



## **Comparative Study**

# **Research Shows the Cost Benefits of Resident Services on the Performance of Property Operations**

Community Housing Partners  
Fiscal Years 2006 and 2007

Research conducted by Terry Galpin-Plattner, Principal, Organizational Options

## Introduction

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.

In the past, anecdotal evidence has suggested that resident services in affordable family housing help reduce operational 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. This is the third study to support and validate that anecdotal evidence with concrete data showing that resident services reduce operational costs at properties in the areas of vacancy loss, bad debt and legal fees.<sup>1</sup>

**This 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. Savings in these three areas totaled \$236/unit per year. An additional fiscal benefit of \$38/unit per year was gained at properties that included Eviction Prevention Counseling.<sup>2</sup> These combined savings of \$274/unit/year almost entirely offset the full cost of resident services (direct costs + indirect costs) of \$279/unit/year.**

1. Vacancy loss per unit was **35 percent lower** in properties *with* resident services than in those *without* them. **The savings were \$97 annually per unit/year.**  
Properties *with* **Eviction Prevention Counseling** saved an additional \$21 per unit/year.
2. Bad debt per unit was **49 percent lower** in properties *with* resident services than in those *without* them. **The savings were \$116 annually per unit/year.**  
Properties *with* **Eviction Prevention Counseling** saved an additional \$12 per unit/year.
3. Legal fees per unit were **34 percent lower** in properties *with* resident services than in those *without* them. **The savings were \$23 annually per unit/year.**  
Properties *with* **Eviction Prevention Counseling** saved an additional \$5 per unit/year.

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<sup>1</sup> The State of Pennsylvania's Housing Finance Agency conducted a data analysis of the effects of Resident Services on property performance in 2005. A second study was conducted by Enterprise Community Partners in collaboration with Mercy Housing in 2007: "Research Demonstrates Positive Impact of Family Resident Services on Property Financial Performance," Mercy Housing Inc and Enterprise Community Partners, April 2007. Both studies showed that over a 2-year period, properties with resident services performed better than those without on three of four property performance measures examined: legal expenses, bad debts and unit turnover. [www.residentservices.org](http://www.residentservices.org)

<sup>2</sup> Please see Attachment D, which presents CHP's Eviction Prevention Protocols and data collection method.

**Summary of Findings:**

**Initial findings demonstrated that operational costs in FY 2006 and FY 2007 relating to vacancy loss, bad debt and legal expenses were significantly *lower* at properties *with* resident services than those *without* resident services.**

**EXHIBIT A:**

The table below shows fiscal data comparing properties with and without resident services.

<b>Resident Services (RS) Compared With No Resident Services</b>	<b>#1 Vacancy Loss/Unit 2-Year Average  FY 2006– 2007</b>	<b>#2 Net Bad Debt/Unit 2-Year Average  FY 2006– 2007</b>	<b>#3 Legal Fees/Unit 2-Year Average  FY 2006–2007</b>
<b>No RS</b>	\$274	\$235	\$68
<b>With RS</b>	\$177	\$119	\$45
<b>\$ Difference/Unit</b>	\$97	\$116	\$23
<b>% Performance Difference</b>	35% lower costs	49% lower costs	34% lower costs

**EXHIBIT B:** The table below shows fiscal data comparing two subsets of properties with services: those including Eviction Prevention Programs and those with services that do not include Eviction Prevention.

<b>Eviction Prevention (EP) Compared With No Eviction Prevention</b>	<b>#1 Vacancy Loss/Unit 2-Year Average  FY 2006–2007</b>	<b>#2 Net Bad Debt/Unit 2-Year Average  FY 2006–2007</b>	<b>#3 Legal Fees/Unit 2-Year Average  FY 2006–2007</b>
<b>No EP</b>	\$179	\$126	\$43
<b>With EP</b>	\$156	\$107	\$40
<b>\$ Difference/Unit</b>	\$23	\$19	\$3
<b>% Difference</b>	13% lower costs	15% lower costs	7% lower costs

**Summary and Analysis for Savings Categories in FYs 2006 and 2007**

The provision of resident services enables CHP to save in the areas of vacancy loss, bad debt and legal fees totaling \$236 per unit/year.

**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 financial 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 not offering eviction prevention counseling, saving an additional \$38/unit per year (see Exhibit B). This data demonstrates the value of including Eviction Prevention in resident services to improve property operations and implies that this specific service contributes significantly to family stability.

