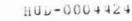HUD-0004424

What Happens When Tenants

Manage Their Own Public Housing

WHAT HAPPENS WHEN TENANTS MANAGE

THEIR OWN PUBLIC HOUSING

A NAHRO Study

prepared by

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for

submission to

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Introduction

Tenant management of public housing shares characteristics with many of the vogues that have swept public policy over the past two decades. The concept is first heralded as a dramatic new solution by some citizen advocates and high officials. It is then tested at a few demonstration locations, often against the best judgment of the veteran line staff. Because it is new and untried, and because established interests tend to rally against it, it proves difficult to implement. There are delays. Public commitment becomes increasingly half-hearted and the effort is slowly abandoned. Where there is a responsible attempt at evaluation, it is often inconclusive. It may come too early in the venture for anyone to be sure it has been given a fair test. Unless the reform is promoted as a success and widely adopted, it is gradually labelled a failure. Its concepts or principles are widely thought of as discredited.

The foregoing is a caricature but not an essential distortion of the visible career of the tenant management effort. It appears that most people interested in housing issues are unaware that at least 11 sizeable public housing projects in the country are currently managed by resident corporations (Exhibit 1). Tenant management is neither obsolete nor has it been abandoned. It is, however, out of favor.

The impetus to try tenant management grew out of several propositions that seem as reasonable now as they did when it was a new and promising idea:

(1) tenants are an untapped resource in the management of public housing, and if they are not made part of the solution they are likely to remain or become part of the problem;

Exhibit 1   National Demonstration Sites and Others Engaged in
Tenant Management

ORIGINAL NATIONAL TENANT MANAGEMENT DEMONSTRATION SITES	NO. OF UNITS	PHYSICAL CONFIGURATION	YEAR COMPLETED
Jersey City			
A. Harry Moore	664	high-rise	1954
Curries Woods	712	high-rise	1959
Louisville			
Iroquois Homes	854	garden	1952
New Haven			
Que-View[1]	260	garden	1941
			1970
New Orleans			
Calliope[2]	1,550	garden	earliest 1940
Oklahoma City			
Sunrise Acres[3]	537	garden and single family scattered	N.A.
Rochester			
Ashanti[4]	211	garden and row housing	earliest 1968

DEMONSTRATION SITES WHICH CONTINUE TO OPERATE UNDER TENANT MANAGEMENT (Recipients of Two-Year-Extension Funding)			
Jersey City			
A. Harry Moore	664	high-rise	1954
Louisville			
Iroquois Homes	854	garden	1952
New Orleans			
Calliope[2]	1,550	garden	earliest 1940
Rochester			
Ashanti[4]	211	garden and row housing	earliest 1968

Exhibit 1 (continued)

OTHER TENANT MANAGEMENT SITES (Year Initiated)	NO. OF UNITS	PHYSICAL CONFIGURATION	YEAR COMPLETED
Boston			
Bromley-Heath (1971)	1,216	low-rise	earliest
		high-rise	1942
Jersey City			
Montgomery Gardens (1979)	462	high-rise	1953
Newark			
Stella Wright (1978)	1,206	high-rise	1960
St. Louis			
Carr Square (1973)	658	garden	1942
Cochran Garden (1976)	704	high-rise	1953
Darst (1973)	656	high-rise	1956
Clinton-Peabody (1974)	657	garden	1942

Total No. Sites Currently Tenant Managed   11

Total No. Units Currently Tenant Managed   8,838

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[1]Comprised of two separate sites built at different times: Quinnipiac Terrace (248 units) and Riverview Terrace (12 units).

[2]Site's name was formally changed to B.W. Cooper after Tenant Management Program was underway.

[3]Plan for TMC portfolio called for incorporating several geographically and structurally distinct projects, including: the conventional 150 unit Sooner Haven housing development, a four-block area of 170 unattached family houses, 90 attached single family houses in private neighborhoods, and 127 scattered single family units.

[4]Incorporated five separate public housing sites situated within one-square mile: Bronson Court (39 units), Capsule Dwellings (16 units), Edith-Doran Townhouses (35 units), Fairfield Village (45 units), and Olean Townhouses (78 units).

(2) tenants have insight into their needs and incentives to work at improving public housing not shared by non-residents;

(3) the problems of some segments of the public housing system will not be solved even by adequate resources and good management, important as they are; solutions must be found in approaches which deliver services, generate jobs, and promote broader forms of community development.

The plausibility of these observations and the continuing disarray of many large urban public housing developments argue for another look. So does the fact that the majority of Demonstration PHAs and resident organizations have stuck with tenant management.

This report represents a second look at tenant management by a sympathetic but critical observer. It is not a detached study, but it endeavors to be an objective one--that is, seeking the true nature of social arrangements through careful and open-minded review of the pattern of events.

The Background for This Study

The National Tenant Management Demonstration got underway in the summer of 1976. It was sponsored by the Department of Housing and Urban Development and the Ford foundation and managed by the Manpower Demonstration Research Corporation (MDRC). The MDRC is a non-profit organization established to develop innovative employment programs. It was experienced in mounting pilots and demonstrations but had little background in housing. Six public housing authorities participated in the Demonstration, five of them seriously. At four PHAs, management contracts with tenant

corporations remained in effect when this evaluation was undertaken in the summer of 1982, a full six years after the Demonstration began.

This report focuses on these four still operating tenant management organizations. It is a second and follow-up effort to assess aspects of the Tenant Management Demonstration. As originally planned, the formal Demonstration was to last three years and end in mid-1979. Although MDRC's role ended then, the program continued at most sites. In 1980 MDRC issued its final report on the Demonstration. MDRC's evaluation was built into the Demonstration from the beginning. It relied on data regularly collected

from the tenant-managed sites, comparing them with results from matched control sites that were conventionally operated. It was anticipated that such a controlled comparison would permit identification of any added benefits (or costs) of tenant management. The report also relied on observation and interviews with participants and other informed observers.

Because the actual commencement of contract management by tenant corporations took much longer than anticipated at all sites, only one of the four had more than a year's experience when MDRC ended its data gathering (Exhibit 2). At two sites tenants had been in control for only about nine months. The TMCs' relatively short tenure in the various management offices inevitably diminished the usefulness of MDRC's review.

The general question the MDRC evaluation sought to answer can be stated as follows: "Is tenant management a viable and cost effective alternative to conventional public housing management?" MDRC's conclusion was that tenant management was feasible and that it worked fairly well at some sites, but that overall it was not a significant improvement over regular public housing management. Moreover, it cost a good deal to set

Exhibit 2   Chronology of Major Events in the National Tenant
                                        Management Demonstration

1974	Agreement between HD and Ford Foundation to Mount Demonstration
June 1975	Formal Selection of MDRC to Manage Demonstration
August 1975	32 PHAs Attend Presentation in St. Louis
1975-76	Site Visits Made to 24 PHAs Expressing Serious Interest in Participating
July 1976	Selection of Six PHAs and Funding Awards Announced
July 1976	First Training Program Initiated at A. Harry Moore in Jersey City
June 1977	Rochester TMC Signs Contract with RHA
October 1977	New Haven TMC Signs Contract with NHHA
July 1978	Louisville's Iroquois RMC Signs Contract with HAL
Mid-1978	Oklahoma City is Dropped from the Demonstration
September 1978	Jersey City's A. Harry Moore TMC Signs Contract with JCHA
September 1978	Calliope TMC in New Orleans Signs Contract with HANO
June 1979	Demonstration Formally Complete; MDRC's Active Role Ends
June 1979	New Haven Housing Authority Terminates Tenant Management at Que-View
Fall 1979	Extension Funding for Four Sites Authorized
January 1980	Curries Wood Effort Effectively Terminated
June 1981	Extension Funding Formally Runs Out Although Many Sites Retain Unexpended Funds

up and required a critical combination of ingredients which are not likely
to exist everywhere. The report left the clear impression that MDRC could
not endorse tenant management as a federally-initiated or encouraged
"program."

The Nature of This Study

As the original three year Demonstration term was coming to an end,
HUD made an eleventh hour decision to extend it for two additional years
at the four PHAs. This extension provided the occasion for a follow-up
assessment. The current evaluation has the advantage of time. The tenant
organizations and their management programs have grown and developed since
their fledgling period. Tenant management continued at the four local
housing authorities which requested and received the two-year funding
extension from HUD. And in all four cases the management contracts have
been renewed, in the absence of any more special funding, as these final
grants have been exhausted. This evaluation was undertaken in the summer
of 1982. The very first TMC to complete its training, Ashanti in
Rochester, had by then nearly five years experience managing. Even the
youngest TMCs, in Jersey City and New Orleans, had been formally managing
their sites for nearly four years.

While it has the advantage of more mature phenomena to study, this
follow-up evaluation was commissioned in the last months of Demonstration
activity. It was thus not built into any ongoing recordkeeping at the
sites and had to utilize a primarily retrospective methodology. Moreover,
its scope was modest, permitting one extended visit to each authority and
TMC site. These two constraints ruled out any serious quantitative data

gathering or verification of figures otherwise available. The author relied in part on his own substantial prior knowledge of the Demonstration and of other tenant management experience in preparing it.

This document is primarily interested in what practical lessons can be derived from the Demonstration. What, at their best, are the contributions this approach makes to life in American public housing development? What dynamics govern the relationships among the key participants in the PHA and TMC? What should a PHA or tenant group look out for if they are considering embarking on a tenant management program? Where problems can be anticipated, are there ways to avoid them? It is also interested in the evolutionary possibilities of tenant management: the extent to which organizing a low-income community to deal with its real estate problems can help it begin to address a much larger set of issues related to race, poverty, and social marginality.

Finally, this report is interested in countering some impressions left by the MDRC evaluation. This study's fundamental finding is that tenant management remains a promising but demanding approach to the many and interconnected problems of public housing. MDRC's conclusions are taken as partial and not conclusive. Hard evidence to "prove" that tenant management costs less and can work better than MDRC reports is simply not available, although some evidence to support this conclusion is presented here. What this report does show is that properly establishing a tenant management program takes time and hard work. Whether the results are worth the effort depends on how narrowly or broadly the objectives of the effort are conceived.

The Promise of Tenant Management

It is fundamental truth that any evaluation of results will vary with the observer's expectations. Part of the problem in assessing tenant management in public housing is understanding the purposes of those who originally advocated it, and the hopes of those who embraced the concept along the way. The question is: why were people moved to consider such a dramatic departure from standard practice? What did it seem to offer?

Tenant management of public housing was invented in St. Louis.[*] It grew out of a crippling rent strike which left the public housing authority bankrupt and as a practical matter unable to manage its large family sites effectively. According to most accounts, management by the tenants was entertained in St. Louis as a gesture to keep the peace and because they were the only potentially legitimate force left. Many informed observers doubted that any conventional public housing approach would be able to reassert order and stability in a situation that had gotten far out of hand. Moreover, the tenant's active role in maintaining minimal services during the rent strike and their skill in negotiating a settlement with a variety of public and private bodies suggested that they had the potential to manage their own affairs, with the right kind of assistance.

The sites chosen for the National Tenant Management Demonstration did not have equivalent histories. Several had been troubled and all had some

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* A Boston experiment with tenant management, at the Bromley-Heath project, somewhat predates the work in St. Louis, but proved to be a largely isolated case and was much less influential. The initial blueprint for the National Demonstration was prepared by a leading participant in the St. Louis events, who became chief consultant to MDRC in the effort. The St. Louis experience was the rough model and reference point throughout the Demonstration.

form of active resident organization, but none had St. Louis' degree of desperation or the de facto self-management experience of the St. Louis tenants.

The Demonstration itself appears to have meant different things to the different parties involved. HUD and the Ford Foundation were impressed by some of the results in St. Louis. Meanwhile they were discouraged by other largely unsuccessful efforts to improve the operation of the large family public housing sites in many of the nation's older cities. Several program officers and officials were intrigued by the hints from St. Louis that tenant management corporations could in time graduate from real estate management to a broader role in community development and neighborhood improvement. It is difficult to reconstruct the purely political considerations that may have influenced HUD's decision to support the Demonstration. It seems fair to assume there were some, since neighborhood control and local empowerment were then hot public issues.

