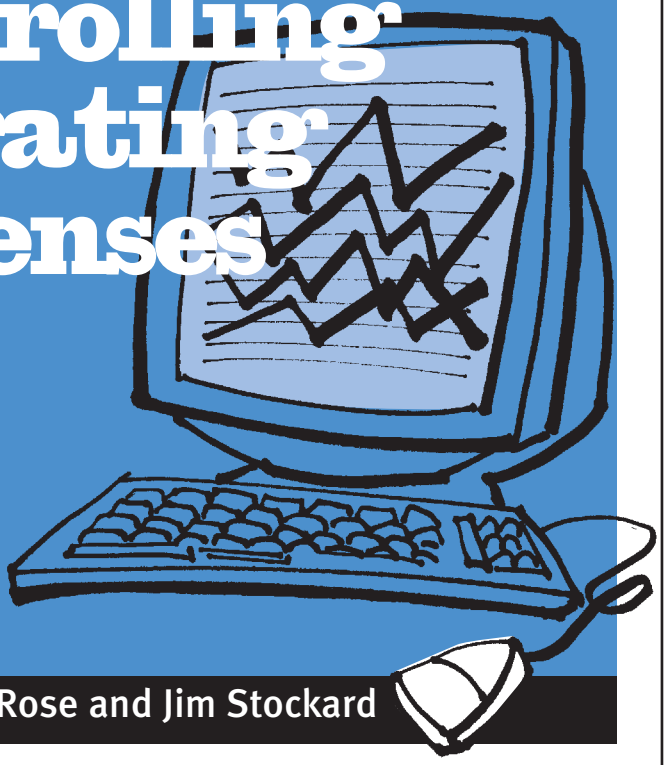
Monitoring and Controlling Operating Expenses



By Judith Kepner Rose and Jim Stockard

A LISC ASSET AND PROPERTY MANAGEMENT PEER-TO-PEER LEARNING WORKBOOK

for small self-directed working groups, brown bag lunches and other informal gatherings

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The Peer-to-Peer Learning Workbook Series® is produced by the Organizational Development Initiative of the Local Initiatives Support Corporation (LISC). The series has been developed specifically for the not-for-profit community development industry. Community development corporations (CDCs) are found across the country actively improving their neighborhoods and cities by developing and managing affordable housing.

The Organizational Development Initiative (ODI) is LISC's in-house management consultant, providing a broad array of services and technical assistance to CDCs. ODI designs locally-delivered trainings and business tools for improving both day-to-day operations and strategic thinking and planning.

This workbook is one in a series that has been specifically designed for CDC asset or property managers or other individuals working in not-for-profit housing. There are many ways the workbook can be utilized. Designed specifically for groups of practitioners who may gather to discuss topics of shared interest and common experience, the workbook exercises are crafted to stimulate dialogue and support peer-to-peer learning. They can be used all or in part during "brown bag" lunches, for discussions following more formal trainings and meetings, or even for self tutoring. We look forward to hearing how you have used it!

We invite you to visit our internet site **www.liscnet.org** for more information on LISC, and **http://www.liscnet.org/whatwedo/programs/odi/#05** for other ODI resources you can purchase.

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Why is this Topic important to us?

Operating expense oversight is one of the primary fiduciary responsibilities of an asset manager. Monitoring and analysis allow the CDC owner to keep a finger on the pulse of project spending and to shift priorities as needed thus ensuring and safeguarding the health of our properties over the long term.

Activities in this Workbook

- What are Operating Expenses?
- Using the Income Statement and Budget
- How do we monitor and evaluate?
- Where should we focus?

ACTIVITY 1

What are Operating Expenses?

One definition of **Operating Expenses** is:

"Day-to-day expenses incurred in order to operate or maintain a property."

Operating expenses are often categorized into four main areas: Maintenance, Utilities, Administrative, and Taxes/Insurance/Other. In general, payments to reserves, financing expenses and depreciation are not considered to be operating expenses although some funders may ask for them to be reported as such.

There are many reasons that it is critical for managers of affordable housing to keep a close watch on operating expenses. They include:

- **Keeping expenses down, without sacrificing operations, enables us to fulfill our missions of providing affordable housing.**
- **We are stewards of public money and have a responsibility to keep our expenses in line with private industry.**
- **Since income has some limits, high operating expenses may jeopardize mortgage payments, effective operations or the rent affordability.**
- **Poor cash flow on our projects may make funders hesitate to provide loans on future projects.**

COLD SPRING CDC

The Cold Spring CDC has just hired a new asset manager, Carmen Hernandez. Carmen recently graduated from college with a degree in planning, and the executive director told her that the first thing she needs to do is work with the property manager to get control of the portfolio's operating expenses. Carmen needs some help on the topic. Let's help her start out by listing all the different types of operating expenses we can think of.

_____

_____

_____

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_____

ACTIVITY 2

Using the Income Statement and Budget

At most CDCs, a monthly report is generated that records all the income and expense items for the month. This report is referred to as a "Profit and Loss" statement or an "Income and Expense" statement. If a property is not fully owned by the CDC, for example is tax credit financed and is therefore owned by a partnership, it will have its own report. Frequently the report is formatted to include a column with the annual and/or monthly budget as well as a final budget variance column.

The Profit and Loss statement, or a similar one called a "budget to actual," is used by property and asset managers as their primary cost control tool. Every month they will look at the list of expenses and then scan the variance column to see if anything is under or over 10% of budget.

LOOKING AT THE P&L

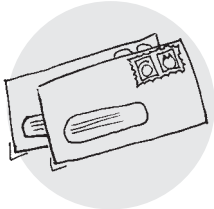
Carmen sat with Kevin the controller to get his take on operating expenses. Together they looked at a copy of one of the income statement reports that he generates each month. Kevin pointed out the budget variance columns and explained that one place to start monitoring costs would be here.

