

# NAHP Update

## The Perfect Affordable Property Manager

BY BRIAN CARNAHAN AND ALLAN PINTNER

**W**e often seek to attain perfection, but rarely achieve it.

Nowhere is perfection more desirable than in an affordable housing manager. So much is at stake. A manager can make or break a project. This article celebrates the talents and skills a perfect manager possesses, while recognizing that perfection is a process and not an end.

Picture the perfect affordable housing site manager. What skills, talents and abilities does this person have? What kind of results must he or she achieve?

Definitions of perfect differ from person to person. Perfect to whom? The owner? The managing agent? The residents? The compliance agency (which can be one of several)? The REAC inspector? The auditor? The regional manager? The property

staff? It is not uncommon for these "constituencies" to have different concepts of "perfect."

Understanding that each of these constituencies has its own needs is a start in comprehending what makes a perfect affordable property manager.

### EACH NEED TO BE MET

**Time management** for an affordable housing manager includes the typical items for any property manager and then goes beyond them. Requirements for different types of notices, certifications and recertifications, rent computations, applications for rent increases, etc. are all time sensitive. Changes in Area Median Gross Income and Utility Allowances must be implemented within specified time frames.

Most affordable properties must keep track of and plan for

at least one Management and Operations Review (MOR) each year, a Real Estate Assessment Center (REAC) physical inspection, annual audits and management's own regular inspection of resident units and common areas.

**Relationship management** includes having excellent customer service skills. This is important in a market-rate community but critical in the affordable housing market where managers will work with residents at all stages and circumstances of life. The perfect manager is also understanding and caring. A manager is often as much a counselor as a property manager and will often be viewed as a friend by many residents. The manager has to be able to cope appropriately with these expectations, and know his or her limits and when to seek help.

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**NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION (NAHMA)**—Protecting the Interests of Affordable Housing Property Managers and Owners



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A perfect manager is attracted to the apartment community and the resident population it serves. For example, not all managers are cut out to serve seniors, while others are just right for a family project but would have trouble handling residents in a permanent supportive housing community.

**Compliance management** may be one of the most significant additional responsibilities for an affordable housing property manager that a conventional manager does not have to deal with. Without compliance many different sanctions can be placed on a property, causing a required change in management agent and even regulatory defaults which could result in removal of a general partner or worse.

All properties must comply with the Fair Housing Act. Affordable properties in most cases must also give proper attention to Section 504 of the 1973 Housing and Community Development Act, which requires different rules and additional requirements beyond those of the Fair Housing Act. The affordable property manager must be aware of and successfully administer these nuances.

While an orientation toward details is important in many positions, the property manager without those skills is a liability. Too many t's must be crossed and too many i's dotted for a person who can only see the big picture. Even if the site manager is not responsible for all aspects of qualifying residents and reporting on the status of the project, the manager is still responsible for explaining pro-

gram requirements to current and potential residents.

