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Managing Tenants in Housing Company

CREDIT Case SE04



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Construction and Real Estate -
Developing Indicators for Transparency



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Preface

This report describes the results of a case study undertaken as part of the Nordic/Baltic project *CREDIT: Construction and Real Estate – Developing Indicators for Transparency*. The case study is part of the work in work package 4-6 with respect to project assessment tools, application in firms and national benchmarking systems.

CREDIT includes the most prominent research institutes within benchmarking and performance indicators in construction and real estate, namely SBI/AAU (Denmark), VTT (Finland), Lund University (Sweden) and SINTEF (Norway). Further, three associated partners have joined CREDIT. The three associated partners are the Icelandic Center for Innovation (Iceland), Tallinn University of Technology (Estonia) and Vilnius Gediminas Technical University (Lithuania).

The project has been managed by a steering committee consisting of the following persons:

- Kim Haugbølle, SBI/AAU (project owner).
- Niels Haldor Bertelsen, SBI/AAU (project coordinator).
- Päivi Hietanen, Senate Properties (chair of Finnish steering committee).
- Pekka Huovila, VTT.
- Ole Jørgen Karud, SINTEF.
- Magnus Hvam, SKANSKA.
- Bengt Hansson, Lund University.
- Kristian Widén, Lund University.

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Danish Building Research Institute, Aalborg University
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August 2010

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Summary

The housing company is a public real-estate concern, wholly-own by the County of the city it is performing in. They supply 20 000 habitants with 8500 dwellings and 100 000 square meter habitats. The functions the company offers is building of new houses, refurbishment and operation and maintenance.

The company is using a number of procedures to understand the needs of their existing tenants and future ones. The voice of existing tenants is expressed in SCI measuring, tenants associations and in renovation projects (working groups and questionnaires).

Information of what future tenants need and wish is collected mainly in three ways (1) in a bank of interest provided on the website, (2) when signing in the application for registration and (3) in surveys in new build project.

Much of the collected information is not yet used in an efficient way and much of the knowledge the employees possess is of tacit-individual nature. The marketing manager wants to better understand where the development will go and what the tenants of tomorrow wants and requires.

The real estate company is participating in a national benchmarking system provided by SABO. The focus is on economical parameters from the statement of income. The company experience that, one weakness with the benchmarking, is to know if the participating companies are measuring the same areas. The dwelling areas are not separated from the habitats areas which can be regarded as a weak point as well.

1. Introduction and objectives

This case study provides information about how a housing company is managing their tenants in order to bring satisfaction to them.

1.1 Objectives and work packages of CREDIT

Sir Winston Churchill once said, “We shape our buildings, afterwards our buildings shape us” (28th Oct 1943). This quotation underlines how strong a building can influence an occupier or a user. Providing complex public facilities for example hospitals, schools, universities and libraries that are able to meet both the internal and external stakeholders’ needs and requirements is not without complications. The aims and demands of different stakeholders within a project can sometimes create conflict with each other’s interest. Understanding the needs and requirements of these stakeholders are essential to remain competitive in today’s market. A client that pays attention to the needs of the end-users will be rewarded with a high-performance property. Simultaneously, this shift seeks to solve many ills associated with inadequate building conditions and resulting in poor building function.

Due to the amount of both public and private money being invested in delivering public and private facilities, strong actions must be adopted. Collaboration with the relevant stakeholders will help building owners in identifying the required performance indicators to create high-performance facilities. The project aims to define a model for the implementation of performance requirements, which ensure the fulfilment of the various types of users’ and stakeholders’ needs and demands. The model shall also allow for the continuous measuring of the effectiveness of the used requirements and the model as such so that it may be improved as more knowledge and experience of it is achieved.

Following the themes of the ERABUILD call closely, the aim of CREDIT is to improve transparency on value creation in real estate and construction. Thus, the objectives of CREDIT are:

- To capture end user needs and requirements in order to identify and quantify – where possible – value creation in real estate and construction.
- To develop compliance assessment and verification methods.
- To define and develop benchmarking methods and building performance indicators in real estate and construction.
- To set out recommendations for benchmarking internationally key building performance indicators.

