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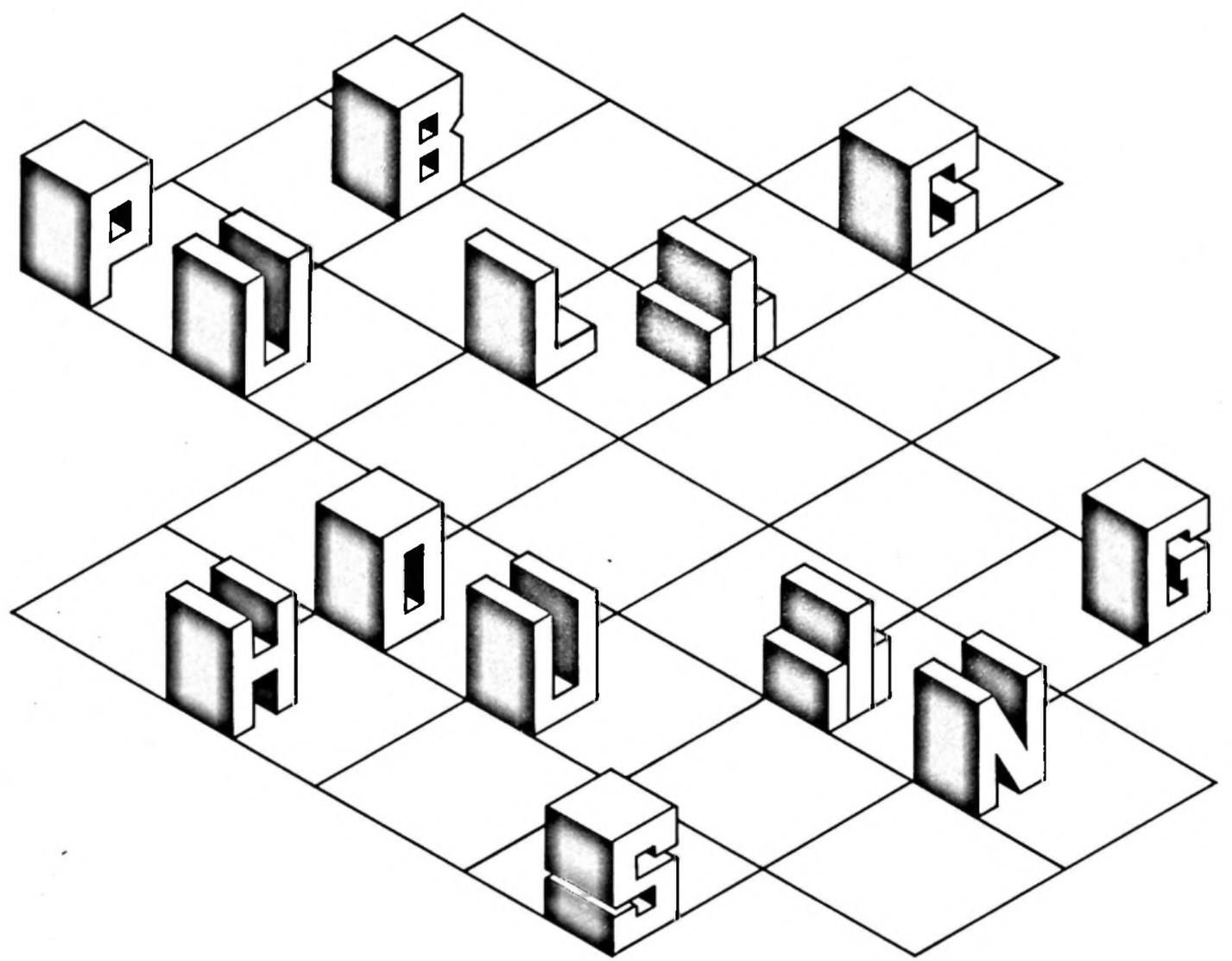
A Guidebook

# Public Housing Urban Initiatives Program

DEPARTMENT OF HOUSING  
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Introduction and Acknowledgements

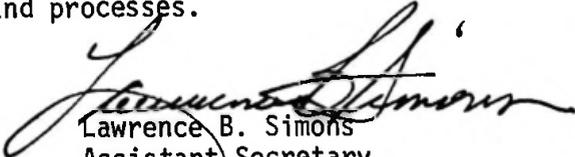
The Public Housing Urban Initiatives Program represents an effort by the Federal Government led by the Department of Housing and Urban Development to focus resources to provide major and lasting improvements in large and seriously deteriorated public housing projects in the Nation.

It also represents a major effort to provide models for improved management, budgeting and accounting systems for use by Public Housing Agencies and to stimulate increased job development and tenant service programs for public housing residents.

The Guidebook contains material developed within the Department of Housing and Urban Development with advice, general and specific, from HUD Headquarters and Field Offices, Public Housing Agencies and their residents, state and local governments, and the private sector.

It was assembled by the staff of the Special Projects Branch, Office of Public Housing and Indian Programs, Housing, with contributions from the offices of Community Planning and Development and Neighborhoods, Voluntary Associations and Consumer Protection.

The Guidebook outlines the Program and discusses basic implementing steps, methods of expanding job development and comprehensive planning goals, objectives and processes.

  
Lawrence B. Simons  
Assistant Secretary



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1. The Role of the State

The state is a central actor in the international system, responsible for the protection of its citizens and the promotion of its interests.

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PART I

BACKGROUND

## A. PUBLIC HOUSING AND TENANTS--CHARACTERISTICS

Since its inception in 1937, the Low-Income Public Housing Program has provided housing to millions of poor and near poor families and elderly individuals who could not afford housing in the private market. As of March 1978, the government has committed \$19.273 billion in total development costs to public housing. The present public housing inventory of approximately 1.2 million dwelling units provides shelter for an estimated 3.4 million persons.

### TENANT CHARACTERISTICS

About 59 percent of the units under the Public Housing program are occupied by families\*; the remaining 41 percent by the elderly. Approximately 21 percent of all units are located in projects designed specifically for the elderly.

In family projects, some 65 percent of residents are under the age of 18 and single-parent households are more than 76 percent of total households. Almost 43 percent of all public housing households (including 52 percent of the families and 29 percent of the elderly) receive some type of other government assistance. The median income of families living in public housing is \$4,535; for elderly residents, the figure is \$3,215.

The racial composition of public housing residents is 37 percent white, 63 percent minority (52 percent black, 11 percent other). There are significant differences between the racial composition of elderly and non-elderly families. Of elderly families, 59 percent are white and 41 percent are minority; for non-elderly families, the figures are 20 percent white and 80 percent minority.

### PUBLIC HOUSING AS LOW-INCOME HOUSING SUPPLY

Public housing serves only a small portion of families eligible for the program. One result of the limited supply is that persons in urban areas wait as long as two to three years before getting into public housing. In part this is because of generally low turnover and vacancy rates, although there

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\*

The HUD definition of "Family" includes, under certain circumstances, single non-elderly persons.

are high vacancies in a relatively few projects. As of June 30, 1978, the vacancy rate for the total program was approximately 3.71 percent. While there is very strong market demand for public housing, the Department's authorization is limited to the production of 50,000 new conventional public housing units annually.

#### LOCATION OF PUBLIC HOUSING

Public housing is widely dispersed throughout the Nation and its territories. More than 2,700 local Public Housing Agencies (PHAs) administer local public housing programs of varying sizes as indicated in the following breakdown:

<u>Number of Units in Management</u>	<u>Number of PHAs</u>
Fewer than 500 units	2,380
500 - 1,249 units	195
1,250 - 2,999 units	85
3,000 - 4,999 units	19
5,000 units or more	25
TOTAL	2704

The geographic distribution of the public housing stock largely reflects the national population distribution.

#### SUCCESS AND SHORTCOMINGS

Public housing structures vary widely. In family projects, a substantial number of units are in low-rise, non-elevator buildings, including detached, semi-detached, row houses and garden apartments. Some units are on scattered sites and are not readily distinguishable from adjacent privately-owned units.