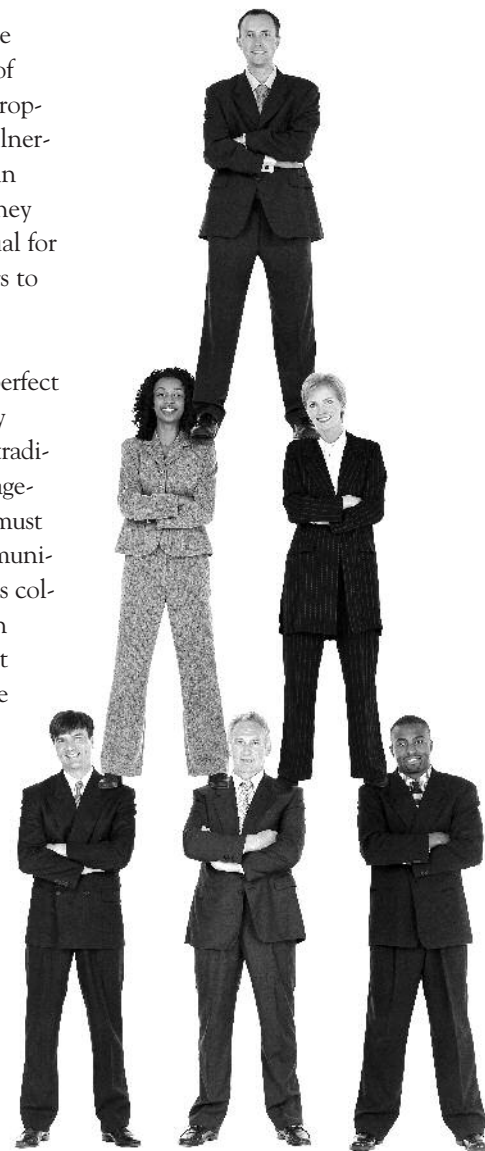
**Fiscal management** requirements for purchasing that are mandated by regulatory agreements. Requirements may vary depending on the program for bids, and accessing funds from replacement reserves or a residual receipts account. Identity of Interest requirements also differs depending on the affordable program. The perfect manager ensures quality products and services are purchased at competitive prices.

**Understanding physical management** may be more demanding in an affordable housing property because of density. Older affordable properties may also be more vulnerable because of the crime in neighborhoods in which they are located. It is not unusual for perfect affordable managers to inspect each unit multiple times during the year.

**Administratively**, the perfect affordable housing property manager must possess the traditional set of property management skills. The manager must be able to ensure the community is maintained, the rent is collected and the bills paid. In addition, the manager must enforce the lease and house rules and handle all of the problems, large and small, that arise each day. The perfect manager is computer savvy. Knowledge of one of the word processing programs and spread sheet programs is critical. Most affordable properties also utilize proprietary programs

designed specifically for use at a given property.

The perfect manager is also a **good salesperson**. Knowledge is required to show and lease units in a timely manner and with style, focusing on the needs of the resident while keeping a keen eye on the restrictions the apartment community must follow. Understanding and implementing Affirmative Fair Housing Marketing Plans are additional components not necessarily present in a conventional community.



## ACHIEVING PERFECTION IS A COMMITMENT

Now that we have a clearer picture of “perfection,” how do we achieve it? Which skills have to be present at employment and which can be developed?

A perfect affordable housing manager developed from scratch will have good overall abilities and a willingness to learn. A working knowledge of word processing and spreadsheet programs is ideal. The candidate must be personable and bring good written and verbal communication skills to the job. A manager must have the confidence to say, “I don’t know, but I’ll get back to you.”

Written policies and structure is critical for new managers. A formal training program that includes modules related to the specific property, company policies, Fair Housing and Section 504, and basic property management skills will accelerate the development process. The role of the perfect manager’s manager cannot be discounted. A strong regional or district manager helps to support and guide managers. The managing agent must give significant assistance to a new manager to ensure that everything gets done while the new manager learns.

One area that can be developed is knowledge of affordable housing programs. While finding a manager with extensive experience is a happy occasion, there is ample training available to fill in any gaps in knowledge. NAHMA, the AHMAs, other trade organizations, state housing finance agencies, syndicators and professional trainers offer excel-

lent classes and certification programs which will supplement training from the management agent, supervisors and compliance staff.

The best systems, including software and business processes, also are critical to achieving and maintaining perfection. While systems do not replace knowledge and professionalism, they do help to supplement the perfect manager’s efforts.

Lastly, regular internal audits help to move a manager toward perfection. By seeking out and fixing problems, everyone learns. The perfect manager will look forward to such audits because they help the manager achieve better results.

The perfect property manager does exist and is functioning at many communities. Those not yet perfect often have much demanded of them and face tough challenges. Additional specific training to supplement knowledge and skills can help them turn the corner.

