

2014 Entry Form
(Complete one for each entry.)

Fill out the entry name *exactly* as you want it listed in the program.

Entry Name _____

HFA _____

Submission Contact _____

Phone _____ **Email** _____

Qualified Entries must be received by **Tuesday, July 1, 2014**.

For more information about Qualified Entries, [click here to access the 2014 Entry Rules](#).

Use this header on the upper right corner of each page.

HFA _____

Entry Name _____

Communications	Homeownership	Rental Housing	Special Needs Housing
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs
Legislative Advocacy	Management Innovation	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> State Advocacy <input type="checkbox"/> Federal Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology	<input type="checkbox"/> Special Achievement	<input type="checkbox"/> YES <input type="checkbox"/> NO

Management Innovation – Operations
“Property Management Review for the 21st Century”:
Changes in the MassHousing Asset Management Review Process

Executive Summary

In 2013, MassHousing engaged in a strategic plan that included a series of initiatives to streamline processes, expand lending activities and strengthen MassHousing’s relationship with its business partners. In response to the challenges set forth in the Strategic Plan, the Rental Management Department developed a plan of action designed to improve staff efficiency and the way in which the department interacts with business partners. The Abbreviated Asset Management Review is an outcome of this effort.

The new Asset Management Review (AMR) is the primary means through which MassHousing monitors property operations to determine whether the management agent is providing decent, safe and sanitary housing while at the same time carrying out the objectives, policies and procedures of applicable federal, state and MassHousing requirements.

The previous tool for the Agency’s oversight was known as the Property Management Review (PMR) and it had not been updated in over a decade. MassHousing’s new AMR reflects a different approach to how the Rental Management Department at MassHousing manages its assets. While the traditional PMR was a standardized one-size fits all approach to conducting a review, the AMR focuses on site-specific issues. Rather than focusing on a management agent’s general systems and procedures, the AMR examines the operating performance and physical condition of the development and also includes other objective data, such as a development’s year-to-year financial performance.

One of the primary goals of the AMR is to provide information that is useful to both the management agent and the owner by examining issues like capital planning, debt service coverage and vacancy rates over time. Observations are based on a development’s ability to operate in the context of financial performance. Financial constraints are weighed in assessing a management agent’s performance, rather than measuring agents against general (and often subjective) expectations.

Property Management Review (PMR) Shortcomings

Because the PMR form had not been changed in many years, the questions, as written, were static. The same questions were repeated year after year (in a paper form) which in turn generated little change in the responses provided by the management agents. Even worse, it became clear that there were multiple versions of the PMR form in use within the department – each with slight variations – which resulted in confusion in the industry and a lack of consistency in MassHousing’s assessments.

The paper form which was MassHousing’s PMR was 40 pages long and a candid assessment of the information collected would be that much of the information that the Agency gathered was collected simply because it was “the way we have always done it.” The reality was that the Agency didn’t actually use much of the information collected through the PMR to understand the property better and it didn’t give MassHousing the kind of broad assessment that would prove most effective in enhancing a management agent’s effective oversight of the property.

Finding a New Way

In order to address properly the outdated PMR form, a working group of senior staff members in the Rental Management Department was assembled with a goal of creating a new AMR process that

maintained the regulatory role of MassHousing while also reducing the burden on MassHousing business partners. At the same time, MassHousing undertook an effort to establish procedures for two types of assessment – an abbreviated review and a comprehensive review. MassHousing decided to work on an abbreviated review based on requests from the industry for the Agency to change its level of oversight for strongly performing developments.

The working group was then charged with developing a simplified AMR form for both abbreviated and comprehensive reviews, to create a more streamlined review process which MassHousing hoped would generate more thoughtful analysis of each MassHousing property and enhance staff efficiency by focusing on the bigger picture at each site: physical, financial and managerial.

In this way, rather than simply update the form document, attention was focused on developing an ***interactive*** abbreviated AMR form. One of the first changes was to bring MassHousing's Rental Management Department into the 21st century by eliminating its paper forms for the PMR and utilizing instead an application on a tablet that each Asset Manager brings to site visits.

