



Guide 8: Resident Management Corporations

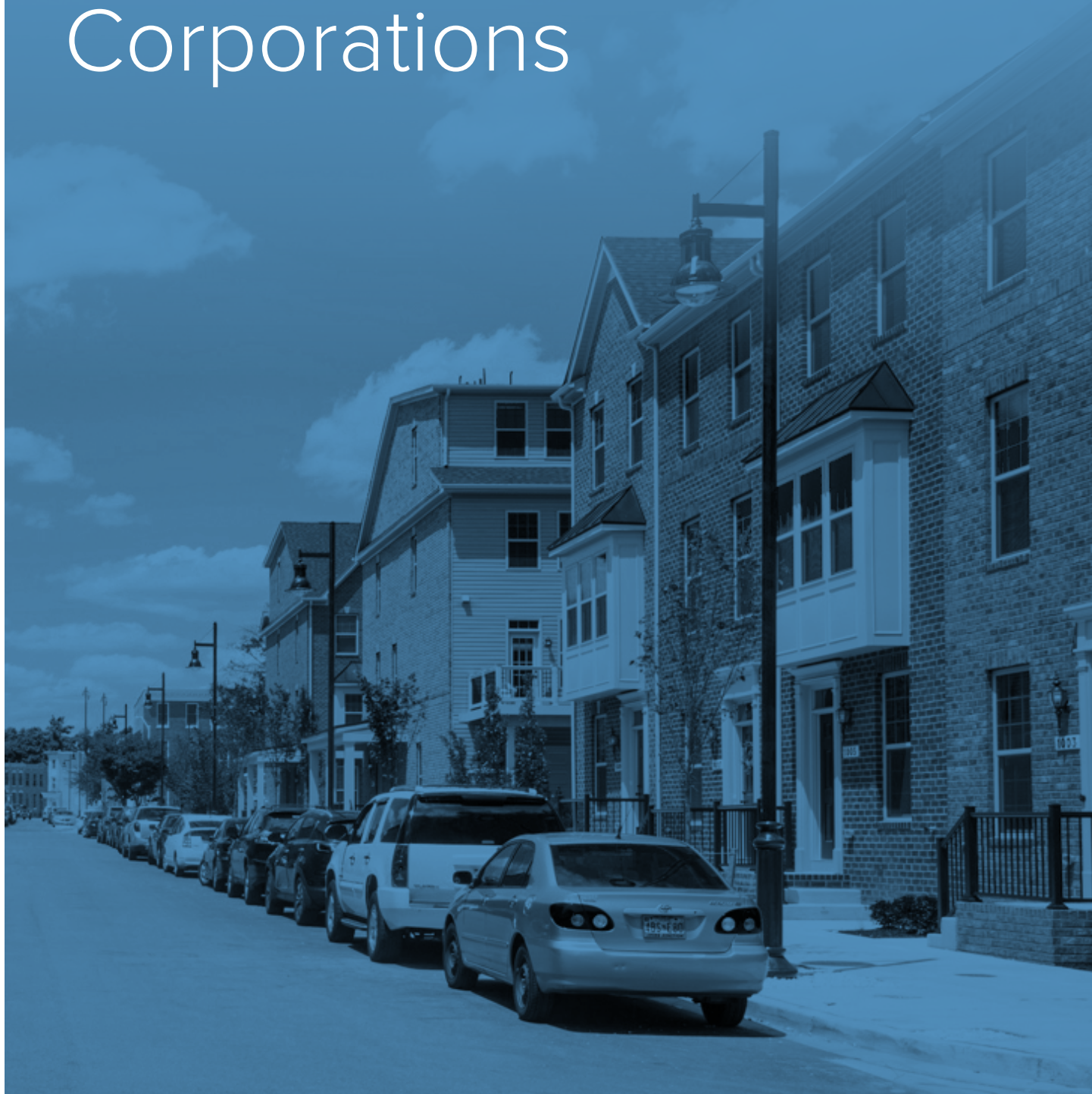


Table of Contents

Resident Management Corporations	3
Background	3
Resident Management today: Guste Homes in New Orleans, LA	4
Before Considering Resident Management	4
Forming a Resident Management Corporation	5
Taking On Management Responsibilities	5
Resident Management Corporation Responsibilities	6
HUD Funding and Technical Assistance	6
Resources	7



This document is part of the **Public Housing Resident Organizing and Participation Toolkit**. The full toolkit includes topical guides, customizable resident council documents and forms, tools related to tenant participation funds, and case studies of resident organizations around the country. To see the full toolkit go to: <https://www.hudexchange.info/programs/public-housing/resident-toolkit/>

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RESIDENT MANAGEMENT CORPORATIONS

Resident management corporations (RMCs) are organizations formed by residents of public housing to manage their own property. The housing authority still owns the property. Depending on the arrangement, the RMC may take over some or all of the management. Resident Management Corporations have a long and successful history of managing public housing, though very few RMCs exist today. RMCs are generally paid by the housing authority (or HUD) through operating or capital funds and have paid staff who are residents.

