



Comparative Study

Cost Benefits of Resident Services on Select Categories of Property Operations

**Community Housing Partners
Fiscal Years 2006 and 2007**

Executive Summary

In 2008, Community Housing Partners (CHP), with funding and research support from NeighborWorks America, engaged in a study to better understand the financial impact of resident services (RS) on property performance in service-enriched affordable family rental housing.

Anecdotal evidence has suggested that *resident services in affordable family housing help reduce operational costs in vacancy loss, bad debt, legal fees and general operating costs* by helping families improve their incomes and financial management, get help when they face crises, comply with rental lease requirements and build communities beyond housing.

Safe, clean and environmentally sustainable housing is a compelling part of our national agenda and an urgent need in communities across the U.S. The stringent climate of today's economy creates even greater urgency in issues of housing and family stability. To move this agenda forward, we must have a body of quantifiable, credible data that demonstrates the financial benefits of the affordable housing model offered through CHP and others. However, only recently has quantifiable data been available that supports this hypothesis.

This study compiles credible documentation relating to the notion that affordable family housing may achieve cost savings by offering resident services. The report describes the purpose of the study, key research design considerations, processes used to select what was to be studied and how, findings, opportunities for future replication, development of best practices and recommendations for next steps.

The study finds that operational costs in FY 2006 and 2007 relating to vacancy loss, bad debt and legal expenses were significantly lower at properties *with* resident services than at those *without* resident services. While not completely definitive, the results demonstrate a real savings in these three categories of operating expense:

1. **Vacancy Loss per Unit was 35% lower in properties with resident services than in those without them. The savings were \$97 annually per unit.**
2. **Bad Debt per Unit was 49% lower in properties with resident services than in those without them. The savings were \$116 annually per unit.**
3. **Legal Fees per Unit were 34% lower in properties with resident services than in those without them. The savings were \$23 annually per unit.**

In a fourth category, **Cost of General Operating**, we find more complexity and the need for further research. Nevertheless, here we also find an optimistic picture:

Cost of General Operating Per Unit FYs 2006 and 2007

General Operating expenses at properties *without* resident services were 5% lower than those *with* resident services.

However, despite the higher general operating costs, the savings from Vacancy Loss, Bad Debt and Legal Fees, even after including the costs of resident services at \$79 per unit, there is a net savings for properties with resident services of \$23 annually per unit.

Of particular interest in this study are the benefits to property operations where **Eviction Prevention Counseling** is available. CHP properties which offer these services demonstrate significant savings as follows:

- Cost of Vacancy Loss per unit was 13% lower at properties with Eviction Prevention Counseling.
- Cost of Bad Debt per unit was 15% lower at properties with Eviction Prevention Counseling.
- Cost of Legal Fees per unit was 7% lower at properties with Eviction Prevention Counseling.
- Cost of General Operating per unit was 15% lower at properties with Eviction Prevention Counseling.

This study also establishes Definitions for Key Terminology (Attachment C), an MS Excel tool (separate attachment) which can be used by CHP to continue similar analysis in the future, and develops a Process Replication Template (Attachment D). The latter provides a step-by-step road map to standardizing similar studies in other settings and advances the important need for establishing valid data. These resources provide CHP and other affordable housing organizations with the ability to build best practices in demonstrating measurable cost: the benefit of resident services to property operations.

Opportunities for additional research are identified in this report for the purpose of better understanding critical performance factors that affect affordable housing. Further research can support efforts to establish best practices for both property operations and resident services. With empirical data that specifically links property financial improvement to resident success, a strong case can be made to expand public and private funding sources.

The organizations who participate in these studies benefit at a practical, operational level and ultimately add value to the lives of their residents and communities.

Respectfully developed, conducted and summarized by
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Comparative Study
Cost Benefits of Resident Services on Select Categories of Property Operations
Community Housing Partners
Fiscal Years 2006 and 2007

I. Background

In 2008, Community Housing Partners (CHP), with funding and research support from NeighborWorks America, engaged in a study to better understand the financial impact of resident services (RS) on property performance in service-enriched affordable family rental housing. A comparative sample of the CHP portfolio, defined in Section IV.B of this report, was used to evaluate the hypothesis that *resident services in affordable family housing help reduce operational costs in vacancy loss, bad debt, legal fees and general operating costs*. At CHP and other service-enriched affordable family housing organizations, “resident services” may include such programs as out-of-school time programs for youth, adult financial literacy education and health and wellness services. CHP provided support for this research through cooperation with, access to and interpretation of data, essential assistance in understanding key elements of the CHP portfolio and implementation of the study.

Consistent with the mission of CHP and other affordable housing providers, resident services are a key element in property operations. Many low-income families living in affordable housing need social services to succeed in housing, build their financial and personal assets or to help their children succeed in school. Anecdotal evidence suggests that such services help reduce costs related to turnover and nonpayment of rent by helping families improve their incomes and financial management, get help when they face crises, comply with rental lease requirements and build communities beyond housing. Such reduced costs contribute to the bottom lines of the properties and the owners.