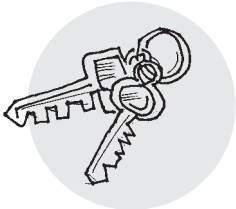
Here is a section from the Lane Gate Apartments Profit and Loss Statement.

LANE GATE APARTMENTS AS OF 2/28

Operating Expenses	Actual Current Month	Budget Current Month	Current Variance	Actual Year to Date	Budget Year to Date	Year to Date Variance
ADMINISTRATIVE EXPENSES						
Telephone	0.00	32.00	(32.00)	0.00	64.00	(64.00)
General Office	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	0.00	0.00	0.00	0.00
Tenant Screening	0.00	0.00	0.00	15.00	0.00	15.00
Dues and Subscription	33.22	0.00	33.22	33.22	0.00	33.22
Office Supplies	148.38	13.00	135.38	160.88	26.00	134.88
Postage	1.65	8.00	(6.35)	2.67	16.00	13.22
	183.25	53.00	130.27	211.77	106.00	105.79

- **Have you used a report like this in your cost controlling efforts?**
- **Is it formatted the same or does yours contain information not included here?**
- **What other types of reports have you used in your cost controlling activities?**
- **If you received this report, what would you ask questions about?**





ACTIVITY 3

How do we monitor and evaluate expenses?

In order to control operating expenses at a project, it is essential to first monitor how the individual expense lines trend over time and to compare them with the expenses of other projects. There are many ways to do this, however savvy managers look at:

- **Current expenses in relation to prior month expenses, and to those of the same month in prior years;**
- **Current expenses of one property in relation to the current expenses of other properties in the same portfolio, and to those reported by properties owned by others in the area or region.**

For instance, if maintenance repair expenses seem to be a problem at one of your properties, you could track the monthly expense total for that line item to see how it changes from month to month, and then compare it to other similar properties in your portfolio. Then you might try to find out the maintenance expenses for other properties in the area that are similar to yours (for example, single family or multi-family of approximately the same age.) The end result may be that your expenses are high, but not out of line.

Let's review some common ways for looking at expense amounts.

PER UNIT EXPENSES

In order to have a basis for comparison, most property and asset managers take their line item expense amounts and divide them by the number of units of the property in order to get a **Per Unit Expense** amount.

$$\text{Per Unit Expense} = \frac{\text{Expense Amount}}{\text{Number of Units}}$$

EXAMPLE:

The August monthly water and sewer bill at Riverbank Senior Home was $1,040.44. That amount might be high or it might be low. Without a comparative context, it is impossible to know. What if an asset or property manager wants to know if this expense item is the best place to start with cost cutting efforts? The next step would be to see if the costs are in line with other properties. But what if the August water and sewer bill at another project across town was $863.22? Are Riverbank Senior Home's costs higher or lower?

Riverbank has 32 units so the per unit water bill for August is calculated as:

$$\text{Per Unit Expense} = \frac{\text{Expense Amount}}{\text{Number of Units}} = \frac{\$1{,}040.44}{32 \text{ units}} = \$32.51 \text{ Per Unit Expense}$$

The other project has 20 units:

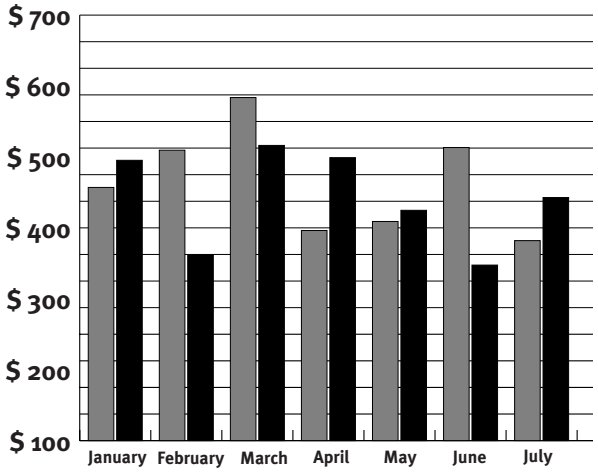
$$\frac{\$863.22}{20 \text{ units}} = \$43.16 \text{ Per Unit Expense}$$

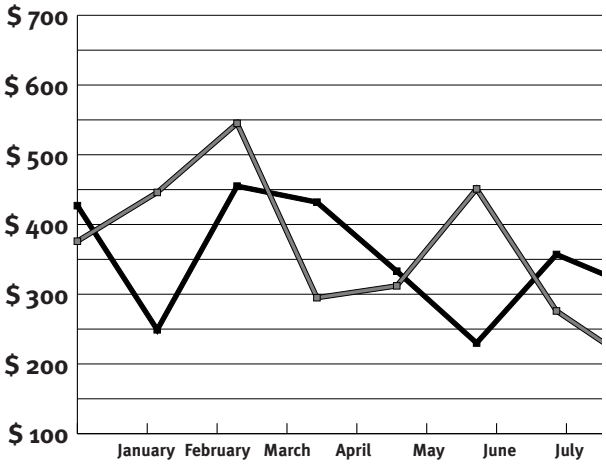
So, in comparison to this, the water and sewer cost at Riverbank is lower and therefore may not be the first place to proceed with major cost cutting efforts.

TRACKING EXPENSES

Per unit expenses can be tracked on line or column charts in order to help staff see upward and downward trends over time. A simple chart can be created easily with a spreadsheet program or by using LISC's ***Track-It!*** Asset Management Software. Charts can be made for individual projects, or several projects can be shown on one chart.

The chart could look like one of these:





PERCENT OF TOTAL

Some managers like to monitor their expenses as a **Percent of Total.** This is done usually in one of two ways: as a percentage of total expenses or as a percentage of the category.

