



entrata[®]

Tech Meets Affordable Housing

How technology can help property managers overcome the challenges of affordable housing.

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Introduction

The affordable housing crisis in the United States is a pressing issue, with a staggering shortage of 7.3 million affordable units for extremely low-income households, where extremely low income is defined as below the federal poverty guidelines or 30% of the area median income. In fact, there are only 34 affordable housing units for every 100 extremely low income households. While the exact shortage of affordable housing varies from region to region, state to state, and city to city, currently, no state has enough available affordable housing to meet the current demand.

This scarcity creates significant challenges for individuals and families struggling to find safe and stable housing. While various factors contribute to this crisis, property management companies face unique hurdles in developing and managing affordable properties. Lower rental income, increased operating costs, and complex regulatory restrictions can make affordable housing projects less appealing compared to traditional market-rate developments for developers, property management companies, and investors alike.

Additionally, operational challenges, such as resident screening, compliance requirements, and payment processing, can be significantly more complex for affordable units. These complexities often require additional training for marketing, leasing, and accounting teams along with specialized software to manage the unique aspects and nuances of the affordable housing process, which can be very time consuming. This is compounded by the high turnover many properties are currently experiencing, resulting in a significant loss of institutional knowledge that needs to be replaced continually.

Over the course of this ebook, we will explore the key challenges in affordable housing management and highlight how technology, specifically Entrata Affordable, can eliminate bottlenecks in the approval and certification process, simplify the reconciliation process for the different types of payments that may come from each unit, and enable you to take the hands off the wheel and let AI and automations seamlessly manage both your affordable and traditional properties from a single dashboard.



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¹ [The Gap - A shortage of affordable homes](#)

SECTION I

Key challenges

When deciding whether or not to invest in affordable properties, there are a number of challenges and obstacles to consider, including potential financial constraints, compliance and regulatory requirements, and operational complexities. Through this section, we will highlight many of these challenges, while also providing you with insights on how technology can lessen those burdens to help you reduce costs and be more efficient.



Financial Constraints

One way the government keeps affordable housing rental rates low is by limiting how much properties can charge residents. While this is a big win for low income renters, it can significantly impact a property's potential revenue. However, the government offers a number of incentives in the form of tax breaks that eases the burden in securing financing, attracting investors, and creating a more level playing field for market-rate properties.

The catch is managing the nuances of affordable housing programs like tax credits, and vouchers can be difficult for the uninitiated. There are quite a few hoops you need to jump through to get qualified residents certified and moved in, and that's just the beginning. Once residents are in the unit, you need to track and make a record of where payments are coming from, whether that be from government vouchers, the resident paying directly, or some combination of the two, those payments need to be reconciled and accounted for.

Beyond that, you need to stay on top of how much you can actually charge for rent. This means keeping track of the median income in your area, which can fluctuate, while in some instances also keeping track of changes in the household make up and income of residents to determine if they still meet the requirements.

Each of these additional tasks might not seem that daunting on their own. When you add them all together and multiply them by the number of affordable units you are managing, it can be overwhelming. The challenges can be exacerbated if you aren't using property management software that was purpose-built to handle the subtle differences between traditional and affordable properties.

Smart property management companies find ways to increase efficiencies to offset any increased operating costs that might come from managing affordable properties, which helps to maintain a strong net operating income in spite of lower potential rental income.

SECTION I

Regulatory and Policy Hurdles

Affordable housing programs are often subject to a myriad of federal, state, and local regulations. Navigating these complex requirements, including those related to LIHTC (Low-Income Housing Tax Credits), Section 8 vouchers, and other subsidy programs, can be a significant administrative burden. For example, you may need to maintain compliance with HUD regulations, know how much you can actually charge for rent and when rent can be increased or decreased, or provide extensive documentation and reporting to funding agencies and other regulatory bodies to name a few. Generating accurate and timely reports for various funding agencies can be a daunting task, especially when dealing with multiple programs and complex regulations.

Manual reporting is prone to errors and can divert significant staff time, which could be spent creating better resident experiences. Failure to comply can result in financial penalties, loss of funding, and damage to a property's reputation. Fortunately, a vast majority of reports and documentation can be automated when you have the right tools in place (which we'll cover in a later section), including rent calculation, financial management, and accounting activities.

Increased Operational Complexities

Screening residents at traditional properties can be hard enough. Properties typically run background checks and verify income, but at affordable properties those screenings become even more complex. Screening applicants for affordable housing involves verifying income eligibility and often requires tracking down information from multiple sources to ensure the applicant meets the program requirements.

It also requires properties to compile and maintain careful documentation to ensure adherence to program guidelines over time. And depending on the affordable housing program your property is participating in, you may have to recertify residents periodically and, as mentioned previously, adjust rental rates based on changes in average median income where your properties are located.

Finally, managing the finances of affordable housing properties is a complex endeavor that requires specialized accounting practices and a deep understanding of the intricacies of various subsidy programs. Unlike traditional properties where rent is determined by market forces, affordable housing operates under strict regulations and guidelines that impact every aspect of financial management.

