

Rental Housing: Multifamily Management “Who You Gonna Call?” The Ombudsman

It is the challenge of any housing finance agency to re-evaluate systems and relationships continually to ensure that it is operating at its most productive. This isn't always easy. This is especially true for an Agency that has been in operation since 1966 – like MassHousing. It is easy to become mired in “the way we have always done it”. Moreover, it is easy to overlook opportunities – and necessities for continued business improvement. Sometimes it takes a shake-up to the way things are done – with a fresh set of eyes and experience to challenge the status quo and move the Agency forward.

With an effort begun in early 2008 known as the Chairman's Challenge – MassHousing did just that. And one of the important outcomes of the Chairman's Challenge was the creation of a new role within the Agency – that of Ombudsman. The Chairman's Challenge has changed the culture of MassHousing's relationship with its rental housing business partners – and the Ombudsman has played a huge role in this effort.

History

A few years ago, MassHousing's then-Board Chairman *challenged* the leadership of the Agency to embark on a comprehensive effort to reexamine every aspect of MassHousing's way of doing business in the rental arena. The goal of this examination was to create new goals, policies and procedures which would make MassHousing more responsive to the demands of modern day rental lending while at the same time maintaining the Agency's longstanding adherence to its affordable housing mission. This effort became known as the “Chairman's Challenge.”

Over the years, continuous and consistent incremental improvements in MassHousing's rental operations have been achieved as a result of the Chairman's Challenge. Goals to streamline and simplify some of the more cumbersome aspects of the Agency's Rental Management mechanism have been realized. Most importantly, MassHousing's goal to enhance and strengthen relationships with existing business partners has been reached, as has an effort to develop new partnerships with other agencies. The results of the Chairman's Challenge have been far-reaching and meaningful.

The Ombudsman

A new position was created as a result of the Chairman's Challenge – that of Ombudsman – reporting directly to the Deputy Director. This came in response to a request from both borrowers and clients that they have one central place to bring issues of concern. The Ombudsman serves as a liaison between the Agency and owners, developers, property managers and consultants. In addition, the Ombudsman plays a key role by presenting new initiatives to make the Agency more ‘user-friendly’ in order to meet the growing competition among affordable housing lenders.

The Ombudsman joined a team of Agency staff to meet with the Rental Housing Association (RHA) – an arm of the Greater Boston Real Estate Board populated largely by for-profit rental housing operators. After just a few meetings, trends began to emerge. When asked for feedback from business partners, a common issue arose. There were some individuals who indicated that there were times when they felt that as a client – their concerns or questions were getting lost in the “bureaucracy” and moreover that there were instances when the Agency was sometimes too focused on its role as regulator. The Ombudsman was charged with finding innovative ways to solicit additional feedback from the industry and use this information to propose changes to policy and procedure where appropriate. MassHousing believed this would prove to our clients that the Agency was not only listening but also eager to respond.

Tackling the Issues

One of the first matters the Ombudsman tackled related to subsidy payment issues for Section 8 properties. Owners and management companies were trying to recover subsidy payments but there was something slowing the process. Once one subsidy payment was delayed for one reason or another, the situation often snowballed and as a result, hundreds of thousands of dollars in back subsidy payments could result, and therefore threaten the viability of a property.

The Ombudsman worked with internal staff while consulting with property managers to come up with potential solutions. Ideas were presented and a new process – the Voucher Processing Intervention (VPI) – was developed. The VPI is an early warning system that identifies developments where more than 5% of total subsidy receivables are backed-up and corrects problematic trends by having management and Agency staff sit down and work through the issues. At the beginning of VPI, thirty developments were identified in this category with hundreds of thousands of dollars in receivables outstanding.

The Ombudsman responded further, with the help of Agency staff, to compile an On-line/On-Demand training session to address the top ten subsidy receivable problems and outline strategies to address them. With the new system in place, management can refer to the training module and prevent issues from escalating. The results were dramatic. The number of troubled developments (30) was quickly reduced to eight. Through this change, subsidy funds vital to a site’s operations were restored. This was just one example of a change that demonstrated to owners and property managers that the Agency was serious about strengthening its partnership with business partners. This helped communication to improve and set the Agency on a new path with owners and managers.

