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Role of Asset Management in the Application Process



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Asset Management Contacts



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Information Provided



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- City/County Occupancy Reports
- Market Demographic Report
- Form 2013 Revenue/Expense Analysis
- Asset Management Application Scoring
- Preservation Letter Requests



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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.



Asset Management Application Scoring - 8 pts



- Average Inspection Score – 3 pts
- Total Noncompliance Events – 2 pts
- Corrected Noncompliance – 2 pts
- Portfolio Occupancy – 1 pt



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Average Inspection Score - 3pts



- Blended score from physical inspection results from both the developer and proposed management company.
- Looked at most recent physical inspection score for all properties in portfolio and assign a value
- 0 = Unsat Rating; 3= Below Avg Rating; 5 = Satisfactory Rating; 6 = Above Avg Rating; 7 = Superior Rating
- Total of Physical Inspection Scores/ Total # of inspections performed



Average Inspection Score - 3pts

New Scoring Method



- Determine blended inspection score from both the developer and proposed management company.
- Determine where blended score falls within the new blended score chart.

Inspection Blended Score Chart

Bended Score	Points	Rating
6.99 - 6.0	3	Superior/Above Average
5.99 - 5.0	2	High Satisfactory
4.99 - 4.0	1	Low Satisfactory
3.99 and below	0	Below Average/Unsatisfactory



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Average Inspection Score Example 1



Developer XYZ Company					ABC Management Company				
	Phy	Man	File	OCC		Phy	Man	File	OCC
Property 1	5	6	6	7	Property 1	5	6	6	7
Property 2	5	7	7	7	Property 2	7	7	7	7
Property 3	6	5	7	7	Property 3	6	5	7	7
Property 4	5	6	6	7	Property 4	5	6	6	7
Property 5	5	5	5	7	Property 5	5	5	5	7
					Property 6	5	6	6	7
Average Score	6.05				Property 7	5	6	6	7
					Property 8	5	6	6	7
					Property 9	5	6	7	7
					Property 10	5	5	7	7
					Average Score	6.10			
			Blended Score	6.075					

3 Points



Average Inspection Score Example 2



Developer XYZ Company					ABC Management Company				
	Phy	Man	File	OCC		Phy	Man	File	OCC
Property 1	5	6	6	7	Property 1	5	6	6	7
Property 2	3	7	7	7	Property 2	7	7	7	7
Property 3	6	5	7	7	Property 3	6	5	7	7
Property 4	3	6	6	7	Property 4	5	6	6	7
Property 5	5	5	5	7	Property 5	5	5	5	7
					Property 6	5	6	6	7
Average Score	5.85				Property 7	5	6	6	7
					Property 8	5	6	6	7
					Property 9	5	6	7	7
					Property 10	5	5	7	7
					Average Score	6.10			
			Blended Score	5.95					

2 Points



Overall Effect of Scoring Change



			New Blended		
	Points	2020	Score Chart	New	Change
	3	33	6.99 - 6.0	35	2
	2	34	5.99 - 5.0	81	47
	1	37	4.99 -4.87	10	-27
	0	22	3.99 and below	0	-22
	Total Applications	126		126	



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Total Noncompliance Events – 2 pts



- Total of noncompliance events identified for the management company.
- Total # of noncompliance events / Total number of properties in management portfolio.
- Applications Divided into three tiers.
 - Tier 1 received 2 pts (Noncompliance range- 0 - .50)
 - Tier 2 received 1 pt (Noncompliance range- 0.51 - 1.0)
 - Tier 3 received 0 pt (Noncompliance range- 1.0+)



Total Noncompliance Events – 2 pts



Example:

- Management had 5 total noncompliance events and manages 55 properties = noncompliance rate is .09 and receives 2 pts
- Management had 95 total noncompliance events and manages 12 properties = noncompliance rate is 7.92 and receives 0 points



Corrected Noncompliance – 2 pt



- No Noncompliance events during year = 2 pts
- Cleared noncompliance; minor open issues = 1 pt
- Major Uncorrected Noncompliance = 0 pts

Including but not limited to:

- Expired management application;
- Delinquent mortgage;
- Unsubmitted AFS;
- Uncorrected 8823s;
- Open inspections;
- Missing compliance exhibits;
- Unsubmitted COL.



Noncompliance reports will be generated on Monday October 11, 2021

Portfolio Occupancy – 1 pt



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Portfolio above 90% = 1 pt

Portfolio below 90% = 0 pts



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Asset Management Application Scoring – Property Acquisitions



- Opportunity to identify troubled properties that were acquired within the calendar year.
- Results will be excluded from scoring analysis.
- Owner and management must disclose all properties in the comments section of Application Self Scoring Form.



Preservation Letter Review



- Due to increase in Covid-19, Asset Management will not be performing site reviews.
- Following same review procedures as outlined in 8/14/2020 memo.
- Please visit MHDC's website for a listing of required items for a desk review.

http://www.mhdc.com/rental_production/index.htm

- All requests must be submitted to MHDC by Tuesday September 28, 2021.



Asset Management Update



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Asset Management Update slides can be found within the full presentation on MHDC's website.

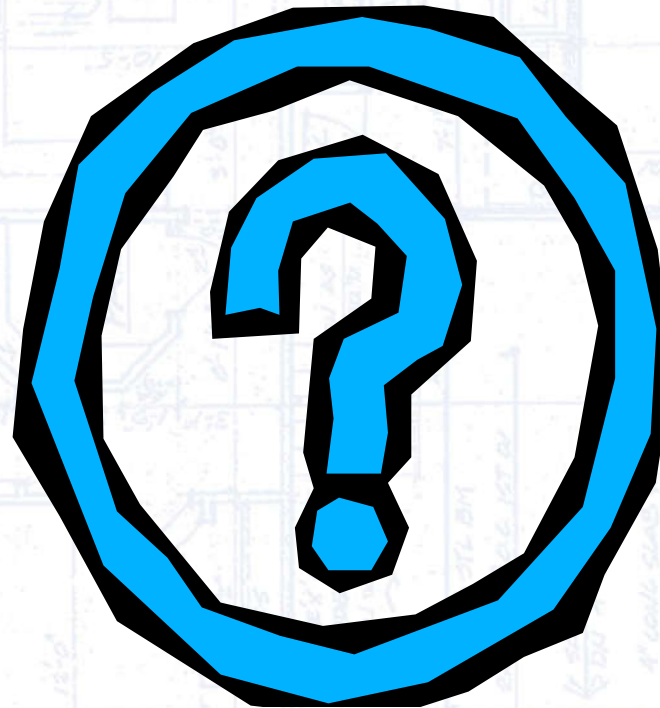
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