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# The Role of Asset Management in the Firm Commitment Process



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# Asset Management Contacts



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# Information Reviewed



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- Management Agent Documentation
- Management Plan/Lease Review
- Form 2013 Revenue/Expense Analysis



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# Required Management Agent Documentation



- **Exhibit A-2:** MHDC Management Agent Certification or **HUD 9839-B** HUD Management Agent Certification if HUD is in first place.
- **Exhibit J:** Authorized Representative Designation
- **Exhibit J-1:** Management Authorized Representative Designation
- **Exhibit L:** Property Information Sheet
- **AFHMP** - Affirmative Fair Housing Marketing Plan

**Note:** Original Signatures are NO longer required



# Required Management Agent Documentation Cont...



- Management/Maintenance Plan
- Proposed Lease
- Lease-up Narrative and Budget



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# Exhibit A-2: Management Agent Certification



- Look for New Exhibit A-2 form **March 2020**
- New Mgmt Fee Policy – **Effective 1/1/2020**
- 12/31/21 Mgmt Fee \$41 per occupied unit
- Annual increases are automatic according to the published HUD OCAF
- Policy does not apply to properties whose management certification must be approved by HUD.



# Additional Management Document Errors



- Missing MHDC #/LIHTC# property identification number
- Missing Notary Signatures
- Using outdated MHDC Forms/Exhibits



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# Management Agent Certification Process



- All existing and /or new management companies must be approved by MHDC
- Refer to 10/12/18 Policy
- Properties with 5+ units must use Certified Property Management Agent.
  - Properties with 4 units or less may be allowed to owner manage.



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# Management Agent Certification Process



- **Exhibit A-5:** Certified Property Management Application, plus all required supplemental documents.
- One, two, or three year certifications.
- Scheduled Submission Quarters - must submit 90 days before certification expires. Example, submit by 3/31/21 for 7/1/21 effective date.

**Note:** New Management Companies – must be certified before taking on new business.



# Certified Management Agent Letter



Re: Management Agent Certification

Dear Ms. Losacker

Pedcor Management Corporation has been approved as an MHDC Certified Management Agent for the term of three years. Pedcor Management Corporation will be placed on the approved Certified Management Agent list available at [www.mhdc.com](http://www.mhdc.com).

This certification is valid until 3/31/2023. You must reapply prior to your existing agreement expiring. Recertification documentation must be submitted within 90 days of expiration to allow sufficient time for MHDC review and processing. Your next application is due no later than 12/31/2022.



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# MHDC Certified Property Management Listing



## MHDC Certified Property Management Agent 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](mailto:cmaupins@mhdc.com).

Certified Management Agent Listing as of the following date: November 6, 2020

Management Agent	Contact	Email	Telephone #	Main Office Location
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[http://www.mhdc.com/program\\_compliance/index.htm](http://www.mhdc.com/program_compliance/index.htm)





# Management Plan Review



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Refer to **Exhibit A-1\*** Management Plan Outline and Checklist to ensure all required items are included in the property management plan.

\*Revised 8/18/20



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# Management Plan Review with Project Based Section 8



- Review 4350.3 Ch 4 for required elements of the Tenant Selection Plan.
- A copy of the Tenant Application, Tenant Selection Plan, required leases and all lease addendum and pet policies should be attached to the plans submitted to MHDC.



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# Leases



- Refer to LIHTC manual page 117 section – 7.3 Leases.
- Common missed clauses:
  - Obligation of the tenant to recertify income annually
  - Obligation of the tenant to notify management regarding change in student status





# MHDC Form 2013 Review



- Assist underwriting in determining project's overall viability over initial 15 year period.
- Determine reasonableness of the proposed first year budget.
- Provide suggestions for developer's consideration based on current portfolio.



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# Expense Line Item Changes



Owners and Developers must include a expense change explanation memo for all expense line items that differ from the initial application.



