Building a Stronger Portfolio: Centralized Revenue Management for Long-Term Sustainability

PURPOSE, PROCESS & SUCCESS STORIES

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TODAY'S PRESENTERS

Leveraging In-House Expertise

Key staff across Enterprise divisions have informed the development of this content based on our experience as an owner, operator, and intermediary.

Matt Morrin

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SOLUTIONS DIVISION

Simone Malone

SENIOR PROGRAM ASSOCIATE, EQUITABLE PATH FORWARD AND PARTNER SUSTAINABILITY

SOLUTIONS DIVISION

Jennifer O'Dell

ASSOCIATE DIRECTOR, REVENUE MANAGEMENT

ENTERPRISE COMMUNITY DEVELOPMENT

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SENIOR MANAGER, REVENUE MANAGEMENT

ENTERPRISE COMMUNITY DEVELOPMENT

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About Enterprise

We support community development organizations on the ground

We aggregate & invest capital for impact

We build & manage communities ourselves

Unmatched breadth, scale and expertise across the entire spectrum of affordable housing …

Design, test, and scale solutions

Inform policy debate

Solutions
Programs, Policy, and Capacity Building

We support community development organizations with funding, programs, and technical assistance, and advance housing policy at every level of government.

Listen to our residents

Move the market through innovation

Community Development
Development, Property Mgmt, and Resident Services

We are one of the largest nonprofit owners and developers of affordable homes in the Mid-Atlantic, and the sixth largest nonprofit affordable housing provider in the U.S. We build, preserve, and manage thousands of homes, and serve over 23,300 residents.

Capital
Tax Credits, Debt, Equity, and Asset Mgmt

We aggregate and invest capital in homes and communities, using discipline and creativity to achieve impact and returns.

Deploy best practices

Ground-up financing products

… creating a positive feedback loop that does it all under one Enterprise roof.

Partner Sustainability Program Vision

Through a multi-faceted approach that leverages Enterprise's end to end platform, this program's primary goals are to undergird organizational stability for housing providers and responsibly implement strategies that stabilize and strengthen portfolios, pipelines and the residents served.

Impact Areas

Organizational Stabilization and Growth	Real Estate Pipeline Activated	Portfolio - Property and Asset Management Operations Stabilized

Build, preserve, and operate affordable homes.

We are the top nonprofit owner and developer of affordable homes in the Mid-Atlantic for a reason – we design, develop, and manage communities with residents at the center.

#1
THE LARGEST
REGIONAL NONPROFIT

#6
NONPROFIT AFFORDABLE HOUSING
PROVIDER NATIONALLY

Top 20
NONPROFIT AFFORDABLE HOUSING
PROPERTY MANAGER

23K+
PEOPLE CALL OUR COMMUNITIES HOME

$1.4B
PORTFOLIO VALUE

116
COMMUNITIES PROVIDING 13K HOMES

500+
MEMBER TEAM AND GROWING

WHAT IS CENTRALIZED REVENUE MANAGEMENT?

> " The Revenue Management Team was established to centralize all aspects of gross rent potential. Following the pandemic, operating expenses were rising at unprecedented rates, making it critical to capitalize on every opportunity to improve revenue. The team is focused on maximizing project-based subsidies and ensuring timely completion of contract renewals. Additionally, they have played a key role in developing revenue policies that streamline the process of setting market and renewal rents, ensuring greater efficiency and consistency across the portfolio. "

## Todd Del Tufo

Senior Vice President
Asset Management
Enterprise Community Partners

Summary of Roles & Responsibilities of the ECD Centralized Revenue Management Department

|	Responsibility	Description
1	**Determine Market Rent, Annual Rent Increases, and Contract renewals**	Market rent recommendations & resident rent increase recommendations, PBV (Project Based Voucher) increases, Operating Cost Adjustment Factor increases(OCAF), 5th year adjustments/Mark to Market, BBRA (Budget Based Rent Amendment), and other renewal submissions.
2	**Initial Contract Review & Set Up**	Review all initial contracts and review database set up.
3	**Confirm Utility Allowances**	Annual calculations: Baseline Analysis, UAF (Utility Allowance Factor), PHA (Public Housing Authority)
4	**Review comps and current rent**	Review and recommend modified market rents and analyze loss to lease.
5	**Special Projects**	Disposition and refinance review and certification, market change analysis, and specialized leasing and compliance concerns. Connection of key stakeholders and integral team members to facilitate goal completion.

