

How Technology is Transforming Affordable Housing Program Management

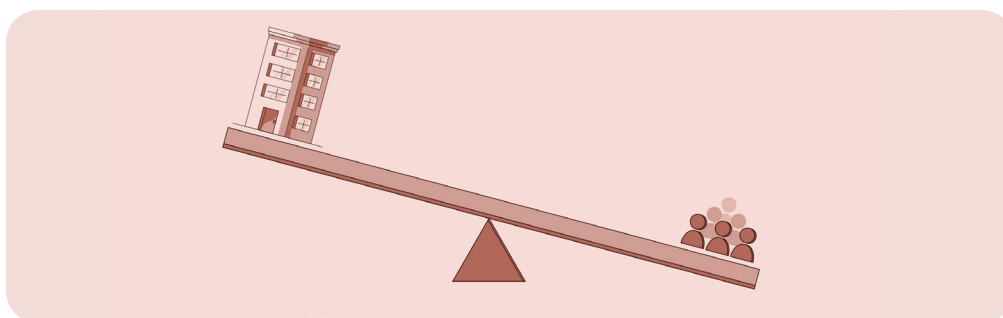
Your guide to affordable housing management



Currently, there is a significant lack of affordable housing in the United States, and no state is immune. There are no states that have an adequate supply of affordable housing for the most vulnerable—households whose income is just 30 percent of the median income of their area.¹

As of late 2023, there is a shortage of more than 7 million affordable housing units, and as soon as units become available, they are taken. Throughout last year, LIHTC units had a vacancy rate of less than 2%. This high demand and low supply has had an impact on not only the price of conventional units, but also the price of affordable housing as well.

To illustrate how this shortage is affecting real people, when a new mixed-use, 100% affordable campus in the Bronx came online, there were 75,000 applicants for just 183 units available during the first phase.³



¹ [The Gap: A Shortage of Affordable Homes](#)

² [The Gap: A Shortage of Affordable Homes](#)

³ [Multifamily Series: How Affordable Housing is Changing](#)

Needless to say, we are facing a crisis in affordable housing and are in desperate need to bring more affordable communities online. That being said, there are a number of challenges facing today's affordable housing operators that may discourage some Property Management Companies (PMCs) from getting involved. Over the course of this ebook, we'll address some of those challenges and discuss how many of those challenges can be overcome with the implementation of an updated tech stack built specifically for managing the unique challenges affordable housing presents.



Factors influencing whether or not PMCs pursue affordable housing

Whether you're managing HUD Section 8 (Project Based), HUD Vouchers, or Low Income Housing Tax Credits (LIHTC), or many other state and local programs, the nuances of each program can be difficult to navigate. For example, with Project Based Section 8 Housing, you're responsible for both initial income certification along with an annual recertification and calculating the rent amount.

Additionally, you're required to have at least three potential residents certified and ready to move in at any moment, but those income certifications only last 120 days. Operators are required to conduct periodic assessments which require them to reach out to prospects on the waiting list at least twice a year to verify their information and determine if they are still interested in living in the project.

Managing the waiting list and having those individuals continually certified so you can turn over units as quickly as possible when one comes available can be time consuming and a strain on resources. On the flip side, if you are managing a community that's 100% LIHTC, you only have to do an initial income certification, which states or local housing authorities may override, and if you have a mixed-use property, annual income certification may still be required, depending on which state you are in. Are

And that's just the tip of the iceberg. You're also tasked with staying on top of the regulatory and compliance requirements (i.e. making sure units meet regulatory requirements, etc.) for the alphabet soup of programs and processes you're responsible for managing, including LIHTC, HUD, HAP, TRACS, to name a few. Without the proper tools in place, this can be a full-time job, or more, just to manage income certification and recertification. And these processes become even more complicated when you're managing market rate and affordable units in the same property.

Income certification is just one piece of the puzzle. Another area that can be confusing is accounting for payments, determining whether they're coming from the government or from the resident, and ensuring everything is reconciled correctly on a month-to-month basis. For example, if you are taking payments from someone renting a Project Based Section 8 contract, you have to keep track of both the rent paid by the resident and reconcile that with subsidies paid by the government, which come in bulk for your entire property and have to be redistributed to each unit. Voucher programs also require the tracking and receipt of two payments per unit—the resident portion and the voucher.



Staying compliant

Even when you have the best intentions and do everything in your power to achieve compliance, it's possible for you to become non-compliant when unexpected changes occur to resident income or household composition. Regardless of how that happens you have to face the consequences, which could have a major impact on your business financially. That means if you are managing a LIHTC property that comes out of compliance, the tax credits received in the past can become recapturable as taxable income to the investors and syndicators who put the deal in place originally.

