



Turning and Tracking Public Housing Units

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In This Session...

- How occupancy rate and turnaround time affect revenue to the project and the PHA
- How to measure unit turnaround time
- Tracking performance
- Best practices and private sector strategies for occupancy




How Occupancy Affects Project's Financial Health

- Vacant units get no op sub and no rent!
 - Up to 3% limited vacancies get op sub
- Let's go through scenarios to see the effect of occupancy rate on the money



How Occupancy Affects Project's Financial Health


- Example #1 – Redstone PHA – 580 units
 - Oak Grove 210 units \$503 PUM op sub
 - The Willows 130 units \$489 PUM op sub
 - Riverview 240 units \$478 PUM op sub



How Occupancy Affects Project's Financial Health

- Example #1 – Redstone PHA – 580 units
 - Oak Grove 210 x 12 x \$503 **\$1,267,560**
 - The Willows 130 x 12 x \$489 **\$762,840**
 - Riverview 240 x 12 x \$478 **\$1,376,640**

Full op sub! \$3,407,040




How Occupancy Affects Project's Financial Health

- Example #2 – Redstone PHA – 580 units
 - Oak Grove 210 x 12 x \$503 x 1.0 **\$1,267,560**
 - The Willows 130 x 12 x \$489 x 1.0 **\$762,840**
 - Riverview 240 x 12 x \$478 x 0.96 **\$1,321,574**

\$3,351,974

PHA is losing \$55,066 in potential op sub




How Occupancy Affects Project's Financial Health

- Example #3 – Redstone PHA – 580 units
 - Oak Grove 210 x 12 x \$503 x 0.96 **\$1,216,858**
 - The Willows 130 x 12 x \$489 x 1.0 **\$762,840**
 - Riverview 240 x 12 x \$478 x 0.96 **\$1,321,574**


\$3,301,272

PHA is losing \$105,768 in potential op sub



Occupancy and Property Management Fees

- Occupancy rate has a huge affect on the property management and bookkeeping fees projects can pay to the central office cost center
 - Based upon occupied units and allowable vacancies




Property Management Fees

- Example #4 –\$52 property management fees
 - Oak Grove 210 x 12 x \$52 x .98 **\$128,419**
 - The Willows 130 x 12 x \$52 x .98 **\$79,498**
 - Riverview 240 x 12 x \$52 x .98 **\$146,765**

\$354,682

No 3% limited vacancies – prop mgt fees earned on occupied units + allowable vacancies



Occupancy Rates and Rent

- Let's see how occupancy rate affects rent – the cash flow of the project!





Occupancy Rates and Rents

- Occupancy is 97% at Oak Grove and Riverview and 98% at The Willows, rent collection is 98% at all
 - Oak Grove $210 \times 12 \times \$130 \times .97 \times .98$ **\$311,417**
 - The Willows $130 \times 12 \times \$130 \times .98 \times .98$ **\$194,769**
 - Riverview $240 \times 12 \times \$130 \times .97 \times .98$ **\$355,905**


\$862,091

Rents are all \$130 PUM
Op sub of \$3,407,040 and \$862,091 rent



In an ideal world...

- If all units are occupied all year, and the PHA is able to collect rent on all units each month, using the previous example:
 - Oak Grove, The Willows & Riverview combined units
 - $210 + 130 + 240 = 580$ total units
 - $580 \times 12 \times \$130 = \$904,800$ rent collected
 - Loss of **\$42,709** in previous example



Another Example

- Rent – 96% at Oak Grove and Riverview, 98% at The Willows
- Occupancy – 97% at all developments
 - Oak Grove 210 x 12 x \$130 x .97 x .96 **\$305,061**
 - The Willows 130 x 12 x \$130 x .97 x .98 **\$192,782**
 - Riverview 240 x 12 x \$130 x .97 x .96 **\$348,641**
- Total rents collected = **\$846,484**
- Loss compared to previous example? **\$15,607**



Reducing Time to Fill Units



- Vacant unit turnaround time
 - Tracks *how long* units stay vacant
 - *Filling units quickly is one of the highest property management priorities*




Vacant Unit Turnaround Time

- Description
 - Average number of calendar days between:
 - Expiration date of lease; or
 - **Actual move-out date or date PHA becomes aware of move-out; and**
 - Date of new lease
 - Broken down into: down time, make-ready time, and lease-up time




Vacant Unit Turnaround Time

- Down time
 - Time from taking possession to assignment to maintenance
- Make ready time
 - Time to clean and repair the unit to make it ready for lease up
- Lease up time
 - Time it takes to lease up after being made ready




Vacant Unit Turnaround Time

- PHA should document:
 - Average number of calendar days units in down time
 - Average number of calendar days units in make ready time
 - Average number of calendar days units in lease up time
- Helps to identify problem areas




Vacant Unit Turnaround Time

- Exclude those vacancies that are exempted by HUD
 - PHA receives subsidy for these vacancies
 - Identified in PIH Notice 2011-07
 - How the unit is identified in PIC
- Consistent with the HUD measurement for occupancy rate under PHAS




Vacant Unit Turnaround Time

- Exempted units (HUD approved vacancies)
 - Modernization
 - Special use units
 - Beyond PHA control
 - Disasters; litigation; casualty loss; changing market conditions




Unit Turnaround Time Calculation

- Use rent roll
- Count every day from day old lease expired to effective date of new lease
 - For all units reoccupied during assessment year




Vacant Unit Turnaround Time

- Don't count the day unit was last occupied or day new tenancy began – only days in between
 - If re-leased unit was vacant in the prior fiscal year, must include vacancy days from the prior fiscal year
 - If one unit turned several times, count all days for each time unit turned in FY




