VHDA Certified Management Agent Program

**Background**

In September 2004, VHDA introduced a process for evaluating the performance of owners and management agents. This was discussed during the Tax Credit forums and became part of the 2005 QAP. The goal of this process was, and continues to be, to identify those owners and management agents who perform in an unsatisfactory manner. This process focuses on the operation of specific properties as they are inspected during the typical Asset Management inspection protocol. Once the operation, or management, of a property is determined to be unsatisfactory, the owner/agent will be given an opportunity to appeal the decision or correct the deficiencies within a specified time frame, at which time the unsatisfactory rating may be removed. An unsatisfactory rating could result in a loss of twenty-five points on the next tax credit application and could prevent future participation in VHDA programs.

As a result of this process, VHDA began to focus on those management agents and owners who have not operated properties in the VHDA portfolio in an acceptable manner. In some instances, this encouraged some owners and management agents to respond to and correct specific issues identified by VHDA. In another case, issues were not able to be resolved and the unsatisfactory rating remained in place.

**Present**

While the current process, which is primarily tax credit driven, has allowed VHDA to focus on those owners and management agents who perform in a less than acceptable manner, we feel that it is necessary to focus on the entire portfolio of VHDA properties and those owners and management agents responsible for the properties. During the past few years, it has become increasingly clear that the quality of the VHDA portfolio plays a crucial role in framing our stakeholders’ views of VHDA and affordable housing. A property that is operated in a poor manner can have considerable impact on our ability to act as the leading mobilizing force for affordable housing in Virginia, and is contrary to our mission of helping low and moderate income Virginians attain quality affordable housing.

In our continuing effort to meet our mission, we will increase our focus on the quality of properties in the VHDA portfolio. Following the construction or renovation of a multifamily rental community, the most important factor of a property’s success is quality management. Our goal is to see that the most capable and competent professional management agents in the industry manage properties in the VHDA portfolio, including tax credit only properties.
Looking Forward

To work towards our goal, we are introducing the VHDA Certified Management Agent Program. The process for becoming a VHDA Certified Management Agent will be initiated by an interested management company. This will include the completion of an application that will address a number of items relative to the management agent, its principals, the company’s operations, the qualifications of its management staff, and agent’s performance in managing multifamily properties. VHDA staff will review this application and make recommendations for approval, or disapproval, to the Director of Multifamily Development Programs and the Managing Director of Development.

Once a management agent is approved as a VHDA Certified Management Agent, this designation will be valid for a three-year period. In order to be considered for another three-year certification, an updated certification application will need to be submitted for VHDA approval. This will allow the agent to submit any new information that may be relevant and give VHDA the opportunity to review any changes, as well as evaluate the agent’s performance over the past three years. During this three-year period, should any issues arise that could adversely impact the agent’s ability to be re-certified, VHDA will document these issues and notify the agent that failure to address these issues in a manner acceptable to VHDA could jeopardize their ability to be re-certified or result in an unsatisfactory rating.

Should a management agent not be approved, the agent will have an opportunity to appeal the decision, addressing those items resulting in disapproval. At VHDA’s discretion, a conditional certification may be granted to allow the management agent the opportunity to resolve the issues. This conditional certification may be granted for one-year intervals.

While the VHDA Certified Management Agent certification is not currently mandatory, there may be incentives in the future for those owners who choose to use a VHDA Certified Management Agent. These may include the ability to participate in certain VHDA programs. (It should be noted that if an owner attempts to circumvent the process by retaining a certified management agent to obtain access to these programs only to release the agent shortly thereafter, the owner may be jeopardizing his/her ability to have access to these programs in the future.)

There is a limit to the resources available to develop affordable housing, whether it is the availability of low income housing tax credits or certain financing programs such as REACH, SPARC, or Tax Exempt Bonds. VHDA’s strategy is to see that these resources are used wisely so that the properties in our portfolio will result in a quality product that is managed by sound, proactive, professional management agents. This will further VHDA’s ability to meet our vision and mission of being the leading mobilizing force for affordable housing in Virginia and helping low and moderate income Virginians attain quality affordable housing.