



Southeast Preservation Academy

Session 8:
*Property and Asset
Management*

April 30, 2024



Today's Agenda

10:00-10:25

Welcome and Overview

10:25-10:40

Asset Management for SMMF Preservation

10:40-10:55

Incorporating Resident Services in Property Management

10:55-11:10

A Trauma-Informed Approach to Property Management

11:10-11:25

Q + A Session

11:25-11:30

Session Closeout

What is Preservation Next?

Preserving Affordability in Small to Medium Multifamily Properties and Protecting Residents from Displacement

Solutions at the intersection of renter and owner stability to promote an eviction prevention-first approach



Through **Preservation Next**, Enterprise is committed to preserving affordable small to medium multifamily homes and ensuring that residents have access to safe, healthy, and resilient places to live.

To truly preserve these homes and protect affordability for residents now and into the future, we must:

- Protect existing affordability where it currently exists.
- Provide housing stability and prevent displacement of existing residents and families.
- Invest in healthy, sustainable, and resilient homes.
- Foster responsible stewardship by mission-aligned owners.

Small and medium sized properties provide a crucial foundation for affordable housing in this country: 80 percent of homes in these buildings are available to people who earn less than 80 percent of the area median income

Join Us!

Southeast Preservation Academy Sessions

October 2023 – May 2024

Academy Goals:

- **Expand awareness** of SMMF housing preservation and its role in to advancing housing affordability and racial justice.
- **Help you** identify the role you can play in advancing SMMF preservation
- Prepare you **to pursue SMMF preservation deals** as a developer, partner, resource provider, or policy maker.

Dates

October 17, 2023
November 14, 2023
December 5, 2023

January 16, 2024
February 6, 2024
March 26, 2024

Sessions

PART 1: Defining the Opportunity

Understanding Small/Medium Multifamily
Organizational Sustainability and Business Planning
Property Identification, Evaluation, and Acquisition

PART 2: Preparing for Preservation

Preservation Development Models
Policy Impacts on Preservation and Housing Stability
Financing SMMF Preservation (In-Person)

PART 3: Tackling a Project

Sustainability, Resilience, and Health for SMMF

April 30, 2024

Property & Asset Management

May 21, 2024

Navigating Rehabilitation and Sustainability



A Special Thank You to the Funders of Preservation Next

Mackenzie Scott



**KAISER
PERMANENTE®**

JPMORGAN CHASE & CO.



THE ANNIE E. CASEY FOUNDATION



A Division of First Citizens Bank



Charles M. and Mary D. Grant Foundation



Meet Our Preservation Next Team

Preserving Affordability in Small to Medium Multifamily Properties and Protecting Residents from Displacement



Meaghan Vlkovic

ENTERPRISE, VP AND MARKET LEADER, SOUTHEAST

Meaghan leads Enterprise's programmatic work in the Southeast region, focused on providing an array of resources to affordable housing and community development partners. This includes capacity building assistance for proactive preservation and production of housing, and helping communities plan for future development, such as transit-oriented development opportunities.



Elizabeth Richards

ENTERPRISE, SENIOR PROGRAM DIRECTOR

At Enterprise, Elizabeth leads program development and delivery for the National Preservation Next program. Elizabeth has 20+ years of experience funding and managing nonprofit community development organizations, implementing local, city-level and cross-market initiatives, and delivering policy and finance solutions for affordable homes and communities.



Gabriella Lott

ENTERPRISE, SOUTHEAST FELLOW, HOUSING PRESERVATION AND PRODUCTION

At Enterprise, Gabriella supports the Southeast Market Office's preservation, coordinated investment, and faith-based development programs. She also helps to organize the Southeast Market Office's collaboration with community-based organizations, public agencies, and affordable housing developers.

Meet Our Guest Speakers

Property and Asset Management Experts



HAROLD NASSAU

FORMERLY SENIOR DIRECTOR OF ASSET MANAGEMENT, NEIGHBORWORKS®AMERICA

Harold is formerly NeighborWorks®America's Sr Dir. of Asset Management Programs. For the past 19 years, Mr. Nassau has overseen asset management training and TA for 135 local NeighborWorks organizations that own 145,000 units of multifamily housing. In 2005 Mr. Nassau designed and launched Neighborhood Risk Management Corp., and he also serves as President of the Consortium of Housing and Asset Management (CHAM).



AUDREA REASE

PARTNER, ASSET MANAGEMENT, TRISTAR REAL ESTATE

Audrea is a Partner, Asset Management at TriStar Real Estate Investments. Ms. Rease has a background in accounting, real estate investment management and nonprofit management. After beginning her career in public accounting, she transitioned into real estate at Morgan Stanley, where she oversaw asset management for all property types with portfolio values in excess of eight (8) billion dollars.



