



Issues to Consider in Hiring a Property Manager

A key decision to be made by an organization developing affordable/supportive housing is whether to contract with a third-party management company or to manage the building itself. In non-urban areas, where there is little rental housing, and likely no property management companies with supportive housing experience, self-management might appear attractive because it generates annual fees and seems to call for nothing more than common sense. Be aware, however, that property management of rental projects of any size is a specialized area of expertise requiring particular skills and knowledge.

In addition, recognize that managing residential property places demands on an organization that might conflict with other organizational mandates. A property manager, for example, might be required to commence eviction proceedings against a tenant who has failed to pay rent and/or who is disturbing the peace and tranquility of other tenants. Some human services organizations might feel ill at ease in enforcing such sanctions against their clients.

If the organization does decide to hire an outside management company, it is important to involve them early in the development process and to work closely with them to ensure that they understand the unique nature of supportive housing. Specifically, a management agreement should be drafted that directly addresses the type of situations that might put the property management company at odds with the service provider. These might include situations – such as late payment of rent or disruptive behavior -- where the service provider is more apt to make accommodations for the unique needs of the tenant, whereas the manager will be less inclined to accept these lease violations.

Other issues to discuss include how the company intends to:

- Maintain and repair the physical plant including routine and scheduled maintenance items as well as emergency repair requirements;
- Maintain security for tenants and other users of the facility;
- Screen and select tenants for occupancy;
- Collect rents;
- Manage contracts with vendors and contractors;
- Deal with lease violations and evictions
- Maintain a fiscal system.

Sample working agreements between project sponsors and property managers can be found within CSH's Toolkit for Ending Long-Term Homelessness at www.csh.org/toolkit (check out Cedar Hill project in particular).

Source: Financial Management and HUD Compliance, Center for Urban Community Services/Corporation for Supportive Housing HUD Curriculum