By their own testimony, some of the public housing authority directors saw the Demonstration primarily as a way of getting additional modernization funds for one of their distressed sites. Some also had at least a guarded hope that the scheme might work. Mixed in or predominating for other PHA staff members and HUD officials was the sentiment: "Let tenants see how hard it is to manage and maybe they will stop complaining." There were clearly skeptical and reluctant participants in most quarters who thought the venture was ill-advised. Some reasoned that the Demonstration would, if nothing else, put to rest the notion that anyone other than professional public housing managers could run this stock.

Public housing tenants were not universally or overwhelmingly enthusiastic about the idea themselves. Tenant management matched a general sentiment in favor of local control, part of a larger political movement and national fashion in public programs at the time. But a number of tenant leaders had doubts. First was a fundamental doubt, not generally acknowledged publicly, that their group could make the grade as property managers. Related to this was a concern that the project was in fact unmanageable. Tenants were being asked to take on a task that had stumped professionals, and they could wind up having the program's failure blamed on them.

As tenants understood the elements of the Demonstration better, they were not necessarily reassured on these points, but they did become clearer about the potential benefits. Some residents would be trained and hired for jobs, and this was certainly attractive, particularly to those who had taken an active leadership role. Money was to be available for site improvements under the Demonstration. Physical repair and upgrading was a major demand of the tenants at most developments. Indeed, tenant leaders and PHA senior staff were in tacit agreement that the modernization money was certainly worth the effort of applying. They could worry later about what "tenant management" really meant. Finally, of course, the concept was a challenge to tenant pride and ambition. For some leaders, the challenge itself apparently overcame their qualms.

In sum, as in all large public programs requiring the participation and approval of many different actors, the goals were multiple and clouded. Participants did not necessarily share similar objectives.

No clear statement of the goals, or what we will call here the "promise," of tenant management was available to guide the Demonstration. Nevertheless, it is possible to reconstruct a composite statement of that promise -- the anticipated positive aspects of a tenant management effort. The result is a list of factors that might be expected to distinguish management by residents from conventional operations and to produce greater benefits. These potential promises can be organized in a kind of hierarchy from the most fundamental to the most ambitious. They are summarized below.

Promise #1   Tenant Management is the Only Hope for Rescuing the Site from Accelerating Decline and Even Abandonment.

The most basic and unadorned argument for tenant management is that for some public housing it is the last resort. Where a site is considered (or has shown itself to be) virtually unmanageable under conventional arrangements, tenant management is, more or less, the only approach left. This was the judgment of some key observers in St. Louis when tenant management was first considered there. It was also the view of key officials in Jersey City regarding the A. Harry Moore project which became part of the National Demonstration. The difficulty in evaluating this "promise" is that the results cannot properly be measured or compared with any other approach. If tenant management works, the site is saved. If it does not, too bad, but the site would have been lost anyway since there was nothing else to be

done. Without letting events take their course, however, there is no way to test the accuracy of this "all or nothing" judgment.

Promise #2   Putting Residents in Charge Will Lead to Better Real Estate Management.

It is hoped or assumed that putting residents in charge will result in one or more of the following benefits.

1. A resident staff will have a greater stake in improved services because they are "consumers" too. Thus they will work harder.

2. Management staff who are residents will be more accountable to other tenants through the latter's corporate powers to supervise, hire and fire. They are also going to be more familiar and accessible to tenants.

3. As tenants themselves, the board will be better able to reflect resident priorities in the allocation of money and staff and therefore produce more net satisfaction with the expenditure of the same limited · number of dollars.

4. Because they have insider's knowledge, the staff are less likely to be fooled or "set-up" by tenants trying to take advantage of the system or evade their responsibilities. Also tenant board members are better

positioned to mobilize peer pressure against problem residents.

5.   At the same time, the board and staff's ability to identify with the concerns of other residents will make them more sympathetic and responsive to the real problems of public housing occupants. They are likely to establish better tenant relations than other managers. They are better able to intervene and help resolve a household's problems before they escalate into formal conflicts with management or neighbors.

6.   TMC's will provide more timely and diligent service due to the seven-day-a-week, 24-hour a day presence of the key management personnel. Its staff and board will be potentially available all the time, not just from 9 to 5 o'clock on weekdays.

This cluster of assumptions appears to have represented the primary argument for tenant management among the authors and participants in the Demonstration.

Promise #3   Tenant Management Will Produce Jobs and Training Earmarked for Residents.

This promise provided one of the rationales for having MDRC run the Demonstration. Four potential sources of increased employment opportunity can be identified.

1.   Direct employment as part of the tenant management staff responsible for operating the real estate.

2. Employment through construction work generated by the modernization program and potential for future employment on similar work at the authority or elsewhere.

3. Employment in the social service and broader community development programs the TMCs were expected to launch.

4. Assistance in finding work through TMC-sponsored job development and training programs.

The possibilities had a clear appeal to residents both individually and collectively. Individually, the tenants hired stood to improve their status and their income. Generally, the reserving of all or most of the jobs for residents appealed to the community's wish to right a social wrong -- the poor employment prospects of many public housing tenants. Perhaps less visible at the outset were the more general opportunities for economic and social mobility promised by the skills, leadership experience and confidence to be gained by tenants who were engaged in the building of the TMC as an organization. These opportunities were available to non-paid board members and other residents as well as to the paid management staff.

Promise #4   Creating a TMC Will Enhance Tenant Organization and Solidarity Leading to Increased Sense of Self-Determination and Self-Respect.

This promise was probably the least tangible one, even though local control and empowerment had clear attraction

to some tenant leaders. It may have occurred to some
participants that the potential communal pride and satis-
faction in exercising control over living conditions might
in themselves make conditions seem better, even if there
was no objective improvement. What might have been less
easy to envision was the TMCs usefulness as an arena for
consciousness raising on the need for collective action.
The long range promise in this area was a public housing
community better able to protect its interests and to
secure its fair share of public resources.

Promise #5   The Tenant Management Experience and Structure Can be
Utilized for More Ambitious Community and Economic
Development.

As the National Demonstration began, a kind of "second
generation" benefit of the TMC structure was already being
claimed for St. Louis' efforts -- its ability to develop
social service programs for residents, particularly youth
and the elderly, along with some related employment and job
training. The TMCs were judged more likely to initiate
such programs because of their commitment to the social
needs of residents and their greater ability to motivate
volunteer (and not just paid) labor among board members and
residents at large. Identified only subsequently was the
TMC's potential for promoting "third generation" benefits
-- housing improvement and other physical development in

surrounding areas, as well as income-producing enterprise development. Events in St. Louis revealed that through the TMC, residents could get involved in large scale under-takings and generate significant income for the corpora-tion. As some of these achievements became known, hopes of similar evolutionary growth became part of the expectations at the new Demonstration sites.

These five types of benefits, then, offer a basis for assessing the tenant management experience. The problem is to sum the achievement in such different areas and weigh success or failure. If, for example, a TMC achieved little in terms of Promise #2, improving management, but did a creditable job in creating employment for residents (Promise #3) and seemed to have increased the community's ability to address its other problems (Promise #4), would that prove the concept worthwhile and justify the program? If one TMC succeeded admirably and another collapsed, what conclusion about the overall Demonstration could be drawn? (Would an average of the two scores -- plus one and minus one, which equal zero -- offer an accurate or useful measure?) Even if tenant management emerged with more pluses than minuses, or even all pluses, what amount of money in terms of additional start-up costs and ongoing technical assistance would be considered reasonable to secure these benefits?

Defining Tenant Management

The phrase "tenant management" could conceivably cover a rather broad variety of arrangements. It has been used, for example, to describe

instances where someone who happens to be a resident of public housing is hired to manage a PHA development. In the context of the National Tenant Management Demonstration, the phrase referred to a contractual relationship between the PHA and a tenant corporation to undertake the day-to-day operation of a given site. Under such a contract, it would be hypothetically possible for the actual site manager to be a non-resident so long as he or she is hired by the TMC. (The Demonstration, however, required that the key management staff come from among the tenant body.) The point is that the defining characteristics of the formula utilized in St. Louis and in the Demonstration were (1) a democratic corporate entity representing the tenants, and (2) a contractual relationship in which the PHA hands over certain of its duties and powers to this entity, subject to agreed-upon conditions of performance.

To a certain extent these critical defining characteristics are lost in casual discussions and in the popular conception of the meaning of tenant management. As can be seen from the preceding list of "promises," the emphasis in most of the thinking about the subject is on those ingredients the tenants can uniquely bring to resolving public housing problems. The formula, however, implied a substantial revision in the approach to management, not just substitution of residents for regular PHA employees. For all of the authorities involved, tenant management required a greater decentralization of management activity than almost any sizeable PHA had previously attempted. This departure was symbolized by the requirement that each tenant management site have its own complete income and expense budget, as compared with the consolidated budgets used by most PHAs. The

St. Louis Housing Authority, the Demonstration model, farmed out management of sites to other non-profit organizations and to private firms simultaneously with entering into contracts for tenant organizations to manage some family sites. This decentralization and then refocusing of operating authority in a single potentially accountable agent may have been as important a factor in some of the changes achieved in management performance as the fact that the particular agent was made up of residents.

While the contracts represented a very substantial devolution of management authority to the site level, it is important to note that the PHAs held on to substantial authority and control. Some of this was accomplished through the terms of the agreements signed with the TMCs, and some was enforced by actual practice as the Demonstration developed, regardless of how the contract read. All of the PHAs, for example, retained ownership of the sites and full fiscal authority; they remained legally and morally responsible to HUD and the local community for the condition and operation of the stock. The PHAs also retained important roles in marketing and rent up, rent collection, accounting, purchasing, payroll, personnel matters, skilled trade and specialized maintenance tasks, legal action against tenants, all union negotiations, and modernization, to name only the most prominent areas. (Exhibit 3 illustrates the division of responsibility and labor programmed for Jersey City.)

In some cases the PHA retained responsibility because it was more efficient or economical to perform a function on a centralized basis (i.e., specialized maintenance tasks or rent collection). In other cases, powers were retained because there was a feeling that HUD requirements dictated this (i.e., that all marketing and eligibility determination be

Exhibit 3   Division of Responsibility at the Jersey City Housing
Authority for the A. Harry Moore Demonstration Site

TABLE IV.2.   HOUSING AUTHORITY-TENANT MANAGEMENT CORPORATION
ROLE DIVISIONS

	HOUSING AUTHORITY	TENANT MANAGEMENT CORPORATION
PERSONNEL (Housing Authority employees at site)	Recruits & hires; general orientation →	Site specific orientation; monitoring & evaluation ↓
	Reviews, processes & takes personnel actions within parameters of civil service, union contracts, federal rules and regulations ←	Recommends personnel actions (disciplinary, promotional, demotional, etc); provides documentation & testimony
	↓ Reviews results and implications ↙	
	HA	TMC
MODERNIZATION •	Need, remedy & costing from engineering & operational (central office) perspective →	Review of findings & proposed plan; adds, critiques, recommends amendments ↙
	↓ Consensus (notwithstanding pushing & shoving in between) ↓	
	Application to HUD (or other source) covering all technical & administrative requirements →	Expression of site/corporation support & if necessary, mobilize political pressure.

* The examples are not intended to cover the full gamut of tasks involved in each noted area but rather to typify the interrelationships.

