

Making Good Asset Management Decisions
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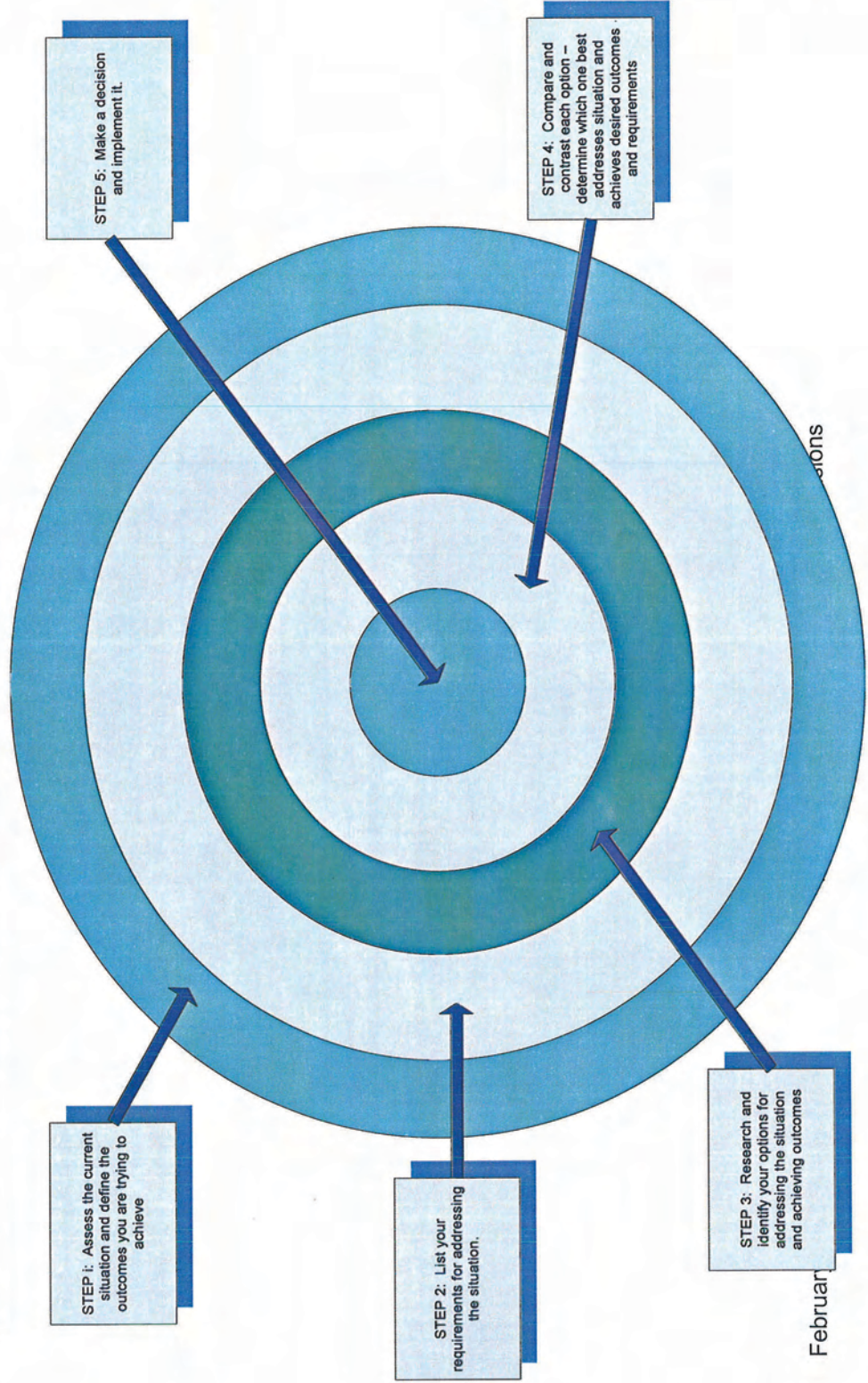
The Linear Approach