Almost as important as the creation of the VPI was the trust the Ombudsman gained as a result of his work to resolve the problem. At the beginning of the Ombudsman’s tenure, owners and managers were apprehensive about suggesting process improvements or calling about issues out of concern for fear of offending Agency staff. However, a positive track record of success has formed and more and more participants are enthusiastic about this new user-friendly environment and are utilizing the Ombudsman as a resource.

Another example is the Property Management Review (PMR) WebEx, which provides a link to all of the forms MassHousing uses during the PMR process. While this may seem like a simple matter – the Ombudsman learned that many property managers felt that it was too difficult to locate the forms they needed on MassHousing’s site. To address this issue as part of the PMR WebEx, an extra step was taken to make many of the forms writable PDFs. This change allows property managers to fill in these forms electronically and then save them for future reference. When inspection time comes around again the following year, an owner has the option to use the saved form and simply update the necessary information. While a seemingly small change – this effort proved very popular with management companies.

Through rent increase trainings on WebEx – a much better understanding has developed between MassHousing and management staff as to how the process works and what information is to be provided. Better communication between management and staff and a reduction in disputes over rent increases has followed. At the same time, a new Fast Track rent increase process was initiated for properties receiving funding through the state’s 13A interest subsidy program. The WebEx training in that case helped management companies understand the process and several developments successfully applied for and received rent increases through the fast track process.

Taking the Training Message to Heart

Specifically, once the Agency’s business partners saw tangible results from their input, enthusiasm for the Ombudsman’s position grew and with it an increase in input from owners and managers on issues of importance to them. One of the issues heard repeatedly from the industry related to a lack of training. MassHousing heard that managers had to rely on external seminars like Quadell which they found both inconvenient and expensive. With the success of the VPI training sessions, the next challenge for the Ombudsman was clear – taking the VPI model of On-Line/On-Demand training and expanding it to other areas.

A WebEx team was then created consisting of the Ombudsman and staff from MassHousing’s Corporate Communications and Information Technology Departments. The goal of the newly formed WebEx team was to create On-Line trainings based on feedback from the industry. The goal for these trainings was to offer clear insight and specific details into areas of the Agency's business practices which were previously unavailable. The WebEx team responded by creating training around popular topics such as *How to Prepare for an MOR/PMR (Property Management Review/Management and Occupancy Review)*, *Fast Track Rent Increases* and *How to Submit a Subsidy Voucher* to name just a few. These topics addressed areas where management believed that there was inconsistency and a lack of transparency for owners and property managers in the Agency’s operations. MassHousing was anxious to shine a light on this information to improve customer relationships.

This process is ongoing. In an attempt to respond specifically to what the Agency’s business partners need, topics for training sessions are selected from a list of potential subjects suggested by those very partners. A subject matter expert is then appointed by the appropriate business line leader who works with staff in his or her department to draft a PowerPoint presentation and script. The WebEx team further develops the draft to create a uniform product that will best convey the intended message. Finally, the presentation is recorded to WebEx and the applicable business line leader signs off on the content prior to anything being posted to the portal.

The length of the training sessions vary based on subject matter – but generally average ten minutes in length. After the overview of the subject matter is presented, a link is provided for the participant to download a detailed information packet on the subject. Contact information for the Ombudsman is also made available at the end of each presentation for follow-up questions or clarification.

There are currently 12 training sessions available with three more in the pipeline. An effort has been made to produce two per month. Additionally, four presentations on audits are available for internal staff only. The training sessions have proven to be an excellent training tool for both seasoned staff and new staff – both internally and externally.

Recognition of a Good Idea

Through the work of the Ombudsman, transparency in MassHousing’s daily operations has increased dramatically. As importantly, property managers are now better prepared for their inspections. Increased awareness and enhanced communications have led to a better partnership between the Agency and its business partners. Similarly, because the On-Line/On-Demand training presentations are created based on the suggestions from MassHousing’s business partners, the feedback has been outstanding. Positive comments have steadily increased as presentations on even more topics become available. The Ombudsman has been recognized for achievement with an award from the New England Affordable Housing Management Association (NEAHMA), and has been acknowledged by HUD for positive contributions to the Agency’s user friendly objectives. The Ombudsman continues to utilize all available resources to improve interactions between Agency staff and business partners. This track record of success continues to strengthen relationships not only with the Agency’s current borrowers but with potential new business partners. A tiny seed of an idea has born much fruit.