 and 1990. When additional awards are considered, 90 percent of the emerging RMCs received at least $50,000 in TAG funds and nearly two-thirds received $75,000 or more. Thus, there is not a great deal of variation in the total amount of TAG funds awarded to emerging RMCs.

3.2 EXECUTION OF TAG AGREEMENTS

Emerging RMCs could not receive their grant funds until they executed a TAG Agreement with HUD. As shown in Exhibit 3-8, the time required to sign a TAG Agreement varied during each funding round, with 1988 grantees gaining access to their funds much earlier than those in later years. On average, 1988 grantees signed their TAG Agreements five months after the end of the fiscal year. In contrast, 1989 grantees signed their TAG Agreements an average of 11 months after the end of the fiscal year. In 1990, the average delay dropped to eight months, which nevertheless exceeded the time for 1988 grantees.

Exhibit 3-7

DISTRIBUTION OF GRANTEES BY TOTAL TAG FUNDS RECEIVED

Total TAG Funds Received	Number of Grantees	Percent
$100,000	18	22%
$75,000 to $99,999	31	39%
$50,000 to $74,999	23	29%
$25,000 to $49,999	7	9%
$0 to $24,999	1	1%
Total	80	100%

Source: HUD Data

Exhibit 3-8

TIME ELAPSED TO EXECUTE TAG AGREEMENTS

Grantees	TIME TO EXECUTE TAG AGREEMENTS[a]						Average Delay (months)[a]
	< 1 month	1-3 months	4 to 6 months	7 to 9 months	10 to 12 months	> 12 months	
1988	15%	0%	62%	23%	0%	0%	5
1989	0%	4%	7%	52%	7%	30%	11
1990	3%	0%	13%	66%	9%	9%	8
All Years	4%	1%	20%	53%	7%	15%	9

Source: HUD Data. N = 72

[a] Number of months after the end of the fiscal year for that period.

Before TAG Agreements could be executed, emerging RMCs had to obtain HUD approval of their work plans describing how they would carry out the activities proposed in their applications. During the study's field visits, resident leaders and RICs reported that the time needed to prepare acceptable work plans accounted for much of the delay in executing TAG Agreements. The timeliness and accuracy of work plan submissions by grantees, as well as the time required for HUD to review the plans, all contributed to these delays.

One factor that contributed to the shorter time needed to execute funding agreements in 1988 was the use of CIAP as the funding vehicle. Because funding agreements through CIAP were executed with the PHA on behalf of the emerging RMC, PHA staff helped resident groups prepare work plans and other required materials. In addition, while some provisions for receiving funds for resident management differed from those for other types of CIAP funding, many procedures were the same and therefore familiar to PHAs.

In 1989, when HUD established the TAG Program and started awarding funds directly to resident organizations, both grantees and HUD staff were faced with a new set of requirements and procedures. RICs reported that the time required to become familiar with these requirements was a key factor in the delays experienced by 1989 grantees. Resident leaders at sites that received 1989 awards expressed frustration at having to revise work plans several times because of ineligible items and lack of specific tasks related to training for resident management. The shorter time required to execute TAG Agreements in 1990 suggests that these initial implementation difficulties are being resolved.

The decentralization of HUD's handling of TAG Agreements in 1990 may also have contributed to the decrease in execution time in 1990. During the 1988 and 1989 funding rounds, work plans and TAG Agreements were processed at HUD Headquarters. In 1990, as part of an effort to streamline TAG processing, HUD shifted responsibility for reviewing work plans and executing grant agreements to its Regional Offices. RICs reported that this more decentralized system has enabled them to respond to grantees more quickly.

Interviews with resident leaders suggest that the quality of technical assistance provided by their RICs may also have affected how quickly TAG Agreements were executed. Two former RICs commented that many RICs were overburdened with the new responsibility of working with emerging RMCs during the initial rounds of funding. They also commented that, especially at first, they found it hard to obtain clear guidance from Headquarters about program requirements and procedures. These factors may account for some of the delays experienced in executing TAG Agreements.

3.3 EXPENDITURES OF TAG FUNDS

The progress of emerging RMCs in spending their TAG awards represents an important indicator of progress toward resident management. If emerging RMCs experience obstacles in spending their funds, they may not be receiving the training and technical assistance needed to build their capacity for resident management. If the difficulties result in extended delays, emerging RMCs may not be able to spend their full award before the end of the grant period, thus risking the loss of their remaining funds.

Exhibit 3-9 shows the proportion of TAG funds spent by emerging RMCs for each grant year. As of December 1991 (the latest date for which consistent data were available),[5] sites receiving 1988 grants had spent two-thirds of their funds. 1989 recipients had used about one-fourth of their available funds, while 1990 recipients had expended less than 10 percent.

Exhibit 3-9

SHARE OF TAG FUNDS EXPENDED BY GRANT YEAR

Grant Year	Portion of Funds Spent[a]
1988	67%
1989	22%
1990	7%

Source: HUD Data. N = 80

[a] Based on the amount of funds expended by December 31, 1991.

To understand the progress of emerging RMCs have made in spending their award, it is important to take into account the length of time that resident groups have had access to their funds. The fact that 1988 grantees have spent a larger proportion of their funds is not surprising, since they received their monies at an earlier date. In addition, as discussed in Section 3.2, the amount of time required to execute a TAG agreement varied widely, both within and across grant years.

Exhibit 3-10 shows the relationship between the number of months under contract and the proportion of funds expended. At the end of 1991, only 16 percent of the sites had had access to their funds for more than two years; these sites had spent about 57 percent of their total grant amount. In contrast, 47 percent of the sites had received their funds less than one year before, and had expended less than 10 percent of their available monies. (Another 6 percent of the sites had not yet executed a TAG Agreement and, hence, had not gained access to their funds.)

A closer look at the sites that have had access to their funds for more than two years – all but one of which was a 1988 grant recipient – reveals two distinct subgroups. Nearly 60 percent of the sites had expended more than two-thirds of their funds as of December, 1991, with an average expenditure rate of 89 percent. However, the remaining sites – which

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[5] To establish a consistent cutoff date for grantee expenditures, the study's survey of emerging RMCs asked respondents to report grant expenditures through December 31, 1991. This cutoff was selected to assure that all sites could reliably provide information on expenditures through this date.

Exhibit 3-10

EMERGING RMC TAG EXPENDITURES BY LENGTH OF TIME SINCE FUNDS RECEIVED

Months Since TAG Agreement Signed[a]	Percent of Grantees	Proportion of Grant Funds Expended[b]
Not Signed	6%	0%
Less than 6 months	9%	1%
6 to 12 months	38%	10%
12 to 18 months	9%	25%
18 to 24 months	22%	37%
24+ months	16%	57%

Source: HUD Data. N = 68

[a] Number of months between the December 1991 expenditure cutoff and the date grantee TAG Agreements were signed.

[b] Based on the amount of grant funds expended as of December 1991.

included five RMCs located in two PHAs – had expended less than 10 percent of their funds. Three of these sites were located in a medium-sized PHA, and had experienced a number of initial difficulties resulting from high personnel turnover at the RMCs, the PHA, and the local HUD office, as well as a weak response to their initial search for a housing management specialist. HUD has subsequently granted extensions for two of these RMCs, while the third withdrew from the program. The two remaining sites with a low-expenditure rate are located in a large troubled PHA.

3.4 USES OF TAG FUNDS

To understand the progress of emerging RMCs, it is important not only to look at how much they have spent but also the activities they have funded with their awards. This section examines the use of TAG funds by comparing activities proposed in grantee applications with the actual uses of funds reported by emerging RMCs.

In preparing their TAG applications, emerging RMCs proposed a wide range of activities they would support with their TAG funds. Emerging RMCs varied in the number of activities they proposed, with some planning to undertake three or four activities and others with ambitious designs to implement as many as 12 activities with the help of their award.

Exhibit 3-11 depicts the frequency with which various grant activities were proposed in the grant applications submitted by emerging RMCs. The most common activities included training, economic development planning, and feasibility assessments. Those mentioned least often included community organizing, travel to conferences and other RMCs, and supplies and equipment.

Exhibit 3-11

MAJOR ACTIVITIES PROPOSED IN GRANTEE APPLICATIONS

	MAJOR ACTIVITIES	FREQUENCY
1.	Training	80%
2.	Economic Development Planning	64%
3.	Feasibility Assessment	49%
4.	Incorporation	40%
5.	Staff Salaries[a]	36%
6.	Financial Management Systems	35%
7.	Management Planning	26%
8.	Supplies and Equipment	26%
9.	Travel to Other RMCs & Conferences	15%
10.	Community Organizing Activities	9%

[a] While TAG funds cannot be used to support the salaries of property management staff, they can be used to pay certain types of personnel, such as grants coordinators or resident services coordinators.

Source: TAG Applications. N = 80

To examine how emerging RMCs have actually used their grants, information on the activities supported with TAG funds was gathered during the on-site visits.[6] Sites that had used at least some of their funds were asked to indicate the major activities supported with these monies. Most were unable to identify the exact amount of TAG funds spent on a particular activity, but some offered rough estimates. While this information does not permit a complete analysis of the use of funds among all groups, it does provide an initial indication of the key activities TAG funds have supported.

