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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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# Occupancy Reports



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

<u>City Name</u>	<u>Bed Type</u>	<u>Reported Number of Units</u>	<u>May-19</u>	<u>Jun-19</u>	<u>Jul-19</u>	<u>Quarter Avg</u>
Kansas City	0	279	97%	96%	95%	96%
	1	3974	93%	93%	93%	93%
	2	3871	93%	93%	93%	93%
	3	1592	94%	94%	94%	94%
	4	100	92%	90%	89%	90%
	5	5	100%	100%	NA	100%
		<b>9,821</b>	<b>93%</b>	<b>93%</b>	<b>93%</b>	<b>93%</b>
<b>Total State Average</b>			<b>93%</b>	<b>93%</b>	<b>93%</b>	<b>93%</b>



# Market Demographic Reports



- Identify possible oversaturated/underperforming markets.
- Share City/County Demographic Interviews.



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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 1<sup>st</sup> year budget.
- Provide suggestions for developer's consideration based on current portfolio.
- Benchmarking Analysis.



# Form 2013 - Benchmarking Analysis



Project Name	o
Dev Type	o
Region	KANSAS CITY MSA
City	o
Zip	o
Mgmt Co Name	o
County	Clay
Expense Type	Property and Li...
Expense Group	6700
Units Band	48-99
Statement Type	o
Urban/Rural	URBAN
Statement Year	2014
Building Type	o
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.



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# Cost Per Unit Data



Entire AMRS Portfolio  
2019 Expense Per Unit

Total Properties: 747

LIHTC ONLY	Urban / Rural	Dev Type	Const Type	City	County	Total Units	Admin	Utility	Operating & Maintenance	Real Estate Taxes	Property and Liability Insurance	Taxes & Insurance	R4R Deposits	Total Exp	Exp / Unit
YES	Urban	ELDERLY	New	Saint Louis	Saint Louis City	91	\$111,707.00	\$92,820.00	\$96,243.00	\$30,407.00	\$34,420.00	\$18,425.00	\$37,373.00	\$421,395.00	\$4,630.7
YES	Urban	ELDERLY	New	Saint Louis	Saint Louis City	96	\$107,462.00	\$91,040.00	\$115,781.00	\$37,099.00	\$36,237.00	\$17,952.00	\$29,900.00	\$435,471.00	\$4,536.1
NO	Urban	FAMILY	New	Saint Louis	Saint Louis City	82	\$197,499.00	\$54,806.00	\$201,637.00	\$71,950.00	\$34,102.00	\$40,272.00	\$24,300.00	\$624,566.00	\$7,616.6
YES	Urban	FAMILY	Rehab	Saint Louis	Saint Louis City	45	\$68,407.00	\$8,458.00	\$90,940.00	\$49,141.00	\$0.00	\$1,195.00	\$15,000.00	\$233,141.00	\$5,180.9
YES	Urban	FAMILY	Rehab	Saint Louis	Saint Louis City	58	\$109,363.00	\$50,846.00	\$113,061.00	\$3,816.00	\$23,120.00	\$12,237.00	\$0.00	\$312,443.00	\$5,386.9
YES	Urban	FAMILY	New	Saint Louis	Saint Louis City	50	\$240,300.00	\$120,480.00	\$110,022.00	\$81,648.00	\$146,412.00	\$24,297.00	\$36,564.00	\$759,723.00	\$15,194.4
YES	Urban	ELDERLY	Rehab	Saint Louis	Saint Louis City	100	\$157,740.00	\$39,172.00	\$100,641.00	\$61,378.00	\$31,067.00	\$25,288.00	\$30,000.00	\$445,286.00	\$4,452.8
NO	Urban	FAMILY	New	Saint Louis	Saint Louis City	12	\$14,340.00	\$25,571.00	\$30,203.00	\$6,189.00	\$21,636.00	\$0.00	\$0.00	\$97,939.00	\$8,161.5
YES	Urban	ELDERLY	Rehab	Saint Louis	Saint Louis City	150	\$369,673.00	\$261,099.00	\$317,429.00	\$70,646.00	\$41,895.00	\$40,389.00	\$0.00	\$1,101,131.00	\$7,340.8
NO	Urban	FAMILY	Rehab	Saint Louis	Saint Louis City	202	\$329,380.00	\$209,295.00	\$368,842.00	\$31,594.00	\$82,541.00	\$67,530.00	\$58,940.00	\$1,148,122.00	\$5,683.7
NO	Urban	FAMILY	New	Saint Louis	Saint Louis City	112	\$248,198.00	\$243,404.00	\$428,178.00	\$2,673.00	\$54,605.00	\$28,741.00	\$46,807.00	\$1,052,606.00	\$9,398.2

