

Rhode Island Asset Management Initiative

Portfolio Strengthening Plan

Preservation of established affordable housing units is a critical piece to the sustainability of our entire industry. Historically, developer's fees have driven the operational budgets of our organizations and Asset Management was an afterthought. This is changing due to 1) economic factors and 2) the natural aging of our development work over the last 20 years.

The role Asset Management fills is precisely the preservation of affordable units from the perspectives of economic and brick-and-mortar sustainability. AM should also be an allowable stream of revenue justified by the savings realized by good strategic oversight and planning.

Proposal

We are proposing that our industry in Rhode Island organize in order to establish, in partnership with Rhode Island Housing, professional standards and expectations of Asset Management using "best practices" from a range of sources.

This will help all organizations become more standardized and efficient in Asset Management delivery and provide a stream of income for organizations that engage in Asset Management work.

Methods

1. Work within a Housing Network sub-committee
2. *NW Collaborative Models Grant*

NeighborWorks Blackstone River Valley, Community Works RI and West Elmwood Housing will submit an application for a *NeighborWorks Collaborative Model Grant* which is designed to support collaborative efforts and the increased efficiency and impact resulting from groups working together. The intent of the specific grant is for all RI nonprofit affordable housing developers to increase our individual asset management capacity and to work with Rhode Island Housing to align Rhode Island's AM work and expectations across the industry. In addition we will seek money through this grant to pay for the first two years ramp-up of "above the line" AM services for all organizations represented in the grant, not limited to NW orgs.

- Letter of intent has been submitted. Application is due in June
- We are seeking a grant that would be distributed to each org over two years to allow us all to ramp up AM training and the capacity-building work.
- Each org would commit to the reporting requirements and training of staff and board
- Collaborate with Rhode Island Housing to create AM system which includes:
 - Useful data collection for tracking and the implementation of formative assessments, and
 - "Above the line" reimbursement for Asset Management services

The outcomes of the all the work will be:

- Increased Asset Management capacity of each member org in the HN
- An industry standard of Asset Management that is recognized and reimbursable by RI Housing
- Appropriate revisions of RI Housing's *Standard Management Agreement* and *Regulatory Agreement*.

Next Steps:

1. Distribute and Review survey with HN sub-committee. We have a working draft.
 - a. Review and approve survey
 - b. Set a timeline for survey collection and data aggregation
2. Submit NeighborWorks Partnership Grant Application - The grant is designed “to support the efforts that epitomize collaboration and the increased efficiency and impact resulting from collaboration.”
 - a. The introductory letter is ready in draft form and must be submitted by April 13
 - b. NWBRV will write the grant in collaboration with CommunityWorks RI and West Elmwood Housing

Implementation

It is important to note that *Asset Management* is most effect when applied to an organization’s entire portfolio. The initial data collection survey is focused on tax credit properties only, but as we move along the spectrum of AM capacity-building we will be emphasizing *all portfolio properties* and moving towards *increasingly sophisticated data reporting and analysis*. It is an intentional goal of this process to have data collection and analysis evolve organically from the group.

1. Set Benchmarks & Establish Baselines –
 - a. Identify Asset Management roles and responsibilities
 - b. Establish baselines for all organizations from which to develop
2. Organizational Capacity Building - Organize staff and board training around these AM benchmarks.
 - a. Coordinate and facilitate group meetings in this area. Education and training are included.
 - b. Potential National CHAM (Certified Housing Asset Manager) training. We can work toward extra non-NW slots in place-based trainings. See <http://www.melkinginstitute.org/2012/01/cham-nuts-bolts-of-asset-management/> for an example of a CHAM class.
 - c. Informal and Formal Asset Management events and trainings in RI
Ideas-
 1. Create a *Portfolio Strengthening* break-out session at the Housing Network-sponsored annual RI Housing Development Conference
 2. Work toward including AM in the curriculum of the RWU Certificate Program in Community Development
 3. Host a “Lunch and Learn” networking event for all current employees engaged in asset management to share ideas and encourage cooperation
3. System Development - Work with RIH to devise a reimbursement system that allows for differentiated billing aligned to the specific AM tasks that each organization is able to perform and document.
 - a. Phase this system in over two years
 - b. Revise Rhode Island Housing’s Standardized Management Agreement and Regulatory Agreement to reflect the changes
 - c. Allow for differentiated billing immediately for all organizations who adhere to the protocols
 - d. By year three, this is system is normalized into RIH’s process