Affordable housing often relies on a patchwork of funding sources, including federal programs like Section 8 vouchers, state-level initiatives, and tax credit programs like LIHTC. Each program comes with its own set of rules, regulations, and reporting requirements. Because of this, it can be difficult to stay on top of eligibility requirements, income limits, and other criteria. This is worsened when you don't have a centralized accounting system to monitor and reconcile payments as they come in from different sources.

² [LIHTC for Regular People](#)

SECTION II

Streamline affordable housing management with Entrata

Entrata Affordable addresses the unique challenges of this sector head-on by empowering property management companies to achieve operational efficiency, ensure compliance, and enhance resident satisfaction—all while creating a better experience for residents and site teams alike.

Effortless Program Setup

Say goodbye to juggling disparate systems and cumbersome spreadsheets. Entrata allows you to easily configure your properties to manage various affordable housing programs—including HUD, Section 8, and LIHTC—all within a single, unified platform. This centralized approach simplifies program administration, reduces data entry, and minimizes the risk of errors.

Automated Rent Calculations

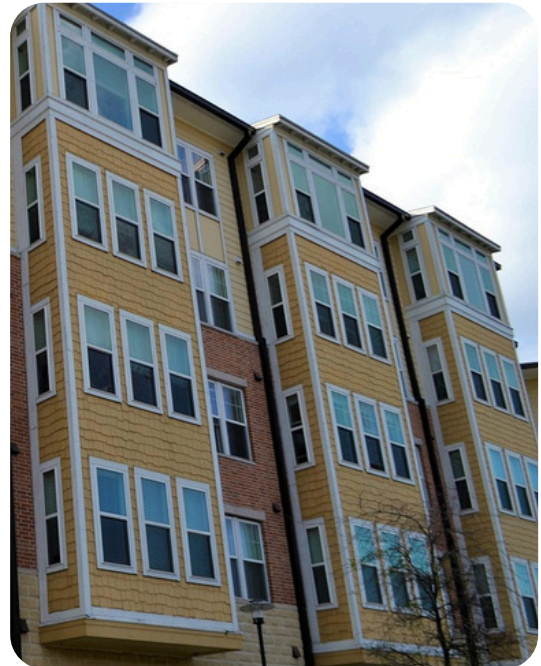
Calculating rent for affordable units can be a complex process, with varying rules and restrictions based on AMI, unit type, and household size. Entrata automates these calculations, ensuring accuracy and compliance with program guidelines. This eliminates manual effort, reduces errors, and frees up your team to focus on resident-facing tasks.

Streamlined Compliance Processes

Maintaining compliance with the myriad of regulations governing affordable housing can be a daunting task. Entrata streamlines these processes by automating key tasks, such as TRACS certification and monthly HAP requests. Real-time dashboards provide a clear overview of your compliance status, helping you identify and address potential issues proactively.

Accelerated Reporting

Generating reports for investors, funding agencies, and other stakeholders is a crucial aspect of affordable housing management. Entrata's automated reporting features simplify this process, allowing you to generate accurate and timely reports with minimal effort. This ensures transparency, facilitates communication, and saves valuable time.



SECTION II

Optimize the Application and Leasing Process

Entrata Affordable enables properties to embrace a paperless, mobile-friendly application and leasing process that improves efficiency and accessibility for applicants. Entrata's ProspectPortal empowers applicants to complete applications, submit documentation, and track their application status from any device, enhancing convenience and transparency.

Automated Income Verification

Verifying applicant income is a critical step in the affordable housing leasing process. Entrata streamlines this process with integrated tools that connect to various data sources, reducing much of the manual effort previously required to manage this aspect of leasing affordable units. This helps ensure accuracy, speeds up approvals, and minimizes the burden on your staff and the time applicants must wait to find out if they qualify.



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Bridge Gap Between Affordable and Traditional Management

Entrata allows property management companies to manage their entire portfolio—including both market-rate and affordable units—from a single, intuitive platform. This eliminates the need for separate systems, simplifies training, and streamlines operations across your entire business.

Comprehensive Accounting Tools

Entrata's robust accounting features are designed to handle the specific needs of affordable housing, including subsidy tracking, voucher reconciliation, and program-specific reporting. This ensures accurate financial management, reduces errors, and simplifies compliance.

Holistic Portfolio Management

Gain a comprehensive view of your entire portfolio's performance, regardless of unit type or affordability level. Entrata's reporting and analytics tools provide insights into key metrics, enabling you to make data-driven decisions and optimize your overall business strategy.

Conclusion



While the affordable housing crisis demands a multifaceted solution, technology plays a crucial role in empowering property management companies to efficiently and effectively manage affordable properties. By leveraging Entrata's comprehensive solutions for both affordable and market-rate properties, you can streamline operations, reduce costs, ensure compliance, and ultimately contribute to providing safe and stable housing for those in need.

Entrata's commitment to innovation and customer success makes it the ideal partner for navigating the complexities of affordable housing management. Embrace the power of technology to bridge the gap between affordable and traditional properties, optimize your operations, and make a positive impact on your community.

To learn more about how Entrata can streamline the management of affordable housing units in your portfolio, [request a demo](#) today.