



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
 Multifamily West Region  
 San Francisco Regional Office  
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[www.hud.gov](http://www.hud.gov)

October 25, 2019

**MEMORANDUM FOR:** All Project Owners and HUD-Approved Agents in the Multifamily West Region

**FROM:** *Angela Corcoran* Angela Corcoran, Acting Regional Director, Multifamily West Region

**SUBJECT:** Revised Management Fee Ranges Effective October 25, 2019

The Multifamily West Region is issuing the new management fee schedule for properties located in Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming.

We have also included a uniform schedule of add-on fees for the Multifamily West Region. The add-on fees are identified below. The permissible basic and maximum fee ranges provided take into account many of the property characteristics that would otherwise be identified in add-on fee categories.

In cases where the current management fee exceeds those listed in this memo, the current management fee may continue under the current Management Agent Certification. In these cases, fees will not be reduced or eliminated. However, at the time a new Certification is required, or at the Owner's request for a new Certification, fees will be approved at the rates identified in this memo.

The revised management fee ranges and add-on fees are effective October 25, 2019 and will remain as such until superseded by a future notice. 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 Account Executive.

**MANAGEMENT FEE(S):**

Allowable base rate for management fees, by state, are as follows:

State	Basic Rate (PUPM) 2019
Alaska	\$62.00
Arizona	\$41.00
California	\$54.00
Colorado	\$49.00

Hawaii	\$48.00
Idaho	\$44.00
Montana	\$43.00
Nevada	\$47.00
North Dakota	\$43.00
Oregon	\$44.00
South Dakota	\$43.00
Utah	\$43.00
Washington	\$52.00
Wyoming	\$40.00

**ADDITIONAL 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.

Only after computation of the permitted percentages for residential, commercial and miscellaneous income have been determined and approved by HUD, may add-on fees be considered. Owners/agents requesting add-on fees for a project must submit a new Management Certification (from HUD-9839-A, or B) and list the requested fees under the Special Fees section of the HUD-9839.

For short-term or temporary project conditions, owners/agents should seek special management fees (see "Special Fees" below). The Multifamily West Regional Office will not approve add-on fees for temporary project conditions.

**PERMISSIBLE ADD-ON FEES:**

Subsidy Mix	A combination of rental subsidy. Section 8/PRAC and another HUD or LIHTC subsidy.	\$3.00
Special Population	Elderly or disabled.	\$3.00
Remote Location	No local management is available. The agent shall provide HUD with evidence that it will incur unusually high travel costs along with additional costs to conduct special outreach to attract residents.	\$3.00
Small or Scattered Site	Properties with fewer than 20 units or projects under one contract that are scattered sites.	\$2.00
Utility Allowance	Properties with Tenant Paid Utilities in which the Agent must conduct Utility Allowance Analysis as detailed in Notice H2015-04. The add-on fees may not exceed \$1,000/year total. For more specific guidance: <a href="https://portal.hud.gov/hudportal/documents/huddoc?id=15-">https://portal.hud.gov/hudportal/documents/huddoc?id=15-</a>	\$1.00
Better Buildings Challenge*	Eligible expenses incurred by BBC property Owners/Agents in support of achieving BBC goals for reducing energy and water consumption. \$1/PUPM for each of the following the O/A is implementing at a property: Operations and Maintenance, Tenant Engagement, Data Collection and Benchmarking. 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: <a href="https://portal.hud.gov/hudportal/documents/huddoc?id=BBC">https://portal.hud.gov/hudportal/documents/huddoc?id=BBC</a>	Up to \$4.00
Homeless Preference*	For properties with an approved Homeless Preference (i.e. HUD has approved an amended Tenant Selection Plan containing this preference) and with at least one previously homeless individual/household admitted during a one-year period. Only available after the initial nine-month special fee term has expired (or was not requested) and may not exceed \$3,600 annually. This fee can be collected while a property's homeless preference is active and TRACs shows the project has at least one Previous Housing Code 5 move-in within a one-year period. For more specific guidance: <a href="#">Homeless Preference Link</a>	\$2.00

\*Better Buildings Challenge and Homeless Preference Add-on fees are not limited by the Maximum Cap. Implementation of these special programs allows for an "incentive" so the cap shall not apply during the period of participation. These fees are designed to off-set the costs of special programs that are not a function of project rents or income. Rent increases cannot be requested in order to pay these add-on fees.

**SPECIAL FEE(S):**

Owners/Agents may propose special fees to address project conditions that are *temporary* in nature. To request such fees, please contact the assigned Account Executive.

A special fee is permitted during a nine-month start-up period to enable to an Owner/Agent to create and implement the homeless preference process. The fee of \$2.50/PUPM can be taken for no longer than a continuous nine-month period and may not be extended. The maximum annual fee cannot exceed \$4,500 per property.

Some other examples of proposed special fees might be where the fee is tied to the correction of specific problems or the accomplishment of specific tasks – for example, the substantial rehabilitation of a property or obtaining or renewing a lease for commercial space at the project. More specific information can be found in the Handbook (from 4381.5 REV-2, chapter 3.6).

Projects should treat bookkeeping services performed as part of a centralized bookkeeping system as a project cost and *not* as a special or add-on fee. Such expenses should be paid for using project funds based on actual costs attributable to the property.

**MAXIMUM FEE(S):**

The maximum cap of the acceptable range ensures that the fee yield does not exceed amounts ordinarily paid for management services. Even with applicable ordinary add-on fees calculated into the management fee, the fee cannot exceed the maximum fee limits below. The exception to this cap is only for those properties implementing special projects identified by HUD Headquarters, (BBC and Homeless Preference) as noted above.

State	Maximum (PUPM) 2019
Alaska	\$83.00
Arizona	\$54.00
California	\$81.00
Colorado	\$61.00
Hawaii	\$70.00
Idaho	\$65.00
Montana	\$55.00
Nevada	\$68.00
North Dakota	\$55.00
Oregon	\$65.00
South Dakota	\$55.00
Utah	\$55.00
Washington	\$65.00
Wyoming	\$52.00