

# PUMP IT UP!

## The 6th Annual Asset Management Professionals' Conference



**December 1-3, 2005 • San Francisco, CA**

*Conference Description – Goals – Who Attended – Participant Testimonials- CHAM Sponsors  
Conference Sponsor – Presentation Summaries – Presentations*

### Conference Description

The Consortium for Housing and Asset Management (CHAM) Annual Asset Management Professionals' Conference is the only professional development and networking event devoted solely to building the capacity of affordable housing asset managers. At dynamic workshops, plenary, roundtables and peer-to-peer sessions, participants share best practices, industry information, emerging issues and trends and explore how today's managers can best build and maintain sound real estate portfolios that satisfy the "double bottom line."

This year, **more than 190 CHAM Conference participants** gathered in San Francisco at the historic Westin St. Francis Hotel on Union Square. Enthusiastic housing professionals **from 32 states and the District of Columbia** – even one from Alaska! – CDC asset managers and finance directors, along with some of their board members and executive directors, state housing authority/agency representatives, LISC, Enterprise and NWA staff, and industry experts – joined CHAM Board members Maria Gutierrez (LISC), David Fromm (Enterprise) and Harold Nassau (NWA) for two days of sessions and the best networking opportunities in the industry. This was by far our **biggest crowd ever, and a 15% increase over last-year's attendance**. Many thanks to LISC's **Judy Turnock**, Conference Manager, for a great job. And without **Jessica Boykin**, Meeting

**Planner, and her staff, Aysha Gourdine and Amanda Brewster, and IT guru Luis Perez,** all donated by LISC, nothing would have run so smoothly!

Breakfast on the first morning featured a double-screen slide show of CHAM past – all 5 Conferences! – accompanied by a rousing musical medley, just to get everybody in the right frame of mind.

The Conference kicked off with Maria Gutierrez’s signature brand of welcome – it was a true PUMP IT UP! experience – with the PUMP IT UP! theme song and aerobic clapping! Conference **Corporate Sponsor Citigroup** was on hand in strength to greet everybody: **Cheryl Evans, Velma Sanchez, Dan Beaton and Bill Lew.** Cheryl Evans gave the official greeting, delivering a strong and very public Citigroup endorsement of CHAM goals – both the course of study and the Conference.

We swung right into the **opening plenary session, Flexing Your Asset Management Muscle: 21<sup>st</sup> Century Leadership Strategies for Getting in the Game,** moderated by **Maria Gutierrez** and fellow CHAM Board member **Harold Nassau,** on leadership strategies and power plays for asset managers, a McLaughlin Group-style discussion that got everybody’s hearts pumping! Maria and Harold were joined by **Kim Cross, Mary White Vasys, and Ed Stone.** How should you plan for Year 15? How do you avoid workouts down the road? What design and finance features are important for operation and maintenance? This panel gave their best thinking and experience about how proactive asset managers can improve both the project development process and the long-term performance, of each project and the portfolio as a whole. The different investor and field perspectives made for some exchanges that got pretty lively!

**Exhibitors TCG Technologies,** joined by **Domus Software,** and perennial favorite, **HUD’s Division of Neighborhood Networks,** set up shop in the hallway outside the meeting rooms and enjoyed a constant stream of visitors and inquiries. The well-stocked Book Store ran throughout the Conference. There’s no need for every CDC to re-invent the wheel. Learn from what others have done by building your CDCs’ resource libraries!

The **Award Lunch** on Friday featured a **keynote speech** by **Ed Connelly, President of New Ecology, Inc.,** in Cambridge, and the principal author of THE definitive study on green affordable housing techniques, just released in September. A rapt audience actually took notes as he went through the lessons learned – primarily how pieces of the green puzzle can be fit together so there is no or very little development premium. And, in what we expect will be an annual event, the CHAM Board and the Five CHAMpions welcomed **4 new CHAMpions** to their elite ranks, accompanied appropriately by Queen singing “We Are the Champions.” **Ricardo Castillo, Linda Craig, Alex Meacham and Craig Saxon** completed the rigorous program of study and prepared the challenging Asset Management Plans for their organizations. We expect to hear about how those plans panned out at the 7<sup>th</sup> CHAM Conference next year. Ricardo and Craig, along with Linda and Alex *in absentia,* received their pins, framed certificates, and “the” coveted CHAM t-shirt – all to enthusiastic applause. It’s time for those hundreds of other committed asset managers who are already in the program-of-study pipeline to get

serious – we want to applaud you as you receive your CHAMpion pins and certificates! And of course the CHAM t-shirt awaits.