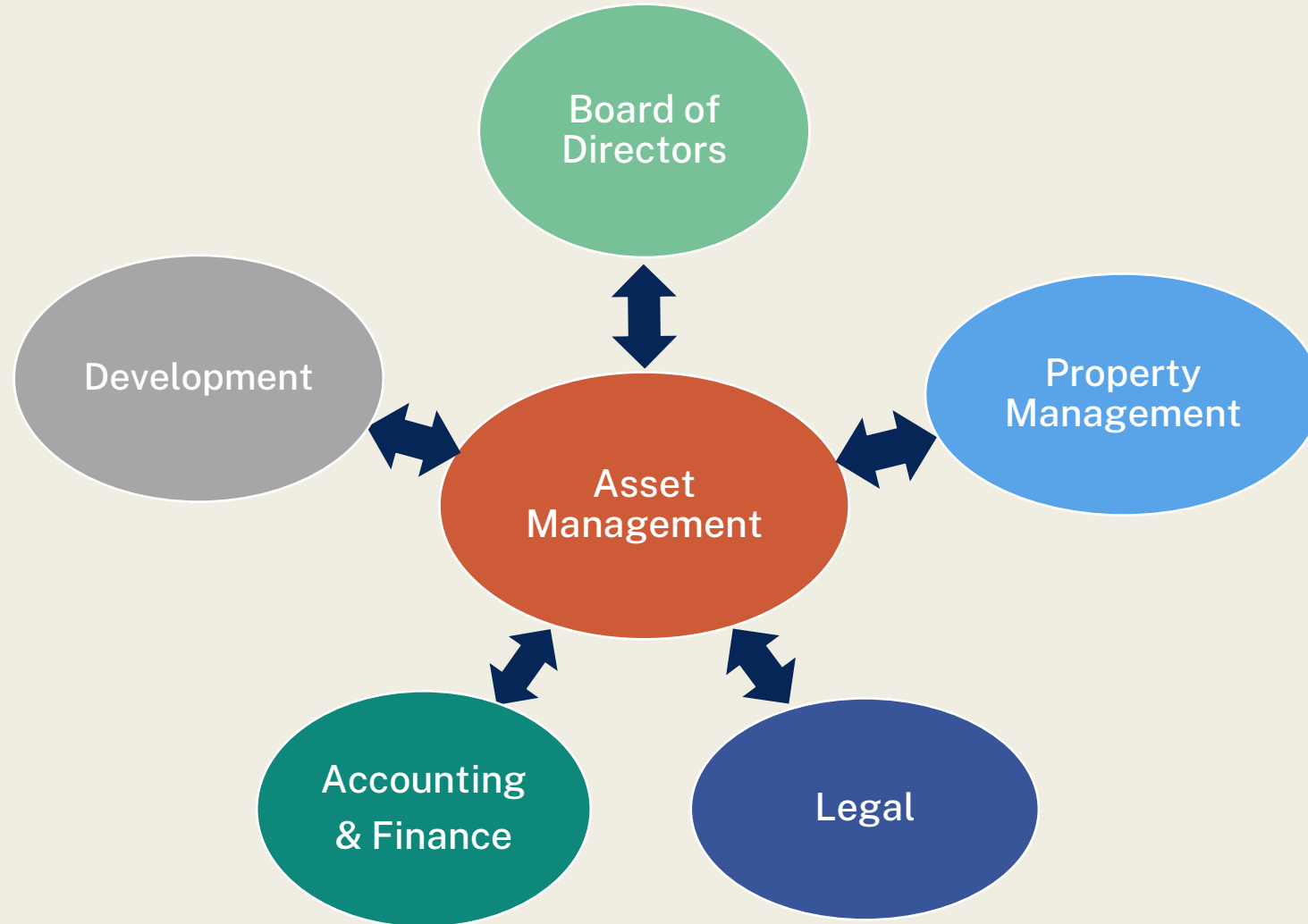
JULIANNA STUART-LOMAX

VICE PRESIDENT OF COMMUNITY IMPACT, PRESERVATION OF AFFORDABLE HOUSING

Julianna is POAH's Vice President of Community Impact. Julianna's work is focused on POAH's national initiatives, including strategic partnerships, fundraising, best practice development and scaling across POAH's portfolio. Julianna also leads POAH's efforts to promote well-being and equity through the lens of trauma-resilient design, property management and resident services.

OVERVIEW OF PROPERTY AND ASSET MANAGEMENT

Property and Asset Management



Property and Asset Management

- **Property Management – Daily, weekly, monthly operations**
 - Collecting rent
 - Paying bills
 - Physical maintenance
 - Leaseup/turnover
 - Income certification
- **Asset Management – Monthly, yearly oversight to ensure continued value**
 - Higher level – reviewing annual operating budget, audited financials
 - Long term planning – taking on debt, selling
 - Deciding on high-cost expenses
 - Managing reserve accounts
 - Ensure building is running and generating income

Key Responsibilities of Property Management

***Property
Management
regular
responsibilities:***

**Maintenance
and Repairs**

**Budgeting and
Financials**

Staffing

**Maintaining/
utilizing
management
information
systems**

**Leasing, tenant
selection, and
turnover**

**Safety and
Security**

Compliance

Day-to-day tasks of Property Management

- Collecting rent
- Developing and maintaining policies and procedures
- Ensuring property compliance with regulations
- Maintaining tenant files and property records
- Preventative and routine maintenance and repairs
- Tenant and stakeholder communication and customer service
- Exhibiting cultural competence

Tenant Selection

- Tenant-selection and eligibility policies and procedures
- Set priorities and preferences based on funding and mission
- Lease agreement includes:
 - Landlord and tenant rights and responsibilities
 - Rent or deed restrictions
 - Eligibility and occupancy guidelines
 - Tenant-selection process

Resident-Centered Management

Managing Grievances and Nonpayment

- Processes for handling grievances and evictions
- Offering alternative options to eviction
 - Repayment agreements
 - Mediation

Culturally Relevant Property Management

- Establishing a commitment to inclusiveness
- Recognizing the value in diversity.
- Having translated materials
- Providing translation
- Staff with experience serving special populations.

