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Federal Housing Administration – Multifamily West Region  
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[www.hud.gov](http://www.hud.gov)

MEMORANDUM FOR: Owners and Management Agents of HUD Multifamily Properties

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Date: 2026.03.26 07:37:02 -0700  
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DATE: March 26, 2026

SUBJECT: Multifamily West Region Management Fee Ranges

The Multifamily West Region is increasing management fee ranges across its 14 states and 3 territories.<sup>1</sup> The new fee ranges provide an increase of 3.4 to 20.6 percent to the base management fee depending on the jurisdiction. The West Region is also increasing select add-on fees by 33 to 50 percent, as well as adding a new add-on fee for Group Homes. These increases ensure that property owners can obtain quality management for their properties, and it enables management companies to meet the needs of tenants, take care of their properties, and meet HUD's high standards of excellence.

The increased management fee ranges and add-on fees are effective immediately.

## GOALS

HUD has two broad goals when setting residential fee yields:

1. **Quality Management:** Provide fees that are high enough to attract quality management agents and empower them to manage complex HUD properties; and
2. **Taxpayer Accountability:** Ensure fees, which are paid from taxpayer funds, do not unreasonably exceed what independent agents and owners would negotiate for comparable services.

## APPLICABILITY

Owners of the following types of projects generally do *not* have to obtain HUD approval to pay management fees out of project funds<sup>2</sup>:

- Profit-motivated projects that do not have rental assistance contracts;

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<sup>1</sup> Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands.

<sup>2</sup> The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.8; *see also* Figure 3-5.

- Profit-motivated Title II or Title VI Preservation projects that use the Operating Cost Adjustment Factor (OCAF) to determine rent adjustments;
- Unsubsidized cooperatives and Section 234(d) condominium projects; and
- Other projects specified in HUD guidance.

All other projects must obtain HUD approval to pay management fees out of project funds and must follow the process in this memo (unless exempted by other HUD guidance).

**RANGES OF ACCEPTABLE RESIDENTIAL FEE YIELDS – PER UNIT PER MONTH (PUPM)**

HUD guidance provides two methods for the Regions to update the range of acceptable residential fee yields: The Market-Data Method and the Consumer Price Index (CPI) Method.<sup>3</sup> For the 2026 fee update, the West Region used the Market-Data Method to set the management fee for California. For the other states and territories in the West Region, fees were adjusted using the CPI Method. For more information on the West Region’s methodology, see “How HUD Sets Residential Fee Yields” later in this memorandum.

*Table 1: Base Yields (PUPM) by State*

<b>State or Territory</b>	<b>Base Yield (Top of Acceptable Range)</b>
<b>Alaska</b>	\$76.00
<b>Arizona</b>	\$51.00
<b>California</b>	\$76.00
<b>Colorado</b>	\$61.00
<b>Hawaii</b>	\$59.00
<b>Idaho</b>	\$55.00
<b>Montana</b>	\$54.00
<b>Nevada</b>	\$58.00
<b>North Dakota</b>	\$54.00
<b>Oregon</b>	\$55.00
<b>South Dakota</b>	\$54.00
<b>Utah</b>	\$54.00
<b>Washington</b>	\$65.00
<b>Wyoming</b>	\$50.00
<b>American Samoa</b>	\$54.00
<b>Guam</b>	\$54.00
<b>Northern Mariana Islands</b>	\$54.00

When owners or management agents submit a management certification form, HUD must assess whether the proposed fee percentage and yield (PUPM) are reasonable. If the yield does not exceed

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<sup>3</sup> The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.19.

the top of the acceptable range in Table 1 at the time of HUD review, the residential management fee is considered reasonable, and HUD may approve the fee percentage. If the yield exceeds the top of the acceptable range above, HUD must deny the fee percentage.<sup>4</sup>

At the time of issuing this memorandum, if an owner's last approved base management fee yield (PUPM) exceeds the ranges listed above, that yield may generally remain as-is, provided there is an approved management certification that has not expired. In such a case, the fee percentage will not be reduced to bring the yield within the acceptable ranges above. However, at the time a new management certification is required, or at the owner's request for a new certification, the new yield will be approved within the acceptable ranges identified above.

For the purpose of calculating the management fee, the number of units at the property is as indicated in the property's most recent controlling documents.