The majority of public housing family projects provide standard, reasonably well-maintained living environments, better than most housing available to low-income families on the local private market. Also, public housing projects designed for the elderly are generally well-designed, well-managed and well-maintained. Public housing for the elderly has proven popular even in communities which have resisted housing for the non-elderly poor. Projects in small communities usually provide decent housing in all respects--physically, financially and socially.

One of the major factors in the program is, of course, the deep federal subsidy mechanism which assures that public housing tenants pay no more than 25 percent of their incomes for rent (including utilities). In local private markets, low-income families commonly pay much higher percentages of their income for overcrowded and substandard dwellings. As the median income figures cited earlier demonstrate, the people served by the public housing program are largely the extremely poor, well below even the statutory definition of "Very Low-Income Family," which is set at 50 percent of local median income.

The task of providing physically and socially acceptable housing environments for low-income people in all types of urban and rural communities is extremely difficult. Enormous operational problems continue to confront the public housing program.

Physical problems often resulted from poor design, leading to deterioration of the properties. In many (but not all) communities, high-rise elevator structures have proven unsuitable as designed for normal aging and everyday wear and tear under the intense use of large families. Neglect and vandalism have taken a heavy toll in many projects.

Inadequate maintenance has added to the problem. Also, modernization efforts have fallen short of total program needs for major repairs and improvements. In addition, substantial needs for additions and alterations have been imposed by Federal, State and local governments (e.g., with regard to energy conservation and environmental protection). Although many projects are in reasonably good condition, physical problems add up to a major program need.

Financial problems, the most notable of which results from substantial operating deficits in recent years, can be attributed to a combination of very low-income tenants, legislative limitations on rental charges and inflation in operating expenses, especially increases in utility costs. In response, HUD has increased operating subsidies each successive year. Despite the funding rise, a trend toward deferral of necessary repairs and maintenance has persisted. HUD operating subsidies have soared from \$12.6 million in FY 1968 to \$727 million in FY 1979. During this period,

average rental income has risen from \$43.93 per unit per month (PUM) in 1966 to \$61.51 PUM in 1976, while average operating expenses have escalated from \$37.79 PUM in 1966 to \$96.13 PUM in 1976.

Social problems affecting behavior of tenants associated with poverty, discrimination and deprivation need to be addressed. A large percentage of public housing families are welfare clients or multiple-problem families with little or no prospects for employment or significant economic advancement.

The ratio of children per adult is high, as is the incidence of one-parent households. Many projects are wholly or largely occupied by minorities, reflecting the special difficulties of poor minority families to exercise housing choices. Crime and vandalism are among the most urgent problems on many public housing projects in urban neighborhoods. Drugs and alcohol are common problems. Social services are often inadequate or unavailable. In these situations, neighborhood cooperation and civic responsibility tend to be low.

Neighborhood problems often contribute to the problems of public housing projects. Many problem projects are in isolated areas where the project constitutes a neighborhood to itself, cut off from private and public facilities. Others are in densely-populated areas characterized generally by physical, economic and social decay. As indicated in HUD and the Urban Institute studies of multifamily projects (both assisted and PHA insured), even with generous funding and the best of management, it is difficult for any one project to overcome the adverse influences of such surrounding neighborhoods. The failure in some instances of the local government to deliver basic municipal services (e.g., police and fire protection, trash removal, street maintenance) worsens the situation.

PHA management deficiencies directly affect all aspects of local program operations and costs. The difficulty of managing housing for low-income families in troubled urban environments has, in some instances, overwhelmed PHAs, creating a situation of virtual despair. The situation is sometimes compounded by local constraints which are difficult or impossible for a PHA alone to overcome

(e.g., a generally depressed local economy or staffing constraints imposed by local Civil Service rules, political pressures or union demands). The quality of PHA management is, of course, fundamental to an effective attack on the physical, financial, social and neighborhood problems of public housing. Poor management aggravates those problems; when other problems are severe, good management requires a Herculean effort. These problems are most pronounced in large PHAs, and particularly in large family projects located in problem neighborhoods of distressed cities. Some projects have experienced physical deterioration to the point where a high percentage of units are unmarketable and/or uninhabitable. Predictably, most such projects are found in neighborhoods of concentrated poor and minority population in the large cities of the northeastern and midwestern states. A relatively few are found in similar neighborhoods in large cities in other parts of the country. This is not to say that smaller-scale public housing problems do not assume large importance in small communities. In a small town, a problem-ridden project of 50 units may represent as much of a local problem as a 500-unit project in a major city.

#### B. GENERAL FINDINGS - PUBLIC HOUSING IMPROVEMENT EFFORTS

Throughout the investigation of resources, materials, HUD experience, etc., several themes developed that constitute general findings. These findings are listed below.

There are several strategies posited by housing professionals that emerged repeatedly as being basic in a success model for PHAs. The most important ones follow:

- (1) Increasing PHA's management planning capabilities seems to be the single most important factor in insuring a "successful" PHA. Improved skills in planning, controlling, budgeting, and human resource management on the part of PHA Managers has proven to ameliorate many of the problems common to unsuccessful PHAs. In every instance where successful PHAs were discussed, skilled, fair and firm management was specified as the key variable.

- (2) Community services stimulate general improvement in environment and quality of life. Social services, police, fire, and city hall services coming into a PHA enhance the efficiency of operation and longevity of the property. In addition, more pride and a sense of community is developed.
- (3) Tenant participation in the policy development and management of the PHA expands the support base for rules, regulations, and programs. It is believed tenants' sense of responsibility increases along with their knowledge of reasons for actions. So, too, it is believed there is an increase in cooperation with rules and regulations and a decrease in vandalism and neglect of property.
- (4) Improving physical conditions has been found to be another strategy for increasing tenant pride and sense of ownership. A resultant behavior from physical enhancement is greater concern for property and a lower incidence of vandalism. One caveat though: improvements in physical conditions alone show only short-term results.
- (5) Close relationship between community and projects is another element contributing to a successful operation. A sense of community is engendered when neighborhoods external to the PHA sites are supportive of the mission of public housing and when PHA residents are accepted as part of the community. Otherwise, tenants may be plagued by isolation from the general population, thus inviting hostility and further separation.
- (6) Involvement of PHA staff at all levels is a key ingredient to a successful PHA. Staff knowledge and skills and their influence on decision making will stimulate effective and efficient delivery of services. (However, the most effective management comes up short if, in direct contact with the tenants, the staff does not recognize and meet their expectations). The potential for effective service is enhanced by involved staff. Involvement leads to commitment.

- (7) Strict enforcement of rules by managers has been linked to a success model for PHAs. On the whole, most residents adhere to rules of the PHA. However, when violators are not reprimanded effectively, then the likelihood of additional violations and violators is increased. The record supports the notion that slack enforcement automatically lessens the chances for a successful PHA.

#### Less Successful Strategies for PHA

Strategies with less promise of success are the reverse of the strategies that characterize a successful PHA. There is however, at least one additional one that merits attention.

- (1) Inadequate HUD involvement in monitoring the PHAs and providing technical assistance has been identified as the central factor, outside of PHA control, that determines their fate. Monitoring and technical assistance are viewed as the lifelines for PHA direction and success just as local income (rent and other sources of funds) and Federal funds are seen as the lifeblood. There seems to be a direct correlation existing between the extent of HUD monitoring and technical assistance and PHA failure rate. Monitoring and technical assistance are essential "front-end" inputs that help prevent failures.

#### Role of PHA

To be successful, any national endeavor to improve public housing must involve -from its inception- the active participation of the PHA whose staff will assume the essential role of program administrator. HUD's experiences with the Target Projects Program tend to bear out that fact. It was apparent, and in some instances stated, that the lack of lead time for the PHA to develop initial plans, inadequate training and insufficient exposure led to unrealistic schedules and significant delays in start-up.