The law that established the federal public housing system allows for resident management of public housing in order to improve living conditions. HUD has implemented regulations which describe the rules for forming RMCs. You can find a [link](#) to these regulations in the resource list at the end of this document.

HUD encourages resident management. In the regulations, HUD describes the potential benefits as including improved quality of life, dignity from meaningful work, and meaningful participation in the management of the housing development.

If you are considering forming a resident management corporation with your neighbors, you can learn more in this guide and by exploring the resources and organizations listed throughout.

“[Forming a resident management corporation] is an opportunity to improve your conditions. Get a lawyer, get a consultant, and negotiate your deal!”

– **Cynthia Wiggins,**
Guste Homes
Resident Management
Corporation in New
Orleans, LA

Background

Resident participation in the management of public housing grew out of the civil rights movement of the 1960s. Conditions in some public housing were deteriorating. In 1971, out of frustration with poor management and housing conditions, residents of Bromley-Heath public housing in Boston officially formed the first resident management corporation. This success was closely followed by residents in St. Louis who waged a rent strike to protest poor conditions and rising rents. As part of the strike settlement, the housing authority gave the resident councils control over specific management functions at some properties. In a **1992 report**, HUD cites these accomplishments as the beginning of a resident management movement.

In 1987 Congress **amended the law** to encourage resident management by permitting RMCs to keep any funds that they were able to save through efficient operation. These funds could be used for new improvements or services.

The 1992 report, **“Evaluation of Resident Management in Public Housing,”** found that RMCs performed well compared with traditional housing authorities in most areas of management, particularly in the areas of annual inspections, resident move-outs, and resident recertification. Additionally, full-service RMCs (those performing all of the management duties at the property) performed especially well in maintenance and provided about twice as many social service programs as comparison sites managed by the housing authority.

The evaluations showed that RMCs had high performance levels and greater resident satisfaction at lower costs compared to their housing authority.



Resident Management today: Guste Homes in New Orleans, LA

The residents of Guste Homes in New Orleans first took steps toward resident management in 1996. The Guste Homes Resident Management Corporation was formally incorporated with the state of Louisiana in 1998. By 2000, the RMC entered a dual management contract with the Housing Authority of New Orleans. With dual management, the housing authority and the RMC share responsibility for management of the building.

Cynthia Wiggins is the president of Guste Homes RMC and of the National Association of Resident Management Corporations (NARMC). She describes the history of Guste Homes and the transition to resident management. At the beginning, a staff person from the RMC shadowed every job function performed by the housing authority. Ms. Wiggins says that dual management “shadowing” period was vital. RMC staff learned to complete maintenance work orders, recertify residents, perform move-in and move-out inspections, landscape the yards, make purchase orders, and prepare a budget. “We didn’t do the gradual thing,” says Ms. Wiggins explaining that the RMC took over all management functions at once in 2004.

Since 2004, the Guste Homes have been entirely self-managed. The RMC launched a redevelopment project, which closed on its final round of funding in 2012. Because redevelopment today requires funding outside of traditional public housing, the Guste Homes now includes financing from Low Income Housing Tax Credits.

However, the housing authority is still involved. The Housing Authority of New Orleans (HANO) completes an audit of the RMC’s finances every year. As an extra step, the RMC also hires an outside accounting firm to audit their books. “Our files are immaculate,” says Ms. Wiggins. The housing authority is also required to be involved in certain large purchases. In exchange for these oversight services, the housing authority receives a percentage of the operating income from Guste Homes.

Guste Homes is looking to the future. Ms. Wiggins notes a goal to develop future leadership. While the RMC board is strong and stable, many members are looking to retire. The RMC is looking for new leaders to take on the responsibility of running the organization. If resident management is not successful, an RMC can return to management by the housing authority. However, Ms. Wiggins is dedicated to using her remaining time as president to recruit new board members.

Before Considering Resident Management

There are very few resident management corporations today. Ms. Wiggins cautions that RMCs “are not for everybody.” Before considering forming a resident management corporation, she suggests examining how strong your resident council is.

You do not have to know everything about public housing, government funding, or community organizing in order to start the RMC journey. However, you and your fellow residents will need to be willing to learn, and put in hours of effort. Many of the organizations and resources listed at the bottom of this guide can help.



Also see [Guide 2: Engaging Residents and Representing Resident Interests](#) if your resident council could be strengthened.

Forming a Resident Management Corporation

A resident management corporation is a nonprofit organization. HUD has several requirements for RMCs, found in the Code of Federal Regulations section linked below.

The RMC must:

- Incorporate as a nonprofit under state law
- Be established by the residents directly or through resident council(s)
- Have a board that will oversee staff, generally including a property manager
- Have a “qualified housing management specialist” to help with training and needs assessment
- Contract with the housing authority (or HUD) for any management roles

Resident councils that form the RMC must:

- Follow HUD guidelines as the “duly elected” resident council
- Approve the establishment of the RMC
- Have representation on the RMC board

One organization may serve as both the RMC and the resident council so long as it meets all of the HUD requirements for both. Residents may also form an RMC without forming a resident council. In that case, a majority of the residents living in the affected building(s) must vote to approve the RMC.

