



## ***Resident Support and Property Management Considerations***

### **INTRODUCTION**

As part of its mission, the Affordable Housing Investors Council (AHIC) develops guidelines for underwriting and asset managing low-income housing tax credit (housing credit) transactions. These tools have been widely adopted by the field and have contributed to the success of the program and its position as the best-performing real estate asset class in the United States.

In 2021, as a part of the racial reckoning embraced by many US organizations, AHIC committed to review our guidelines through the lens of fairness and justice, noting “At the very least, our investments should be evaluated absent racial bias, and ideally we should approach our work with the mission of broadly advancing equity through the developments we support.”

At the behest of the Board of Governors, AHIC’s Asset Management Committee convened a Task Force to ask the following questions of the tools and resources the Committee has developed over the years.

- How did we get here?
- Do these standards and practices widen the racial wealth gap for communities of color?
- How can we do better?

The result of these discussions is a new resource on ***Resident Support and Property Management Considerations***. It frames questions that investors and syndicators may seek to ask their sponsor partners about the way their housing credit properties support and empower residents and meet their needs.

Some of these issues would be relevant to address in initial underwriting and during property manager due diligence, and others may be explored as part of a site visit or other compliance or operational review once the property is stabilized.

From initial lease-up to human services to building operations, the questions are predicated on three guiding principles.

1. Housing credit developments should be inclusive communities that provide residents an opportunity to thrive.
2. Housing credit developments should be used as a platform to help residents be safe, healthy, self-sufficient, and engaged community members.

3. Residents should enjoy residing in the development, they should feel satisfied with their treatment by building staff, and any amenities provided should fulfill their purposes.

**This tool was not designed to mandate any particular service or operational matter or to require certain reporting. It is not expected that every investor will request adherence to all these items or seek information on every issue.**

Rather, it is hoped that dialogue between investors, developers, and allocating agencies around these issues will lead to (1) a deeper understanding of resident needs and encourage practices that address and support them (2) more resources deployed for human services in development budgets.

Anecdotally, many developers and investors strongly believe that active engagement with tenants and well-delivered human services are not only beneficial to residents, but they strengthen a housing credit development in many ways, including:

- Improved rent collection
- Administrative savings
- Lower turn-over of residents and staff and
- Better maintenance of the property.

Both for-profit and non-profit developers have determined that making investments in these types of services is not only good for residents, but good for business. While hard data is lacking, some in the industry are seeking to quantify outcomes and in time a fuller picture will emerge as to the double bottom line impact of these efforts.

In addition, in an era when ESG investing is growing as a driver of capital, a fuller understanding of how residents are being supported can only help attract new investors to the field and provide current investors a more robust picture of how housing credit developments have a positive impact on residents and communities.

AHIC's Asset Management Committee created this resource under the outstanding leadership of Regina Bender and Jack Hodgkins. Committee members Jennifer Call, BJ Everson, Lenore Gordon, Miguel Leonardo, Melvina Lloyd, Karin Moore Nalory, Darryl Pelton, Kellen Savage, Blaine Shaffer, and Noreen Short shared their insights and experiences.

External reviewers Jeff Connolly, Tania Garrido, and Nii Sowah from Enterprise and Lisa Deller from National Equity Fund joined several key meetings in which these questions were framed and reviewed drafts. We are extremely grateful for their generous contributions of their time and wisdom and to the many syndicators who shared their feedback and insights in a call with the working group.

## **AREA FOR EXPLORATION**

### **1. Initial Leasing**

*Guiding Principle: Housing credit developments should be inclusive communities that provide residents an opportunity to thrive.*

- A. Are criminal background checks conducted as a part of the application process? What are your policies around the use of this information as a screen for applicants? May prospective tenants offer evidence of rehabilitation or other mitigating factors?
- B. How do you evaluate a history of prior evictions? May prospective tenants offer evidence of a change in their current financial situation or other mitigating factors?
- C. Do you consider alternative payment histories to formal credit scores when evaluating potential residents?
- D. Are residents offered alternative payments plans, such as weekly or bimonthly payment options, that may better match their income flow?
- E. What are your policies around security deposits; do you offer any support or relief in specific circumstances? If yes, please describe.
- F. Do you report resident rental payments to credit agencies to help them establish or build credit history through timely rental payments?