The PHA must be involved in the initial discussion on general program objectives, in the identification of problems, in developing solutions, procedures, targets, goals and time

tables. It is clear that the staff of PHAs and residents will take a more positive role if they are deeply involved in the identification of specific problems and in the development of goals and actions required to address those problems.

#### Role of Elected Officials

The support of locally elected officials is also essential. Any effective effort to improve conditions in public housing or to maintain satisfactory housing and quality management must involve not only the contributions of local executive agencies but also the support of county Boards of Supervisors or City Councils. In a majority of the Nation's communities, problems faced by PHAs are present to a large degree in the community as a whole. This is especially true for such major concerns as unemployment, police protection, the delivery of social services and welfare. With adequate technical assistance, funding and the demonstrated Federal interest in the basic problems of public housing, it is felt that elected officials will provide more leadership and do so in a positive manner. It is extremely important that public housing problems be recognized as community problems that should be addressed with the interest of the overall community in mind.

#### Role of HUD Field Staff

HUD field staff must be involved in the initial and ongoing planning and their input must be sought and used -- as appropriate -- through the life of a program. Direct field responsibility is clear, to assist PHAs through technical advice, in coordinating various resources, in monitoring and evaluating. Field staff's experience, knowledge and skill must be used in designing the programs they will be expected to support.

PART II  
NATIONAL URBAN INITIATIVES PROGRAM

A. PURPOSE AND COMPONENTS OF PUBLIC HOUSING URBAN INITIATIVES PROGRAM

The purpose of the Public Housing Urban Initiatives Program (PHUIP) is to make a prompt and substantial improvement in conditions in major public housing complexes in the country and to stimulate better management in Public Housing Agencies (PHAs). Increased funding from HUD, contributions from the Department of Labor, other federal assistance and funding of a program to encourage local government cooperation and assistance are key elements of the program.

Targeted Rehabilitation

The Targeted Rehabilitation Component grants special funding (under the HUD Low-Income Public Housing Modernization Program) to PHAs to finance capital improvements in PHA-owned low-income housing projects, to upgrade living conditions, correct physical deficiencies and achieve operating efficiency and economy. The Modernization Program as applied in PHUIP is intended to provide assistance to selected large PHAs with 2,500 or more units. These are PHAs with substantial physical rehabilitation needs that cannot be met through the normal allocation of modernization funds.

The Management Assistance provision within the Targeted Rehabilitation Component provides special funding to improve the management capability of the PHA. This is carried out through the upgrading of management and financial systems; improving tenant participation; upgrading security; tenant selection and assignment procedures; and improving relationships between the PHA and local government.

Project Based Budgeting/Management

The Management Assistance Component provides money from HUD operating subsidy funds to enable selected PHAs (with 1,250 or more units) to develop and implement project-based budgeting and accounting systems. These elements provide a foundation for project management.

Two allied programs, anti-crime and urban partnership, are significant.

Anti-Crime Program

The Anti-Crime Program combines special funding provided by HUD, with funds from the Department of Labor for a coordinated attack on the security problems of public housing projects. Other sources of funds are anticipated. Envisioned is a mix of such approaches as physical and hardware design changes, social service improvements, tenant employment, tenant services and involvement, improved HUD management and strengthened links with local government law enforcement.

Urban Partnership

The Urban Partnership Program provides funding for innovative efforts by cities to help improve services and facilities through neighborhood commercial revitalization in the areas in and around public housing projects.

Total Funding

Public Housing Urban Initiatives Program	
Management Assistance	- \$ 10,720,000
Targeted Rehabilitation	- \$247,902,030
Project Based Budgeting	- \$ 5,000,000
Anti-Crime	- \$ 30,250,000
Urban Partnerships	- \$ <u>2,500,000</u>
TOTAL	<u>\$296,372,030</u>

B. TARGET: VARIED FUNDING AND A COMPREHENSIVE PROGRAMVaried Funding Sought

The Urban Initiatives Program represents an opportunity for PHAs to get into the business of using interrelated Federal, and state grants, loans, etc., to improve the quality of life for tenants.

In this program, PHAs will not be alone in trying to piece together packages of grant funds from a variety of Federal and state agencies to make possible real and lasting improvements of living conditions in housing projects.

The traditional Congressional intent -- to make certain program funds from a variety of agencies are used effectively together -- hopefully can be realized in the Urban Initiatives Program. The HUD Headquarters staff is working with other agencies to encourage their identification of technical assistance and/or funding programs available to PHAs.

This is no guarantee of funding, but it does mean that when PHAs and related tenant organizations, etc., initiate contacts with funding agencies, they can be assured that HUD is attempting to open doors for them.

More than Bricks and Mortar

The scope of the PHA effort under PHUIP -- if it is to pay off in long term progress for housing projects and their tenants -- cannot be confined to bricks, mortar and computers. In housing project after housing project the lesson long since has been learned that tenants who are healthy - physically, culturally, economically, and socially - or who see themselves as headed for better living, protect their projects, improve their environment rather than destroy it and encourage others along the same track. One of the hopes, therefore, for the management assistance effort linked to the targeted rehabilitation component is that it will lead to the kind of planning that recognizes varied needs and tries to meet them for the good of tenant, project and community.

C. ORGANIZATION AND MANAGEMENT OF THE PUBLIC HOUSING URBAN INITIATIVES PROGRAM WITHIN HUD

Overall responsibility for organization and management of the Public Housing Urban Initiatives Program rests with the Assistant Secretary for Housing-Federal Housing Commissioner through the Deputy Assistant Secretary for Public Housing and Indian Programs.

Within the Office of the Deputy Assistant Secretary, the Director, Project Management Division, directs PHUIP operations, including the activities of the Headquarters Staff assigned to program support efforts for the PHAs selected. Coordination with Field Office Representatives to provide the required level of technical assistance is also carried out.

Variety of Technical Assistance

For a technical assistance program to be of benefit to organizations planning and implementing Targeted Rehabilitation and Management Assistance Components, the Technical Assistance system must offer to individual PHAs advisors who have:

- (1) Overall knowledge of PHA operations based on practical experience.
- (2) Knowledge of, and experience with the Modernization Program.
- (3) Close knowledge of PHA and HUD financial and management systems.
- (4) Knowledge of techniques in rehabilitation and management programs in both the private and public housing sectors.

It is clear that such technical assistance needs seldom can be met by any one person from a Field Office, Headquarters or a consultant firm. To make certain that adequate technical assistance is available and provides uniform and quality help, the technical assistance program involves:

- (1) Designation of a lead person in each Field Office where there is an Urban Initiatives PHA to work with other Field Office staff such as the Housing Management Officer, Maintenance Engineer, etc., to provide basic technical assistance.
- (2) Assignment of responsibility for technical assistance coordination to the Project Management Division in Headquarters.
- (3) Appointment of Headquarters staff personnel by the Deputy Assistant Secretary for Public Housing and Indian Programs to provide liaison with PHAs and Management Assistance Plan (MAP) teams to assist in developing additional Federal and state resources and to coordinate Federal support of the local effort.
- (4) Permission to use qualified consultants, whose qualifications, tasks and contracts are specifically approved by HUD Headquarters. Field Office recommendations are vital to this process.

As in all other aspects of the PHUIP, the primary contact for technical assistance (for the PHA) is the Field Office representative on the MAP team.

D. WORKING WITH STATE GOVERNMENT AND AREA ORGANIZATIONS

In this effort, neither the PHAs nor HUD can afford to minimize the fiscal fact of life that any effort to obtain an appreciable share of funding from such federal agencies as Health, Education and Welfare, Interior, and Labor, among others, usually requires access through a state plan -- a plan put together as the responsibility of a state government agency working with local jurisdictions. Most of these plans require the involvement of the Governor, either directly or through a department head he appoints. Failure to recognize the scope and the strength of the state plan (in controlling money flow) has often led to difficulty, for example, in combining HUD funds with HEW funds to increase their impact on cities and neighborhoods -- including housing agency projects.