As expected, the activities most frequently proposed by emerging RMCs also turned out to be important uses of grant funds. Among the emerging RMCs visited, resident leaders at sites that had started spending their grants all identified training as the key activity they were supporting with their TAG funds. While some training is required as a condition of receiving a grant, resident leaders see training as potentially the most important activity because it is the primary way to build the capacity of their organization. Although most sites

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[6] Reliable systematic data on the actual use of TAG funds was not available. While the quarterly reports from grantees represented a possible data source, the expenditure categories were too general to permit detailed analysis.

were unable to identify the specific proportion of their TAG monies that would be used for training,[7] two sites projected that 75 to 80 percent of their funds would go to training.

Resident leaders' comments also emphasized the importance of feasibility assessments. For many resident groups, the idea of resident management was quite new. Conducting a feasibility assessment helped them gain an understanding of how resident management might work at their development. Resident surveys to identify the major needs within the community were often done as part of the assessment. Leaders indicated that they found the results of such assessments very helpful because often their organizations had formed in response to a single issue and they had only a limited understanding of broader resident concerns.

Helping the resident organization incorporate as an RMC was another major activity supported with TAG funds, according to RMC leaders. None of the sites visited had experience with procedures necessary to establish their group as a formal organization. Leaders reported that the assistance they received in establishing by-laws, developing proper election procedures, and preparing the necessary documents allowed them to move more quickly than would have been possible otherwise and helped them to avoid potentially costly mistakes.

Travel to resident management workshops and to other RMCs was rated as an important use of funds by more than half of the emerging RMCs visited but was proposed in only a small share of TAG applications. Resident leaders commented that attending resident management conferences was important because it enabled them to learn what leaders at other sites were doing and to gather suggestions about ways to address common problems facing emerging RMCs. The conferences also turned out to be a good place to talk to HUD staff and get answers to their questions about the TAG Program. They also reported that trips to other RMCs helped give them new ideas about how to more effectively organize residents at their developments.

Community organizing activities, such as special events for residents or establishing block captains, were not mentioned as an important use of TAG funds by resident leaders, largely because these types of activities can be organized without special funding. The leaders indicated that if money or certain items are needed for these activities, they could generally raise them from the community. While emerging RMCs tended not to use TAG funds for organizing activities, many sites sought training in organizing efforts. These activities will be discussed further in Chapter 4.

One frequently proposed activity that was not mentioned by emerging RMCs as a major use of TAG funds was economic development planning. Most of the emerging RMCs

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[7] Resident leaders indicated that is was quite difficult to report the specific amount or proportion of TAG funds used for training or other activities because a number of services were obtained from a single provider. For example, the housing management specialist for a site may have helped conduct the feasibility assessment, provided training, and assisted with incorporation process. Determining the portion of their payments to the HMS attributable to the different activity would not only have been very difficult, but also quite time consuming.

visited by the research team indicated that economic development was an important priority for them. However, those that had used most or all of their funds reported that they needed to use a significant share of the grant to obtain the training and technical assistance necessary to establish their organization and strengthen their community organizing efforts. These emerging RMCs indicated that there were not enough funds left to support training and planning for economic development activities. However, nearly all indicated that they plan to look for other sources of funds to help them initiate economic development projects.

CHAPTER 4

ORGANIZING AND MANAGEMENT TRAINING

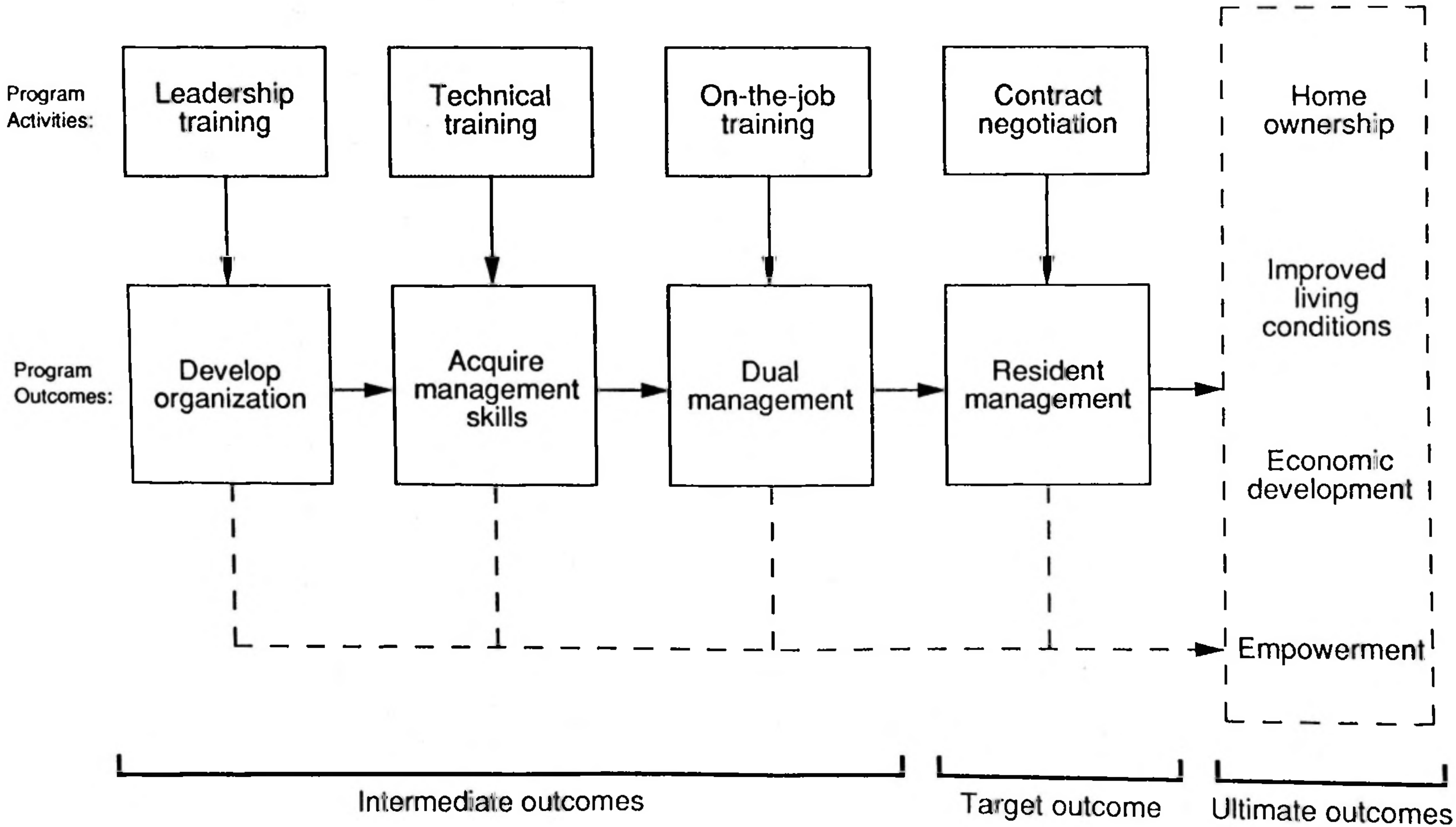
This chapter discusses the two key intermediate outcomes of the resident management program: organizing and management training. These outcomes are termed intermediate because they constitute steps on a continuum of outcomes leading from initial organizing to full resident management. Nevertheless, these outcomes should be considered in their own right for at least two reasons. First, organizing and management training are necessary (though not always sufficient) for an RMC to begin managing public housing. Second, a significant proportion (approximately two-thirds) of the RMCs observed in this study remain focused at this intermediate stage and have yet to actually become involved in any management activities. While the reasons why more RMCs are not involved in management activities are discussed in the following chapter, an important part of this explanation can be found in the issues associated with organizing and management training.

4.1 KEY STEPS IN THE RESIDENT MANAGEMENT PROGRAM

Once their work plans have been approved, there is a generally understood series of steps that emerging RMCs must take to implement resident management. In part, this common path, or **outcome line**, reflects the vision of RMC development presented in HUD training and promotional materials. But it also reflects the real experiences of many established and emerging RMCs across the nation. While this outcome line represents an admittedly idealized process, it creates a benchmark for evaluating not only the ultimate objective of resident management but important intermediate objectives as well. It also helps explain divergences from this common path and why some RMCs seem content with realizing certain intermediate outcomes in place of the principal outcome (resident management).

The outcome line, shown in Exhibit 4-1, begins with an organizing stage, in which residents become motivated, build participation and develop leadership skills. It is also during this stage that the resident group becomes formally incorporated. The next stage involves financial and management training. In this stage, members of the board of directors of the RMC and residents selected for management jobs receive training in public housing management, property maintenance, and financial management. Once staff members are trained, the RMC can begin assuming management responsibilities. In almost all cases this step involves dual management, an arrangement in which the RMC divides or shares management responsibilities with the PHA. As the RMC begins to take over more and more of the duties and responsibilities associated with managing a particular development, it moves from dual management to resident management. Nevertheless, even under resident management the PHA may retain some management functions (such as administration of applications) and by law must assume ultimate responsibility for meeting local, state and federal rules and regulations. In addition, RMCs can and do sometimes settle for an outcome short of resident management for various reasons, including the fact that the RMC may have

Exhibit 4-1
Outcome Line for the Resident Management Program



other priorities (particularly economic development) and that the PHA may be doing a good job at management already.