This anecdotal information was substantiated in a study in 2007 in which Mercy Housing, Inc. and Enterprise Community Partners collaborated on research to determine the impact of resident services on property performance in affordable family rental housing. The study used a hypothesis comparable to the one used in this study, reviewing a similar sample of property financial performance over a period of two fiscal years. The study compared properties with resident services to properties without services. Initial findings demonstrated that properties with resident services reduced property vacancy losses by an average of 33% over two fiscal years, reduced property legal fees by an average of 58% and reduced property bad debts by an average of 30% during the study period.¹

¹ “*Research Demonstrates Positive Impact of Family Resident Services On Property Financial Performance*” Mercy Housing Inc and Enterprise Community Partners, April 2007.

Thus, the CHP study makes an important contribution to service enriched affordable family housing and enables the industry to better pinpoint operational efficiencies when considering resident services. Further, documentation from these studies contributes to the development of

best practices, helps build models for replication of this research, and ultimately provides important knowledge to the affordable housing industry.

Results of this CHP study are encouraging and suggest significant performance gains in properties with resident services. We acknowledge, however, that the study is not conclusive. For example, it is important to note that overall property management costs may be influenced by certain variables outside the scope of this study, such as newer versus older properties, or variance in state regulations affecting tenancy and legal costs. Section IV of this report provides more detail on research design.

II. Considerations In Implementing Data Collection

This section describes factors found during the project that influence collecting, compiling and analyzing data in the study. A more standardized and consistent process will result in more reliable and credible results and repeatable processes that lead to replication of this research.

The CHP property performance research, as well as the Mercy Housing study referred to above, involved analysis of selected property performance data that relates directly to behavior the services are meant to affect. For example, this study assesses vacancy loss in conjunction with Eviction Prevention Counseling.

Industry standards have not yet been established for many key elements in research like this; for example, protocols to determine “general operating costs” may vary widely. This means that the research methods must be designed on a case-by-case basis.

The goal is to compile and compare costs from selected expense categories per unit per year for the research period in each study group. Most organizations compile and report their operational costs in a format useful to or prescribed by their investors, thus such a study must locate and transfer numbers into this design format.

Note that data needed for property operations and data required to study resident services may be essentially the same data, but they are typically organized differently. This increases the importance of understanding the specifics of how property operations data are the same or different from the data used for this kind of study.

Additionally, such studies encounter unanticipated variations in property operations, management protocols and idiosyncrasies in information. For example, the method used to calculate bad debt year to year may be different from one portfolio to the next. Thus, the evolving check list (listed in Appendix A) helps troubleshoot and pinpoint potential inconsistencies.

III. Steps in preparation for this study are listed below, including solutions to potential problems in establishing comparable data:

- **Determine Data Points For The Study:** Identify desirable set of data points to be included in the analysis. The interests of the primary end user(s) of the reports influence which data points are most desirable. Some data points desired for this study were not

readily available. Therefore, data points (Attachment A) were prioritized by an advisory group of project stakeholders.

- **Use Original Data:** Original data taken directly from the property accounting database by the researcher (as opposed to data reported by the organization or a third party) is desirable. Original data is less affected by calculation errors and can be structured specifically for this study. Access to original data also increases accuracy so that study data matches correctly with database data. In this case, for example, there was a change in CHP Bad Debt accounting from FY 06 to FY 07. This resulted in an inconsistency in how the data was recorded between two fiscal years. In order to get a comparable number, a new income account was created for FY 07 called *Bad Debt collected* which enabled comparable Bad Debt data for two fiscal years.

For this study, *most* data was taken directly from Timberline, the CHP accounting database, and not interpreted by CHP or a third party, such as NeighborWorks Multifamily Initiative database. CHP staff provided data for costs of general operating and Resident Services. These specific numbers were necessary for this study, but were not readily available through Timberline.

- **Standardize Definitions And Protocols:** Inconsistencies in definitions for a particular expense category can influence the comparability of the data. For example, procedures for compiling a category of expenses may have changed during the period of the study or standardized definitions may not exist or may be verbally communicated on a case-by-case basis. The extent of these inconsistencies must be considered in selecting data points for the design of the study. This demonstrates the importance of standardizing definitions and protocols. In this case, a set of written definitions was developed in cooperation with CHP staff as a part of the study (Attachment C).

It is also important to note that property management software is not pre-loaded with standardized process, terminology definitions or protocols. Even with protocols that were standardized by CHP to strengthen consistency in using the software, Timberline showed some cells with “no entry” and some cells with “no transaction for this period”. Further clarification of this potential inconsistency indicated that in both cases there were no expenses for that period.

- **Validate Property Codes:** Verification is required to validate that each property in the study is a discrete entity. While this information may be known and consistently used internally, confusion may arise due to possible name and/or property code number transitions. For example, this may occur when ownership of a specific property changes during the period of study. This is necessary in order to have a valid study universe throughout the period of the study. This study involved a limited number of such instances and none in the final groups used for the study.
- **Validate Complete Data Available:** Working within the financial database, the researcher must be able to locate individual properties and each expense category in order

to record expenses attributed to that property for each category. This was not a problem for the CHP study.

