



CHARACTERISTICS OF GREAT ASSET MANAGERS & DYNAMIC ORGANIZATIONS

Non-Profit Housing Association of Northern California
Annual Conference
October 6, 2017

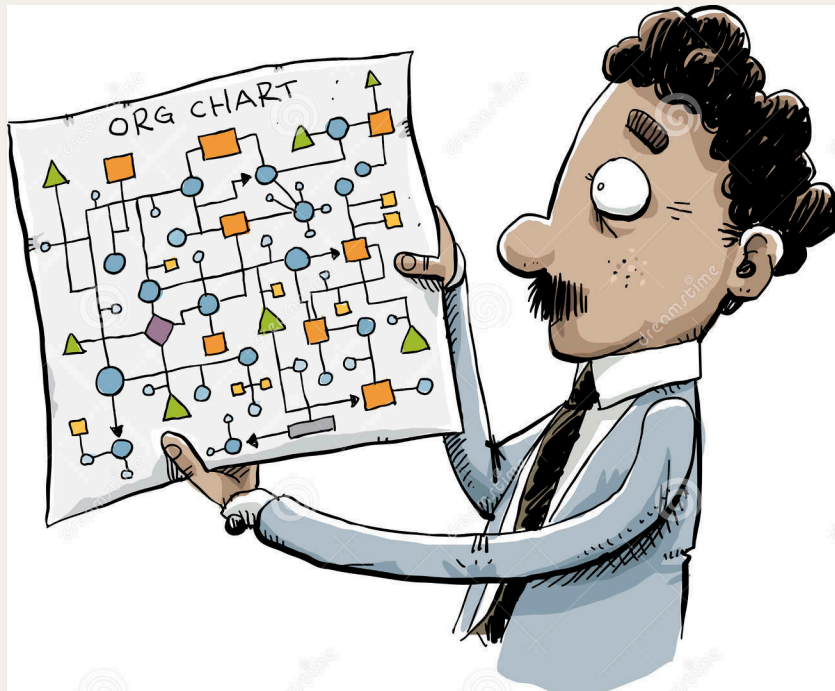


Presenters

- Katherine Fleming
 - *BRIDGE Housing*
- Tatiana Blank
 - *Eden Housing*
- Kathleen Mertz
 - *Housing Authority of the City of Alameda*
- Karim Sultan
 - *Episcopal Senior Communities*