Exhibit 3   Division of Responsibility at the Jersey City Housing
Authority for the A. Harry Moore Demonstration Site
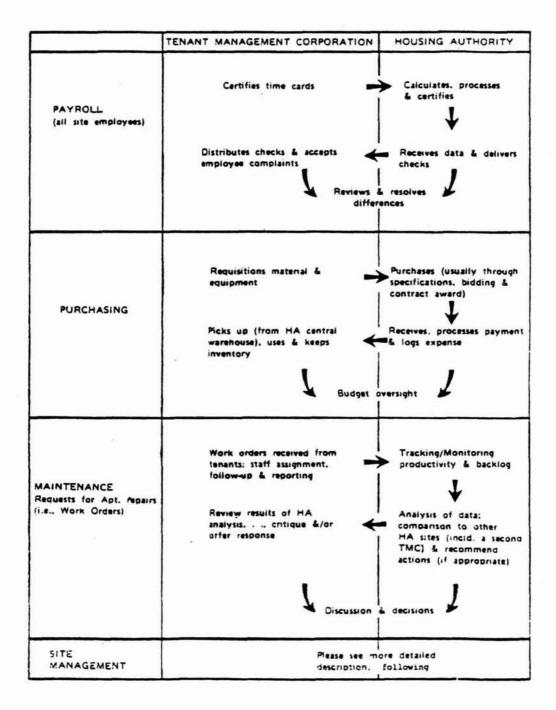(continued)

	TENANT MANAGEMENT CORPORATION	HOUSING AUTHORITY
PAYROLL (all site employees)	Certifies time cards →	Calculates, processes & certifies ↓
	Distributes checks & accepts employee complaints ←	Receives data & delivers checks
	↘ Reviews & resolves differences ↙	
PURCHASING	Requisitions material & equipment →	Purchases (usually through specifications, bidding & contract award) ↓
	Picks up (from HA central warehouse), uses & keeps inventory ←	Receives, processes payment & logs expense
	↘ Budget oversight ↙	
MAINTENANCE Requests for Apt. repairs (i.e., Work Orders)	Work orders received from tenants; staff assignment, follow-up & reporting →	Tracking/Monitoring productivity & backlog ↓
	Review results of HA analysis . . . critique &/or offer response ←	Analysis of data; comparison to other HA sites (incld. a second TMC) & recommend actions (if appropriate)
	↘ Discussion & decisions ↙	
SITE MANAGEMENT	Please see more detailed description, following	

Exhibit 3 (continued)   Division of Responsibility for

Site Management Functions

		TMC*	HA/TMC	HA
A)	Staff Supervision of			
	TMC Bldg. Managers	X		
	HA Site Clerical	X		
	HA Site Maintenance	X		
	HA Centralized Skilled Trades			X
	Outside Contractors			X
B)	Occupancy			
	Vacancy Monitoring	X		
	Apartment Preparation		X	
	Application Eligibility Preparation			X
	Applicant Screening, Prioritizing & Placement	X		
	Tenant Orientation	X		
	Annual Income & Family Size Reexaminations		X	
	Intra-site Apartment Transfers	X		
C)	Rent Collection			
	Initial Determination			
	Billing (Centralized, automated)			X
	Receipt (Bank Collection)			X
	Delinquency Listings			X
	Delinquency Follow-up	X		
	Administrative Notice	X		
	Summons Preparation	X		
	Court Filing			X
	Accept Apt. Possession from Court Constable	X		
D)	Lease Violations			
	Initial Tenant Contact/Informal Warning and/or Counseling	X		
	Administrative Notice	X		
	Documentation/Follow-up	X		
	Prepare Termination Notice	X		
	Review and File Legal Motion			X
	Administrative Hearing and/or Court Testimony	X		
	Follow-up on Case Disposition	X		

* Tasks noted under "TMC" represent those performed by the TMC and for which the TMC is immediately responsible. Since the Housing Authority is still ultimately responsible for all aspects of site management however standard monitoring and evaluation roles should be taken as a given.

done by the central office, even though much of this had been decen-
tralized in St. Louis.) In still other instances, control seemed to be
retained out of simple reluctance to give it up, or because of doubts that
the TMCs truly had the capacity to handle an activity.

The formula dictated a partnership and interdependency between the
PHA and the TMC, in which each presumably had its appropriate role. But
the formula also tended to muddy the extent to which the TMC could be held
responsible for management performance. In Louisville, for example, the
RMC is held accountable for keeping average vacancies below 1.5 percent.
The taking of applications, the determination of eligibility, plus some
very modest efforts at marketing, were all retained as PHA responsi-
bilities. Because turnover is high at the tenant management site, the RMC
is periodically faced with an upsurge of vacancies but an insufficient
number of appropriate files for prospective tenants forwarded by the
central office.

Some Background on the Participants Selected and the Mechanics of the Demonstration

. The elements of the Demonstration have been fully outlined in the
evaluation issued by the MDRC.[*] It will be useful to provide a brief
summary of how it worked here. Readers are referred, however, to the MDRC
document for more detail.

Goal. The official goal, as most simply stated by MDRC, was to test
the effectiveness of the St. Louis model, whose results "seemed quite
favorable," under different circumstances at other PHAs. As noted

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[*] Manpower Demonstration Research Corporation, Tenant Management: Findings
from a Three-Year Experiment in Public Housing, Ballinger, 1981).

earlier, there were actually a number of purposes and motivations which brought participants into the Demonstration. This statement serves as a tidied up version of that mix of needs and desires.

Sponsors and Funding. Because of its involvement in the St. Louis effort and its feeling that something valuable had been developed there, the Ford Foundation took the lead role in promoting the Demonstration. Foundation officials brought the idea to HUD and laid the groundwork.

The joint sponsors selected the Manpower Demonstration Research Corporation to be the manager and in effect the conductor of the Demonstration. It was judged that simply funding authorities and resident groups to try tenant management without a central source of technical assistance, oversight and evaluation, was not sufficient. MDRC had not been created to work on housing problems, but rather to develop employment and manpower programs. Nevertheless, it was well regarded by the officials at the Ford Foundation (which had originally created it) and was part of the concept from the beginning of serious planning.

Ford's actual participation, monetarily, came to $600,000 (Exhibit 4). This was all used to fund technical assistance and the management of the overall Demonstration. The bulk of funding came from HUD. The Office of Policy and Development matched Ford's $600,000 to create the Demonstration structure. An additional $5.2 million came from the Target Projects Program, about 30% of it ($1.6 million) going for Demonstration staffing. The remaining $3.6 million (plus a supplemental $1.3 million) went to the individual PHAs to pay for software and other start-up costs of the tenant-management activity. Finally, $15 million was allocated in

Exhibit 4   Summary of Costs and Funding Sources, National
Tenant Management Demonstration

SOURCE	AMOUNT	RECIPIENT/PURPOSE
Ford Foundation	$ 510,000	MDRC/Management of Demonstration
Ford Foundation	90,000	Participating Sites/Passed Through by MDRC to Cover Incidental Expenses Not Reimbursable under HUD Funding
HUD Office of Policy Development & Research	600,000	MDRC/Evaluation of Demonstration
HUD Office of Housing Operating Subsidy (Targets Projects Program)	1,560,000	Participating PHAs/Passed Through to MDRC for its Training, TA and Monitoring Function
Operating Subsidy (Target Projects Program)	3,640,000	Participating PHAs & TMCs/Costs of Starting Up Tenant Management
Operating Subsidy (Supplemental Funding)	1,300,000	Participating PHAs/Supplement to Extend Program for Two Years at Four sites
Modernization Program	15,000,000	Participating PHAs/Physical Upgrading of Tenant Management Sites
TOTAL	$ 22,700,000	

modernization funding in order to bring the participating sites back to a reasonable standard of physical repair. The modernization funding element was crucial in the program design, since it was clear that putting tenants in charge of an outdated and deteriorated physical plant was no way to test their management capacity.

Thus, a substantial sum of money, totalling over $22 million, was allocated for the Demonstration. This has led a number of observers to comment that it was expensive. Indeed MDRC came to this general con-clusion. It is important, however, to note the substantial amount that went to MDRC's Demonstration management and oversight as opposed to the PHAs or the tenant management corporations. It is also important to note that modernization was clearly required at three of the sites if anyone was going to operate them effectively. The specific allocation was certainly accelerated by the Demonstration, but sooner or later modern-ization awards would have to be made. It is not accurate to count the $15 million as a Demonstration expense. It was, rather, a public housing expense that was incorporated into the Demonstration's activity.

Selection of Participants. The Demonstration work actually began in June of 1975, one year prior to the formal announcement that it was underway. The intervening year began with the canvassing of HUD field offices for nominations of likely candidates. This produced 51 names. From among these, 24 authorities filed applications for participation. Six of these were selected to participate. Of the six, four remained with the Demonstration through its original term and became the four continuing operations that are the subject of this report. Exhibit 1 summarizes some

basic information on the selected sites. Two of the six originally chosen dropped out quickly (these were Cambridge, Massachusetts and Dallas). They were then replaced by the New Haven and the Oklahoma City Housing Authorities. Oklahoma City dropped out before the Demonstration entered its more serious phases. New Haven signed a contract with its TMC, but its program never really jelled, and it did not participate in the extension under the supplemental funding. These defections were due primarily to internal PHA problems, conflicts and resignations that were unrelated to the tenant management effort. It is not coincidental that the four lasting cases were the four chosen in the very first round of selection. These four were the Jersey City, Louisville, New Orleans, and Rochester Public Housing Authorities (two sites had originally been approved for Jersey City; only one site actually graduated to tenant management and stayed in the program).

The Process of Establishing a Representative Entity and Training Its Board. The tenant management corporation at each of the sites was a new organization, elected by the body of residents, with everyone over 17 years of age and legally residing at the site eligible to vote. Needless to say, existing tenant organizations and leadership played an important role in this process, and to some extent the most active participants could have been predicted from the outset. On the other hand, a number of leaders emerged in the process that previously had no visible role. Establishing nominating and election procedures was essentially the first task of MDRC staff and consultants. Once a board was selected, with the procedures usually supervised by local League of Women Voters or a similar

organization, the TMC was incorporated. The members of the board then participated in a structured training program, covering both organizational matters and the principles of public housing real estate management. Scheduled to last for three months, this training in some cases actually required five months to complete. Boards varied in size from Ashanti's five to 13 members at Curries Woods. Members received modest stipends during the training program and in some cases afterwards.

Staff Selection and Training. Once the board members finished their training, they were assisted in developing job descriptions and establishing criteria for recruiting management staff. This sometimes involved board members resigning in order to apply for management positions, which was a source of some tension and difficulty. An important TMC addition to the typical PHA site staff positions were the lane managers (low rise) and building managers (high rise) who were to be assigned geographically and expected to bring management into more regular, face-to-face contact with residents. Once the hiring process was complete, the staff underwent its own training program, covering much of the ground that the board had been over but in more detail, with more emphasis on nuts and bolts. The training was both in the classroom and on the job, with the new staff working in tandem with the existing housing authority personnel who were still operating the site on a daily basis. The staff training program also typically required more than the allotted three months.

Graduation and Assumption of Management Responsibility. Once the staff training was completed, the authority and the TMC entered into formal contract negotiations (of course, a lot of ground had already been covered informally). In some cases a considerable period of negotiation was required before signing. Among the most important parts of this process was the development of an operating budget for the site, which became the contractual basis for the first year's operation. This budgeting process was intended to be repeated annually thereafter. Once the contracts were signed, arrangements were made for the TMC and its staff to take over formal management and for remaining housing authority staff to withdraw. In most cases, this transfer had begun to occur gradually during the training interval, so there was no dramatic or sudden shift. Moreover, many of the TMCs continued to call on PHA staff for help, particularly in their first year of management and sometimes well beyond.

FINDINGS: REAL ESTATE MANAGEMENT

New Orleans

The basic findings from the four Demonstration sites is that resident management corporations can operate difficult family developments, and operate them well. In New Orleans, the 1,500 unit Calliope project (now renamed B.W. Cooper) stands out among the City's large family developments. Housing authority staff members confirm that it is as well managed as any equivalent site and substantially better managed than most. No quantitative data are available from HANO on which a more definitive comparison might be made. On-site review of management performance confirms the generally high opinion of current TMC operations. And the opinion of PHA staff may be considered more credible in view of the fact that most are not supporters of the TMC concept.

Jersey City

The performance of the A. Harry Moore TMC in Jersey City is well regarded by the Housing Authority, which considers the 662-unit site to be one of its two most difficult. A comparison of management performance indicators with other family developments shows that in most areas A. Harry Moore is outperforming the norm, despite the special demands made by the site and its population. The TMC's performance through mid-1982 is summarized below.

