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MEMORANDUM FOR: Multifamily Owners and Agents, San Francisco Multifamily Hub  
FROM: Tom Azumbrado, Director, San Francisco Multifamily Hub  
SUBJECT: Management Fee Schedule – **Effective May 1, 2014**

A handwritten signature in black ink, appearing to be "Tom Azumbrado", with a vertical line extending downwards from the signature.

The San Francisco Multifamily Hub is issuing the attached consolidated management fee schedule for properties located throughout the Hub, including Northern California, Hawaii, Nevada, and Arizona.

To set the basic rates, the Hub consulted the procedures in *The Management Agent Handbook*, 4381.5.<sup>1</sup> The Handbook requires establishing basic rates using data from profit-motivated entities that have an incentive to control costs, generally projects that are unassisted and insured by HUD. In some cases, this Handbook method produced new rates that were lower than the current basic rates. The Hub will maintain the current basic rates rather than lowering them.

Other changes, however, will affect rates for some properties:

1. Previously, the Hub issued distinct basic rates for the San Francisco and Sacramento jurisdictions. The Hub will now be issuing one basic rate for Northern California generally. Properties located in the Sacramento jurisdiction will now qualify for the Northern California basic rate.
2. In prior years, each office issued its own schedule of add-on fees. With this schedule, the Hub has created a uniform schedule of add-on fees for the entire Hub. For some properties, this may result in an increase or decrease in add-on fees.

Owners and agents can address these changes at their next certification or sooner if desired.

If you have any questions concerning this schedule, please contact your HUD project manager.

Attachment

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<sup>1</sup> *The Management Agent Handbook*, 4381.5, Para. 3-19(a).

## MANAGEMENT FEE SCHEDULE

### San Francisco Multifamily Hub

#### Basic Rate

	<b>Basic Rate (PUPM)</b>
<b>Northern California</b>	\$52
<b>Hawaii</b>	\$46
<b>Nevada</b>	\$45
<b>Arizona</b>	\$40

#### Add-On Fees

The Handbook permits add-on fees when projects have *long-term* characteristics or conditions that require additional management effort beyond the activities covered by the residential management fee.<sup>2</sup> Owners/agents must provide justification and documentation when requesting add-on fees marked below with an asterisk.

For *short-term* or temporary project conditions, owners/agents should seek special management fees (see "Special Fees" below).<sup>3</sup> The Hub will not approve add-on fees for temporary project conditions.<sup>4</sup>

<b>Project Size &amp; Density</b>		
<b>Small Projects</b>	Twenty-five units or fewer	\$4
<b>Group Homes</b>		\$4
<b>High-Density Projects</b>	At least 40% of total units have three or more bedrooms. <sup>5</sup>	\$3
<b>Location</b>		
<b>Remote Location*</b>	No local management is available, and 1) agent will incur unusually high travel costs, or 2) special outreach is required to attract residents.	\$2
<b>Scattered Site</b>	Two to four scattered sites	\$2
<b>Scattered Site</b>	Five or more scattered sites	\$3
<b>Adverse Neighborhood Conditions*</b>	1) High incidence of crime or vandalism, or 2) large concentration of deteriorated or substandard housing. <sup>6</sup>	\$5

<sup>2</sup> *The Management Agent Handbook*, 4381.5, Para. 3-7(a).

<sup>3</sup> *Id.*, Para. 3-7(a)(3).

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*, Figure 3-4(A).

<sup>6</sup> *Id.*, Figure 3-4(B)(3).

<b>Project Type</b>		
<b>Ownership Type</b>	Non-Profit Ownership (Not Cooperative) <sup>7</sup>	\$3
<b>Ownership Type</b>	Cooperative-Type Ownership <sup>8</sup>	\$5
<b>Subsidy</b>	1) Projects with project-based Section 8, or 2) Section 236, 221(d)(3) BMIR, 202/811, or 231 projects.	\$5
<b>Special Clientele*</b>	At least 50% of total units have residents with disabilities (physical, developmental, or mental)	\$5
<b>Other</b>		
<b>Neighborhood Networks</b>	Properties with a HUD-approved Neighborhood Networks Business Plan	\$1

### **Special Fees**

Owners/agents may propose special fees to address specific project conditions that are *temporary* in nature.<sup>9</sup> Follow the instructions in Handbook 4381.5, Paragraph 3.6, to request special fees.

Projects should treat **bookkeeping services** performed as part of a centralized bookkeeping system as a project cost and *not* as a special fee.<sup>10</sup> Projects should pay for such expenses using project funds.<sup>11</sup>

### **Maximum Fee**

Notwithstanding the applicable add-on fees, the proposed management fee cannot exceed the limits below unless specifically authorized, in writing, by the Hub.

	<b>Maximum Fee (PUPM)</b>
<b>Northern California</b>	\$78
<b>Hawaii</b>	\$67
<b>Nevada</b>	\$65
<b>Arizona</b>	\$50

<sup>7</sup> Id., Figure 3-4(C).

<sup>8</sup> Id.

<sup>9</sup> Id., Para. 3-6(a).

<sup>10</sup> Id., Para. 3-6(c).

<sup>11</sup> Id.