A final set of global objectives is added to the outcome line, including homeownership, improved living conditions, economic development, and empowerment. While homeownership is technically beyond the purview of the resident management program as such, closely related HUD programs such as HOPE 1 encourage successful RMCs to take the additional step toward ownership of their developments if there is interest. Improved living conditions, economic development, and empowerment constitute important ultimate outcomes as well. The dashed lines in the diagram indicate that some of these ultimate outcomes can flow directly from earlier stages of the process.

4.2 GOALS OF PROGRAM PARTICIPANTS

Before attempting to explain the progress and performance of emerging RMCs along the outcome line, it is important to understand the goals of the PHAs and RMCs involved in the program. The diverse objectives of participants provide a basis for evaluating the program from different perspectives. In particular, there are some important differences between the objectives of the resident management program and the objectives of the emerging RMCs that are the targets of the program.

A. The Goals of Public Housing Agencies (PHAs)

Public housing agencies (PHAs) with emerging RMCs vary in the size and condition of their housing stock, their management capabilities, and their experience with and support for resident initiatives. Nevertheless, it is possible to make several generalizations about the goals they hope to realize through resident management. First, several PHA officials interviewed report that, because of HUD's recent programs and high-level support for resident management, they have a certain political incentive to support the program. But beyond bureaucratic exigencies, most PHA officials and staff interviewed report having been involved for a number of years in various social service, training, and economic development programs. In fact, a majority of the PHAs visited claimed to have begun resident participation or even resident management programs of their own prior to the federal resident management program.

It should be pointed out, however, that the 47 PHAs participating in the resident management program may not be representative of housing authorities in general. Specifically, those PHAs in the program are probably among those that are most supportive of resident management, since emerging RMCs are more likely to develop in such PHAs to begin with.

A final and perhaps the most important goal PHAs hope to accomplish through resident management is some measure of shared responsibility for problems encountered in the management of public housing. Especially for PHAs with some experience with resident initiatives, it is clear that increased resident awareness of management issues, public housing regulations, and financial constraints represents a decided advantage for PHAs. As one PHA Director explained, "it is important to get the residents to buy into the problems as well as the solutions; resident management is a means to do that... [it] is a tool, whether resident management itself succeeds or not."

B. The Goals of Emerging RMCs

RMCs, of course, hope to realize their own distinct aims through participation in the resident management program. Based on results from the survey, Exhibit 4-2 presents the stated goals for emerging RMCs as a whole. These results have a number of important implications for an understanding of the resident management program.

Exhibit 4-2

GOALS OF EMERGING RMCS

Goals In Rank Order	Percent of RMCs Ranking Goal as a High Priority
Strengthen the community	92
Create job opportunities	88
Earn money to expand programs	86
Improve security at the property	83
Provide social services to residents	81
Improve physical condition of property	68
Assume control of property management	53
Create homeownership opportunities	41

Source: RMC survey. Minimum N = 56.

To begin with, emerging RMCs have a broad range of goals. As suggested in earlier chapters, emerging RMCs constitute a diverse array of resident organizations with varying levels of experience and capacity. More importantly, RMCs represent households, developments and neighborhoods with often different social, physical and economic needs. However, within this range of objectives there are clear priorities. Importantly, resident management is a top priority for about half of the emerging RMCs. On the one hand, this fact may reflect the stage of development in which most of these organizations find themselves. On the other hand, these data -- together with comments from resident leaders interviewed for this study -- strongly suggest that many emerging RMCs place a greater emphasis on achieving community and economic development goals than on resident management as such.

These results have important implications. Namely, while the outcome line discussed earlier may represent the objectives of the resident management program and of HUD, it does not necessarily correspond to the vision emerging RMCs have of themselves. Specifically, emerging RMCs often see organizing and training either as ends in themselves or as means for pursuing ends other than resident management, particularly access to supportive services or private sector jobs. To the extent that RMCs pursue these other ends, their progress in the resident management program can be affected.

The remainder of this chapter focuses on the organizing and training stages of the resident management program.

4.3 ORGANIZATIONAL DEVELOPMENT

The organizing stage represents a necessary first step toward resident management and involves a range of activities. The residential community must be informed and motivated, leaders must be recruited and learn to work together, and an RMC must be incorporated and begin to set goals, establish procedures, and function as an organization. Such organizing can be seen as a prerequisite to assuming management responsibilities, even those of a limited extent, as survey data presented in the next section demonstrate. In terms of the outcome line, organizing represents a critical intermediate program outcome.

This section begins with an assessment of the extent to which emerging RMCs have organized themselves. It then discusses a number of important factors that appear to impact an RMC's ability to organize effectively.

A. Level of Development of Emerging RMCs

Assessing the level of development of emerging RMCs requires examination of multiple measures. The first of these are indicators of incorporation, or formal organization, which are presented in Exhibit 4-3. According to survey results, nearly all emerging RMCs have approved by-laws, 74 percent are fully incorporated, and 72 percent have held open elections monitored by a third party. Thus, it appears that a large majority of emerging RMCs have accomplished the basic organizational objective of establishing a formal and legitimate corporation. But the site visits suggest that the achievement of formal incorporation is perhaps a poor indicator of the actual organizational sophistication of an RMC. Incorporation is largely implemented by public service or PHA attorneys and involves little effort on the part of resident leaders. Elections and the drafting of by-laws, however, do require resident involvement.

Two other measures of organizational achievement reported by emerging RMCs are included in Exhibit 4-3: (1) the level of resident involvement at the site and (2) the RMCs' needs for assistance with organizing. Results show that 74 percent of emerging RMCs report that their residents are moderately or highly involved in the RMC. Resident involvement varies somewhat across grant years, with FY 1988 grantees reporting the lowest levels of involvement. These data, however, do not appear to be reliable indicators of actual involvement (this issue is discussed further on page 5-13, footnote 3).

RMCs were also asked to rate their need for assistance with organizational development and community organizing. Results indicate that 73 percent of emerging RMCs have a high need for assistance with community organizing and 67 percent have a high need for organizational development training. 1988 RMCs are somewhat less likely to report that they need assistance with organizational development.

Exhibit 4-3

INDICATORS OF STAGE OF ORGANIZATIONAL DEVELOPMENT

Indicators of organizational development	FY88	FY89	FY90	Total
Have approved by-laws	100%	100%	81%	93%
Are fully incorporated	71%	78%	72%	74%
Held open elections monitored by a third party	71%	78%	67%	72%
Have moderate to high resident involvement	59%	83%	76%	74%
Need assistance with community organizing	75%	70%	76%	73%
Need assistance with organizational development	59%	70%	71%	67%
Number of observations (N)	17	23	21	61

Source: RMC and PHA surveys.

Exhibit 4-4 shows the results of a survey question that reveals how RMCs receiving TAG funds in each of the first three program years situate themselves along a continuum corresponding to the outcome line introduced earlier in this chapter. According to these results, most RMCs are beyond the initial period of planning and feasibility assessment. (It should be noted that the term *feasibility study* in the context of emerging RMCs refers largely to a community organizing exercise in which RMC leaders conduct surveys and hold meetings to determine the needs of the community and the general level of interest in resident management.)

The largest percentage of RMCs say they are in a period of board and staff training, which corresponds for the most part to the second stage of the outcome line. However, it should be noted that it is likely that a good deal of the board training (though probably not staff training) received by these emerging RMCs focuses on community organizing and organizational development issues. Finally, one quarter of the emerging RMCs surveyed say they are engaged in dual management and another 7 percent are in full resident management.

As expected, the self-reported stage of development varies by grant year. Fifty-one percent of 1988 RMCs have entered shared or resident management. The corresponding percentage is 35 percent for 1989 RMCs and only 11 percent for 1990 RMCs. This pattern is to be expected, given the longer period of time that earlier grantees have had to reach this stage.

Exhibit 4-4

STAGE OF DEVELOPMENT OF EMERGING RMCS BY GRANT YEAR

Development Stage	FY88	FY89	FY90	Total
Conducting a feasibility study or in planning phase	25%	9%	33%	21%
Staff and board receiving training	25%	57%	56%	47%
Under dual management arrangement	38%	26%	11%	25%
Carrying out management functions independently	13%	9%	0%	7%
Number of observations (N)	16	23	18	57

Source: RMC survey.

The pre-program experience of grantees also appears to affect their current status. The establishment of a fully incorporated RMC prior to the TAG agreement provides a good indicator of those RMCs (which can be called pre-TAG RMCs) that had a head start in terms of organizational development upon entering the program. As Exhibit 4-5 demonstrates, pre-TAG RMCs are more likely (39 percent) to have progressed beyond the initial organizing and training stages than post-TAG RMCs (28 percent). However, this difference is not as pronounced as might be expected.