In some instances, two or more properties may be “clustered” and treated as one discrete property. This occurs most often with very small properties or properties in close proximity. In such a case, data for all data categories for each individual property in the cluster was retrieved from the database before compiling it as a clustered property. In this study, only one cluster of properties is treated as one discrete property.

Properties that share resident services and / or property management staff are not necessarily clustered into one discrete property.

- **Verify Use of Consistent Software:** Software used to manage the data should be the same for the period of the study; however this is not always the case. It must be determined how the different software affects the organization of expense categories used in the study. CHP did not change software during this period.
- **Clarify Fiscal Year Structure:** The structure of the fiscal year must be understood. Is the span of the fiscal year the same for all properties in the study? If not, protocols are required to establish equitable comparisons across fiscal years. In this case, all properties at CHP have the same fiscal year during the period of study.

IV. Design Features and Methodology For Comparison Groups

A. “FIRST CUT” COMPARISON:

Properties were selected based on specific criteria uniform for both study groups, allowing continuity of comparison. The first study group is composed of properties *without* resident services; the second study group is composed of properties *with* resident services. The “first cut” check list included the following simple criteria:

- Family properties only, eliminating senior and “special needs” properties from the study groups.
- Properties for which complete financial data was available in the 24-month study period. In this case, the CHP database was complete. Therefore, no properties were eliminated from the study on the basis of incomplete data.
- All family properties were included regardless of potential influencing factors such as age of property, location (urban, rural, suburban) financial structure, number of units, average household income, etc. At a later point in the study, these criteria were refined.
- Properties with resident services were identified and segmented without consideration (at this point) for types or scope of services offered.

Properties were first organized into two comparison groups and then numbers for the following selected data sets were compiled into a “first cut”:

- Vacancy Loss
- Bad debt
- Legal fees
- Security (omitted -- see DEFINITIONS ATTACHMENT C)
- Maintenance (omitted -- see DEFINITIONS ATTACHMENT C)

Based on findings in the “first cut”, security and maintenance cost categories were omitted for different reasons (see DEFINITIONS - ATTACHMENT C) In both cases, these expense categories were not easily accessible for this study. Further investigation may make this data available for future studies.

B. REFINING THE COMPARISON GROUPS

Review of the “first cut” leads to a closer look at variables as “outliers” or data anomalies that skew the overall results. We identified these potential characteristics of “outliers” at properties with:

1. Large number of units (above 120 units)
2. Small number of units (below 25 units)
3. Remote properties
4. High number of children
5. Considered to have “unstable occupancy” during the study, including:
 - * properties not in the CHP portfolio for the full time period of the study, and
 - * properties with extremely high or extremely low operating expenses in one or more cost category.

This list prompted additional analyses to determine if removing any one of these yielded more consistent data results when compared to each other and / or compared to the first cut. While all the characteristics listed above may indeed be influencing factors, greater depth of study is necessary to validate this more conclusively.

The analysis prompted removal of some additional properties to improve the comparability of the study groups.

- ◆ Properties considered to be experiencing “unstable occupancy” (Item 5 above) during the period of the study (See Definitions, Attachment C). This criteria was identified by noticing extremely high or extremely low operating expenses in one or more cost category for individual property data between year one and year two. “Unstable occupancy” causes these properties to behave differently financially, and they were therefore removed. In particular, the following was noted:
 - Operating costs change dramatically during rehab periods when vacancy rates are likely to be higher and therefore not comparable to more routine leasing situations.

- HUD-specific regulations lead to numerous operational cost differences, making HUD properties unlike others.
- ◆ Properties with resident services must offer programming continuously throughout the period of the study. A gap of three months or longer in services caused the property to be removed from the comparison study.
- ◆ Wanting a more comprehensive comparison of financial behavior in both study groups, two additional data sets were added to the study: 1) general operating costs for all properties and 2) resident services costs for all resident services properties.

General Operating Costs at Properties <i>without</i> Resident Services	General Operating Costs at Properties <i>with</i> Resident Services
Include: Administrative, Operations and Maintenance. includes CHP indirect	Include: Administrative, Operations and Maintenance, Resident Services Program and Staff, Americorps, CHP indirect RS expenses
Exclude: Taxes, Insurance, Utilities, Capital Expense, Debt Service	Exclude: Taxes and Insurance, Utilities, Capital Expense, Debt Service

V. Final Study Design

All properties included in this report have the following characteristics:

- Considered family properties, any number of units in any location
- Were in CHP’s portfolio during the full period of study
- Had “stable occupancy” during the full period of study
- Complete data was available in identified cost categories during the full period of study
- Continuous resident services available during the full period of study for properties offering resident services.

Family properties with NO resident services

543 units 9 properties met criteria for this study

Family properties WITH resident services

961 units 12 properties met criteria for this study

It should be noted that most service enriched affordable housing organizations are able to provide resident services at larger family properties. It is uncommon to find resident services at family properties with fewer than 40 units. This limits the design of such comparative

studies by causing the number of units to be higher in properties with resident services.

