

**HARVARD UNIVERSITY
GRADUATE SCHOOL OF DESIGN**



**PUBLIC HOUSING OPERATING
COST STUDY**

APARTMENT OWNERS FACT SHEET

Seeking your assistance to better
understand the cost of operating
multifamily housing



Funded by:



The U.S. Department of Housing
& Urban Development

PURPOSE OF STUDY

The Harvard University Graduate School of Design (Harvard GSD) recently entered into a Cooperative Agreement with the United States Department of Housing and Urban Development (HUD) to conduct a national study of the costs to operate well-run public housing.

As part of this study, Harvard GSD will be comparing public housing operating costs to similar private housing in a number of test markets. To assist with this research, we are asking certain private property owners to provide us with operating information on a voluntary and completely confidential basis. Only market-wide data will eventually be included in any report from this research.

Based upon preliminary reconnaissance work, one or more of your properties has been identified for comparison purposes. Properties were selected based on various criteria, including age, location, unit mix, design, and other key factors. Because operating costs can be inflated due to deferred maintenance or poor management, only well-managed properties that are in relatively good condition have been identified for inclusion in this study.

To better understand the nature of this study, as well as its goals and objectives, we have prepared the following frequently asked questions for your review. If after reviewing this information you have additional questions, please contact us at:

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Frequently Asked Questions

What is the reason for the study?

Nationwide, there are approximately 1.26 million units of public housing. These units, representing some 10,000 developments, are administered by about 3,200 local public housing authorities (PHAs). For fiscal year 2000, Congress provided \$3.1 billion in operating funds and another \$2.5 billion in capital funds for public housing.

In late 1998, Congress enacted the Quality Housing and Work Responsibility Act (also known as the Public Housing Reform Act). The Act made sweeping changes to the public housing and assisted housing programs. These changes included establishment of an Operating Fund for the purpose of making assistance available for the operation and management of public housing. In developing the formula for assigning operating subsidies through this Operating Fund, Congress further directed HUD to contract with the Harvard Graduate School of Design (GSD) to conduct a study of the cost to operate well-run public housing.

How will the operating cost data I provide be of assistance?

Operating cost data provided by private property owners is of critical importance to this study. We believe that one way in which to determine an appropriate cost of operating public housing from region-to-region and city-to-city may be by establishing operating norms from conventional housing.

To understand how costs differ, why not just compare existing property-level operating costs of public housing?

Unfortunately, and unlike private developments, few public housing authorities maintain property-level operating data (subsidy is provided at the housing authority level and not at the property level). Additionally, housing authority subsidies are set by formulas developed in the early 1970s. Consequently, operating costs may reflect more of what an agency obtains in funding and less than what it should actually cost to run public housing.

Will the information I provide remain confidential?

All information you provide will remain in strict confidence. The information you provide will be held by Harvard University and its consultant study teams who have all signed confidentiality agreements. Confidentiality extends to operating data, property information, and any other data you provide. Only roll-up summary data from numerous properties will be made available to federal, state, and local officials as well as the general public.

Is my participation voluntary?

Some of the properties to be included in this research effort are likely to be HUD-subsidized or HUD-insured. For some of these properties, participation may be required. For any conventional property, participation is completely voluntary.

How many cities are included in the initial phase of the study?

We expect up to eight in the initial phase of the study.

Why should I participate? How does the study help me?

The main purpose of this study is to guide the development of a more appropriate allocation of public housing operating subsidy in communities across the United States.

Better run public housing in your community is likely to have a direct positive spin-off impact on the neighborhoods in which your developments are located.

Why did you consider my development(s) comparable to public housing?

Recently, real estate analysts conducted fieldwork in your city to develop a comparable list for each public housing development. One or more of your properties was chosen because it is well managed and has one or more attributes which was similar to a public housing property. These attributes may have included unit mix, age, location, and design among others.

Are there any other aspects to my participation in the study in addition to providing operating cost data?

Yes, we are asking each property owner who provides operating cost data to allow us to follow up with a 15 to 20 minute property survey so we can capture key features of each development, including size, mix, age, construction, design, project amenities, turnover, and other similar information.

Because I participated in the study will I be privy to any special information or results?

At the completion of our data collection, we will be glad to send you a summary of our findings for the private properties we spoke with in your market. No individual property data will be identifiable in the summary, but the summary may come in handy as a benchmark for you, not unlike data available from IREM, BOMA, or other similar national sources. Please let us know if you would like this specially prepared summary.

Why is Harvard GSD using consultants for this fieldwork?

Harvard GSD has hired consultants with specific experience in real estate fieldwork and data analysis. All consultants are working on behalf of Harvard GSD and will be providing a detailed report to the Harvard GSD study committee at the completion of their work.