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# Form 2013 - Benchmarking Analysis



Project Name	▼	○
Dev Type	▼	○
Region	▼	KANSAS CITY MSA
City	▼	○
Zip	▼	○
Mgmt Co Name	▼	○
County	▼	Clay
Expense Type	▼	Property and Li...
Expense Group	▼	6700
Units Band	▼	48-99
Statement Type	▼	○
Urban/Rural	▼	URBAN
Statement Year	▼	2014
Building Type	▼	○
Audit Report Type	▼	Unqualified Audit
IncomeStateme...	▼	Taxes and Insu...
ProjectStatus	▼	ACTIVE

County	City	Total Units	Dev Type	Property and Liability Insurance (Hazard) Amount	Property and Liability Insurance (Hazard) Per Unit
Clay	Kansas City	87	FAMILY	32,120	369.20
Clay	Kansas City	48	FAMILY	22,506	468.88
Clay	Kansas City	56	FAMILY	25,718	459.25
Clay	Kearney	55	ELDERLY	12,459	226.53
Clay	Liberty	48	FAMILY	17,959	374.15
Clay	Liberty	65	ELDERLY	25,254	388.52





# Form 2013 Budgeting Tips



- Meet with management company to discuss any changes in portfolio trends since application.
- Analyze expenses of existing phases or related properties in the area.
- Review MHDC published data.



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# Cost Per Unit Data



Entire AMRS Portfolio															
2017 Expense/Per Unit															
Total Properties															752
LIHTC	Urban / Rural	Dev Type	Const Typ	City	County	Num Unit	Admi	Utility	O & M	Real Estate Taxes	Property And Liability Insuranc	Taxes And Ins Other	R4R Deposit	Total Expense	Exp / Unit
YES	URBAN	ELDERLY	NEW	Saint Louis	Saint Louis City	91	\$106,674	\$90,137	\$92,960	\$36,891	\$35,969	\$13,074	\$36,284	\$411,989	\$4,52
YES	URBAN	ELDERLY	NEW	Saint Louis	Saint Louis City	96	\$106,046	\$82,293	\$82,093	\$36,635	\$37,437	\$13,345	\$38,705	\$396,554	\$4,13
NO	URBAN	FAMILY	NEW	Saint Louis	Saint Louis City	82	\$181,035	\$55,575	\$188,258	\$69,222	\$28,704	\$41,208	\$24,300	\$588,302	\$7,17
NO	URBAN	FAMILY	NEW	Kansas City	Jackson	24	\$45,503	\$1,506	\$28,262	\$6,312	\$16,785	\$3,351	\$9,943	\$111,662	\$4,65
YES	URBAN	FAMILY	NEW	Kansas City	Jackson	24	\$49,241	\$983	\$16,111	\$609	\$19,197	\$4,123	\$0	\$90,264	\$3,76
YES	URBAN	FAMILY	REHAB	Joplin	Jasper	138	\$178,047	\$109,211	\$200,149	\$33,431	\$39,192	\$35,874	\$47,091	\$642,995	\$4,65
YES	URBAN	FAMILY	REHAB	Saint Louis	Saint Louis City	39	\$62,714	\$4,161	\$73,690	\$33,932	\$0	\$2,390	\$0	\$176,887	\$4,53
YES	URBAN	FAMILY	REHAB	Saint Louis	Saint Louis City	58	\$101,768	\$60,867	\$104,462	\$4,982	\$20,904	\$11,599	\$17,922	\$322,504	\$5,56
NO	URBAN	FAMILY	NEW	Nixa	Christian	48	\$60,689	\$27,512	\$52,208	\$14,471	\$8,938	\$10,172	\$19,885	\$193,875	\$4,03
YES	URBAN	ELDERLY	REHAB	Saint Louis	Saint Louis City	273	\$317,371	\$327,198	\$471,605	\$118,901	\$75,843	\$66,197	\$0	\$1,377,115	\$5,04
YES	RURAL	ELDERLY	REHAB	Trenton	Grundy	35	\$50,178	\$19,272	\$40,033	\$12,393	\$14,123	\$4,369	\$10,505	\$150,873	\$4,31

[http://www.mhdc.com/program\\_compliance/index.htm](http://www.mhdc.com/program_compliance/index.htm)

## • News & Updates

- [New Chapter 9 Section 8 Notice](#)
- [Fair Housing Update](#)
- [2018 Cost Per Unit](#)
- [2017 Cost Per Unit](#)
- [2016 Cost Per Unit](#)
- [2015 Cost Per Unit](#)
- [2014 Operating Cost Per Unit Data](#)
- [Program Compliance News & Updates](#)



# 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.





# Form 2013 Budgeting Tips Cont...



- 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.