BASIC DECISION MAKING STEPS

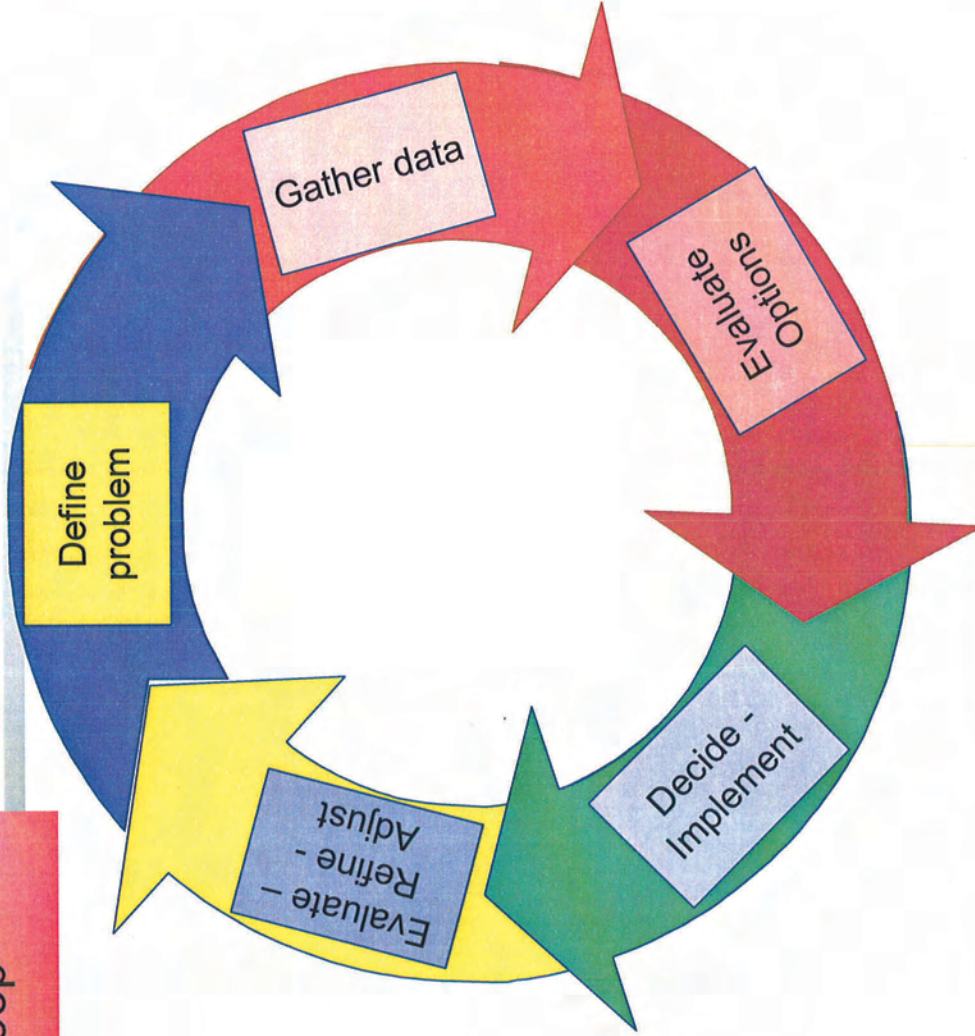


Big Picture to Specific Action

Five Steps to Getting the Most from Your Decision



Circular Process with Feedback Loop



ORGANIZATIONAL ASSET MANAGEMENT ASSESSMENT

STAFFING STRUCTURE: Who completes the following work for your organization?

Prepares annual budgets for your properties	
Reviews project financials	
Monitors compliance	
Completes compliance reporting	
Completes physical inspections	
Conducts capital needs planning	
Manages property management contracts/staff	

STATUS OF SYSTEMS CHECK: Do you have the following systems in place?

