



What is Asset Management

by Jill Cromartie, HCCP
 Consultant – Development / State Relations / DEI in Affordable Housing
 Simple Asset Management

Asset Management is a strategic plan used to monitor a portfolio of similar property types or a class of assets. The goals of asset management are to optimize the financial performance while maintaining the asset and mitigating risks. Developing and leasing housing to income qualified households is the cornerstone of the Low-Income Housing Tax Credit industry. Each LIHTC property represents a public-private partnership worth millions of dollars, where developers and owners have made commitments, assertions and guarantees to investors about the demand for housing and how each property will perform in return for equity investments. Consequently, there is a lot at stake. Asset managers provide safeguards for these investments.

Within the Low-Income Housing Tax Credit (LIHTC) industry, the overarching goals of asset management are to ensure conformance with the Limited Partnership Agreement (or governing documents) and compliance with the land use restrictive agreement. This usually includes regular assessment of the financial statements, physical inspections of the property, adherence to Section 42 compliance requirements, and risk mitigation. These tasks serve as guardrails to protect the asset from recapture and foreclosure.

There is not a one-size-fits-all approach to asset management. The strategies or tasks performed by an asset manager vary by the role or lens through which you are connected to the asset. For example, an asset manager for a lender will likely be primarily concerned with the property’s ability to repay the mortgage. An asset manager for a syndicator will monitor construction progress and completion, lease-up, file compliance, receipt of 8609s and more.

What’s the Difference between Asset Management and Property Management?

The lines between asset management and property management are often misunderstood. These two roles serve very different purposes and perform very different tasks. Here are some of the most common tasks for each role:

Property Management	Asset Management
Lease Administration	Review of monthly financial statements and annual audit
Move-in/Move-Out Inspections	Site inspections
Rent Collections	Underwriting



Processing Work Orders	Planning of capital improvements/replacements
File Compliance	Debt assessments
Management of site staff	Stakeholder reporting
Tenant screening	Compliance monitoring
Unit inspections	Developing a watch list plan of action

Who Needs Asset Management?

Any entity or company that has ...

- A fiduciary responsibility to another party
- Committed to providing safeguards
- Investors

This can be Syndicators, Owners, Developers, Lenders, Investors, Program Administrators, and more.

In this series of asset management articles, we will visit specific topics that intersect property management with asset management.

NAHB is providing this information for general information only. This information does not constitute the provision of legal advice, tax advice, accounting services, investment advice, or professional consulting of any kind nor should it be construed as such. The information provided herein should not be used as a substitute for consultation with professional tax, accounting, legal, or other competent advisers. Before making any decision or taking any action on this information, you should consult a qualified professional adviser to whom you have provided all of the facts applicable to your particular situation or question. None of this tax information is intended to be used nor can it be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer. The information is provided "as is," with no assurance or guarantee of completeness, accuracy, or timeliness of the information, and without warranty of any kind, express or implied, including but not limited to warranties of performance, merchantability, and fitness for a particular purpose.