Saving Money as a Top Priority

There are many ways property managers can help save money during these troubling economic times.

**INCREASE AND/OR SUSTAIN REVENUE**

To do this:

- Help residents with their financial problems at the first sign of trouble. How do you know they’re in trouble? If they avoid you; if a check bounces; if there have been major job losses in your area; if you hear from them or through the grapevine that someone’s fortunes have taken a turn for the worse—these are all signs of trouble.

- Talk to the residents in a sensitive way and ask if they would like help. Check out organizations in your area that can offer different kinds of assistance or advice (see box). See if some of these or other organizations will partner with you to help with job losses, illnesses or other problems that lead to residents’ cash-flow problems. Be proactive.

- Help residents be successful. Sponsor events where residents talk about products they sell, restaurants they work at that could use more customers, skills they can provide themselves (washing cars, hemming pants, cutting hair, etc.), that enable people to not only know one another better but to see how they can create their own mini-economic stimulus package.

- Manage your cash wisely. Deposit cash in good, safe investment vehicles or in banks that have a history of stability. Pay expenses when due (not early) so you can earn more interest on the money.

- Be proactive about collecting accounts receivables. Don’t allow a resident to get more than one month behind on rent. Enforcing late fees and penalties can encourage payments to be made on time. Staying on top of accounts receivables also helps avoid collection problems further down the line.

You can also decrease expenses by:

- Reviewing and analyzing utility bills every month. Use EPA Energy Star® Portfolio Manager (www.energystar.gov) to track improvements in energy efficiency.

- Optimize automatic energy management systems if you have them. Adjust system start and stop times for weekends and holidays or to take advantage of moderate outdoor temperatures. Use load profile graphs (utility companies often provide this kind of data and offer help in analyzing it) to detect unusual usage spikes. Even small adjustments can save thousands of dollars over time.

- If your properties are located in a deregulated market, consider hiring a consultant to advise you on purchasing decisions related to your utility needs.

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unusual usage spikes and other irregularities. Consider installing dual flush toilet valves and waterless urinals to reduce water usage.

- Revise and/or re-negotiate service contracts. In many cases, you can adjust the scope of work without compromising service quality. For example, you can cut expenses by adjusting the frequency for window washing or for sweeping and mopping stairwells.
- Take advantage of economies of scale—use the same vendor for multiple properties.
- Don't keep inventory on hand that you can get quickly from a vendor, but do keep adequate supplies of items you use frequently.
- Recycle. Only 30 percent of everything that can be recycled actually gets recycled. That means you're paying to remove trash that can be recycled. How can you cut down on waste and increase what gets recycled?
  1. Complete a waste audit.
  2. Train janitors and residents to be aware of what is discarded and what can be recycled.
  3. Ask your cleaning contractor to use refillable containers.
  4. Recycle fluorescent tubes as well as cardboard, glass and other recyclables. In addition to saving trash removal expenses, you'll be helping the environment.
  5. Recycle "e-waste" such as computer equipment and televisions, many of which are likely to be trashed when digital TV is made mandatory. Having these in the trash will be very expensive to remove, and very bad for the environment!

BIG-PICTURE IDEAS FOR SAVING MONEY

- Improve employee performance. If they don't add more value than they cost, give them an opportunity to improve. If they can't, then you need to make the tough decision to terminate non-performers.
- When budgets are tight, training is often one of the first expense lines to get cut. In a down economy, training is more important than ever. But if your goal is to do more with the same number of people, you have to invest in training to increase employees' skill sets.
- Hire people who love the business and who love providing good service. The rest will come with training and experience.

The Consumer Credit Counseling Service (CCCS) has more than 1,100 locations nationwide. Supported mainly by contributions from community organizations, financial institutions and merchants, CCCS provides services free or at little cost to individuals seeking help. To contact a CCCS office for confidential help, call 1 (800) 388-2227, 24 hours a day, or write to the National Foundation for Consumer Credit, 8611 2nd Ave., Suite 100, Silver Spring, MD 20910.

TIP: Do not confuse for-profit credit repair clinics with CCCS. To check an organization's reputation, contact your state Attorney General, consumer protection agency, or Better Business Bureau.
Successful Reviews

A Housing Finance Perspective
By Brian Carnahan, Kelly Taylor and Christine Bennett

One of the numerous challenges facing many property managers is a housing finance agency (HFA) compliance inspection and review. Understanding how HFAs define a "successful" review will help managers be better prepared for them.