Exhibit 4-5

STAGE OF DEVELOPMENT BY RMC EXPERIENCE AND EXPENDITURES

Development Stage	RMC Experience	
	Pre-TAG RMCs	Post-TAG RMCs
Conducting feasibility study or in planning phase	17%	23%
Staff and board receiving training	44%	49%
Under a dual management contract	28%	23%
Carrying out management functions	11%	5%
Number of observations (N)	39	18

Source: RMC survey. Columns may not add to 1 because of rounding.

Before discussing the issue of training, however, it is important to consider more closely some of the key qualitative factors affecting the ability of emerging RMCs to organize. The site visits in particular suggest several key factors, which can be interpreted in terms of motivation, leadership and training.

B. The Motivation for Organizing

The motivation for organizing refers to the conditions or sources of inspiration that bring residents together. As theories of community organization suggest, successful organizing appears more likely when an immediate, concrete issue is present around which to mobilize community members. In the context of public housing, such rallying points often center on housing and neighborhood problems or management shortcomings. For example, in one PHA where the residents are well organized, the RMC started in response to a rapid increase in resident-paid utility bills that resulted from neglected weatherization needs. In another PHA, an RMC with exceptionally high levels of resident participation and community organization first organized around a very specific issue with broader implications: the lack of Spanish speakers on the PHA administrative staff. In a number of other locations, poor housing and maintenance conditions provided the impetus to organize.

While organizing in reaction to PHA weaknesses is common to many emerging RMCs, some have had trouble moving beyond this confrontational stance. And sustaining an antagonistic relationship with the PHA can set back an RMC in several ways. In particular, an antagonistic relationship can hamper the willingness of the PHA to provide management training, which is a critical step on the path to resident management (as will be discussed later in this chapter). In addition, focusing on the faults of the PHA and other authorities in the community can result in a tendency on the part of RMC leaders to view themselves as victims rather than as agents of change in their community. Of course, it is important and necessary that RMC leaders remain vigilant advocates, but a focus upon the goals and possibilities of the RMC sometimes can be lost in the process.

One last point needs to be made with respect to the motivation for organizing, that is, the importance of the availability of HUD technical assistance funds as a motivating factor in its own right. Both in Seattle and in Dallas, for example, the PHA encouraged the organization of a new RMC expressly to apply for TAG funding. In Minneapolis, resident leaders themselves became motivated to establish an RMC and pursue resident management because of the availability of TAG funding. Thus, it may be misleading to assume that most emerging RMCs have been organized spontaneously, solely on their own initiative, only later to be funded by HUD. While this is true of many of the pioneering mature RMCs, a significant percentage of emerging RMCs seem to have received substantial encouragement from HUD and from their PHAs.

C. Leadership

Resident leadership can have a profound effect on the ability of RMCs to organize. To begin with, a dynamic, communicative leader is often the most salient aspect distinguishing well-organized RMCs from less well-organized groups, according to site visit observations. Such leaders, through their example and the regular encouragement they provide, seem to motivate other residents to become involved and inspire hope. While there is probably potential for such leaders to emerge in many public housing communities across the country, it is important to note that in large measure the recruitment of good resident leaders happens at the grassroots level. As a result, this process is less susceptible to programmatic intervention than other aspects of resident management. However, such interventions can foster the conditions -- such as fairness and openness in the operations of the RMC -- that allow such leaders to come forward on their own.

In any organization, the loss of a good leader can substantially impede the development of the group. In two of the emerging RMCs visited, the death of an effective, long-standing president has had a large impact, and has left a leadership vacuum in which the RMC -- accustomed to following the directives of a single, energetic, self-confident leader -- suddenly found itself unprepared to act on its own. The organizations were then forced to pause, cultivate a new leader, and regain lost confidence and direction. In both localities, this process of adjustment has caused delays in the progress of the RMC in reaching the goal of resident management.

Site visits revealed a few resident leaders who do not seek resident participation and, in fact, act in many ways to prevent it. Such leaders, while often outspoken and strong personalities, tend to view the input of other residents as a threat to their authority. For example, some leaders have not provided other residents with critical information regarding the operations of the RMC or about opportunities for training and travel. At the sites visited that had such leaders, it was evident that little progress would be made in terms of organizing the community while these leaders remained in control. In some cases, it may be possible to train these resident leaders to become more effective. In other cases, however, the prospect of meaningful progress must simply await a leadership change.

The extent to which resident leaders engage in activities that are highly visible and that tangibly benefit residents can affect organizing as well. At a Chicago site, the RMC's highly visible security patrols seem to have substantially enhanced the ability of the RMC to organize the community. In contrast, a number of RMCs visited, while involved in constructive activities, nevertheless remain rather obscure entities. At these sites, attending training conferences in distant cities, or receiving technical assistance behind closed doors, leaves little impression upon the residential community as a whole. In fact, it can lead to discouragement, as residents perceive the RMC as a "do-nothing" organization, as one resident leader explained. Thus, it appears that RMCs can succeed at organizing more easily when they produce visible and tangible benefits for the community. Such benefits can include security patrols, a clean-up campaign, or job opportunities for residents. As one resident leader explained, "unless residents see things happen, they won't get involved."

D. Organizational Training

Training in the skills needed to build and sustain an organization is another critical factor in successful organizing. Indeed, a significant amount of time and grant resources have been expended by emerging RMCs on organizational training. Much of this training has focused on the roles and responsibilities of the board and officers of the RMC. However, RMCs also report that along with this training they have received advice and suggestions regarding community organizing.

Organizational training can be provided by either outside consultants or PHA staff, and this difference appears to have some effect on the RMC's development. Outside consultants have more legitimacy in the eyes of many residents, since they are not representatives of the PHA and can deal with many of the issues about which residents are concerned in a more objective manner. Moreover, many of the hired consultants are well-known resident leaders from established RMCs who understand the challenges of organizing in public housing and the problems faced by residents. However, in a few locations visited as part of this study, it appears that some outside consultants have created antagonism between residents and the PHA.

It is important to understand that most PHAs with emerging RMCs are themselves quite involved in organizing residents. These PHAs publish resident newsletters, make their conference rooms available for resident meetings, organize community centers, and sponsor special events. The larger PHAs typically have *resident initiatives specialists* whose job it is to work with resident organizations and to manage resident initiatives programs. But RMCs that rest heavily on the organizational support provided by their PHA may experience certain legitimacy problems, particularly if they do not have strong, independent leaders. For example, one emerging RMC has suffered from an image of being an "arm of the PHA" or even "spies for the PHA," according to one PHA official. Similar concerns were voiced by PHA officials and resident leaders in another city, which has an umbrella RMC that is closely supported by the housing authority. It appears that umbrella RMCs – which do not represent any one development, often have a low profile, and tend to deal mostly with PHA administrators – are most susceptible to this perception of complicity. While such RMCs are often well organized internally, they do not seem to have as much capacity as site-based RMCs to motivate broad participation.

4.4 MANAGEMENT TRAINING

While organizing represents a necessary intermediate outcome, it is not sufficient in itself to build the capacity of an RMC to manage. That is because the skills and experience gained in the organizing stage are not specific to the task of resident management, despite the fact that organizing often teaches residents a great deal about the general workings of the public housing system. Therefore, the RMC – particularly the prospective paid staff and business managers of the RMC – must enter into a period of technical management training. It is during this stage that specific people train for specific jobs: property manager, assistant property manager, resident selector, maintenance person, bookkeeper, and so on. Completing this capacity-building process, and gaining the technical training to do so, represents another intermediate program outcome that is critical to the achievement of resident management.

The survey data reveal that a significant proportion of emerging RMCs appear to be engaged in these capacity-building activities. As Exhibit 4-4 presented earlier shows, fully 47 percent of emerging RMCs surveyed report that they are engaged in a period of staff and board training. However, it should be noted that some of the board training included in this category may actually focus more on community organizing and organizational development issues. Counterbalancing this bias, however, is the fact that a large proportion of the 25 percent of RMCs involved in dual management primarily engage in on-the-job training, which (as discussed shortly) is an important part of acquiring property management and maintenance skills.

This section discusses some of the more important factors associated with successful management training. It begins with the shift in emphasis needed to move an RMC beyond organizing activities and into a management training stage. It then discusses the types of capacity-building activities that have helped RMCs prepare for resident management. Finally, some of the obstacles to building management capacity are discussed.

A. From Organizing to Management

While the research team did not contact participating housing management specialists (HMSs) directly, the emphasis of the training provided by these consultants can be discerned from survey data as well as the comments of PHA and RMC representatives. Survey results suggest that, to date, training delivered under the resident management program has focused more on organizing and leadership than on property management training. As Exhibit 4-6 shows, emerging RMCs report that they have received generally more organizing help than financial or property management training. Correspondingly, the expressed need for further technical training is significantly greater than the need for organizational training.

