



## Selecting an Asset Manager

Housing providers, whether they are managing the property or contracting for property management services, may be tempted to perform the asset management functions in-house. Before making such a decision, it is important to understand the functions thoroughly and to assess the potential costs of staff and expert time needed to fully respond to the expectations of funders and lenders. Some housing providers have taken on this function only to be surprised by its demands and the costs they have assumed. For this reason it is recommended that an asset management fee in the operating budget for the planned project. While it may be difficult to justify additional costs be included in the operating budget, it is an expense that will aid in establishing financial stability for your project in the long term. There are some funders, however, who will require that the asset management fee be placed “below the line,” i.e., after payment of all other expenses and debt service, and only to the extent there is available cash flow.

If contracting for asset management services, the firm selected should have certified public accounting (CPA) credentials and should be asked to respond to questions related to their experience with:

1. Budgeting operating expenses for supportive housing, especially with regard to the proposed project’s target population;
2. Local, state and federal (including HUD) reporting requirements;
3. All lenders financing the planned project, and their requirements;
4. Low-Income Housing Tax Credit compliance requirements;
5. Managing property management functions; and
6. Representing the owner’s interests in short and long-term financial planning.

In addition, a prospective asset manager should be asked to address the following questions:

7. Are they committed to assigning an experienced and properly supported staff to the contract responsibilities?
8. Do they have a commitment to continue staff development as needed?
9. Will the asset management function be performed by a single staff person, or will the function be spread among several management staff? If spread among staff, how will functions be monitored for quality? How will information be shared and integrated?
10. How does asset management fit into the daily functions of property management (if performed by the same staff)? How is it prioritized?
11. How do they maintain their project/portfolio files and general record keeping?
12. Are they willing to assume responsibility for meeting the financial benchmarks you have set for your project? If not, why? What could be done to accommodate the benchmarks?

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Note: This document is included within the *Development and Finance* section of CSH’s *Toolkit for Developing and Operating Supportive Housing*, which is available at [www.csh.org/toolkit2](http://www.csh.org/toolkit2). This document has been adapted from CSH’s publication *Family Matters: A Guide to Developing Family Supportive Housing*, which is available at [www.csh.org/publications](http://www.csh.org/publications).