Within HUD, therefore, there will be a continuing effort to develop a consistent and effective alliance with States. HUD's approach and expectations obviously will be based on the reality of State and Federal constraints on how States may use their own funds and those flowing to them from the Federal Government.

Assistance through Headquarters and Field Office representatives will be offered in State efforts to cooperate in the program. Efforts will be undertaken to work out with States specific technical assistance and financial support commitments for individual PHAs involved in PHUIP.

PHAs -- as part of their effort to meet resident and community needs -- are expected to take appropriate steps to initiate requests for technical or financial assistance with appropriate State agencies. Whether the initiative for such help is from HUD or from the PHA, it is vital that such efforts are mutually supported.

#### Areawide Planning Organizations

It is possible that areawide planning organizations, such as the Metropolitan Washington Council of Governments, can assist MAP Team members by providing information on housing, transportation, employment levels and other relevant data necessary for developing and implementing community development proposals and activities which address the needs of public housing residents. Much vital information already has been gathered by such organizations as a result of funding provided to them through Federal grants-in-aid such as HUD's Comprehensive Planning Assistance (701) Program.

Whether the need for such information be planning, developing a proposal for inclusion in a State Plan or preparing a Federal grant application to an office in HUD or another agency, the information bank of the area Organization may be of value. In some cases, also, it is possible to secure technical advice of importance to project planning.

### PART III THE LOCAL EFFORT ORGANIZATION AND PROCESS

A. STEPS IN DEVELOPMENT OF MANAGEMENT ASSISTANCE PLAN -- (TARGETED REHABILITATION COMPONENT)

One key question for PHAs involved in the Targeted Rehabilitation/Management Assistance Program, is where does all the planning and implementing and effort come together. The answer is in the Management Assistance Plan (MAP) Team which is responsible for directing the PHA's management diagnostics and remedial effort.

The MAP team includes the following members: Representatives of PHA, city, tenants and the HUD Field Office. A HUD Headquarters staff person provides assistance on an as-needed basis. Additional members can be added on a non-voting basis.

HUD expects its Field Office representative to take part in the ongoing local development of the management plan and in later supervision of its implementation as working MAP team members. The HUD Headquarters staff person will identify needs for technical assistance and will help to meet such needs through arrangements with other HUD offices. With other Federal agencies this staff person will help to identify funding resources for special MAP programs. He or she will be responsible generally for overseeing the program to make certain it is operating at maximum efficiency.

The city representative is expected to take full part in the MAP process and to identify resources in the city, public and private sectors that may help in the planning and implementation processes. It is hoped the representative will be able to speak for the mayor in committing some levels of city support, and will at least have the degree of access to the mayor that will assure a rapid response to needs.

It is expected that the PHA, supplemented by city and other staff support resources, including consultants, will provide the MAP team with baseline data and the kind of administrative staff support necessary to its function. The staff designee of the PHA (which has ultimate contractual responsibility for the functioning of the program) is obviously expected to play a major role in the successful operation of the MAP team. HUD expects the MAP team to identify its needs for information and data and to spell out its basic operating procedures and time schedules.

Following HUD approval of MAP team processes and work plans, requisitions for ongoing payment from operating subsidy funds are submitted.

Where consultants are used, they and their contracts must be approved by HUD Headquarters following review of Field Office recommendations.

Whether the staff planning work is done by PHA employees, consultants or others, HUD expects there to be definite provision for input from tenants, PHA staff, civic groups, and city government. Regardless of other techniques used (e.g., surveys) HUD expects the above four groups will have opportunities to be heard in hearings or discussion meetings conducted by the MAP team or its members with their constituent groups.

Progress Reports prepared by the MAP team should cover PHA data and processes, input from the city, PHA and civic groups and include the results of close evaluation on site by the consultant or other staff group and/or the MAP team.

Reports presented to the MAP team should be reviewed with the groups they represent. Following this review and discussion by the MAP team, the reports will be used by staff (or consultants) as a basis for development of alternative recommendations for dealing with problems in the management systems, administrative, financial, personnel, planning and/or operations, reflecting local priorities.

Minimally, HUD expects that the overall systems review will include appraisal of the following:

1. Prior management improvement efforts and results; what were earlier recommendations and why? If nothing was done about them, why not? What position, if any, did HUD take on the recommendations?
2. Clarity and completeness of plans, short and long range; single purpose and comprehensive. Mechanics of the planning process.
3. Clarity of responsibility and decision making process.
4. Input by tenants, city, neighbors, and others into the planning process.
5. Effectiveness of personnel selection, training and supervision process.

6. Processes for total cost identification and for cost control.
7. Capability for planning, financial planning and operating on a project basis (if appropriate).
8. Productivity and performance improvement processes, including effective indicators, goals and objectives for organizational units and individuals.
9. Ongoing inspection programs, including those by the PHA itself and those conducted by others.
10. PHA performance in response to inspection findings.
11. Precision and timeliness of supply management systems.
12. Preventive maintenance programs as part of overall maintenance systems.
13. Tenant selection, placement and eviction processes.
14. Extent of city cooperation and support, particularly in terms of equal levels of community service contrasted with levels in other neighborhoods.
15. Complaint and grievance systems for employees and tenants.
16. Tenant employment policy and mechanics for its implementation.
17. Rent collection efficiency and effectiveness.

As position papers are completed concerning each subject area, it is expected their discussion will include all members of the MAP team.

The question of priorities within the limits of the funding available for each PHA also should be subject to the input of constituent groups, through their representative on the MAP team.

When staff (or consultants) complete draft plans and submit them to the MAP team, they should include a timetable for implementation and a schedule of costs, plus a justification for the priorities finally decided upon.

Plans should be reviewed by the groups represented by MAP Team members as well as by the Team itself. Decisions about modifications, if any, will be made by the Team.

Following any MAP Team amendment, plans or revisions then go to the PHA Board of Commissioners for final action and delivery to the HUD-Field Office and Headquarters. The HUD Field Office will recommend action which may be modified or approved by Headquarters.

#### B. BROAD APPROACH TO THE MANAGEMENT IMPROVEMENT PROGRAM (TR/MA)

Increase funding. Cut services. Upgrade productivity. These are three ways frequently suggested to face the crisis of our nation's public housing projects. The first is difficult. The second is improbable and the third is necessary.

It is a good assumption that efforts to identify funding sources and to capitalize on them will be one of the outcomes of any organized effort by PHAs to improve living conditions on a long term basis. It is a questionable assumption, however, that staffing for services can be reduced with any assurance that the quality of housing can be maintained - unless stringent planning is used to focus on increased productivity.

#### Planning is Key

It is intended that planners for the PHA Management Improvement Program will develop systems to assure a well planned and implemented effort to improve housing conditions. Whether improved performance is even possible will depend on the quality of the planning, the first and basic component in any management process.

The management program developed by the PHA must include an effective planning process, a system, adequate to address more than recurring physical problems.

The planning organization and process in a PHA also must have the capability to address social and economic needs -- as to what must be done, how, with what resources and what leadership.

The planning process is more than an analysis of traditional alternatives for application to traditional problems. In considering alternative resources to be used to initiate or continue some needed programs, it is necessary to look beyond the flow of money from HUD or any other agency to every potential PHA resource that can be converted into money. One

example is people. If the PHA can catalog the skills and available time of tenants and analyze the job market, then help tenants into identified jobs, a PHA then may increase its rent flow and add to its resources. As another example, imagine an unoccupied building or an apartment structure with an unused basement or a potentially available lower floor or two. The PHA may analyze the industrial, retail and commercial needs of the area, identify the shortfall and then rent space to industry, retail or service enterprises. It may request such resources to commit themselves to provide jobs and stable incomes for tenants. If rents from these spaces are provided in the form of local contributions or grants, then the operating subsidy is not reduced accordingly and increased services to tenants can be provided.

#### Physical, Economic, Social Goals

The PHA's organization and process for planning must provide for broader and more imaginative thinking including input from other parts of the public sector and/or from the private sector. Innovative, rational and effective management and planning are targets for the Public Housing Urban Initiatives Program. If PHAs are going to make housing projects viable -- physical, economic and social-cultural goals must be identified, expanded and achieved.