EXAMPLE:

Legal expenses at Riverbank Senior Home totaled $465.00 for the month. The administrative expenses totaled $8,432.00 and the total expenses for all categories was $53,234.00.

LEGAL as a % of ADMIN	**$465/$8,432 = 5%**
LEGAL as a % of TOTAL	**$465/$53,234 = 0.87%**

This percentage can then be tracked for increases or decreases. However, when using this method remember that a line item expense may be constant but will increase or decrease as a percentage if total expenses change.

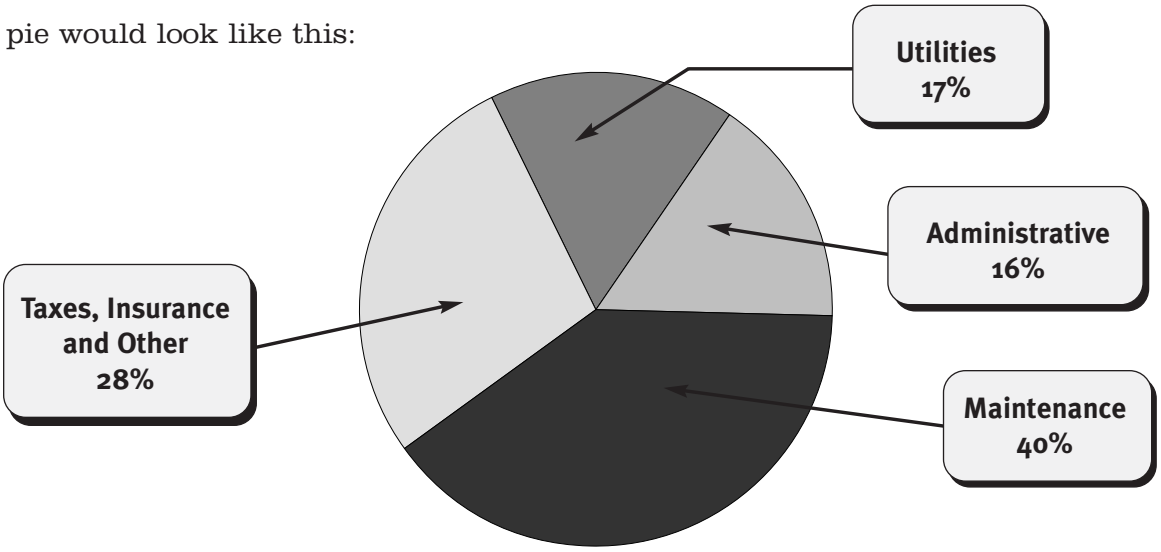
A common way of visually depicting this type of expense calculation is with a pie.

EXAMPLE:

Riverbank's expenses were $53,234 for the month. They were broken out as follows:

ADMINISTRATIVE	**$8,432**
MAINTENANCE	**$21,221**
UTILITIES	**$8,881**
TAXES, INSURANCE AND OTHER	**$14,700**

A pie would look like this:



CHANGE OVER TIME

One way of expressing increases or decreases in an expense is by comparing one month or year to another with a **Change Over Time** calculation. Rather than a simple percentage, this amount allows you to measure the increase or decrease in the expense item *relative to what they were in a previous period.*

$$\frac{\text{Expense amount this period} - \text{Expense amount last period}}{\text{Expense amount last period}} = \text{Change Over Time}$$

You can do this calculation using the total expense amount or the **Per Unit Expense** amount. The result will be the same.

EXAMPLE:

If it is September and Riverbank's new water and sewer expenses came in at $33.80/per unit, the **Change Over Time** from August would be:

$$\frac{\text{EXPENSE AMOUNT THIS PERIOD} - \text{EXPENSE AMOUNT LAST PERIOD}}{\text{EXPENSE AMOUNT LAST PERIOD}} = \text{CHANGE OVER TIME}$$

$$\frac{\$33.80 - \$32.51}{\$32.51} = \frac{\$\ 1.29}{\$32.51} = 4\% \text{ INCREASE FROM AUGUST TO SEPTEMBER}$$

CRUNCHING THE NUMBERS!

Carmen attended an asset management class, and learned that before directing the property manager to cut back and spend less, she really needed to get a grip on the expense trends for the portfolio. First I will "crunch the numbers!" she announced.

She pulled out her Profit and Loss Statement and asked Kevin to suggest one area for her to start with. Kevin had not done any analysis but he had a sense that the water bills have been creeping up a lot lately even though there had been no announcement of rate increases.