Healing-Centered / Trauma-Informed

- Understanding basis for and impact of trauma
- Partnering with trauma-related services
- Training Resident Managers on healing-centered practices

Home for Good

Strategies to Prevent Eviction and Promote Resident Stability

| High-Impact Intervention Strategies | Level of Effort | Cost of Implementation | Scale of Impact | References, Examples, Models |
|---|-----------------|------------------------|-----------------|---|
| Upstream: RESIDENT AND LANDLORD EDUCATION | | | | |
| Provide renter/landlord fair housing training, renter prep and best practices for landlords and property managers | Medium | Low | Community | Kansas Tenant & Landlord Training & Educational Programs |
| Resolution councils/sessions to provide guidance for landlords and residents | Low | Low | Community | Whatcom (WA) Dispute Resolution Center |
| Educate residents on their legal housing rights | Low | Low | Community | Housing Court Answers |
| Upstream: SUPPORT LANDLORDS' ABILITY TO MAINTAIN PROPERTY | | | | |
| Provide small/medium-sized landlords with operating relief or property tax abatements in exchange for maintaining long-term affordability | Medium | Medium | Community | Minneapolis 4D Affordable Housing Incentive Tax Abatements for Owners of Affordable Housing Tax Exemption for Affordable Housing Developers |
| Provide financial assistance for landlords experiencing financial hardship in exchange for maintaining affordability | Low | Medium | Community | Massachusetts Loan Modification and Foreclosure Resources |

Asset Management Activities

Financial Management

- Developing and maintaining a budget
- Maintaining Operating Reserves
- Maintaining Accountability for Finances

Building Maintenance Management

- System for tracking work orders
- Prioritization
- Managing the life cycle of building systems, such as electrical, plumbing, & HVAC

Annual Budget and Reserves

- Develop an Operating Budget
 - Identify ongoing expenses
 - Assess risk of operating expense shortfalls
- Initial budget figures come from Operating Budget estimates
 - Track operating expenses in the first year, then adjust the second-year budget accordingly
- Monitor rent collection rate

Managing an Operating Budget

Using Profit & Loss Statement

AKA: “Income and Expense Statement,” “budget-to-actual,” or “P&L”

| Expenses | Budget (month) | Actual (month) | Current Variance | Budget (YTD) | Actual (YTD) | Variance (YTD) |
|-----------|----------------|----------------|------------------|--------------|--------------|----------------|
| Phone | \$10 | \$10 | - | \$40 | \$40 | - |
| Office | \$8 | \$10 | (\$2) | \$32 | \$32 | - |
| Screening | \$5 | \$5 | - | \$20 | \$15 | \$5 |
| Supplies | \$2 | \$2 | - | \$8 | \$10 | (\$2) |
| Postage | \$6 | \$4 | \$2 | \$24 | \$24 | - |
| Misc. | - | - | - | - | \$5 | (\$5) |

Monitoring and evaluating

Compare expenses to:

- the prior month
- the prior year for the same month
- another property

Track expenses as:

- Cost / unit
- Cost as a % of total
- Change over time

Reserves

- Funders require operating and replacement reserves to cover unexpected losses
- Common requirements for rehabbed/preserved property:
 - Minimum for a property: 6 months of operating expenses and debt service
 - Per unit: \$250-350 per year, depending on the age and rehab need, and with Family properties generally having a higher reserve requirement than Senior housing
- Know your funders' requirements

ASSET MANAGEMENT FOR SMMF PRESERVATION

Asset Management for Preservation

HCNassau Consulting

Achieving Owner Goals

Asset Management

Some Context from NWA Portfolio

- 38% of all properties have negative CF
- 47% of properties < 35 units - negative
- Avg cash flow > 40 units **\$366/unit**
- Avg cash flow > 80 \$608/unit

HCNassau Consulting

Achieving Owner Goals

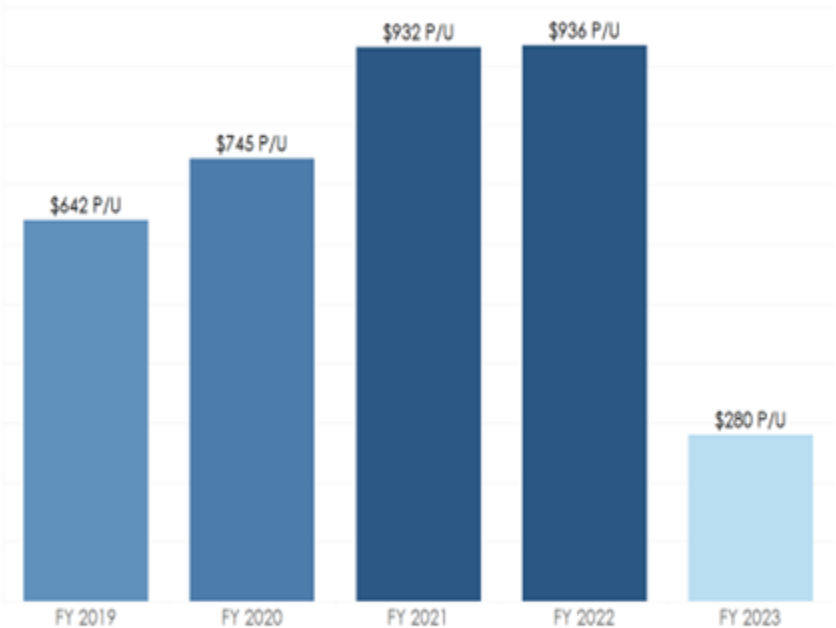
Asset Management

MFI: Net Cash Flow Per Unit

This chart compares Q1 reporting of Net Cash Flow (NCF) per Unit over the last 5 years.