# Income Averaging



- Please review income averaging recorded webinar on MHDC website [www.mhdc.com](http://www.mhdc.com).
- Additional Compliance guidance forthcoming as AMRS reporting is still in development

## General Information

- [2019 Application Workshop Presentations](#)
- [Income-Averaging Recorded Webinar](#)
- [Income-Averaging Webinar Slides](#) 📄
- [Income-Averaging Questions and Answers](#) 📄
- [FY18 Application Workshop Presentations](#)
- [FY17 Developer Workshop Presentations](#)



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[http://www.mhdc.com/rental\\_production/index.htm](http://www.mhdc.com/rental_production/index.htm)

# Ownership



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- **Oversee Management.**
- **Required to cover deficits of the property.**
- **Management is required to notify us when owners are no longer willing to materially participate – reported to the Commission.**



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# Recent Policy Updates



- New Rent Increase Policy **Effective January 2020**
- New Management Fee Policy **Effective January 2020**
- Updated LIHTC Manual **Updated August 2020**
- Multifamily Tax Exempt Bond Compliance **Effective October 2020**

Please visit [www.mhdc.com](http://www.mhdc.com) for guidance



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# 1<sup>st</sup> Year Compliance Requirements



- MHDC must be notified when lease-up commences.
- All properties must submit complete and executed first year 8609s. Complete means signed by the owner with the Part II section filled out. #
- Property must be inspected for Latent Defects within nine months from construction completion date. #

# - Failure to do so will result in the property being issued an 8823 which reports noncompliance to the IRS.





# Annual Compliance Requirements



- **Exhibit A** forms must be submitted annually through COL and a hard copy must be submitted to MHDC's Compliance Reporting Team in accordance with the seasonal reporting schedule.

SEASONAL REPORTING SCHEDULE			
<i>Placed-In- Service Date</i>	<i>Activity Period Covered</i>	<i>COL Report Due Date</i>	<i>Exhibit A &amp; K Due Date</i>
1990, 1991, 1992, 1993, 2006, 2010, 2014, 2018, 2022, 2026, 2030, 2034, 2038, 2042	April 1 – March 31	April 15	April 30
1994, 1995, 1996, 1997, 2007, 2011, 2015, 2019, 2023, 2027, 2031, 2035, 2039, 2043	July 1 – June 30	July 15	July 31
1998, 1999, 2000, 2001, 2008, 2012, 2016, 2020, 2024, 2028, 2032, 2036, 2040, 2044	October 1 – September 30	October 15	October 31
2002, 2003, 2004, 2005, 2009, 2013, 2017, 2021, 2025, 2029, 2033, 2037, 2041, 2045	January 1 – December 31	January 15	January 31

- If HOME funded, hard copies of **Exhibits H and K** must also be submitted to MHDC's Compliance Reporting Team in accordance with the seasonal reporting schedule.





# Common COL Errors



- Properties in EUP must submit
- Late submissions and missing certification dates
- Missing transient housing information.
- Missing data i.e., “Unit Assistance Type.”

Family Size: 1  Non Qualified Students

Household Annual Income: ..... Select Type .....

Unit Assistance Type: Project-Based

Owner's Designation: Tenant-Based

HOH Special Population: ..... Select Type ..... ▼

HOH Disabled:



# Rent Increases



- Properties must wait at least one year from the date the last building was placed in service before a rent increase request may be submitted.
- All Rent Increases must be approved by MHDC prior to implementation.
- Rent increase caps - 7%; previous year COLA for Elderly.
- New Rent Increase Policy **Effective January 2020.**

[http://www.mhdc.com/program\\_compliance/accounting/rent\\_increases/index.htm](http://www.mhdc.com/program_compliance/accounting/rent_increases/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



# Special Needs Unit Monitoring



- Annual inspection
- Compliance Items:
  - Proper Set-Aside
  - Services provided
- Noncompliance treatment
  - Loss of future opportunities
  - Potential suspension and/or debarment
  - Non Compliance Fees could be assessed



# Service-Enriched Monitoring



- Ensure commitments made for services during application are implemented.
- Noncompliance treatment
  - Loss of future opportunities to ownership and its affiliated partners to be considered for future tax credits and MHDC financing.
  - Non Compliance Fees could be assessed.