Exhibit 4-6

TYPES OF TRAINING RECEIVED AND NEEDED

	Percent receiving useful training of this type	Percent with high need for training of this type
Organizational development	77	74
Community organizing	76	66
Budgeting and financial management	63	83
Property management	50[a]	86
Grant writing	42	79

Source: RMC survey. N = 59.

[a] *Percent estimated using regression analysis.*

These data are re-enforced by interviews with PHA and RMC representatives who suggest that many HMSs have emphasized issues such as community organization, group dynamics, public speaking, personal self esteem, and motivation. While such training is often much-wanted and -needed by resident leaders, the way in which these exercises lead to management capacity sometimes remains unclear. While HMSs on the whole seem to be quite helpful at assisting emerging RMCs to organize, function as a group, and acquire a basic understanding of the public housing system, they are often not in the best position to provide the job-specific skills and sustained, day-to-day guidance that are required in management training.

These results suggest that a number of emerging RMCs may not be progressing beyond the organizing stage because they are simply not receiving the necessary management training. On the one hand, this pattern may reflect a certain lack of readiness to begin such training on the part of emerging RMCs, many of whom (as demonstrated earlier) were still in need of assistance with more basic organizing and organizational development. It may also reflect limitations inherent in the $100,000 cap, which restricts the amount of training received. On the other hand, however, these findings also point to a missing link between the training programs delivered under the resident management program and one of the fundamental goals of the program, resident management.

B. On-the-Job Training

The importance of on-the-job training to an RMCs ability to build the capacity to assume property management, while perhaps not absolutely necessary in all situations, is certainly a critical factor in many of the RMCs observed as part of this study. In fact, site visits suggest that it is perhaps the most salient factor distinguishing RMCs that can assume management responsibilities from those who can not. On-the-job training not only provides individual RMC staff members with the technical skills they require, it also builds the confidence of the PHA in the RMC's capabilities and the confidence of the RMC in itself.

The role of the PHA is especially important in this regard because, in nearly all situations, the PHA is the sole source of on-the-job training opportunities. In some cases, such as in Dallas and Chicago, this is done through a dual management contract in which the PHA formally agrees to provide training and job opportunities to the RMC. In both these locations, trainees not only learn on the job but also through training courses given by PHA staff with expertise in various areas of public housing management and maintenance. However, PHAs can also make on-the-job training opportunities available to residents before executing a management contract. In Asheville, for example, the PHA has a policy of giving priority to qualified residents when management or maintenance jobs become available. This policy has allowed prospective RMC employees to gain several years of on-the-job training before a management contract will be executed. In Memphis, a contractor managing the RMC's development has a similar commitment to hiring residents for available jobs. Here too, residents have received valuable on-the-job training well before a management contract is to be negotiated.

C. Problems Encountered In Management Training

There are several problems that can occur in the process of management training. In particular, because technical training provides residents with job-specific skills, it is not uncommon that successful trainees end up taking jobs on the private market. Especially to the extent the RMC delays in offering job opportunities to its trainees (for example, because of a setback in negotiating a management contract), the trainees are more likely to find and take jobs elsewhere. In one PHA, for example, all seven of the initial trainees involved in the resident management training program found jobs outside the RMC. One of them was a woman being trained for the key role of property manager, a position she had already assumed on the PHA payroll. Such losses of trained and motivated personnel can decidedly hinder the progress of an emerging RMC.

Of course, from a broader perspective, the movement of resident management trainees into private sector jobs is certainly not an unfortunate turn of events. In fact, it represents a key goal that many RMCs, as well as many resident leaders personally, have set for themselves and their community: economic opportunity. But again, as in the context of organizing discussed earlier, the fact that this objective can and often does conflict with the objective of resident management as such raises important policy considerations. In particular, as suggested by the outcome line presented at the beginning of this chapter, the intermediate outcomes of the resident management program (in this case, management training) can accomplish important program objectives without necessarily taking the step of actual resident management.

D. Time Frames for Training

Both PHA representatives and resident leaders interviewed as part of this study frequency voiced concern that the time frames required to carry out TAG-funded activities, most of which focus on training, were often longer than the three year period of time that program parameters allowed. This concern stems from a number of important issues that policy makers need to consider when evaluating the progress of emerging RMCs and the objectives of the resident management program.

The technical knowledge and skills required to manage and maintain public housing take several years to acquire. For example, the job qualifications for most property managers in PHAs include professional certification (through NAHRO) as well as several years of job experience. Property maintenance workers can sometimes take even more time to acquire appropriate job qualifications. While it is understandable to expect RMC employees to have comparable qualifications for such jobs, it is unrealistic to expect them to become qualified at an accelerated pace. To the extent that residents of public housing are disadvantaged in terms of basic skills, particularly reading and math skills, the time frame for acquiring management and maintenance skills must be extended even further.

4.5 CONCLUSION

At the beginning of this chapter, survey data were presented on the extent of organizational development among emerging RMCs. While difficult to quantify precisely, it does seem that a significant proportion of emerging RMCs are somewhere in the initial organizing and training stages of the outcome line. Importantly, the stage of development of emerging RMCs is correlated with experience in the resident management program. Three additional factors affecting the level of organizational development were then discussed: motivation, leadership, and organizational training. The importance of making the shift from organizing activities to management training -- particularly on-the-job training -- was presented as an important step in the progress of an RMC toward the primary objective of resident management. Both organizing and management training build the capacity of the RMC to begin assuming management responsibilities, the topic of the next chapter.

CHAPTER 5

PROPERTY MANAGEMENT ACTIVITIES

In this chapter, the discussion shifts from intermediate program outcomes to the main outcome of concern: property management activities. The chapter begins with a discussion of dual management and resident management, including several issues important to the negotiation of a management contract between PHAs and RMCs. The majority of the chapter, however, is devoted to an analysis of survey data on the involvement of emerging RMCs in various management activities. This analysis looks at several key factors that appear to affect an RMC's ability to become involved in management activities. Finally, the potential of emerging RMCs to assume management responsibilities in the near future is assessed.

5.1 MANAGEMENT STAGES

There are two *management stages* – labeled dual management and resident management – constituting the last two parts of the outcome line introduced in Chapter 4 (see Exhibit 4-1). The difference between dual management and resident management is a result not so much of the extent of management activities carried out by an RMC but of the understanding that the RMC has with its PHA. In particular, dual management is understood to be a period in which the RMC, specifically staff members or would-be staff members of the RMC, work with PHA staff members to learn how to manage and maintain public housing. Thus, it is viewed as a temporary arrangement involving on-the-job training that will eventually lead to resident management.

As explained shortly, because of the relatively small percentage of RMCs that can be said to be at the stage of actual resident management, much of the later analyses in this chapter simply distinguish between *advanced* emerging RMCs (including those in dual management) and *intermediate* emerging RMCs (those that are not yet involved in management activities). But before turning to these analyses, it is important to consider further the difference between the stages of dual management and the final stage of resident management.

A. Dual Management

While the legislation behind the resident management program (Section 20) focuses primarily on the contents of management contracts between RMCs and PHAs, an RMC can become involved in a great number of management activities prior to the actual execution of a management contract. This involvement typically takes the form of a dual management arrangement between the PHA and RMC. While dual management arrangements can involve contracts between PHAs and RMCs, they also can be based on memoranda of understanding or even verbal agreements. As might be expected, much depends on the strength and style of the working relationship between the RMC and PHA as well as the level of trust that exists between the two parties. As Exhibit 5-1 shows, only 16 percent of the emerging RMCs have a management contract with the PHA. For those RMCs that are in dual management with their PHAs, only a third have actually entered into management contracts. Thus, the majority of dual management arrangements (67 percent) appear to be based on other types of agreements, particularly memoranda of understanding (in fact, all of the 67 percent without contracts have MOUs).

Exhibit 5-1

MANAGEMENT CONTRACTS BY STAGE OF DEVELOPMENT

	In planning or training stage	In dual management	Carrying out some management functions independently	TOTAL
Have management contract with PHA	4 (11%)	2 (33%)	2 (40%)	8 (16%)
Do not have management contract	34 (89%)	4 (67%)	3 (60%)	41 (84%)

Source: PHA survey (P12 and P21). N = 49.

The emerging RMC in Asheville provides a good example of the extensive array of activities an emerging RMC can become involved in without necessarily signing a management contract. To begin with, the RMC has three full-time trainees (hired as employees of the PHA) occupying all of the available management staff positions at Hillcrest Apartments, the development targeted for resident management. Moreover, the Asheville RMC has a contract for groundskeeping at four developments (though not at Hillcrest) and a PHA-wide resident relocation contract (these contracts are different than a management contract as such, as the next section explains). Together, these contracts earn the RMC about $40,000 each year. While the Asheville RMC has not yet signed a contract to manage Hillcrest (it expects to sign one very soon), it is nevertheless in the 95th percentile of RMCs surveyed in terms of the extent of management activities it performs.