Cost categories included in this study are

1. Vacancy Loss
2. Net Bad Debt
3. Legal Expenses
4. General Operating for properties *without* resident services does not include cost of resident services.
5. General Operating Costs for properties *with* resident services *include* costs associated with resident services staff, program operation and CHP resident services indirect costs

For purposes of this study, general operating costs are defined as costs which CHP can control including administrative, property operations and maintenance and legal expenses.

Costs not included in general operations compilation are cost categories not controllable by CHP and thus result in variables beyond CHP control such as age of property or local/state regulations. Also *excluded* are utilities, taxes and insurance, capital expenses and debt services. Vacancy loss and bad debt costs are also excluded in general operating expenses.

VI. Summary of Findings: CHP Demonstrates Cost Savings in Select Expense Categories Over a Two-Year Period in Properties with Resident Services.

Initial findings demonstrated that operational costs in FY 2006 and 2007 relating to vacancy loss, bad debt and legal expenses were significantly lower at properties *with* resident services than at those *without* resident services. While not completely definitive, the results demonstrate a robust correlation. Details of this section of the study can be seen in Exhibit A, below on page 12.

The analysis for this two year fiscal period shows the following:

1. Costs associated with **Vacancy Loss per unit are 35% lower** in properties *with* resident services than properties *without* resident services. The savings were \$97 annually per unit.
2. Costs associated with **Bad Debt per unit are 49% lower** in properties *with* resident services than properties *without* resident services. The savings were \$116 annually per unit.
3. Costs associated with **Legal Fees per unit are 34% lower** in properties *with* resident services than properties *without* resident services. The savings were \$23 annually per unit.
4. Costs associated with **General Operating Costs per unit are 5% higher** in properties *with* resident services than properties *without* resident services. Additional costs were \$134 annually per unit.
5. Resident services appear to have a net financial benefit of \$23/unit, taking into account a cost of resident services of \$79/unit and the increased general operating costs.

Annual Savings

Vacancy Loss:	\$97/unit
Bad Debt:	\$116/unit
Legal Fees	<u>\$23/unit</u>
Total Savings	\$236/unit

Costs

General Operating:	\$134/unit
Services:	<u>\$79/unit</u>
Total Costs	\$213/unit

Net Savings: \$23/unit

EXHIBIT A: The table below shows financial data.

	#1 Vacancy Loss / unit 2 Yr Average FY 2006- 2007	#2 Net Bad Debt / unit 2 Yr Average FY 2006- 2007	#3 Legal Fees / unit 2 Yr Average FY 2006- 2007	#4 General Operating/ unit 2 Yr Average FY 2006- 2007	#4 General Operating/ unit 2 yr Average LESS DIRECT RS costs FY 2006- 2007
No RS	\$274	\$235	\$68	\$2,684	\$2,684
W/ RS	\$177	\$119	\$45	\$2,818	\$2,739
\$ difference / unit	\$97	\$116	\$23	(\$134)	(\$55)
% performance difference	35% lower costs	49% lower costs	34% lower costs	5% higher costs	2% higher costs

Summary and Analysis for Four Cost Categories in FYs 2006 and 2007

- In cost categories 1-3, Section V, page 10 (Vacancy Loss, Bad Debt and Legal Fees), the provision of resident services enables CHP to save \$236 per unit. This benefit is partially off-set by \$134 increase for general operating at properties with resident services. Including a \$79/unit cost for providing resident services, the net gain is \$23/unit.
- The analysis in Exhibit A above shows that when direct resident services expense are removed, properties *with* resident services spent only 2% more on general operations than properties *without* resident services. The operational savings accomplished through resident services is approximately equal to the cost of providing those services.
- The difference for General Operating costs between the two study groups is relatively small, and contrasts with the analysis which looks at three other sub-sets of expense. This suggests a need to better understand cost dynamics and inconsistent variables beyond the scope of this study, such as the age of a property, that influence property operations. While the result here is inconclusive, the information suggests support for the hypothesis of this study -- that *resident services in affordable family housing help reduce operational costs in vacancy loss, bad debt and legal fees*. A longer-term and more rigorous study could provide additional data and clarity on these comparisons.

VII. Benefits Of Resident Services for Properties *and* for Residents

Resident services are integral to the CHP mission:

- *To create affordable, green, sustainable housing opportunities and services for the people and communities we serve.*

Similar to other service-enriched affordable family housing organizations, CHP works to respond to the needs and wants of residents at its properties and in the surrounding communities.

Working to keep operating costs low and benefits high, CHP's business model relies heavily on program partnerships with specialized organizations in the area to provide services at most of its properties. This partnership model allows CHP to leverage staff by utilizing its AmeriCorps members through the AmeriCorps grant program. The partnership model enables CHP staff to concentrate on coordinating resident services.

This study offers "lessons learned" relating to the value of standardized definitions, consistent program delivery practices (such as we find in Attachment C - Eviction Prevention Counseling) and related data collection protocols. Using a partnership model for resident services programming also adds complexity to measuring the impact of resident services on residents, property operations and the area community. Program impact data is more difficult to collect through partners and intermediate providers. Additionally, terminology across partner organizations may not be consistent, and data collection methods are likely to vary.