Updating Old Processes

Historically, responsibilities related to revenue — such as rent setting, rent monitoring and strategy, HAP and Section 8 contract administration, and other associated tasks — have been decentralized across multiple site-level staff.
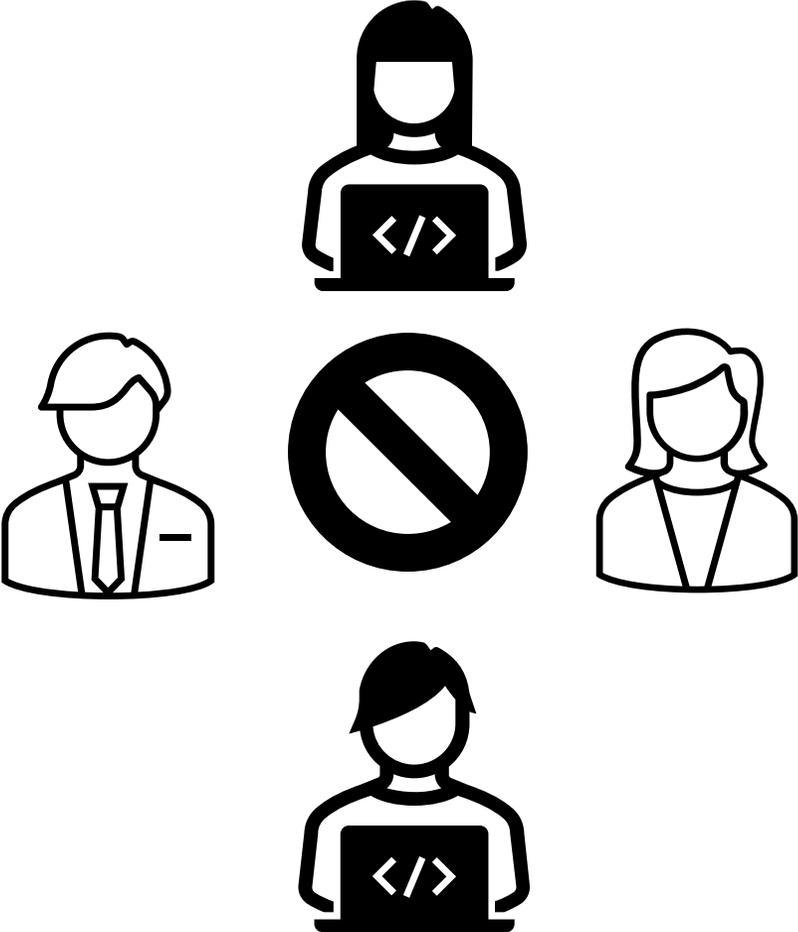
Are they specialists?

- Affordable housing portfolios are subject to complex and evolving regulations.

- A dedicated, centralized Revenue Department ensures that affordable contract renewals and negotiations are handled primarily by staff who are fully trained and equipped with the necessary program expertise.
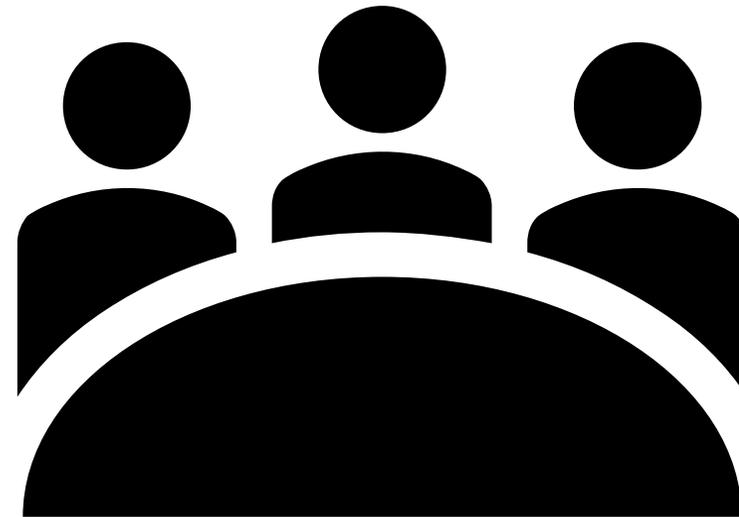
Site team members are resident relationship ambassadors

- Your site teams love engaging with residents and centralizing key functions helps them do exactly that.