### ***Effect of Future Rent Increases on the Fee Yield***

The fee percentage previously approved by HUD may, as future rent increases occur, result in a fee yield (PUPM) that exceeds the top of the acceptable range in Table 1. As long as the fee percentage remains the same, this higher yield is generally allowable.<sup>5</sup>

There are some situations, however, where the fee percentage and fee yield must be recalculated. Large rent increases, for example, may require a decrease of the fee percentage.<sup>6</sup> When a project will receive a rent increase equal to 20 percent or more of its current rent potential, the management fee percentage must be decreased using the method described in the Management Agent Handbook (4381.5 REV-2), ¶ 3.9.

In addition, if an owner's management certification form (forms HUD-9839-A and -B) indicates the management fee yield is capped, the management fee percentage must be adjusted downward for any rent increase that would cause the yield to exceed the indicated cap, even rent increases of less than 20 percent.

### ***Excessive Management Fees***

HUD has a duty to ensure taxpayer funds are used judiciously and that owners' purchasing of goods and services are at reasonable cost and at an appropriate value for the benefits provided. The fee percentage previously approved by HUD will, as future rent increases occur, cause the fee yield (PUPM) to grow. While it is generally allowable for the fee yield to grow beyond the top of the acceptable range in Table 1,<sup>7</sup> the fee yield cannot grow so large as to be excessive.

As shown in the scenario in Table 2, consistent budget-based rent increases (BBRIs) at a property can, over time, cause a reasonable management fee to become excessive and unreasonable. In the scenario, the management fee starts at the top of the acceptable range for California (\$76 PUPM), but

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<sup>4</sup> The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.20(c).

<sup>5</sup> The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.20(c).

<sup>6</sup> The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.11(b).

<sup>7</sup> The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.20(c).

over the course of 15 years of BBRI, the fee would, if left unchecked, rise to \$416 PUPM, which is excessive and unreasonable.

*Table 2: Scenario of Consistent BBRI's Creating Excessive Management Fee*

<b>Year</b>	<b>Sample Budget-Based Rent Increase</b>	<b>Resulting Residential Fee (PUPM)</b>
<b>Year 0</b>	-	\$76
<b>Year 1</b>	12%	\$85
<b>Year 2</b>	12%	\$95
<b>Year 3</b>	12%	<b>\$107</b>
<b>Year 4</b>	12%	<b>\$120</b>
<b>Year 5</b>	12%	<b>\$134</b>
<b>Year 6</b>	12%	<b>\$150</b>
<b>Year 7</b>	12%	<b>\$168</b>
<b>Year 8</b>	12%	<b>\$188</b>
<b>Year 9</b>	12%	<b>\$211</b>
<b>Year 10</b>	12%	<b>\$236</b>
<b>Year 11</b>	12%	<b>\$264</b>
<b>Year 12</b>	12%	<b>\$296</b>
<b>Year 13</b>	12%	<b>\$332</b>
<b>Year 14</b>	12%	<b>\$371</b>
<b>Year 15</b>	12%	<b>\$416</b>

Excessive management fees are not permitted. The management certification form signed by the owner and HUD provides HUD the authority to identify an excessive fee, replace it with a reasonable fee, and require the management agent to refund to the project all excessive fees collected.<sup>8</sup> HUD may also choose, at its discretion, to freeze the excessive management fee at the fee yield (PUPM) approved in the most recent BBRI. In such a case, as rent increases occur, the management fee yield will remain the same until HUD increases management fee ranges in the future and HUD no longer considers the fee to be excessive. HUD may also use any other reasonable methodology to address this issue.

### **ADD-ON FEES**

The Management Agent Handbook (HUD Handbook 4381.5) 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>9</sup>

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<sup>8</sup> Project Owner's Certification for Owner-Managed Multifamily Housing Projects, (Form HUD-9839-A), § 1(e); Project Owner's/Management Agent's Certification (Form HUD-9839-B), § 1(e).

<sup>9</sup> The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.7.

Before considering add-on fees, HUD must first compute the permitted percentages for residential, commercial, and miscellaneous income and determine if they are acceptable.<sup>10</sup> After HUD has approved these fee percentages and the associated fee yield (PUPM), HUD may then consider the add-on fees. The add-on fees may cause the fee yield to exceed the top of the acceptable range, which is allowable. The add-on fees may not, however, be used to increase the fee percentage.<sup>11</sup>

Owners and agents requesting add-on fees for a project must submit a new management certification (forms HUD-9839-A or -B) and list the requested fees under the Special Fees section of the form.