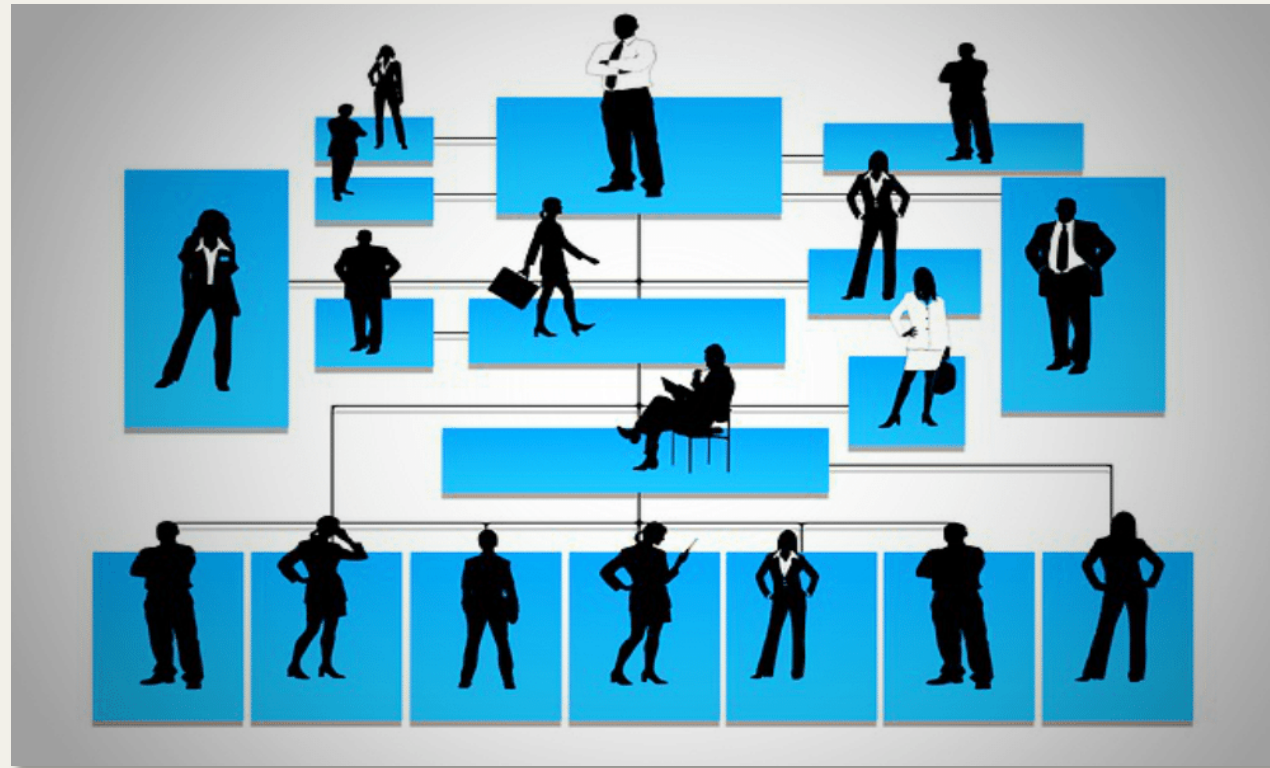


Organizational Structures



- Asset Management is not a homogeneous industry
- Asset Management is not a homogeneous job description
- Asset Management is not a homogeneous work task

Where does Asset Management live in your organization?



Benchmarking Data

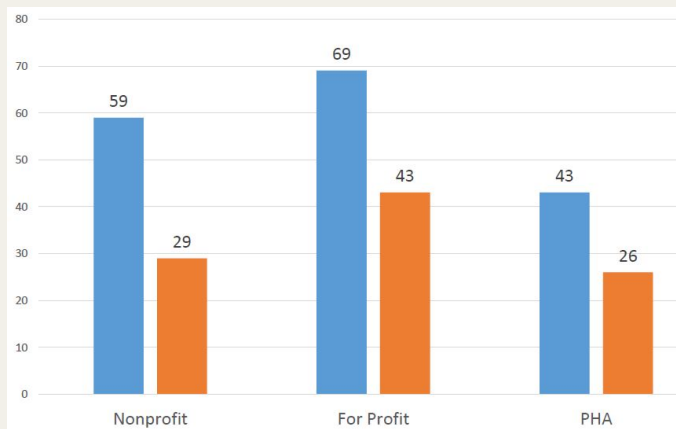
- How long has asset management been formally operating

NPO 13 yrs

FP 9 yrs

PHA 22 yrs

- Average properties of units owned



- Average # of Full Time Asset Managers

NPO 7.4

FP 13.6

PHA 7.4

- Average # of Properties Assigned per Asset Manager

| | <i>Jr AM</i> | <i>Sr AM</i> |
|------------|--------------|--------------|
| <i>NPO</i> | 25 | 30 |
| <i>FP</i> | 56 | 38 |
| <i>PHA</i> | 16 | 12 |