- By centralizing tasks such as rent-increase strategy and implementation, market analysis, and revenue recommendations, we give site staff back the time they need to focus on residents.

Revenue Management team members are interdepartmental and external agency relationship ambassadors

- While your site team focuses on resident relationships, your Revenue Team is focused on the following:

- Providing specialized and timely data to your Residential Team, Compliance Team, Marketing Team, Accounting Team, Data Team, Development Team, Core Asset Management and Transactions Teams.

- Developing and enhancing your relationship with HUD and other local and State funding agencies.

GETTING STARTED

HUD & Public Housing Authority (PHA) Administered Contracts

Housing Assistance Payment (HAP) Increase Renewal/Increase Opportunity

	Category	Process/Description
1	OCAF	The Operating Cost Adjustment Factor (OCAF) is published annually
2	AOCAF	Automatic OCAF (AOCAF) is initiated by the Contract Administrator/Account Executive
3	5th Year Adjustment	Opportunity to "right size" rent using a Rent Comparability Study
4	BBRA	Budget Based Rent Amendment (BBRA) - Opportunity to gain a 5% increase at minimum
5	Alternative Operating Cost Factor (OCF)	Alternative option available for extraordinary circumstances, in lieu of #1 & #2 (typically for Rental Assistance Demonstration (RAD) projects)
6	Project Based Voucher (PBV)	Public Housing Authority (PHA) specific guidelines

Why is this a good starting point?

- All HAP contracts are eligible for annual increases
- Increases to contract rent do not impact current or new residents
- The contract contains instructions for completing and submitting the increase request

Considerations:

- Subject to the availability of appropriated funds
- Subject to a potential PHA instituted rent increase freeze

Market Rent Increase Opportunity

"Market Rent" is the rent amount listed in all marketing materials (digital and physical) and planned as the rate to charge for units as they turn over, for both affordable and conventional units. This is also sometimes called "Street Rent." Market Rent represents the best possible rental rate that could be acheived within the given market for a specific unit. This rate is sometimes "capped" or influenced by local laws in addition to being subject to market conditions.

	Considerations
1	Comps (Competitors) & Market Conditions
2	Notification or approval by external agency may be required
3	Property specific issues/conditions impacting leasing
4	Last increase date and amount
5	Local or State Restrictions/Programming Funding Restrictions
6	Mission

Why is this a good starting point?

- Increase impacts new residents only (does not impact current/existing residents)
- May be able to be rolled out quickly
- Healthy waiting lists may reduce the need for new marketing costs.

Challenges and Obstacles

	Category	Notes
1	Document Management	Do you have a "librarian" and a secure document management system?
2	Faulty Data	Do units in your database match the unit counts in contracts? Are the rents as listed in the database in line with contract rents?
3	Inconsistent Reporting Practices	Are market surveys updated regularly? Do site teams understand the Market and their comps?
4	Out of Date Contacts	Who manages the relationships with external Agencies? Are your internal and external contacts up to date so you know who to contact to meet your goals?
5	Administrative Compliance	Timely recertification, updated 2530, Unique Entity Identifier (UEI), changing officers, principals, and managing agents.

CASE STUDIES

Case Study #1:
Project Based Voucher Contract Annual Renewal/Increase Request

240 units, Built in 2022 , Virginia, Age restricted-Elderly, LIHTC, RAD, HAP, Project Based Vouchers

- 5% rent increases were typically achieved each year via the on-site Property Manager completing and submitting increase requests to the Public Housing Authority.

- After reviewing the contract in detail, the Revenue Management Department found that the contract permitted increases based upon "reasonable rent."

- The Revenue Management Team submitted a contract rent increase request to the Public Housing Authority, resulting in a 15% increase approved in 2024 and an additional 15.83% increase approved in 2025.

💡 Review each contract thoroughly to understand all increase opportunities.

