



Forms of Property Management in Supportive Housing

The property management role in a supportive housing project may be filled through a variety of approaches. In deciding on an approach, a project sponsor should consider its organizational mission, its capacity and experience, its resources, and its objectives in operating the project. Each approach has advantages and disadvantages, all of which should be considered in choosing a form of property management.

1. Project Sponsor Provides Property Management

In this approach, the non-profit project sponsor either owns or leases the units, and elects to provide their own property management.

Advantages

- The owner has direct control over property management and can ensure that property management follows the core guiding principles of the organization.
- This approach allows for streamlined operations – there is no need for ongoing communication and coordination between the owner and an outside property manager.
- If the owner has adequate organizational capacity, it can be more cost-effective to provide in-house property management rather than to contract for this service.

Disadvantages

- A high level of expertise and experience with property management is critical. It can be difficult for a smaller organization to develop adequate capacity to provide its own property management.
- If the sponsor is also providing supportive services, it can be difficult to wear both hats. Clear organizational differentiation between the two roles is essential, as are clear, written policies outlining roles and responsibilities for each department.

2. Project Sponsor Contracts for Outside Property Management

In this approach, the non-profit project sponsor either owns or leases the units, and contracts for property management services from an outside organization. This approach includes the scenario in which a sponsor operating scattered-site housing contracts with an outside organization to locate and master lease units and provide property management services to those units.

Advantages

- For sponsors with limited experience in property management, this approach ensures that the property will be professionally managed, without putting a strain on the sponsor's organizational capacity.
- When property management is functionally separated from supportive services, it is much easier to maintain clarity about roles and responsibilities.

Disadvantages

- It can be difficult to find a property management company or agent that understands supportive housing and is willing to make adjustments to its traditional property management practices.



- If the property management agent does not understand the mission of supportive housing, they may screen out tenants that the sponsor wishes to serve. The agent may engage in more stringent enforcement practices in response to lease violations than the sponsor wishes.
- It can be more expensive to contract for property management services than to provide them in-house. Someone highly experienced in supportive housing should perform a careful analysis of the project's operating budget.

3. Project Sponsor Leases Units from Owner Who Provides Property Management

In this approach, the sponsor arranges to lease units either in a single building or in scattered sites and assumes responsibility for tenant selection, but the property owner continues to own and manage the housing.

Advantages

- This can be a very cost-effective way for the sponsor to ensure the property management function is being performed, since property owners retain responsibility for all property management services.
- This approach allows the sponsor to functionally separate property management from supportive services. It is particularly effective for sponsors who are primarily supportive service providers.

Disadvantages

- This approach requires that the sponsor either seeks out landlords who understand supportive housing or works to educate landlords about supportive housing models.
- If the landlord does not understand and adopt the mission of the supportive housing project, there will be ongoing tension regarding lease enforcement, as the landlord may engage in more stringent lease enforcement than is appropriate in supportive housing.

4. Tenants Lease from Owner Who Provides Property Management

In this approach, tenants lease units directly from the property owner who continues to own and manage the housing.

Advantages

- This allows tenants to choose from units available on the private market in the community and access those units just like any other renter.
- Tenants have the opportunity to build their skills in working with private property owners.
- This approach can be efficient for the project sponsor, as they do not need to develop property management capacity or directly manage the work of the property manager.

Disadvantages

- Tenants may have difficulty in finding appropriate, high-quality units.
- In this approach, property owners may have little knowledge of tenants' special needs and may not be interested in coordinating with housing managers.