CHP participates in a number of NeighborWorks America initiatives, the Learning Center Consortium and Success Measures, an outcome-based evaluation resource. These program management resources look at important qualitative aspects of resident services, beyond numbers of people served and help CHP standardize key aspects of its resident services programs.

This study focuses on assessing the cost/benefit of resident services on property operations and provides encouraging evidence that links resident services programs to improved property performance in several key financial areas. The scope of this project did not allow for a more rigorous review of several important questions such as: Which types of resident service are most likely to benefit residents? How frequently should the services be offered at a property to show cost-benefit to property operations?

One key area of resident service—Eviction Prevention Counseling—has been more closely standardized at CHP which allowed this study to associate that particular resident service area with data findings in the study. Section VIII below shows findings from that analysis. ATTACHMENT C presents CHP's Eviction Prevention protocols and data collection method.

VIII. Benefits of Eviction Prevention at CHP Properties with Resident Services

A separate comparison was conducted using only the study group *with* resident services to learn more about the potential cost benefits of Eviction Prevention Counseling at CHP. Comparing only family properties with resident services we found that resident services properties with Eviction Prevention Counseling had consistently lower costs than those without Eviction Prevention Counseling, reflected below. This data demonstrates the importance of Eviction Prevention

Counseling to property operations' bottom line and implies that this specific service makes significant contributions to family stability.

1. Cost of Vacancy Loss Per Unit in FYs 2006 and 2007

Resident Services properties *with* Eviction Prevention Counseling were 13% lower than those *without* Eviction Prevention Counseling.

2. Cost of Bad Debt Per Unit FYs 2006 and 2007

Resident Services properties *with* Eviction Prevention Counseling were 15% lower than those *without* Eviction Prevention Counseling.

3. Cost of Legal Fees Per Unit FYs 2006 and 2007

Resident Services properties *with* Eviction Prevention Counseling were 7% lower than those *without* Eviction Prevention Counseling.

4. Cost of General Operating Per Unit FYs 2006 and 2007

Resident Services properties *with* Eviction Prevention Counseling were 15% lower than those *without* Eviction Prevention Counseling.

Eviction Prevention Compared With No Eviction Prevention	#1 Vacancy Loss / unit 2 Yr Average FY 2006-2007	#2 Net Bad Debt / unit 2 Yr Average FY 2006-2007	#3 Legal Fees / unit 2 Yr Average FY 2006-2007	#4 General Operating/ unit 2 Yr Average FY 2006-2007
w/ E.P	\$156	\$107	\$40	\$2,752
NO E.P	\$179	\$126	\$43	\$3,244
\$ difference / unit	\$23	\$19	\$3	\$492
% difference	13% lower costs	15% lower costs	7% lower costs	15% lower costs

IX. Pursuit Of Replication

Safe, clean and environmentally sustainable housing is a compelling part of our national agenda and an urgent need in communities across the U.S. The stringent climate of today's economy creates even greater urgency in issues of housing and family stability. To move this agenda forward, we must have a body of quantifiable, credible data that demonstrates the financial benefits of the affordable housing model offered through CHP and others. Until recently, this important issue relied entirely on testimony and anecdotal information to formulate a credible argument for public support.

Results from this and the previous study referred to above advance this topic by providing encouraging information; however, more information is necessary to effectively develop public support and ultimately advocate for policy change. With two simple studies showing similarly positive results, the stage is set for further research. Systematic documentation of processes will enable replication of this research in other settings. If these process steps can be repeated and lead to similar outcomes, the information presented here can be validated through replication.

Attached is a tool which outlines process steps to facilitate replication of this research model and promote future studies in this specific research area. ATTACHMENT D

X. Conclusion and Recommended Next Steps

This research demonstrates that the provision of resident services can provide real cost savings to affordable housing property operations that are above and beyond the benefits realized by the residents themselves. While not a definitive cost/benefit analysis, the results of this work strongly demonstrate what practitioners have believed for a long time that services positively affect the bottom line.

This essential area of housing research holds great opportunities for further testing to better understand how the specific elements of these findings affect the provision of resident services. The resulting data as well as process steps contribute to the establishment of best practices in the business of service-enriched affordable housing.

Further, this work contributes to the important "case" that, in addition to positive outcomes for adults and children, affordable housing properties benefit financially when resident services are provided at family properties and help pay for the services themselves. The data demonstrates that properties offering resident services realized significant per unit savings in key performance areas when compared with properties not offering resident services.

Recommended next steps

CHP's continuation of the study started here will enable their leadership to fine-tune management of select cost categories and use this outcome data to attract investors/funders. The tools developed for CHP in this project should be put to use and refined through practice.

Opportunities for additional research should be identified. Further investigation of the original hypothesis -- *that properties offering resident services reduce operational costs in Vacancy Loss, Bad Debt, Legal Fees and General Operating Costs* -- will establish better understanding of critical performance factors that affect affordable housing. For example, more rigorous efforts to correlate select cost categories with types of resident services offered can inform the design of those services. With empirical data that specifically links property financial improvement to resident success, a strong case can be made to expand public and private funding sources.

