



2013 Annual Awards Entry Form
(Complete one for each entry.)

Entry Name MassHousing's Replacement Reserve Fast Tracking

HFA MassHousing

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Entry form with description, check(s), and visual aids (optional) must be received by NCSHA by **Monday, July 1, 2013**.

Use this header on the upper right corner of each page.

HFA _____

Entry Name _____

Communications	Homeownership	Legislative Advocacy	Management Innovation
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Federal Advocacy <input type="checkbox"/> State Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
<input checked="" type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs	<input type="checkbox"/> Special Achievement	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

Rental Housing – Multifamily Management MassHousing’s Replacement Reserve Fast Tracking

Background

In early 2008, MassHousing undertook an effort to streamline and simplify the Agency’s Rental Management Operations. The undertaking – known as the “Chairman’s Challenge” resulted in a significant change in the way that MassHousing manages its rental business.

One of the outcomes of the “Chairman’s Challenge” was the creation of a new position of Ombudsman for the Agency. The Ombudsman serves as a liaison between the Agency and owners, developers, property managers and consultants. The Ombudsman plays a key role in gathering information and soliciting feedback from MassHousing’s business partners. Most importantly, the Ombudsman then works cooperatively with rental management staff to develop new initiatives based on this feedback to improve Agency operations. The Ombudsman’s broad goal is to make the Agency more “user-friendly” whenever possible while at the same time maintaining MassHousing’s high standards in the area of multi-family management.

The Problem

Through the work of the Ombudsman, MassHousing learned that owners and management companies were unhappy with the Agency’s processing of requests for replacement reserve reimbursements. In general, the industry felt that submissions for reimbursements to the Agency were too heavily scrutinized, approvals were inconsistent and that reimbursements took too long. The Ombudsman raised this issue with the senior management at MassHousing which resulted in a thorough internal review of policies and procedures relative to replacement reserve reimbursement requests.

As the first step in this review, MassHousing invited business partners to participate in focus group meetings held at the Agency to identify the problem areas in the process from their perspective. Ideas were exchanged, concerns were identified and changes were made. A momentum of tangible positive results was building and the industry was willing – more now than ever before – to participate in the process.

Working Towards a Solution

Resolving this program would require a complete revision of the Agency’s existing Replacement Reserve Policy. The first step in this revision was to clarify the items that would be considered “eligible” for reimbursement. Outlining clearly and in specific detail which items were eligible was critical because this meant that fewer requests would be submitted for items that were clearly outside the purview of “allowable” replacement reserve reimbursement. This in turn would save the management company time – as they wouldn’t work to submit requests for items that weren’t eligible – and it would save time for MassHousing staff who didn’t have to review requests that couldn’t be funded. As importantly, this eliminated a potential source of

conflict between management companies and MassHousing staff – because the guesswork of what might be eligible and what wasn't – had been eliminated.

MassHousing also established a specific and defined turn-around time for considering requests for reimbursement and then processing the claims. Again, having a clock that starts with the submission of a reimbursement request keeps the process moving. MassHousing staff are aware that requests must be processed expeditiously – and business partners can rely on the process not to take any longer than a specified period of time. Removing variables is just one way to improve business processes – and this change accomplished a great deal. MassHousing also went so far as to commit that reimbursements would be completed within 21 business days – a rather short time-frame. While the Agency hadn't tracked the timeline for the processing of these requests in the past – it is certainly fair to say that there were some that took much longer than 21 days. The Agency's business partners saw this as a substantial improvement.

In order to maintain this process and ensure that the strict time-line for processing was enforced, MassHousing took this effort one step further. In January of 2013, the Agency's Rental Management division created a formalized tracking system to monitor every replacement reserve request.

The Tracking System

- This system allows senior managers to track each request and ensure both efficiency and uniformity with the approval process.
- All reimbursement requests are now directed to come into MassHousing through one central mailbox.
- From there, an administrator assigns an identification number to the request in the tracking system and a record is created that includes the date of receipt of the request and the amount that has been requested.
- The Asset Manager for the designated property and the company making the request are both notified via E-mail that the request has been received and an identification number assigned.
- If there is a need for any additional information or back-up material – this is communicated quickly to the management company.
- During the process, an E-mail notification is sent as each request is approved or amended.

- As importantly, the company that has submitted the request is also able to track its process electronically.
- After review of the request, the tracking report is updated to include the amount that has been approved and the date that the request was completed with the funds delivered.

Another important change to the system is that reimbursements are processed via Automatic Clearing House (ACH) payments. This has proven to be another time saving approach as this electronic form of payment is made directly into a bank account. Prior to offering ACH payments, paper checks were processed once or twice a week and sent via U.S. Mail. With the ACH option, payments are processed daily, and funds are transferred electronically at no cost to MassHousing's business partner. This change has also helped to improve the Agency's response time and also saved the Agency a substantial amount of money on paper and postage by not issuing and mailing checks and ties in well with MassHousing's efforts to makes its procedures more "green".

The Outcome

A review of the replacement reserve process during the first two months of implementation revealed a measurable improvement. Communication throughout the process has also been enhanced and as any housing finance agency knows – better communication between management and staff has translated into a reduction in disputes overall.

It is worth noting that while the goal for completion at the start of this improvement was 21 business days, a data review of the tracking system now reveals that the actual average timeframe for a complete response is just six days – sometimes even less!

MassHousing continues to seek improvement in interactions between MassHousing staff and its business partners. Improvements like the replacement reserve tracking process have increased transparency and enhanced communications, and owners and property managers are more enthusiastic about participating in focus groups and providing feedback to the Agency. Now that they have seen that their complaints have been heard – and that tangible changes have been made – their cooperative interaction with the Agency has been improved on many levels.

What began as the Chairman's Challenge and the role of the Ombudsman has progressed into a strong bond of partnerships between Agency staff and business partners. The measurable success of the streamlined and simplified replacement reserve process continues to strengthen the Agency's goal of coalition building and provides a competitive edge in the ever growing competition of affordable housing banking.