One reason for requiring the establishment of a Management Assistance Plan Team for the TR/MA component of PHUIP is to make certain that, through its members, the knowledge and experience and other resources of the public and private sectors can be focused on meeting the total needs of a public housing community.

How total needs are defined may vary from community to community. The experiences of the last few decades make it evident that planning must be comprehensive, and must attack related problems with unified solutions. This gleaning from the nation's experience clearly tells public housing planners to broaden their thrust and to enlist the help of city, State and private sector as well as the Federal Government. Experience also tells PHA planners to think of project problems as neighborhood problems, to use ideas found to be workable in such early projects as Neighborhood Services and Model cities, and recent efforts such as the Neighborhood Strategy Areas.

While the level of success in the implementation of those programs has varied widely across the nation, urban neighborhood planners recognize that a rational neighborhood

improvement program must be based on the understanding that a man in poor health, with little education, no job, and living in an inadequate house is not likely to seek (much less attain) any real improvement for himself, whatever the stimulus. The management program of PHUIP gives PHA planners an opportunity to focus increased efforts on meeting effectively such individual needs as health care, education and job training and placement.

### C. THE ROLE OF THE CITY

One of the goals expressed by HUD in announcing the Targeted Rehabilitation and Management Assistance Program is to help PHAs work more cooperatively with local government to achieve broader community objectives.

The program calls for a Mayor's representative to take part in the activities of a Management Assistance Plan Team charged with directing a management diagnosis and remedial effort. PHAs are expected to consult with tenants, HUD and local officials in planning and implementing management improvements.

The Urban Initiatives Fact Sheet issued by the Secretary of HUD in announcing the program cited the need to "build local partnerships through the Urban Initiatives Boards/MAP Teams..." An Urban Partnership Initiative is described in the fact sheet as "designed to encourage cities to work directly and cooperatively with PHAs and to promote the development of long-term plans to improve municipal support for local public housing programs."

#### Recent Significant Court Decisions

In considering the setting of a minimum standard for provision of local service delivery to public housing projects, two relatively recent developments should be considered:

1. A rising number of court findings making it mandatory that service levels be maintained as high in poor areas as in other sections of a city.
2. A trend in city government toward requiring that public housing areas and the facilities therein meet the same inspection standards as complexes in other areas.

#### Varying Expectations of City Participation

PHAs can expect varying levels of initial commitment from city governments. Some examples are:

1. A general commitment from the Mayor that, whenever possible in light of budget priorities, he/she will attempt to increase the level of service in and around public housing projects.
2. A joint commitment by the Mayor and city council to the same effect.

3. A general, non-specific commitment to attempt the improvement of services and facilities in and around the project area.
4. A specific commitment that, within the existing budget, services will be increased within and/or immediately adjacent to the projects, with the level of improvement not specified.
5. A commitment to specific increases with a specific level of improvement.
6. Specific agreement to both service improvement and capital outlay investment in facilities to serve project residents.

How meaningful any of these commitments is depends on the city, Mayor and council concerned -- and also the dollar investments involved. Obviously, what the PHA wants and seeks is the greatest possible commitment, in dollars and services.

#### Matter of Negotiation

The PHA's efforts to obtain a meaningful level of commitment from the city must be based on:

1. Analysis of the existing level of demonstrated support and service by the city concerned.
2. Understanding of the real extent of the city's resources, financial, manpower, and equipment.
3. Identification of clear goals for the PHA in its efforts to upgrade city support.
4. Negotiating specific improvements on the basis that realistic housing project improvements will benefit the city at large or at least nearby neighborhoods.

#### D. THE ROLE OF THE TENANT

Another goal expressed by HUD for Targeted Rehabilitation/Management Assistance is to make certain the program gets the maximum benefit of tenant involvement.

HUD calls for a tenant representative to take part as a member of a Management Assistance Plan Team.

The PHA is called upon to consult with tenants, HUD and local officials in planning and implementing management improvements.

The tenant representative is to serve as a member of the MAP team from the beginning of the program. The tenant representative is to have a voice equal to that of the other team members in decision making regarding planning and implementation.

The concept of the MAP team is to make certain all possible resources are applied to developing a long term management program. The payoffs for the program will be in the forms of improved living conditions, services and opportunities for public housing project residents.

Side by side with the locally responsible agency (the PHA), with the city (through a representative of the Mayor), and with the responsible Federal agency (through a Field Office Representative), the tenant representative will monitor the planning and implementing process, whether the staff is from PHA, city, or consultant ranks.

The ground rules for communications and the decision making process will be worked out in the MAP Team itself, subject to the approval of HUD.

#### E. APPROACH TO TARGETED REHABILITATION

The basic posture of HUD concerning the Targeted Rehabilitation/Management Assistance component of PHUIP is that physical rehabilitation of facilities is not enough. The program requires and must involve improvement of management in the PHAs concerned.

Only those PHAs with a clear capability, rational management planning process, and suitable resources are permitted to move ahead with Targeted Rehabilitation. When Management Assistance Work Plans were approved with requirements for extensive modification, PHAs were authorized to go forward with modernization processing but only up to and including preparation of bid documents.

Once a Management Assistance Work Plan is finally approved by HUD, a PHA is authorized to proceed without delay on rehabilitation plans and construction, in keeping with standard HUD modernization requirements as prescribed in HUD Handbook 7485.9.

HUD Field Office personnel are also referred to HUD Handbook 7485.10. Due to the comprehensive scope of modernization activity, Field Offices are requested to utilize their Architectural and Engineering staff to assist the Housing Programs Management Branch and PHAs in the evaluation, approval, and monitoring processes of PHUIP modernization.

Modernization work activity is to be completed within a two-year period from the date of the amendment of the Annual Contributions Contract (ACC). Accelerated processing of the amendment is authorized and Field Offices may prepare HUD Form 5079, Modernization List, in the amount of the PHUIP modernization award approved for the PHA. The purposes of preparing the form are for (1) recording the Fund Reservation by the Regional Accounting Division, and (2) preparation of the appropriate amendment of the Annual Contributions Contract by Field Office Counsel. The processing of the Modernization List and ACC Amendment prior to Field Office approval of the Final MOD Application will allow for expeditious processing for this Program. Modernization work activity can therefore commence immediately upon final program approval.

Since PHUIP applications and Work Plans will already have been received, PHAs are not required to submit the Modernization Management Plan, the report on compliance by the local governing body with the Cooperation Agreement, or the Board resolution relating solely to modernization. A copy of the approved final Modernization Work Program, HUD 52994, shall be sent to HUD Headquarters, Assistant Secretary for Housing-Federal Housing

Commissioner, Department of Housing and Urban Development, 451 - 7th Street, S.W., Washington, D.C. 20410 (Attention: Chief, Special Projects Branch).

Targeted Rehabilitation (Modernization) Reporting shall be in accordance with the Low-Income Public Housing Modernization Program Handbooks 7485.9 and 7485.11. In addition to the reports submitted to the Field Office, the PHA shall submit a copy of HUD 52995, Quarterly Progress Report, to HUD Headquarters, Assistant Secretary for Housing-Federal Housing Commissioner, Department of Housing and Urban Development, 415 - 7th Street S.W., Washington, D.C. 20410 (Attention: Chief, Special Projects Branch).

#### Monitoring and evaluation responsibilities

The general monitoring and evaluation responsibilities of the PHA, Management Assistance Plan (MAP) team, Area Office, and Headquarters are as follows:

- a. The PHA has the primary monitoring and evaluation responsibility as a part of its overall responsibility for the implementation of day-to-day management of the PHUIP Work Program. The PHA must be concerned with the quality of work performed against the planned performance schedules and estimated costs. For the PHAs participating in the Targeted Rehabilitation program, the MAP Team shares this primary monitoring/evaluation responsibility with the PHA. The MAP Team should be involved in all monitoring processes including participation in on-site inspections.