1. Vacancies. From shortly after the date on which it assumed full management responsibility, the TMC has maintained an occupancy rate that has never dropped below 98%. During the calendar year 1981, the vacancy rate was brought to below 1%.

For the first six months of 1982 it averaged .8%. This com-
pares with an overall Authority vacancy rate of .9% for the
same period. This creditable performance has been produced in
the context of a relatively high incidence of turnover. On
average, 8.3 households moved out of AHM each month in 1981.
Fully 100 households, or 16% of all residents, moved out in the
course of the year. Among Jersey City public housing projects,
only one other site matched AHM in extent of turnover.

2. Average Rent. At the same time it has successfully dealt with
a demanding turnover situation, the TMC has managed to realize
a significant increase in the average rent charged. Measuring
from the beginning of 1978 (the period just preceding the TMC
takeover) through the end of the first quarter of 1982, average
rent at AHM has gone from roughly $74 to slightly more than
$108. This represents an increase in absolute dollars of 47%.
Of course, there was no increase in real dollars since over the
same interval the Consumer Price Index rose 51%. The increase
in average rent for other authority sites (excluding AHM and
Montgomery Gardens, the other tenant-managed development) came
to 40%. Thus while it cannot be said that the Tenant Manage-
ment Corporation out-performed the economy as a whole (this
would hardly be a fair measure for a public housing site given
the predominantly fixed-income population which it houses and
the restrictions under which it must operate), it has out-
performed the rest of the JCHA.

3. Tenant Accounts Receivable. The TMC's performance in this area
has been somewhat erratic, and it does not always compare
favorably with other family sites operated by the JCHA. Prior
to tenant management, delinquencies ranged from 15 to 25%
(expressed as the percentage of households in possession which
are more than one month in arrears). During the period in
which the TMC gradually took over management responsibility,
this delinquency rate was brought into the 10 to 15% range.
Since contract signing, delinquencies have essentially stayed
in this range. The rate has shown periods of improvement
(dipping to as low as 5%), but the TMC has been unable to bring
the rate down in a sustained fashion. There are indications,
however, that during the first half of 1982 the delinquency
factor has been brought under greater control. In March, 1982,
for the first time, the delinquency rate at AHM was less than
5%, and the figure remained below this level through June.
Most of Jersey City's other developments brought delinquency
rates below the 5% mark somewhat earlier.

4. Maintenance Worker Productivity. During both 1980 and 1981,
AHM had the highest productivity factor--measured by the number
of work orders completed per maintenance repairer at the
site--of any JHCA development. During one four-month interval
in 1981, AHM's record was matched by one other site and

exceeded by another, but overall AHM's record in this area was outstanding. Indeed in the final four months of 1981, workers at AHM handled on the average 9.41 work orders per worker day. The nearest competitor handled just under 8 work orders per day. (Is should be noted that the number of work orders completed is partly a function of the number of work orders called in. This number can vary. As a site is modernized, completes preventive maintenance, or gets more efficient at making repairs, it is likely to reduce its overall workload, and its performance (as measured quantitatively) will appear to decline. Whatever role this variability might have played in the performance of other sites, AHM's productivity is clearly high.)

5. Number of Work Orders Outstanding at Month's End. The TMC's productivity accomplishments are mirrored in this measure. During the first two quarters of 1982, AHM brought its incomplete work orders to zero for six consecutive months. AHM's chart is comparable to those kept for the Authority's elderly projects, and during the TMC's tenure it has been visibly superior to those of the other family sites.

Louisville

In Louisville, the Iroquois Homes Resident Management Corporation has shown substantial improvement during the recent 12 months and is performing creditably in comparison with equivalent sites. In 1982 the Housing Authority established a set of performance standards and required its managers to track their record on a monthly and quarterly basis. The RMC's 1982 record in three important management areas is compared below with that for HAL's other large family sites.

1. Rent and Cash Collections Rate. The Iroquois RMC collected, on average, 96% of all rents due each month in 1982. This compared favorably to the average of 95% for the city's seven large (over 250 units) family developments. In terms of total cash collection, Iroquois' record was 100% in 1982, equal to that for Louisville's comparable sites.

2. Work Order Completion. While Iroquois figures for the first three months of the year are unreliable, its record for the last nine months puts it first among the city's family sites in maintenance work performance. Ninety-six percent of all routine work orders

were completed at Iroquois in five days or less as compared with 93% for the large family developments as a group. Along with the other sites, Iroquois reported 100% of all emergency work orders responded to within 24 hours.

3.   Vacancy Rate. On paper, Iroquois' performance in keeping units occupied is not strong, its 2.1% average monthly vacancy rate being below the family project average of 1.7% (HAL's standard in this area has been set at 1.5%). Unlike most of the other sites, however, Iroquois has been struggling to maintain racial balance and must frequently hold an apartment longer in order to be able to fill it. Moreover, it is ultimately dependent on the Housing Authority to forward appropriate applicants and lacks fundamental control of its own destiny in this regard.

Rochester

The Ashanti TMC in Rochester manages five separate developments within roughly a mile radius. Its performance during much of its career has been criticized by the Rochester Housing Authority staff. In the last year, however, management performance has improved, and the staff now regards the Ashanti manager as one of the best in the PHA. The kind of quantitative data that would be required to compare Ashanti's performance with its counterparts in Rochester is not assembled by the RHA. On-site review suggests that earlier shortcomings are now recognized and energetic steps are being taken to upgrade operations. The level of housekeeping and apparent levels of tenant satisfaction indicate that a good deal remains to be done as of the summer of 1982.

Conclusion

It is hazardous to generalize from such sketchy and incomplete data. What can be asserted is that the four sites were being managed sufficiently competently in 1982 to earn the PHA's basic approval. Several PHAs were well satisfied, others waiting to see if recent improvements would be maintained. As will be seen below, however, credit for what had been achieved was not always given to the TMC.

In general, it should be noted that some of the shortcomings which can be identified in each TMC's management performance are primarily the result of factors beyond the control of the management corporations (i.e., heavy turnover as the consequence of patterns of racial change and a surplus of elderly subsidized units in the area; original defects in the design and construction of sites that cannot be remedied without additional modernization funding, etc.).

FINDINGS: PATTERNS OF DEVELOPMENT

AND EVOLUTION

A second finding which emerges from all of the sites is that the developmental shakedown process involved in converting to tenant management takes a significant period of time, and it cannot be rushed. Each of the four Demonstration sites still under contract changed managers several times before there could be general agreement that a solid and effective staff was in place. In New Orleans the process was largely completed within two years. In Louisville it took the better part of three; and in Rochester and Jersey City, nearly four. On reflection, these intervals are not necessarily surprising, but they far exceeded the expectations of the designers of the National Demonstration. What is more important, there were several negative consequences of this long process that continue to affect the Demonstration sites. One is confusion about the role of the board and its importance to the TMC concept. This has led to varying degrees of demoralization among board members. Another is discouragement and impatience among PHA staff which leads them to treat the project and its manager almost as though they are just another conventional site operation and to ignore or bypass the board as much as possible.

If we can take the evidence from these four sites as general indication that this developmental process is necessary and cannot be entirely avoided, then it becomes essential to recognize the kind of problems that can emerge. What follows is a scenario reflecting a simplified composite of the experience of the four tenant-managed sites. The composite scenario seems justified and useful because of the remarkable similarity of the

patterns of development despite the many clear differences among the sites.

1. The TMC Boards start with enthusiasm and commitment. They essentially believe what they have been told--that they are the heart of the program. The central contribution the tenant board makes to the TMC concept appears to have five elements, although their full meaning does not usually register on board members at the outset.

1. The board confers an essential legitimacy on the performance of the management function in the eyes of the residents.

2. The board offers the mechanism whereby management is kept accountable to the tenant body and residents can participate in setting policy.

3. The board embodies the capacity for bringing peer pressure to bear on individual households and simultaneously the capacity to advocate on an individual tenant's behalf, which together help to maintain behavioral norms, civil peace and a relative sense of justice at the development.

4. The board provides the tenants as a whole with a respected institutional structure to represent them in dealings with the outside world.

5. The board constitutes an institutional vehicle which has the potential for developing social service, recreation, and economic development programs to meet those larger needs that real estate management alone cannot address.

The major struggles, disappointments and triumphs of the TMCs' careers revolve around the role of the boards and their ability to maintain conviction about their centrality and to adapt and grow with the changing demands made on them. For example, the first three of these contributions can come to be taken for granted as the TMC matures and daily operations are mastered. The TMC may no longer be given credit for accomplishments which would only become visible if they were to dissolve or withdraw and site control were to return to the PHA.

2. Since board members are selected first, they are the center of attention in the training and hiring process, and in the various milestones and ceremonies that surround the transfer of management responsibility. The first phase of operation, however, can be a trying experience. In addition to the inevitable hitches in the start-up of almost any new venture, some weaknesses in the personnel selected for key management positions become visible during the first year. While the boards generally make their selections according to reasonable and thought-through criteria, certain characteristics and requirements that were not anticipated turn out to be important. Boards are reluctant to make major changes in personnel immediately, even though conviction may grow that such changes are necessary. Moreover, they are probably unsure they can identify candidates who will handle the positions better.

In New Orleans, the manager initially selected was replaced at the end of the first year. At Iroquois in Louisville, the initial manager was let go during the second year. His replacement was in turn asked to leave near the end of the third. In Rochester, a fully successful management appointment was not made until the TMC had been in operation for a full

three years. During that time three separate individuals--two managers and an acting manager--presided over operations. In Jersey City, the first choice for manager was more or less forced to resign before the contract was even signed. Her replacement became the first formal TMC manager and served for three years, but was then replaced by the board chairman who resigned to take the job. The two now serve as manager and assistant manager.

The TMC staffing may only appear to be unstable. A comparison with the five years prior to tenant management at A. Harry Moore is revealing. From 1973-1978, under conventional Jersey City Housing Authority management, the project had five different managers and five different maintenance supervisors. The PHA staff regards the TMC's record as much superior and a sign of its capacity. Nevertheless, a shift in key personnel seems to be regarded as a "failure" by the TMCs themselves and by many observers.

3. Because of weaknesses that are apparent in the staff of the TMC, board members find themselves more and more on the front line. They feel compelled to oversee and sometimes even perform routine management duties which were not meant to be part of their role. They find themselves increasingly trying to make up for deficiencies in the staff team. This leads to a gradual but cumulative burnout among those originally seated on the board. There may be turnover or, alternately, increasing weariness and disillusionment among those who remain on the board. They are volunteering their time and begin to feel that they have nothing to show for it but complaints and trouble. They are likely to feel that there was more gratification in previous volunteer work they have done, where the obliga-

tion and pressure to deliver was less. Moreover, in their preoccupation with shoring up daily real estate management, they are able to give less time and emphasis to the heart of the tenant management concept, which is policy direction and the provision of soft management programs to support hard management operations and enhance project life.

4.   The early management performance problems of the TMC leads to the loss of some credibility with the public housing authority. After a while the staff's impatience tends to focus on the board. Even an initially supportive PHA director can be heard to complain about how much extra time the tenant management site is taking. PHA staff also complain about the time it takes and begin to regard dealing with the board as a mere formality, and a time consuming one at that, which does not seem to add results at the site.

This growing disappointment with the Corporation's apparent inability to get its management act together was especially visible in Rochester. One reason was that the RHA had already been doing a decent job of managing the five small projects which were brought together under the Ashanti TMC Contract. Unlike the other Demonstration sites, Rochester's was not singled out as being a particularly troubled or needy one. Thus, an actual decline in management performance (rather than just the lack of improvement experienced at other sites) was the visible result of the first years of the TMC's tenure. The executive director in Rochester was very supportive of the concept and remained tolerant well after many of his staff members became frustrated.

