



Entry Form 2018 Annual Awards for Program Excellence

Entry Deadline: Friday, June 15, 2018, Midnight ET

Each entry must include a completed entry form. Please complete a form for each entry your HFA is submitting. The completed entry form will become the first page of your entry.

This form is a fillable PDF. Type your information into the entry form and save it as a PDF. Please do not write on or scan the entry form. **Questions: Call 202-624-7710 or email awards@ncsha.org.**

Entry Title: Enter your entry's title exactly as you wish it to be published on the NCSHA website and in the awards program.

Category:

Subcategory:

Entry Summary: A 15-word (max) summary of the program, project, or practice you are entering.

HFA:

HFA Staff Contact:

Phone:

Email:

Visual Aids:

Are you mailing to NCSHA 10 copies of any visual aids that cannot be included in your entry PDF? Yes No

Payment:

My HFA is mailing a check to NCSHA.
My HFA is emailing the credit card authorization form to awards@ncsha.org.

**ARIZONA DEPARTMENT OF HOUSING
WINNING THROUGH LOWER VACANCY RATES
RENTAL HOUSING CATEGORY: MULTIFAMILY MANAGEMENT**

In 2016, the Arizona Department of Housing (ADOH or the Department) undertook an effort to transform and improve the performance of its operations and programs in order to implement Governor Douglas A. Ducey's Arizona Management System (AMS), a management system anchored in "lean" practices.

The Department's Section 8/Compliance division, which oversees Arizona's Section 8 Project Based Contract Administration (PBCA) portfolio, decided that through the implementation of AMS or lean practices, it could effectively lower the ongoing vacancy rates of the rental properties that it monitors in addition to the State's other PBCA duties. At that time, the average vacancy rate (for the 8,031-Unit portfolio) was 2.76 percent.

While 2.76 percent seems like an acceptable vacancy rate according to industry standards, Arizona, just like other states, has been experiencing an affordable housing crisis that includes swiftly rising rents and shortages in units that lower income households can afford. A 2.76 percent vacancy rate amounted to 222 vacant units at any given time.

The Department recognized that that reducing the amount of time it took to turn over affordable rental units across the state would give a direct boost to the unit months available within its housing stock and would make affordable housing more readily available to Arizona's most vulnerable families. The Department endeavored to monitor owners to ensure there was adequate reasoning behind lengthy make-readies and to have the owners self-assess and improve policies and procedures for unit turn times.

As a result of the Department's efforts, by the end of June 30, 2017, the vacancy rate had been reduced to 1.97 percent, benefitting an additional 61 low-income Arizona families with a place to call home. During FY 2018, rates have remained consistently well below the starting vacancy rate, at an average of 2.03 percent. This has resulted in an average of 59 more units being consistently available for low-income renters than were available prior to the implementation of AMS principles, resulting in 708 additional unit months available over a 12 month period. Given that the improvement rate equals roughly the same number of units in an average property, it could be said that the improvements have had the same benefit as having added an additional property to the portfolio.

An additional benefit to this endeavor have been the savings to the taxpayer that have been realized when property owners were not requesting rental subsidies on otherwise vacant units through HUD's Special Claims process. In FY2017, Arizona's actions to improve the vacancy rate saved the U.S. Department of Housing and Urban Development (HUD) (or ultimately the taxpayers) over \$86,000 in vacancy subsidies when comparing vacancy subsidies to the prior year, and are on target to save an even more by the end of FY2018.

AMS inspired actions taken by the PBCA team that resulted in the savings started with an assessment of the relevant HUD guidelines, which resulted in suggested and/or required improvements over and above the HUD guidelines, including:

- Owner-level focus of lost revenue that led to improved maintenance programs. Some of these improvements consisted of increased supply and/or increases in maintenance staff to perform make-readies more efficiently.
- A renewed focus on Waiting List management wherein the Department has provided guidance. ADOH guidance included review, recommendation, and occasionally requiring updates to Tenant Selection Plans to meet HUD guidelines.
- Improvements in outreach practices such as collaboration with neighboring properties and affiliated agencies. This has included recommending properties perform this outreach and in some cases prompted ADOH (with owner approval) to convey information on available units to other affordable housing providers in the state.
- General policy and procedure improvements to the application process. ADOH guidance included review and recommendation of updates to owner applications to meet HUD guidelines.
- Improved quality and frequency of communications relating to vacant units such as fire and/or other disaster-related situations. ADOH found owners more readily reported these types of situations with the implementation of AMS.

In order to successfully implement these types of improvements, the Department recommends communicating the urgency, importance, and desire to serve the most vulnerable families in your respective state with your properties. Start with a broad net to capture data to assess vacancies, define the problem, and determine the root cause(s). Make the entire process visible to staff, owners, and all levels of property management. Set achievable, yet challenging goals. Keep requests, replies, and reporting efficient. Communicate possible causes and solutions that are grounded in being helpful. Standardize your process, to set expectations of all and make these decisions as a team. Adjust processes if needed, try something new, and think outside the box. Frequently communicate success within and outside your organization.

We believe this submission meets all of the criteria below:

- ✓ Innovative
- ✓ Replicable
- ✓ Responds to an important state housing need
- ✓ Demonstrates measurable benefits to HFA targeted customers
- ✓ Has a proven track record of success in the marketplace
- ✓ Provides benefits that outweighs costs
- ✓ Demonstrates effective use of resources
- ✓ Effectively employs partnerships
- ✓ Achieves strategic objectives



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Section 8/Compliance Program

Decrease vacancy of monitored low-income rental projects