HELP THE HFA PREPARE
The HFA normally provides at least 30 days' notice of a pending review. Promptly submitting requested documents in advance, such as a copy of the lease, a rent roll or waiting lists, helps the HFA inspector prepare for the review and reduces follow-up phone calls or additional time spent on-site finding required documentation.

BE PREPARED YOURSELF
It is appropriate to ask, prior to the inspection, how many HFA staff will be attending the review. This helps plan for the visit, identifying space and staffing needs for a successful review. A review can be slowed significantly when only one staff member is available for unit inspections when more are needed.

For things to run smoothly the day of the review, managers should:
- Have keys ready for the units to be inspected;
- Organize files and keep them neat;
- Have clarifications prepared to explain items that could be questioned;
- Have room available for the file inspection.

Unfortunately, not all sites are blessed with space, but it helps if the manager can clear off a table or desk where the inspector can work; Be available to answer questions about the project.

PREPARE RESIDENTS
Give residents sufficient notice of the inspection. It can be frustrating for a reviewer to arrive on site and find residents unaware of an inspection. This could cause part of the review to be rescheduled. Rescheduling adds stress to all involved.

Privacy is also important, for HFA inspectors as they work and for the residents' information and other documentation they are gathering. HFA inspectors are sympathetic and know managers have questions about how an inspection is proceeding. Residents are also very curious about who is looking at their paperwork and their units. However, the inspector will be more relaxed and focused if they can work uninterrupted and alone.

KNOW WHEN AND HOW TO RESPOND
Usually, HFA staff members expect corrections to be made after the review, not during the review. While an inspection is a great time to have questions answered, remember that it is not a technical assistance visit and training will not be conducted on site.

Finally, a prompt response to the review report is critical to completing the review process successfully. By submitting corrections quickly, inspectors can prepare the final report and close out the review.

A little preparation and cooperation goes a long way toward minimizing the stress for everyone involved in the inspection. Working together and providing the tools necessary for inspectors allows work to be done quickly and efficiently, making the review as painless as possible.

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Feds to Subsidize COBRA Premiums
65 percent subsidy for up to nine months

The just-passed American Recovery and Reinvestment Act of 2009 includes a new subsidy of COBRA premiums for individuals who are involuntarily terminated from employment between September 1, 2008 and December 31, 2009.

As of March 1, 2009, such former employees and their family members need only pay 35 percent of the normal COBRA premium. The employer will then get a credit against its payroll taxes for the balance of the COBRA premium for a self-insured group health plan. (The insurer gets

The individual becomes eligible for another group health plan.

The individual is supposed to notify the group health plan when he or she becomes eligible for another plan. Note that while eligibility for another group health plan ends an individual’s right to the subsidy, it does not end the individual’s right to continue COBRA at his or her own expense. Eligibility for

dependent status, death or reduction in hours. The Department of Labor will review disputes as to eligibility for the subsidy.

The subsidy is phased out for individuals with adjusted

gross income in excess of $125,000 ($250,000 in the case of a joint return) in the year the subsidy is received. If the subsidy is provided to an individual with adjusted gross income over the threshold, it will be recaptured on the individual’s taxes. An individual also has the right to waive the subsidy.

NOTE THAT WHILE ELIGIBILITY for another group health plan ends an individual’s right to the subsidy, it does not end the individual’s right to continue COBRA at his or her own expense.

the credit in the case of an insured group health plan.) The IRS will publish instructions for claiming the credit.

The subsidy ends on the earliest of the following dates:

• The individual’s COBRA premiums have been subsidized for nine months
• The individual ceases to be eligible for COBRA or

COBRA does not end until the individual actually enrolls in another group health plan.

The subsidy is not available to employees who were terminated for gross misconduct or employees who voluntarily terminated employment. Also, the subsidy is not available for individuals entitled to COBRA due to divorce, loss of dependents.
Answers from Your Peers
Income Discrepancies, Annual Income, Welcome Packet

Q: Please clarify whether owners/agents can go back more than five years to determine income discrepancies when residents failed to disclose all their income.

A: With the use of the employment and income information from the Enterprise Income Verification (EIV) system, many owners/agents (O/A) are finding that some of their tenants have not disclosed all of their income information and, in many instances, the non-disclosure of income goes back for a number of years. When resolving income discrepancies, including non-reporting of income by tenants, the O/A is required to obtain written independent verification directly from the third-party source. The consent form HUD-9887-A, signed by the tenant(s), as these are the only consent forms in effect. All other consent forms signed for previous certification periods have expired.