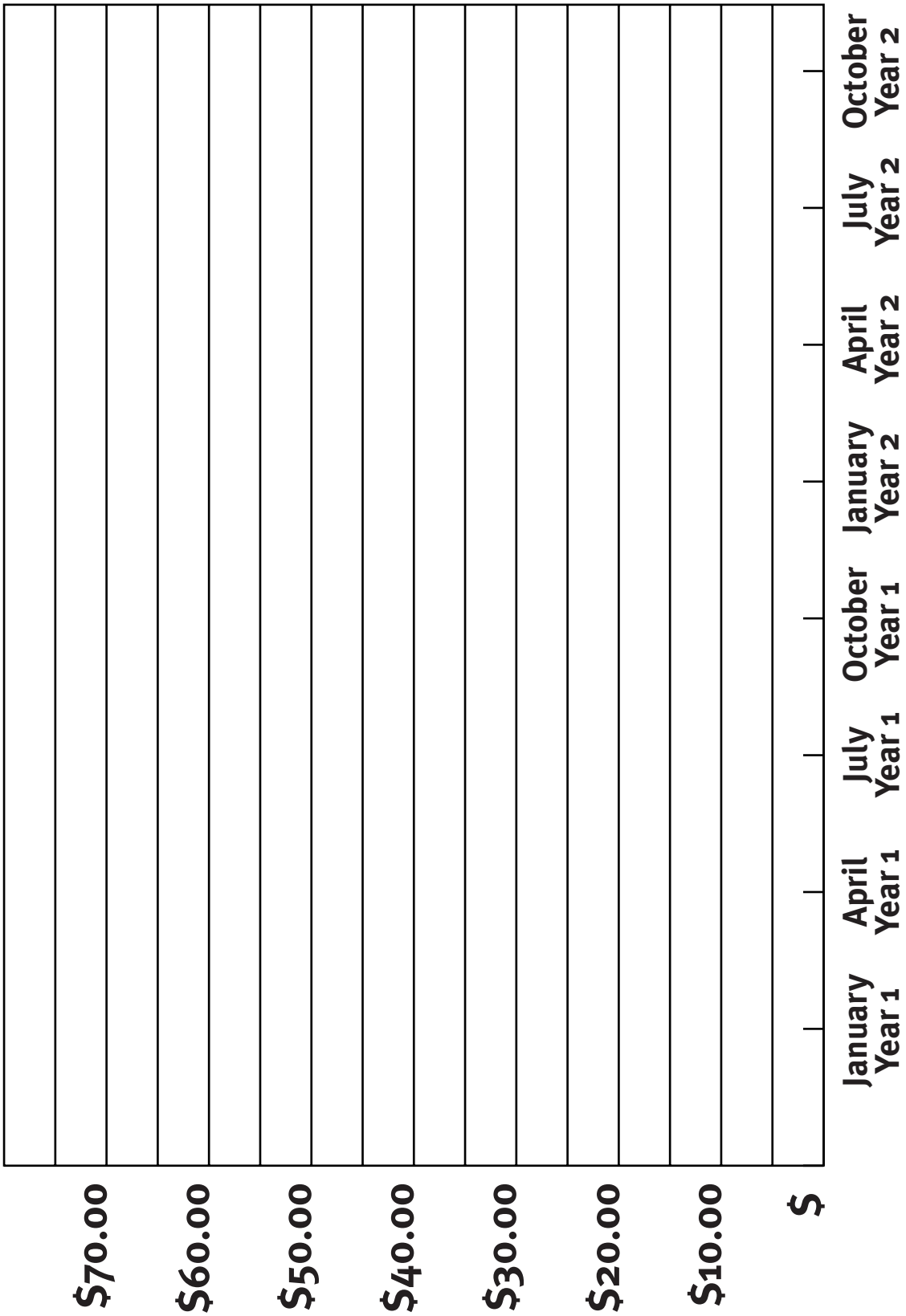
Let's help Carmen look at her water bills for three of Cold Spring CDC's multi-family properties. Kevin gave her a printout of the bills he had paid over the last two years for each of the projects.

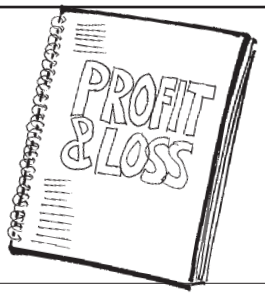
1 **Fill in the boxes with the per unit expense.**

$$\text{Per Unit Expense} = \frac{\text{Expense Amount}}{\text{Number of Units}}$$

	FOUNDRY COVE		SPRINGVALE		MARION COURT	
# of Units	54		15		31	
	INVOICE AMOUNT	EXPENSE PER UNIT	INVOICE AMOUNT	EXPENSE PER UNIT	INVOICE AMOUNT	EXPENSE PER UNIT
Jan-Year 1	$1,732.00	$32.07	$450.00		$1,002.00	
April-Year 1	$1,778.00		$472.00		$1,035.00	
July-Year 1	$2,104.00		$701.00		$1,352.00	
Oct-Year 1	$2,261.00		$732.00		$1,377.00	
Jan-Year 2	$1,835.00		$542.00		$1,015.00	
April-Year 2	$1,982.00		$573.00		$1,017.00	
July-Year 2	$2,332.00		$762.00		$1,340.00	
Oct-Year 2	$2,534.00		$865.00		$1,366.00	

2 **Chart the per unit expenses on this graph using lines or columns.**



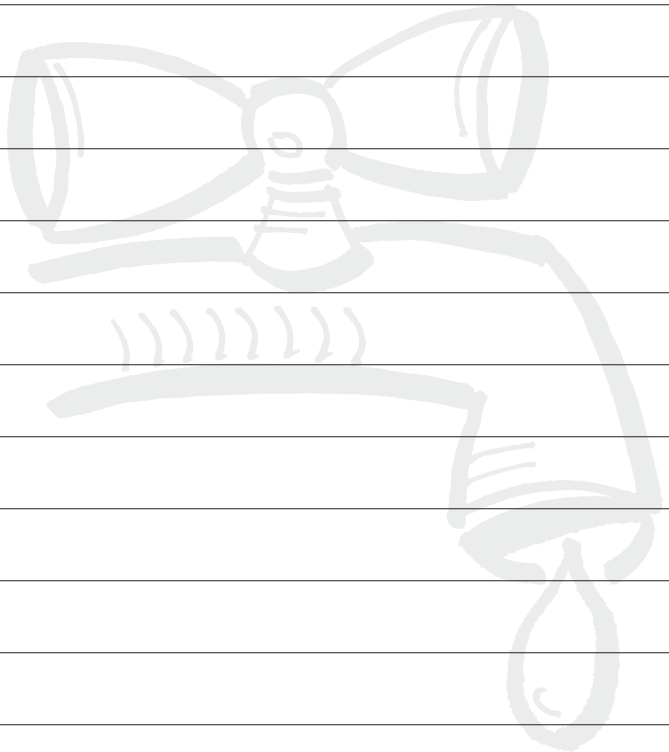


3 Now let's calculate the **Change over Time** for the per unit operating expenses from October of year one to October of year two for each of the projects.