The day ended with a **gala reception**, where everybody ate, drank and was merry before heading off to dinner in a city renowned for its inventive cuisine. The reception was an opportunity for participants and presenters to have some great discussions about the inspiration from their challenging and thought-provoking day of sessions. A highlight was the drawing among those who had completed a software survey. **TCG Technologies CEO Gustavo Sapiurka** himself presided over the presentation of two **American Express gift certificates** contributed by his company: one for \$50 and one for \$100.

The **second day plenary session, Breakfast of CHAMpions!** was, we heard from many participants, the highlight of the Conference. Four of the first five CHAMpions, inducted at the 2004 Conference, gave a progress report on the implementation of the Asset Management Plans they had created as the final requirement in completing the CHAM Course of Study. They did not just take turns delivering power point presentations – they played football! Coach (and CHAM board member **David Fromm**) introduced the team – **offense Judi Patrick and Mary Martin, defense Kathie Bryan, and referee Rey Sison** – took the sell-out crowd through their year-long game. Focusing on single family and multi-family rentals as well as some home-ownership opportunities, they pretty much covered the map of our portfolios. They experienced touchdowns, fumbles, penalties, team building exercises, strategy shifts, and even a couple of trades, but all in all there were more wins than losses. They were an inspiration to the new CHAMpions AND to the growing number of people who are on the brink of completing the requirements. The CHAM team is going to explode!

In addition to the plenaries, the Conference featured a cornucopia of **breakout sessions – 13 in all, plus 5 breakfast roundtables** – led by a wide array of terrific presenters, almost evenly split between expert consultants and CDC practitioners. The CDC representatives, with their unique experience and amazing stories of success against all odds, joined top-flight expert consultants, some new faces and some perennial favorites, to lead fascinating sessions on:

- mixed-use and commercial challenges,
- Year 15,
- USDA programs,
- community safety,
- resident services,
- Seattle's success with collaborative reporting and inspections,
- organizational designs and strategies,
- green retro-fitting techniques,
- capital needs planning,
- risk management planning,
- legislative update, and
- making the tough calls when a portfolio is in trouble.

And we didn't stop there: breakfast on the second day was the scene of the 5 **“Stump the Experts” roundtable discussions**, on:

- asset management planning,
- asset management leadership,
- real estate valuation and tax appeals,
- utility audits and
- asset management software systems.

Special thanks to James DePasquale, of DePasquale, Kelley & Company, Los Angeles, Larry Brattain, Apollo Housing Capital, Cleveland, and Scott Predmore, Utility Cost Management LLC, Los Angeles, who came all the way to San Francisco just for breakfast! Thanks to them, it's hard to imagine anyone went home with any unanswered questions. In addition, all those who made it to breakfast on that second day were treated to a double-screen slide show of photos from the Conference's first day, of course accompanied by the PUMP IT UP! musical medley.

As always, **David Fromm** conducted the **wrap-up session**, where participants delivered many hypes (and a few gripes): “I'm ready to talk back to my insurance broker!” “I never thought about community safety, and now I'm going to do something about it!” “I'll see those tough calls coming, and I'll be ready to make them.” “I understand what pro-active asset management means, and I'm going to do it!” “I made the mistake of thinking I didn't have to worry about Year 15. Now I know I'm my own advocate, and I know what to do, on my existing deals AND the new ones.”

