Hobson & Company

Driving ROI

The Business Case for a proven Property Management Solution for Manufactured Housing Communities

The Business Case for a Property Management Solution

Manufactured housing constitutes six percent of the nation's housing stock, accommodating approximately seven million American households. With the escalating demand for affordable housing solutions, this sector offers promising opportunities to cultivate communities with attractive financial returns. Consequently, owners and operators face pressure to optimize net operating income and operational efficiencies. To meet these challenges, organizations require innovative solutions tailored to the distinct dynamics of managing manufactured homes, pad sites, and residents. These solutions are vital for achieving return targets and elevating resident satisfaction amidst evolving market demands.

Hobson & Company (H&C), a leading research firm focused on Return on Investment (ROI) studies, worked with ManageAmerica, a leader in property management software and utility billing for the manufactured housing sector, to explore these challenges and to quantify the costs and benefits of their Core Property Management and Utility Billing solutions. H&C conducted independent research consisting of in-depth interviews across ManageAmerica customers and found that ManageAmerica addressed specific customer challenges to deliver a quick and compelling ROI.

In three years,
a ManageAmerica customer
can generate up to a:

322% ROI

with Core Solutions & Utility Billing

The impact of ManageAmerica's solution is not only strategic but measurable.

Based on this analysis, an average customer with 10 manufactured home properties and 1,000 sites would pay back the cost of ManageAmerica in 3.5 months and generate an ROI of 322% in three years.

Source: Fannie Mae Manufactured Housing Landscape, May 2020

Property Management Challenges Faced in the Manufactured Housing Sector

Customers interviewed for this study noted consistent challenges with managing properties within manufactured housing communities. Below is a list of some of the most universal concerns.

Suboptimal Property Management Practices

Lack of integration in systems, coupled with manual processes, burdens the manufactured housing industry with inefficient community management. Prior to ManageAmerica, customers reported that this setup required extensive coordination among on-site, regional, and corporate staff, prolonging tasks such as utility billing, lease management, resident communication, collections, and inventory control. Moreover, inconsistency across properties resulted in errors, poor data, potential fraud, and legal complaints.

Missed Revenue Opportunities

It is crucial to accurately bill residents. Though challenging, getting it wrong can lead to lost revenue or resident disputes. Prior to ManageAmerica, customers interviewed reported difficulties in maximizing utility recovery, staying updated on utility rates and allowable charges, and ensuring timely and accurate billing of increases to utilities, rent, and other resident charges with proper notification. Issues like missed increases and late fees, billing errors, uncollected balances contribute to missed revenue opportunities.

Customer research identified eight benefits* of the ManageAmerica solution across three key business objectives:

Improve Operational Efficiency

Increase Revenue

Mitigate Risk

*When using ManageAmerica Base Services and Utility Billing

Improve Operational Efficiency

Reduce time spent managing utility billing

ManageAmerica provides utility billing support and guidance. Streamline utility billing with a property-specific methodology that includes monthly rate monitoring, high/low usage alerts, and automated meter reads, all integrated with mobile and API solutions for seamless usage data upload.

> **"Understanding the rate schedules and regulations is a monumental task that ManageAmerica is purposefully built for."**
> *- Chief Operating Officer*

Customers interviewed reported the potential for:

75%

REDUCTION in time spent managing utility billing

Customers interviewed reported the potential for:

40%

REDUCTION in time spent on payments and collections

Reduce time spent on collections

ManageAmerica streamlines collection efforts through integrated payments and automated workflows. The document creation center simplifies the process of collecting and recording payments, administering late payments, and notifying residents.

> **"We're touching payments less, so staff get time back to do other things."**
> *- Director, Employment and Benefits*

Reduce time spent on community operations

ManageAmerica's Home Inventory Tracking System (HITS) and Site Occupancy Status Codes allow for efficient property management based on insight into physically occupied and revenue occupied inventory.

> **"The site occupancy status codes provide the flexibility and nuance needed to manage the complex nature of manufactured home sites."**
> *- Chief Operating Officer*

Customers interviewed reported the potential for:

20%

REDUCTION in time spent managing community operations

Customers interviewed reported the potential for:

75%

REDUCTION in time spent applying increases to rent and recurring charges

Reduce time spent applying increases to rent and recurring charges

ManageAmerica's purpose-built Lease Management System can handle a wide range of lease types and terms, with fields and workflows to enable efficient programming of increases to rent and other charges within required notice timelines.

> **"ManageAmerica is utilized to flag and group different lease types, facilitating the accurate and efficient application of increases."**
> *- Chief Operation Officer*

Increase Revenue

Optimize utility recovery with improved utility billing

Utility billing regulations, rates, calculations, and fees change frequently and differ by jurisdiction making it challenging to optimize recovery. ManageAmerica's Utility Billing solution helps recoup the maximum allowable expense with compliant billing methodology and monthly rate recertification. The variance tool provides visibility to areas of a property's utility usage and billing gaps that may need attention.

