

## Purpose

In carrying out its objective to ensure the long-term sustainability of OHFA-funded projects, OHFA must review requests from current owners to change management companies. Management transitions can substantially affect tenant success, financial performance, and physical conditions at OHFA-funded projects over time through day-to-day decision making at the project level. Therefore, OHFA carefully processes management company changes to review the performance and capacity of proposed management companies.

## Management Company Changes

All management company changes—to a third-party management company or self-managed organization—must be processed by OHFA prior to execution of the change. To process a management company change, the current majority general partner, managing member, or other controlling, active ownership entity must submit a Management Change Packet (Packet). The Packet must be received no later than 30 days prior to the proposed change. All Packets must be submitted to the OHFA Project Changes Mailbox at [OHFAProjectChanges@ohiohome.org](mailto:OHFAProjectChanges@ohiohome.org). A complete Packet includes the following items:

1. A Management Company Change Form which can be found on the Asset Management Web site; and
2. The Management Company Agreement or other legal document defining the roles and responsibilities between the Owner and Management Company; and
3. The Asset Management Plan and/or Management Plan for the property, if available; and
4. A list of all affordable housing properties in which the proposed management company serves as the management agent, including the property name, address, placed-in-service date, date in which the proposed management company began serving as the management agent, number of units, and OHFA project number (if applicable).

OHFA reserves the right to ask for additional information at its discretion. Other items may include, but are not limited to, the following:

- Four years of audited financial statements for the new management company;
- The most recent year of independently-audited *and* internally-prepared financial statements for the affected project including balance sheets, income statements, statements of cash flow, statements of partners' capital, and all applicable supplemental schedules; and/or
- Letters from other state housing finance agencies documenting past and current performance of the proposed ownership entity.

## Review Process

OHFA will review all required information and holistically evaluate the proposed new management company against at least two key characteristics: past performance and organizational capacity.

## 1. Past Performance

Previous performance of management companies can help predict future success. To assess past performance of a potential new owner, the Division will analyze the following criteria:

- Timeliness in curing IRS Forms 8823;
- Submitting required documentation within the established OHFA timeframes; and
- High-risk ratings on a credit report. Please note that OHFA may execute a business credit reported provided by Experian or another qualified business credit bureau.

## 2. Organizational Capacity

The new management company's ability to incorporate portfolio growth can significantly impact an individual property's performance. To assess organizational capacity of a new management company, OHFA will analyze the following criteria:

- Length of time managing LIHTC properties; and
- Size of the management company's current LIHTC portfolio.

## Contact Us

For additional information or related questions, please contact the Project Changes Mailbox at [OHFAProjectChanges@ohiohome.org](mailto:OHFAProjectChanges@ohiohome.org)

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