Property Management for Nonprofits

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Effective Management Requirements

- Licensing
- Landlord Tenant Statutes
- Lease Term & Rule Enforcement
- Insurance
- Staff
- Accounting
- Financial Reporting
- Audits and Tax Returns
- Marketing
- Leasing
- Collections
- Maintenance
- Vendor Contract Management
- Utility Management/ Liability / Environmental Issues
- Compliance with Regulatory Agreements
Managing properties requires hiring trained and competent people – there are a lot of people who think they have the skill sets for property management but the reality is that property managers need to have a strong understanding of a number of business disciplines such as physical asset maintenance, accounting, leadership, marketing, leasing, time-management, legal (as it relates to rentals), knowledge of housing regulations and law (local, state and federal) and not having that knowledge of specific regulations and law can have negative consequences. For example, you could be fined for violating Fair Housing law. Specific knowledge about covenants related to properties is essential. People in this business need to study and stay current on a variety of business disciplines.
Professional property management companies have a system of policies, procedures and mechanisms in place to take in new properties in an orderly manner and manage them effectively from the start. Managing on your own requires the creation of this “system” and that can take years of development and substantial investment. Property management has a relatively high fixed-cost point of entry… it can be a business of attractive operating leverage but getting to that point requires significant investment and time… again, interested parties should consider whether this investment is consistent with their core competency.
Managing for oneself requires a careful examination of whether property management is a “core competency” of an organization, i.e. why do property management when your real expertise is social services, or development, or some other business?
The professional management company you select, if professional management is the objective of your organizational strategy, must “fit” with the philosophy and mission of your company. Management must buy into the programs and policies of your not for profit. Most not for profits have various social programs that are integral to their operations and management is one of the keys to effective program implementation. In addition, volunteer boards and executive staff trained in social programs pose a special treatment by management. Many management companies have little or no experience dealing with these unique conditions.
Rather than managing property…. Consider the merits / issues related to being an owner and what you can expect / demand from a professional property management company.

- Monthly financial reports and professional banking practices
- Assets maintained to code / industry standards
- Protection from direct litigation
- Not having to deal with resident issues directly
- Insurance provided under a master policy the agent maintains (where costs are allocated to the properties at what should be attractive premium amounts)… including workers’ compensation
- Assurance that the property is being managed “24/7”… the property management company will handle those 2 AM calls
- Assurance the property will be in compliance with regulators, law, regulations and Fair Housing requirements… including compliance with OSHA, EPA, Department of Labor, etc.
- Assurance the property management company will have a variety of specialists to help with situations as they arise
Review

- Licensing: Maintain all applicable licensing for the management company and the properties.

- Landlord Tenant Statutes: Abide by all requirements of Chapter 83 Florida Statutes and other applicable statutes.

- Lease Terms and Rule Enforcement: Insure compliance with all requirements for residency. Enforce all requirements equally so as to comply with Fair Housing and discrimination requirements.

- Insurance: Place annually all required insurance policies as outlined in NSP documents and mortgage documents in accordance with applicable bid requirements. Policies must include property liability, workers compensation, loss of rent, directors and officers, flood and wind coverage.

- Staff: Hiring staff means being responsible for regular payrolls, taxes and withholding procedures, benefits and business insurances… such as liability and workers’ compensation.

- Accounting: Prepare an annual operating budget to submit to all parties to the transaction. Record all deposits and maintain tenant deposit records. Pay all accounts payable when due. Account for all applicable reserve accounts. Provide all documentation for all audit functions as required.

- Financial Reporting: Report monthly to all parties to the transactions a complete set of financial reports to include a profit and loss, balance sheet, and accounts receivable status, all as a comparison to the approved operating budget. Perform any and all other required NSP reporting.

- Audits and Tax Returns: Coordinate with auditors to provide financial information to prepare annual audits and tax returns.
Review

- **Marketing**: Advertise, promote and conduct outreach activities as required to maintain occupancy at acceptable levels to exceed budget performance standards. Maintain a waiting list of qualified tenants.

- **Leasing**: Lease to qualified tenants in accordance with all applicable regulations and certifications. Maintain all tenant record files and report as required for monitoring purposes.

- **Collections**: Collect all rent and other amounts due in a timely manner and deposit into the appropriate bank accounts.

- **Maintenance**: Maintain all buildings and grounds in an appropriate manner to preserve and protect the asset. Provide adequate reserves to replace components as necessary. Provide timely service to tenants for maintenance repairs. Purchase all materials and supplies in compliance with required procedures. Retain the services of qualified vendors and supplies to make all necessary repairs.

  Vendor Contract Management: Take advantage of multiple property buying power. Ensure compliance with insurance requirements.

- **Utility management / liability, environmental issues (lead based paint, radon, asbestos, mold, water damage, infestation, bed bugs)…. All challenging aspects of property management.**

- **Compliance with Regulatory Agreements**: Monitor monthly, quarterly and annual service requirements and provide status reports to owner.
Critical Points for Asset Management

- Daily, weekly and monthly reporting of occupancy, units on notice, application status and waiting list
- Budget versus Actual Revenue and Expenses
- Maintenance Reports
- Resident Activities
CONCLUSION

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Additional information is available upon request