# Contact Changes



- Owner/Management responsibility to make changes.
- AMRS must be updated.
- New Exhibit L must be submitted if:
  - General Partner change
  - Primary Management Contact change
  - Management Company Address change
  - Special Needs Lead Referral Agency change
  - Service-Enriched Housing Provider change





# AMRS 2.0



- Every management company must designate a system administrator.
- System administrator is responsible for setting up all user access for each property.
- Refer to AMRS 2.0 Webinar handouts on MHDC website.



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User Name

Password

[Forgot Password?](#)

If you are a Management Company and have not registered, please [click Here](#) to register your Primary Contact information. MHDC will only accept one Primary Contact per management company. The Primary Contact will be responsible for setting up other users.

# Upcoming AMRS Updates



- Owners Equity Distribution **February 2021**
- Compliance Form uploads **February 2021**
- AHL Picture Submission **March 2021**
- Management Certification Application (Exhibit A-5)  
**March 2021**
- Housing Priority Checklist (Exhibit Z) **March 2021**



# New Fair Housing Requirements



- Post Fair Housing posters.
- Make Fair Housing brochures available.

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/fair\\_housing\\_equal\\_opportunity/marketing](http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opportunity/marketing)

- Enforcement began with inspections as of 4/1/17.



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# COVID-19 Updates



- See AM Update Memos 1-9. [www.mhdc.com](http://www.mhdc.com)
- Inspections suspended through September 30, 2021.
- CDC Eviction Moratorium extended to March 31, 2021.
- Electronic Desk File Audits continuing.
- Monthly CDC Eviction Certification still required. Send to [asset.mgmt.@mhdc.com](mailto:asset.mgmt.@mhdc.com)



# Forms/Exhibits



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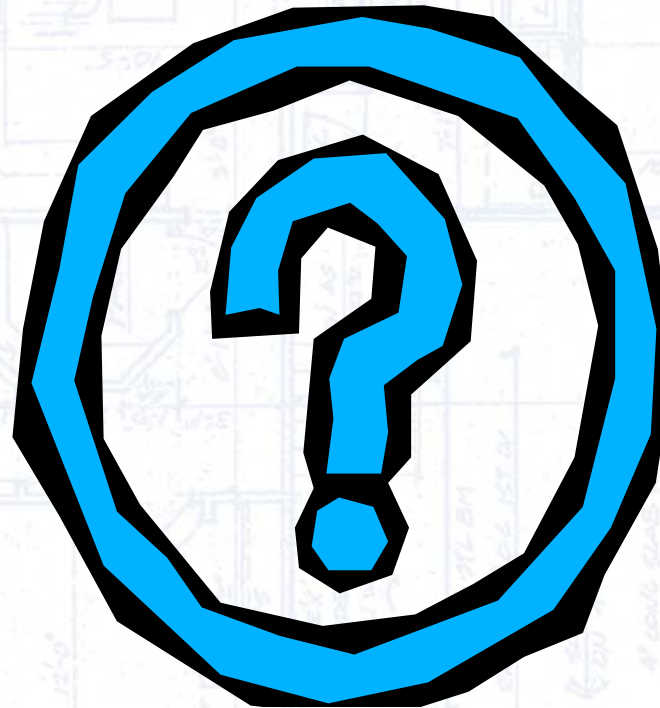
- All Asset Management Forms can be found at:  
[http://www.mhdc.com/program\\_compliance/LIHTC/forms-documents.htm](http://www.mhdc.com/program_compliance/LIHTC/forms-documents.htm).
- Make the Exhibit A-20 Asset Management Reporting Checklist your Friend!



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