5.   These start up problems, which tend to spill over into the second and third year, also do some damage to the TMC's credibility with residents and to tenant morale overall. Lower attendance at corporation and building meetings is one sign, although it is difficult to separate disillusionment as a possible cause from the general loss of interest and enthusiasm that naturally follows as a dramatic shift is converted into a daily routine. In general, expectations of all the parties tend to be somewhat unfulfilled: the board feeling mired in a somewhat unrewarding round of fire-fighting and crisis management, the TMC management staff sensing criticism of aspects of their efforts and becoming more and more defensive and harder to reach with genuine offers of help, and the authority staff growing impatient with what appears to them as an excessive investment without the promised return.

6.   Personnel decisions are the ultimate test for a resident management corporation board since the members are hiring, disciplining, and firing people who are neighbors and often friends (management personnel generally come from a relatively small leadership cadre that exists or emerges at each development). Sometimes, of course, there are rivalries where individuals from the leadership group competed for some of the salaried positions.' This can complicate personnel considerations, with those not party to a rivalry trying to maintain clarity about what is justified criticism and complaint and what is motivated by personal grudges or "sour grapes."

At each of the four Demonstration sites, however, the boards prove able to make some very hard staffing decisions their circumstances re-

quire. At Jersey City, the individual selected to be trained as manager gets into personal difficulties. The board concludes that while the transgression is not a highly serious one, its code of conduct and ethical standards require that the person resign. After a search, a second candidate is chosen. Several partially successful but uneasy years ensue. The board seizes the opportunity provided by the illness of its second manager, an able person who is not fully comfortable in the position, to appoint its chairperson interim acting manager. When he is subsequently appointed to the position permanently, site management performance improves substantially.

The RMC in Louisville agonizes and fires two successive managers before it is able to settle on an individual, promoted from the management's staff ranks, who is fully able to handle the position. In New Orleans, the current manager begins as assistant manager when the TMC takes over. After a year the board requests that she change places with the individual first appointed to run the project. The two weather the adjustment amicably and give the TMC a solid management team. Because New Orleans goes through only one relatively smooth management change, its operations settle down earlier than the other sites.

Rochester makes a not entirely happy choice in hiring its first manager. In finding a replacement the TMC fails to anticipate some problems of nepotism, and chooses as manager the wife of the chairman of the TMC board. Management issues are only clearly resolved when a third manager is hired at the end of 1982. Ironically, she had been hired as a housing assistant on the original management staff, but she was terminated after a month for "insubordination" and "discourtesy."

7.   It is not unusual for the regular PHA staff to be unclear about the origins and the purposes of the Tenant Management Demonstration, and to focus primarily on hard management and delivery of services in their evaluation of its success. While the executive director and members of the boards of commissioners are often well acquainted with the many dimensions of the tenant management idea, in most authorities the lower staff levels are never really briefed or fully informed. And in some cases, of course, staff have joined the authority since the initial TMC contract was signed. They see no inconsistency in treating the manager as they treat other managers: requiring him or her to attend regular meetings and training sessions, make routine reports and to respond directly to all orders and requests. The fact that the authority has its contract with the TMC and not with the site manager is lost on or ignored by most authority staff. It makes their jobs easier to treat all sites uniformly, and with only one TMC the extra effort to make exceptions may seem unjustified. Moreover, they may simply not understand the significance of the contractual relationship and the separate status of a TMC site.

8.   Through a process of trial and error and some substantial learning over time, management operations at each of the sites settle down and begin to produce at a level equal or superior to the norm at the authority's other family sites. When this occurs, the PHA staff breathe a sign of relief. They tend to give the new person sitting at the manager's desk a lot of the credit for having finally straightened out the problems at the tenant management site. The rest of the credit they take for

themselves for their patience and the extra time and effort they have devoted to the project. There is now respect on both sides, and the manager finds that he or she can get ready assistance from the PHA, and generally feels part of that family. Professionally, too, the manager finds him or herself identifying with the other professionals at the authority. At the same time there is pressure to maintain identity as a resident and as a key representative of the tenant corporation.

9.   It is at this point that the board begins to experience the problems of entering its "middle age." The problem is fundamentally one of being "odd person out" in the triangular relationship that exists among the management staff, the PHA staff, and the TMC board. As the PHA staff begins to feel that they can rely on the performance of the manager, they will begin to ignore or pay only pro forma attention to the board, which has for some time been considered the source of the site's difficulties. The main action is between the site manager (and his or her staff) and the PHA, and the board may begin to find itself increasingly isolated. The board's established earlier role as defender of tenant interests, organizer of the TMC, etc., begins to evaporate. If it continues to focus on hard management and real estate issues, the board finds it does not have enough business to transact. It increasingly begins to look for ways to assert itself and reaffirm its role in the tenant management experiment. An unfortunate but understandable tack is for the board to involve itself in petty details that are really the responsibility of the manager. It may also get uppity and demanding, expecting the manager to relate to the board and its members more formally. Unless the board begins to branch

out and develop new roles for itself in project improvement, expansion
of social services programs, and broader community development activities,
it is likely to secretly doubt its own significance at the very same time
that it is protesting that it is not being treated with sufficient
respect. All three parties to this relationship will begin asking the
question "Why do we need a board at all?", although it is not always asked
out loud.

10. The board members' incomplete understanding of the difference
.between their roles and those of the management staff contributes to some
of the problems of this phase of the life of the TMC. Where they are not
clear about the distinctions between policy making and administrative
execution, the usual problems that this creates are aggravated during this
period. (That confusion might exist is not surprising given most board's
substantial involvement in operations during rocky periods in the early
life of the TMC contract.) Moreover, new board members who did not
receive the initial training and have not been formally oriented, are
usually even less clear about the crucial division of labor between board
and staff. And their conviction that the board does have a critical role
is likely to be weaker.

11. Conflict between the TMC board and its staff can also grow
during this period, particularly if the manager gets substantial rein-
forcement and encouragement from PHA staff at the same time that he or she
feels some harassment and competition with the board. At one of the sites
(nameless in this case to avoid complicating existing relationships), the

manager increasingly found herself "in the middle." Because the PHA was dissatisfied with the activities and performance of the board, the manager was in the awkward position of having to take one side or the other-- defend the board and challenge the judgment of the PHA which she secretly partly shared, or side with the PHA and risk incurring the wrath of the board for being a turncoat. More importantly, she had the problem of protecting future relations with the PHA, since the TMC was under attack and might not have its contract renewed. The manager clearly saw that she could continue with the PHA as site manager with only modest changes in her daily arrangements if the TMC were to disappear. There was a clear incentive not to jeopardize her relations with the central office. The situation highlighted the potential conflict for TMC managers between feelings of allegiance and commitment to the tenant group and professional identification and natural desires for job security which tended to push her towards the PHA professional staff.

12. With growing awareness and understanding and appropriate help from outside, the boards can learn to shift their roles and to refocus their energy. What has been lost sight of at several of the sites and what several of the boards are struggling to rediscover is the central contribution the tenant management board makes to the TMC concept. Their dilemma is no different from that of other volunteer boards. One possible outcome is for wholesale change in board membership through resignation of existing members and/or takeover by an insurgent group. The dangers here are that the new members will have no preparation and may have less allegiance to the TMC as a communal concept. They may be more likely to

seek personal advantage from their position, and this may increase the chance that the PHA will step in and even terminate the contract. A second possibility is the gradual withering of the TMC Board into an empty shell. Only lip service is paid to the TMC concept and the site increasingly becomes a conventionally-run one, which happens to have a resident staff. A third possibility is growth and maturation of the board's role.

Of the four TMC boards, those at A. Harry Moore and Iroquois have wrestled most consciously and effectively with the problems of changing function and of charting the next stage of the TMC's growth and development. It is probably not coincidental that they have both sought (with the urging of the PHA) technical assistance and advice in resolving their remaining hard management problems and identifying where they go from here. The transition is not simple to negotiate and little in their previous training prepared them for this phase in the TMC's career. This highlights one among a number of important issues in organizing a TMC program that are addressed in the next section.

FINDINGS: SOME BASIC ISSUES IN ORGANIZING
FOR TENANT MANAGEMENT

The evidence from all of the Demonstration sites is that there are some hard issues that need to be addressed in developing a program of tenant management, and the success of the venture is likely to depend on how directly they are faced. These issues are reviewed below.

1. Understanding tenant motivation. It is unrealistic and unfair to expect that tenant interest in a resident management arrangement will be entirely altruistic. Tenants may be philosophically attracted to the idea of local control and eager to see their joint environment improved, but they also are going to be interested in employment for themselves or influential positions in the community, and they may well be interested in achieving power in order to manipulate it for their own purposes (i.e., political advancement, getting back at a neighbor, etc.). Everyone knows, of course, that a mixture of motivations is to be expected in any human enterprise like this one. Nevertheless, tenants are either idealized as being above potential reproach or held to standards of nobility not applied to others and then measured against these entirely unrealistic expectations. Unless clear democratic procedures, accountability, internal controls, and business-like discipline are built into any tenant management operation, the designers will be tacitly designing it to fail.

2. Creating professionalism among board and staff. Like any formal body with authority over the lives of others, a TMC board needs education and systems of accountability to ensure that it is responsible and ethical

in its behavior. Tenant boards are no more immune to favoritism, croney-
ism, nepotism or even more dishonest forms of behavior than any other
governing body. TMC boards need to understand that favoritism in the
distribution of desirable apartments or new appliances is not only unjust,
but that it will undermine their legitimacy in the eyes of the tenant body
and make it difficult, if not impossible, for them to perform their normal
functions. Similarly, they need to understand the impact of violations of
the confidentiality of tenant files on the image of their impartiality and
on tenant confidence in their integrity. Thus they must be helped to face
what are both moral and practical issues. This takes training as well as
the promulgation of rules and codes to guide them in their activities. It
is not always easy to understand that what may seem like concerned inter-
vention on behalf of family and friends will be seen as improper board
meddling in the staff's domain as well as croneyism by others. At the
same time, board members need to be assisted in finding ways to explain to
family and friends that their scrupulousness is not somehow holier-
than-thou and cloaked in a new air of superiority. They also may need to
be assisted in understanding in concrete terms the essential need for a
system of internal controls and for arrangements that make everyone in the
tenant management corporation accountable to someone else.

3. _The importance of legitimate incentives_. At the same time the
board and staff need to know they are not to use their positions to seek
personal advantage, they must also know what are the legitimate benefits
of the positions they hold. In the case of management staff these are
relatively straightforward and have to do with compensation, fringe

benefits, development of skills, and other rights of employment. In the case of the board they are more ambiguous. Obviously there is gratification in exercising power and authority and in the prestige involved in leadership. But boards also need some collective benefits and privileges that do not involve special treatment as residents qua residents. One kind of benefit is the opportunity for training and personal development through the board's activities. Another is for travel to meet with their colleagues and counterparts in other cities and to attend meetings and conventions relevant to their roles. In a sense they are no different from PHA boards of commissioners and other voluntary boards who are customarily regarded as entitled to similar privileges. In general boards need to be given attention which confirms their importance, including appropriate office and meeting space, separate from the management office, the equipment which they will need to conduct their business, such as typewriters, duplicating machines, a coffee machine, small refrigerator and stove. Many of these things boards can provide for themselves through their own operating budget. Problems arise where the PHA does not acknowledge the need for these perquisites and refuses to authorize them or permits continuing ambiguity as to what is legitimate and what is not.

4. <u>Training and continued technical assistance for the board and staff</u>. There is a general consensus among participants that both the TMC board and staff need periodic and continuing outside aid to successfully run a tenant management organization. In this sense they are no different from the authority itself or other similar institutions which have access to outside technicians, consultants and trainers.

A fundamental kind of aid is outside legal representation, which none of the TMCs have enjoyed on a regular basis. The PHAs involved have been reluctant to authorize expenditures for this purpose. It is apparent that the reason is partly concern the TMC might thereby question certain fundamental aspects of the relationship. Without the capacity to get independent legal advice, however, the TMC board is really not able to enter into the management contract as an independent partner. Another possible source of aid that has not been established at any of the sites is an advisory board made up of people with technical skills that could be consulted on TMC business. Boards have gotten occasional outside help from management consultants, trainers and general community workers. But for the most part their only formal, scheduled preparation began and ended with the training phase of the Demonstration administered by MDRC.