For short-term or temporary project conditions, owners and agents should seek special management fees.<sup>12</sup> The West Region will not approve add-on fees for temporary project conditions.<sup>13</sup>

## **SCHEDULE OF PERMISSIBLE ADD-ON FEES**

### ***Subsidy Mix - \$3 PUPM***

A combination of rental subsidies. Section 8/PRAC and another HUD or low-income housing tax credit (LIHTC) subsidy.

### ***Group Homes - \$10 PUPM***

Applies to properties that are group homes: A small, non-institutional residential property in which residents live in a shared-living arrangement with private or semi-private bedrooms and shared common areas, rather than in self-contained dwelling units. Group homes were developed under either the Section 202 Direct Loan program and assisted under a Section 8 Housing Assistance Payment (HAP) contract or developed under the Section 811 program and assisted under a Project Rental Assistance Contract (PRAC). Whether a property qualifies as a group home is at the discretion of HUD.

### ***Special Population - \$3 PUPM***

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

### ***Remote Location - \$4 PUPM***

- No local management is available; the agent shall provide HUD with evidence that it will incur unusually high travel costs; or
- The agent shall provide HUD with evidence that it will incur additional costs to conduct special outreach to attract residents.

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<sup>10</sup> The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.7.

<sup>11</sup> The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.7.

<sup>12</sup> The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.6.

<sup>13</sup> The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.7(a)(3).

### ***Small or Scattered Site - \$3 PUPM***

Properties with fewer than 20 units or projects under one contract that are scattered sites.

### ***Utility Allowance - \$1 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 \$1,000/year total. For more specific guidance: <https://www.hud.gov/sites/documents/15-04hsgn.pdf>.

### ***Homeless Preference - \$3 PUPM***

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 the previous year. The add-on fee is 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 the previous year. For more specific guidance: <https://www.hudexchange.info/homelessness-assistance/multifamily-housing-owners-managers/>.

In addition to the add-on fee, owners may request a special fee during the nine-month start-up period to enable the owner or agent to create and implement the homeless preference process. The special 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. For more information on special fees, see the next section.

### ***Violence Against Women Act (VAWA) Policies - \$2 PUPM***

For properties that notify all tenants and applicants of their occupancy rights under VAWA (form HUD-5380), that have implemented a sufficient 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.

### ***Eliminated Add-On Fees***

Owners/agents that had an approved management certification claiming previous “Challenge” add-on fees may continue to claim those add-on fees until a new management certification is required, or until the owner's request for a new certification. The “Challenge” add-on fees were up to \$1 PUPM for each specific activity.

## **SPECIAL FEES**

Owners and agents may propose special fees to address project conditions that are temporary in nature. Special fees may be appropriate 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, obtaining or renewing a lease for commercial space at the project, or addressing high incidences of crime or vandalism at the property. Due to the temporary nature of special fees, owners and agents requesting them must include a start and end date on the management certification form (HUD-

9839). More specific information on special fees can be found in HUD Handbook 4381.5, Chapter 3, ¶ 3.6.

Documentation required to propose a special fee for addressing high incidences of crime or vandalism at the property includes, but is not limited to:

1. A list of the number of lease terminations and evictions for crimes over the past 12 months;
2. Evidence from the local government or police that the owner or agent has sought assistance in deterring crime at the property; or a copy of police records evidencing the degree of crime at the property and surrounding area;
3. A copy of the current plan to address the crime problems and an account of how successful it has been;
4. Evidence that the residents support the plan and are assisting in its implementation; and
5. Documentation that more time is required of the agent on site.

Updated documentation may be requested by the property's Account Executive to determine if this fee remains appropriate.

## **REQUESTING THE UPDATED MANAGEMENT FEES**

Owners and management agents may request an updated residential fee yield (PUPM), add-on fees, or special fees by submitting a new management certification form (forms HUD-9839-A or -B) to the appropriate e-mail address below. In the Subject line, include the property name, request type (Management Certification), and the Property ID, FHA number, or contract number.

- For properties in Arizona, California, Hawaii, Nevada, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands: E-mail [SF.Incoming@hud.gov](mailto:SF.Incoming@hud.gov)
- For properties in Alaska, Colorado, Idaho, Montana, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming: E-mail [Den.Incoming@hud.gov](mailto:Den.Incoming@hud.gov)

## **COMPUTER AND BOOKKEEPING FEES**

Computer and Bookkeeping Fees attributed to front-line project requirements are treated as a project expense; do not include these fees on the management certification form (forms HUD-9839-A or B). For updated ranges, see the West Region 2022 Bookkeeping Fee Ranges Memo. See HUD Handbook 4381.5, Chapter 3, for more information.