The MAP Team must be concerned with the quality of the work performed, the performance schedule, and the rate of expenditures. The PHA submits all Work Programs (and revisions thereto) and Reports to the MAP Team for review, discussion, evaluation, and comment.

- b. The Field Office is the primary point of HUD monitoring. It is responsible for making certain that the PHAs within its jurisdiction meet their responsibilities under the PHUIP, and for initiating appropriate corrective action to remedy performance deficiencies. Additionally, the Field Office provides technical assistance, within its capability, to the PHAs in the fulfillment of PHUIP objectives. For the PHAs participating in the Targeted Rehabilitation program, the Field Office works supportively with the MAP Team in its monitoring and evaluation activities of the PHA's PHUIP.

- c. The Headquarters (Assistant Secretary for Housing-Federal Housing Commissioner) will exercise its overall program responsibilities on a "management by exception" basis, intervening only when performance deficiencies are not remedied promptly by the PHA, PHA/MAP Team, and the Field Office efforts. The Headquarters is also responsible for providing technical assistance, as appropriate, for programmatic changes and for maintaining overall program status information.

Further information on financial, administrative, and reporting procedures will be provided by separate issuances.

#### Other General Conditions:

All relocation plans for tenants in buildings targeted for rehabilitation must be reviewed and approved by the appropriate HUD Area Office with particular reference to compliance with Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

All plans to change and/or redistribute tenant racial/economic mix, etc., must be approved by the appropriate HUD Area Office. All reduction in density (e.g., change in the number of units) as well as demolition must be approved by HUD.

A reprogramming of PHUIP MOD monies to other projects requires HUD Headquarters approval. In addition, any substantial reprogramming of PHUIP MOD monies at the targeted project must also be approved by HUD Headquarters.

PHAs must establish a separate bank account for PHUIP modernization funds. This account is in addition to the regular modernization account.

#### PHUIP Project History

All PHAs participating in the PHUIP are responsible for maintaining a narrative and pictorial history of the PHUIP. The narrative is to cover such areas as the MAP Team, modernization work and community dialogue. The pictorial history is to cover modernization (i.e., before, during, and after). The pictures should include both 8" x 10" glossies and 35mm color slides.

If the results of PHUIP are to be given various consideration in deciding on rational management and operational practice, some effort must be made to provide not only adequate monitoring criteria, but also a visual basis for comparison where possible.

If organized properly, the photographic effort will provide more than history; it will provide a visual monitoring of housing project management improvement. It is important to long range operations and planning. By identifying a series of condition levels to monitor pictorially, we may identify a pattern which may enable us better to evaluate the efficiency of a PHA and the adequacy of living conditions in a project.

Some items suitable for a visual weighing scale include:

1. Litter
2. Paving of sidewalks
3. Paving of streets and alleys
4. Lighting of grounds
5. Lighting of exterior approaches
6. Paint condition, exterior, interior
7. Outbuilding conditions
8. Building entry conditions
9. Staircase conditions
10. Window breakage level
11. Office space appearance
12. Sanitation
13. Beautification
14. Recreation facilities
15. Plumbing, appliances

Photographs taken by a MAP team could increase the validity of comparative evaluations and increase the rationality of transfer of program ideas from one project or authority to another.

#### PART IV

#### INCREASING PROGRAM BENEFITS

A. CATALYTIC PROGRAM

The success of the Targeted Rehabilitation/Management Assistance program also will depend to a large degree on the capability to leverage funds already committed to the PHA to obtain other funds for a broadened program. HUD has already committed funds for PHUIP from the Public Housing Program (operating subsidy and modernization) and from the Community Development Block Grant Program. These funds will permit a concentrated PHA-community effort to rehabilitate properties, improve management, improve security, improve the neighborhood environment and services and increase recreational opportunities.

Recognizing the need for additional resources, the Secretary has asked all HUD offices to assist as possible with technical assistance and with funding. HUD also is working with other Federal agencies, to identify possible cash resources for which PHAs can--as a minimum--compete with some chance of success.

The basic concept of the Public Housing Urban Initiatives Program involves coordinated effort and support by a variety of Federal agencies to substantially improve the physical plant, management and quality of life in housing projects.

PHAs and the Money Game

HUD's effort as PHUIP lead agency to stimulate interest in other Federal agencies is only part of what is necessary to broaden the funding base for improvement of public housing. PHA tenants live in projects in cities, counties and states where Federal funds flow through direct funding and grant programs. PHAs, therefore, must endeavor:

- (1) To focus all resources and agencies that should be involved with public housing problems.
- (2) To transfer management techniques learned in private sector housing into public housing.
- (3) To promote increased governmental resources for citizens living in public housing projects.
- (4) To plan public housing projects as components of neighborhoods or as neighborhoods themselves, with a viable economic base.
- (5) To seek funding - local, state, Federal or private - as other neighborhoods do.

This requires a review of potential Federal funding sources, contact with area, regional and/or Washington agency representatives and analysis to ascertain which programs are of possible use, whether funding is available and how to acquire it.

With cities working from the local level and HUD at the Federal, it should be possible to stimulate increased funding to meet to a larger degree the needs of public housing "neighborhoods."

## B. BUILDING JOB OPPORTUNITIES

Regardless of the source of funds, a PHA spending large sums on improvements should attempt to build a job opportunity program using the money as leverage. A job building effort has a multitude of possible variations. For example:

1. Joint programming, with HUD the lead agency, to earmark portions of Urban Initiative funding to go to contractors as an incentive for using targeted numbers of hardcore unemployed on payroll and/or using targeted numbers of minority subcontractors. This could involve contributed technical assistance and/or financial support from the Department of Labor, Economic Development Administration and Small Business Administration among others.
2. Joint programming and joint funding, with HUD the lead agency, to supplement Public Housing and Urban Initiative funding to a PHA by use of technical assistance from the Small Business Administration and technical assistance and funding from EDA to establish business or mini-industrial operations on housing project land leased to an entrepreneurial organization.
3. HUD can work with the other agencies and local and State agencies in joint efforts to tie together the funding and technical assistance already flowing into communities adjacent to and including housing projects.
4. City, PHA, HUD and others can develop full employment programs in the public housing projects included in PHUIP. Under this approach, PHAs not only would provide tenants with limited numbers of jobs in project maintenance, construction or administration, but also would (1) expand off-site job placement efforts, and (2) create new job opportunities through development on-site of retail business, commercial service and even mini-industry enterprises.

From a Federal point of view, such a program would provide an opportunity to demonstrate with a highly visible population group the utility of a unified attack on the various problems of economically deprived persons.

The basic program elements could include Job placement, building business enterprise and improving the social/physical living environment. Essential steps in the job placement effort might be:

- a. Conduct skills inventory among housing project tenants.
- b. Identify skill needs in the city and region.
- c. Market the idea that there are tenants with real skill levels.
- d. Provide training to enable others to qualify for jobs.
- e. Provide follow-up training and counseling to assist tenants in job advancement.
- f. Support the above effort largely through a modest, agreed-upon payment as a percentage of wages earned by tenants placed in jobs.

A program to build new business enterprise could involve use of the land and building resources of housing projects as a base for controlled amounts of commercial development--either through establishment of new entrepreneurial organizations or through lease or sale of property to existing business. Such a program might evolve essentially as follows:

- a. Establish a Public Housing Industries Commission (PHIC) including representatives of the public and private sectors, of the PHA and of tenants.
- b. Inventory the service and retail needs, etc., of the residents of the projects, the neighborhood and the city at large.
- c. Identify those services and/or product needs that would warrant:
  - 1 Developing a service-for-profit organization
  - 2 Establishing a small business for retail or other purposes.

