

Seeking a Solution In-House or Third Party Management

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Welcome and Introductions

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Who are we?

Who are you?

What we hope to accomplish in our short time together

Clarifying Terms

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Third-Party Property Management

- Contracting with an unrelated third party to carry out the day-to-day property management and compliance functions

In-House Property Management

- Using a closely related entity to provide the day-to-day property management and compliance functions

Asset Management

- Providing ownership-level oversight for efficient stewardship of the business

Important Takeaways

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Be honest with yourselves

- Understand your organization's strengths and weaknesses

Be honest about why you are in the business

- Why do you own the specific properties?

Be willing to invest in Asset Management

- It is critical under either model

Isn't self management always better?

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Not always - one size doesn't fit all

An Organization's priorities, strengths & weaknesses should inform the decision

- Make the time to understand priorities, strengths, weaknesses
- The answers may vary based timing and on individual property needs

~~No Single Right Answer~~

The right answer actually exists if willing to accept it

Advantages of Third-Party Management

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Financial

- Economies of scale is a real thing.

Operational

- Property management is their business focus & set up to do it.

Concentrated and technical expertise

- Specialized skills, depth of bench, staff development opportunities

Ability to replace

- You have choices - different ones have different strengths and styles

Greater objectivity

- Owner is separated from day-to-day situations
- Reduces internal conflicts about performance and decision-making

Realities of Third Party Management

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Still requires owner investment in Asset Management

- You need a solid and consistent performance monitoring system
- Management companies can only work with the resources given them

Limited day-to-day control over resident interactions

- When supportive services involved, greater likelihood of mission/values conflict

No one company is perfect

- Align with one that complements your priorities, strengths and weaknesses

People matter

- The abilities of the individuals are more important than their employers

Things to keep in mind when selecting a third-party management company

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Know how your portfolio fits within their company

- Size, geographic locations, property types, resident demographics

Remember, you get what you pay for

- Set realistic expectations

Know what you need

- What are your strengths and weaknesses; what matters to you?

Advantages of Self-Management?

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Tends to more easily support the provision of support services

Can provide closer accountability to residents

Internal decision making and authorizations may provide greater day-to-day control

Property management staff are embedded within organizational culture and mission

Realities of Self Management?

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The business of property management impacts the mission

- Finding, maintaining and developing qualified staff is time consuming
- Any required internal subsidies take money away from other programs
- Limited separation exists between leadership and daily activities and residents

The mission impacts the business of property management

- Self management requires an emotional investment that influences business decisions
- It is common to experience internal conflicts when it appears the business aspects collide with the mission aspects

What else do I need to know about self-management?

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Financial impact should be examined closely

- Don't assume you can be more efficient and cost effective than a company set up to focus on property management
- Self management may not appear to make financial sense but may help offset other organizational costs (i.e., overhead)

Requires significant internal infrastructure

Accounting and budgeting

Resident data

Ongoing staff training

Maintenance / work order systems

24/7 staffing abilities

Compliance abilities

Your investor / Lender may not allow you to self manage

Sampling of Questions to Ask

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- In what real ways will self-management better support my organization's mission?
- How much of a financial investment are we prepared to make?
...Do the positives outweigh that investment?
- Under a self-management model, what internal conflicts should we expect and how will we manage them?
- Is our organization prepared to be on call 24/7 to respond to property emergencies?
- Would outsourcing parts but not all offer a good solution?

Don't Forget this Question...

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Who lives in our properties?

- Tenants
- Residents
- Customers
- Clients

Having a clear understanding throughout the organization of the above answer is imperative when deciding which model will work best

Peer Experts in the Field

- Ask lenders/investors, regulatory agencies / government funders who they think does a great job at Property Management and Asset Management
- Go talk to those that have experience self managing and those who have experience managing the manager.
- Ask what they do and how.
...Perhaps those organizations have staff that could consult with you for a while

Support Organizations and Consultants

- People and organizations exist who have experience in this field and who can help facilitate internal decision making and help you drive the evaluation process

Closing and Questions

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THANK YOU!

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