Case Study #2: Development Staff Setting Initial Rent

72 units, Built in 2024, Maryland, Multi-family (no age restriction) MD811, LIHTC

- An ARAC (Agreement to Enter into a Rental Assistance Contract) is typically executed prior to the final Rental Assistance Contract (RAC), which is signed at or near building delivery. For this case study property, the ARAC included an Exhibit showing:

  - 1 bedroom rent: $1,454
  - 2 bedroom rent: $1,654

- Revenue Management that the basis for setting initial rents was not clearly defined in the ARAC. Following discussions with the Contract Administrator, a revised Exhibit was provided with the RAC showing:

  - 1 bedroom rent: $1,850
  - 2 bedroom rent: $2,314

Partner with the Contract Administrator to understand all possible avenues to maximize initial rent prior to executing the final contract. The initial rent in the contract exhibit will be used as the "base" for all future increases. As a result, it is critical to ensure this initial rent is maximized.

Case Study #3: Retroactive Rent Increases

105 units, Rehabbed 2008, Maryland, Multi-family (no age restriction), LIHTC, LIHPRHA, HAP

- For this property, a Budget Based Rent Amendment had not been submitted for multiple years due to a misconception that positive cash flow prohibited rent increases.

- Additionally, the Contract Administrator was adamant that the property was eligible for AOCAF rather than the BBRA stipulated in the Preservation Plan of Action. Submitting the AOCAF would have limited the increase potential to the published Operating Adjustment Factor, which typically is under 5%.

- FY2023 : 42.42% year over year increase achieved, with a **retroactive** annual aggregate increase of $642,780

- FY2024: 4.2% increase achieved, annual impact of $90,636

- FY2025: 8.37% increase achieved, annual impact of $188,148

Understand the contract terms and options, revisit retroactive increase opportunities, and do not hesitate to engage the Contract Administrator or Account Executive in discussion regarding the contract terms and employ global thought when considering strategy.

Case Study #4: Challenges and Obstacles

316 units, Rehabbed 2009, District of Columbia, Multi-family/Age-restricted (Elderly), LIHTC & PBV

- 2023 and prior: Rent increase requests not submitted.

- 2024: Revenue Management reviews contract for submission guidelines: all units in the contract must be HQS (Housing Quality Standard) compliant to be eligible for increases. Revenue Management worked with the Property Manager to ensure all units were in compliance with Housing Quality Standards inspections scoring requirements, and a 15% contract rent increase was approved by the Public Housing Authority in 2024.

- 2025: Increase submission denied due to non-compliance with HQS inspection criteria. Revenue Management learns the prior Manager retired and the new Manager was unaware of the HQS score implications. The property will not be eligible to submit for an increase again until next year.

Be sure all units are in compliance with all Public Housing and similar requirements, including file audits, recertifications, and inspections. Ensure you have updated contacts for external and internal partners.

Case Study #5: Challenges and Obstacles

200 units, Rehabbed 2003, Multi-family Age-restricted (Elderly) LIHTC, PRAC 202, ACC, PBV

- 2024: Revenue Management submits a rent increase request and receives approval from the Account Executive for a 77.94% increase approved retroactively effective 8/2024. ($615,828 impact.)

Following the approval funding was withheld due to:

- UEI (Unique Entity Identifier) having expired

- The property's volume of incomplete certifications prevents issuance of funds.

💡 Make sure your project is up to date with all compliance and administrative requirements.

KEY TAKEAWAYS

Key Takeaways

1	**Documents & Contracts**	Understand all components of your contracts, regulations, and compliance requirements: stay in administrative and technical compliance.
2	**Prioritize & Plan**	Identify goals and key revenue drivers. Develop a real-world plan for implementation and tracking.
3	**Review & Revise**	Review lessons learned to continue to improve your practices and maximize outcome.

While many team members contribute to the overall success of a project, it is critical to understand exactly who has true ownership of each benchmark and task related to contract and program success to be able to create achievable goals with real-world plans of execution, and to continue to learn from each obstacle and success.

Q&A

Enterprise

LET US KNOW HOW WE DID!

Centralized Revenue Management Webinar

When groups come together and use their knowledge, resources and experience to invest in a community, incredible things can happen.

Presenters:

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