Role of Asset Management in the Application Process
Asset Management Contacts

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tdouglas@mhdc.com

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MHDC – STL
505 N. 7th Street
St. Louis, MO 63101
20th Floor, Ste. 2000
314-877-1350
Information Provided

- City/County Occupancy Reports
- Developer Portfolio History Report
- Market Demographic Report
- Form 2013 Revenue/Expense Analysis
Occupancy Reports

- Recent three months of occupancy %
- Identify underperforming markets
- Compare to State Occupancy Average

<table>
<thead>
<tr>
<th>City Name</th>
<th>Bed Type</th>
<th>Reported Number of Units</th>
<th>May-19</th>
<th>Jun-19</th>
<th>Jul-19</th>
<th>Quarter Avg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kansas City</td>
<td>0</td>
<td>279</td>
<td>97%</td>
<td>96%</td>
<td>95%</td>
<td>96%</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>3974</td>
<td>93%</td>
<td>93%</td>
<td>93%</td>
<td>93%</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>3871</td>
<td>93%</td>
<td>93%</td>
<td>93%</td>
<td>93%</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>1592</td>
<td>94%</td>
<td>94%</td>
<td>94%</td>
<td>94%</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>100</td>
<td>92%</td>
<td>90%</td>
<td>89%</td>
<td>90%</td>
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<tr>
<td></td>
<td>5</td>
<td>5</td>
<td>100%</td>
<td>100%</td>
<td>NA</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9,821</td>
<td>93%</td>
<td>93%</td>
<td>93%</td>
<td>93%</td>
</tr>
</tbody>
</table>

Total State Average: 93% 93% 93% 93%
Developer Portfolio History Report

- Provide previous inspection ratings
- Determine portfolio occupancy average
- Report number of uncorrected 8823s
- Determine financial delinquency
- Determine noncompliance events
- Current events and Partnering Agency Reports
Market Demographic Reports

- Identify possible oversaturated/underperforming markets.
- Share City/County Demographic Interviews.
MHDC Form 2013 Review

- Assist underwriting in determining project’s overall viability over initial 15 year period.
- Determine reasonableness of the proposed 1st year budget.
- Provide suggestions for developer’s consideration based on current portfolio.
- Benchmarking Analysis.
Proposed Revenue and Expenses are compared with the following benchmarking segments:

– Geographic
– Expense Account Category
– Total Development Units
– Management Company
– Development Type
– Multiple phases
– Urban/Rural
Form 2013 - Benchmarking Analysis

<table>
<thead>
<tr>
<th>County</th>
<th>City</th>
<th>Total Units</th>
<th>Dev Type</th>
<th>Property and Liability Insurance (Hazard) Amount</th>
<th>Property and Liability Insurance (Hazard) Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clay</td>
<td>Kansas City</td>
<td>87</td>
<td>FAMILY</td>
<td>32,120</td>
<td>369.20</td>
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<tr>
<td>Clay</td>
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<td>48</td>
<td>FAMILY</td>
<td>22,506</td>
<td>468.88</td>
</tr>
<tr>
<td>Clay</td>
<td>Kansas City</td>
<td>56</td>
<td>FAMILY</td>
<td>25,718</td>
<td>459.25</td>
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<tr>
<td>Clay</td>
<td>Kearney</td>
<td>55</td>
<td>ELDERLY</td>
<td>12,459</td>
<td>226.53</td>
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<td>Clay</td>
<td>Liberty</td>
<td>48</td>
<td>FAMILY</td>
<td>17,959</td>
<td>374.15</td>
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<tr>
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<td>Liberty</td>
<td>65</td>
<td>ELDERLY</td>
<td>25,254</td>
<td>388.52</td>
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</tbody>
</table>
Form 2013 Budgeting Tips

- Meet with management company to discuss portfolio trends.
- Analyze expenses of existing phases or related properties in the area.
- Review MHDC published data.
## Cost Per Unit Data