Our hats are off to the many perfect affordable housing property managers and those working to become perfect. They help provide quality affordable housing to their residents while ensuring that programs remain in compliance and continue to be fiscally and physically sound. Their efforts help to enable the preservation of much needed affordable housing. **NU** *Brian Carnahan is Director of the Ohio Housing Finance Agency’s Office of Program Compliance (bcarnahan@ohiohome.org). Allan Pintner is Vice President Emeritus at Millennia Housing Management, Ltd. (abpintner@mhmlltd.com).*

# Added Value of Green Credential

The Credential for Green Property Management, offered by NAHMA and the National Apartment Association Education Institute (NAAEI), provides management companies and owners with a mechanism for meeting the initial and ongoing training commitments necessary to take advantage of HUD’s Office of Affordable Preservation’s green Mark-to-Market restructuring program.

But that is not the main reason why Darien Crimmin, WinnResidential’s vice president of energy and sustainability, encouraged Winn’s property management staff get the credentialing.

“What we primarily want to do is really educate our staff and employees about the value of sustainability and energy efficiency,” Crimmin said. “Getting the Credential for Green Property Management is the best way to teach staff to recognize energy inefficiencies and opportunities. It also ties into other things Winn is doing.”

WinnResidential has over 85,000 units under management, Crimmin said. The company is undertaking an overall movement for all sites to be more energy efficient. For example, Winn has released a Green Operations manual that

will “define new policies we’re going to hold ourselves to, such as setting standards for recycling and learning to conduct basic energy audits.”

The Credential for Green Property Management is not restricted to employees of management companies who have opted for OAHF green restructuring. This credential also benefits on-site managers, maintenance staff and supervisors of front-line staff at other affordable and conventional apartment communities employing Green Operations and Maintenance Practices.

However, for those undertaking OAHF’s Green Initiative, which results in the full benefits of a green restructure (including a maximum 50 percent increase in the Incentive Performance Fee, and a reduction in required owner contribution to as little as 3 percent of green rehabilitation costs), initial requirements include that there must be on-site managers, maintenance staff and supervisors of front-line staff certified in green building principles and practices. This requirement can be met by completing a total of 16 hours of training in a variety of green building topics.

The training must be con-



ducted by an OAHP-approved trainer.

### TOPIC AREAS FOR THE CREDENTIALING

Each of the following topics must be covered in the training, with a cumulative total of at least eight hours in these areas:

1. Green Building Principles and Practices Overview
2. Energy Efficiency
3. Water Efficiency

**THE CREDENTIAL FOR GREEN PROPERTY MANAGEMENT is not restricted to employees of management companies who have opted for OAHP green restructuring.**

4. Integrated Pest Management
5. Indoor Air Quality
6. Green Operations and Maintenance

Other topics that may be included in the 16-hour requirement include:

7. Green Site Landscaping, Xeriscape, Composting, etc.
8. Green Building Systems
9. Alternative Energy Sources (Solar, Wind, Geothermal, Combined Heat and Power, Co-generation)
10. Energy Star (including indoor and outdoor lighting) and WaterSense Programs
11. Recycling and Waste Reduction
12. Resident Green Education

In addition, a minimum total of four hours per year of continuing education in any of the above 12 topics is required to renew the Credential for Green Property Management.

### DELIVERY METHODS

All training must be delivered by a provider accepted by OAHP, and these include NAHMA, NAAEI and the AHMAs. The initial and ongoing training can be instructor-led classes, on-line courses, training seminars, association or industry training sessions, college or university courses, or other widely-recognized training. Property owners/managers

may contract with accepted providers to deliver training to the on-site staff, on-site lead maintenance person, or their direct supervisor.

### ALLOWABLE PROPERTY EXPENSES

For properties undergoing the OAHP Green Initiative, OAHP will underwrite an estimated cost for this training and credential, and ongoing continuing education as an eligible property expense. Current OAHP underwriting guidelines allow for up to \$6,000 in initial training and credential costs, and up to \$1,000 per year thereafter for continuing education and training of new or turnover staff.