It is clear that a design which calls for one-time, intensive, organizational assistance and management training and then expects a TMC to run happily ever after is not realistic. For one thing, it ignores turnover among both staff members and board. For another it assumes that the participants are able to fully absorb and understand necessary information prior to direct experience in running the site. This is particularly the case for the board members for whom much of the training is abstract, since they do not get the reinforcement of daily management activity. Moreover they cannot always foresee the possible future uses of specific elements of training.

The Demonstration's training design also ignored the fact that people and needs change. As the TMC matures different kinds of help and information are required. It also may be important to rethink the nature of

the orientation and training. Many of those who participated in the Demonstration's program criticized the training on several grounds. Some felt that more of it needed to be on-the-job rather then following a classroom format in advance of the real-life experience. There was also the complaint that the decision to give both board and staff the same course of training tended to confuse roles and to lead the board members into a misunderstanding of their appropriate function. Finally, in thinking about training and education, it is necessary to confront the possibility that some trainees will need work on basic skills (reading, writing and arithmetic) in order to be able to make full use of the more sophisticated training in, say, reading a budget. Even manual workers such as maintenance personnel can benefit from remedial work in the basics.

Where a PHA has its own training efforts, or access to outside programs, TMC staff can certainly benefit from being included. However, the expectation that the PHA can itself provide all the TMC's continuing technical support is shortsighted. While PHA staff handled important segments of the training curriculum at many sites, this occurred before contracts were signed. Once the TMC becomes a partner with the PHA, it needs to be able to ask for help or explore its ignorance, confusion or doubts with third parties. And some of its work, particularly larger community development, will require skills beyond real estate management.

Perhaps the most important and least available kind of aid is help with the organizational life of the TMC. TMCs need as much process consultation, team building and organizational development help as they

need technical aid in property management and service delivery. As in all other human organizations, problems around human relations, power, competence, how conflict is handled and the attention given to individual needs and feelings are often behind what appear to be purely technical or personnel problems. While organizational development, or "OD", work is widely accepted in private industry, it is far less familiar in government and largely unknown in the world of non-profit and community institutions.

It is important to note that TMC needs in these regards can be met from operating budgets and need not require special funding. The Iroquois Homes RMC in Louisville has retained general organizational and technical consultants and secured regular legal representation for a total amount that is less than 1% of the site's total operating budget for 1983.

Lack of confidence due to limited formal education and prior experience can lead to defensiveness among the tenant leadership. the special sensitivities which arise can prevent tenant boards from acknowledging their legitimate need and from seeking assistance that others might seek automatically and without any exaggerated sense of personal inadequacy. TMCs need conscious help in overcoming this potential barrier to a more effective program.

5. <u>Resident opposition to the TMC</u>. At virtually all of the sites a group of residents soon emerged to oppose the concept of tenant management, and in most cases maintained their opposition during the first year or two. At almost all the sites these groups have largely disappeared, and there is little active opposition to the TMC. There is substantial evidence that a good part of the opposition was fueled by resident fears

that their own personal interests would be threatened by a tenant take-over. While there may well have been principled opposition to the TMC, there was clearly opposition which derived from a fear that tenants might be held more accountable and would be less able to "con" management personnel who were themselves residents. The concern was that the tenant leaders who seemed likely to be selected for permanent TMC positions knew too much. As it turns out, there is a good deal of evidence that TMCs have been firmer in enforcing rules and more demanding in their expecta-tions of resident behavior than the prior PHA site management staff. Thus a good part of the opposition was identified with those who had something to hide or stood to lose something as a result of the contemplated change: those residents, for example, who were hiding income from unreported employment, who had live-in companions not on the lease, who had special arrangements for favors with current PHA staff, who were engaged in some form of illegal activity which had gone undetected under conventional PHA oversight. Because of the emphasis given in the early training and Demonstration publicity to the principle that the residents would now have to play by the rules, this opposition was quickly mobilized.

While it was never able to fundamentally derail the TMC operation, rump tenant groups did consume a good deal of attention and energy at most sites. Not only was opposition unanticipated in the program design, but the nature of the motivation was not understood for some time by the Demonstration's managers, although the resident leaders caught on quickly to what they were facing. Citywide tenant associations tended to be ambivalent or opposed to the concept at first, and this compounded prob-lems at some sites. More active courting and involvement of such groups

would probably be repaid in greater support for such efforts in the future.

The PHAs have rightly looked to the tenant corporations to organize their communities and build the base of resident support necessary to lead effectively. However, they have been sometimes too quick to retreat into an inappropriate neutrality and even-handedness when a duly elected, representative tenant body is challenged by a dissident group of unknown support and legitimacy. Treating such groups as though they are automatically entitled to equivalent treatment as the tenant board risks strengthening the hand of unprincipled and destructive elements in the community. In organizing for tenant management, the likelihood that some residents will oppose it for the wrong reasons needs to be squarely taken into account.

6. <u>Importance of the contract and businesslike relations between TMC and PHA</u>. By not treating the TMC in a businesslike and professional way, all of the PHAs to some extent have betrayed a perception that the TMCs are really not up to the task. This has been true even of PHAs which are basically supportive, and it betrays their unspoken doubts. This is most clearly reflected in the tendency to ignore the contract written at the beginning of the TMC venture. This ignoring includes both sins of omission and commission, in which the authority neglects to live up to its own obligations as spelled out in the contract, or requires of the TMC things that could not reasonably be interpreted as the resident corporation's obligation under the agreement. With one exception, the contracts were treated as pro forma and not reviewed, revised or updated as part of an annual renewal process.

One of the most important items lacking in the original contracts, only remedied at one of the four Demonstration sites, were performance standards that spelled out the basis on which the TMC would be evaluated, and a set of mutually agreed upon targets towards which management could work. Such measures must necessarily be both quantitative and nonquantitative, but it is important that they be developed. It is unfair to the TMC board to have no agreed upon measures of successful performance. In their absence, the TMC can have no objective basis for knowing how it is doing or defending itself against charges of poor performance. And their absence makes it potentially difficult for the authority to hold the TMC accountable. It also means that there is no real basis for supervising and disciplining the management staff. The absence of clear standards of performance is reflected in the general lack of TMC interest in, and apparent understanding of, the management indicators assembled by the authorities. Most of the managers and the majority of the board members still really do not understand the uses of such measures. In the end, the contract is a reflection of how seriously the TMC venture is really taken by the parties, as well as an important practical tool in disciplining the relationship and assisting the parties to focus on their mutual obligations to perform.

7. The Importance of PHA Cooperation and Support. One of MDRC's main conclusions about the early stages of the Demonstration was that successful tenant management depended on housing authority cooperation. This finding is confirmed by this review, but it is in some ways a self-evident observation. Since the undertaking requires a contractual partner-

ship, it is clear that willingness on both sides is essential. The
finding is an important antidote, however, to the spectre of a runaway
tenant board disrupting the housing authority, constantly seeking confron-
tation, and trying to discredit the whole system. This spectre is far
from the reality, which is that the TMC's success depends heavily on the
good will and encouragement of the PHAs.

A more fundamental finding which emerges from the TMCs experience
over the longer term is how dependent they are on the health of the PHA's
finances, the caliber of i personnel, and the quality of its overall
performance. TMCs simply are not able to surmount or immunize themselves
against fundamental problems and weaknesses in their PHA. The TMCs
probably could all be less dependent than they currently are at the
Demonstration sites, but they can never be totally independent of or
unaffected by the fortunes of the PHAs themselves.

One significance of these findings lies in their confirmation that
tenant management cannot be imposed on the nation's housing authorities.
Unless the authority, at least at the executive and board level, embraces
the concept and is committed to helping make it work, it will not.
Whatever self-sufficiency the TMCs may be able to achieve ultimately, they
are much too dependent in the initial stages to survive an indifferent, to
say nothing of a hostile, authority. PHAs cannot be required to introduce
tenant management. They can be educated to the possibilities of tenant
management and encouraged to consider it and experiment with it where it
seems appropriate and where the residents are receptive.

8. Key Elements in a Workable Relationship Between PHA and TMC.

Carefully developed and continually adjusted contracts. While there are many important elements of a partnership arrangement that cannot be codified in a contract, it is nevertheless fundamental to any continuing relationship. It is crucial both in terms of the self-respect of the TMC and in terms of enhancing its professionalism that the contract be taken seriously. It is also important that it be reevaluated at renewal to determine if adjustments or revisions need to be made. One type of revision is expansion of the TMC's responsibilities in areas previously reserved to the authority (marketing and leasing is one such area) as the TMC gains experience and shows its capacity.

Performance standards. Both the PHA and the TMC need some agreed-upon basis for measuring current levels of achievement and progress toward agreed-upon standards. These standards need to be periodically reviewed and updated as well, as the TMC matures and the partnership develops. While many critical measures, such as levels of community support and tenant satisfaction, cannot easily be measured in numerical terms, it is nevertheless important that these criteria be established and some surrogate ways of measuring them developed. There may not be immediate agreement on what measures are appropriate or what "scores" can be considered satisfactory, so that the partners need to see this as an evolutionary process rather than something that can occur all at once. It is important in establishing the standards to be clear that what is measured is indeed under the control of the contractor (the TMC). In Louisville, for example, which otherwise has the most sophisticated set of

performance measures, the RMC is held to a standard in terms of vacancies which it is frequently not able to meet. Part of the reason is that the authority is not able to deliver a sufficient number of eligible households to fill vacancies as they occur. Since the authority has reserved to itself control of the leasing and eligibility determination work, it is simply not fair to hold the site accountable. Here, also, is an example of a measure which needs to be interpreted and handled carefully, since the ultimate pool of applicants is a function of the citywide housing market as much as it is of the authority's efforts to market and the RMC's to handle vacancy and turnaround efficiently.

Tenant understanding that they are running a business, typically a large one. Annual budgets at three of the four sites substantially exceed $1 million. With all their potential for other kinds of community building, the TMCs stand or fall on their ability to operate as an effective management firm. Tenant organizations at many public housing projects have been partially corrupted by the absence of standards and real expectations in earlier government grant and "poverty" programs. They need to adjust their attitudes and understand that this time neither good will nor good intentions can substitute for effective performance.

Clearly identifying the board as the responsible agent for the TMC. Since the PHA has contracted much of its management function to the tenant corporation as a whole, this is the body it must negotiate with in terms of policy matters, contemplated changes, new rules and regulations, complaints and dissatisfactions, etc. While efficient operations call for direct contact with the site manager on routine and daily problems, it is essential for the PHA to treat the board as its partner, and to recognize that the manager is not its (i.e. the PHA's) employee.

Treating the TMC as a partner in overall PHA initiatives.

The TMC needs to be consulted and involved in union negotiations, requests for community development and other grant funds, and generally treated as a partner, if a partial one, in the PHA's overall enterprise. The staff tendency, as noted before, is to try to standardize and make uniform the treatment of all sites. Where tenant management is underway, PHA staff should expect no more or less from it than from other managers, but they must understand that the TMC is a different kind of partner.

9.   The Advantages of Having More than One TMC. One clear impediment to the progress of the existing TMCs was their increasing sense of isolation as the Demonstration activity ended and they lost contact with each other and the opportunities for exchange and mutual support. None of the TMC boards visited had up-to-date and accurate information on what was happening to their counterparts in other cities. All were suffering to some extent from being slightly freakish cases within their own PHAs. The usefulness of multiple TMC efforts seems clearly demonstrated in St. Louis, where the four TMCs learn from each other, give each other mutual support and encouragement and create a community of effort which clearly sustains both the stronger and weaker tenant organizations over a longer period. The link between Jersey City's first and second TMCs is not as strong, but it has also worked to the benefit of both.

