

Community Management Perspective

SHIFTING DUTIES IN MH COMMUNITY MANAGEMENT
(article from the Journal by Frank Rolfe)

For decades, most MH Communities were managed in the classic style of a full-time manager with regular office hours who did everything and sent the owner a check for the difference between revenue and expenses.

Today, that business model is being challenged by new thinking and strategies that are radically changing the way the way communities are managed and, in many ways, improving the **profitability** and control of the owner.

Here are some ground-breaking strategies that many successful community owners are embracing.

Have the rent collected off-site.

Having the community manager collect the rent has been a flawed system from day one. It just invites embezzlement, and places the community's finances- and future – into the hands of a stranger with questionable qualifications. I once did a due diligence on a property and found that the manager *had been embezzling around \$5,000 per month*. When you place responsibility for collecting \$30,000 per month (that's what a 100 space property at \$300 per month is bring in), you are giving someone an outrageous amount of temptation.

The solution to this problem is to have the residents mail the rent to an off-site office or PO Box. When the rent is handled through the mail, it eliminates the potential for embezzlement of anything significant. Sure, the manager can still pocket some of the overnight RV traffic or a couple of pet deposits, but its not going to sink the ship.

Move the office into the manager's house.

The whole concept of a park "office is being questioned by many owners. Who does the office really serve? In many cases, the only one benefiting from the office is the manager, who has a nice air-conditioned and heated retreat to watch TV and read magazines.

The alternative to this method is to close the office and put the manager back in their home.

Not only does this save on utility expense (a large community office/clubhouse can cost \$800+ per month in utilities) but it effectively makes the office hours on the community 24/7. While that's not what the manager wants, it's definitely in the owner's best interest. The reality of most properties is that the precise hours when you need a manager most are after 5:00 and on the weekends (when residents are home).

Of course, for the manager to office out of their home, they have to first live in the community, which leads to the next point.

The manager must live on the property.

As a part of the traditional community office, the manager often lives off-site and drives each day. This does not work for most modern community owners, because only a manager that lives on the property can truly be effective.

The first reason is that much goes on in a community is at night and weekends. And only somebody who is on-site can have the visibility as to who is not abiding by community rules and regulations – or causing a perpetual visit by the policy department. An off-site manager is going to know less about what really goes on in that property than every single one of the residents. The second reason is that there is no deterrence against breaking community rules without someone's physical presence on-site. Even though they may not know if the manager is home, just the fact that they might be will reduce the speeds on the streets, noises in houses, and a host of other infractions.

Get out of the utility business

Water represents a staggering 10% of the gross revenue in most communities. It is the single largest expense - and the single largest opportunity. Most modern owners have grown weary of the "all you can eat" policy towards water in most communities. As a result, the growing trend is to transfer the accountability from the owner to the resident. With individual meters and bill-backs, residents are held fully accountable for their usage, and pay accordingly. Want to conserve water? You pay less rent. Some owners have been able to persuade the city government to directly bill the meters. Not only does pushing the utility bills back improve the bottom line, it also stops the cash-flow peaks and valleys of usage. Summer is often 100% more costly per month than winter, as residents flock outside to fill-up kiddie pool and water the yard. And don't forget that many parks are not just held to water, Some owners are able to breakout and bill back electricity and natural gas , as well.

Conclusion

Most manufactured home community owners are in the process of re-writing the book on how to manage their properties. They are focused on maximizing profitability and efficiency. And that's good thing. It's about time that timeworn traditions are replaced with modern standards of effectiveness that are solely focused on showering the benefits on the owner.