## News & Updates

- [New Chapter 9 Section 8 Notice](#)
- [Fair Housing Update](#)
- [2019 Cost Per Unit](#)
- [2018 Cost Per Unit](#)
- [2017 Cost Per Unit](#)
- [2016 Cost Per Unit](#)
- [2015 Cost Per Unit](#)
- [2014 Operating Cost Per Unit Data](#)



# 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.
- Budget for Security.
- 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) <b><u>Total Operating &amp; Maint Expenses</u></b>	#6500T	<b>\$47,490</b>
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) <b>Other. (Describe)</b>		<b>\$12,000</b>
47) <b><u>Total Fixed Expenses</u></b>		<b>\$37,250</b>
48) Replacement Reserves		\$10,800
49) <b><u>Total Expenses</u></b>		<b>\$161,478</b>
50) No. of Units		36
51) <b><u>Expenses per Unit</u></b>		<b>\$4,486</b>



# 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 990 as reported in the [areavibes.com](http://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](http://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



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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 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
<b>Average Score</b>		<b>5.85</b>			Property 6	5	6	6	7
					Property 7	5	6	6	7
					Property 8	5	6	6	7
					Property 9	5	6	7	7
					Property 10	5	5	7	7
					<b>Average Score</b>		<b>6.10</b>		
		<b>Blended Score</b>						<b>5.95</b>	

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
<b>Total Applications</b>		<b>126</b>		<b>126</b>	



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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](http://www.mhdc.com/rental_production/index.htm)

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





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# Asset Management Updates



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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 816-759-6856 or [cmaupins@mhdc.com](mailto:cmaupins@mhdc.com).

Certified Management Agent Listing as of the following date: August 11, 2021

Management Agent	Contact	Email	Telephone #	Main Office Location
ACtion Management & Consulting Svcs. LLC	Connie Lasher	<a href="mailto:cblasher.actionmgmt@gmail.com">cblasher.actionmgmt@gmail.com</a>	660-535-4305	King City, MO
Advance Precision Group	Joseph Oppenheim	<a href="mailto:joseph@precisionmnmgt.com">joseph@precisionmnmgt.com</a>	732-637-1030	Jackson, NJ
Affordable Housing Action Board of Springfield	Sherry Blair	<a href="mailto:sblair@ahabhousing.com">sblair@ahabhousing.com</a>	417-865-4055	Springfield, MO
Bell Management Inc	Mike Landers	<a href="mailto:ml@bellmanage.com">ml@bellmanage.com</a>	417-624-4144	Joplin, MO
Belmont Management Company	Rhonda Nicholson	<a href="mailto:rnicholson@belmontmgt.com">rnicholson@belmontmgt.com</a>	479-242-8900	Fort Smith, AR
Beyond Housing/NHS	Cory Dickens	<a href="mailto:cdickens@beyondhousing.org">cdickens@beyondhousing.org</a>	314-533-0600	Saint Louis, MO

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

Applications are due **90 Days** before certification expires.



# COVID-19 Updates



- See AM Update Memos 1-9. [www.mhdc.com](http://www.mhdc.com)
- Inspections **resuming** October 1, 2021.
- Relaxation of R4R policies continues through December 31, 2021.
- Eviction moratorium ended October 3, 2021.
- Utilize the SAFHR Program for housing assistance.