## **HOW HUD SETS RESIDENTIAL FEE YIELDS**

HUD guidance requires the Regions to update the range of acceptable residential fee yields every two years.<sup>14</sup> The guidance provides two methods for updating the fees:

- **Market-Data Method:** HUD analyzes the management fees paid by FHA-insured properties that 1) don't have HUD rental assistance, 2) have a profit-motivated ownership type, and 3) hired an independent management agent. These owners and agents have market-based incentives for controlling both operating costs and management fees. These properties,

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<sup>14</sup> The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.19.

however, often lack the complexity of HUD-assisted properties. So once this data has been compiled and analyzed, HUD then increases the average fee by up to 20 percent and uses the result to set the top end of the acceptable range.<sup>15</sup>

- **Consumer Price Index (CPI) Method:** HUD takes the previously approved fee ranges and applies any change in the CPI over the intervening period.<sup>16</sup>

***Fee for California Set Using the Market-Data Method***

The West Region used the Market-Data Method for setting the management fee for California. The state has a sufficient number of properties that meet the criteria (described above) to conduct the Market-Data Method. Following the Handbook process, Table 3 shows the management fee yields at properties in California that meet the Handbook criteria<sup>17</sup>:

*Table 3: Fee Yields at California Properties Meeting Handbook Criteria*

(a) Fee Yield (PUPM)	(b) Number of Projects	(c) Total (a x b)
\$27	1	\$27
\$32	1	\$32
\$37	2	\$74
\$40	1	\$40
\$42	1	\$42
\$43	1	\$43
\$44	2	\$88
\$45	1	\$45
\$46	2	\$92
\$47	2	\$94
\$48	6	\$288
\$49	3	\$147
\$50	3	\$150
\$51	3	\$153
\$52	4	\$208
\$53	6	\$318
\$54	6	\$324
\$55	3	\$165
\$56	3	\$168
\$57	4	\$228
\$58	7	\$406
\$59	3	\$177
\$60	5	\$300
\$61	5	\$305
\$62	2	\$124
\$63	1	\$63
\$64	3	\$192
\$65	1	\$65
\$66	2	\$132
\$67	2	\$134
\$68	2	\$136
\$69	1	\$69

<sup>15</sup> The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.19(a), (c).

<sup>16</sup> The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.19.

<sup>17</sup> The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.19(c).

(a) Fee Yield (PUPM)	(b) Number of Projects	(c) Total (a x b)
\$70	4	\$280
\$72	1	\$72
\$73	1	\$73
\$74	1	\$74
\$75	2	\$150
\$76	3	\$228
\$78	1	\$78
\$80	1	\$80
\$81	2	\$162
\$83	1	\$83
\$84	1	\$84
\$85	1	\$85
\$86	2	\$172
\$87	1	\$87
\$89	1	\$89
\$91	1	\$91
\$92	1	\$92
\$97	1	\$97
\$108	1	\$108
\$117	1	\$117
\$132	1	\$132
\$135	1	\$135
\$137	1	\$137
<b>Total</b>	<b>120</b>	<b>\$7,535</b>

Handbook calculations<sup>18</sup>:

- Average Fee Yield:  $\$7,535 \div 120 = \$62.79$  (rounded to \$63 PUPM).
- The top of the acceptable range:  $\$63 \times 120\% = \$75.60$  (rounded to \$76 PUPM).
- The bottom of the acceptable range: \$27 PUPM.

Based on the Market-Data Method, a property in California may propose a base yield (PUPM) in the range of \$27 to \$76 PUPM.

***Fees for Other States and Territories Set Using the CPI Method***

The West Region decided against using the Market-Data Method for setting the management fee in the remaining states and territories because there was not a sufficient number of properties in each of those jurisdictions that met the Handbook criteria (an FHA-insured property without HUD rental assistance, with a profit-motivated ownership type, and with an independent management agent). Thus, the West Region used the CPI Method to adjust management fees in those jurisdictions. The Region took the 2024 Fee Memo ranges and applied the change in the Consumer Price Index (CPI) from December 2023 to December 2025. The change in the CPI from December 2023 to December 2025 was 4.1 percent in the Mountain region, 6.0 percent in the Pacific region, and 5.4 percent in the West North Central region.

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<sup>18</sup> The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.19(c).