Since tenant management cannot be imposed on PHAs, and since it clearly is not going to fit at every site nor be embraced by every tenant group, the general rule regarding the usefulness of multiple TMC sites is

only advisory. But it is worth pointing out that it not only helps the TMCs but it also helps the PHA in regularizing its relationships and to some extent standardizing its approaches. That is, where a PHA has a group of sites whose management is contracted out, these can be treated as a separate and somewhat distinct category from those that are conventionally managed. Some of the economies that are possible in the PHA's own internal operations can be multiplied.

10. <u>Getting Better Results from Modernization Expenditures</u>. Management of the modernization process and securing quality work are problems at most PHAs. Therefore, it is not surprising that they were problems at most TMC sites as well. In this sense, these projects got less than their money's worth, and the new managers have had to cope with the defects and deficiencies. Tenant participation in monitoring is reported to have improved results somewhat, although it certainly produced extra headaches for the PHA's modernization staff. Greater skill and attention applied to specification writing, bid preparation and construction management would certainly help in this area.

11. <u>Finding and Nurturing Tenant Leadership</u>. The four Demonstration sites appear to offer clear evidence that the necessary leadership can be found and developed at any reasonably sized public housing site. One is tempted to guess that from any random group of 100 tenant households, the kind of leadership needed to organize a TMC will emerge. Indeed, the leadership resources at the four Demonstration sites are solid. It may turn out to take some special qualities to realize the other possibilities of the TMC beyond the immediate ones of community organization and real estate

management. St. Louis' performance in this regard has been remarkable, but those who know that operation best point to the special gifts of one particular tenant leader along with the support of several other able but less charismatic leaders. There are, nevertheless, some signs that with the proper support and encouragement even this more ambitious kind of leadership can develop at the other sites.

12. <u>Creating Higher TMC Visibility and Credibility with Residents.</u> Gaining and maintaining constituent support is a never-ending quest for tenant management corporations. Given the size of most of the Demonstration projects and the rates of turnover at several, it is almost axiomatic that a substantial fraction of residents will have little understanding of the difference between their project and a conventionally-managed one. (Many new residents will have no point of reference or comparison. If the TMC provides better services, they will be taken for granted.) There is no single guaranteed way to maintain community visibility and support. One obvious technique is public notice. Some of the TMC boards naturally assume that their good works will become known and be properly appreciated. The truth is, however, that this usually requires a certain amount of self-promotion. At the A. Harry Moore tenant managed project in Jersey City, the TMC still has not gotten around to putting a sign outside the management office proclaiming that <u>this</u> development is resident operated.

Delivering services and protecting tenant interests is, of course, the fundamental way to build support. But many of the boards need to learn to be more adept at taking credit for their real achievements. Newsletters, flyers, stories in the media and TV, testimonials from important public figures, social events, award ceremonies and periodic community meetings are all techniques for reinforcing the special nature and contribution of the corporation.

FINDINGS: THE COSTS OF TENANT MANAGEMENT

The start-up costs of the National Tenant Management Demonstration were significant. According to MDRC's analysis, they were lowest, $155 per unit, in New Orleans. This amount was expended over a three year period and represented a 13.5% increase in what MDRC projected would have been the costs of running Calliope had it simply been left alone, remaining under conventional PHA management. The estimated costs at Ashanti in Rochester were highest, representing a 62% increase in expenditures or almost $2,500 per unit as compared with routine operation. These additional costs were covered by the various supplemental forms of funding outlined in Exhibit 4.

MDRC also made estimates of the yearly operating costs once the TMC took over. These figures represent an approximation of the differential costs of tenant management once established, after most of the heavy, front-end training and technical assistance costs are past. In New Orleans, tenant management required a premium of $30 per unit per year, again an increase of 13%. In Rochester the figure was $810, a 62% increase over "normal" operating costs for the site.

These figures are not necessarily a guide, however, to knowing what the costs would be of initiating a new round of such management arrangements. As MDRC notes, a major portion of the Demonstration funding went for additional personnel -- "lane" and "building managers" -- to supplement the traditional PHA site manager and clerk. The extent to which such personnel are crucial to the tenant management concept and the need for supplemental funding to support such staffing is not at all clear. There is evidence that some of the extra funds were spent as much because they were available

under the Demonstration structure as because they were essential to make tenant management possible.

An important missing element in our information for assessing Demonstration costs is an evaluation of the effectiveness of MDRC's technical assistance, monitoring and training activities. MDRC itself did the only evaluation of the Demonstration MDRC managed, and there is no internal assessment. Its report reviews the TMC's performance but makes little effort to examine its own intermediary role or, for that matter, the role of the PHAs. Thus we do not know if it might have been done better and/or more cheaply, i.e. with less overhead, personnel, etc.

Several observations have become commonplace about the amount of funding that was reported as required to launch the Tenant Management Demonstration. Some commentators have noted that any site that received this amount of extra money and equivalent training would be bound to have improved too. Others have judged that the effort is simply too expensive. Tenant management might be desirable, but the amounts simply cannot be afforded. There are several important findings which emerge from this assessment which need to be noted and weighed against these judgments.

Relying on the Operating Budget

Each of the four tenant management corporations are now operating on their own budgets with no supplemental financial assistance beyond that they are able to raise themselves or public and charitable grants they obtain in partnership with the PHA. TMC operating budgets are usually based on a pro rata share formula. Typically, the project participates in the PHA's overall income (from rent, operating subsidies and other

sources) in proportion to its share of the total number of units in the PHA's stock. This formula means that the TMCs are being treated equally with the other sites. Indeed, if anything, the TMCs might be seen as short-changed, since they tend to manage the more difficult family sites. An argument might be made that they are entitled to more than a simple proportionate share of resources, in view of the fact that all four authorities manage substantial elderly housing and some smaller family sites which are generally less demanding. At the very least, it does not appear that they are being overbudgeted. (Rochester reports that Ashanti does enjoy more staffing per unit than comparable projects run by the PHA.) The fact that the TMCs have proven able to maintain their operations with no more management dollars per unit than PHA-managed sites is an important finding to weigh against the impression that tenant management "costs more."

Subsequent TMC Start-Up Effort

Subsequent to the signing of a management contract at the A. Harry Moore Project, the Jersey City Public Housing Authority introduced tenant management at an additional site, Montgomery Gardens, a project of 452 units. Using the experience that it gained at A. Harry Moore and using that site as a training ground, the authority was able to introduce tenant management at Montgomery entirely through its own operating budget and staff without any special funding. Total additional cash costs for outside consultants amounted to $77,430. This comes to just $171 per unit spread over three years.

Post-Demonstration Social Service and Community Development Activities

In St. Louis, the social service and other community development activity has been pursued at least as vigorously after the exhausting of the special funding that the authority had received as it was before. Most of the impressive amounts of additional funds raised there and the modest grants and in-kind services secured in the other cities have represented net infusions of resources to the PHA coffers. It is difficult to believe that the breadth and depth of services now available would have developed in St. Louis without the TMCs. At the other sites it is simply difficult to know whether, in the absence of a TMC, these additional initiatives and resources would have been pursued.

How to Calculate the Contribution Made by Modernization Funds

To some observers the modernization funding allocated to the TMCs seemed generous and could explain in part the fact that tenants were more satisfied under tenant management and that the TMCs were able to manage reasonably well. Taking the total amount of modernization funds earmarked for the Demonstration, $15 million, and dividing it by the 4,788 units involved, produces a figure of slightly more than $3,100 per unit (Exhibit 5). Que-View in New Haven enjoyed the highest per unit allocation, at $6,346. Ashanti and Curries Woods were lowest, at under $1,500 per unit. The Demonstration average of $3,100 per unit can be compared with the $15,000 and more per unit currently being allocated under HUD's Comprehensive Improvement Assistance Program.

In the case of Louisville, a more direct comparison can be made, showing that the per unit modernization expenditures associated with the Demonstration were by current standards quite modest. The 854 units at Iroquois Homes received about $4,000 each in renovation. Clarksdale, a roughly equivalent Louisville site now scheduled to go into tenant manage-

Exhibit 5. Summary of Modernization Funding at National
Tenant Management Demonstration Sites

	AMOUNT	NO. OF UNITS	PER UNIT ALLOCATION
Jersey City			
A. Harry Moore	$ 997,000	644	$1,502
Curries Woods	1,015,000	712	1,426
Louisville	3,500,000	854	4,098
New Haven	1,650,000	260	6,346
New Orleans	6,524,000	1,550	4,209
Oklahoma City	1,007,000	537	1,875
Rochester	307,000	211	1,455
TOTAL	$15,000,000	4,788	$3,132

ment in early 1984 under an Authority-initiated program, has 786 units. It is currently being modernized at an average cost of $16,380 per unit.

Even if we allow for the somewhat greater purchasing power of dollars allocated several years ago, we can hardly conclude that the TMC sites received overly generous funding for physical upgrading. (The actual modernization work at the Demonstration sites was conducted no earlier than 1977 and some of it occurred as late as 1981.) The evidence, in fact, is that many items were not attended to that should have been and that in all four of the sites the tenants were handed a partially but not fully restored physical plant. Thus, the modernization funding certainly was a necessary ingredient in the Demonstration, but is hardly sufficient to explain the results. Moreover, the modernization was overdue at three of the sites. No management, conventional or otherwise, could have properly operated these sites in their prior condition. Counting the modernization awards as part of the overall Demonstration budget is misleading when trying to arrive at the true marginal costs of converting to tenant management.

CONCLUSIONS

This assessment offers no final report card on the tenant management concept in public housing. It is not clear that one is either possible or desirable. Tenant management is not an unalloyed success, but in surviving and to some extent prospering at most of the sites where it has been introduced, it shows more potential and usefulness than it is generally given credit for. The predisposition in many places to view tenant management as an expensive failure, or at best, a fad without much future promise is certainly not supported by this review. Indeed, if the objectives in the administration of low rent housing are broad and multiple and include local empowerment, expanded employment opportunities for residents, leadership development, and some progress toward the revitalization of severely depressed residential districts, then tenant management would seem to have substantial if not fully realized possibilities.

It will be useful to go through the five "promises" of tenant management in order to develop a general assessment of the experience to date.

Promise #1   Tenant Management is the Only Hope for Rescuing the Site
             from Accelerating Decline and Even Abandonment.

There appears to be some merit to the claim that the A. Harry Moore public housing project in Jersey City was a potential terminal case. The authority had, on its own initiative, introduced an expanded form of tenant participation in project affairs. The tenant management program was a logical extension of efforts that were already underway to try to salvage the site. The Jersey City Housing Authority's executive director, in an

extensive report on the work at   A. Harry Moore portrays a site in deep trouble.[*]

No comparable record of the prior condition and status of Calliope in New Orleans is available. The poor condition of several of the other large family sites in the city, which seem roughly comparable in scale and physical plan to Calliope, suggest that it might well have been headed for an equivalent state of disarray. Calliope would be the one other site that might be considered as "saved" by the tenant management program.

Whether tenant management was the only or last hope in these cases obviously can never be demonstrated. It is clear, however, that substantial improvement in conditions have been achieved and maintained at A. Harry Moore, and that management at Calliope appears to be far superior to that of comparable sites in New Orleans. If tenant management can truly be viewed as the salvation of one or even two of the large sites involved in the Demonstration, then it surely earns some respect as a device for dealing with severely troubled housing developments.

Promise #2   Putting Residents in Charge Will Lead to Improved
              Real Estate Management.

There is some quantitative evidence to show that management at several of the Demonstration sites is superior to the management of roughly equivalent sites within the same authority. In Jersey City, both the numerical measures and the testimony of the authority staff indicate that A. Harry Moore is well managed. No equivalent numbers are available for New Orleans, but authority staff concede that it is well managed, and com-

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[*] Robert J. Rigby, Jr., The Residents as Resource: A Public Housing Management Demonstration in Jersey City, New Jersey Department of Community Affairs, 1982.

parison with other sites indicates that it is. Information for Rochester and Louisville is less conclusive. In Louisville, the numbers are less dramatic but indicate that Iroquois is competently managed in comparison with HAL's other family projects, even if it does not always rank at the top according to the numerical indicators. Available numbers for Rochester do not permit any informative comparisons.

