



U. S. Department of Housing and Urban Development
Multifamily Southeast Region

*Serving Alabama, Florida, Georgia, Kentucky, Mississippi,
North Carolina, Puerto Rico, South Carolina, Tennessee, and the
U.S. Virgin Islands*
www.hud.gov/states/shared/working/r4/multifamily

May 1, 2024

MEMORADUM FOR: Owners and Management Agents
HUD-Assisted Properties and FHA-Insured
Southeast Region

FROM: Mark R. Dominick, Director, Multifamily Southeast Region

SUBJECT: Southeast Region 2024 Management Fee Range Survey

In accordance with the provisions of HUD Handbook 4381.5, REV-2, The Management Agent Handbook, management fee ranges are to be reviewed and established every two years. Management fee data was collected and reviewed for HUD Insured properties where the owner/agents have incentives to control management costs. Based on our review, the acceptable maximum fee yields for HUD-Assisted properties in the Southeast Region are as follows:

Residential Fee Yields — Per Unit Per Month (PUPM)

	0-59 Units Max Fee	60-124 Units Max Fee	125-200 Max Fee	201 and over Max Fee
Alabama	\$49	\$49	\$43	\$43
Florida	\$59	\$57	\$49	\$49
Georgia	\$55	\$55	\$51	\$51
Kentucky	\$52	\$52	\$46	\$46
Mississippi	\$50	\$50	\$50	\$50
North Carolina	\$57	\$57	\$52	\$52
Puerto Rico & Virgin Islands	\$61	\$61	\$61	\$61
South Carolina	\$56	\$56	\$54	\$50
Tennessee	\$54	\$52	\$47	\$46

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77 Forsyth Street SW
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Jacksonville Satellite Office
Charles E. Bennett Federal Building
400 West Bay Street, Suite 1015
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Miscellaneous Fee Percentage

The miscellaneous fee percentage must not exceed the residential income fee percentage.

Commercial Fee Yields

The commercial fee proposed for the project must not exceed the yields generated by projects in the area with comparable types of projects.

Special Fees

Special Fees may be allowed for a limited time, in accordance with Handbook 4381.5, Rev-2, Chapter, 3 Paragraph 3.6b.

Add-on Fee Yields:

An add-on fee reflects the amount to cover a higher level of management service for projects with specific characteristics or recognized long-term conditions. The acceptable add-on fee categories are as follows:

Homeless Preference – (PUPM) Special Fee \$2.50 Add-On Fee \$2.00

Housing Memorandum dated October 26, 2016, from Priya Jayachandran, promotes the use of a homeless preference and allows approval of both a special and an add-on fee. Please see this Memorandum for details and implementation.

- o Special fee will be permitted during a nine (9) month start-up period to enable O/A to create and implement the homeless preference process of \$2.50 PUPM not to exceed \$4,500.
- o Add-on Fee of \$2.00 PUPM not to exceed \$3,600 per property per year can be received once a homeless applicant is admitted.

Subsidy Mix — \$3.00 PUPM

Eligible projects are those that have more than one type of subsidy with at least twenty (20) percent of the units available to low-income families, including elderly which require more administrative oversight, monitoring, and processing requirements. The project must be financed under one of the following:

National Housing Act — Section 236, 221(d)(3), 221(d)(4), 223(f), 202, 231/8; or Tax-exempt Bond Financing Programs.

Additionally, projects that have been awarded Low-Income Housing Tax Credits (LIHTC) under Section 42 of the Internal Revenue Code are eligible.

Special Population - \$3.00 PUPM

Special Population add-on fees apply to properties that are specifically designed to house elderly or disabled residents.

Remote Location or Scattered Sites —\$3.00 PUPM

Eligible projects are those located in remote areas or scattered sites.

Utility Allowance - \$1.00 PUPM

Properties with tenant-paid utilities in which the agent must conduct a Utility Allowance Analysis as detailed in HUD Notice H 2015-04. The add-on fees may not exceed \$1000 a year in total. For more specific guidance: <https://www.hud.gov/sites/documents/15-04HSGN.PDF>

Cooperative Ownership — \$5.00 PUPM

Eligible projects are those which require management agents to have additional legal and organizational responsibilities and knowledge pertaining to projects owned by cooperatives.

Better Buildings Challenge and Better Climate Challenge - \$4.00 PUPM

Participants in HUD's Better Buildings Challenge (BBC) who have committed to reduce their portfolio energy and water usage by 20 percent within 10 years are permitted to receive add-on fees for the following activities. BBC-eligible add-on fees may not exceed \$5,000/year and are only available for the shorter of 10 years or the end of the BBC period for the sponsor's portfolio. For more specific guidance: <https://www.hudexchange.info/programs/better-buildings-challenge/management-add-on-fee-incentive/>. Participants in HUD's Better Climate Challenge (BCC) are also eligible for the add-on fees below.

Developing and implementing a property-specific green operations and maintenance plan	\$1 PUPM
Resident engagement and education to encourage energy and water efficiency behaviors and best practices	\$1 PUPM
Utility data collection, entry, and/or technical support	\$1 PUPM
Installation and use of energy data benchmarking and reporting software	\$1 PUPM

High Density Projects – \$3.00 PUPM

Eligible projects are those that have a high percentage of three (3) or more bedroom unit sizes, which increases the population density. Projects must meet the definition of high-density which is a site with an average of not less than 2.5 bedrooms per unit.

Violence Against Women Act (VAWA) Policies - \$2.00 PUPM

For properties that notify all tenants and applicants of their occupancy rights under VAWA (form HUD-5380), that have implemented an Emergency Transfer Plan for victims of domestic violence (form HUD-5381), and that have established a HUD-approved VAWA preference in their Tenant Selection Plans. This fee can be collected while these policies are active.

Adverse Neighborhood Conditions — \$5.00 PUPM

A high incidence of crime and vandalism, or a large concentration of deteriorated or substandard housing in the surrounding area.

Documentation required to support a claim of adverse neighborhood conditions should include, but may not be limited to:

1. Identify the number of lease terminations and evictions for crimes during the preceding 12-month period, or evidence from the local government or law enforcement agency that the owner/agent has sought assistance in deterring crime problems and that they are committed to assist in taking steps to reduce or eliminate the crime problems on the property or copy of police records evidencing the degree of crime at the property and surrounding area.
2. A copy of the current plan in place for dealing with the crime problem and description of the plan's effectiveness.
3. Evidence that tenants support the plan and are assisting in implementation of the plan.
4. Documentation from the management agent that supports any claims that criminal activity at the property requires a disproportionate amount of time.

Computer and Bookkeeping Fees - Computer and Bookkeeping Fees are treated as a project expense. The expense, however, must not exceed the actual cost the project would incur if a bookkeeper were on site. See HUD Handbook 4381.5, Chapter 3 for more information.

For more information on acceptable residential management fees for subsidized properties, refer to Chapter 3 of HUD Handbook 4381.5 or contact the Southeast Multifamily Region staff. You may find the HUD servicer for an existing HUD Multifamily serviced site at:

<https://www.hud.gov/states/shared/working/r4/multifamily>