Vacant Unit Turnaround Time

- Example of calculating turnaround days
 - PHA's FY assessed 4/01/18 - 3/31/19
 - Unit became vacant 3/15/18 16 days
 - Prior fiscal year
 - New lease effective 4/15/18 14 days
 - Assessed fiscal year
- **TOTAL TURNAROUND DAYS 30 DAYS**



Vacant Unit Turnaround Time


- Example of calculating turnaround days
 - PHA's FY assessed 4/01/18 - 3/31/19
 - Unit became vacant 3/15/19 16 days
 - Assessed fiscal year
 - New lease effective 4/15/19 14 days
 - Next fiscal year
- **TOTAL TURNAROUND DAYS 0 DAYS**



Question Unit Turnaround

- You are looking at your PHAS year 2018
 - A unit was vacant for 6 days in FY16, the entire year in FY17, and 10 days before it was leased in FY18
 - Total days in unit turnaround was:

▪ 365 days	▪ 381 days ✓
▪ 6 days	▪ 10 days



Analyzing Make-Ready and Lease-up

- Is it getting better, staying the same, or going in the wrong direction?
- Requires a trend analysis



Tracking Turnaround Time

- Track every month for each project and for the portfolio

Project	a. Move-ins this Month	b. Move-outs this Month	c. Evictions (included in b.)	d. Down Time Days for All Units in a.	e. Make-Ready Days for All Units in a.	f. Lease-up Days for All Units Leased in a.	g. Total Turnaround Days (d+e+f)	h. Average Turnaround Time (g/a)
Meade	5	4		4	21	16	41	8.2

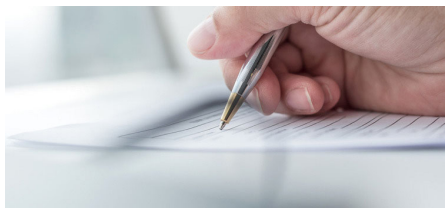


Reasons for Poor Performance

- Failure to use occupancy reports
- Failure to track unit turnover time
- Failure to use a trend analysis on crucial project reports
- Failing to have a verified pool of families ready to go when units are ready
- Lack of planning for future leasing needs



Best Practice Intake and Screening



Intake and Screening

- Marketing
- Make it easy to apply
- Screen before verifying other factors
- Ensure a robust waiting list
- Process enough applications to fill units



Marketing Strategy and Plan

- This is a coordinated discipline – marketing is continuous – it doesn't just happen once
- Three major elements of a marketing plan:
 - Marketing potential and location
 - Marketing strategies and techniques
 - Attracting and selling



Marketing Potential and Location

- Location, location, location
 - Nearby grocery, pharmacies, schools, public transportation, convenience to highways, close to employment, low crime rates
 - These are all marketing tools – you need to know your neighborhood!



Tips for Marketing Materials

- Know your market
 - Mixed population – accessibility, nutrition programs, community activities, nearby groceries and medical facilities
 - Know employers near the development
- Keep information clear, simple, to the point
- Include a contact person's e-mail and phone



Selling

- Sharpen leasing practices
- Best curb appeal in neighborhood
- Show a clean unit!
- Map out the neighborhood
- Collaborate



Selling



- Consider:
 - Occupancy standards
 - Mini-models
 - Site-based waiting lists
 - Weekend & evening lease-up appointments
- World-class customer service!



General Appearance and Market Appeal

- Use the categories from HUD form-5834 to assess and improve





Form HUD-5834

- Appearance and Market Appeal

I. GENERAL APPEARANCE AND SECURITY			
1.1 Appearance and Market Appeal			
Rate the project on curb appeal and marketability in the 12 categories listed below. Enter a "3" (highest rating), "1" (moderate rating), or "0" (lowest rating) for each category. Enter "N/A" to indicate the category. Do not leave any boxes blank.			
Category	Rating	Category	Rating
1. Project Entrance		4. Landscaping	
2. Building Exterior		5. Garages	
3. Street Signage		6. Porch, Steps and Allevays	
4. Fencing, Fencing, Porches, Overhangs, Ramps		10. Windows	
5. Overall Project Appearance		11. Paved Driveways	
6. Trash		12. Curb	

Overall Project Rating:
Comments:



Site-Based Waiting Lists

- If your lease-up time is more than two weeks or so, or if applicants aren't being screened thoroughly, consider site-based waiting lists



Managing Maintenance for Make-Readies

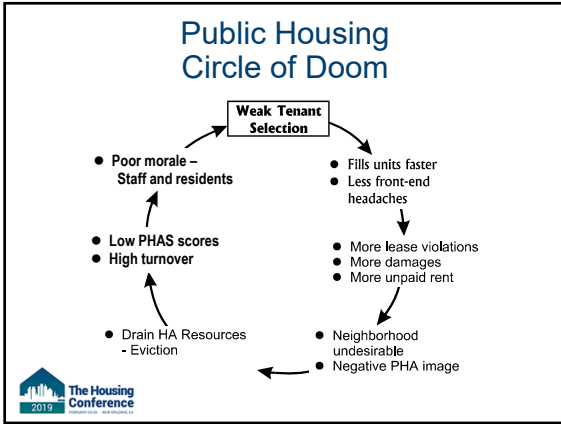
- Establish expectations and track performance
- Set priorities
- Detailed checklist for make-readies



Application Screening

- Conduct applicant screening in accordance with HUD regulations and ACOP policies
- *"It is easier to deny than it is to evict"*
- Beware of the "Circle of Doom"





Monthly Reporting and Monitoring

- Use a reliable occupancy tool with ability to track occupancy rate as well as unit turnover time (NMA has one in MS Excel)
- Know your average monthly move-out rate for every month of the year
- Know how many applicants from the waiting list it takes to fill one unit (may vary with unit size)

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Questions

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