<b>Annual savings (with Resident Services)</b>		<b>Costs (with Resident Services)</b>	
<i>Vacancy loss:</i>	\$97/unit (per year)	<i>Direct costs:</i>	\$79/unit (per year)
<i>Bad debt:</i>	\$116/unit (per year)	<i>Indirect costs:</i>	\$200/unit (per year)
<i>Legal fees:</i>	\$23/unit (per year)		
<b>Total savings:</b>	<b>\$236/unit (per year)</b>	<b>Total costs:</b>	<b>\$279/unit (per year)</b>
<i>Added EP saving</i>	\$ 38/unit (per year)		
<b>Total savings w/ EP:</b>	<b>\$274/unit (per year)</b>		

**Pursuit of Replication**

Safe, clean and environmentally sustainable housing and healthy communities is a compelling part of our national agenda and an urgent need in communities across the United States. 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 and policy change. The stage is set for further research. The favorable findings of CHP are consistent with the findings from the initial data analysis of the Pennsylvania Housing Finance Agency and the study conducted by Enterprise Community Partners in collaboration with Mercy Housing. Systematic documentation of processes included in this report can enable replication of this research in other settings. Attached is a tool which outlines process steps to facilitate replication of this research model and promote future studies in this specific research area (see Attachment E).

**Conclusion and Recommended Next Steps**

Research on the benefits of resident services in affordable housing, for both the low-income residents and for the properties, is essential to demonstrate the value of these services to policy makers, lenders, funders and the public.

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. Although they are not a definitive cost/benefit analysis, the results of this

work strongly demonstrate what practitioners have believed for a long time: services positively affect the bottom line. This work contributes to the important “case” that, in addition to positive outcomes for adults and children, affordable housing properties benefit *fiscally* when RS are provided at family properties; the savings help pay for the services themselves. The data demonstrates that properties offering resident services, and particularly those with eviction prevention counseling, realized significant per unit savings in key performance areas when compared with properties *not* offering resident services. The study significantly supports part of the hypothesis of this study — *resident services in affordable family housing help reduce operational costs in vacancy loss, bad debt and legal fees.*

However, part of the hypothesis — that resident services would help reduce *general operating expenses* — was not supported. General operating costs on properties with resident services in the study set were higher than on properties without services, even after taking out the direct expenses of resident services. This suggests a need to better understand cost dynamics and inconsistent variables beyond the scope of this study, such as the age, location, and management/maintenance of a property, that influence general operating expenses. A longer-term and more rigorous study could provide additional data and clarity on these comparisons.

This study calls out several issues for continue exploration by leaders interested in the continued advancement of resident services:

- Opportunities for additional research should be identified. Continued 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.
- Further research offers the opportunity to better understand the cost dynamics and inconsistent variables beyond the scope of this study, such as the age of a property or the turnover rate at properties with reduced vacancy loss.
- More rigorous efforts to standardize data collection/outcomes measurement and to correlate select cost categories with types of resident services offered can inform the design of those services and support investment in resident services.

**ATTACHMENTS:**

- A. Process and Results of Study**
- B. Data Points Used and/or Desired for Study**
- C. Data collection Excel workbook as template for continuation of this study (attached separately)**
- D. Definitions for key project terminology, including Eviction Prevention Protocols**
- E. Replication process checklist**

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In 2008, CHP, with funding and research support from NeighborWorks® America, engaged in this study to better understand the financial impact of resident services on property performance in service-enriched affordable family rental housing. A comparative sample of the CHP portfolio 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 key elements 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.

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. The attachments to this report provide more detail on research design.

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.

ATTACHMENT A

## Process and Results of Study

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 research documented in this paper was built on the approach used by Mercy Housing in collaboration with Enterprise Community Partners. Anecdotal information indicating that resident services supports property performance was substantiated in a study in 2007. 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 resident services, and reviewed a sample of property financial performances over a period of two fiscal years. Initial findings demonstrated that properties with resident services reduced property vacancy losses by an average of 33 percent over two fiscal years, reduced property legal fees by an average of 58 percent and reduced property bad debts by an average of 30.5 percent during the study period.<sup>3</sup>

The CHP property performance research, as well as the Mercy Housing study, 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 checklist

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<sup>3</sup> Research Study Report: “*Research Demonstrates Positive Impact of Family Resident Services On Property Financial Performance*,” Mercy Housing Inc and Enterprise Community Partners, April 2007.

(Attachment E) helps troubleshoot and pinpoint potential inconsistencies. **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 a 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 B) were prioritized by an advisory group of project stakeholders.
- **Use original data:** Original data taken directly from the property accounting database by the researcher (vs. 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 2 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 points to 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 D).