$$\frac{\text{October Year 2} - \text{October Year 1}}{\text{October Year 1}} = \text{Change over Time}$$

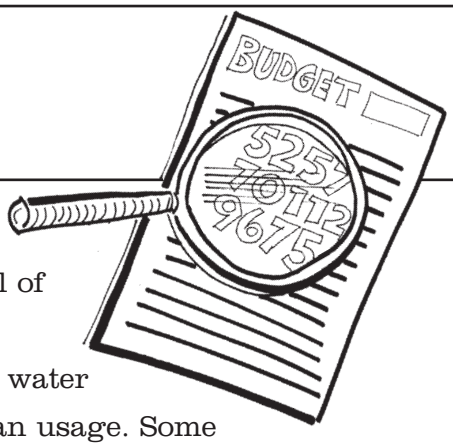
FOUNDRY COVE	$ / $ _____	=	%
SPRINGVALE	$ / $ _____	=	%
MARION COURT	$ / $ _____	=	%

- What do these numbers tell you about water expenses in Cold Spring CDC's portfolio? What steps would you take based on this information?



ACTIVITY 4

Where should we focus?



Any property manager who is trying to keep costs in line will be quick to tell you that they can't control all of their expenses, regardless of how tight a grip they have on things. Some expenses are set by the municipalities such as water and sewer and could be based on number of units rather than usage. Some expenses might be negotiable up front, such as taxes, but once the deal is done they may be fixed for the life of the project. The key for anyone doing an asset management cost analysis is to know what expenses they can control and what they can't. Then they will be able to better determine where they should start focusing any cost control efforts.

WHAT IS "CONTROLLABLE"?

Carmen carefully went through her income statement and pulled out a long list of line items that were over budget. Lawn care? Utilities? Taxes? Should she start investigating each and every one? What can she really control?

Using your own experience, take the list of expenses you created in Activity 1, categorize them by expense type (i.e. Maintenance, utilities) and then note next to the item(s) which of these areas they fall into:

- **100% Controlled by others**
- **Rate Negotiable, then Fixed**
- **Rate Negotiable at any time**
- **Cost based on Usage**
- **100% Controllable by CDC or property manager**

Operating Expense Items	100% Controlled By Others	Rate Negotiable Then Fixed	Rate Negotiable At any Time	Cost By Usage	100% Controllable By CDC
(Example) Maintenance Supplies				x	

Look at your list and think about the top five items that you would tackle if you were Carmen. Why?

COST CUTTING SUGGESTIONS

Here is a list of operating expenses. Think of one or more cost cutting activities you could suggest for each area. Make a note next to any that had a significant impact.

ADMINISTRATIVE

Management fees _____

Marketing _____

Accounting _____

Legal _____

Bad debt expense _____

Salaries _____

Office rental _____

Supplies _____

Other _____

UTILITIES

Gas _____

Oil _____

Electric _____

Water _____

Sewer _____

Other _____

MAINTENANCE

Salaries _____

Contracts _____

Supplies _____

Trash _____

Security _____

Landscaping _____

Other _____

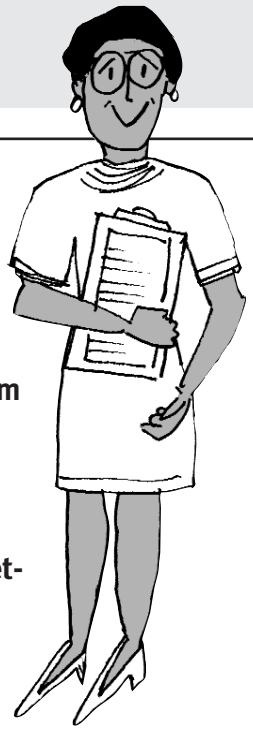
TAXES/INSURANCE/OTHER

Property taxes _____

Insurance _____

Other _____

Manager's Tips



- Share operating data for your properties with your local peers. Being able to use local comparisons when examining your own costs is invaluable. You should also try to access data from for-profit property managers. The Urban Land Institute publishes yearly updates of "Dollars and Cents of Multi-family Housing." This book reviews and compares operating costs across the country. You may also be able to get comparative data from your funders or syndicators.
- Ensure that your financial staff and asset management staff work closely with your property manager each year during budget time. The committee should look at the pro formas, trends and possible savings areas before setting budget targets for the new year. Avoid flat percentage increases (for example 4% across the board.)
- Set realistic budgets for problematic line items, and then keep a close eye on them. Don't set unrealistic budget amounts; that will just encourage an attitude of "we always overrun that line."
- If a contract you have committed to has become far more expensive than expected, don't hesitate to bring everyone to the table to discuss the expenses. Renegotiate as necessary.
- Consider capital improvements that will reduce operating expenses such as energy upgrades. Arrange energy audits and seek out low cost loans for upgrades of major systems.
- Appeal to your utility vendors for rate decreases based on your not-for-profit status.
- Refrain from deferring maintenance in an attempt to cut costs. Putting off needed work only serves to increase costs and causes greater problems in the long run. Focus on preventive and routine maintenance activities as a way of spotting issues before they become expensive repairs.
- Encourage staff to constantly shop for higher quality and lower cost alternatives when purchasing goods and services. Bulk purchasing of regular inventory should be considered.
- Educate your residents on reduction of utility consumption and consider shifting to resident paid utilities.
- Share labor with nearby developments (yours or others,) especially to reduce the travel costs.
- Concentrate on reducing unit turnover.
- Considering asset management issues early in the development phase is critical to containing operating costs. Start with the right materials and the right design, up front. Ensure that income and cost projections for the new project are in keeping with actual historical expenses for other projects.

Notes for Facilitators

These Facilitator Notes have been developed to help you guide your working group. The most important aspect of your facilitation role is not lecturing or teaching; your role is to keep the conversations going, collect ideas, and to add new thoughts if others do not bring them up.