Green property management training is an eligible HUD property expense only to the extent that it is utilized to train and educate an individual directly responsible for management and/or maintenance of the

subject property, and directly responsible for implementation of the OAHP Green Operations & Maintenance Plan.

### WHY THE NAHMA CREDENTIAL?

“Green rehabilitation practices should result in lower utility usage that reduces greenhouse gas emissions and reduces costs to the benefit of owners, HUD and residents,” said NAHMA

Executive Director Kris Cook. “When rehabilitation, repairs and replacements are performed in a manner that meets both Green and Healthy Housing principles, owners and residents will benefit from lower utility costs, improved indoor air quality, lower risk of pest infestations, lower levels of allergens and reduced risk of mold-related illness—which all in all makes good business sense.”

To apply for NAHMA’s Credential for Green Property Management, fill out the application found at [www.nahma.org](http://www.nahma.org) and send it to Green Credential, c/o NAHMA, 400 N. Columbus St., Suite 203, Alexandria, VA 22314. For more details on the credential program, contact Brenda Moser at [Brenda.moser@nahma.org](mailto:Brenda.moser@nahma.org).

The application fee is \$150 and the annual renewal fee is \$125. **NU**

## Welcome New Certificants!

### NAHP

- >> Carlos Morales  
First Realty Management  
N. Smithfield, RI
- >> Richard Tallent  
Cornerstone Corporation  
Westwood, MA

### NAHP Executive

- >> Melanie McCoy Stover  
Volunteers of America  
Columbia, SC
- >> Mack Hancock  
HIS Management  
Atlanta, GA
- >> Julie Fox  
National Church  
Residences  
Columbus, OH

### NAHMs

- >> Fran Moore  
NHPMN Management  
Sharon Hill, PA
- >> John Macfee  
Hall-Keen Properties  
Plympton, PA
- >> David Ware  
AIMCO  
Philadelphia, PA

### NAHMT

- >> Anthony Williams  
Cornerstone Corp.  
Westwood, MA

# Property Insurance—Don't Get Caught Short

Almost all property owner/management agents (O/As) purchase insurance to protect against loss of or damage to their buildings, personal property and loss of income (rents). However, not all purchase the right amount of insurance.

When purchasing insurance, it is important to consider proper insurance to value—in other words, make sure that you have enough insurance, but not too much! This article will focus on building value, as it is the most difficult to estimate and drives your premiums the most.

Catastrophic losses (an entire building is destroyed) are rare, but they happen and are why you buy insurance in the first place. Small losses can be absorbed by your budget or funded over time, but the risk of uninsured catastrophic losses will keep you awake at night. You'll sleep better if you know your insurance is sufficient to rebuild after a total loss, and your dreams will be sweeter knowing you haven't bought too much.

## HOW TO REPORT ACCURATE VALUES

It is your responsibility to report values to your insurer that are supportable and sufficient to

replace your building in the event of a catastrophic loss. The values should represent the estimated cost to replace the property "with like kind and quality of materials," also known as replacement cost (which is not the same as the cost to "reproduce" the building).

The best, most accurate method to calculate supportable replacement values is to use the actual cost to construct the building and, if time has passed, apply a trending factor (available from your insurance professional) to bring the valuation up to date. However, this method requires knowing original construction costs.

The next best method is to engage an appraiser to perform an "insurance appraisal" of the building. Although it may not be cost effective to have all of your properties appraised, once an appraisal is performed, future values can be updated with trending factors.

The most common (and least expensive) method is to use a valuation manual, such as Marshall & Swift or Boeckh, designed to allow lay people to estimate building values. While this method is the least accurate of the three, it does provide supportable numbers and can be an excel-

lent choice; and depending on how your insurance is written, absolute accuracy of your values may not be necessary.