Benchmarking Data

Job Functions Performed by Asset Managers

| | For Profit | Nonprofit | PHA |
|--|------------|-----------|------|
| Property Budgeting (existing portfolio) | 92% | 88% | 100% |
| Capital / Physical Needs Assessment | 80% | 80% | 80% |
| Utility Management/Sustainability | 75% | 76% | 80% |
| Financial Workouts / Watch List / Repositions | 65% | 80% | 60% |
| Property Tax Appeals | 75% | 76% | 40% |
| Investor Reporting | 60% | 80% | 60% |
| Basic Refinancing (no new tax credits) | 70% | 68% | 60% |
| Budgeting / Pro-forma Development (new acquisitions or developments) | 65% | 64% | 80% |
| Compliance | 45% | 72% | 100% |
| Property/Partnership Sales or Dispositions | 75% | 56% | 60% |
| Property Insurance | 55% | 60% | 40% |
| Tax Credit Recapitalization | 40% | 20% | 40% |
| Bulk Purchasing | 15% | 24% | 0% |
| Other | 0% | 4% | 0% |

Data is from the National Housing & Rehabilitation Association Asset Management Council Multifamily Developer Benchmarking Survey

Benchmarking Data

Top 10 Watch List Metrics

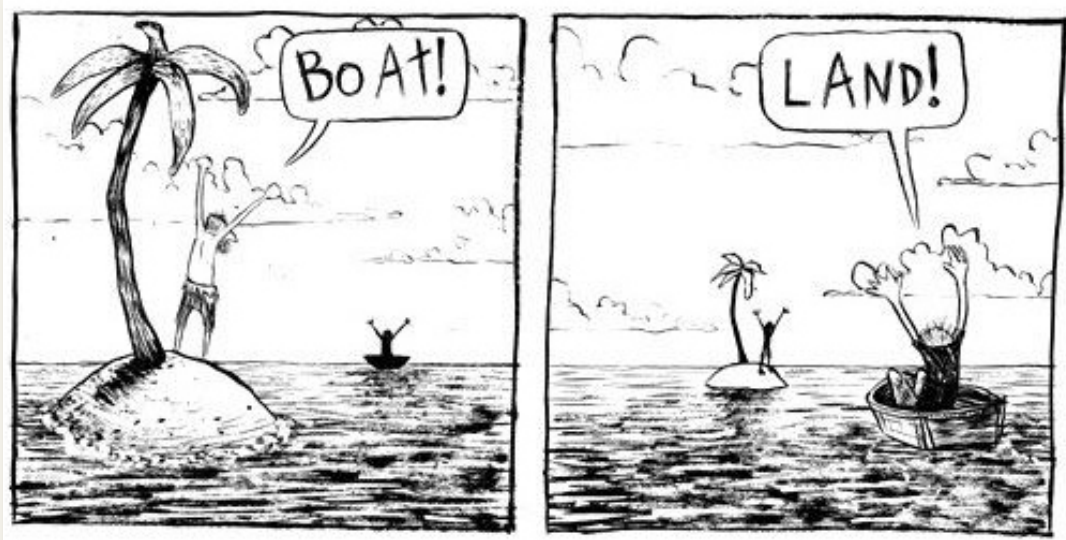
| | Non-Profit | For-Profit | PHA |
|--|------------|------------|------|
| Economic occupancy below x% for most recent quarter (vacancy) | 84% | 75% | 80% |
| DSC below x% (Cash Flow) | 80% | 70% | 60% |
| Cash flow (deficit) per unit | 72% | 60% | 100% |
| Rent delinquency greater than x% of gross potential income for x consecutive months (Rent) | 68% | 60% | 60% |
| REAC score below 70 (Physical Inspection Results) | 60% | 60% | 60% |
| Life/Safety Issues (Physical Inspection Results) | 56% | 55% | 80% |
| Project in initial lease-up phase | 60% | 55% | 40% |
| Code violations or inspection deficiencies that remain unresolved beyond allowed correction period (Physical Inspection Results) | 44% | 50% | 100% |
| Projected shortfall of NOI greater than x% of budget (Cash Flow) | 52% | 60% | 20% |
| Inadequate resources to pay for immediate capital needs during the next year (Capital Expenditures) | 40% | 50% | 80% |

Organizational Variations

- Nonprofit vs. Government
- Small vs. Big Company
- HUD Portfolio vs. LIHTC Portfolio
- In-house vs. 3rd Party Property Management
- Technical vs. Strategic Duties
- Access to Decision Makers
- Static vs. Growing Organization