While FY2021 and FY2022 held relatively steady, there is a **70% drop** in NCF per Unit from FY2022 Q1 to FY2023 Q1.

Portfolios with less than 1000 units are seeing the biggest declines, but even portfolios of over 2000 units have reported declines of **over 40%** from FY2022 to FY2023.



HCNassau Consulting

Achieving Owner Goals
Asset Management

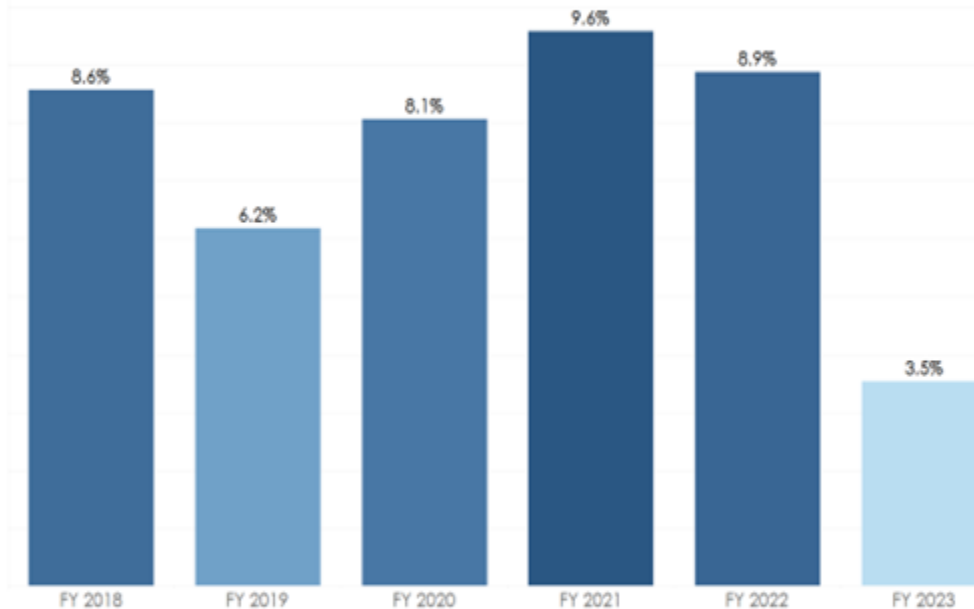
MFI: Net Cash Flow % of Gross Potential Rent

This ratio is less about the number itself than it is about the change from one year to the next.

A change of 3-4% from year to year is something to watch, but a change of 5% or more is a warning sign.

Between FY22 Q1 and FY23 Q1 there has been a drop in 5.4% for organizations that are reporting a full 12 months of data.

Organizations with more than 1000 units are experiencing slightly higher drops in this ratio.



