

## **Management Company Approval Policy**

Effective date: **November 17, 2020**

### **Policy Overview**

The Georgia Department of Community Affairs (“DCA”) is responsible for ensuring that owners of properties funded by the Georgia Housing and Finance Authority’s (“GHFA”) various multifamily affordable housing programs maintain compliance with all funding programs’ requirements. These funding programs include but are not limited to: Housing Tax Credit (“HTC”) 9% and/or 4%-Bond funding, 1602 Tax Exchange Funding, HOME, NSP, PSHP, SHTF, and TCAP funding. This policy comprises the minimum requirements necessary to gain DCA’s approval to manage a property that currently has affordable housing restrictions imposed on it by GHFA or will have affordable housing restrictions imposed on it by GHFA due to a submitted application for funding. DCA will perform a comprehensive review to determine whether a proposed management company meets minimum qualification requirements related to affordable housing experience, training, technical skills, and performance history to successfully manage an affordable housing property community or portfolio in the state of Georgia. DCA reserves the right, to modify this policy at any time or to waive any of the requirements listed below on a case-by-case basis.

DCA must comply with statutory requirements to consider project team qualifications to own and operate a DCA or GHFA-funded property. This extends to the management company’s ability to manage a DCA affordable property. Experience and training are required to manage all DCA affordable properties, regardless of the funding program. Further, all project teams must include a management company that agrees to operate properties in accordance with compliance requirements set forth by DCA, HTC program regulations, HOME Investment Partnership program (“HOME”) regulations, and/or other funding program regulations.

Properties in the FDIC Program should contact the DCA Compliance Department at [Compliance@dca.ga.gov](mailto:Compliance@dca.ga.gov) for FDIC specific regulations, requirements, and ownership and management change requests.

Management companies may seek general approval from DCA in advance of, or without having a management agreement with a developer/owner for a specific DCA/GHFA funded or monitored property.

Owners are required to submit all management company approval requests to DCA no less than 30 days in advance of the effective date of the proposed management change or effective date of management. Failure to provide such advance notice is considered a major finding of non-compliance and can result in point penalty deductions assessed on Tax Credit applications as stated in the applicable QAP and may affect the good-standing status of both the management company and owner with DCA.

DCA will not approve management companies seeking approval to manage affordable properties funded and/or monitored by DCA/GHFA, if the following conditions exist:

- 1) Management company is currently barred or suspended or has been barred or suspended

by any state Housing Financing Agency (“HFA”) or equivalent agency within the past two (2) years from the date that approval is sought. Evidence of reinstatement by the governing agency must be provided to be considered for DCA’s approval.

- 2) Management company has had a Charge of Discrimination as [defined](#) by the U.S. Department of Housing and Urban Development (“HUD”) issued against them or has been found guilty of discrimination by any government agency on any affordable housing property.
- 3) Management company is performing third-party management without a licensed brokerage in Georgia. Georgia Law requires that all third-party property management companies be a licensed brokerage in Georgia or perform all leasing activity under a licensed Georgia real estate broker. This license must be current and valid. There are no exceptions to this requirement. To comply with state law, existing management companies should forward evidence of the brokerage license or must obtain broker status no later than June 30, 2021. If DCA discovers management companies providing fee management that are not licensed in Georgia, DCA will notify the Georgia Real Estate Commission and the Owner, and the management company’s DCA approval status will be revoked. DCA may reinstate approval upon receiving evidence of the management company obtaining a brokerage license.

Discovery of any of the items above, after DCA approval, will cause the management company’s approval status to be revoked.

### **Section I. Qualification Requirements**

Management companies seeking first-time approval to manage DCA properties that are subject to the rules and regulations of GHFA’s various affordable multifamily housing programs must meet and evidence the following minimum qualification requirements:

- a. Two or more years managing a minimum of three qualifying affordable properties in any state. The qualifying affordable properties must be funded by HTC, HOME, or USDA’s Rural Development program. These qualifying properties must be under a management contract at the time of request submission.
- b. Each management company must always have at least one compliance specialist or responsible manager with at least one of the following nationally recognized credentials: HCCP, SCHM, NPCC, C3P or higher. These credentials/certifications must be current and valid.
- c. Good standing status with all applicable state HFAs and/or their equivalents must be provided to DCA in the form of a Letter of Good Standing or equivalent proof of general compliance provided by each HFA or their equivalent. DCA will also take into consideration, any management companies that may be flagged for poor performance by HUD, or by any other agency. Should DCA become aware of a change in the good standing status after DCA has provided approval, DCA reserves the right to reconsider the approval status of the management company, at DCA’s sole discretion.
- d. Completion of the Management Change/Approval Request form available on the DCA website [here](#) .

Management companies, including Public Housing Authorities (“PHAs”), that do not meet DCA’s minimum experience requirements may have the experience and credentials of individual management principals and/or officers evaluated to achieve one of the approval statuses listed in Section VI. Resumes of all management company or PHA officers are required if minimum qualification requirements have not been met as noted in this policy. As outlined in Section VI., DCA may impose limitations on the number of Georgia DCA properties that can be managed. Additionally, DCA may require the management company to contract with a third-party compliance consultant or professional. These exceptions are designed to help a management company obtain affordable housing experience in Georgia in manageable increments.