Taking On Management Responsibilities

First, the RMC must show that it is able to take on the functions it wishes to. Training and planning are key. A dual management contract, like the one negotiated by the Guste Homes, is a good way to gain the experience the RMC will need. Residents can also pursue training with local or national organizations.

The RMC may identify certain responsibilities that it has particular expertise or interest in taking on. Or, the RMC may decide to shadow housing authority staff through dual management. Over time, the RMC may add to its list of responsibilities or transition from dual management to complete management. In any case, the RMC should consider hiring a lawyer to draft a specific proposal.

Second, the housing authority must negotiate, in good faith, with the RMC. The housing authority and RMC then sign a “management contract” which describes which responsibilities will transfer to the RMC and which will stay with the housing authority. If a housing authority does not negotiate or enter into

a contract with the RMC, the RMC may appeal with HUD by contacting the local office. HUD will require written documentation of the past negotiations, will support further negotiations and conflict resolution.

If the housing authority is preparing to “modernize” (conduct major repairs at) the buildings the RMC manages, the RMC must be consulted. If the RMC will perform or manage the repairs, it must be in full compliance with all requirements for bonding, insurance, and licensing.

Finally, the housing authority will monitor the RMC’s performance at least annually. The RMC and the housing authority should be clear ahead of time about what will be monitored and how, so the RMC can prepare.

An RMC can also petition to be directly funded by HUD through an Annual Contributions Contract. If this is approved by HUD, the RMC no longer reports to the housing authority and instead is responsible to HUD much like housing authorities are.

Resident Management Corporation Responsibilities

Resident Management Corporations may take on any (or all) of the following responsibilities:

- **Personnel:** hire and supervise management and maintenance staff
- **Resident Screening:** receive applications, screen applicants, and assign units
- **Resident (re)certifications and orientation**
- **Lease Enforcement:** rent collection, billing, enforce rules, monitor tenant accounts, and carry out evictions
- **Financial Management:** prepare and oversee budgets, payroll, and accounts
- **Security:** provide personnel and coordinating with police
- **Property Maintenance:** conduct annual inspections, take work orders, carry out regular maintenance and extraordinary repairs
- **Procurement:** maintain inventory, purchase supplies, solicit bids
- **Services:** provide supportive services for residents, such as community center space, trainings, and after school programs

The RMC can take on any responsibility that is in line with the HUD contract for public housing funding and complies with the law.

HUD Funding and Technical Assistance

The RMC is required to work with a qualified housing management specialist, in consultation with the housing authority to support residents forming an RMC to:

- Determine if an RMC would be possible and worthwhile, including
 - » Internal conversations with residents about the time and effort required
 - » External conversations with a qualified housing management specialist

- Decide which responsibilities the RMC should take on
- Train residents as potential employees of an RMC with skills related to operation, management, maintenance, finances, fair housing, negotiating contracts, and planning.
- Design and implement programming for residents
- Understand HUD rules and regulations, like procurement, contracting, and financial accountability

In general, operating and capital funding is provided to the RMC by the housing authority, as set by the contract they negotiated. The housing authority remains responsible for oversight of the RMC.

HUD regulations also allow for direct funding to RMCs. The RMC can petition HUD to shift to direct HUD oversight and funding through an Annual Contributions Contract. This may make sense after an RMC is well-established. Direct funding may be provided if the RMC:

- Petitions HUD for the funds
- Has or is assuming the primary management responsibilities
- Has been designated as at least a “standard performer”
- Is not in violation of any requirements that call into question the organization’s ability to carry out its responsibilities



Resources

United States Code of Federal Regulations related to Resident Management Corporations: Title 24 Housing and Urban Development, Part 964 Tenant Participation and Tenant Opportunities in Public Housing, Subpart B Tenant Participation, subsection 135, Resident involvement in HA management operations: <https://www.govinfo.gov/content/pkg/CFR-2011-title24-vol4/pdf/CFR-2011-title24-vol4-sec964-130.pdf>

Evaluation of Resident Management in Public Housing: This 1992 report from HUD’s Office of Policy Development and Research evaluates resident management corporations and their successes. <https://www.huduser.gov/portal/Publications/pdf/HUD-006093.pdf>

An Operations Guide for Resident Management Corporations: This 1990 guide was meant for residents considering resident management. It is now available online from the National Housing Law Project. <https://www.nhlp.org/wp-content/uploads/Operations-Guide-for-RMCs-Nov.-1990.pdf>

National Alliance of Resident Services in Affordable and Assisted Housing: NAAR-SAH offers many services to resident councils or jurisdiction-wide resident councils, such as training, advocacy, and certification. <https://www.narsaah.today/>

National Association of Resident Management Corporations (NARMC): Contact the NARMC through the Guste Homes Resident Management Corporation: <http://ghrmc.org/index.html>

United States Code, Title 42 – The Public Health and Welfare, Chapter 8, Low-Income Housing, Subchapter 1 – General Program of Assisted Housing. This section includes the laws related to resident management corporations: 42 U.S. Code 1437(r). <https://www.govinfo.gov/content/pkg/USCODE-2010-title42/html/USCODE-2010-title42-chap8-subchapl.htm>