> **"ManageAmerica evaluates and advises on opportunities for utility billing which helped us capture things we were overlooking."**
> - Vice President, Operations

Customers interviewed reported the potential for:

5%

point IMPROVEMENT in utility recovery rate

Customers interviewed reported the potential for:

0.5%

INCREASE in revenue due to improved lease management

Increase revenue with improved lease management

ManageAmerica's Lease Management System tracks and notifies of sites with pending increases, enables users to calculate and schedule property specific increases to base rents and other flat recurring charges, and automatically generates the necessary documents required to communicate increases to residents.

> **"Lease Management helps ensure we don't miss revenue and enables us to manage increases well. The key is ManageAmerica enables staff to get increases in upfront and ongoing."**
> - Chief Executive Officer

Increase property / portfolio value

Property owners are constantly looking for mechanisms to add revenue and reduce costs in an effort to increase NOI and improve valuations. ManageAmerica increases revenue through improved lease management and optimizes utility recovery which increases property values based on CAP rate valuations.

> **"Valuation will increase as you collect the maximum allowable utility expense as well as rent and other charges. ManageAmerica is key in helping with this."**
> *- Chief Operating Officer*

Customers interviewed reported the potential for:

1.8%

INCREASE in property value due to improved lease management and utility expense recovery

Mitigate Risk

Customers interviewed reported the potential for:

15%

REDUCTION in the impact of a utility expense related legal event

Reduce the impact of a utility expense related legal event

ManageAmerica enables organizations to stay compliant with ever-changing utility rate fee structures and obligations helping to mitigate the risk of legal events related to utilities. Utility Billing helps communities bill accurately with property-specific billing methodology and ongoing rate re-certification to support an organization in their defense should a legal event occur.

> **"With ManageAmerica on top of utility rates, informing and advising us about allowable charges, and where we might be billing improperly helps us avoid some risk with municipalities, state regulators, and residents. They've helped us navigate some liability issues."**
> *- Vice President, Operations*

Key Findings

Research Results

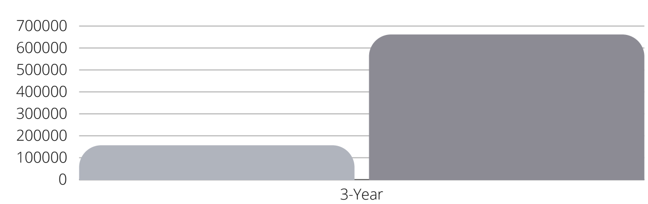
The value of a property management solution built for the manufactured home industry is immediate and demonstrable. A potential customer with a portfolio of 10 properties and $3.1M net operating income with the following Pre-ManageAmerica profile can realize significant financial benefits from an investment in ManageAmerica:

- 1000 sites
- $50 average utility expense billed back per site monthly
- $423 average monthly revenue per site

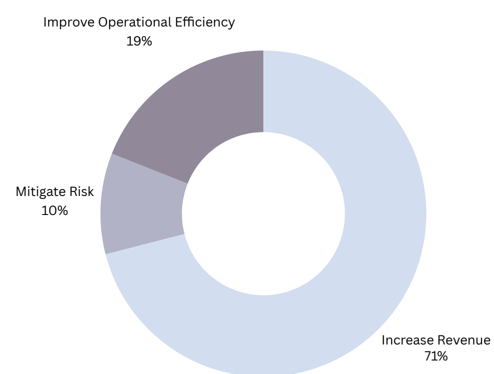
Average monthly time spent by all functions includes:
- 5.5 hours managing utility billing tasks
- 3 hours applying increases to rent and recurring charges
- 4.5 hours managing payments and collections
- 8 hours managing community operations

For this customer, an annual investment of approximately $55K generates a positive return in 3.5 months and a 3-year ROI of 322%, with annual benefits exceeding $233K.

3-Year Investment vs. Return



Benefits by Business Objective



> **"ManageAmerica helps protect investment and contributes to potential value enhancement."**
> *- Chief Operating Officer*

About ManageAmerica

ManageAmerica's purpose-built, comprehensive product suite increases productivity and enables operators to efficiently manage all aspects of the resident life cycle. For the past 25 years, ManageAmerica has become the preferred solution in the manufactured housing industry by partnering with its customers to provide software that meets their ever-changing business needs. To learn more, please visit www.manageamerica.com or contact sales@manageamerica.com
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About Hobson & Company

Hobson & Company helps technology vendors and purchasers uncover, quantify and validate the key sources of value driving the adoption of new and emerging technologies. Our focus on robust validation has helped many technology purchasers more objectively evaluate the underlying business case of a new technology, while better understanding which vendors best deliver against the key value drivers. Our well researched, yet easy-to-use ROI and TCO tools have also helped many technology companies better position and justify their unique value proposition. For additional information, please visit www.hobsonco.com.

Disclaimer:

The return-on-investment (ROI) and other financial calculations expressed in this research paper are based on data provided by ManageAmerica clients and various assumptions and provide estimates only. The actual ROI realized by clients may vary from the estimates provided. ManageAmerica offers this tool to assist customers with evaluating their Property Management solution; however, ManageAmerica and Hobson & Company (the firm that created the tool) are not responsible for the accuracy of any estimates.

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