- 3 Starting a new small industry.
  - 4 Beginning vending or franchise operations.
  - 5 Contractual relationships with an existing entrepreneur.
- d. Based on policies set by the PHIC, then proceed to:
- 1 Package proposal, within legal constraints..
  - 2 Identify housing project building or site space.
  - 3 Plan and negotiate financing.
  - 4 Develop markets, including the PHA, local government, other publicly supported agencies and those in the private sector. Develop commitments.
  - 5 Secure equipment; select, train and employ tenants.
  - 6 Conduct pilot operations; contract sales; go into full production.
  - 7 Evaluate, modify programs and diversify when possible.
- 5. Conduct continuing job search to move persons involved into jobs in other private and public sector area.
  - 6. Through use of non-profit corporations, funnel profits from enterprises into expansion of other development and training programs.
  - 7. On an ongoing basis, as an alternative, lease project space and/or buildings to private or public groups with the profit going into PHA development or operations or additional tenant programs.

### C. SPECIFIC QUALITY OF LIFE IMPROVEMENTS

An effort to further improve quality of life could include such steps as:

- 1. Evaluate social, cultural, educational, health status of tenants and their environmental, transportation and other problems.
- 2. Appraise level and availability of services and facilities provided. Identify shortcomings.
- 3. Work with tenant, city, state and private sector organizations to improve programs.
- 4. Link social service improvement program closely with environmental, economic development and jobs programs.
- 5. The transportation problem for residents for one housing project might require efforts to increase transportation availability and/or reduce costs, thus eliminating a barrier to economic stability for residents of the projects.

Steps in developing such a program could involve:

- a. Inventory of the job-connected transportation needs of residents of public housing.
- b. Inventory of other transportation needs by category of such residents.
- c. Inventory of the available transportation systems with level of access for residents at project and at destination.
- d. Identification of cost in dollars and time for residents using such transportation systems.
- e. Review of cost of public maintenance of transportation systems concerned.
- f. Identification of alternative possible transportation systems and their estimated cost effectiveness.
- g. Testing proposed transportation alternatives.

- h. Analysis of overall, long term costs, private and public.
  - i. Analysis of impact on residents and housing projects.
6. A lack of family-oriented leisure activity facilities could lead a PHA to plan demonstration recreational-cultural outdoor centers for common use by families residing in public housing projects, with activity potential ranging, for example, from volleyball to barbecuing and from checkers to drama.

Development of such a project could involve planned use of landscaping funds already earmarked as part of rehabilitation program; linking of such investment with money from the Department of Interior to provide for installation of facilities, outdoor stages, picnic tables, shelters, etc; Department of Interior financing from Land and Water Conservation Fund; and Department of Labor CETA funding for development and operational purposes.

PHAs within the PHUIP should turn to the HUD Field Office representatives on their MAP Teams for assistance in considering or developing such programs. Another resource within HUD is the Headquarters liaison with the MAP Team.

#### D. COMPREHENSIVE NEIGHBORHOOD APPROACH

The reality is that the city, State, and Federal governments -- as well as the PHA -- all have a stake in the well being of the public housing project, its residents and neighbors.

Public housing projects, the people in them and the neighborhoods immediately adjacent to them tend to be shunned in the expansion of city services and commercial conveniences in favor of the more prosperous and more profitable areas of cities. Finally, when the project areas are surrounded by improvements, projects and the people in them may be removed by one process or another, or the area becomes a lasting blight that over time nullifies the improvements in nearby districts.

Even when rehabilitation money is poured into such housing projects, rapid deterioration follows unless the improvement of facilities, is accompanied by adequate social, cultural and economic development programs.

#### Need for Unified Planning

Consider a hypothetical case involving a project due to receive several million dollars in HUD funds under the national program.

"Speculators have moved in nearby, buying old row housing and rehabilitating it for a private market that squeezes out the former residents. Within the area empty lots also are being purchased for increasingly expensive housing."

"Not only do the residents of the housing project lack adequate housing, adequate public and private services, but they also lack adequate jobs, the factor that drove them into public housing in the first place. Other immediately adjacent housing projects make the area's problem a major one."

"Inevitably, unless the pattern is broken, the residents and the project in which they live will be forced from the area into new, and probably less conspicuous, settings where their continuing joblessness will keep them and their families from breaking free of their economically deprived condition."

"Currently, areas within a half mile of the project are undergoing significant change, at least in the planning stage, and the area itself is seeing penetration by private speculators who on a spot basis are rehabilitating and selling housing units and building new row houses."

"The momentum of planned and ad-hoc development in the area is growing."

"Both public and private money is being pumped into adjacent areas, and the rate promises to increase. To make the investments, private and public, of lasting benefit to the area, an effort is needed to unify public-private planning and to coordinate--where possible--use of funds."

#### Joint PHA/City Effort

The PHA and the city may decide to seek development of a fundable plan for improvement of physical and environmental conditions, commercial and public service and economic opportunity for residents of the housing project and other sections of the area.

Such a plan might involve:

- a. Dramatic improvement in physical facilities and environment of the housing project.
- b. Upgrading the appearance of the public space and improving essential city services at residential and commercial sites to be designated in the area.
- c. Promoting the involvement of business and financial organizations, commercial property owners, operators of business establishments and residents of private and/or publicly owned dwellings to make viable contributions to the overall restoration of the neighborhood by upgrading the appearance of their properties.
- d. Promoting, for public housing tenants and other needy residents, jobs in expanded maintenance and construction programs and also expanding in-area and at-large job placement efforts and creating new job opportunities through development on or off public land of retail business, commercial service and mini-industry enterprises.
- e. Use, where feasible, of facilities existing on project and other public sites for similar commercial development with a potential for creating jobs for public housing residents.

To make comprehensive planning possible and meaningful there should be a joint effort by the city housing and community development and planning offices, key private sector organizations, and as possible, state and federal agencies.

#### Early Involvement Needed

Orientation of key local, State and Federal governmental and private sector representatives should be scheduled early. Organization of a coordinating group, including city, PHA, Federal, private sector and etc., comes next -- either as part of or an extension of the Management Assistance Plan team required under PHUIP TR.

Identification of funding resources and negotiating of contracts clearly come before initiation of public education and promotion.

Development of a data base for the project and nearby areas is a necessary early step, to develop such information as:

- a. Present space use and productivity.
- b. Pertinent characteristics and prospects for future growth.
- c. Extent of blight.
- d. Degree of existing or potential private sector investment and cooperation.
- e. Extent of visual impact of improvements.
- f. Services and service need in the area . . . private and public.
- g. Inventory of employment base.
- h. Inventory of skills among residents.
- i. Inventory of space useful for nonresidential purposes, commercial, industrial, public service, etc.
- j. Inventory of financing flow scheduled into area, public and private.

Appraise Redesign Possibilities

A planning analysis should be undertaken in each sub-area to determine the physical possibility of redesign of public space in relationship to planning elements such as traffic and adjacent land use. The analysis should include at least:

1. An evaluation on a block basis for all relevant environmental factors such as exterior building conditions, level of street and sidewalk maintenance, favorable features such as trees and plantings, nuisance uses, presence of adequate utilities, condition of public park properties, etc.
2. A review of the land use, building conditions and community facilities of the action areas from existing studies and reports of local and other agencies and field inspections.
3. An evaluation of the impact of traffic in action areas, the degree of through traffic and the suitability of present parking facilities, with respect to availability type, location and appearance.

An architectural analysis should include site design and building design studies to determine the possibilities of achieving physical unity, attractiveness and pleasantness in the various areas and overall.

1. Particular reference should be made to the following combination of uses and problems:

Residential  
Public  
Commercial  
Industry  
Traffic circulation  
Parking  
Sites related to uses  
Blight  
Impact on abutting areas  
Flexibility of development by private enterprise

Seek Suitable Program Mix

A socio-economic analysis should include studies to determine the possibilities for, and the alternative methods of, achieving a productive mix of social service delivery programs and business and job development programs. Particular reference should be made to the following:

Service, commercial and industrial needs that could be met by either private or public programs in the area. Identifying those programs which would create job opportunities for residents of public housing or other units in the area.

Identification of enterprises warranting:

- \* Development of a new service-for-profit operation.
- \* Development of a new retail business or small industry.
- \* Starting of a vending or franchise operation
- \* Contractual development by an existing entrepreneur.