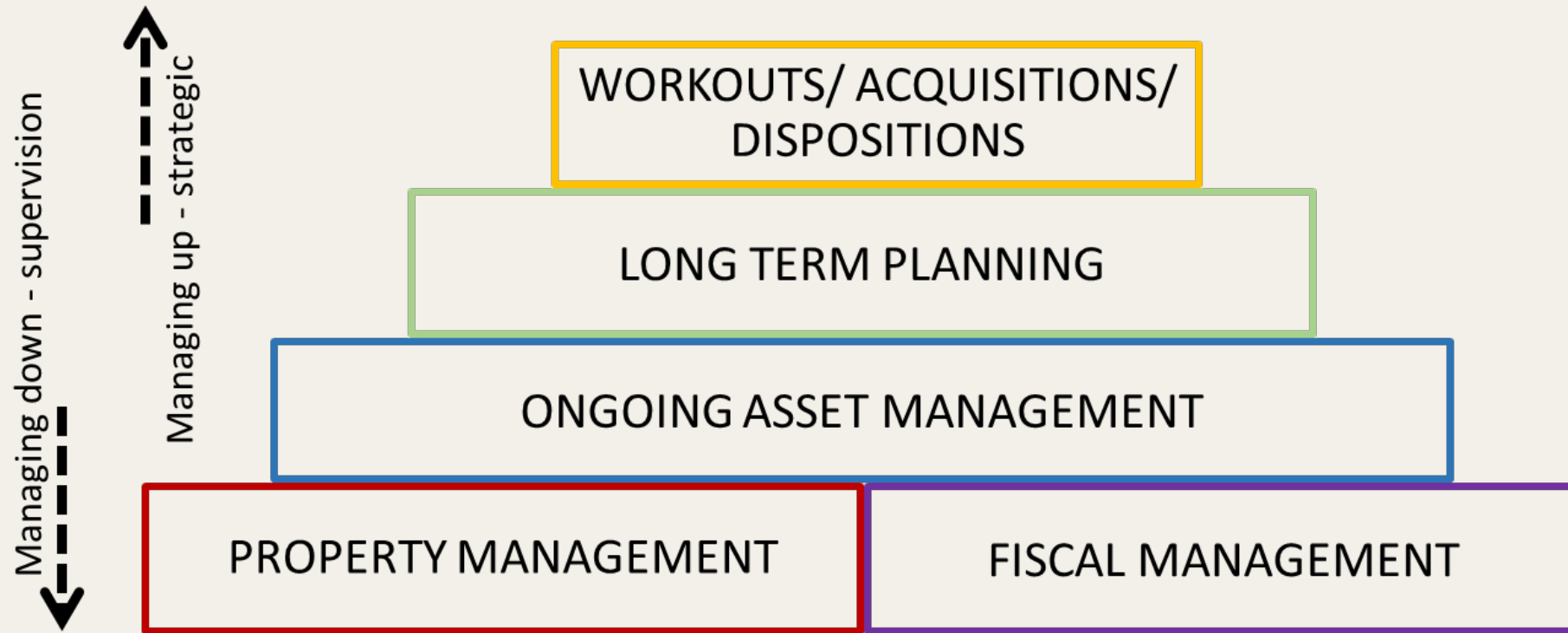


Asset Management Point of View



- Is it influenced by where you live in the organization
- How is it the same/different from other departments
 - *Property Management*
 - *Housing Development*
 - *Resident Services*
- How has the perspective evolved within the organization

Best Practices Pyramid



Contributions from an Asset Manager

■ Job Duties

- *Bird's Eye View*
- *Details*
- *Number Crunching*
- *Research*
- *Curiosity*
- *Customer Service*

■ Work Experience

- *Property Management*
- *Accounting*
- *Development*
- *Planning*
- *Business*
- *Banking*