We offer guidance in the workbook exercises and discussion topics, but you are in no way bound by them. You may find that working on just one or two do the trick.

When planning how you will use the exercises consider how much time you have—if you only have an hour, you will probably only want to do one or two exercises in order to allow time for sharing of experiences. If you have a couple hours, you may want to use the entire workbook or add topics of discussion that are pertinent to your local area. The entire workbook could also be done over several sessions, if that works better for your group.

The individuals who gather to discuss this topic may be quite expert, new to the field or a mix of both. The exercises start out at a basic level, however there is no limit to where the conversations can go. It is your role to encourage those more expert to share their ideas and experience, and the less knowledgeable to ask their questions. This is what peer learning is all about!

We suggest that you take a trial run through the exercises that you plan to use, and work any of the math problems ahead of time, so that you are able to field questions.

ACTIVITY NOTES:

ACTIVITY 1 What are Operating Expenses?

This exercise is best done as an entire group warm up. It is a good opportunity for the group to get to know each other, if they don't already. Brainstorm the list of operating expenses. You can record them on a piece of flipchart paper as they are suggested. Don't worry about categorizing them at this point. If you have some less experienced participants, encourage them to ask about any item listed that they are unfamiliar with. As you are listing them, you may even want to note if the expense is a large or small one compared to the rest of the budget.

ACTIVITY 2 Using Income Statement and Budget

You may choose to address one or all of the questions, depending on the time that you have allotted. If it is a large group, you may want to divide participants into pairs or threesies, then allow them to share some of their answers with the larger group.

An added twist: *Ask the group to work in pairs to design their "ideal" report format. Provide markers and sheets of flip chart paper. You may also want to encourage discussion about the problems faced in getting information or reports needed.*

ACTIVITY 3 Crunching the Numbers!

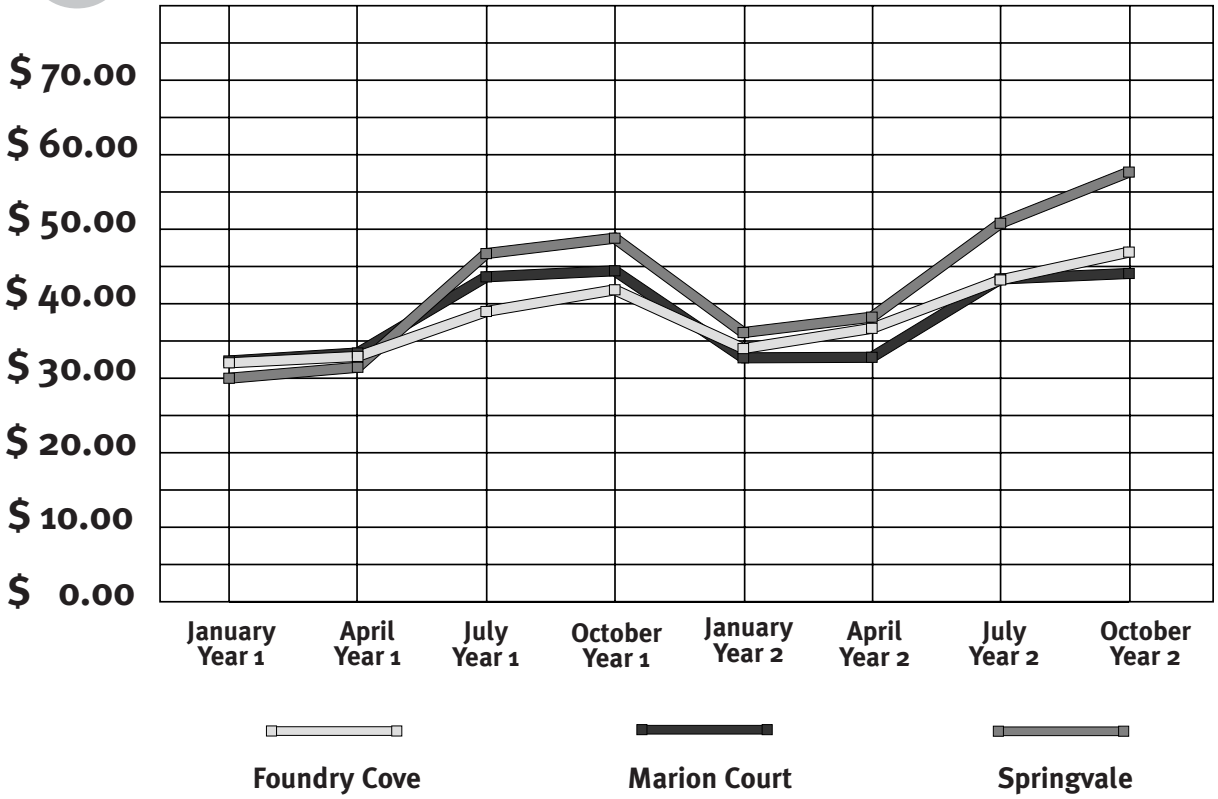
This exercise should be worked in pairs to allow all participants the opportunity to do their own "crunching." If any pair is struggling, coach them through the calculations. Don't be tempted to skip the graphing; it is key to seeing how the costs trend, and is a good example of how much easier it is to spot increases in costs over time on a graph than just by looking at the numbers themselves. You may want to have flip chart paper and colored markers on hand for those who want to create larger scale graphs. Encourage creative graphing.

Allow enough time for a discussion of next steps. How would they approach their findings if it were in their own portfolio? What would they ask or do?