### **Section II. Documentation Requirements – Management Companies new to DCA**

Management companies seeking, for the first time, to manage Georgia DCA properties that are subject to the rules and regulations of GHFA’s various affordable multifamily housing programs must submit a formal request to DCA via the Management Change/Approval Request on-line form, available on the DCA website [here](#). On-line submission requests must include the following items and/or documentation:

- i. Applicable Management Company Approval Fee (see fee schedule, Section IV. herein)
- ii. All documentation evidencing the Qualification Requirements as required in Section I. of this policy, items a. through d.
- iii. Copy of the lease template package, which should include the lease application, lease addenda and other forms, currently in use or proposed for use for low income units (if applicable)

### **Section III. Documentation Requirements – Management Companies already managing Georgia DCA properties**

Owners of Georgia DCA properties that are subject to the rules and regulations of GHFA’s various affordable multifamily housing programs requesting a change in management company to a management company that already has experience managing Georgia DCA properties must also submit a formal request to DCA via the Management Change/Approval Request on-line form, available on the DCA website [here](#). On-line submission requests must include the following items and/or documentation:

- i. Applicable Management Company Approval Fee (see fee schedule, Section IV. herein)
- ii. Copy of the lease template package, which should include the lease application, lease addenda and other forms, currently in use or proposed for use for low income units (if applicable)

### **Section IV. Multiple Property Requests**

Owners and/or Management Companies seeking approval for more than one property may

submit one on-line form requesting approval to manage multiple properties. However, the properties must all be owned by the same Ownership team. A detailed list of those properties must be uploaded and attached as part of the on-line submission, and must include the Property Name, Georgia DCA Property ID Number and the full Property Address.

DCA reserves the right to limit the number of properties any management company may receive approval to manage.

#### **Section V. Schedule of Management Company Approval/Change Request Fees**

- First property: \$500
- Any additional properties: \$150 per property, not to exceed \$2,000 total

#### **Section VI. Non-Compliance Penalty**

All Management Company change approval requests provided less than 30 days in advance will be issued a finding of administrative non-compliance which can result in the following:

- Point penalties imposed on an HTC application score as indicated in the applicable QAP Scoring Compliance Performance section
- A \$250 penalty fee (per instance) for non-compliance/failure to provide 30 days' notice and receive DCA's approval in advance the management company change

All fees and penalties referenced in this policy are nonrefundable. Check(s) should be made payable to **Georgia Housing and Finance Authority**, and mailed to:

Georgia Department of Community Affairs  
Attn: DCA Office of Portfolio Management  
60 Executive Park Drive S NE  
Atlanta, GA 30329  
Re: Management Company Approval Request

All applicable fees are due at the time of Management Change/Approval Request online form completion. DCA will not process any Management Change/Approval requests without the appropriate fees.

#### **Section VII. Approval Levels**

Based upon the review of submission documents, approval levels will be assigned as outlined below. DCA will publish a list of management companies and their corresponding approval status to the DCA website no less than twice per year.

**DCA Approved** – All experience, credentials, and documentation meet DCA requirements.

**Conditionally Approved with Limitations** – Any of the requirements of Section I of this policy has not been met. Accordingly, a third-party tax credit and/or HOME compliance consultant will be required for a period to be determined by DCA, not to exceed three (3) years. DCA will limit the number of properties that can be managed to no more than five (5) properties. Management companies with a status of Conditionally Approved with Limitations will be required to submit to DCA for approval, evidence of the contract with the third-party consultant and evidence that the consultant meets criteria a and b of the Section I. Qualification Requirements of this policy. Conditionally Approved with Limitations status may be reviewed after three (3) years or the first compliance review under the new management takes place, whichever is sooner. After review, DCA may choose to change the status to DCA Approved, Probationary Approval, or Not Approved/Approval Revoked.

**Probationary Approval** – Management companies previously receiving a DCA Approved or Conditionally Approved with Limitations status may be downgraded to Probationary Approval. DCA reserves the right to downgrade approval status if it becomes aware of evidence of systemic noncompliance or operational issues, at DCA's sole discretion. These include but are not limited to poor property condition, poor file maintenance, resident complaints, poor financial performance, and/or low occupancy. Accordingly, a third-party tax credit and/or HOME compliance consultant will be required for a period to be determined by DCA, at DCA's sole discretion. Management companies with a status of Probationary Approval will be required to submit to DCA for approval, evidence of the contract with the third-party consultant and evidence that the consultant meets criteria a and b of the Section I. Qualification Requirements of this policy. Management companies with a Probationary Approval status will not be allowed to manage any additional properties until they achieve a DCA Approved status.

**Not Approved/Approval Revoked** – One or more of DCA's requirements have not been met. DCA reserves the right to deny approval or revoke approval to a management company for any reason, at DCA's sole discretion.

### **Section VIII. Submitting Funding Applications to DCA**

Applicants for DCA/GHFA funding must ensure the management company included in all applications is categorized as DCA Approved or Conditionally Approved with Limitations by the deadline specified in the applicable QAP. If the management company does not achieve one of these statuses by the deadline, the applicant will be required to replace the management company in the application with a management company that is categorized as one of the approval statuses listed in this section. This applies to all current and future applications as of the effective date of this policy.