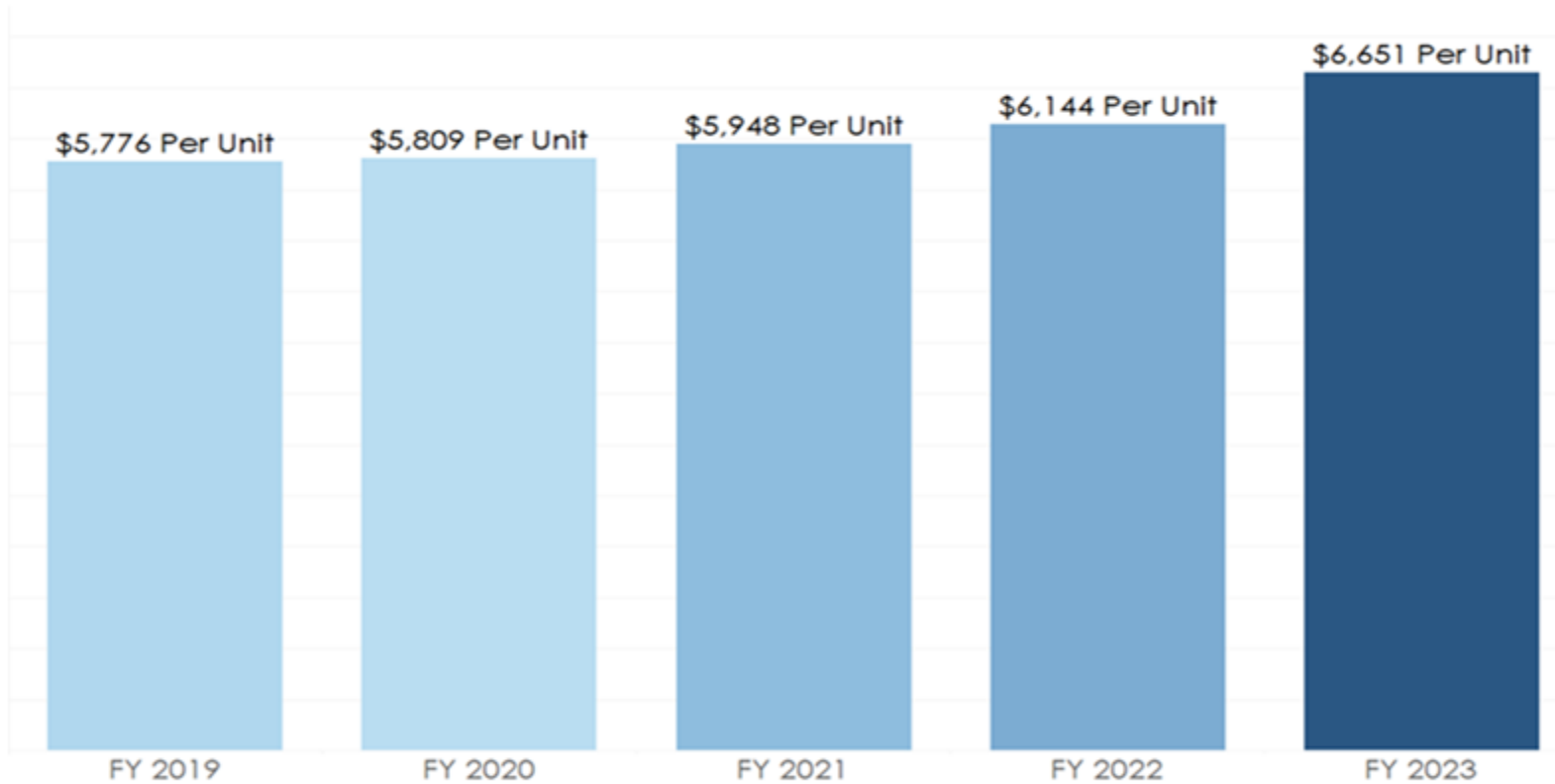
HCNassau Consulting

Achieving Owner Goals

Asset Management

OP EX

Operating Expenses per Unit - Q1 comparison



HCNassau Consulting

Achieving Owner Goals

Asset Management

Managing Expenses

Manage to Cash Flow: NOT the budget!

Don't Look for Big Wins:

Scratch out small wins

Energy

Water

Bulk Purchase

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Achieving Owner Goals

Asset Management

Managing Revenue

- Vacancy Loss
- Collection Loss
- Average Days Vacant
 - Tiered Rents
 - Recerts

HCNassau Consulting

Achieving Owner Goals

Asset Management

Don't:

Obsess about 'bleeders'

Punt everything to a recapitalization event

Try to fix a capital problem with operational solutions

You can't manage your way out of a development problem...And you can't develop your way out of a management problem!

HCNassau Consulting

Achieving Owner Goals

Asset Management

Do:

- Real Comps and amenities
- Marketing
- Energy investment
- Know how many vouchers could float the boat
- Opportunities to bundle
- Build cash cows to subsidize bleeders
- Make your investors your partners

HCNassau Consulting

Achieving Owner Goals

Asset Management

Managing preservation

- Real resident in-put on design
- Early obvious wins for residents
- Clear timelines on improvements
- Great communication on process including delays

Key Tools

- Real Board level information packages
- Focus Property Management on Organizational goals
- Set ***shared goals*** for Prop Management AND Resident services
- Make your “watch list” your “Opportunity List”

Self Manage vs Third Party

- Scale is critical 1000+units to be profitable
- Low margin/high turnover business
- Do you want to be a landlord?
- Are you the only game in town? Are you really going to be better than the 3rd party?

HCNassau Consulting

Achieving Owner Goals

Asset Management

INCORPORATING RESIDENT SERVICES IN PROPERTY MANAGEMENT



Mission-based Affordable Housing

www.tristarinvest.com

Example – City of Atlanta NOAH Apartment Deal The Property-Springview & Summerdale Apartments



Units: 244 (1, 2 & 3 Bedrooms)

Built: Phase I – 144 Units 1971
Phase II – 100 Units 1998

Occupied: Phase I – 20%
Phase II – 95%

Condition: Phase I - 92 Down Units
Phase II – 6 Down Units

Amenities: Playground-torn down
(2) Community Centers

Other: 74 Public Housing Units

Price: \$5,200,000 (\$21,311/unit)





Right-Sizing Capital

| | | |
|--------------------------|---------------------|----------------|
| TriStar Impact Fund | \$2,434,661 | 4.00% |
| Housing Opportunity Bond | 1,500,000 | 1.00% |
| EduHousing/Foundation | 1,300,000 | 0.00% |
| Bank Loan | 6,609,026 | 5.00% |
| Total Sources | 11,843,687 | 3.74% |
| | | |
| Acquisition | 5,200,000 | 43.91% |
| Renovation | 6,143,082 | 51.87% |
| Closing Costs | 150,000 | 1.27% |
| Down Time/Carry | 350,605 | 2.96% |
| Total Uses | \$11,843,687 | 100.00% |
| Cost Per Unit | \$48,540 | |



Renovation

Renovation Budget - \$6,143,082



| | | |
|------------------|----|----------------------------|
| New Roofs | \$ | 350,000 |
| Down Units | | 5,000,000 |
| Landscaping | | 50,000 |
| Paving | | 100,000 |
| Community Center | | 300,000 |
| Contingency | | 343,082 |
| Total | | <u>\$ 6,143,082</u> |





Summerdale Today



Safety/Security Plan

Partnership APF/APD Installed 24/7 Security Camera (\$45,000)

Around 11,000 cameras watch over Atlanta

Many residents, business owners value sense of security, but privacy experts raise concerns about loss of civil rights.



Atlanta police Officer Charles Schiffbauer monitors surveillance cameras recently at Loudermilk Video Integration Center in Atlanta, a city with about 15 security cameras for every 1,000 residents, making us the only U.S. city to crack the top 10 in a study of the world's most surveilled places.