1

	FOUNDRY COVE		SPRINGVALE		MARION COURT	
# of Units	54		15		31	
	INVOICE AMOUNT	EXPENSE PER UNIT	INVOICE AMOUNT	EXPENSE PER UNIT	INVOICE AMOUNT	EXPENSE PER UNIT
Jan-Year 1	$1,732.00	$32.07	$450.00	$30.00	$1,002.00	$32.32
April-Year 1	$1,778.00	$32.92	$472.00	$31.46	$1,035.00	$33.38
July-Year 1	$2,104.00	$38.96	$701.00	$46.73	$1,352.00	$43.61
Oct-Year 1	$2,261.00	$41.87	$732.00	$48.80	$1,377.00	$44.41
Jan-Year 2	$1,835.00	$33.98	$542.00	$36.13	$1,015.00	$32.74
April-Year 2	$1,982.00	$36.70	$573.00	$38.20	$1,017.00	$32.80
July-Year 2	$2,332.00	$43.18	$762.00	$50.80	$1,340.00	$43.22
Oct-Year 2	$2,534.00	$46.92	$865.00	$57.66	$1,366.00	$44.06

2



3

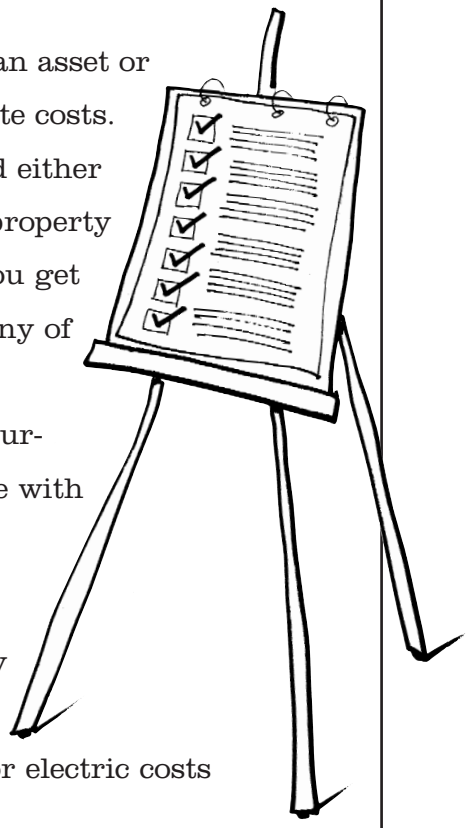
FOUNDRY COVE $\frac{\$46.92 - \$41.87}{\$\ 41.87}$ = 12 % (increase)

SPRINGVALE $\frac{\$57.66 - \$48.80}{\$48.80}$ = 18 % (increase)

MARION COURT $\frac{\$44.06 - \$44.41}{\$44.41}$ = –1 % (decrease)

ACTIVITY 4 What expenses can we control?

This is a multi-part exercise and depending on the level of your group and the time you have, there are several options on how to proceed. If you have a less experienced or mixed group, it is good to work through the "controllables" in pairs and then share results with the entire group.



For working purposes, ***100% controlled by others*** are areas where an asset or property manager can do absolutely nothing at any point to mitigate costs. ***Rate negotiable then fixed*** could apply to things that are negotiated either once-during development (such as interest) or annually, such as a property management contract. ***Negotiable at any time*** could be each time you get an estimate on a repair job. ***Cost based on usage*** can overlap with any of the others and could include things like electricity and water and sewer. ***100% controllable*** could be salaries, or quality of materials purchased. These categories are not set in stone, if one doesn't resonate with the group, don't use it.

The answers to this exercise vary dramatically across the country but in general it is found that almost nothing is 100% controlled by others. Taxes are often abated. And frequently, it comes up that a CDC has managed to negotiate a rate or cost, such as permit fees, or electric costs that no one else in the room thought was possible.

With a more experienced group, you may want to bypass the categorizing of the line items. Use the flip chart list from activity one, and ask the group to call out how controllable each item is.

Allow plenty of time for the last part of the exercise, the sharing of cost cutting suggestions. You may want to assign specific categories to different groups, and ask them to suggest as many ideas as possible in a set amount of time (i.e. 5 min.) It can be fun to stage a competition to see what group can suggest the most ideas for a category. Or just ask the participants to share success (and not so successful) stories. If you are aware ahead of time that there is one participant who has successfully addressed costs in a portfolio, ask them to bring specific data demonstrating the bottom line effects.

Resource Suggestions

Build a Manual Software Series, Operating Procedures Manual [Computer Program].
New York: Local Initiatives Support Corporation. 1998

Hecht, Bennet, Local Initiatives Support Corporation, and James Stockard. ***Managing Affordable Housing.***
New York: John Wiley & Sons, Inc. 1996

Holland, Barbara Kamanitz. ***Managing Single Family Homes.***
Chicago: Institute of Real Estate Management. 1996

Holland, Barbara Kamanitz. ***Successful Residential Management, the Professional's Guide.***
Chicago: Institute of Real Estate Management. 1990

Kelley, Edward, M. ***Practical Apartment Management.***
Chicago: Institute of Real Estate Management. 1995

King, Carol Stone, Gary Langendoen and Lynn H. Hummel. ***The Successful On-Site Manager.***
Chicago: Institute of Real Estate Management. 1984

Lapides, Paul D. ***Managing Residential Real Estate.***
Boston: Warren, Gorhan and Lamont. 1986

O'Donnell, Michael, ed. ***A Guide to Comprehensive Maintenance and Repair.***
New York: Urban Homesteading Assistance Board and Local Initiatives Support Corporation. 2001

Stockard, Jim. ***Asset Management Training Curriculum.***
New York: Local Initiatives Support Corporation. 1997

Stockard, Jim. ***A Guide to Comprehensive Asset and Property Management.***
New York: Local Initiatives Support Corporation. 1996

Stone, Bob. "A Guide to the Roles and Responsibilities of an Asset Manager"
LISC Asset Management, Occasional Paper Series No. 3 (December 1997)