<https://www.mohousingresources.com>



# Special Needs/Service Enriched Monitoring



- FAQ Published August 3, 2018
- 30 day wait to lease period has been removed; LRA confirmation still needed
  - 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)



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# Electronic Signature Policy



- Effective January 1, 2019
- Exhibits that previously required original signatures must now be sent via email or AMRS.
- Dedicated email addresses for exhibits
  - Exhibits A & K [compliance.exhibits@mhdc.com](mailto:compliance.exhibits@mhdc.com)
  - TPAs [TPA@mhdc.com](mailto:TPA@mhdc.com)
- Exhibits L, J, J-1, A-2, AFHMP now submitted in [AMRS](#)
- MHDC staff will no longer accept emailed exhibits directly.



Note: See forms for applicable email addresses

# Electronically Signed Documents Allowed



- 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





# Transfer of Physical Assets (TPA) Application and Policy



- MHDC written consent is required prior to transfers of ownership or ownership interest.
- See TPA Application (Form #TPA01) and Policy for fees and details: [http://www.mhdc.com/program\\_compliance/index.htm](http://www.mhdc.com/program_compliance/index.htm)
- Minimum Processing Timeframes
  - Limited Partner transfers = 15 days
  - General Partner transfers = 30 days
  - Full Transfers (tax credit or loan) = 45 days

**Year-End Transfers: All TPAs scheduled to occur on/before January 1 must be submitted by November 1, or processing may not occur by year's end.**



# Upcoming AMRS Updates



- Management Certification Application (Exhibit A-5)  
September 2021
- Exhibit A & K uploads December 2021
- Owners Equity Distribution January 2022
- Housing Priority Checklist (Exhibit Z) March 2022



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# Recent AMRS Releases



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- Tax Exempt Bond Compliance reporting **September 2020**
- Exhibit L, J, J-1, A-2, AFHMP uploads **January 2021**
- VAWA reporting requirement within Occupancy Module **July 2021**



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# AMRS Reminder




- MHDC no longer issues Username and Passwords.
- Every Management Company must designate a System Administrator to setup and provide access rights for each user.



# Changing System Administrators



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V.2.0

User Name  
Password

[Forgot Password?](#)

If you are a Management Company and have not registered or need to change your System Administrator, please [click Here](#).  
MHDC will only allow one System Administrator per Management Company.  
The System Administrator will be responsible for setting up other users.



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# Forms/Exhibits

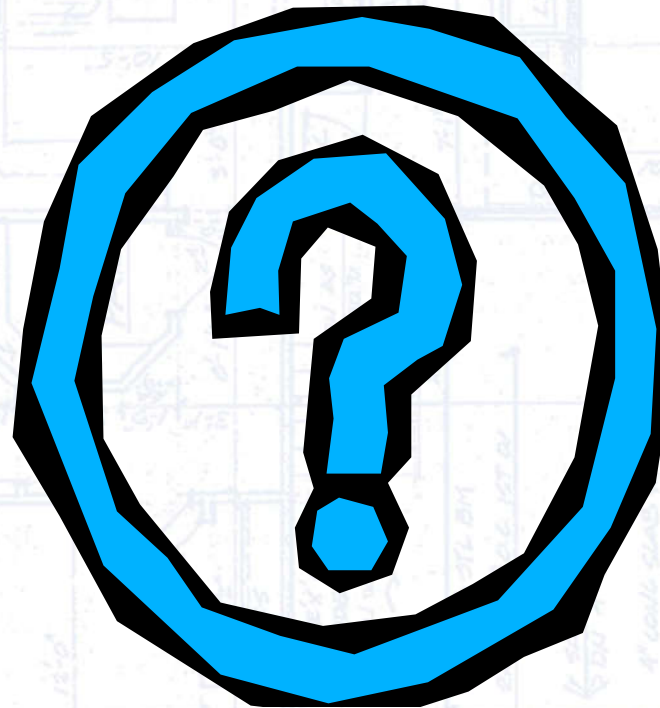


- All Asset Management Forms can be found at [http://www.mhdc.com/program\\_compliance/LIHTC/forms-documents.htm](http://www.mhdc.com/program_compliance/LIHTC/forms-documents.htm).
- Make the Exhibit A-20 Asset Management Reporting Checklist your Friend!





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