CLIENT PROFILE

- Texas, NC/SC Markets
- Multifamily REIT / 3rd party Operator
- 40,000 Doors
- 300 + Employees
- 100% Multifamily

BUSINESS PROBLEM

The Client engaged with RTCS as part of a due-diligence/compliance effort based on federal requirements to uphold asset preservation on behalf of their clients. At time of acquisition, the due-diligence process for valuation, ROI/NOI was suspect based on the findings by the funds 3rd party legal counsel. As well, the properties in question had endured multiple events (software change, hurricane, etc.) that led them to the conclusion that 'execution' was an area of opportunity. This also uncovered a gap in disaster recovery and business continuation leaving many sites distressed and high vacancy rates. After making their own assessments and attempting to internally course-correct, they tasked the asset manager at the fund to execute a turn-around plan but were not seeing results.

WHAT EXPECTATIONS WERE NOT MET?

The vacancy rate continued to fall well below expectation and NOI was continuing to not meet the budget. The forecasted NOI budget remained at -40%, while unit turnover time continued to be too long. Because of the work environment, staff turnover continued at a high rate.

HOW WE IDENTIFIED THE ROOT CAUSE

After going onsite, it was identified that a number of problems and practices were contributing to low occupancy rates, damaged staff morale, and, ultimately, non-compliance and low resident satisfaction. We reviewed 3 years of the client's T12s to identify trends and common themes that were a direct correlation to not meeting financials. After digging into their books, we identified areas for improvement, and developed a multi-step plan to address and correct the problems we found.

HOW WE SOLVED IT

- We assessed that the turn-around plan was solely based on dollars with little consideration that property condition was one of the key drivers to increasing occupancy, thus impacting revenue.
- We found that sites that needed the most attention for property conditions saw stifled funding, which damaged morale of the on-site staff, resulting in non-compliance, low productivity and low resident satisfaction.
- We presented a budgeting plan to release funds in tranches for property repairs and capex improvements to the properties with the highest need for turnover and renovation rather than controlling funds based on quarterly budget.
- We also proposed releasing a larger influx of cash with a more frequent cadence, prioritizing turnover units first, then others by complexity in a manner to address‘ easier’ units first.
- We prioritized ‘at risk’ maintenance in common areas as well as repairs that improved resident perception (such as roofs, pools, sidewalks, etc.)
- We delivered a 9-box summary of on-site management/key staff along with recommendations.
- We delivered actionable recommendations for process documentation, systems training, and SOPs for centralized and on-site performance/accountability and oversight.

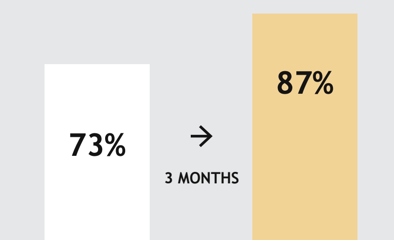
WORDS FROM THE CLIENT

‘Deb came in very unassuming and approachable. Our main concern from Day 1 was making a bad situation worse and finding even more issues as well as potentially losing employees because they are concerned about both their jobs and the residents. Deb did an onsite visit and I was impressed from her ability to quickly summarize the road blocks, pick up on resident concerns, filter out the noise, and objectively assess employees. Her recommendations were actionable, with realistic timing and recommendations that allowed us to make improvements and start to see results quickly, and with minimal loss of staff and residents.’

RESULTS/DELIVERABLES

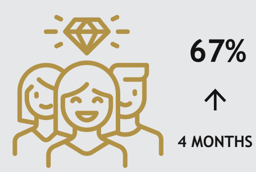
- Increased Vacancy Rate
- Decreased NOI budget deficit
- Decreased Unit Turnover Time
- Improved Employee Retention

INCREASED VACANCY RATE



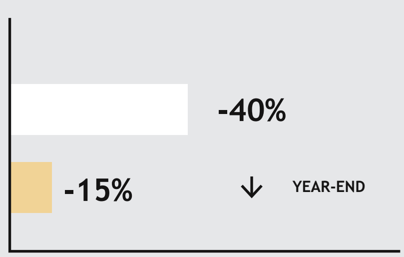
Vacancy Rate Went From 73% To 87% In 3 Months

IMPROVED EMPLOYEE RETENTION



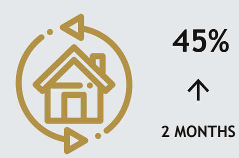
Employee retention improved by 67% within 4 months

DECREASED NOI BUDGET DEFICIT



Forecasted NOI budget deficit decreased from - 40% To - 15% for year-end

DECREASED UNIT TURNOVER TIME



Improved unit turnover time by 45% in the first 2 months