

DCA

Getting to know Asset Management



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Asset Manager

[Vacant Position](#) – Asset Manager, Interviewing

What is Asset Management?



- Asset Management is the strategic oversight of an asset class that involves a decision-set through which asset and portfolio performance is monitored, risk is managed, and opportunities are identified

What is Asset Management?

- DCA Portfolio Management Goals
 - Ensure compliance with all programs, which include Section 42 and HOME regulations
 - Mitigate risk and preserving our assets
- Accomplished through the monitoring of property files, along with the physical and financial health of a property

On The Horizon...



- ❑ Performance Stats
- ❑ Periodic submission of property financials (all properties)
- ❑ Changes to:
 - ❑ Management Company Approval Process
 - ❑ Project Concept Changes
 - ❑ Qualified Contracts

Performance Stats



Objective Metrics

- Occupancy rates
- Physical condition
- File reviews
- DCR and Cash Flow
- Operating and Replacement Reserves

Performance Stats

Subjective Metrics

- ❑ General Partner responsiveness
 - ❑ Advance notices required by DCA of owner and management changes
- ❑ Management Company responsiveness
- ❑ Timely reporting
 - ❑ Monthly MITAS reporting, AOC filings, Notice of Casualty Losses, etc.

Impact of Non-Compliance

- Competitive round scoring
 - One (1) point deduction
- Restricts new business
 - Owner
 - Management Company
- Examples of Administrative Non-Compliance
 - Reporting

Project Concept Changes (PCCs)



- What is a PCC?
 - Any request to change a material component of a deal that deviates from the original application and LURA/LURC obligations

Project Concept Changes (PCCs)

Examples of PCCs

- ❑ Ownership interest changes
- ❑ Management company approvals
- ❑ Amenities and services changes, unit designations and other changes
- ❑ Requires extensive review
- ❑ Current PCC processing fee = \$1,500

Management Company Approvals

Management change approval process

- ❑ 30 days advance notice is required for Management Change approvals
- ❑ Process requires a thorough review of incoming management company
- ❑ In early 2019 a fee will now be charged for processing Management approval requests
- ❑ Third party management companies are **required** to hold a valid real estate brokerage license; DCA will verify licensure

Qualified Contracts aka “Opting out”



What is a Qualified Contract?

- ❑ Process through which the State tries to locate a buyer for a LIHTC property
- ❑ IRS code provides two means to cancel or opt out of the Extended Use Period and remove the LURC rental restrictions
 - Foreclosure
 - Qualified Contract

Qualified Contracts

Overview

- ❑ QC process may only be initiated after each BIN has fulfilled 14 years of compliance period
- ❑ This means a request may be filed on January 1 or after, of year 15
- ❑ All non-compliance findings must be corrected or addressed first
- ❑ All required documents must be submitted with the final QC submission, a QC approval will not be issued until all documents and conditions are satisfied

Qualified Contracts

Overview - continued

- What happens if the State obtains an offer and presents a Qualified Contract Agreement to the owner?
 - Property remains affordable for the duration of the Extended Use Period
- What happens if the state can't find a buyer?
 - LURC restrictions are terminated after the one year QC period
- However, there is a three year protection period for existing low income tenants
 - Notice to Tenants of conversion to market unit and their rights during Decontrol

Qualified Contracts

Requests

- ❑ 19 Final Qualified Contract (QC) requests submitted (2017 & 2018)
- ❑ 10 properties kept affordable
- ❑ 2 properties were withdrawn
- ❑ 7 properties are still in the QC period
 - ❑ Approximately 2,759 of 3,130 low income units have been converted to market units via QC
- ❑ Displaces the low income residents; this is contrary to DCA's mission to facilitate and provide affordable housing in Georgia

Qualified Contracts



Updated Policy and Processes

- ❑ Completed 8609s with Part II specifically completed, indicating the owner's election of the first year of the tax credit period
- ❑ Increased Qualified Contract (QC) fee
- ❑ All required documents are due at the time of the QC submission
- ❑ Property must be listed and marketed by an Approved Broker
- ❑ A DCA selected CPA will calculate the Qualified Contract Price
- ❑ All fees will be passed-on to the owner

Open Positions

- Compliance Officer
 - LIHTC and HOME experience preferred
 - Check the DCA Website for positions available now
 - Set a reminder to check for DCA job postings, if you are considering a career with DCA

DCA WEBSITE

- Visit the DCA [Asset Management](#) Webpage



Post Stabilization



FDIC



Qualified Contracts

Documents



Manuals

Office of Portfolio Management



Thank you for attending today's session



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