## VALUATION AND YOUR POLICY

Property insurance is most often provided in one of three ways, and the type of insurance your policy provides will dictate how your values are reported to the insurer.

1. "Blanket" coverage, where there is one policy limit for all locations;
2. "Specific" coverage, where each location or building has its own limit; and
3. "Guaranteed replacement cost," a hybrid where you report a specific value but the insurer will pay the entire cost to rebuild even if it is greater than the limit of insurance.

"Blanket" insurance is the preferred method to insure multiple buildings because you have the entire policy limit available to pay for any loss at a single location. For example, 10 buildings at \$10 million each equal total reported values of \$100 million, which generally becomes the blanket policy limit.

When insuring on a blanket basis, your goal is to provide credible numbers to your insurer and keep them current. The

accuracy of the reported value of an individual location becomes less important because the total blanket value is your policy limit. Remember, since lower values usually result in lower premiums, report the minimum supportable values that your insurer agrees are adequate.

"Specific" insurance means that the limit on the policy for each location is all that will be available to pay for a loss at that location. When your policy provides specific limits for each location, it is critically important to report accurate values. If the values are too low, the excess loss could be uninsured, leaving you with a shortfall. Some specific insurance policies will include a "margin clause" where the limit of insurance can automatically increase by the margin (typically 10%–15%) if the loss exceeds the policy limit.

Remember, if you purchase specific insurance, or if you change from blanket to specific insurance, it is critical that you evaluate the reported value of each of your properties to make sure that they are sufficient to rebuild. Only then can you sleep soundly, knowing a catastrophe won't catch you short. **NU**

*Al Shapiro is a Senior Consultant with Albert Risk Management Consultants of Needham, MA.*

# Taking Training Seriously

**NAHP:** Michael Alexander, NAHP-e  
**MANAGEMENT COMPANY:** The Pinemont Apartments, Inc.  
**POSITION:** Project Administrator  
**YEAR OF CERTIFICATION:** 1997

There is probably no stronger proponent of training and certification programs than Michael Alexander. As the part-time executive director of AHMA East Texas, and an AHMA executive director who still manages a property, Alexander promotes certification programs such as the NAHP among his staff and throughout the AHMA East Texas service area—for several reasons.

“First, every certification lets everyone else know you take your job seriously,” Alexander noted. “It’s vital to show that you are on a track to stay in compliance with every rule and regulation.

“Second, without that education, you can get yourself and your property into trouble.

“And as a sideline, every certification looks good on your management reviews. They also help your property become one of NAHMA’s Nationally Recognized Communities of Quality®, and there are only about 700 of those in the whole country.”

Alexander has had a long career in affordable housing management, beginning nearly 30 years ago when he worked in resident services for senior housing for Judwin Properties.

There he served the needs of people of all ages living in 7,000 units.

“When the oil crash hit,” Alexander said, he went to Bryan-College Station to work with a retirement community for three years. An opportunity then arose to return to Judwin Properties, and Houston. In 1994 he began his work at Pinemont Apartments and became project administrator for this 130-unit, Section 8 and Section 202 property. It became a Community of Quality® in 2008.

Alexander finds it sad when owners and agents forget the importance of training for their staff. “They treat it as less than important,” he said, “when in actuality things are changing all the time.”

That hasn’t stopped the

Pinemont from staying updated, however. “We’ve just recently renovated and for preservation’s sake have done major re-siding, added solar screens and, since it’s senior housing, color-coded the buildings green, blue, salmon-red and yellow. It has a nice a Caribbean feel,” he said.

Alexander urges property owners and managers to remember the importance of training for their staff. He notes that AHMA ET offers monthly training and that “every time there is a class, there’s something new or there’s been a change.”

“People in the field should never be short-circuited by not being educated. Sometimes we assume our staff knows what’s currently expected of the industry, when actually they’re struggling with it.” NU

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

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