Consequently, the deliverables of CREDIT are:

- 1. The establishment of a network of Nordic and Baltic researchers for benchmarking and performance indicators through frequent interactions in workshops across the Nordic and Baltic countries.
- 2. A State-of-the-Art report, that will identify and critically examine a number of existing tools, databases, mandatory reporting, approaches and benchmarking schemes to capture and measure end-user needs, client and public requirements on performance and value creation.
- 3. A strategic management and decision making tool to guide the definition and development of benchmarking methods and building performance indicators in different business cases.

- 4. A comprehensive performance assessment and management tool with associated key performance indicators to capture end-user requirements and to continuously measure and verify the compliance of performance throughout the lifecycle of an actual building project and linked to building information models.
- 5. Recommendations as to how sectoral and/or national indexes for performance indicators can be designed in order to allow for international benchmarking of construction and real estate.
- 6. Dissemination of the lessons learned and tools developed through news articles, press releases, workshops with actors in the real estate and construction cluster etc.

1.2 Background, purpose and focus of the case study

The housing company is a public real-estate concern, wholly-own by the County of the city it is performing in. They supply 20 000 habitants with dwellings and habits (shop premises, office premises, cinema premises and geriatric care). The company is regarded as well-managed and has a good reputation among its tenants. The apartments are allocated to the persons with the longest time in the queue. The company has a queue of 12 000 person actively wanting an apartment and many persons are standing in a passively queue as well. Does the fact, that the company has no problem with vacancy, affect the way the company is working?

The purpose of the study is to explore how the company is working to achieve satisfied tenants and keep up their good reputation. The focus of the study is on an enterprise level and a national benchmarking level. The objectives is to study:

- The management of:
 - existing end-users requirements
 - future end-users requirements
 - the body of knowledge of end-users requirements in the company
- the use of indicators and benchmarking activities

1.3 Research design and methods applied in the case study

The study is focusing on an enterprise level but is discussing how different aspects are managed on a building level and national benchmarking level.

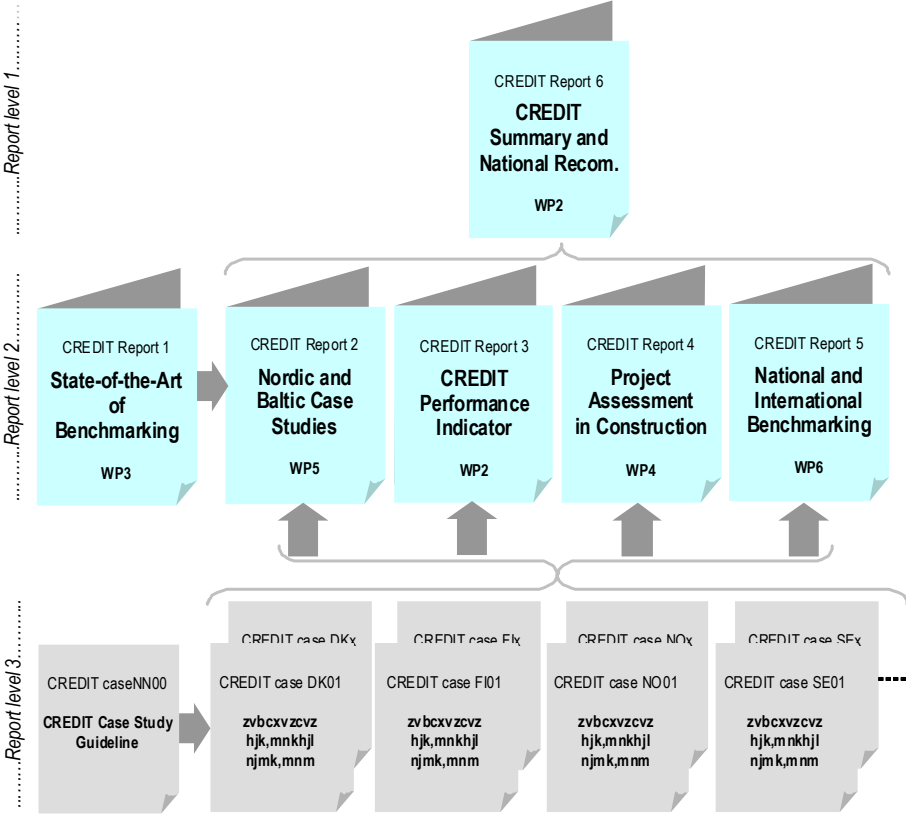
The study is based on interviews, a workshop and documents. The interviewees are the manager of marketing and manager of construction. The interviews were held in the spring of 2008 and the spring of 2009.