This tablet-based review is enabled with drop-down and multi-select features. The review is still conducted on-site but staff can now access expandable text boxes and response specific questions which have been designed to tailor the review to meet the needs of each individual development. A series of standardized corrective actions are also incorporated to promote consistency and limit subjectivity in the review process.

Now, in advance of a site visit, much of the standard information relating to the property is gathered by the asset manager which allows for more site specific questions and review when the staff person makes his or her visit. As a practical matter, this allows MassHousing asset managers to perform their job more quickly on site. It has also reduced the turnaround time for writing and sending a report to the management company. A goal has been set for the department to complete an AMR in 15 days, an improvement from the current benchmark of 30 days. It is anticipated that the goal will easily be attained since much of the work is already completed on the tablet by the time the MassHousing asset manager leaves the property. For management agents, this has resulted in a noticeably more efficient review – both in terms of time spent meeting with MassHousing staff and a more useful review of the property.

Abbreviated Asset Management Review (AMR)

In assessing the management operation at a site, a MassHousing asset manager evaluates the management agent's policies, procedures and systems and assesses the physical condition of the property and all other property activity over the previous year. In its new format, the AMR provides an excellent opportunity to assist and support management agents in their efforts to achieve effective management practices.

The goals of the revised AMR are:

- to monitor property operations and determine whether improvement is necessary for the management agent to meet the objectives of MassHousing and the requirements of the applicable subsidy programs and loan documents;
- to inspect the physical condition of the property including a pre-determined percentage of residential units;

- to review required corrections from previous AMRs, REAC inspections, and other activity over the past year, as well as to address the capital needs and replacement reserve activity of the property;
- to monitor the financial performance of the property and adherence to requirements of rent increase approvals, audit reconciliations and the vouchering process as applicable; and,
- to review management agent follow-up on tenant or community complaints.

In an effort to respond to the requests of MassHousing business partners, a new schedule of reviews has been implemented by which a comprehensive review will be required every five years and an abbreviated review will be conducted in the intervening years so long as the following criteria are met: the property is current on all financial obligations; the AMR has resulted in passing scores for both the overall physical and management practices sections of the prior review; there are no major or systemic physical, financial or resident related deficiencies; there has been no change in management company or owner; and, the Agency's risk analysis yields a score of "A" or "B" in the managerial risk-rating category. It is anticipated that most of the developments in the MassHousing portfolio will benefit from the expediency of the abbreviated AMR.

Positive Outcomes

The format and focus of the abbreviated AMR has changed significantly. The review process was broadened by shifting the focus of the review from an evaluation of management practices to an analysis of site operations. MassHousing has developed a dynamic, interactive form incorporating financial data from approved financial statements to measure performance.

Three years of the subject development's financial information is prepopulated from the MassHousing database into the form to provide a basis for the analysis. The performance indicators include: Debt Service Coverage Ratios; Vacancy Rates; Net Available for Equity; and Accounts Payable.

In addition to an evaluation of the performance indicators, the abbreviated AMR is used to monitor the physical condition, management practices and capital planning of the development. While conducting the review, the Asset Manager will follow up on issues identified in prior reviews, report the results of inspections conducted to evaluate the physical condition of the development, identify the findings of the resident file audit and evaluate capital planning. The other sections of the comprehensive review are not re-evaluated as part of the abbreviated AMR.

Feedback on implementation of the abbreviated AMR, from both property management firms and Rental Management staff, has been very positive. Both have reported that the new review allows for more valuable conversation about issues affecting the development rather than another recitation of the same questions and responses as provided year to year in the old format. Again, the use of the tablets has improved staff efficiency by allowing the Asset Manager to complete much of the review in advance. On the day of the review, the Asset Manager is then able to address the most pertinent issues at the site, and work more collaboratively with the management agent.

This has also reduced the amount of time necessary for meeting with property management staff, thereby causing less of an impact on the day-to-day work of the property manager. Consistency issues have also been addressed with the development of a uniform set of guidelines and expectations for conducting the AMR, and providing staff training to avoid significant differences in style among Rental Management staff.