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 (City Lights) 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 whether and 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.

## Design Features and Method 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” checklist 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 and so on. 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, 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 D)
- Maintenance (omitted — see definitions, Attachment D)

Based on findings in the “first cut,” security and maintenance cost categories were omitted for different reasons. (see definitions, Attachment D) In both cases, these expense categories were not easily accessible for this study. Further investigation may make this data more 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 the following characteristics:

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 analyses showed variables and 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 D). 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 1 and year 2. “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
<b>Include:</b> Administrative, operations and maintenance. Includes CHP indirect.	<b>Include:</b> Administrative, operations and maintenance, resident services program and staff, Americorps, CHP indirect resident services expenses
<b>Exclude:</b> Taxes, insurance, utilities, capital expense, debt service	<b>Exclude:</b> Taxes and insurance, utilities, capital expense, debt service

- All properties included in this report have the following characteristics:**
- Were 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
  - Had complete data available in identified cost categories during the full period of study
  - Had continuous resident services available during the full period of study for properties offering resident services.

Annual Savings (with Resident Services)		Costs (with Resident Services)	
Vacancy loss:	\$97/unit	Direct costs:	\$ 79/unit
Bad debt:	\$116/unit	Indirect costs:	\$200/unit (average)
Legal fees:	\$23/unit		
<b>Total savings:</b>	<b>\$236/unit</b>	<b>Total costs:</b>	<b>\$279/unit</b>

**Family properties *without* 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

**EXHIBIT A:** The table below shows fiscal data.

	#1 Vacancy Loss/Unit 2-Year Average  FY 2006– 2007	#2 Net Bad Debt/Unit 2-Year Average  FY 2006– 2007	#3 Legal Fees/Unit 2-Year Average  FY 2006– 2007	#4 General Operating/Unit 2-Year Average  FY 2006–2007	#5 General Operating/Unit 2-Year Average Less Direct RS Costs  FY 2006–2007
<b>No RS</b>	\$274	\$235	\$68	\$2,684	\$2,684
<b>With RS</b>	\$177	\$119	\$45	\$2,818	\$2,739
<b>\$ Difference/Unit</b>	\$97	\$116	\$23	(\$134)	(\$55)
% Difference	35% lower cost	49% lower cost	34% lower cost	5% higher cost	2% higher cost

**EXHIBIT B:** The table below shows fiscal data.

Eviction Prevention Compared With No Eviction Prevention	#1 Vacancy Loss/Unit 2-Year Average  FY 2006– 2007	#2 Net Bad Debt/Unit 2-Year Average  FY 2006– 2007	#3 Legal Fees/Unit 2-Year Average  FY 2006– 2007	#4 General Operating/Unit 2-Year Average  FY 2006–2007
No EP	\$179	\$126	\$43	\$3,244
With EP	\$156	\$107	\$40	\$2,752
<b>\$ Difference/Unit</b>	\$23	\$19	\$3	\$492
% Difference	13% lower costs	15% lower costs	7% lower costs	15% lower costs

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..

For purposes of this study, general operating costs are defined as costs that CHP can control, including administrative, property operations, 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 and state regulations. Also *excluded* are utilities, taxes, insurance, capital expenses and debt services. Vacancy loss and bad debt costs are also excluded in general operating expenses.

**ATTACHMENT B**

**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 but are listed here to inform future work in this field.

	<b>DATA CATEGORY</b>	<b>AVAILABLE</b>	<b>COMMENT</b>
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	Number 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 \$1,500.
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.
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 (including salary, program expenses, indirect per site with resident services)	YES. Compiled for this study.	Resident services costs added to general operating category for this study.

ATTACHMENT C

**DEFINITIONS FOR KEY TERMINOLOGY IN USE  
FOR CHP COMPARITIVE STUDY**

**BAD DEBT:** Any uncollectible rent, damages, late fees, and so on 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 had been written off previously.

**EVICTION PREVENTION:** CHP uses eviction prevention protocols (Attachment D) 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 costs.

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

**LEGAL FEES:** CHP includes attorney fees for eviction As well as criminal and credit checks.

**MAINTENANCE:** Maintenance expenses at CHP include grounds maintenance payroll and supply, janitorial payroll and supply, decorating supply and repair, extermination and trash removal. These data were deeply embedded in Timberline and not readily accessible in the form needed for the study and therefore were not used for this study.

**RESIDENT SERVICES:**

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

**Enhanced Services:** Included in this category of services are 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), Americorp member indirect costs (if property utilizes Americorp members) and an allocation of indirect RS expenses paid by CHP.