1.4 Reading instruction

Chapter 2 in this report addresses issues relevant to WP4 on assessments at project level. Chapter 3 addresses issues relevant to WP5 on the application of assessments in firms. Chapter 4 addresses issues relevant to WP6 on sectoral, national or international benchmarking systems. Chapter 5 discusses and concludes on the lessons learned with respect to the three levels of projects, firms and systems.

The work of each work package (WP) is documented in various other reports, articles etc. Below, a graphical illustration of the hierarchy and linkages between the individual reports is given.

Figure 1. Graphical illustration of the hierarchy of the CREDIT reports.



2. Buildings – assessments in construction or real estate processes

This chapter is not included in the study

3. Enterprises – assessments and indicators internally applied

This chapter describes how the housing company is using a number of methods to better understand and manage their tenants in occupancy and in different construction projects.

3.1 The actual enterprise, company and firm

The housing company is a public real-estate concern, wholly-own by the County of the city it is performing in. They supply 20 000 habitants with 8500 dwellings and 100 000 square meter habitats (shop premises, office premises, cinema premises and geriatric care). The functions the company offers is building of new houses, refurbishment and operation and maintenance. The company prevails under the law of LOU, a law that regulates the public procurement.

The company is monitoring the buildings and the customer satisfaction in occupancy. The company is prevailing under the tenant's law, which affects the management of the existing tenants when rebuilding or raising of development density.

3.2 Applied assessments and tools in the enterprise

The methods used in the company, for managing and monitoring the tenants satisfaction, are different key performance indicators (KPI), meetings, databases, questionnaires, surveys and the experience and knowledge among the employees.

The different methods will be described below; some in relation to a project and some only descriptively presented.

Satisfied Customer Index

The company measures satisfied customer index, SCI, once a year regardless of action in the company (such as refurbishment, building of a new house, operation and maintenance for example). The measuring has been done for approximately a decade every year or every single with 1000 randomly chosen customers or every one (8500 customers). How many asked depends on the needs of the company. The measuring is made on their dwellings but not on their habitats.

The purpose with the measuring is to improve their work and receive a picture of the customer satisfaction. They don't have any goal for how good they want to be, it's a consideration between staff resources – money and cost – appearance.

The company is using an external company to perform the measurement. The measuring is formulated as a questionnaire and sent out in paper form. The respondents can chose between answering on the paper or on the web and the company send out two reminders to the tenants. The reminders were, though, not sent out in 2008.

To inspire people to fill in the questionnaire they raffle one monthly rent to three tenants. The questionnaire consists of eleven main questions which are broken down in a number of statements that the respondent has to make a position to on a four-point Likert scale. New for this year is that the respondent is asked to rate the importance of the statement as well.

The questions are

1. Age of respondent
2. How long the respondent have been living in the apartment
3. Number of persons living in the apartment
4. Service
 - a. Easy to contact, well treated by the employees, reliable company etc.
5. How they contact the housing company
6. Maintenance
7. The laundry
8. The quality of living
9. Safety
10. New customers/tenants
11. Remaining
 - a. Value for money, information, internet, television, the attraction of the apartment/estate etc.

The housing company has a newspaper for their lodgers. In this paper the result of the questionnaire is announced. And a discussion of what the housing company intends or plans to improve is performed as well.

Internal every single area commander has to put up goals that they plan to improve in their area and how to manage it. They communicate this within the organization but not with the customers.