### Entire AMRS Portfolio
2015 Expense/Per Unit

<table>
<thead>
<tr>
<th>LIHTC On</th>
<th>Urban / Rural</th>
<th>Dev Ty</th>
<th>Const Type</th>
<th>City</th>
<th>County</th>
<th>Num Unit</th>
<th>Admin</th>
<th>Utility</th>
<th>Operating &amp; Maintenance</th>
<th>Real Estate Taxes</th>
<th>Property And Liability Insurance</th>
<th>Taxes And Ins</th>
<th>R4R Deposit</th>
<th>Total Expense</th>
<th>Exp / Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>RURAL</td>
<td>FAMILY</td>
<td>NEW</td>
<td>Kirkville</td>
<td>Adair</td>
<td>25</td>
<td>$37,130</td>
<td>$11,555</td>
<td>$37,620</td>
<td>$10,978</td>
<td>$10,102</td>
<td>0</td>
<td>$6,875</td>
<td>$114,250</td>
<td>$4,570</td>
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<tr>
<td>NO</td>
<td>RURAL</td>
<td>ELDERLY</td>
<td>REHAB</td>
<td>Kirkville</td>
<td>Adair</td>
<td>60</td>
<td>$72,429</td>
<td>$13,778</td>
<td>$67,281</td>
<td>$16,164</td>
<td>$13,809</td>
<td>$11,634</td>
<td>0</td>
<td>$6,454</td>
<td>$243,549</td>
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<tr>
<td>NO</td>
<td>RURAL</td>
<td>ELDERLY</td>
<td>NEW</td>
<td>Kirkville</td>
<td>Adair</td>
<td>50</td>
<td>$104,479</td>
<td>$36,562</td>
<td>$40,867</td>
<td>$10,952</td>
<td>$20,306</td>
<td>$13,729</td>
<td>0</td>
<td>$12,060</td>
<td>$238,955</td>
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<tr>
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<td>NEW</td>
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<td>Adair</td>
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<td>$6,783</td>
<td>$19,044</td>
<td>$7,084</td>
<td>$7,757</td>
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<td>$6,490</td>
<td>$73,478</td>
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<td>$11,576</td>
<td>$7,900</td>
<td>$9,405</td>
<td>0</td>
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<td>$165,915</td>
</tr>
<tr>
<td>NO</td>
<td>RURAL</td>
<td>ELDERLY</td>
<td>NEW</td>
<td>Kirkville</td>
<td>Adair</td>
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<td>$25,090</td>
<td>$11,466</td>
<td>$26,343</td>
<td>$12,256</td>
<td>$15,296</td>
<td>$2,202</td>
<td>0</td>
<td>$10,150</td>
<td>$106,913</td>
</tr>
<tr>
<td>YES</td>
<td>RURAL</td>
<td>REHAB</td>
<td>NEW</td>
<td>Kirkville</td>
<td>Adair</td>
<td>24</td>
<td>$15,278</td>
<td>$40,632</td>
<td>$115,729</td>
<td>$7,493</td>
<td>$14,435</td>
<td>$5,133</td>
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<td>$11,050</td>
<td>$225,760</td>
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<tr>
<td>YES</td>
<td>URBAN</td>
<td>ELDERLY</td>
<td>NEW</td>
<td>Savannah</td>
<td>Andrew</td>
<td>35</td>
<td>$59,895</td>
<td>$24,644</td>
<td>$57,296</td>
<td>$8,734</td>
<td>$15,390</td>
<td>$8,209</td>
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<td>$12,450</td>
<td>$166,400</td>
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<tr>
<td>YES</td>
<td>URBAN</td>
<td>ELDERLY</td>
<td>NEW</td>
<td>Savannah</td>
<td>Andrew</td>
<td>37</td>
<td>$56,249</td>
<td>$7,593</td>
<td>$95,225</td>
<td>$12,775</td>
<td>$16,979</td>
<td>$9,729</td>
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<td>$8,250</td>
<td>$165,815</td>
</tr>
<tr>
<td>NO</td>
<td>RURAL</td>
<td>ELDERLY</td>
<td>NEW</td>
<td>Savannah</td>
<td>Andrew</td>
<td>40</td>
<td>$47,942</td>
<td>$21,731</td>
<td>$40,722</td>
<td>$13,031</td>
<td>$17,035</td>
<td>$7,642</td>
<td>0</td>
<td>$14,450</td>
<td>$162,553</td>
</tr>
<tr>
<td>NO</td>
<td>RURAL</td>
<td>FAMILY</td>
<td>NEW</td>
<td>Mexico</td>
<td>Audrain</td>
<td>17</td>
<td>$24,872</td>
<td>$1,636</td>
<td>$10,954</td>
<td>$6,619</td>
<td>$8,660</td>
<td>$0</td>
<td>0</td>
<td>$6,638</td>
<td>$66,888</td>
</tr>
</tbody>
</table>