GENERAL

	Yes	No	I don't know
Does your organization have an asset management plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do you have specific goals or differences identified for each property?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do all asset and property management staff have clear job descriptions, are reporting relationships explicit, areas of responsibility defined?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

COMPLIANCE

Do you have project binders or organized files for each project containing all loan documents, title, and insurance policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do you have summary charts that outline lender requirements, income restrictions, reporting and insurance requirements, HOME units, and other compliance needs for each property?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do you have a tickler system to track reporting requirements for all projects on a monthly basis?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FINANCIAL MANAGEMENT

Does your organization (or management company) produce income and expense and balance sheets for each property?

Are these reports accurate (according to your auditor?)

Are these reports timely on a monthly basis?

Does your organization review property financial statements monthly?

Does your organization (or management company) track and report on replacement reserve contributions, reserve balances and capital expenditures by project each year?

Do you receive tenant aged receivable reports monthly?

Are adequate checks and balances on access to funds in place to protect the organization?

Are financial performance goals calculated for each property, e.g. debt coverage ratio, economic vacancy, variance from operating expenses such as maintenance, collections?

Are annual budgets prepared for each project?

PHYSICAL PROPERTY OVERSIGHT

Do you have a staff person or someone on contract to complete inspections of all units at least annually?

Do you have capital needs assessments and plans on your properties that are five years old or less?

Do you track variances from budgeted maintenance costs by project?

Do you have fiscal policies in place to determine how you classify capital costs?

Do you have agreements with lenders on accessing replacement reserves?

Does property management have priorities for types of maintenance?

**MOVE INS: SETTING RENTS, INCOME CERTIFICATION,
TENANT SCREENING, MARKETING**

Are the most restrictive rent restrictions communicated to property management on each property?

Do/does assigned staff know how to calculate rents and utility allowances?

Does property management have clear, written tenant screening criteria?

Does property management maintain an adequate waiting list(s)?

Does property management have application and verification forms that meet funders and landlord/ tenant requirements and fair housing laws?

Are your income certifications correct?

RENT COLLECTIONS

Do you receive tenant aged receivable reports?

Are the aged receivable reports reviewed monthly?

Are collection policies and procedures in place and implemented consistently?

Is property management staff adequately trained in eviction process?

Assess Your Organization's Asset Management Staffing and Systems

■ In which areas are you doing well?

■ Where may you need to improve?

■ What are some challenges to improving these areas?

■ Do you see similarities across organizations?

REAL ESTATE DEVELOPMENT FLOW CHART

Modified by Housing Development Center

Phase	<i>Concept Phase</i>				<i>Feasibility</i>			<i>Predevelopment Phase</i>					<i>Construction</i>		<i>Lease Up</i>			
Development Workload by Phase	15%				10%			25%					45%		5%			
Site Control	Concept	Site Control	Site Evaluation: Env, Mkt Anal, Zoning	Assemble Development Team				Acquire Site										
Design: Architect Role	Massing Studies, Zoning Research				Schematic Design			Design Development		Construction Documents			Construction Bids	Construction Administration				
Development Coordination					Project Management: Project Schedule, Team Meetings, Milestones, Application Review, Negotiations, Budget Management, etc.													
Funding					Preliminary Proformas			Refine Proformas		Finalize Proformas	Owner's Rep for Design, Value Engineering, Contract Negotiations	Due Diligence & Closing	- Owner's Rep for Construction - Assist Owner to Oversee Interest Costs - Meet LIHTC basis - Reconcile draws with funders		Oversee Credit Delivery, Requirements for Conversion			
Lender/Funder Role					Preliminary Cost Estimates	Determine Potential Funding Sources		Operating Cost Estimates	Select GC	Mtgs w/ Funders		Apply for Funding	Secure Prelim Funding Approvals	Lender Due Diligence and Underwriting	Lender Commitments	Construction Loan Draw Administration		Convert to Permanent Financing
General Contractor Role								Appraisal					Loan Docs & Closing	Lender/City Inspections	Final Inspection	Certificate of Occupancy		
Property Management Role								Assist with Design		Obtain Permits	Construction Bids	Construction		Construction Complete	Lease Up			
								Operating Costs, Resident Services Plan, Leaseup Schedule		Finalize Management Contract			Develop Marketing Plan	Pre Marketing	Lease Up			