TRACKIT! Asset Management Software [Computer Program].
New York: Local Initiatives Support Corporation. 1998

Wallstein, Joan. "Selecting a Management Firm; a Workbook and Sample Forms"
LISC Asset Management, Occasional Paper Series No.2, (November 1997)

Websites

Consortium for Housing and Asset Management	**www.cham.org**
The Enterprise Foundation	**www.enterprisefoundation.org**
Handsnet	**www.handsnet.org**
HUD Homes and Communities	**www.hud.gov**
HUD Office of Community Planning and Development	**www.comcon.org**
Institute for Real Estate Management	**www.irem.org**
Local Initiatives Support Corporation	**www.liscnet.org**
Neighborworks	**www.nw.org**

ORGANIZATIONAL DEVELOPMENT INITIATIVE

2001 PUBLICATION LIST

● *A Guide to Comprehensive Asset and Property Management: A Manual for Building Communities through Good Asset and Property Management, Second Edition 1997*

This 250-page guide describes an approach to the oversight and management of residential properties that stretches beyond simple rent collection and lease enforcement to incorporate a range of services aimed at supporting the growth and development of residents. It will be useful to CDCs and other non-profit and community based organizations that own or plan to own affordable housing; to lenders, equity partners, subsidy providers and intermediaries who have interests in developments they do not oversee on a daily basis; and to resident groups as a good reference point for discussions with the owners and managers of their properties.

● *A Guide To Comprehensive Maintenance and Repair: A Practical Maintenance Manual For Affordable Housing Professionals*

This guide is designed to assist CDCs and their staffs, whether they self manage or contract out property management services, in project maintenance and operation. The information in the manual is carefully presented in six easy to follow chapters covering: How Your Buildings Work, Introduction to Strategic Maintenance and Repair, Maintenance Reporting and Tracking, Managing Maintenance Staff and Contractors, Capital Planning, and When Your Maintenance System Fails: Turning Around Poorly Managed Projects. Additionally, the manual will contain a glossary of important maintenance terminology and an addendum of useful maintenance forms. The book is designed to be very user friendly and is organized so the reader can easily find specific information required to help them do their job.

● *"Selecting A Management Firm: A Workbook and Sample Forms," Occasional Paper Series, November 1996*

Choosing a management firm is among the most important decisions that the owner of a property will make. Taking the time and expending the effort to choose carefully and wisely can prevent major problems down the road. This Workbook is intended as a companion piece to chapter five of the ***Guide to Comprehensive Asset and Property Management.*** It is designed to take the reader through the key steps for selecting a manager using a competitive process, identifying some common pitfalls along the way and providing sample "tools" (documents, questionnaires, checklists, forms). All of the sample tools are available on computer disk to make the process of using and modifying them as easy as possible.

● *"Roles and Responsibilities of an Asset Manager," Occasional Paper Series, December 1997*

This paper defines the roles and responsibilities of an asset manager at each stage of a development's life — from acquisition to disposition. Both comprehensive and practical, it details the broad range of activities performed by the asset manager including their roles during pre-development and construction; in deciding to contract out for property management or to self-manage; in developing management policies and performance standards; and in designing and implementing monitoring systems. To facilitate this important work, the paper also includes a computer disk containing checklists, forms and schedules that can be used to complete many of the tasks described.

TRAINING RESOURCES:

● *Asset Management Training Curriculum: Volume I*

This is the first volume of LISC's asset management training curriculum and contains our most frequently requested modules, including: Elements of Asset Management; The Initial Proforma and the 20-Year Spreadsheet; Building A Property Management Plan; Contracting Out vs. Managing For Yourself; Selecting the Right Management Firm; Performance Standards for Asset Management Reporting and Monitoring; Planning and Managing Maintenance; Asset Based Budgeting; Financial Workouts, Refinancing, and Disposition Roles for the Board, Staff, Management and Residents in Asset and Property Management.

SOFTWARE PRODUCTS:

● *TRACKIT! Asset Management Software*

This user-friendly Excel-based software was created to assist CDC staff in tracking and monitoring portfolio performance, and generating asset management reports for senior staff and Boards. It quickly and easily organizes and processes asset management data, and prepares the charts and reports needed to identify critical trends, spot problem areas and, ultimately, improve performance. Utilizing data collected each month from property management reports, *TRACKIT!* calculates 15 ratios that are critical to determining the health of the portfolio including occupancy, turnover, and collection rates; tenant receivables/unit, cash flow/unit, and average vacant unit turnaround times. These performance indicators can then be charted or graphed over time to highlight significant trends.

● *The Build-A-Manual Software Series: Property Management Operating Procedures*

This interactive Build-A-Manual Software was developed in response to numerous requests from CDCs managing their portfolios in-house for a customized operating procedures manual with sample forms. Typically, consultants have charged from $7,000 to $20,000, per organization, to produce such a manual of policies and procedures. By answering 35 key questions concerning your property management operation, you can easily create a fully editable manual which includes chapters on financial management, leasing, tenant relations, rent collection and lease enforcement, maintenance, administration and tax credit compliance. The manual software is further supplemented by over 75 useful forms, checklists, schedules and sample letters that can be useful in managing your portfolio.

● *EaSy: Making Sense of Your Financial Statements*

EaSy is a tool that uses your Community Development Corporation's (CDC) financial statements to analyze fiscal health, status and trends quickly, accurately, and efficiently. Using your data to generate user-friendly graphs and tables, **EaSy** helps high performing CDC boards and staff to strengthen organizational financial management. You can analyze up to four years of financials through three routes: ratio, trend and compound analysis. **EaSy** is able to generate eleven ratios for liquidity, efficiency, leverage and profitability of your organization and present numerous trends – all conveyed through individual graphs or tables. You can even insert comments on those tables for presentations or record keeping.

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