In sum, it appears to be the norm rather than the exception that emerging RMCs begin to get involved in management activities before entering into a contract to manage the property. Much of this involvement occurs through some form of dual management arrangement between RMCs and PHAs. There may be some potential problems that stem from this pattern, however. In particular, the legislation upon which the resident management program is based has little to say about how the program should be structured before RMCs enter into management contracts. In addition, the lack of contractually defined responsibilities, roles and obligations -- both on the part of PHAs as well as RMCs -- could potentially lead to conflicts over the timing and extent of dual management. But overall, dual management seems to be a very promising if not essential means of making the transition from organizing and training to actual resident management.

B. Management Contracts

Despite the fact that RMCs can become involved in management activities without a contract to do so, the point at which an RMC signs a management contract represents an important turning point in the evolution of the organization. It is at this time that a number of important changes occur. First, the RMC assumes contractual obligations for at least one or more management functions that had previously belonged to the PHA or had been performed by the RMC on a non-contractual basis. Second, the RMC usually receives regular income from the management services it provides. And third, the RMC typically begins to employ staff members and take on the responsibilities of an employer. These are large changes for which the resident organization must be fully prepared.

According to survey results, 16 percent of emerging RMCs have actually entered into a management contract with their PHAs (see Exhibit 5-1). However, this number is probably an overestimate of the number of actual resident management contracts in the full sense of the term (that is, a contract assigning specific management responsibilities to an RMC). As can be seen in the exhibit, over 10 percent of those in the early planning and training stage of the program have management contracts with their PHAs. However, these contracts evidently do not involve hiring the RMC to provide management services. Rather, they likely constitute commitments (such as memoranda of understanding or MOUs) on the part of the PHA to provide training and material assistance to the RMC. While important elements of a RMC's relation to its PHA, such contracts are not actual *management* contracts. Thus, a more accurate estimate of the proportion of emerging RMCs with bona fide management contracts is probably 8 percent, which is the proportion of RMCs that are at least at the stage of shared or resident management *and* also have a management contract (4 of the 49 observations in Exhibit 5-1).

The fact that 67 percent of RMCs engaged in dual management and 60 percent of those carrying out some management functions independently do not have contracts with their PHAs suggests that emerging RMCs may be experiencing some delays in entering into management contracts. Site visit observations provide some insights into the possible causes of such delays.

To begin with, HUD has strict requirements for the contents of the management contracts that reflect HUD's effort to carry out the detailed provisions of the legislation. The HUD directives regarding these requirements did not come out until March 15, 1991 -- which precluded earlier grantees from entering into management contracts prior to this date. In addition, RMCs -- even those that clearly have the capacity to take over management duties -- have sometimes delayed entering into a management contract for their own reasons. For one thing, some emerging RMCs have had trouble deciding which management functions to take over (especially if the development is already being well managed). Moreover, this choice often represents the first opportunity RMCs have had to really focus on their objectives as an RMC.

A lack of consistent legal assistance, which RMCs need to successfully negotiate a contract, represents another source of delay in some cases. Some RMCs have been accustomed to receiving legal assistance (for such matters as incorporation) from the PHA's corporate counsel. However, negotiating a management contract requires that an RMC obtain its own attorney, often requiring not only a search for legal assistance but the establishment of a new working relationship. In most cases observed during this study, emerging RMCs have turned to public service lawyers to represent them.

Finally, a number of PHAs visited have centralized maintenance, management and accounting systems that make it difficult to separate out the operations of a single development. Therefore, before a contract can be signed with an RMC, these PHAs must first restructure their systems of operation and accounting.

In sum, a management contract constitutes the establishment of roles and the division of responsibility between PHAs and RMCs in the management of public housing. It is therefore a critical step in the process of implementing resident management. However, many RMCs have become involved in management activities without a management contract. In the view of the research team, these groups, while they have experienced delays for a number of reasons, are highly likely to enter into management contracts with their PHAs in the near future.

C. Resident Management

As indicated earlier in this chapter (and also in Chapter 4), there are very few emerging RMCs that have actually accomplished the principal program objective of resident management. According to RMC and PHA survey data (see Exhibit 5-1 above), only 4 percent of emerging RMCs surveyed (representing just two sites) both have a management contract and are beyond dual management. Because of the small number of emerging RMCs actually in the resident management stage, it is not meaningful to analyze this subset further.

5.2 ADVANCED EMERGING RMCs

Based on the stages of the outcome line introduced in Chapter 4, a distinction can be made between *advanced emerging RMCs* and *intermediate emerging RMCs*. Advanced emerging RMCs are involved in dual management or at least one independent management activity. Intermediate emerging RMCs are not yet involved in any management activities. Of those RMCs surveyed, 34 percent can be classified as advanced emerging RMCs and 66 percent as intermediate emerging RMCs. It should be pointed out that even those classified here as advanced emerging RMCs may have only limited management responsibilities. For example, a group involved only in admissions and occupancy activities would nevertheless be classified as advanced. Even so, involvement in such responsibilities represents the achievement of an important program outcome. Moreover, given the early stage at which many of these advanced emerging RMCs find themselves, it is likely that they will begin to take on increased responsibilities over time.

Advanced emerging RMCs and their PHAs were asked a number of questions about the types of management activities in which the RMCs are involved, the results of which are shown in Exhibit 5-2. Both RMC and PHA assessments are presented because of differences in interpretation of involvement in management activities. In particular, RMCs claim to be involved more extensively in management activities than the PHA responses would indicate.

Exhibit 5-2

ACTIVITIES OF ADVANCED EMERGING RMCS

	RMC Assessment Percent	PHA Assessment Percent
Admissions and occupancy	30	30
Maintenance	34	25
Security	21	17
Staffing	49	24
Financial operations	47	19

Source: RMC and PHA surveys. Minimum N = 30.

This difference is especially evident in the case of staffing and financial management. To begin with, it is widely assumed by HUD program staff, PHA officials and experienced observers that staffing and financial management are among the most difficult aspects of resident management. Therefore, it might be expected that these activities would be among the least likely initial management responsibilities of emerging RMCs, as the PHA survey suggests. However, the design of the TAG program requires emerging RMCs to manage their own grant expenditures. Thus, it may be that a large number of RMCs claiming to be engaged in financial operations actually have grant administration in mind as opposed to the financial management of a public housing development. The tendency of RMCs to claim higher levels of involvement in staffing probably reflects the fact that resident trainees employed by the PHA may be considered RMC staff by the RMC but not by the PHA.

The level of involvement of advanced emerging RMCs in staffing can be gauged from other survey questions, however. Exhibit 5-3 presents the results of RMC survey items on the number of paid employees of the advanced emerging RMCs. These data suggest that 54 percent of advanced emerging RMCs currently have at least one employed staff member and that 15 percent have 5 or more paid staff members (the most employees in any one RMC surveyed was 15). In total, the 61 emerging RMCs that completed surveys as part of this study (including both advanced and intermediate RMCs) employ about 90 people, most of whom are reported to be residents of public housing.

Exhibit 5-3

NUMBER OF STAFF EMPLOYED BY ADVANCED EMERGING RMCS

	Percent of Advanced RMCs
No paid staff	46
1-4 paid staff members	39
5 or more paid staff members	15

Source: RMC survey. N = 26.

5.3 FACTORS DISTINGUISHING ADVANCED EMERGING RMCs

To understand some of the factors that influence the progress of emerging RMCs toward management, it is important to examine some of the characteristics that distinguish advanced and intermediate emerging RMCs. This section begins with a series of tables describing various characteristics of advanced and intermediate emerging RMCs, including: organizational and program experience, funding levels, outside support and training, and property and neighborhood characteristics. It then reports results of a regression model that considers the impact of these factors simultaneously. Importantly, this analysis provides a basis for estimating the presence or absence of a program effect.

A. Organizational and Program Experience

The first factor to consider is whether advanced emerging RMCs may be further along because they entered the program at a more advanced stage to begin with. The indicators of organizational experience in Exhibit 5-4 suggest that this may indeed be the case. Advanced emerging RMCs are about one year older on average and have had access to their TAG grant funds about 5 months earlier than intermediate RMCs. Especially significant, however, is the fact that 60 percent of advanced RMCs were fully established resident management corporations prior to the time of their TAG grant agreements compared with 40 percent of intermediate emerging RMCs. These data indicate that, on average, advanced emerging RMCs were ahead of intermediate emerging RMCs at the time of entry into the program.

It is useful to examine the program experience of emerging RMCs in the resident management program in more detail. As Exhibit 5-5 demonstrates, while the majority of FY88 and FY89 grantees can be classified as advanced RMCs, only 30 percent of FY90 RMCs can be so classified. This result is again consistent with expenditure data (Chapter 3) and organizational development data (Chapter 4) demonstrating, as expected, that participants in earlier grant years are further along the outcome line than those in more recent grant years. However, in addition to differences in years of program experience, it may also be true that RMCs entering the program in earlier grant years were already more advanced than entrants

Exhibit 5-4

ORGANIZATIONAL EXPERIENCE OF ADVANCED AND INTERMEDIATE EMERGING RMCS

	Advanced Emerging RMCs	Intermediate Emerging RMCs
Age of resident organization in years	12.4	11.1
Percent of RMCs that were established before availability of TAG funds[a]	60%	40%
Mean number of months since grant agreement	29.5	24.2

Source: RMC survey and HUD data. Minimum N = 49.