RENTAL OR (FOR SALE) HOUSING DEVELOPMENT

	CONCEPT	FEASIBILITY	PRE-DEVELOPMENT PHASE	CONSTRUCTION	LEASEUP/ SALES	ASSET MANAGEMENT
WORK TO BE DONE	<p>PROJECT MANAGEMENT CONCEPT</p> <ul style="list-style-type: none"> - Define development goal(s) - Identify sites - Site control - Assemble team <p>DESIGN CONSTRUCTION</p> <ul style="list-style-type: none"> - Evaluate Sites, Market, Zoning 	<p>PROJECT MANAGEMENT:</p> <ul style="list-style-type: none"> - market, zoning, neighborhood, relocation <p>DESIGN CONSTRUCTION</p> <ul style="list-style-type: none"> - Schematic Design, Preliminary Cost Estimates, Environmental Review <p>FINANCE</p> <ul style="list-style-type: none"> - Preliminary Financial Structuring, - Secure Predevelopment Funding - Determine Potential Funding Sources 	<p>PROJECT MANAGEMENT</p> <ul style="list-style-type: none"> - Appraisals - Acquire site, property management - select property manager - owners rep in design - relocation <p>DESIGN CONSTRUCTION</p> <ul style="list-style-type: none"> - Design Development, Construction Documents - Construction Bids <p>FINANCE</p> <ul style="list-style-type: none"> - Refine & Finalize Proformas (costs, operating budgets) - Apply for & Secure Funding (negotiations) - Lender Due Diligence & Commitments - Close Construction Financing 	<p>PROJECT MANAGEMENT</p> <ul style="list-style-type: none"> - Develop marketing plan, pre-marketing - Contract with property manager or prepare for self management - Owners rep in construction <p>DESIGN CONSTRUCTION</p> <ul style="list-style-type: none"> - Construction Administration - Construction Draws - Lender/City Inspections <p>FINANCE</p> <ul style="list-style-type: none"> - maintain cashflow projections 	<p>PROJECT MANAGEMENT</p> <ul style="list-style-type: none"> - Marketing, Leaseup - Implement any services - Compliance reporting <p>DESIGN CONSTRUCTION</p> <ul style="list-style-type: none"> - Punch lists, turnover to property manager <p>FINANCE</p> <ul style="list-style-type: none"> - due diligence for permanent financing, compliance - close permanent financing, repay construction financing <p><i>(for sale marketing/ sales, payoff of construction financing by owner purchases)</i></p>	<p>ASSET MANAGEMENT</p> <ul style="list-style-type: none"> - oversee property manager, property management contracts OR self management - develop/ approve annual budgets - review monthly financial statements - property inspections - capital needs assessments, financing strategies - compliance reporting, sometimes audits - tenant services, relations
ROLE OF CONSULTANT						
ROLE OF STAFF	<ul style="list-style-type: none"> - Lead or Assist to Assemble Team 	Neighborhood Relations	<ul style="list-style-type: none"> - Owner Representative in Design/Construction - Select Property Manager & approve operating budget 	<ul style="list-style-type: none"> - Owner Representative in Design/Construction - Property Management Agreement 	<ul style="list-style-type: none"> - Oversee Leaseup Services 	<ul style="list-style-type: none"> - All Staff Role
ROLE OF BOARD	<ul style="list-style-type: none"> - Approve Concept - Approve Site - Approve Team 		<ul style="list-style-type: none"> - Approve funding applications, lenders, acquisition, - Approve management plan 	<ul style="list-style-type: none"> - Approve property management agreement or self management plan 		<ul style="list-style-type: none"> - Board Oversight