HYOSUB SHIN / HYOSUB.SHIN@AJC.COM





Offers wraparound services and partnerships to create affordable communities of choice

- 501c3 nonprofit based in Atlanta region and expanding into other areas
- Partners with landlords committed to affordable housing
- Works to reduce transiency and stabilize affordable housing communities



After School Program & Summer Camp



Healthcare & Wellness Programs

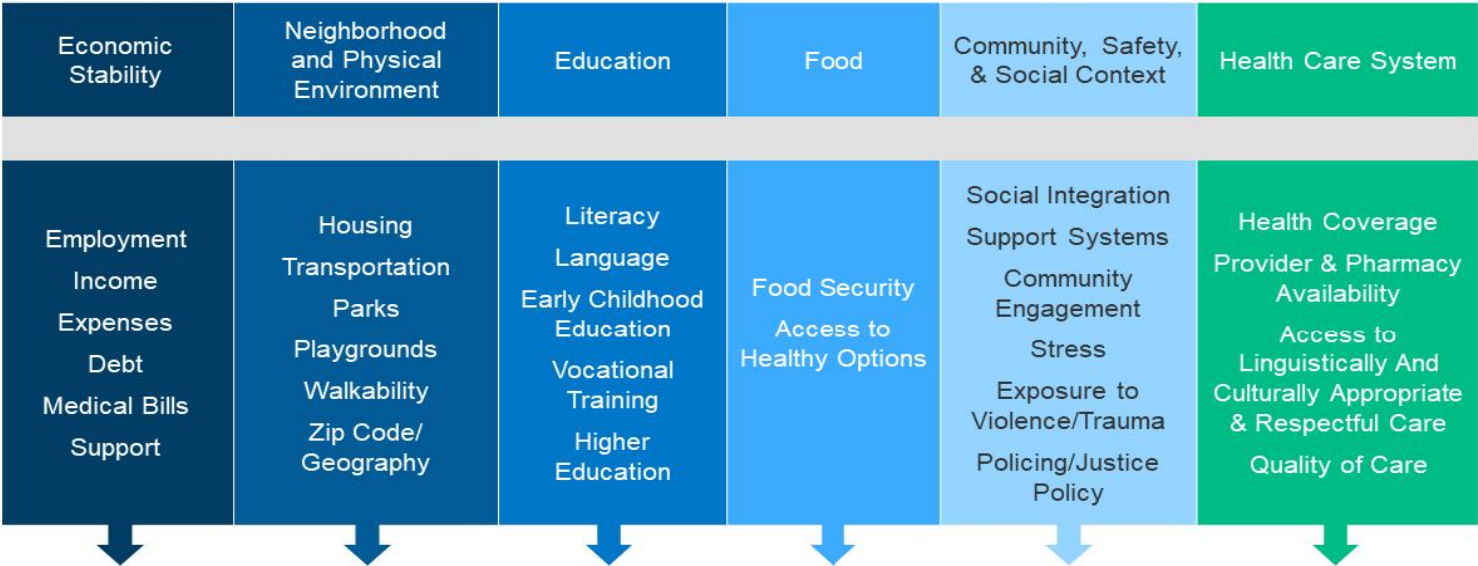


Food Security & Community Gardens



Eviction Relief Fund

Star-C's North Star: the Social Determinants of Health



Star-C Partnerships to Build Social Capital

Cub Scouts



Eviction Relief-Star C



FQHC



Dental Health



Back to School Wellness



Mental Health-Social Emotional



Literacy



KaBOOM Playground Build



Takeaways

Know the resources!

- **Real Estate:**
 - Connect with your municipality
 - Remain informed about funding programs and opportunities in your area
- **Programming:**
 - Allocate some staff hours for this effort
 - Do a resource map of what's around/near you
 - Know who is already trying to serve your residents
 - Get tenant input

