



RHarper Consulting Update

Facilities Management – A Small Investment Now, or a Large One Later!



Roger Harper, Principal of [RHarper Consulting Group](http://RHarperConsultingGroup.com), provides development consulting services to the senior housing industry.

More established senior living and multi-family communities are facing challenges from new construction. We often get calls from clients, and prospective clients, asking what new programs or exciting new designs would help them overcome these challenges and maintain, or improve, their occupancy. Almost without fail, there are “shovel ready” solutions available to these communities - they just may not be as exciting (or expensive) as a new building or a slick new marketing incentive package. These solutions are generally hidden away, disguised as future capital improvements or replacement reserves.

If your community is over seven years old, you should conduct a thorough facility audit to accurately identify and assess the remaining useful life on all major building components and systems. You may find that you need to adjust your operating reserves to cover potential structural and maintenance issues. Even more important than the facility audit, though, is an assessment of how your current building and grounds are viewed in your community – and how that affects your current occupancy. Building life and moisture penetration issues are also vitally important, from both risk management and operating cost perspectives.

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Marketing Focus – If your unit turnover program currently consists of repainting, shampooing the carpets, and a general overall cleaning, you are missing a huge opportunity that will have significant cost impact later on. What was once a great unit which sold like hotcakes when you opened your community is now a generation behind. Prospects today want open floor plans, larger baths and kitchens, and finish packages they would find in today’s single family homes. Providing “project” grade selections and yesterday’s floor plans just won’t do. Engage a design team, including interior designers, to assess your current floor plans, and provide an upgrade program to bring your product in line with your newest competition. Expensive? Yes, but what is your alternative? Keep lowering your price and admission standards until prospects say yes. If you keep upgrading on a consistent basis, re-positioning becomes a process and not a major capital event.

The building exteriors and curb appeal can’t be allowed to slide either. If you have reduced the frequency of mowing, weeding or re-plantings for budget reasons, take a walk around your community, look at your landscaping, and apply the standards your prospects would to their own yards. Building washing, roof repairs, and cleaning detention ponds are frequently delayed and really damage your curb appeal. Try to look at your community every day with “prospect goggles.”

Moisture Issues – The condominium industry was the subject (some would say victim) of a tremendous amount of litigation during the past decade about moisture penetration and the resulting mold and microbial growth. This created a number of testing and documentation systems to assure owners their units were without significant moisture accumulation, prescribe preventative maintenance programs, and provide protocols and testing procedures for use in the event of a significant water intrusion event. It is surprising that the senior housing industry hasn’t been a major target of this litigation, given the frailty and susceptibility of our residents.

Sustainability – Not all buildings or organizations are candidates for a “certified” green building designation. However, there are a number of available upgrade choices which provide significant energy efficiencies over your current systems. The unit turnover and upgrade process presents a great opportunity to provide Energy Star appliances, as well as replacement of the existing windows and exterior door systems. LED light fixtures provide much greater energy efficiency, and reduce manpower requirements for re-lamping.

The items mentioned above may represent a much larger cost than your community would normally budget for annual capital improvements. However, lower occupancy, slower sales, and lower monthly or entrance fees have a much more significant impact to the financial health of your community. The quality of life in a well-maintained community provides a tremendous array of benefits to your residents, and strengthens your community’s position in a rapidly changing competitive environment.

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RHarper Consulting Group provides development consulting, program management, and owner representation services focused on the senior living and mixed use sectors. In addition, Mr. Harper is also a listed mediator and arbitrator providing dispute resolution services for the construction and real estate industries.

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