The SCI measurement has led to improvements and their customers are nowadays feeling safer, like the dwelling better and are more pleased with the availability of the staff in the housing company.

Bank of interest

The company has two different systems for collecting information about the customers and their living preferences. One of the systems is a questionnaire on their homepage. Anyone can at anytime fill in their wishes for qualities of their future living. The other system is the queue for their dwellings. When signing in the application for registration the company receives information about where different persons like to live. If they prefer a balcony, which floor they like to live in, in what quarter (north, south, east or west) etc.

The information gives a picture of different tenants groups but is not yet used. It is though considered as valuable knowledge and they plans to start analyze the information to gain more knowledge and improve their work.

Tenant influence

The company has a number of tenants' associations in their housing accommodation. The tenants' association has tenant represents with the purpose of lobbying for the tenants interests.

From the different meetings with the tenants' association it has become clear to the housing company what the tenants appreciate the most about the company. The strength turned out to be the service provided by the company, that promises are kept and the competence among employees. Other factors that were appreciated were that it is a stable company, has good housing accommodation and is well maintained. What was shown as well

was that the tenants did not put much interest in the huge environmental work the company is performing.

Though the service was considered the most important issues the company is not comparing towards other company; they are attempting to optimize their in-house work.

In-house knowledge

The employees in the company have knowledge about what different customer groups prefer. For example that the customer wants cheap apartments centrally located. When hiring an architect the employees in the housing company always makes remarks on the drawings. They have knowledge about what the tenants use to complain about and what is rentable. When making new builds they are addressing a brochure about the building and a plan solution for every apartment to future tenants.

The demand for a central living is highest among young and elder people. The household with children prefer living in the outskirts of the town. These prerequisites affect the design of the apartments when building new. It lives a mix of people in the apartments but the majority is as described above; most young and elder people in the central and most household with children in the outer areas. The company considers the mixture of people to be strength.

The amount of knowledge within the company is not shared in a data bank or similar. That leads to that if the person is quitting the job; he/she takes the knowledge with them.

Development of dwelling

Though it is not easy to find new land to build on in a central location, the company has a rising of development density strategy. Often when building new on an existing real property unit, the company repairs existing ones at the same time. The tenants have to be involved, according to the tenant's law, when renovating existing buildings. An example of a working procedure when involving tenants is:

- meet all the tenants in a meeting
- send out a questionnaire about their opinions of the renovation
- meet the tenants again and present the result
- perform a number of reference meetings with the tenants

During the tenants reference meeting there is representatives from the company present; the area manager, the construction manager and in some cases the marketing manager. The number of tenants involved depends on the size of the area, around 7 for an area of 300 apartments. During the meetings with the reference groups are issues like space analysis of how to renovate and how to raise development density of the real estate and how it will affect the tenants discussed. When a rebuild is made, discussions about the equipment, colors, material etc. are held, though the changes will influence the tenants rent. The tenant's possibility to affect is quite high.

When developing new housing concepts, like co-operative association, the company is hiring external consults to make surveys. The surveys for a co-operation project in a village outside the city existed of two surveys. One survey of the opinion about co-operating concept among the habitants in the village and another survey of how much they were willing to invest in that kind of living. The housing company felt that they had benefits from the surveys.

3.3 Costs and performance indicators applied in the enterprise

The company is monitoring following indicators:

- **Satisfied Customer Index**
- **Resource use** (use of energy, material, electricity and water)
- **Economical parameters** (almost every post in the statement of income).
- **Accessibility** (In the existing housing accommodation are surveying of accessibility for elderly people performed in collaboration with researchers).

The company are considering at almost every parameter of the Finish research teams list. The parameters are measured as goals. The market manager considers the list to long to manage to monitor. The indicators that are not of particular interest are EFQM, Functionality core process, targets and GHG. The risk indicator (if it is the risk of having empty locals) could be interesting on the habitats. In the dwelling area the queue is so long that this matter is not of particular interest. The manager further considers the social indicators maybe hard to compare with other companies.