Planning, financing and initiating such enterprises either through profit or non-profit organizations.

Planning lease or sale of public space and/or building to private or public groups with the profit going into the operations of public housing and other public improvement programs.

Explore Financial Alternatives

Financial considerations clearly are paramount. The planning, therefore, should:

- a. Establish costs involved in proposed plan components.
- b. Identify components with existing funding.
- c. Identify additional funding sources for other components.
  1. Federal grants
  2. City budget
  3. Foundations
  4. Private financial institutions
  5. Private business expansion programs
- d. Develop integrated financial plan.

Besides the MAP Team, an overall advisory committee for such an effort might include, but not be limited to, representatives of the banking community, real estate, savings and loan, development, the academic community; the city council, chamber of commerce, and state and federal agencies.

The function of this unpaid committee could be to advise city/PHA leaders and to assist in development of resources and other support needed to render the proposed plan feasible.

While such an approach is not overall, it should focus on public and private thinking, action and resources and should stimulate some long overdue progress toward improving the quality of life in the public housing area and nearby neighborhoods.

PART V

PROJECT-BASED BUDGETING

## A. PROJECT-BASED BUDGETING/MANAGEMENT

The Management Assistance (Project-Based Budgeting/Management) Component of PHUIP provides funding to selected PHAs for the planning and installation of project-based budgeting/management and accountability. PHAs may receive funding on the basis of conditional or final approval, depending upon the completeness of their work program submissions.

### Definitions

Project-based budgeting is a system of budgeting which allows PHAs to allocate income and expenditures on a project-by-project basis. Examples would include budget figures, actual income and actual expenditures available on a project-by-project basis including other sources of support for housing operations (manpower and social service, local government grants-in-aid, etc.) Project-based budgeting is also a means of providing the accountability measures and resources that can lead to the development of project/PHA performance standards and more efficient use of manpower and financial resources.

Project-based budgeting can provide valuable information monthly by project on income, expenditures of funds, work units, by work crews, by individual worker, by materials. Comparative information on the above items will be available to managers. Project-based budgeting will provide a basis for making decisions and help clarify project/PHA responsibilities. The aim of Project-Based Budgeting (PBB) is to improve economy of operations by allowing management to better plan and control work, establish accountability at all levels of the organization and quickly spot variations from the plan and correct them. It enables project managers and tenants to identify costs and resources related to their project.

Project-based management would be the utilization of all the information provided by a project-based budgeting system. Besides providing criteria for setting priorities, PBB should give the project manager a fiscal, administrative basis for making decisions by project and making the project decisions work. It provides a monitoring system to measure effectiveness and is also clearly aimed at improving PHA/project management.

Project-based management is the process of utilizing individual project/organization data on actuals vs. planned and providing that data to the project/organizations for use in day-to-day decision making. The figures obtained from the budgeting/allocation system(s) would not only provide a

useful evaluation tool but would be a direct instrument of measurement, allowing project staff to make the continual adjustments that may be necessary to keep actual costs within the range of the amounts originally budgeted for a particular year. Project-based management uses project data to identify those projects that do not conform to an established management standards norm. Appropriate management staff then can provide assistance to correct project problems. Finally, PHA management staffs can use project budgeting information to establish performance standards.

### Current Situation

Currently, PHAs prepare and submit to HUD aggregate budgets which cover the projected income and expenses of all projects-- family and elderly, high-rise and low-rise, old and new-- under a consolidated Annual Contributions Contract. Preparing the budgets and security reports on a consolidated basis makes it difficult for top PHA management to: (1) show a clear plan of action for each project; (2) assign accountability to line managers; (3) detect demographic trends in individual projects; or (4) give project managers an adequate base for decision making. Reliance on consolidated budgets prevents HUD from: (1) knowing the true costs of managing different types of projects; (2) setting performance standards; (3) evaluating the cost-effectiveness of project-specific modernization work or (4) the cost effectiveness of management systems. As stated previously, neither budget figures nor actual expenditures are available for the nation's public housing on a project-by-project basis. Such project data would provide the raw material for assembling ranges of operating costs for different types of developments. Hard data on the expenditure of funds and on the management of public housing by project generally is not available. While funds are allocated on a formula based on relative management efficiency, no absolute basis for evaluating overall PHA performance and progress toward more effective operations exists.

## B. PBB - DEVELOPMENT SEQUENCE FOR PHA

The following are essential, sequential steps in the planning and development of Project Based Budgeting and, (if appropriate) Management by the PHA.

### 1. Establish baseline budget by project.

#### A. Convert existing consolidated budget to a first step project budget.

- (1) Use PHA's current fiscal year as base year.
- (2) Break out each line item by project.
- (3) Discuss with PHA staff.
- (4) PHA Director approves of the individual first step project based budgets.
- (5) Issue notification of the approved baseline project budgets to the project and to finance and administrative officials as guides.

### 2. Analyze existing PHA internal systems.

#### A. Accounting

- (1) Review accounting procedures to assure that they are consistent with the HUD-established chart of accounts.
- (2) Revise and/or delineate individual transactions to be included in each account, per HUD instructions.
- (3) Review current system making appropriate adjustments to assure a standardized base for PBB.
- (4) Develop coding instructions for transactions for each project cost/income center (as well as PHA's Headquarters section) relating the chart of accounts to transactions recorded at the project level.
- (5) Develop guides for non-accountants.
- (6) Develop procedures for report preparation from chart of accounts.

### 3. Work flow procedures.

#### A. Relate source documents for internal PHA management systems to individual steps, transactions and coding. The following internal management systems should be examined, charted and documented as part of this analysis of basic operating procedures:

- |                          |                                        |
|--------------------------|----------------------------------------|
| (1) Maintenance          | (8) Occupancy characteristic data      |
| (2) Inventory            | (9) Physical characteristic (projects) |
| (3) Capital expenditures | (10) Financial                         |
| (4) Routine expenditures | (11) Monthly report                    |
| (5) Purchasing           | (12) Organization and staffing         |
| (6) Budgeting            | (13) Tenant systems                    |
| (7) Accounting           |                                        |

### 4. Organization, staffing and decision making for the PHA

#### A. Review in relation to current systems

- (1) Existing specific duties and functions
- (2) Lines of authority
- (3) Delegations of responsibility

#### B. Proposed Changes

- (1) Necessary manpower adjustments
- (2) Personnel functions
- (3) Training and development
- (4) Provision for tenant input and reviews
- (5) Clear provision for management decisions to be based on project budgets and data, etc.

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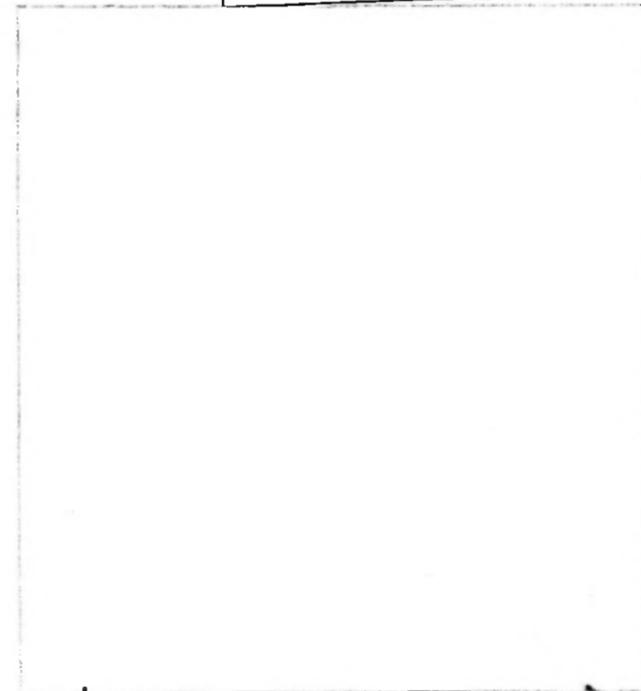
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