A TRAUMA-INFORMED APPROACH TO PROPERTY MANAGEMENT

Trauma-Informed Housing

Julianna Stuart-Lomax, jstuart@poah.org



Preservation of
Affordable Housing

Trauma-Informed Housing

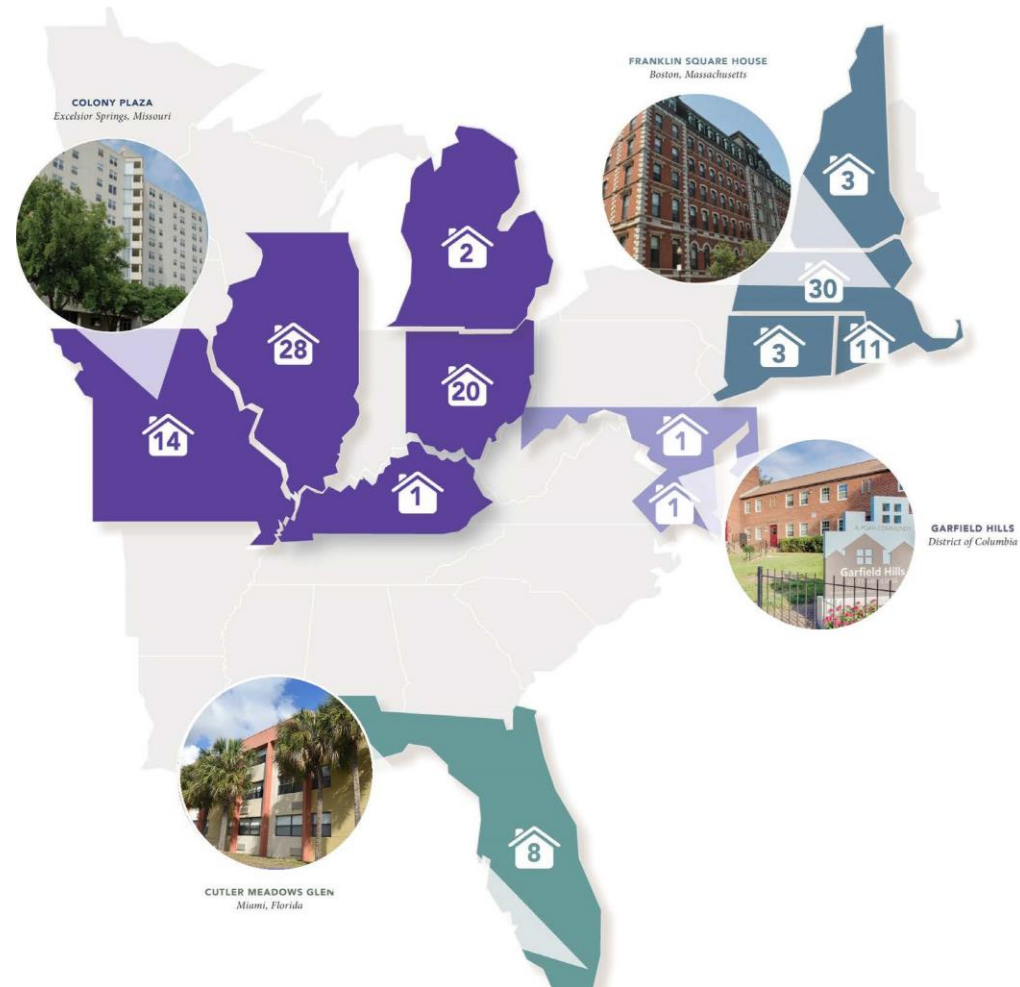
Overview

- About POAH
- Trauma-Informed Housing
- Best Practices



POAH is a national nonprofit organization whose mission is to preserve, create and sustain affordable, healthy homes that support **economic security, racial equity and access to opportunity for all.**

Where We Work



What We Do

- Real Estate Development
- Property Management
- Asset Management
- Design & Building Performance
- Community Impact





PRESERVATION
OF AFFORDABLE
HOUSING

Trauma-Informed Housing

What is Trauma?



At POAH, our definition is:

**A personal, negative experience
that is just too much to handle**



“Trauma is not a flaw or a weakness. It is a highly effective tool of **safety** and **survival**. Trauma is also not an event. Trauma is the body’s protective response to an event – or series of events — that it perceives as potentially dangerous.”

-Resmaa Menakem, MSW, LICWS, SEP
Healer, Trauma specialist and author of *My Grandmother’s Hands*



Trauma-Informed Commitments

Understand all behavior has meaning

Consider causes and underlying needs

Change the question

“What’s wrong with you?” becomes
“What happened to you?”

Value lived experience as expertise

Recognize survival skills as strengths

Create trauma-sensitive culture

Safe, nonjudgmental,
collaborative, relational

Principles of Trauma-Informed Housing



**Safety
& Trust**



**Choice
& Empowerment**



**Community
& Collaboration**



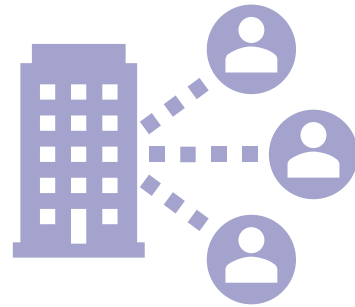
**Beauty
& Joy**

Our Focus Areas



Development & Design

Places & Spaces



Property & Asset Management

Policies & Procedures



Resident Services

Programs & Services



Human Capital

People



PRESERVATION
OF AFFORDABLE
HOUSING

Best Practices: Property Management

Policies & Procedures: Guidelines

- **Simple and clear.** Make rules and policies that residents and frontline staff find clear, concrete, and easy to understand and explain.
- **Positive over punitive.** Identify what people are allowed to do instead of not allowed to do.
- **Accessible language.** Make policies easy-to-understand for people with low English literacy (e.g. incorporate visuals, translate into multiple languages, write at a 3rd-grade reading level).
- **Reinforce safety.** Ensure rule or policy reinforces physical, mental, or emotional safety.
- **Offer choice.** Create rules and policies that offer choices and multiple options to residents and staff.
- **Get feedback first.** Get feedback from residents and staff before finalizing policy or rule.
- **Create slack.** Look for opportunities to loosen unnecessary or overly burdensome requirements.