All these costs are offset by any income the property receives toward RS 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 Americorp grant and the Resident Services department. The match portion of the Americorp grant was calculated based on the number of Americorp 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 were 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.
- ◆ Security equipment costs.

Costs relating to 24-hour desk clerks are *not* included.

**UNSTABLE OCCUPANCY:** Property occupancy is considered “unstable” when the following apply:

- ◆ Properties were in rehabilitation 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 CHP. These properties will not be operated in the same way in order to meet the same CHP standards.

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

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

<b>Action</b>	<b>Resident Services/Property Management Responsibility</b>	<b>Time Period</b>
Inform the resident that he or she is being referred to Resident Services to assist with a 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 or 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 RS coordinator
If, after three attempts, the resident refuses to meet or does not show up for scheduled meetings with the RS 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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<b>History of Late Rent Payments and No Rent Payment</b>		
Residents not meeting the lease criteria of on-time rent payment will be identified by property management using the following steps:		
<b>Action</b>	<b>Resident Services/Property Management Responsibility</b>	<b>Time Period</b>
<b>LATE PAYMENT OF RENT</b>		
Residents who are late with rent payments will be referred to Resident Services for follow-up.	PM	6 <sup>th</sup> 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 member 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 <sup>th</sup> day of each month
<b>NONPAYMENT OF RENT</b>		
Refer a resident behind in his or her rent while following through with the initial court action.	PM	6 <sup>th</sup> 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 preapproved by PM), 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 member 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 further actions taken with these residents during the staff meeting.	PM	Weekly

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**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.

Action	Resident Services/Property Management 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 member to develop a plan, refer back to PM as uninterested in complying with the admissions and 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. PM will also send a second referral to Resident Services for follow-up.	PM	
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

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<b>Other Lease Violations Such as Noise Complaints, Excessive Visitors, Loitering, Youth Behavioral Issues, Youth Violence and Vandalism</b>		
<b>Action</b>	<b>Resident Services/Property Management Responsibility</b>	<b>Time Period</b>
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 member 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.

	<b>Action Step</b>	<b>Considerations</b>	<b>Who Should Be Involved?</b>	<b>Other Comments</b>
	<b>BEFORE BEGINNING:</b>			
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 checklist.
2	Access original data whenever possible.	Secondary data is less credible and reliable.	Primary keeper of the desired data: Access to Timberline needs approval from VP Asset Management and database manager.	
3	Standardize protocols and definitions in writing.	Identify key elements that must be consistent across the project, such as CHP definition for vacancy loss and CHP protocols for eviction prevention.	Primary person responsible for function and COO.	Benefits of standardization apply to both property operations and RS. 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	
6	Use 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	Establish consistent fiscal year	If properties included in the study use different	VP Asset Management and	

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	<b>Action Step</b>	<b>Considerations</b>	<b>Who Should Be Involved?</b>	<b>Other Comments</b>
	structure.	fiscal years, establish protocol to ensure consistent data tracking.	database manager	
8	Document changes or additions to process steps above.			
	<b>BEGIN DATA COLLECTION</b>			
9	Determine primary criteria properties to be included in “first cut” of analysis.	This may change with categories of properties. For example, criteria for family properties may be different from senior properties.	Key data users: COO, CFO, VP Asset Management, Resident Services Director, and so on.	
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, and so on.	
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"> <li>• totals/year/expense category</li> <li>• cost/unit/ xpense category.</li> </ul> Then compile % difference comparing each key data point across comparison groups.			
13	Document changes or additions to process steps above.			
	<b>REVIEW “FIRST CUT” COMPILATION</b>			
14	Identify variables or outlier elements in “first cut” to pinpoint where these variables appear to influence results.	This may require several sub-analyses; however, as you repeat these steps, it should become easier to identify where inconsistencies are likely to emerge.		
15	Remove variables <i>one at a time</i>			

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	<b>Action Step</b>	<b>Considerations</b>	<b>Who Should Be Involved?</b>	<b>Other Comments</b>
	in a series of subanalyses.			
16	Identify where different data points may help clarify data, or changes in definitions, protocols, and so on.	The goal in this stage is to maximize consistency and comparability of data across comparison groups.		
17	Repeat step 11. Recompile data as needed to reflect adjustments from variables.			
18	Document changes or additions to process steps above.			
	<b>REVIEW “NEXT CUT” COMPILATIONS</b>			
19	This point in the process should yield management information that increases in reliability, comparability and therefore also credibility.			