3.4 Relation to building cases and national benchmarking

This section is not included in the study.

3.5 Visions and innovation for future improvements

The company plans to introduce a SCI questionnaire for their habitat customers as well.

The marketing manager wants to perform a study of future living preferences. To better understand where the development will go and what the tenants of tomorrow wants and requires.

The construction manager is concerned about communication technology issues. What do the tenants expect the housing company to offer in these questions? What should we offer? Where is the development going?

4. National benchmarking – indicators and organisation

The housing company is participating in a national benchmarking system furnish by SABO (Sweden of public utility housing companies). The focus is mainly on economical and resource use aspects.

4.1 The national benchmarking and purpose of the organisation

The housing company has been participating in a national benchmarking system, for a couple of years, furnish by SABO (Sweden of public utility housing companies). The measuring is focusing on economic and resource use aspects. The purpose, for the company, to use the benchmark system is to be able to compare towards the competitors. To see how well they perform. The housing company has always been in the top section. The problem with the system is that you can never tell what areas the others have calculated on. The company does not consider it very easy to learn from the benchmarking system.

4.2 Applied assessments and tools in national benchmarking

The company is collecting the information by themselves and then sends it to SABO. SABO is then putting it together.

4.3 Cost and performance indicators applied in benchmarking

The company is measuring economical (almost every parameter in the statement of income) and resource use aspects, the unit of the indicators are SEK/m². The company does not separate the dwelling information from the habitats.

4.4 Relation to enterprises, building projects and real estate

The obtained report shows the development of the company over the years. A comparison is made towards real estate companies in the same size and towards the country as a whole. If you are a member of the benchmarking system you have access to the data from every company involved in the benchmarking system.

4.5 Visions and innovations for future improvements

It is concerned hard to know if the different companies have been calculating on the same areas. The focus is on economical aspects, maybe a SCI would have been interesting to compare as well. But that requires that the same questions are asked by every company. The company has not any further need for more benchmarking exercises.

5. Discussions and conclusions

This study has been investigating how a real estate company manages their present and future tenants. This section is discussing the findings, on a company and a national benchmarking level. The purpose is to answer the objectives of the study

- The management of:
 - existing end-users requirements
 - future end-users requirements
 - the body of knowledge of end-users requirements in the company
- the use of indicators and benchmarking activities

5.1 Lessons learned in enterprises, companies and firma and recommendations for WP5

Existing end-users requirements

The company is working actively with evaluate and improving their work from a tenants perspective. The company let the voice of the tenants be heard in a number of ways. The company measure SCI and are actively working with adapting the outcome from the measurements to improve their work and the dwellings. The existing tenants have, as well, a number of tenants associations with the mandate to lobbying for their interests. When renovating are the opinions of existing tenants collected in meetings and with questionnaires.

Future end-users requirements

When building new the company sometimes performs marketing surveys to obtain information about the interest for the new build project. The company is, further more, collecting information about what the tenants like their future living to be and were they like to live.

The body of knowledge of end-users requirements in the company

The company is though not using the information in a systematic order. Much of the knowledge the employee is relying their work on, is experience based, but this knowledge is not systematically shared either. This circumstance can be seen as a risk factor for the company: when someone quite their job a lot of knowledge is disappeared. A more systematically knowledge sharing and knowledge building would probably serve its purpose for this matter.

5.2 Lessons learned in national benchmarking organisations and recommendations for WP 6

The use of indicators and benchmarking activities

The real estate company is participating in a national benchmarking system provided by SABO. The focus is on economical parameters from the statement of income. The company experience that, one weakness with the benchmarking, is to know if the participating companies are measuring the same areas. The dwelling areas are not separated from the habitats areas which can be regarded as a weak point as well.



The case study is exploring the management of existing and future end-users requirements in a housing company. The company is using different tools and methods for the two groups. Much of the collected information is, though, not yet used in an efficient way and much of the knowledge the employees possess is of tacit-individual nature. The real estate company is participating in a national benchmarking system focusing is on economical parameters from the statement of income.

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