And not surprisingly, our participants had **great suggestions** to consider **for next year**:

- A mentoring program, with a bulletin board to match people
- More information about the CDCs in the application form (ie, size of portfolio, self-managing or third party managed)
- Peer-to-peer follow-up sessions on the internet
- More roundtables but in separate rooms – too loud!
- Hold the Conference on Thursday and Friday!?
- More CDC case studies
- Continued follow-up on CHAMpion asset management plan performance
- Market to development staff!

**What would you like to see? Let us know!**

Finally, the **closing raffle**, for all those who submitted a Conference evaluation form, and the prizes did not disappoint! Presenter **Anker Heegaard** contributed – and signed – a copy of his book; presenter **Peg Jackson** contributed – and signed – two copies of her most recent book; **Ed Connelly** contributed two copies of his Green Affordable Housing study; **registration for the NHMS course** – a value of \$795! (winner: Jane McKenzie); **registration for next year's Conference** (winner: Cindy Erickson) and a slew of **CHAM t-shirts**.

**What did participants think** when it was over? Here are a few comments:

- “Consistent high energy and great humor!”
- “Love the intimate size!”
- “Great balance of sessions and topics.”
- “Loved getting so much session information in advance!”
- “Always keep the photo slide show!”
- “San Francisco is the best!”
- “Perfect hotel logistics, and meeting rooms close together.”
- “Rejuvenating!”
- “This was the best so far!”
- “Best Conference anywhere! CHAM events outshine Novogradic, Altima, Housing California, VIDA...”
- “Very focused.”
- “I’m re-energized for the challenges!”

Since our goal is to assist our CDCs in accomplishing more in their communities, this is exactly what we hope we hear! If CHAM’s not providing information you need in the field, we’re not doing our job.

All the **presentation materials** are a click away below on this website. You can read a brief description and download any or all of the presentation materials. Look there also for the **list of presenters** – we can’t thank them enough!! – and GREAT photos! Kudos to our photographer, Lydia Daniller.

**Next year’s Conference** is already set for **December 8-9, 2006, in New Orleans at the Royal Sonesta Hotel on Bourbon Street**. Mark your calendars as we prepare to bring our own brand of rebuilding to that Katrina-torn city! More information will follow in the summer.

Until then, talk with each other about your challenges, share information about best practices, and complete the survey we’ll be sending you in the early spring. We want to know if what you learned at the CHAM Conference is actually helping you do your job better. Sign up for the CHAM Course of Study, or if you’ve already begun, determine to complete it! **Keep the network alive and growing!**

## **Conference Goals**

The CHAM Conference is a unique opportunity for affordable housing asset management professionals from around the country to:

- Network and share ideas on advanced topics in asset management
- Explore ways to strengthen professional skills
- Search out solutions to common problems
- Pre-view emerging issues and trends
- Build relationship with colleagues

## Who Attended?

- CDC executive directors, finance directors and asset managers
- State Housing Authority/Agency representatives
- LISC, Enterprise and NWA staff
- Industry experts
- Lenders and Funders

## Participant Testimonials – “News we can use...”

- “I’ll conduct a risk assessment AND look for a new property management firm.”
- “I’m a developer at my CDC, and understanding the asset management face of community development will be really helpful to me.”
- “I’m pumped up to continue courses towards becoming a CHAMpion!”
- “I’ll concentrate more on portfolio analysis – and develop an Asset Management Plan.”
- “I understand my role better – I know the right questions to ask now.”
- “Now that I understand the different perspectives of parties in a deal, I’m ready to be more aggressive and proactive, especially in development plans and budgets.”
- “I’m going to look for more expertise on my Board AM Committee and work them harder.”
- “I’ll use my numbers instead of just collect data.”
- “I’m going to institute a lot of crime reduction and police partnership ideas.”
- “I’m going to redefine the AM and CFO roles.”
- “I see how to use my resident services as a marketing tool.”
- “We’ll now focus on exit strategies for our tax credit deals.”