[a] *Statistically significant at the 90 percent confidence level.*

Exhibit 5-5

PERCENTAGE OF ADVANCED EMERGING RMCS BY GRANT YEAR

Grant Year	Advanced emerging RMCs as a percent of all RMCs in grant year
1988	56
1989	52
1990	30

Source: RMC survey. N = 57.

in later years. In other words, the earlier rounds of funding may have included many of the more advanced groups in the nation, leaving less experienced groups to receive funding in later rounds.

The relationship between exposure to the program and the percentage of advanced RMCs becomes more pronounced when examining the actual number of years emerging RMCs have had access to their TAG funds. As can be seen in Exhibit 5-6, emerging RMCs that have had more time to access their TAG funds are much more likely to be classified as advanced. This may be evidence of a program effect in the sense that emerging RMCs with longer exposure to the program show greater signs of making progress toward resident management. But again, earlier grantees may simply have been more advanced at the time they entered the program.

Exhibit 5-6

PERCENTAGE OF ADVANCED EMERGING RMCS BY YEARS OF PROGRAM EXPERIENCE

Years Since Execution of Grant Agreement	Advanced Emerging RMCs as a Percent of All RMCs in the Category
3 or more years	58
2 to 3 years	46
Less than 2 years	33

Source: RMC survey.

Before turning to regression analysis, which can distinguish these explanations, it is important to consider several additional characteristics distinguishing advanced from intermediate emerging RMCs.

B. Funding Characteristics

As Exhibit 5-7 demonstrates, advanced emerging RMCs received slightly larger TAG grants. However, the most marked distinction lies in the fact that advanced emerging RMCs have spent more of the funds available to them, both in relative and absolute terms. Advanced emerging RMCs have spent an average of $36,171 representing 40 percent of the average grant received, while intermediate emerging RMCs have only spent $15,608 representing only 19 percent of the average grant they received.[1]

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[1] The average proportion of grant funds expended may not equal the average amount expended divided by the average grant award because of missing observations.

Exhibit 5-7

FUNDING CHARACTERISTICS OF ADVANCED AND INTERMEDIATE RMCS

	Advanced Emerging RMCs	Intermediate Emerging RMCs
Average grant size	$87,009	$70,968
Average amount of grant expended as of December 31, 1991[a]	$36,171	$15,608
Average proportion of grant expended as of December 31, 1991[a]	40%	19%

Source: RMC survey and HUD data. Minimum N = 54.

[a] *Statistically significant at 95 percent confidence level.*

There are several implications that can be drawn from these data. First, advanced emerging RMCs may have been able to spend more simply because they had somewhat earlier access to their funds, as suggested earlier (Exhibit 5-4). However, the difference in expenditure levels between groups is greater than the difference in access time alone would suggest. Another possible factor is that advanced emerging RMCs may have been more organized and capable resident organizations to begin with, as the data presented in Exhibit 5-4 above also suggest. As a result, advanced emerging RMCs would be expected to have more established procurement procedures, financial management systems, and spending priorities, allowing these organizations to use their TAG grants more readily. Finally, there may be evidence in these data for a program effect as well, namely, that the use of TAG funds appears to be related to the progress an RMC makes toward the goal of resident management. However, as regression analysis presented shortly indicates, this association is weaker than this comparison of means alone would suggest.

C. Level of Support and Training

Beyond differences in funding, the progress emerging RMCs have made in terms of taking on management responsibilities is also likely to be a function of support and training provided by the PHA, HUD and other participants in the program. As Exhibit 5-8 demonstrates, however, only some of these factors appear to be important. To begin with, while the level of support advanced emerging RMCs receive from their PHAs and RICs and their involvement in the community is somewhat higher than for intermediate emerging RMCs, these differences are not as large as might be expected. These findings are somewhat surprising given the widely held assumption that PHA and community support constitute key ingredients of successful resident management.

Exhibit 5-8

ORGANIZATIONAL CHARACTERISTICS OF ADVANCED AND INTERMEDIATE RMCS

	Advanced Emerging RMCs	Intermediate Emerging RMCs
Proportion with high resident involvement[a]	73%	47%
Extent of training received (0-1 scale)[a]	84%	61%
Proportion in supportive PHAs	56%	47%
Proportion with supportive RICs	60%	64%
Mean number of community partners	5.9	4.3

Source: RMC and PHA surveys. Minimum N = 55.

[a] *Statistically significant at the 95 percent confidence level.*

In contrast, both the level of resident involvement and the extent of training received by emerging RMCs turn out to be significant factors distinguishing advanced from intermediate emerging RMCs. The fact that involvement differs significantly between groups may be an *effect* of being involved in management as well as a *cause*, since advanced emerging RMCs by definition are more active and provide more opportunities for resident participation. However, this difference also may reflect the importance of community organizing and resident involvement to successful resident management. Training is also a critical factor, according to survey results. This finding parallels the association of TAG grant expenditures with management progress discussed above, largely because much of the funding to date has in fact been used for training.

D. Property and Neighborhood Characteristics

Finally, property and neighborhood characteristics -- which define the context in which resident management must be implemented -- also may help distinguish advanced from intermediate emerging RMCs. As Exhibit 5-9 shows, advanced emerging RMCs are *more* likely to be found in larger housing authorities. Importantly, they are also much *less* likely to be found in troubled authorities. Based on site-visit observations, there seem to be several factors at work here. First, larger authorities have larger management staffs. As a result, they are more likely to have resident services specialists whose job it is to work with resident organizations. From the site visits it became clear that these specialists often provided substantial support to emerging RMCs. Second, troubled authorities may be more difficult for emerging RMCs to work with and also less willing to give resident management the attention that better-off authorities are willing to provide.

Exhibit 5-9

PROPERTY AND NEIGHBORHOOD CHARACTERISTICS OF ADVANCED AND INTERMEDIATE RMCS

	Advanced Emerging RMCs	Intermediate Emerging RMCs
Average size of PHA (in dwelling units)	10,421	6,642
Proportion in troubled PHAs	27%	45%
Proportion of high-rise units in development*	17%	7%
Extent of property problems	47%	51%
Proportion in better neighborhoods*	88%	50%
Extent of drug and crime problems	67%	71%

Source: RMC and PHA surveys.

* *Statistically significant at 95 percent confidence level.*

The indicators of property problems, neighborhood quality, and crime and drug problems together suggest that advanced emerging RMCs tend to be located in developments with fewer physical and social problems. In particular, these results suggest that social problems may impact the progress of emerging RMCs. Site visits confirm that social problems can make community organizing more difficult because of the level of fear and discouragement they engender. In addition, such problems can make a development more difficult to manage and the prospect of management less appealing. Finally, RMCs confronted with such problems may focus resources on such activities as support services, leaving resident management as a secondary priority.

E. Multiple Regression Analysis of Factors Influencing Management Activity

The tables presented thus far in this section have suggested several important factors that distinguish advanced from intermediate emerging RMCs. However, to more accurately assess the combined impact of these factors it is useful to examine them in the context of multiple regression analysis. Multiple regression provides a test of the significance of the relationship between various independent variables and the dependent variable of concern (which in this case is the involvement of emerging RMCs in management activities). The independent variables in the model include most of the factors discussed above that appear to distinguish advanced from intermediate RMCs.[2] The results of this analysis are presented

[2] Not all of the variables in the preceding tables were included in the regression analysis because of multicolinearity problems.

in Exhibit 5-10, which shows standardized regression coefficients and their levels of statistical significance (both measures of the relative strengths of the various independent variables).

To begin with, this analysis shows that PHA characteristics and the pre-program experience of the RMC are among the most important factors in explaining whether an emerging RMC is at an advanced or intermediate stage. In particular, being located in a troubled authority turns out to be a significant negative factor affecting emerging RMCs. However, location in a larger authority generally has a positive impact (controlling for troubled versus non-troubled status). These results highlight the importance of PHA commitment and capacity to the success of emerging RMCs, as discussed earlier.

In addition, RMCs that were more established upon entering the program (as measured by incorporation as an RMC before execution of the TAG grant agreement) appear much more likely to be classified as advanced emerging RMCs. Thus, the stage at which emerging RMCs now find themselves appears to be significantly related to their stage of development when they first entered the program.

Two variables in the model can be interpreted as potential indicators of a program effect: the amount of TAG funds expended (as of December, 1991) and an index of the usefulness of training received by the RMC (as reported by RMC leaders). In the model presented in Exhibit 5-10, the training index turns out to be a highly significant predictor of involvement in management activities while the amount of TAG funds expended does not. (However, the coefficient for TAG expenditures is in the predicted direction.) It should be noted that these results generally hold even when alternative specifications of the model are tried. In particular, removing the training variable (and retaining all other variables) does not increase the statistical significance of the TAG expenditures coefficient to the 90 percent confidence level. Alternately, removing the TAG expenditure variable (again retaining all other variables in the model) only increases further the statistical significance of the training index coefficient.