Further research can support efforts to establish best practices for both property operations and resident services. The organizations that participate in these studies benefit at a practical, operational level and ultimately add value to the lives of their residents and communities.

ATTACHMENTS:

- A. Data Points used and / or desired for study
- B. Data collection Excel workbook as template for continuation of this study - attached separately
- C. Definitions for key project terminology, including Eviction Prevention Protocols
- D. Replication Process check list

Acknowledgements:

This study was designed and conducted by
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Important assistance was contributed by:

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Nona Hipp, VP Housing Management, Community Housing Partners, Inc.
Lindley Higgins, Applied Research Manager, NeighborWorks America

DATA POINTS

NOTE: The scope of this study does not allow all data categories to be compiled and correlated against the primary findings. Therefore, some of the data categories below were not used for this study; they are listed here to inform future work in this field.

	DATA CATEGORY	AVAILABLE	COMMENT
1	Year Built/Rehabbed Occupancy Date	YES	Not used for this study.
2	Total Number of Units	YES	Primary data used for this study
3	Types of Support Services	YES	Eviction Prevention data used and correlated. Other data not used for this study.
4	Vacancy Losses	YES	Primary data used for this study
5	Legal Expenses	YES	Primary data used for this study
6	Bad Debt	YES	Primary data used for this study
7	Maintenance Expenses	YES	Cost details available but deeply embedded in financial database. This data not used for this study.
8	Security Expenses	YES	Cost details available but security not universally necessary and thus not consistently incurred across the CHP portfolio. This data is not comparable and not used for this study.
9	Per Unit Operating Expenses	Not routinely available. Compiled for this study	Compiled for this study. See full report
10	Urban, Suburban, Rural	NO	“Remote” (rural) locations may influence ability to provide Resident Services. No properties included in this study were considered “remote” by CHP staff. Urban and suburban not factors in this study.
11	Average HH income at each property	NO	Not used for this study, however “zero” income (HUD) properties were excluded.
12	# of children at the property	qualified	Not used for this study.
13	Comparison of costs to evictions and resident turnover.	qualified	Primary data used for this study CHP uses the standard that every prevented eviction saves them \$1500.
14	Size of Common Space	qualified	At individual property records Consider sq ft / unit. Not used for this study.
15	Insurance rates	qualified	Relates to type of property, type of financing, state law. Not used for this study.
16	Census Tract	YES	Not used for this study.

	DATA CATEGORY	AVAILABLE	COMMENT
17	Construction Type (New, Rehab, Acquired)	YES	Properties in rehab during the period of study were excluded due to impact of rehab on vacancy patterns.
18	Cost of Resident Services at property (incl. salary, program expenses, indirect per site w/ Resident Services.)	YES. Compiled for this study.	Resident Services costs added to general operating category for this study.

DEFINITIONS FOR KEY TERMINOLOGY IN USE FOR CHP COMPARITIVE STUDY

BAD DEBT: Any uncollectible rent, damages, late fees, etc. owed by the tenant that have been written off and turned over to collections. CHP also employs the policy of reserving against receivables all uncollected resident charges over 90 days at the end of each quarter.

For the purpose of this study, bad debt expenses were offset by any collected bad debt, which would be the collection of any resident charges that have been written off previously.

EVICTION PREVENTION: CHP uses Eviction Prevention protocols (Attachment C) describing the action steps followed to provide Eviction Prevention Counseling.

GENERAL OPERATING COSTS: The following expense categories are included: administrative, property operations and maintenance. Legal expenses are also included in general operating.

Excluded from general operations compilation are cost categories not controllable by CHP and thus result in variables beyond CHP control such as age of property or local/stare regulations. Costs excluded are utilities, taxes and insurance, capital expenses and debt services. Vacancy Loss and Bad Debt costs are also excluded in General Operating Expenses.

LEGAL FEES: CHP includes fees to attorney for eviction. Criminal and credit checks.

MAINTENANCE: Maintenance expenses at CHP include grounds maintenance payroll and supply, janitorial payroll and supply, decorating supply and repair, extermination, trash removal, repairs material contact and/or payroll. Data deeply embedded in Timberline and not readily accessible in the form we need for the study. Not used for this study

RESIDENT SERVICES:

Core Services: Core programming includes providing access to: mainstream resources, Eviction Prevention Counseling, financial literacy tutoring, health care education, job readiness skills building, computer labs and technology training.

Enhanced Services: Included in this category of services are the following: Homebuyer education to help people achieve the dream of homeownership, community building and resident leadership development through tenant councils and volunteer opportunities, after school programming to increase youth literacy and youth civic engagement, personal development through seminars on topics such as self esteem, conflict resolution, and Service Learning and Community Service Projects to increase empathy and awareness of social, economic and environmental problems.

RESIDENT SERVICES COST: These include direct program costs paid by the property, direct Payroll Costs paid by the property (*not including* benefits or payroll taxes), AmeriCorps member indirect costs (if property utilizes AmeriCorps members), and an allocation of indirect resident services expenses paid by CHP.