## The CHAM Sponsors

**CHAM** -- The Consortium of Housing and Asset Management -- is a national, nonprofit organization established by three leaders in the field of nonprofit affordable housing production and community development - Local Initiatives Support Corporation, The Enterprise Foundation, and Neighborhood Reinvestment Corporation. CHAM's mission is to expand the capacity of community-based organizations and others working in the nonprofit housing industry so they responsibly own and professionally manage their affordable housing.

**Local Initiatives Support Corporation's** mission is to help community development corporations (CDCs) transform distressed neighborhoods into healthy communities. LISC believes that CDCs are the best vehicles to achieve lasting and positive community change for the benefit of low- and moderate-income people. These organizations are accountable to local residents and engage in a wide range of physical, economic, and human development activities. By marshalling private-sector resources and extending

financial and technical support to CDCs, LISC enables residents to set their own priorities and shape community renewal. [www.lisc.org](http://www.lisc.org)

**Enterprise Community Partners**, a national nonprofit, is dedicated to improving distressed communities. It was launched in 1982 by Jim and Patty Rouse. Since then, Enterprise and its related organizations have raised and leveraged \$3.5 billion and helped to create more than 120,000 affordable homes and to place more than 35,000 people in jobs. The foundation's mission is to see that all low-income people in the United States have the opportunity for fit and affordable housing and to move up and out of poverty into the mainstream of American life. [www.enterprisecommunity.org](http://www.enterprisecommunity.org)

**NeighborWorks America** collaborates with residents, government and business leaders to develop strong partnerships that revitalize America's urban and rural communities and make housing affordable. These partnership organizations, comprising the NeighborWorks® network, are active in more than 2,300 communities. As a powerful complement to the network's ongoing revitalization efforts and as a strategy for reaching out to the community development industry, the NeighborWorks America Training Institute and its educational programs and materials are central to NWA's mission. [www.nw.org](http://www.nw.org)

## **Corporate Sponsor**

**Citigroup**'s commitment to corporate citizenship is an extension of our business. By providing access to credit through microfinance; lending and investing in low- and moderate-income (LMI) communities; financing projects that support sustainability; and fostering financial education and career development, we strengthen the community and our industry. We continue to focus in three areas: building communities and entrepreneurs, financial education, and educating the next generation. [www.citigroup.com](http://www.citigroup.com). Thank you, Citigroup!

## **Conference Partners**

**National Equity Fund, Inc. (NEF)**, is committed to affordable housing, and we have 1250 projects that prove it. Since 1987, we have infused \$4 billion in investor equity into projects in more than 200 urban neighborhoods and rural areas nationwide. But NEF is about more than a check and a handshake. We understand how the concept of "home" anchors a community, how it helps nurture local culture and support long-term stability. We know that safe-vibrant neighborhoods need not be the province of the affluent. That's why, together with our parent LISC, we are helping neighbors build communities.

**Enterprise Community Investment**, a subsidiary of Enterprise Community Partners, works with partners to finance, develop and acquire affordable housing and other community development initiatives in underserved neighborhoods across the country. ESIC undertakes a variety of initiatives in fulfillment of its mission. Through low income housing tax credits, ESIC has raised over \$3.7 billion in equity from more than

170 corporate investors for investment in an estimated 70,000 affordable homes nationwide.

## Presentation Summaries

### Plenary Sessions:

#### ***Flexing Your Asset Management Muscle: 21<sup>st</sup> Century Leadership Strategies for Getting in the Game –***

**Maria Gutierrez, Harold Nassau, Kim Cross, Ed Stone, Mary White Vasys**

In the opening plenary session, a McLaughlin-style roundtable, provocative questions sparked a point/counterpoint among the panel of experts. Today's community development industry needs asset managers who do more than manage – they need to lead! The sources of their asset management power, how resource control, expertise, and information lead to the ability to have greater influence, and how we expand their sphere of influence. Panelists representing investors, consultants and CDCs discussed their different perspectives, so the lively interchange meshed investor requirements with what's actually happening on the ground.

