

"The changes in our apartment complex have now given all of us -- the parents, the elderly, and the children -- a place that is not only nice to look at, but a happy and safe place in which to live."

-Tenant of Onancock Apartments, managed by a VHDA Certified Management Agent

1. Brief Description of VHDA Certified Management Agent Program

VHDA's Certified Management Agent Program was implemented because the Authority recognized that after the construction or renovation of a multifamily rental community, the most important factor of a property's success is quality management.

"VHDA's Certified Management Agent Program allows our properties to be managed by the most capable, professional management companies in the industry," said Neal Rogers, VHDA Manager of Asset Management. "And this program is unique – rather than approving agents up-front or on a deal-by-deal basis, it allows us to continually review a management agent's performance throughout the year, much like an employee's performance evaluation. In addition, communication with management is ongoing and focuses on performance across their entire portfolio, not just on inspections and audits of individual properties. This program allows us to more effectively monitor the overall performance of the agents managing VHDA properties and provides strong incentives to developers and owners who use them."

For an interested management company to become a VHDA Certified Management Agent, they must complete an application addressing a number of items concerning the management agent and the company's operations. For example, VHDA reviews:

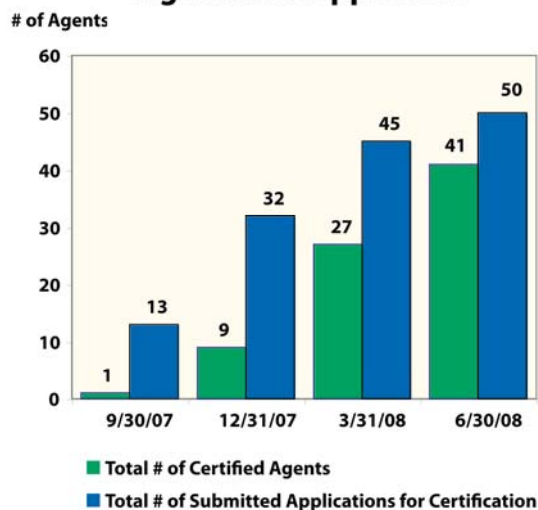
- the amount of compliance training conducted for staff members
- experience managing tax credit properties to ensure income and eligibility requirements are met and minimum set asides are maintained
- any outstanding issues from previous asset management reviews such as addressing deferred maintenance or making necessary physical adjustments
- whether a policy and procedures manual is maintained
- professional memberships and activities.

In addition, VHDA requires agents to submit an organizational chart, brief resumes of key management personnel, the number of years an agent has managed multifamily apartment communities, and a list of all properties managed.

VHDA staff then reviews the applications and makes recommendations for approval or disapproval to the Director of Multi-family Development Programs and the Managing Director of Development.

If an applicant has been successfully reviewed, the agent is approved as a VHDA Certified Management Agent. This designation is only valid for up to three years. To be considered for another three-year certification, management agents must submit an updated certification application for approval. Re-submission allows the agent to update any information that may be relevant and provide VHDA the opportunity to review any changes in the agent's application, as well as evaluate the agent's performance over the past three years. During this three-year period, should any

Growth of VHDA Certified Agents and Applicants



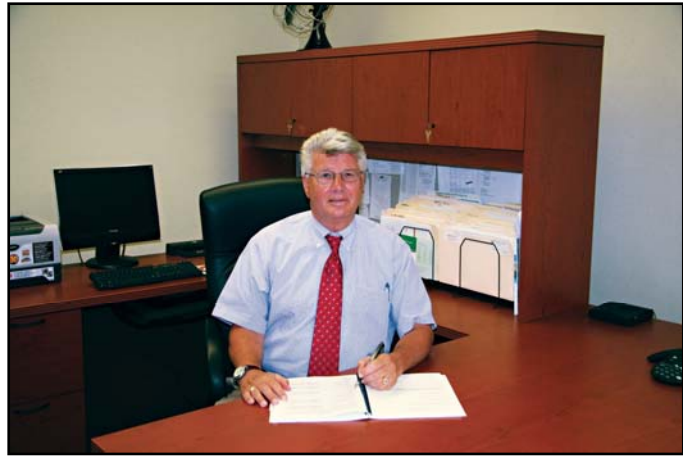
issues arise that could adversely impact the agent's ability to be re-certified, VHDA will notify the agent that failure to successfully address these issues may jeopardize their ability to be re-certified or result in an unsatisfactory rating.

Should a management agent not be approved, there is an appeal process. At VHDA's discretion, a conditional certification may be granted allowing the management agent an opportunity to resolve the issues. This conditional certification may be granted for one-year intervals. While VHDA's Certified Management Agent certification is not currently mandatory, future incentives for those owners choosing to use a VHDA Certified Management Agent include additional points through the tax credit program. Penalties can be incurred if an owner attempts to evade the process by retaining a Certified Management Agent, only to release the agent shortly after joining the program.

