





Renovation REALITIES

Being Way Ahead of Schedule

BY MARLENA DeFALCO

**Haley Real Estate Group
launched an \$8 million renovation plan
for Park Place Apartments,
a four-story, mid-rise community
in Oklahoma City, Okla., in January.**



DEI Communities, Haley's affiliated property management company, is overseeing the renovation process and day-to-day operations of the community. The companies have agreed to share their renovation reality with *units* Magazine in a three-part series

where they will reveal the ins and outs, successes and challenges, and final outcome of this massive, 18-month apartment renovation and repositioning project.

Fast-Tracked Construction

In the first installment of Renovation Realities, DEI Communities shared its plans for the repositioning of Park Place, newly renamed The Capitol on 28th, from Section 8 to a market-rate property with a modern aesthetic attractive to the area's more than 20,000 government, education and biotechnology employees.

Though the community had 82.5 percent occupancy, its dilapidated condition warranted the need for a complete interior and exterior renovation. DEI executives decided not to renew any leases at the property and planned to work through the interior renovations on a unit-by-unit basis as residents vacated.

However, after offering the firm's first-ever relocation incentive program to mitigate any potential resident backlash associated with the hoped-for-and-anticipated lease terminations, residents responded positively. Much to the surprise of DEI leadership, the community was completely vacant in 10 weeks: more than three months early.

About This Series

This is the second in a three-part series that explains the critical steps of community

renovations. Part I appeared on page 54 of the May 2013 edition (pictured above; available at bit.ly/RenoRealities). Be sure to check *units* Magazine later this year for Part III in this Renovation Realities series to see what the final project looks like, hear what residents have to say and learn DEI's plans for the future.



By July, the clubhouse and management offices were completed, and 56 residences were available for lease-up.

What was originally conceived as a rehab designed to work around partially occupied buildings suddenly became a project unencumbered by onsite residents, and DEI was able to treat it in a similar fashion to a new-construction build. This rapid vacancy of the property moved the construction plan forward significantly and now DEI was nearly nine months ahead of schedule. Talk about fast tracking construction.

Operating with a new construction plan, contractors could set-up all projects in a single building at one time. Doing so allowed for both interior and exterior renovations to be completed on an entire building. Had this not been possible, the contractors would have been dependent on the resident's move-out schedule, requiring them to move from building to building depending on what units were vacant at a certain time.

“Our contractors were happy with and amenable to the fast-tracked construction plan,” says Troy Arnold, Regional Manager for DEI. “The large-scale construction allowed them to focus work in a single building, streamlining their entire process. No longer were they labored with having to set up, do some work, clean up and move to a different location in the middle of a project. It was now get in, get it done, and move to the next unit.”

Decisions, Decisions, Even More Decisions

Although the overall concept for The Capitol on 28th—a renovation of the four-building property including micro-units and one- and two-bedroom units ranging from \$600-\$1,000—was planned before the process even started, the fast tracked construction pushed the entire rehab timeline forward. Now every design decision had to be expedited and the company had to make sure all materials were available within the new time frame. Additionally, DEI executives strategically put various materials out to bid and invited suppliers to walk the property, provide measurements and take-offs and give recommendations for finishes.

Partner relationships became even more important with the new expedited schedule and efforts were undertaken to ensure

that each construction partner could deliver expert insight within the accelerated deadlines. To help work through the design process and better evaluate the various recommendations and bids, DEI also elicited input from vendor partners closely associated with the project.

The company tapped into its relationships with Dallas-based HPA Design, the firm managing the interior design for the model units and leasing office; Butzer Gardner Architects, who assisted with drafting and schematic work for DEI's interactions with the local permitting and zoning groups; as well as with several key contractors including the prime contractor, FTK Construction Services; the flooring contractor, Vanco Flooring; and the electrical contractor, State Wide Electric; to help in the final decisions.

“We asked all of our vendors to provide mock-ups of various component finishes and we made our selections simultaneously,” says Doug Hastings, Senior Vice President, Property Management for DEI. “Troy, our construction project manager Brad Eckel, and the on-site team were heavily involved in the preparations and meetings, and reviewed all the options. We were all hands-on with the design, review and selection process and were able to make final decisions during site visits.”