### **2. Human Services**

*Guiding Principle: Housing credit developments should be used as a platform to help residents be safe, healthy, self-sufficient, and engaged community members.*

Was this development underwritten with human services?

If **YES**, please answer the following questions.

- A. What is the annual budget for the services?
- B. What staff lines or contracts with other organizations are being supported with these resources? (Please break down the funding and include names, titles, and qualifications.)
- C. What programs and activities are being delivered to residents directly with these human and financial resources? (Please append a list that includes a description of services/activities and desired outcomes; date of delivery; number of participants; and achieved outcomes.)
- D. What outreach do you conduct to residents to encourage participation in funded services?

- E. How do you engage residents to learn their needs and whether the services provided address those needs?
- F. How do you assess the delivery of services and whether the provider is performing adequately?
- G. Describe any other community services that you connect/promote to your residents.
  - a. Access to technology support:
  - b. Community Safety support:
  - c. Educational support:
  - d. Financial Literacy support:
  - e. Food Security support:
  - f. Healthcare/wellness support:
  - g. Mental Health support:
  - h. Transportation support:
  - i. Workforce support:
  - j. Other:

If **NO**, please answer the following questions.

- A. Describe any services/activities that you provide to your residents or connect them to in the community. To the extent possible, describe the services, their utilization, and outcomes.
  - a. Access to technology support:
  - b. Community Safety support:
  - c. Educational support:
  - d. Financial Literacy support:
  - e. Food Security support:
  - f. Healthcare/wellness support:
  - g. Mental Health support:
  - h. Transportation support:
  - i. Workforce support:
  - j. Other:
- B. What outreach do you conduct to encourage residents to participate in these services/activities?
- C. How do you engage residents to learn their needs and whether the services provided address those needs?
- D. How do you assess the delivery of services and whether the provider is performing adequately?

Other Services

- E. Do you support tenants in the voting process to ensure their voice is heard in the community (e.g., through information on/assistance registering, posting polling information, transportation)?

- F. Some sponsors are beginning to experiment with wealth-building strategies for tenants, e.g., sharing cash flow. Has your organization considered this or other ideas, such as forming a tenant cooperative at the end of the compliance period?

### 3. Building Operations

*Guiding Principle: Residents should enjoy residing in the development, they should feel satisfied with their treatment by building staff, and any amenities provided should fulfill their purposes.*

- A. Do you welcome new residents with information about building and apartment operations, house rules, community resources, and amenities? If yes, what do you include?
- B. How do you engage residents to learn their needs and satisfaction with residing in the development? (Describe any surveying, resident councils, tenant meetings, suggestion boxes, exit interviews, etc. utilized.). How was that information used and what were the results?
- C. What are onsite office hours? Do recertifications occur onsite?
- D. Describe the process for dealing with maintenance requests and follow-up with residents. What is the timeframe for clearing issues?
- E. Describe any initiatives to hire/train tenants for positions in your organization.
- F. Describe any onsite amenities (e.g., parking, WIFI, computer room, fitness room, garden, event space, etc.) including their hours of availability, any fees, and utilization by residents.
- G. What is your late fee policy? Was the development underwritten with income from late fees? If yes, how much? Regardless of whether it was budgeted, how much is being collected? How are these funds used?
- H. How do you use technology to better serve residents (e.g., payment portals, maintenance request systems, etc.)? How are those without access to this technology served?
- I. Describe any anti-eviction programs/policies in place, including payment plans, lease restructuring, emergency resources, etc.