2. Why it was Undertaken

In a continuing effort to meet its mission, VHDA created the Certified Management Agent Program in June 2007 to create well-managed properties that residents can be proud of and to improve the quality of life for those living in these communities. In addition, it had become apparent that the quality of VHDA's portfolio played a crucial role in framing stakeholder views of the Authority and affordable housing in general. And, VHDA recognized properties that are well-managed help assure that Virginians have access to quality affordable housing.

VHDA implemented the program to evaluate the performance of owners and management agents. The goal of the program is to identify owners and management agents performing in a substandard manner, and encourage them to correct specific concerns identified by VHDA.



"The difference is not in the building, it's in the property management – and VHDA's new program recognizes that," said VHDA Certified Property Manager Richard Bighinatti.

3. What VHDA's Certified Management Agent Program Has Accomplished

As of July 2008, some 50,998 units – 48 percent of the active units in VHDA's portfolio – are managed by 41 agents who successfully completed the certification process.

Also, developers using a VHDA Certified Management Agent receive 25 points on VHDA's tax credit application. This Qualified Allocation Plan (QAP) change ensures that limited resources go to developers committed to sound property management. In fact, VHDA received 64 tax credit applications this year and all chose to use a Certified Management Agent. Additionally, the program has encouraged agents who were not initially certified to improve in those areas where there were some concerns. The certification program is not a mandatory program, but those who wish to be certified agents have an incentive to improve and thereby enhance their business. Many have taken this opportunity to revisit certain aspects of their operations that will, hopefully, take them to the next level.

In addition, ongoing VHDA-sponsored training covering fair housing, landlord/tenant issues, tax credit compliance and Section 8 compliance is offered to help agents stay informed and maintain their certification.

4. Why VHDA's Certified Management Agent Program is Meritorious and Meets NCSHA Judging Criteria

Innovative

VHDA's program involves more than just approving a management agent up front or on a deal by deal basis. Rather, the program is a unique, ongoing process incorporating financial reviews, property inspections, and compliance audits to ensure that properties are well-managed. By continually reviewing an agent's performance throughout the year, VHDA can coach them in case they have difficulty in an area, such as file compliance or on-site management.

Replicable

The VHDA Certified Management Agent Program can easily be replicated at other HFAs willing to commit the time, effort, and staff resources to undertake the process.

Respond to an important state housing need

The VHDA Certified Management Agent Program directly supports the long term financial viability of the affordable rental properties in the VHDA portfolio. And the Authority responds to an important state housing need by improving the quality of these units through better management. It also addresses the NIMBY issue in Virginia by showing how properly managed affordable housing developments can become assets to communities.

Demonstrate measurable benefits to HFA targeted customers

Because more than 50,000 units – equaling almost 50% of the units in VHDA's portfolio – are managed by 41 certified agents, residents at VHDA properties benefit from safer, better managed apartment complexes. Developers benefit by receiving points on tax credit applications for using a VHDA Certified Management Agent at their properties. And property managers benefit from the increased knowledge and training they receive.

Have a proven track record of success in the marketplace

During its first year, more than 41 agents – managing almost half of VHDA's active rental units – have been certified to ensure quality property management.

Provide benefits that outweigh costs

There are several benefits to this program. First, VHDA's ability to provide affordable housing is enhanced by the professional, quality management provided by the Certified Management Agent Program. Also, VHDA's goal of combating NIMBYism is aided by this program, which offers considerable incentives for developers using a certified agent. And because VHDA uses staff already in place to administer the program, the costs are minimal.

Demonstrate effective use of resources

VHDA has 1,265 properties monitored by its Asset Management and Program Compliance divisions. The better these properties are managed, from a physical and compliance perspective, the less time VHDA needs to spend per property. Therefore, this program allows VHDA to monitor a larger portfolio of properties.

Effectively employ partnerships

In developing this program, considerable time was spent collaborating with VHDA's partners. Because VHDA met with multifamily focus groups to solicit input and thoughts as they developed this process, the program has met with early success. The program was also overwhelmingly supported by developers on VHDA's Multifamily Advisory Board, because they realized that one bad property can lead to NIMBY reactions in a community.

Achieve strategic objectives

By providing quality property management, the VHDA Certified Management Agent Program helps achieve VHDA's strategic goals by a.) addressing the housing needs of communities, and b.) ensuring an ongoing inventory of affordable housing that supports strong, viable neighborhoods.

Conclusion

There is a limit to the resources available to develop affordable housing, and VHDA's strategy is to see that these resources are used wisely so that the properties in its portfolio will result in a quality product managed by sound, proactive, professional management agents. The creation of VHDA's Certified Management Agent Program has furthered the authority's ability to meet its mission of helping low-and moderate-income Virginians attain quality, affordable housing. In fact, the program has been very successful – more than 50,000 units, or 48% of the active units in VHDA's portfolio are managed by 41 agents who successfully completed the certification process. And developers using a VHDA Certified Management Agent receive a 25-point tax credit incentive, resulting in every tax credit applicant this year choosing to use a Certified Management Agent.