While these general observations can be made, it is much harder to specify that those special factors thought to uniquely characterize management by tenant corporations are actually responsible for the improvement that can be observed. There, however, is a good deal of participant testimony with regard to three of the factors we speculated might be advantages of tenant management in the initial discussion of its promises (page 13-14).

1. Many respondents report that the full-time presence of the management team, because they are residents, has a substantial impact on the timely delivery of services.

2. There is a large amount of testimony which gives the TMCs credit for reasserting social control at the sites, through their more complete knowledge of residents, their circumstances and their behavior. Their ability to discipline their neighbors is enhanced by the fact that they have to manage their own households under equivalent circumstances and with equivalent burdens and hardships.

3. As a group, the TMCs are much more active in the generation and maintenance of social service and support programs at their sites than the typical tenant council or PHA. This is particularly true in Louisville and Jersey City, where formal health, child care, recreation and food programs operate alongside less

formal but extensive efforts to directly aid individual troubled households, sponsor numerous social events, distribute Thanksgiving and Christmas baskets and the like.

While these three factors may well have been present throughout the history of the TMCs, at first they may just not have been sufficient to outweigh the lack of organization and technical skill required to operate the real estate. At most of the sites, the inexperienced TMC board and staff struggled and sometimes fumbled in the process of trying to deal with the site's daily "hard" management requirements. (In this respect, however, they were no different from many PHA conventional managers.) It appears that only in the last year or two, as the body of collective experience, technical skill and individual staff qualifications have finally come together that the hypothetical TMC advantages enumerated earlier have really begun to register and to become visible as unique contributions of the TMC approach.

Promise #3   <u>Tenant Management Will Produce Jobs and Training Earmarked for Residents</u>.

Tenant management has fulfilled its basic promise in terms of providing new sources of employment for some residents. Numbers on this topic are available for several of the sites. In Louisville, at the end of 1982, 14 of 20 full-time positions in the management and maintenance of the site were held by residents or former residents.* (Before budget cuts forced termination of the on-site security force at Iroquois Homes, an additional

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*Employees are not dismissed simply because they move out of public housing.

six residents had full-time employment as guards.) In addition, five of
the eight full-time jobs in the site's daycare center are held by current
or prior Iroquois residents. This center was developed as part of the
modernization program for the TMC. Although it is, strictly speaking,
governed by a separate board and operated by its own staff, it has close
links with the RMC and can fairly be counted in as part of the achievement
of the tenant management program.

In Jersey City at the end of 1982, six residents were employed
full-time in the direct management of A. Harry Moore. An additional eight
tenants from the site were employed as public housing maintenance workers.
Because of a JCHA rule, residents cannot work at the project in which they
live, so this must be taken as a surrogate measure of maintenance employ-
ment through the TMC even though it is not at the TMC site. A. Harry
Moore also runs a summer lunch and recreation program, which will provide
seasonal employment for a total of 26 people in 1983. Six of them will
work directly at the TMC project. Twenty are required to run the program
authority-wide.

While exact figures are not available for Rochester and New Orleans,
roughly the same pattern applies. The overwhelming majority of the site
staff, with the exception in some cases of the maintenance personnel, are
residents. Some employment for tenants was secured through the moderni-
zation work, but this seems to have delivered less than might have been
expected, and it is not known to what extent these jobs led people on to
subsequent employment. It is difficult to get full counts in this area,
to say nothing of knowing to what extent the additional employment can be

attributed to the TMCs and to what extent it might have developed in any case.

Thus the record on employment is sketchy, but it is clear that tenant management made a contribution here. The real question becomes what value to place on the additional employment. To those who focus solely on solving the PHA's problems in managing its stock, tenant employment is a frill. For those who tend to view the program as only worthwhile if it really begins to deal with the larger problems of social and economic marginality and the need to bring public housing residents back into the mainstream of the society and of the economy, then the employment program, even if it is fairly modest in numerical results, certainly represents a significant achievement.

Promise #4   Creating a TMC Will Enhance Tenant Organization and
               Solidarity Leading to Increased Sense of Self-Determination
               and Self-Respect.

The most substantial achievement of tenant management at the four sites can probably be found in this area. The testimonials from PHA staff, from other community leaders and from the residents themselves makes it clear that significant leadership development and community organization occurred as a result of the tenant management experience. In the case of New Orleans, the TMC has managed to hold on in the face of what appears to be alternating neglect and active lack of support from the housing authority. In Jersey City, there is evidence of the TMC using its institutional base to represent the tenant body and to bargain with the City and with others for fair treatment for the site in regard to planned improvements in their

area. The leadership at Iroquois Homes in Louisville has matured and is now working with the tenants at a second site who are in the preliminary phases of developing a tenant management program.

It is well understood that leadership development and community organization are long-term efforts. Their benefits could only emerge and be readily visible after the TMCs had been in existence for a period of time. And for them to become acknowledged, the fundamental contractual obligation must first be met (i.e., the proper management of the real estate). Again, the weight to be given to this set of benefits is dependent on one's point of view. If the sole issue is housing management, these factors are only important insofar as they facilitate site operation by, perhaps, making the community a better behaved or less fragmented one. If the empowerment of low-income and predominantly minority communities is seen as a value in its own right, as a mechanism for social mobility and for neighborhood betterment, then achievement in this area has a much broader significance than the narrower hope that housing services might be provided in a more efficient or effective manner.

Promise #5   The Tenant Management Experience and Structure Can be Utilized for More Ambitious Community and Economic Development.

This is the promise that is hardest to document, and probably the one that takes the longest to fully develop. All of the organizations have had ambitions in this regard and have done some dreaming and a little planning on projects that go beyond basic real estate management and the more

conventional provision of social services. Louisville is probably furthest along in this respect.

The Iroquois RMC is currently in the planning stages of what it calls "an elderly village." This would involve modest unit improvement and site renovation of a ten building cluster at Iroquois Homes which would be set aside for older residents. This program is a direct outgrowth of the RMC's concern that it is losing elderly residents and at the same time having difficulty in filling its vacated smaller units with younger households that it can find acceptable in social terms. The board believes that a separate and secure enclave will aid in marketing and retention and that it will help address the problem of compatibility in the current mixing of families and seniors throughout the site.

The Special Promise of Community Development

Were tenant management to lead to significant community development beyond the boundaries of the projects themselves, it would be an unalloyed and clear achievement. The nation has seen few instances of truly effective community development activity being launched from public housing sites, which are often the most depressed and troubled parts of whole inner-city neighborhoods. The evidence we have that tenant management can move in this direction comes most visibly from the experience in St. Louis. St. Louis was not one of the Demonstration sites and it has not been the subject of this study. But by way of conclusion, it may be illustrative to sketch out, without attempting to evaluate in any depth, some achievements of the St. Louis tenant corporations that go beyond their real estate management responsibilities.

Social Services

1. The St. Louis TMCs have established four entirely new day care centers with a total capacity of 165 children. Three are in renovated quarters at TMC sites, the fourth in a rehabilitated former bakery nearby. A total of 35 residents are employed, most of them full-time, at these facilities.

2. The Darst TMC has developed an on-site Share Care Center for twenty infants under two years old and their teenage mothers. The center site was originally renovated through $25,000 in Community Development Block Grant funds. Initial operations were funded by the Ford and Danforth Foundations. Currently more than half of the operating costs come from profits the citywide Tenant Affairs Board generates from its catering enterprise (see below).

3. The TMCs have created and retained full-time social service directors at each of the four TMC sites and at two other family projects. Originally funded by a Ford Foundation grant and then through the City's CDBG program, these positions are now built into each site's operating budgets on the "tenant services" line. The TMC sites also have budget provision for building and lane managers. These workers screen and then orient new tenants, pass out flyers, enforce rules and regulations in their sector, do housekeeping inspections, monitor laundry rooms and the like. All are TMC site residents.

4. The Carr Square TMC has initiated and sponsored the development of the $8 million Lillian Courtney Comprehensive Health Center and the $3 million Carr Central Community Center. The Health Center, run by a local community board, was built and initially operated with Model Cities funds. It is currently supported with City funds. The Cochran TMC built its own $1.5 million Community Center in 1981. It operates with city funds and a significant private contribution from the Mercantile Bank. Cochran also has a renovated health center on-site emphasizing pediatric, dental, gynecological, and general family medicine.

Employment

5. The citywide Tenant Affairs Board, spearheaded by the TMCs, operates its own catering business which delivers 600 meals daily under contract to various facilities, including all of the day care centers, the TMC community centers, various congregate and senior housing projects and neighborhood centers, and to a number of elderly at their homes. The program operates primarily under USDA contracts, and all the cooks and van drivers are public housing residents.

6. The Carr Square TMC has a contract with the State of Missouri to run the Chore Services Program. This program employs a director and 22 residents who are welfare mothers to provide daily house-keeping, escort and companionship services for elderly tenants.

7. The Cochran TMC has created its own Specialized Janitorial Company which currently has custodial contracts with the St. Louis Housing Authority for Cochran Gardens and Cochran Plaza and with private owners to maintain the downtown Hadley Dean Office Building. All employees are residents.

Physical and Economic Development

8. The Cochran TMC initiated the development of a comprehensive master plan and a UDAG application to modernize the 656 unit Cochran Garden project, convert an empty tower building to elderly housing, and construct Cochran Plaza, 100 new turnkey townhouse public housing units on adjacent land. The Cochran TMC was a 50% partner in the turnkey effort, shared in the developer's fee, and now manages the site under contract with the St. Louis Housing Authority.

9. The Cochran and Carr Square TMCs are 25% partners in O'Fallon Place, a 675 unit mixed Section 8 and market rate townhouse development. Five hundred units are now in occupancy, 300 of them with Section 8 subsidies. The remaining 175 market rate units will be completed in 1984. The site was long vacant urban renewal land, across the street from the Carr Square public housing project in a traditionally all-black part of St. Louis. Nevertheless the TMC's marketing plan has attracted 20% white tenants. The TMC shares with its partners in the management fee.

- fund the Cochran Youth Council with $10,000 to operate its youth program;

- provide $10,000 to its Malcolm X Day Care Center to subsidize the tuition charges for the children of students, especially troubled families, and mothers who volunteer for other TMC community work;

- establish a $1,500 emergency support program for residents facing cuts in public assistance, food stamps, SSI, unemployment benefits, etc.;

- allocate $2,000 to purchase 100 fans for families affected by the 1983 Summer heat crisis;

- invest $11,000 to purchase its share in the Blair School slated for renovation into housing;

- provide $6,000 annually to supplement salaries of TMC management staff so as to raise salaries permitted under its contract with the St. Louis Housing Authority to more competitive levels;

- use $7,500 to fund a summer employment program for 20 youths as landscapers, food handlers, tutors, day care aides and block captains in the TMC's various activities;

- finance Cochran's First Annual Dinner, a $4,000 party for those residents and others who had helped to build the TMC program.

10. As a result of their housing development activity, the TMCs have
    been responsible for the hiring of 47 hardcore unemployed
    minority residents as apprentices to help build Cochran Plaza
    and O'Fallon Place. The TMCs and their partners received a
    Minority Placement Award for their hiring record in this work.

11. Two of the TMCs have completed a $30,000 marketability study for
    the Biddle Street Shopping Mall to be built near the Cochran
    development. The major tenant, National Supermarket, has agreed
    to open a store in the mall, which will also include a drug
    store, restaurant, hardware store, and other convenience shop-
    ping. The TMCs will be one-third partners in this development.

12. The Carr Square and Cochran TMCs, with private sector partners,
    have purchased the vacant Blair School from the St. Louis Board
    of Education for renovation into 40 mixed market-rate and
    Section 8 housing units. The TMCs will share in 50% of the
    syndication proceeds to be generated by this project.

Self Sufficiency

13. Utilizing its profits from its various contracts and ventures,
    the Cochran TMC has been able to do the following entirely with
    its own resources:
    - purchase a $15,000 van for the TMC;
    - capitalize the Cochran Specialized Janitorial Company with
      an amount in excess of $30,000;