All these costs are offset by any income the property receives towards resident services such as donations, excess income rent from HUD or grants.

INDIRECT RESIDENT SERVICES COSTS: For the purposes of this study, the only indirect costs included were resident services costs paid for by CHP, not by the properties, the CHP match portion of the AmeriCorps Grant and the Resident Services Department. The match portion of the AmeriCorps Grant was calculated based on number of AmeriCorps members and then distributed to the properties utilizing the members based on number of members used.

The Resident Services Department expenses were allocated to the properties providing services based on the number of units.

SECURITY: Security is not needed consistently at CHP properties; therefore, data is not comparable across properties and was not included in this study.

When calculating security costs, CHP includes:

- ◆ Costs contracted out to third party providers, typically due to liability issues. These may be mandated by owner.
- ◆ Includes security equipment costs.

Costs relating to 24 hr desk clerks are *not* included.

UNSTABLE OCCUPANCY: Property occupancy is considered “unstable” when:

- ◆ Properties were in rehab for a significant period during the timeframe of the study.
- ◆ Properties were not owned by CHP for a significant period of time during the timeframe of the study.
- ◆ Properties were owned but not managed by CHPC. These properties will not be operated in the same way in order to, meet the same CHPC standards.

VACANCY LOSS: Days the unit is unleased translated into lost revenue for each vacancy day.

COMMUNITY HOUSING PARTNERS**EVICTION PREVENTION PROTOCOLS****Change in Income Due to Unemployment**

Action	RS/PM Responsibility	Time Period
Inform the resident that they are being referred to Resident Services to assist them with their job search.	PM	
Send a referral form to Resident Services for follow up assistance.	PM	Within 24 hours of completion of referral form.
Follow up and work with the resident to develop a plan of action to resolve employment and/or zero-income issues.	RS	Within 72 hours of receipt of referral form.
Follow up with the resident to ensure completion of the plan of action and to notify them that they will be placed on the Watch List.	RS	Weekly
Update PM staff on the status of the resident during weekly staff meetings.	RS	Weekly
If a resident has not followed through with his/her agreed upon plan of action at the end of a month, refer back to PM for further action.	RS	30 days after initial contact with resident by the Resident Services Coordinator
If, after three attempts, the resident refuses to meet, or does not show up for scheduled meetings, with the Resident Services staff to develop a plan, refer back to PM as uninterested in complying the occupancy criteria.	RS	
Provide PM with a follow-up report detailing each attempt and outcome.	RS	

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History of Late Rent Payments & No Rent Payment		
Residents who are not meeting the lease criteria of on-time rent payment will be identified Property Management according to the following steps:		
Action	RS/PM Responsibility	Time Period
LATE PAYMENT OF RENT		
Residents who are late with rent payments will be referred to Resident Services for follow up.	PM	6 th day of the month
Provide copies of any contacts with the resident with regard to the late payment issues.	PM	
Assess the cause of the issue with the resident within one week of receipt of referral (financial management, loss of income, disorganized household) and assist the resident developing an action plan to meet the payment plan as developed by PM.	RS	
If, after three attempts, the resident refuses to meet with the Resident Services staff to develop a plan, refer back to PM as uninterested in complying with the lease criteria.	RS	
Provide PM with a follow-up report detailing each attempt and outcome.	RS	
Inform Resident Services of the status of late rent payers.	PM	6 th day of each month
NON PAYMENT OF RENT		
Refer a resident behind in his/her rent, while following through with the initial court action.	PM	6 th day of each month
Assess the cause of the issue and assist the resident with a plan of action, including a recommendation for a payment agreement (that is pre-approved by RPM), if there is good cause.	RS	Within 24 hours of referral from PM.
If, after three attempts, the resident refuses to meet with the Resident Services staff to develop a plan, refer back to PM as uninterested in complying with the lease criteria.	RS	

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Provide PM with a follow-up report detailing each attempt and outcome.	RS	
Inform Resident Services of the further actions taken with these residents during the staff meeting.	PM	Weekly

Housekeeping Issues

Residents who are in danger of violating their lease agreement due to poor housekeeping will be identified in the following ways:

- During the annual household inspection done by PM;
- During a routine maintenance request; and

Action	RS/PM Responsibility	Time Period
Report to PM any resident identified as having housekeeping issues during a Maintenance or Resident Services home visit.	Maintenance; RS, PM	
Schedule a routine house inspection. PM will provide a report to the resident identifying the housekeeping issues that need to be resolved prior to a follow up inspection.	PM	Within one week of the report from Maintenance or Community Initiatives.
Refer to Resident Services.	PM	
Make a home visit to offer education and assistance in curing the housekeeping issue.	RS	
Work with the resident to develop a plan for both the initial issues and ongoing housekeeping concerns. First contact will be made with the resident.	RS	Within 48 hours of Watch List referral.
If, after three attempts, the resident refuses to meet, or does not show up for scheduled meetings, with the Resident Services staff to develop a plan, refer back to PM as uninterested in complying with the Admissions & Occupancy criteria.	RS	
Provide PM with a follow-up report detailing each attempt and outcome.	RS	
PM will schedule a follow up inspection.	PM	Within 2 weeks of initial inspection.
If the resident fails the second follow up inspection, PM will send a 21-Day Notice to Vacate. Property Management will also send	PM	