**News & Updates**

- [New Chapter 9 Section 8 Notice](http://www.mhdc.com/program_compliance/index.htm)
- [Fair Housing Update](http://www.mhdc.com/program_compliance/index.htm)
- [2017 Cost Per Unit](http://www.mhdc.com/program_compliance/index.htm)
- [2016 Cost Per Unit](http://www.mhdc.com/program_compliance/index.htm)
- [2015 Cost Per Unit](http://www.mhdc.com/program_compliance/index.htm)
- [2014 Operating Cost Per Unit Data](http://www.mhdc.com/program_compliance/index.htm)
- [Program Compliance News & Updates](http://www.mhdc.com/program_compliance/index.htm)
- [Certified Property Management Agent Listing](http://www.mhdc.com/program_compliance/index.htm)
Form 2013 Budgeting Tips Cont…

- Include expenses that are expected to re-occur on an annual basis.
- Budget One FTE Manager and Maintenance person for properties with 48 + units and are not part of a multi-phase development.
- Avoid the “Miscellaneous” temptation.
- Common space utilities still need to be budgeted.
• Avoid grouping contract related expenses, i.e., snow removal, HVAC, exterminating, vacant unit preparation costs, etc. under the general contracts category.
• Obtain current insurance quotes.
• Indicate any tax abatement.
• Budget for Security.
• Special Needs/Supportive Service Account.
### Special Needs/Supportive Service Account

<table>
<thead>
<tr>
<th>Description</th>
<th>Code</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacant Unit Prep (Carpets, Painting, Etc.)</td>
<td>6580</td>
<td>$3,000</td>
</tr>
<tr>
<td>Misc. Operating &amp; Maintenance Exp.</td>
<td>6590</td>
<td>$0</td>
</tr>
<tr>
<td>Total Operating &amp; Maint Expenses</td>
<td>6500T</td>
<td>$47,490</td>
</tr>
<tr>
<td>Real Estate Taxes</td>
<td>6710</td>
<td>$10,000</td>
</tr>
<tr>
<td>Property &amp; Liability Insurance</td>
<td>6720</td>
<td>$11,000</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>6723</td>
<td>$3,000</td>
</tr>
<tr>
<td>Workers Comp</td>
<td>6722</td>
<td>$1,000</td>
</tr>
<tr>
<td>MIP Insurance</td>
<td>6850</td>
<td>$0</td>
</tr>
<tr>
<td>Fidelity Bond</td>
<td>6721</td>
<td>$250</td>
</tr>
<tr>
<td>Other Tax Assessments</td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>Other (Describe)</td>
<td></td>
<td>$12,000</td>
</tr>
<tr>
<td>Total Fixed Expenses</td>
<td></td>
<td>$37,250</td>
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<tr>
<td>Replacement Reserves</td>
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<td>$10,800</td>
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<tr>
<td>Total Expenses</td>
<td></td>
<td>$161,478</td>
</tr>
<tr>
<td>No. of Units</td>
<td></td>
<td>36</td>
</tr>
<tr>
<td>Expenses per Unit</td>
<td></td>
<td>$4,486</td>
</tr>
</tbody>
</table>
Property “Busters”

• Unrealistic budgeting.
• Not planning for the end of the tax abatement.
• Not adequately planning for the end of useful life during the rehab – concrete, roofs, mechanical systems, elevators, etc.
• Security.
Security Budgeting Policy

• For development proposals in areas where the market study reports a crime index above two times the current state index of 1060 as reported in the areavibes.com data, such proposals must address security needs in the development and operating budgets, or provide a detailed explanation why such measures will not be necessary.

• NOTE: The state and local factors from areavibes.com change annually in the late fall of each year; therefore any market study update submitted for consideration must include updated crime statistics.
Asset Management Updates
Coming Soon

- AMRS 2.0 Phase 1  October 2019
- New Rent Increase Policy  Effective January 2020
- New Management Fee Policy  Effective January 2020
- Updated LIHTC Manual  January 2020
- AMRS 2.0 Phase 2  January 2020
MHDC Certified Property Management Listing

The management companies listed below have been approved as MHDC Certified Property Management Agents to manage properties in Missouri. Interested parties are encouraged to review the list to ensure that the chosen management agent is included, as the list may change periodically. Should you have any questions regarding the status of a management agent, please feel free to contact that management company directly. If you have questions about management requirements in Missouri, please contact Candace Maupins at 314-877-0967 or cmaupins@mhdc.com.