When one of your residents exceeds the income limits for the affordable unit they are occupying, properties can take advantage of an IRS rule known as the next available unit, which will require you to "rent the next available market-rate or rent-restricted unit of comparable or smaller size in the same building to a qualified, low-income applicant."⁴

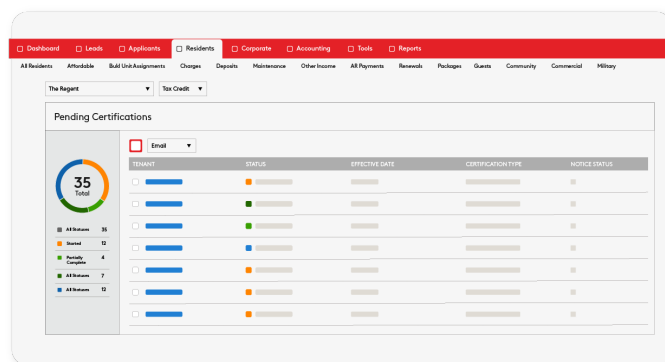
⁴ [3 Household Changes to Watch for at Annual Recertifications](#)

While the HUD and other affordable housing programs have been in place for decades, technology to support the management of portfolios that contain both conventional and affordable properties from one platform have lagged behind in being created. What that means is having to learn and manage multiple solutions to manage the day-to-day of each different property type, which can be confusing and cause site staff major headaches. In this day and age, employees don't want the complication of using multiple solutions, especially if they are being used to manage the same processes.

A better way exists

Many of these factors may deter some property management groups from taking on the responsibility of managing affordable housing communities, but recent advances in technology and changes to HUD that are bringing Affordable Housing into the 21st century (i.e. allowing for online document signatures, etc.) are enabling businesses to more efficiently manage both affordable and conventional units across their entire portfolio together. Entrata has worked closely with some of the top names in affordable housing to create a solution that solves many of the problems outlined above with the goal to make the management of affordable properties more efficient and accessible to more operators.

Entrata® Affordable simplifies the process of managing multiple affordable programs from one dashboard. No more toggling between multiple applications or having to remember multiple passwords just to do your job. Everything can be handled from one place.



Entrata's solution enables your accounting team to stay on top of the different methods of payments for each program and automating reconciliation in your accounting ledger, simplifying a previously complex and time consuming process, but accounting is just one piece of the puzzle. Managing the application process, income certification (and recertification), and other steps in the approval process is a constant that's never going to go away

because as regulations and income limits change, it could mean residents are no-longer qualified for the unit they're living in. Keeping track of that could be a full time job in and of itself, but with the right technology in place, these processes are streamlined and handled automatically, which is something Entrata Affordable makes possible.

Best practices for managing government-regulated properties

The first, and most important, thing you should consider when evaluating new solutions to manage properties with affordable housing programs is a tool that can easily handle the management from one place. A consolidated dashboard eliminates much of the friction associated with management of multiple property types, resulting in simplified management of your properties, which is essential in a world where employee turnover is higher than average.

Next, you'll want to find a solution that is customizable and configurable to your unique situation. One-size-fits-all software might get the job done in the long run, but it's not going to be as efficient or easy to use as something that can be set up with your specifications in mind.

Having the ability to manage all of the different workflows associated with affordable housing like HAP and TRACS is essential. One of the most important aspects in this area to look for is whether the tool will update automatically as changes are made to laws and regulations (i.e. income limits). Having to manually key those in could be time consuming for site teams and also opens yourself up to human error, which could put you out of compliance.

For LIHTC properties, the labor associated with Electronic Reporting for entering data into state agency websites is immense and very time consuming. Fortunately, Entrata has XML reporting available for all US States and territories available out of the box.

One of the most complex characteristics of managing layered properties is ensuring every payment is accounted for correctly, whether those payments come from the resident or through subsidies from government programs. Having an accounting tool that automatically updates the ledger and even back-dates payments after a resident is approved is essential to ensure the accounting doesn't get too complicated and your accounting team doesn't become overburdened tracking down payment sources.

There are a number of areas where Entrata is helping drive cost and time savings at affordable properties, below are the most notable.

- **Streamlined compliance workflows** that help you easily determine the eligibility of households.
- **Automated income limit updates** to ensure residents are meeting current income thresholds.
- **Consolidated management** of conventional and affordable housing units from one dashboard instead of using multiple systems.
- **Simplified program management** that enables you to stay on top of all the benefits your properties are eligible for.

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 90 second HAP approval process <small>In the past, this process could take a week or more</small>	 Lead to lease for affordable 9 days shorter <small>(a decrease of 21%)</small>	 Lead to lease for conventional 4 days shorter <small>(a decrease of 15%)</small>
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“We’ve been with Entrata ever since they began developing [Entrata Affordable] and have seen it grow into an easy to use solution built with processes and workflows that get the job done,”

— SHELDON OLSON, VICE PRESIDENT AT THE FOURMIDABLE GROUP

How Entrata can help

Entrata Affordable enables businesses to manage all of their properties, regardless of type, from one easy-to-navigate dashboard. When automations are set up, you’re able to quickly and seamlessly determine income eligibility and approve or deny applications much faster than with other solutions that aren’t purpose built to manage affordable housing.

This is because Entrata’s solution is flexible and customizable and enables you to create specific workflows and application processes for each property and program type, which results in less confusion and happier residents and site teams. One of the areas where it’s most flexible is managing tax credit programs. Depending on the make-up of your properties, whether they be 20/50, 40/60, 15/40 and more, Entrata Affordable is flexible enough for you to build out a program that meets your properties’ specific needs.

Currently, Entrata Affordable is built to manage HUD and LIHTC housing and a multitude of other national and local programs, and is in the process of building out and adding workflows for more and more programs in upcoming quarters.

To learn more about how Entrata Affordable will fit at your properties, request a demo today.



Entrata powers over 20,000 communities worldwide helping clients achieve and exceed their goals.