Q: What is the new definition of Annual Income?

A: In January, HUD issued its Final Rule entitled, “Reframing of Income and Rent Determination in Public and Assisted Housing Programs.” An initial announcement in HUD’s Listserv #135 issued on January 29, 2009, incorrectly described the change. To avoid confusion, the definition is repeated here directly from the final rule, as follows: “Annual income is now defined as all amounts, monetary or not, which:

1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; and

2) Are based on, at the time of admission, reexamination, or recertification:

   (i) Actual income being received (projected forward for a 12-month period) or

   (ii) Past actual income received or earned within the last 12 months of the determination date, as HUD may prescribe in applicable administrative instructions when:

   (A) The family reports little or no income; and

   (B) The processing entity is unable to determine annual income due to fluctuations in income (e.g., seasonal or cyclical income).

   (3) Which are not specifically excluded in paragraph (e) of this section.

   (4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

Please note that paragraph (e) referred to in (3) above is currently 5.609(c) of the existing regulation which describes the exclusions to annual income. Once the final rule is effective, 5.609(c) will become 5.609(e).”

Q: What would be good to include in a resident Welcome Packet?

A: Preparing a resident Welcome Packet firmly establishes the manager/resident relationship. Prepare a lease and allow one hour for a discussion all the rules and regulations of the contract.

Include with the lease:

- A letter to the tenant that expresses the desire for a positive working relationship. This is a good way to establish a warm and friendly beginning along with a discussion the obligations in a lease.
- All the possible forms and instructions the resident may need.
- A move-in inspection form.
- Any storage leases or parking leases.
- A list of house rules that will be enforced.
- A list of utility phone numbers such as the police department, fire department, crime stoppers, emergency medical services and utility companies.
- Your business card and emergency numbers.
- Emergency information such as location of gas valves and exits.
- Information on renters insurance.
- The free neighborhood newspaper, which often lists neighborhood business services.
Giving New Meaning to the ‘Fulfilled Life’

NAHP: Sharon A. Lane, NAHP-e, SHCM, HCCP
MANAGEMENT COMPANY: AIMCO
POSITION: Senior Vice President of Compliance and Regulatory
YEAR OF CERTIFICATION: ????

Sharon Lane has led a jam-packed life.

She worked in real estate for several years until the bottom dropped out of that market. Then in 1983 she became a property supervisor for Property Dynamics in Torrance, Calif., and remained with the company for five years.

In 1988, she began working for G&K Management, and her career there spanned more than 14 years. Sharon started out as property supervisor, then was promoted to director of property management, then to an assistant vice president, and then, in 1993, to vice president. “That’s where I got all my exposure to affordable housing,” she said.

At the same time, Sharon served on the board of AHMA-Pacific Southwest, where she began as its vice president of legislation and regulatory affairs before becoming vice president of training and then president.

While at G&K, Sharon attended college part-time at the University of West Los Angeles, earning a Bachelors degree in paralegal studies (with an emphasis on real estate) in 1992. But by then she had moved up the corporate ladder to the point where she was making more money than she could have made as a paralegal. So she went to law school and earned that degree in 1996. All this while working full-time and raising three children.

The law degree complemented her work at G&K, where she was responsible for staying on top of the ever-evolving regulations dealing with affordable housing. It also complemented her work on the AHMA board and various committees.

One thing Sharon valued about her work at G&K was that “our apartment communities were communities, not ‘projects.’ We had pride in the housing we provided. We turned a lot of troubled properties into beautiful places for people to call home. I was very proud of this.”

She was beginning to get the sense that her work at G&K was done when a fellow AHMA board member asked her if she’d be interested in working for an even larger company, AIMCO. There she started up its nationwide compliance department. “I had to bring consistency and uniformity to the way AIMCO’s offices around the country applied the regulatory restrictions,” she said.

“When I came, we had a fair number of compliance issues. We joined forces with the operations team and turned all our properties around.”

“Now we have so many Communities of Quality® properties that we just became one of NAHMA’s corporate partners,” she said.

After seven years, with her family grown, and with everything stabilized at AIMCO, “I intend to get involved with NAHMA again,” Sharon said. Clearly the fulfilled life is also ever-evolving.