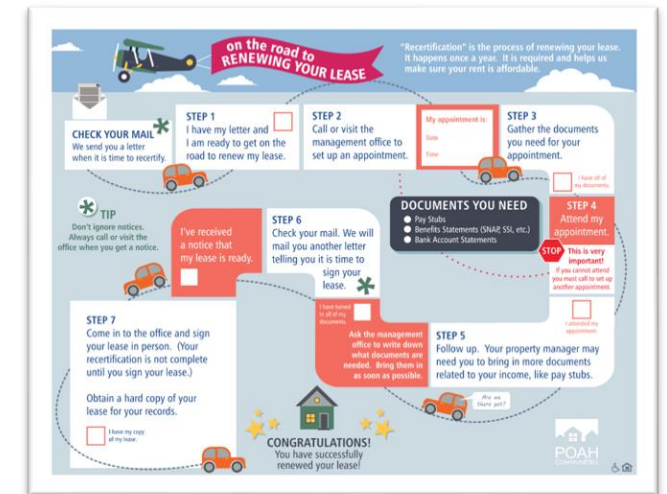
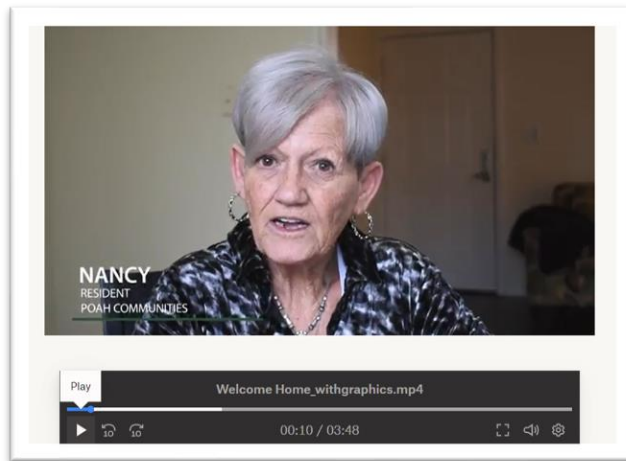
Where To Focus

- Income Certifications
- Leases & House Rules
- Physical Inspections
- Resident Empowerment
- Frontline Staff Wellbeing



Examples

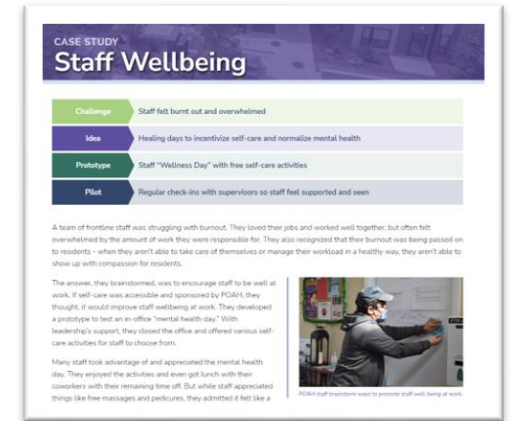
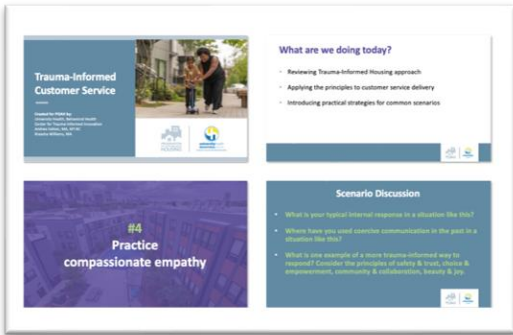
- **Simple and clear:** Reimagine the move-in experience with “Welcome Home”
 - Bite sized, slow release
 - Multiple formats (video, paper, in-person)
 - Prioritize!



Examples

- **Reinforce safety:** Communicate with dignity and belonging, practice transparency
 - No red letters or SHOUTING notices – we use templates
 - Service Coordinators attend inspections
- **Offer choice:** Allow digital signatures, email submission, online lease renewal, flexible office hours
- **Create slack:** Extend timelines when possible
 - Time to report a change in income (10 >> 30)
 - Time to cure a lease violation (30 >> 60)

What's In The Toolkit



Training Tools

Agendas +
Activities

Design Guides

Case Studies

TraumaInformedHousing.POAH.org



PRESERVATION
OF AFFORDABLE
HOUSING

Julianna Stuart-Lomax
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SESSION WRAP-UP

SURVEY

bit.ly/pnsurvey8

PRESERVATION NEXT

Preservation Next Toolkit

A Preservation Toolkit for Small-to Medium-Scale Multifamily Properties

Guidance and Best Practices

The Toolkit's issue briefs guide developers and practitioners across different stages of the small to medium multifamily preservation development process

Localized Resources

Preservation landscape analyses, inventory of local funding resources, and local & regional data on the small to medium multifamily stock

Case Studies

Successful and creative approaches for small to medium multifamily preservation in different housing markets

Tools

A Financial Modeling Tool to help you understand the financial viability of your preservation development.




A JOINT VENTURE PRESERVATION MODEL IN LOS ANGELES

PROJECT OVERVIEW
700 Simmons Ave
LOS ANGELES, CA

- Located in unincorporated East Los Angeles
- Built in 1930
- 11 residential units
- Acquired in 2021

Financing sources:

- LA County CLT-CDC Pilot Program: \$2,790,250 – \$253,659 per unit
- SPARCC and Genesis LA: Predevelopment funds \$75,000



TOOLS
Funding Sources Inventory

Keep Reading



TOOLS
Financing Modeling Tools

Keep Reading

**Join our last session on
May 21!**

**Navigating
Rehabilitation and
Sustainability of SMMF
Properties**

Guests to Include:

- Darion Dunn, Atlantica Properties
- Richard Taylor, ARRC Capital Partners

What to Expect

- Participants will understand the questions they will face when determining **the unique rehab needs** for an SMMF preservation deal.
- Session will discuss best practices for **managing the rehabilitation phase** of an SMMF preservation deal.
- Speakers will highlight **sustainability and green building** practices that can take place during the rehabilitation scope of work.

Thank You

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Resources:

[Preservation Next Small to Medium Multifamily Toolkit](#)
[Southeast Preservation Academy](#)

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[Preservation Next National Program](#)