



Missouri Housing
Development Commission



Role of Asset Management in the Application Process

August 2, 2023



MHDC.com

Asset Management Contacts

Scott Hanak
Director of Asset Management
shanak@mhdc.com

Tasha Douglas
Deputy Director of Asset Management
tdouglas@mhdc.com

Candace Maupins
Program Compliance
Administrator
cmaupins@mhdc.com

Paula Brewster
Asset Manager
paula.brewster@mhdc.com

Carla Boster
Asset Manager
cboster@mhdc.com

Sandi Thomas
HUD PBCA Manager
sandi.Thomas@mhdc.com

Jeff Waltemate
Staff Attorney
jeffrey.waltemate@mhdc.com

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

Information Provided

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

Occupancy Reports

- Recent three months of occupancy %
- Identify underperforming markets
- Compare to State Occupancy Average - 93% as of 6/30/23

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.

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 portfolio trends.
- Analyze expenses of existing phases or related properties in the area.
- Review MHDC published data.

Cost Per Unit Data



ABOUT US ▾ SERVICES ▾ PARTNERS ▾ PROGRAMS ▾ NEWS PUBLIC DASHBOARD EVENTS ▾

HOME / PROGRAMS / ASSET MANAGEMENT / PROGRAM COMPLIANCE / COST PER UNIT DATA

- Program Compliance
- Low Income Housing Tax Credit (LIHTC) Compliance
- Annual Reporting Requirements
- Income Limits
- MHDC Fund Balance
- HOME
- FDIC/RTC
- TCAP & TCR
- Annual Financial Statements
- Management Resources
- LIHTC Extended Use

Cost Per Unit Data

Cost Per Unit Data


- [2020 Cost Per Unit](#)
- [2019 Cost Per Unit](#)
- [2018 Cost Per Unit](#)
- [2017 Cost Per Unit](#)
- [2016 Cost Per Unit](#)
- [2015 Cost Per Unit](#)
- [2014 Cost Per Unit](#)



Cost Per Unit Data

Entire AMRS Portfolio
2021 Expense Per Unit

Total Properties: 695



LIHTC Only	Urban/ Rur	Dev Ty	Conts Type	City	County	Total Units	Utilities 100% Paid By Own	Admin	Supportive Services Expense	Utilit	Operating & Mair	Real Estate Taxes	Property and Liabili	Taxes and Insuran	R4R Desposi	Total Expense	Exp /Un
Yes	Urban	Family	New	Kansas City	Jackson	33	No	80,114	0	15,730	86,193	5,244	16,174	13,685	11,124	228,264	6,917
No	Urban	Elderly	Rehab	Kansas City	Jackson	44	No	69,480	0	21,155	66,815	16,041	16,503	5,947	13,200	209,141	4,753
No	Urban	Family	New	Kansas City	Jackson	58	Yes	93,780	68,000	85,297	83,772	28,691	38,446	7,378	27,630	432,994	7,465
Yes	Urban	Family	New	Kansas City	Jackson	59	Yes	90,440	68,000	97,995	99,103	2,492	39,110	7,404	23,604	428,148	7,257
Yes	Urban	Family	Rehab	Kansas City	Jackson	51	No	76,932	0	42,616	64,582	33,084	17,856	6,361	22,425	263,856	5,174
No	Urban	Elderly	Rehab	Kansas City	Jackson	67	No	101,069	0	103,750	213,620	17,431	26,703	19,992	27,263	509,828	7,609

Form 2013 Budgeting Tips Cont...

- Include expenses that are expected to reoccur 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.
- Special Needs/Supportive Service Account.