#### ***Breakfast of CHAMpions: Tales from the Locker Room –***

**David Fromm, Kathie Bryan, Mary Martin, Judi Patrick, Rey Sison**

In an on-stage football game format, four of our five CHAMpions shared their progress on the Asset Management Plans they developed as the final step in the CHAM Course of Study. They covered:

- New Construction development plans
  - Reserves analysis
  - Property financial performance – analyzing expense & income trends
  - Market analysis – studies and cultural understanding
- Rehabilitation properties
  - Refinance or not?
  - Marketing plans/analyses
  - Performance measures

Tales from the Locker Room.ppt

### Concurrent Sessions:

#### ***Meeting Mixed-Use and Commercial Challenges –***

**Rick Jacobus, Steve Woolery, Mary Lucero-Dorst**

This panel went through the key issues that pose special asset management challenges:

- Understanding the differences between commercial leases and apartment rental leases;
- Planning for and manage build-out of commercial spaces;
- Evaluating potential commercial tenants; and
- Helping commercial and residential tenants to co-exist peacefully.

[www.cdexchange.org](http://www.cdexchange.org)

***Heavy Lift: Measuring Results from Residential Services –  
Francie Ferguson, Diana Meyer, Pat Magnuson***

If we could measure results – helping families build personal assets by removing barriers to their success and having properties perform better – we could improve the policy and funding environment for residential services. Enterprise and NeighborWorks have launched such an initiative, working intensely with 10 CDCs which includes training, developing best practices. See what you can use in your CDC: a wealth of materials! Stay tuned for the Resident Services Manual to be published in 2006.

Asset Chart.doc  
Background Paper.pdf  
Definitions.doc  
Measuring Results.ppt  
Fordham Bedford Partnership.ppt  
Measurement.doc  
Supporting Property Performance.ppt  
Service Delivery Methods.doc

***Pulling Together: The Seattle Collaboration to Maximize Asset Management –  
Joanne Quinn, Cindy Erickson, Tim Sovold, Lisa Vatske***

A case study in public funder teamwork. How the City of Seattle, State of Washington, Housing Finance Commission and other public funders have managed to pull together and create a common voice, beginning with agreement on one report and one inspection.

Seattle Collaboration.ppt  
Handout 1.xls  
Handout 2.xls  
Handout 3.xls

***Community Safety: A Great Offense Is the Best Defense –***

**Margaret diZerega, Charles Hazley**

Safety IS an asset management challenge. It affects property costs and alters the perception of a neighborhood. After laying out a foundation of community safety strategies, the presenters, from LISC's Community Safety Initiative (CSI) delved deeply into the Kansas City, MO, experience, where a committed partnership between a CDC and its tenants, local law enforcement, and city agencies brought positive results for tenants and even on overall neighborhood safety: tenant monitoring, preventing crime during design and construction, as well as during operation. A list of website resources is also provided.

CSI Presentation.ppt

Articles Handout.doc

***Iron Man Challenge: Conquering the Changing Rural Landscape --***  
**Judi Patrick, Mirna Reyes**

Rural expert practitioner (and CHAMpion) Judi Patrick welcomed Mirna Reyes of California USDA, who first walked everybody through USDA Rural Housing programs and then sent participants home with a mass of program materials.

USDA.ppt

***Countdown to Year 15: An Exercise in Endurance --***  
**John Brandenburg, Andre Blakley, Wade Okada, Dorena Rodriguez,**  
**Craig Saxon**

As more and more tax credit projects reach Year 15, what do asset managers need to know and do? Practitioners from ESIC and NEF gave both an overview of the process and detailed information about what asset managers can and should do. In general, sponsors can acquire the projects or the investor can sell or donate its interest to a third party, and asset managers are key players in drawing up workable plans and then ensuring their successful completion. The goals are to uphold fiduciary responsibility to the investors while minimizing displacement of low-income tenants and promoting purchase by non-profit partners. Three case studies, on preservation of low income residents through a refinancing, a partial condo conversion, and a resyndication, brought the theory right down to ground level.