Since The Capitol on 28th is such a high profile project with great visibility within the growing downtown, DEI was able to effectively and aggressively push lead times on building materials such as carpet, countertops and cabinets.

“Everyone associated with the project recognized the opportunity to deliver above and beyond and has responded well to the pressures,” Arnold says. “They have a stake in making this renovation a success and helping to revitalize the OKC downtown corridor.”

The Word Was Out

While The Capitol on 28th is already well known because of its proximity to key employment hubs, DEI nevertheless knew it



A newly remodeled kitchen and living room at The Capitol on 28th.

was important to respond quickly to the public excitement regarding the renovation, as property managers were fielding calls from prospects attracted solely by the rehab construction.

As a result, the firm launched a simple marketing program on May 1 with an “Under Construction” homepage on the community’s website supported by social media platforms Facebook, Twitter, Pinterest and a blog. Activity on the website alone, which prompted the visitor to contact the office, yielded 60 leads in the first week and has been averaging 35 to 45 leads a week since.

By early July, the site (www.Cap28OKC.com) had brought down the “Under Construction” page, offering visitors access to unit floor plans, community renderings, links to social media and the ability to pre-lease. In fact, The Capitol on 28th has already pre-leased seven units without a leasing office or a model.

“The tremendous response to our website and social media shows the interest is there,” says Arnold. “People are interested in The Capitol on 28th and, more importantly, they want to live there. We have to be ready to meet the demand.”

With 56 units available for lease-up in July, along with the clubhouse and management offices complete, it appears DEI will be ready well ahead of schedule. Grand opening on this massive renovation is now projected for November 2013, almost nine months ahead of the originally projected August 2014 completion.

“The pressure is on to hit all of our deadlines from here on out,” Arnold says. “There is no room for error. Once we made the decision to stick with the fast-tracked construction, there was no looking back. Completing construction and lease-up of The Capitol on 28th well in advance of our original timeline means we are now able to have almost nine months of normal operations. This adds revenue to our bottom line that we simply weren’t planning on.”

Marlena DeFalco is Account Director for Denver-based LinnellTaylor Marketing.

DO THE RIGHT THING: INCENTIVIZING RESIDENTS FOR EARLY MOVE-OUT

The dilapidated state of Park Place prompted the DEI team to prevent the renewal of current leases. However, to make transition as easy as possible for Park Place residents, the firm launched an incentive program as a means to encourage residents to vacate early and amenably.

“Our team worked hard to underscore the sentiment that we were operating with the best interests of Park Place residents in mind,” says Troy Arnold, regional vice president for DEI. “We took the time to have individual discussions with every resident who visited the office.”

As explained to each resident, the incentive program provided \$500 if they vacated their apartment unit prior to the end of their lease term. The conditions of the program included monies paid via a money order to the confirmed leaseholder, limited to one offer per unit and required the leaseholder to provide a 30-day notice to vacate with removal of all belongings from the apartment home.

To further minimize the disruption of vacating the property early, DEI enlisted assistance from housing agencies such as the Oklahoma City Housing Authority and Oklahoma Housing Finance Agency. The firm and agencies worked closely to help residents with Section 8 and low-income housing assistance secure the necessary paperwork to seamlessly move into a new home. Additionally, DEI hosted open houses at the Park Place clubhouse for residents to meet with leasing agents from surrounding apartment communities in order to sign a lease.

“Ultimately, Park Place residents were looking for a reason to move from the rundown property and into something safer and healthier,” said Arnold. “Our incentive program helped make that process easier for them and we are thrilled to have been able to provide financial assistance to 155 residents.” —*M.D.*

DEI PARK PLACE INCENTIVE PROGRAM TIMELINE

January 22, 2013: Letter to residents explaining plans for the property and encouraging and office visit to learn about options distributed. Received 3 notices to vacate.

January 23, 2013: Lines to visit with office staff were out the door most of the day. Office staff explained \$500 early move-out incentive program. Received 33 notices to vacate.

January 28, 2013: Open houses begin; 4 neighboring communities on-site to meet with residents.

January 31, 2013: Resident office visits slow-down. 155 notices to vacate received to date.

April 8, 2013: Final resident vacates, leaving property completely empty three months ahead of schedule.