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a second referral to Resident Services for follow up.		
If the housekeeping issue is cured after the 21-Day Notice is sent, schedule a follow up inspection and notify Resident Services of the date of inspection and the results.	PM	
Inform Resident Services of further actions taken with these residents.	PM	Weekly staff meetings

Other Lease Violations Such as Noise Complaints, Excessive Visitors, Loitering, Youth Behavioral Issues, Youth Violence and Vandalism

Action	RS/PM Responsibility	Time Period
Follow complaints through PM channels with an Incident Report, place on the Watch List and refer to Resident Services.	PM	
Work with the family to develop a written plan for resolution and follow up to ensure that issues are resolved. Keep records detailing the specific interventions, referrals and results.	RS	
Inform Resident Services of any new complaints that may occur.	PM	
Update PM on the progress of the family at the weekly staff meetings.	RS	
If, after three attempts, the resident refuses to meet, or does not show up for scheduled meetings, with the Resident Services staff to develop a plan, refer back to PM as uninterested in complying with the lease criteria.	RS	
Refer back to PM for eviction proceedings residents who do not choose to follow the Plan of Action steps or correct the problem during the designated time period.	RS	
Inform Resident Services of further actions taken with these residents.	PM	Weekly staff/watch list meetings.

PROCESS REPLICATION TEMPLATE
Steps to compile and compare key performance indicators in property operations

The purpose of this exercise is to establish a foundation for best practices and process replication so that CHP is able to access key management information with increasing efficiency and effectiveness. Successful use of replication protocols will also contribute to the fields of property management in service enriched affordable family housing.

Action Step	Considerations	Who Should be Involved?	Other Comments	
AT THE START:				
1	Define purpose of study and select and prioritize data points needed or desired	Identify where each data set can be found. Is data readily available?	Identify key users of the data: CFO, CEO, COO, VP Asset Management, Resident Services Director, Board or Committee	Use Data Points check list
2	Access original data whenever possible	Secondary data is less credible and reliable	Primary keeper of the desired data. I.e.: Access to Timberline needs approval from VP Asset Management and database manager	
3	Standardized protocols and definitions in writing	Identify key elements that must be consistent across the project ie: CHP definition for vacancy loss. CHP protocols for eviction prevention.	Primary person responsible for function and COO.	Benefits of standardization apply to both property operations and Resident Services. Use and expand Definitions.
4	Verify discrete property codes used in financial database	Document migration of property names and / property code numbers	VP Asset Management and / or VP Housing Management	
5	Validate that all data fields can be populated	All key data fields can be populated in worksheet. In case of empty fields, establish protocol to be used for study. In case of property “clusters” , compile individual properties first, then combine data.	VP Asset Management	

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	Action Step	Considerations	Who Should be Involved?	Other Comments
6	Consistent Software	If property management software is updated, pinpoint how it organizes and / or reports specific data points differently. Establish protocol to ensure consistent conversion for data tracking.	VP Asset Management and database manager	
7	Consistent Fiscal Year Structure	If properties included in the study use different fiscal years, establish protocol to ensure consistent data tracking.	VP Asset Management and database manager	
8	Document changes or additions to process steps above.			
	BEGIN DATA COLLECTION			
9	Determine primary criteria properties to be included in “first cut” of analysis	This may change with categories of properties. I.E.: criteria for family properties may be different from senior properties.	Key data users. Ie: COO, CFO, VP Asset Management, Resident Services Director, etc.	
10	Validate key data points selected in above process step	Availability of property data may influence selection of data points.	Key data users. Ie: COO, CFO, VP Asset Management, Resident Services Director, etc.	
11	Transfer data from Timberline to Excel worksheets segmenting by comparison groups.			Excel template used in CHP study
12	For each property within each comparison group, calculate the following for each property: <ul style="list-style-type: none"> • totals / year / expense category, • cost / unit / expense category THEN: compile % difference comparing each key data point across comparison groups.			
13	Document changes or additions to process steps above.			
	REVIEW “FIRST CUT”			

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	Action Step	Considerations	Who Should be Involved?	Other Comments
	COMPILATION			
14	Identify variables or “outlier” elements in “first cut” to pinpoint where these variables appear to influence results.	May require several sub-analyses, however as you repeat these steps, it should become to easier to identify where inconsistencies are likely to emerge.		
15	Remove variables <i>one at a time</i> in a series of sub-analyses.			
16	Identify where different data points may help clarify data, or changes in definitions, protocols, etc.	The goal in this stage is to maximize consistency and comparability of data across comparison groups.		
17	Repeat Step 11 above. Recompile data as needed to reflect adjustments from variables.			
18	Document changes or additions to process steps above.			
	REVIEW “NEXT CUT” COMPILATIONS			
19	This point in the process should yield management information that increases in reliability, comparability and therefore also credibility.			