

The Agency has evaluated the 2010 operating expenses of the PHFA portfolio and non-portfolio tax credit properties within each DCED region. Listed below are the acceptable ranges of controllable operating expenses within each region to be used in the 2012 application cycles. Controllable operating expenses include only administrative costs **less management fee**, operating and maintenance, and payroll expenses. The remaining operating expenses consisting of utilities, real estate taxes & insurance, supportive services, and reserve for replacement expenses are **not included** in the ranges listed below:

	Per Unit per Year
Region 1	\$2,800 - \$5,100
Region 2	\$2,025 - \$3,200
Region 3	\$2,100 - \$3,350
Region 4	\$1,775 - \$2,700
Region 5	\$2,175 - \$4,300
Region 6	\$1,800 - \$2,700

For proposals submitted with operating expenses that are not within the proposed ranges, PHFA will require the submission of audited financial statements from the proposed management agent of two comparable properties for the last two years. This will enable PHFA to evaluate the proposed operating budget. If the management agent has been submitting financial statements to PHFA, no additional data is required. PHFA requires the developer to receive the management agent's approval of the proposed operating budget prior to submission.

Management Agents Having No Current Management Experience with PHFA

Management agents not currently managing any PHFA properties should use the ranges as listed above. However, the Agency reserves the right to request proof of the management agent's operating experience and the costs associated therewith.

Existing PHFA Management Agents

Instead of using the region ranges as listed above, existing management agents should use controllable operating expenses that fall within their own range of current controllable operating expenses for each region, if applicable. The Agency reserves the right to verify that operating expenses are within the normal range for the applicable management agent.

Special Needs Populations and Properties with 11 & Under Units

The ranges listed above do not apply to properties targeting special needs populations or properties with 11 units and under. Those properties should be underwritten based on the experience of the management agent. PHFA reserves the right to request financial information to verify proof of the management agent's operating experience, if necessary.

Preservation Developments

The ranges listed above do not apply to existing preservation developments. If the current management agent will be remaining in place, then the controllable operating costs should be based on the development's most recent audited financial statements. If a new management agent will assume control of the property, then the operating numbers should be based on the history of the operations of the property and the new agent's experience.