Year 15.ppt

Year 15 Overview.pdf

Year 15 Facts.pdf

Year 15 NEF.pdf

Resyndication.doc

Charitable Contributions.doc

Apt Pro Article.pdf

AHF Article.pdf

***Growing Pains: Successful AM Organizational Designs and Strategies --  
Judy Weber***

Working from actual CDC experiences, charts, and checklists, Judy and participants took an in-depth look at three topics:

- **Best practices in CDC asset management design.** The pros and cons of the asset manager reporting to the Executive Director or COO, to Property Management (for those who self manage), to Housing Development, to the Financial Manager (CFO) or to two or more senior staff.
- **Evolution of the CDC asset management role,** from focus on managing the manager to managing the asset's financial outcomes. Includes a fun quiz on financial management, property management and/or asset management roles!
- **Property management joint ventures** as an alternative to the traditional self-management and third-party management alternatives. What are the options?

Organizational Design.ppt  
PM Joint Ventures.ppt  
AM & FM Roles.doc

***Sculpting the Body “Green”: Onus or Bonus? --  
Ed Connelly, Clare Bressani-Tanko, Alistair Jackson***

After an overview of the affordability of “green” retrofitting existing buildings from Ed, primary author of New Ecology Inc.’s Cost/Benefit Analysis of Affordable Green Housing, Clare and Alistair described a wealth of actual techniques, materials and funding strategies, including how to work with tenants to make sure the changes actually result in the promised savings.

Jackson.ppt  
Tanko.ppt  
Connelly Part 1.ppt  
Connelly Part 2.ppt  
Connelly Part 3.ppt  
Checklist for Energy Efficient Rehabs.doc

***Free Weights: Stump the Experts Roundtable –  
Building Your Asset Management Plan – Len Tatum***

Len took participants through the outlines of diagnosis, cash flow analysis, reserves, capital needs assessment, debt service coverage, staffing property management, compliance and overall portfolio analysis.

AM Planning.ppt

***Domus TCG – Gustavo Sapiurka***

Domus TCG.ppt

Domus TCG.pdf

***Performance Enhancers: Legislative Update –  
Barbara Burnham, Nora Lichtash***

Where we are in authorizations and appropriations for Rural Housing and HUD programs, analysis from the National Low Income Housing Coalition and the National Association of Housing and Redevelopment Officials (NAHRO), LISC's federal policy expert and a Philadelphia CDC activist analyzed the past, present and future.

HUD Appropriations.pdf

HUD Budget NLIHC.pdf

Federal Rural Housing and Community Development Appropriations.doc

***Sweat of No Sweat? When Asset Management Becomes Micro-Management --  
Jack Geary, Mike Clark***

Where is the line between aggressive and productive asset management and micro-management that stifles creativity and results? Jack and Mike role-play through the red flags and change strategies that really work, using real-life scenarios we all recognize:

- line-item focus;
- owners undercutting the manager's authority;
- too many meetings;
- reports fiascos;
- contractor challenges; and
- working with third party property managers:

***Risk Management Planning for High Impact --  
Harold Nassau, Peg Jackson, Al Alvarez***

Al Alvarez gave an overview of why Risk Management Planning is key to top organizational and portfolio performance AND better insurance rates and coverage; Peg Jackson conducted a "how-to" create a Risk Management Plan and get the best possible service from an insurance broker; and Harold Nassau described a ground-breaking alternative to CDCs finding their own insurance: NWA's new insurance buying pool.

NWA Insurance Program.doc

Jackson.ppt

Alvarez Outline.doc

***Beyond Good Intentions: Making the Tough Calls --***  
**Anker Heegaard, Len Tatem**

Using case studies, Anker and Len walked participants through making the most difficult decisions any organization has to face and then live with the consequences:

- Turning around dysfunctional portfolios
- Arranging for recapitalization
- Evaluating property management company performance
- Divestiture?

Case Study 1.pdf

Case Study 2.pdf

***Running the Capital Needs Marathon –***  
**Bob Santucci**

Veteran Santucci, after taking participants through the paces of creating a Capital Needs Plan, sent everyone home with a wealth of resource materials and spread sheets – and a CD with the spread sheet on it, so everybody can do the math!