Certified Management Agent Listing as of the following date: January 12, 2018

<table>
<thead>
<tr>
<th>Management Agent</th>
<th>Contact</th>
<th>Email</th>
<th>Telephone #</th>
<th>Main Office Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>232 RENT Property Management</td>
<td>Paul Worcester</td>
<td><a href="mailto:paul@worcester-investments.com">paul@worcester-investments.com</a></td>
<td>816-291-4146</td>
<td>Riverside, MO</td>
</tr>
<tr>
<td>Action Management &amp; Consulting Svs. LLC</td>
<td>Connie Lasher</td>
<td><a href="mailto:cblasher.actionmgmt@gmail.com">cblasher.actionmgmt@gmail.com</a></td>
<td>660-535-4305</td>
<td>King City, MO</td>
</tr>
<tr>
<td>Affordable Housing Action Board of Springfield</td>
<td>Sherry Blair</td>
<td><a href="mailto:sblair@ahabhousing.com">sblair@ahabhousing.com</a></td>
<td>417-865-4055</td>
<td>Springfield, MO</td>
</tr>
<tr>
<td>Alco Management Inc</td>
<td>Sondra Wimbs</td>
<td><a href="http://www.alconmt.com">www.alconmt.com</a></td>
<td>901-544-1705</td>
<td>Memphis, TN</td>
</tr>
<tr>
<td>Bell Management Inc</td>
<td>Mike Landers</td>
<td><a href="mailto:ml@bellmanage.com">ml@bellmanage.com</a></td>
<td>417-624-1444</td>
<td>Joplin, MO</td>
</tr>
<tr>
<td>Belmont Management Company</td>
<td>Rhonda Nicholson</td>
<td><a href="mailto:rnicolson@belmontmgt.net">rnicolson@belmontmgt.net</a></td>
<td>479-242-8900</td>
<td>Fort Smith, AR</td>
</tr>
<tr>
<td>Beyond Housing/NHS</td>
<td>Deb Dombar</td>
<td><a href="mailto:DDombar@beyondhousing.org">DDombar@beyondhousing.org</a></td>
<td>314-533-0520</td>
<td>Saint Louis, MO</td>
</tr>
<tr>
<td>Block Multifamily Group</td>
<td>Bill Larson</td>
<td><a href="mailto:blarson@blockmultifamily.com">blarson@blockmultifamily.com</a></td>
<td>913-387-1113</td>
<td>Leawood, KS</td>
</tr>
</tbody>
</table>

http://www.mhdc.com/program_compliance/index.htm
Special Needs/Service Enriched Monitoring

- FAQ Published August 3, 2018
- 30 day wait to lease period has been removed (new)
  - LRA confirmation still need
  - Document
- Is LRA meeting the residents needs?
- Making a change
  - Notify MHDC
  - Identify new LRA provider
  - MHDC must approve before any change is made
- Exhibit Z - Housing Priority Site Visit Certification for Special Needs and/or Service Enriched Properties (updated 7/24/18)
New Electronic Signature Policy

• Effective January 1, 2019
• Exhibits that previously required original signatures must now be sent via email
• Dedicated email addresses for exhibits
  – compliance.exhibits@mhdc.com
  – managementapp@mhdc.com
  – TPA@mhdc.com
• MHDC staff will no longer accept emailed exhibits directly.

Note: See forms for applicable email addresses
New Electronic Signature Policy

- Exhibit A - Owner's Certification of Continuing Program Compliance
- Exhibit J - Authorized Representative Designation
- Exhibit J-1 - Management Agent Authorized Representative Designation
- Exhibit K - Annual Certification of Continuing Program Compliance HOME Program
- Exhibit A-5 - Certified Management Agent Application
- Exhibit G - Change of Ownership
- Exhibit A-2 - Project Owner's Management Agent Certification
New Transfer of Physical Assets Policy

• New TPA Application (Form #TPA01)

• Timeframes
  • Limited Partner transfers = 15 days
  • General Partner transfers = 30 days
  • Full Transfers (tax credit or loan) = 45 days

  **Note:** End of year TPAs must be in no later than November 1 or processing may not occur by December 31.

• January 1, 2019 - TPA Processing Fees go into effect

http://www.mhdc.com/program_compliance/index.htm
Forms/Exhibits

• All Asset Management Forms can be found at http://www.mhdc.com/program_compliance/LIHTC/forms-documents.htm.

• Make the Exhibit A-20 Asset Management Reporting Checklist your Friend!