Together, the training and expenditure variables provide evidence of a program effect. However, they suggest that the impact of the program is not a simple function of TAG grant expenditures alone. Rather, much seems to depend on the quality of the training services purchased by emerging RMCs under the program. This suggests that some number of emerging RMCs may not have spent their TAGs funds wisely, at least in terms of using their funds for activities that further their involvement in management activities, or alternatively, that funds other than TAG awards are used for training.

The generally low significance of PHA and community support (measured as the number of community partners), and the unusual finding that resident involvement actually has a negative impact, deserves to be discussed. Measurement problems may provide part of the explanation. In particular, the self-reported levels of resident involvement may be

Exhibit 5-10

RESULTS OF MULTIPLE REGRESSION ANALYSIS OF FACTORS AFFECTING CURRENT INVOLVEMENT IN MANAGEMENT ACTIVITIES

Independent Variables (in rank order)	Standardized Regression Coefficient	P <
Located in a troubled PHA	-.489	.003
Established RMC before entering program	.365	.006
Received useful training (index)	.320	.038
Size of PHA (in dwelling units)	.316	.053
Residents involvement in RMC activities (index)	-.256	.051
Drugs and crime problems (index)	-.242	.089
Property problems (index)	.200	.115
Located in a supportive PHA	.164	.214
Amount of TAG funds expended	.153	.239
Number of community partners	.137	.365

Source: RMC survey, PHA survey and HUD data. Standardized regression coefficients are expressed in standard deviation units and provide a indication of the relative strength of each variable in the model.

R-square is 0.45, N = 50.

somewhat unreliable.[3] Similarly, the perceived supportiveness of the PHA, as judged by the RMC, may not closely correspond to the actual functional and material support provided. It is important to point that non-troubled status, receipt of training, and PHA size -- potential indicators of the amount of PHA support provided -- all constitute significant factors. Finally, the number of community partners appears to have little relationship to advanced RMC status.

[3] One possible interpretation is that those resident leaders reporting a low level of involvement are measuring it against higher expectations. In contrast, those who report high resident involvement may have lower expectations. This interpretation is supported to some extent by the site visits. Clearly active RMCs with relatively high levels of involvement often expressed concern about getting residents more involved, while less active RMCs often seemed content with their current low levels of involvement.

The remaining variables are the crime and drug problems index and the property problems index. Interestingly, they exhibit opposite influences. Crime and drug problems have a negative effect while property problems have a positive effect. These results parallel the interpretation presented in Chapter 4, which suggested that property problems have historically proven to be a rallying point for the initial organization of an RMC. In contrast, crime and drug problems often make it difficult to organize an RMC and to become involved in management.

In sum, the results of multivariate regression provide important insights into the factors affecting emerging RMCs. As these results emphasize, the status of the PHA and the pre-program experience of the RMC explain much of the difference between advanced and intermediate RMCs. While training also emerges as an important factor, the level of TAG expenditure does not. Nevertheless, the research team believes that this analysis provides some basis for inferring a program effect.

5.4 RMC POTENTIAL FOR MANAGING

Because of the early stage at which many of the emerging RMCs find themselves, it is important to examine their potential for assuming management responsibilities as well as their current involvement in management activities. Such an assessment is important not only for intermediate emerging RMCs but also advanced emerging RMCs, some of whom may have only limited potential for continuing their current activities. Therefore, corresponding to the distinction made earlier between advanced and intermediate emerging RMCs, the survey data can be used to categorize emerging RMCs into those with high potential and those with low potential for assuming management responsibilities within two years. It should be pointed out that this categorization is based on PHA assessments of RMC potential rather than RMC self-assessments (which are assumed to be less objective).

As Exhibit 5-11 illustrates, the current level of management involvement is associated with expected management involvement. However, the correlation is not perfect. Among those currently classified as advanced emerging RMCs, 27 percent are *not* expected to remain at that level of involvement in management activities over the next two years. On the other hand, 48 percent of those currently at an intermediate stage are expected to become advanced emerging RMCs during this same time. Assuming that these expectations of future performance provide a somewhat reliable indication of the likely short-term future outcomes of the program, these results suggest that 60 percent of the emerging RMCs surveyed will be advanced RMCs within two years.

It might be hypothesized that management expectations are higher for emerging RMCs that have participated longer in the resident management program. However, Exhibit 5-12 demonstrates that the percentage of emerging RMCs expected to make it to an advanced stage in two years does not vary much by program year. In fact, FY90 grantees are rated as slightly more likely than earlier grantees to pass this threshold.

Exhibit 5-11

CURRENT AND EXPECTED MANAGEMENT ACTIVITY

	Advanced Emerging RMCs	Intermediate Emerging RMCs	All Emerging RMCs
High management expectations	73%	48%	60%
Low management expectations	27%	52%	40%

Source: RMC and PHA survey.

Exhibit 5-12

PERCENTAGE OF HIGH-POTENTIAL RMCS BY GRANT YEAR

Grant year	High-Potential RMCs as a Percent of All RMCs in Grant Year
1988	63
1989	52
1990	65

Source: RMC survey.

While management expectations do not vary significantly by grant year, they are somewhat related to time of access to TAG grant funds. In particular, those emerging RMCs that had initial access to their TAG funds three or more years ago are considered more likely to be at an advanced stage two years from now (the time of the survey). However, the differences in these assessed probabilities are not as large as might be expected.

Exhibit 5-13

PERCENTAGE OF HIGH-POTENTIAL RMCS BY YEARS OF PROGRAM EXPERIENCE

Years of Since Execution of Grant Agreement	High-Potential RMCs as a Percent of All RMCs in the Category
3 or more years	75
2 to 3 years	53
Less than 2 years	58

Source: RMC survey.

In sum, these survey results concerning PHA expectations of RMC management activities in the future -- while admittedly hypothetical measures -- nevertheless provide some means of assessing possible longer-term outcomes of the program. These results suggest that there could be a significant increase in the number of emerging RMCs engaged in management activities in the next two years. According to PHAs, while gains may be made by RMCs that are currently at an intermediate stage, setbacks may also be suffered by those that are currently more advanced.

5.5 CONCLUSIONS

The overall pattern of the data presented in this chapter strongly indicate that the development of emerging RMCs takes time. A very small proportion (about 4 percent) of emerging RMCs can be said to have achieved resident management. While many more are involved in management activities, the extent of this involvement is often limited. In fact, most of the resident groups termed advanced emerging RMCs are primarily involved in dual management and on-the-job training. Nevertheless, PHA expectations for RMC advancement are encouraging. A significant proportion of emerging RMCs (60 percent) will either remain in or progress to an advanced stage in two years, according to PHA assessments.

This conclusion is strongly supported by the comments of both PHA and RMC representatives interviewed as part of this study. While the data suggest that access to TAG funds -- and more importantly the use of those funds for high-quality training -- can further the progress of emerging RMCs, there are clearly limits to the impact of the program and to the extent to which HUD funding alone can accelerate the development of emerging RMCs.

APPENDIX A

EMERGING RMC SITE VISIT SELECTION

The research team conducted on-site visits to 15 emerging RMCs and their PHAs. The selection of sites, which employed cluster analysis, was intended to produce a sample that exhibited a wide variety of conditions.

First, data available from a content analysis of TAG grant applications provided information for a cluster analysis of emerging RMCs. Cluster analysis uses a specified number of variables to group cases (emerging RMCs) based on their empirical similarities. The variables used in this study included amount of total grant funds received, size of development, high-rise versus other type of structure, incorporation, and troubled versus non-troubled PHA. The research team chose a cluster solution that grouped the 80 emerging RMCs into seven types (clusters) that were similar in terms of their profile on these variables.

Second, a sample of 15 sites was drawn from the seven clusters. At least one site from each cluster was chosen. Only one site was drawn from clusters that contained only a few sites in total. For example, one cluster consisted entirely of three emerging RMCs located in the Chicago Housing Authority, only one of which was chosen. Additional sites were drawn from larger clusters in proportion to size.

This approach resulted in the following list of 15 emerging RMCs, which were contacted and then visited by the research team:

Location	Name of Emerging RMC
Asheville, NC	Resident Council of Asheville
Belleville, IL	Centerville Tenant Council, District 3
Boulder, CO	Resident Representative Council
Bridgeport, CT	Resident Affairs Board of Bridgeport
Chicago, IL	706 East 39th Street RMC
Dallas, TX	Rhoads Terrace RMC
Greenville, SC	Tenants of the Move Corp.
Los Angeles, CA	Estrada Courts RMC
Memphis, TN	Horton Gardens Resident Association
Minneapolis, MN	Glendale RMC
New Haven, CT	Waverly Tenant Association
Philadelphia, PA	Passyunk Homes Tenant Council
Seattle, WA	High Point Resident Initiatives Association
Springfield, IL	John Hay Homes Resident Council
Tampa, FL	Riverview Terrace Resident Council

*U.S. GOVERNMENT PRINTING OFFICE: 1993-342-378/83955

U.S. Department of Housing and Urban Development
Washington, D.C. 20410-6000

Official Business