Special Needs/Supportive Service Account

36) Vacant Unit Prep (Carpets, Painting, Etc.)	#6580	\$3,000
37) Misc. Operating & Maintenance Exp.	#6590	\$0
38) <u>Total Operating & Maint Expenses</u>	#6500T	\$47,490
39) Real Estate Taxes	#6710	\$10,000
40) Property & Liability Insurance	#6720	\$11,000
41) Health Insurance	#6723	\$3,000
42) Workers Comp	#6722	\$1,000
43) MIP Insurance	#6850	\$0
44) Fidelity Bond	#6721	\$250
45) Other Tax Assessments		\$0
46) <u>Other (Describe)</u>		\$12,000
47) <u>Total Fixed Expenses</u>		\$37,250
48) Replacement Reserves		\$10,800
49) <u>Total Expenses</u>		\$161,478
50) No. of Units		36
51) <u>Expenses per Unit</u>		\$4,486

Property “Busters”

- Unrealistic budgeting.
- Not planning for the end of the tax abatement.
- Not adequately planning for insurance premium and property tax increases.
- 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 1086 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 Application Scoring

8 pts

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

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.
- $\frac{\text{Total of Physical Inspection Scores}}{\text{Total \# of inspections performed}}$

Average Inspection Score

- 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

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

Inspection Score Chart

Blended Scoring Chart	Points
6.99 - 6.0	3
5.99 - 5.0	2
4.99 - 4.0	1
3.99 and below	0

	Blended Score	Points
Example 1	6.075	3pts
Example 2	5.95	2 pts

New 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 receives 2 pts (Noncompliance range- 0 - **.75**)
 - Tier 2 receives 1 pt (Noncompliance range- 0.76 - **1.50**)
 - Tier 3 receives 0 pts (Noncompliance range- **1.51+**)

Total Noncompliance Events Examples

- 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 Wednesday, October 11, 2023

Portfolio Occupancy – 1 pt

- Portfolio above 90% = 1 pt
- Portfolio below 90% = 0 pts

Asset Management Application Scoring Property Acquisitions

- Opportunity to identify troubled properties that were acquired within 2022 and 2023 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.

MHDC Certified Property Management Listing



Asset Management Reporting System 
V.2.0

The management companies listed below have been approved as MHDC Certified Property Management Agents to manage properties in Missouri as of 12/20/2022. 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 call (314) 877-1350

MHDC Certified Property Management Agent Listing (105 rows)



- #
- A
- B
- C
- D
- E
- F
- G
- H
- I
- J
- K
- L
- M
- N
- O
- P
- Q
- R
- S
- T
- U
- V
- W
- X
- Y
- Z
- View All



Management Agent	Contact	Email	Telephone #	Address	City	Zip
------------------	---------	-------	-------------	---------	------	-----

<https://amrs.mhdc.com/#/CertifiedManagementCompanyAgentList>



Preservation Letter Review

- Asset Management will be performing site visits.
- A preservation site review must be requested by **August 16, 2023**.
- Contact Scott Hanak at shanak@mhdc.com to schedule the site visit.
- Refer to Preservation Letter Checklist on MHDC website to prepare for MHDC's site visit.

Note: Previous unfunded applications that received a preservation letter in previous years do not need to schedule an onsite visit. Contact Scott Hanak at shanak@mhdc.com to receive a new letter that corresponds with the QAP year under consideration.

New Federal Regulations

- NSPIRE- Effective October 1, 2023, the programs MHDC monitors (i.e., HOME, HTF, LIHTC, Section 8, etc.), will use NSPIRE (Formerly UPCS) as the official inspection protocol for compliance and on-going maintenance.
 - HUD NSPIRE webpage link:
https://www.hud.gov/program_offices/public_indian_housing/react/nspire
- Housing Opportunities Through Modernization Act (HOTMA) - Effective January 1, 2024, HOTMA extensively changes how HUD calculates income for a property. This involves both periodic income and income calculated from assets.
 - HUD HOTMA webpage link: .
https://www.hud.gov/program_offices/housing/mfh/hotma



A simple black silhouette of a house with a chimney on the left side of the roof.
Missouri Housing
Development Commission

Questions?

MHDC.com