



Affordable Housing Property Management

At Woda Cooper Companies, Inc.



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About the Presenter:

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- Board member: National Housing and Rehabilitation Association
- Steering committee member: Housing Credit Group of the National Association of Home Builders Association
- Board member: Bethany College



What is WMRE?

Woda Management & Real Estate, LLC

Woda Management & Real Estate, LLC (“WMRE”) is a wholly owned subsidiary of Woda Cooper Companies, Inc. (“WCCI”). WCCI is a vertically integrated, employee owned affordable housing development company.

The Structure of Woda Cooper Companies, Inc.

WCCI subsidiaries and affiliates include...

- Woda Cooper Development, Inc., an affordable housing development company.
- PCI Design Group, Inc., a design and architecture firm specializing in affordable housing.
- Woda Cooper Communities, LLC, an owner of affordable housing developments.
- Woda Construction, Inc., a general contracting company.
- WMRE, an affordable housing property management company.

WMRE Stats

Woda Management & Real Estate, LLC by the numbers...

- WMRE currently manages approximately 12,200 housing units with **over 95% of those units containing an affordability requirement.**
- Over the next two years, WCCI will be placing an additional approximate 2,000 units in service that will also be managed by WMRE.



WMRE Stats

Woda Management & Real Estate, LLC by the numbers...

- WMRE employs over 400 individuals serving in various capacities including, but not limited to, the following positions:

Operations Positions	Maintenance Positions	Support Service Positions
Regional Vice President	VP-Facilities Management	Compliance
Regional Manager	Maintenance Director	Marketing
District Manager	Maintenance Coordinator	Education
Community Manager	Senior Service Technician	Yardi/IT Support
Leasing Agent	Service Technician	Accounting

Defining “Affordable Housing”

What are we really talking about?

- **Wikipedia** defines Affordable Housing as:

“...housing which is deemed affordable to those with a median household income or below as rated by the national government or a local government by a recognized housing affordability index. Most of the literature on affordable housing refers to mortgages and number of forms that exist along a continuum – from emergency shelters, to transitional housing, to non-market rental (also known as social or subsidized housing, to formal and informal rental, indigenous housing, and ending with affordable home ownership.”

- For this presentation, our **working definition** is:

Housing that has utilized financing that requires the operator to limit the income and rent for each resident household and unit type.

Financing Options

Examples of financing that requires these limitations include, but are not limited to the following:



- Low income housing tax credits (“**LIHTC**”).
- HOME Investment Partnership Program (“**HOME**”) funds.
- USDA Rural Development 515 loan funds including rental assistance agreement (“**515**”).
- US Department of Housing and Urban Development Housing Assistance Payments (“**HAP**”) agreement.

Affordable & Market Rate Property Similarities

Disciplines of property management where affordable and market rate overlap:



- Maintenance
- Rent collection
- Expense control

Affordable & Market Rate Property Differences

Disciplines of affordable property management unique to the affordable management:



- Compliance
- Accounting
- Maintenance (documentation)
- Marketing
- Employee training
- Governmental reporting

Affordable Housing Compliance

Understanding multiple layers of restrictions...



- Each resident household has various layers of restrictions.
 - The most basic restriction is each household cannot have an income exceeding 60% of area median gross income adjusted for family size (up to 80% with recent income averaging legislation) and net resident rent (including utilities) cannot exceed 30% of 60% of area median gross income adjusted for family size.
- Additional compliance requirements for LIHTC targeting elections, Income Averaging, HOME, 515, and HAP agreements.

Affordable Housing Accounting

Additional accounting requirements for affordable management include, but are not limited to:

- Annual audits.
- Audits in formats required by State Housing Finance Agencies (“SHFA”) and other funding entities.
- Reporting on restricted cash accounts.
- Investor reporting.
- Other SHFA reporting.
- Lender reporting.
- Restricted cash reporting.
- Debt coverage reporting.
- Cash flow waterfall computations.
- Soft debt service requirement computations.

Affordable Housing Maintenance

Differences in documentation...



- The main difference between market rate and affordable property management maintenance is the sheer volume of documentation required in the affordable arena.

Affordable Housing Maintenance

Differences in documentation...

Market Rate

- Track work orders.
- Track repairs.
- Log completion of work orders.

Affordable

- Obtaining quotes and writing scopes to help with replacement reserve pre-approval submissions.
- Storm water pollution prevention continuing maintenance logs.
- Daily, Weekly, Monthly, Quarterly, and Annual Preventative Maintenance Checklists .
- Resident work orders including time spent on repairs, inventory used, and resident sign-off.
- Monthly and Quarterly unit inspections.
- Documenting 504 modifications.
- Helping to respond to agency and investor audits.
- Maintaining a snow removal log.
- Move out inspections, unit turn checklists, and move in inspections.
- Lift station and sewer plant maintenance logs.
- Annual capital needs updates.

Affordable Housing Marketing

How affordable marketing is similar to market rate marketing...



- The core of affordable and market rate marketing are the same, though execution can be significantly different.
- Some tools used to market properties overlap with market rate:
 - Apartments.com
 - RentPath.com
 - Craigslist
 - Referral programs

Affordable Housing Marketing

Challenges unique to affordable marketing...



- Some programs require governmental approval before executing promotions, discounts, or concessions.
- Each program has different language requirements in resident marketing.
- Narrow income restrictions can mean searching for prospects within challenging minimums and maximums.
- Lower rents mean that marketing costs must be kept minimal to not hurt cashflow.
- Extremely rural areas with limited wireless and broadband internet can make the use of popular online tools less effective.
- Regulations require affirmative marketing to groups least likely to be reached, which can be challenging in small markets without many outlets for those groups.

Affordable Housing Employee Training

Affordable housing poses several employee training challenges unique to the affordable industry, including...



1. The complexity of affordable housing documentation and the program differences from state to state make simple, standardized training extremely difficult to produce.
2. The “layering” of multiple financing types via multiple programs adds to that complexity.
3. Isolated rural properties make in-person training expensive and impractical.

Governmental Reporting

Required reports...

- For each and every funding source, a different amount of governmental reporting is required. Property managers involved in managing affordable housing communities need experienced, seasoned personnel with expertise for each type of reporting.
- Examples of governmental reporting requiring expertise include, but not limited to the following types of reports:
 - LIHTC Annual Owner Certifications to SHFA's
 - SHFA site audit and site file audit responses
 - SHFA budget submissions and follow up responses
 - Monthly Project Worksheets to utilize payments on 515 rental assistance agreements with USDA RD
 - USDA RD site audit and site file audit responses
 - USDA RD budget submissions and follow up responses
 - TRACS to utilize payments on HAP contracts with HUD
 - Investor and lender asset management reporting which includes all of the above and additional reports



Economics of Affordable

Understanding how to make it work...

Typically, an affordable housing property manager can charge a higher fee to manage an affordable product. Does the higher fee compensate the affordable housing property manager for all of the additional responsibilities as outlined herein? That is the question an operator needs to answer to determine what type of management they will pursue.

Economics of Affordable

Understanding how to make it work...



- At WCCI, we have concluded, we would rather act as property manager for our portfolio than retain a third party to do so. We feel we know our product better than any third party and have a vested interest in its success.
- Economically, we are not convinced it is a business line we want to pursue for third party management. We only manage properties where we have an ownership interest.

Questions?

Affordable Q&A





Woda Cooper Companies, Inc.

Find out more at WODAGROUP.com!