HOUSING AUTHORITY OF THE CITY OF ASHEVILLE
Board of Commissioners | Strategic Briefing

June 2026

The Case for Third-Party Management:

Property Management, Maintenance & HCVP Administration

RECOMMENDATION: The Board of Commissioners authorizes HACA to procure third-party providers for select business units (i.e., Property Management, Maintenance, and HCVP administration. The high-cost, low-return operational tasks are transferred to qualified private firms. This allows HACA to transition to an asset management model focused on preserving and expanding affordable housing, retaining ownership of all existing properties, and the federal voucher contract.

WHY WE MUST ACT NOW

Federal Funding Shrinking
HUD appropriations have been flat or declining for decades. HAP + admin fees cannot sustain a modern Affordable Housing Organization.

$8M Cost Structure
The current cost structure is unsustainable. Outsourcing reduces operational costs to $4–5.7M per year, freeing $4–5M+ for reinvestment in our assets over the next 5 years.

Self-Generated Revenue
HAP Subsidy is limited and admin fees are insufficient. Strategy must focus on shifting to a private real estate model with a public mission. Revenue should be generated by asset management, development & acquisition to compete in the affordable housing industry.

HUD-ENDORSED THIS MODEL IN 1997

HUD's 1997 Publication Private Management of Public Housing: A Guidebook explicitly supports and recommends this approach. At that time, 7% of all PHAs were already benefiting from private management models. HUD referenced Boston (MA), Dade County (FL), and Haddon (NJ) to highlight this as a best practice. GAO subsequently affirmed HUD's position, citing OMB estimates that privatizing management could save $200 million annually nationwide. HACA could've benefited from these recommendations as far back as 1997

WHAT THIRD PARTY MANAGEMENT CHANGES AND WHAT DOESN'T CHANGE

Functions Transferred to Third Parties	Functions Retained by HACA
Property Management: leasing, rent collection Property Maintenance: unit prep, upkeep, work orders, unit turnover, materials management, procurement HCVP Administration: intake, admissions, payments, recertifications *Potential Vendors: Blue Flame Group, Premier Contracting Professionals, Nan McKay & Associates*	All property ownership: assets remain HACA-owned in public trust Federal voucher contract: HACA retains HUD contract and all associated funding Strategic Direction and Implementation: asset management, development & capital planning Compliance focused Central Cost Center: Finance, Executive Offices, Contract Management, Vendor Oversight, Development, Acquisition

OUR PEERS HAVE ALREADY MADE THIS MOVE

Organization	What They Did	Outcome
MDHA Nashville, TN	Issued RFP No. 2025-AH-PO4 for private property management across its affordable housing portfolio. Also moved HCVP administration to third-party administrators. Retains ownership and HUD contract.	$215M budget. 12,000+ units preserved. Aggressive Portfolio growth coupled with flat headcount.
HOME El Paso, TX	Redesigned operations around investor-driven third-party management. Used RAD and private structure to attract over $1B in outside capital. Cited in HUD's 1997 Guidebook.	HUD High Performer. Financially diversified. 2.5 billion redevelopment portfolios. 64 FTE for 15,000 units
INLIVIAN Charlotte, NC	Transformed into a non-profit real estate holding company. Outsourced property management and service delivery. Created subsidiaries for development and tech.	Multiple revenue streams. Fee-for-service income to other PHAs. No longer admin-fee dependent.
Jacksonville Housing Auth.	Outsourced entire HCVP administration to Nan McKay & Associates, one of the firms HACA proposes to engage. Retained HUD voucher contract and all federal funding.	Operational burden transferred. Staff have been redirected to core strategic functions.
Miami-Dade & Chicago HA	Engaged Nan McKay & Associates to manage their HCVP programs. Nan McKay administers 33,000+ vouchers across multiple PHAs.	The ability to scale and service HCVP vouchers after determining expertise was not achievable in-house.

WHAT THIS MODEL DOES FOR HACA

Portfolio Repositioning
Rehabilitation of 6 properties over the next 3–5 years to achieve top NSPIRE scores.

Set aside a minimum of $500K in cash per project, with private dollars secured.

Redevelopment
Aston Gardens: 111-unit MF Mixed-income redevelopment.

Pisgah View: 500-unit purpose-built community.

Deaverview: 340-unit purpose-built community.

Achieve Financial Self-Sufficiency
$4–5M+ freed annually. ~$500M gap financing pipeline for future development. Revenue from development fees & asset appreciation.

<50 FTE Strategic Team

Focused on acquisition, preservation & development, not maintenance calls and paperwork.

References: HUD (1997). Private Management of Public Housing: A Guidebook. HUD User. | GAO (1999). Public Housing: HUD Has Several Opportunities to Promote Private Management (RCED-99-210). | MDHA RFP No. 2025-AH-PO4.