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Staffing Considerations

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Purpose: To assist National Apartment Association (NAA) members with considerations for staffing apartment communities.

Applies to: Regional Property Manager, Developers and all other NAA members involved in overseeing staffing budgets.

Overview: Regarding onsite personnel, the age-old, general rule is one office staff and one maintenance staff per 100 units. While there are various factors to consider with all staffing situations, this has been the formula for most owners, operators and developers when calculating personnel expenses.

An anomaly experienced by Christin Daniels, who now oversees implementation for an industry supplier, Buyers Access, occurred when she managed a luxury asset located in Downtown Denver for a multifamily housing management firm well known for good rapport with residents and team members alike. There, she had one office staff and one maintenance staff per every 61 one units, and the extra team members allowed for efficient operations and upkeep that regularly exceeded resident expectations. She says that a direct correlation exists between the percentage of employee turnover per year and the average number of team members per property. When companies allow for higher unit-per-employee thresholds, they will start to see reduced employee turnover, especially regarding top talent.

Recent data included in the 2019 NAA Survey of Operating Income and Expenses in Rental Apartment Communities (IES) reveals an average ratio of full-time employees to the number of units equal to one employee for every 45 units. The guidance in this best practices document offers further analysis of this data and discusses other considerations when deciding how to staff an apartment community.

Guidance:

1. **Employee-Per-Unit Data** – As stated above, the general rule has always been one full-time office staff and one full-time maintenance staff for every 100 units. In the case of fewer units, 40 for example, you would need at minimum one part-time office staff and one part-time maintenance staff. Allocation for part-time employees may include sharing staff with a sister community or having an off-site manager who shares responsibility for multiple smaller properties working from one central location. If the total unit count is 51 percent or higher toward the next 100, add one additional team member in either maintenance, office or both.

   In recent years, this general rule has evolved. A large part of this comes from competition between properties, resident reviews and the continued increased resident expectations of their housing providers. The 2019 NAA IES includes 2018 financial information for stabilized apartment communities with 50 or more units. Tight labor market conditions and low unemployment rates revealed themselves in the salaries and personnel-expense line item, which increased by 5.8 percent, the highest jump since 2004. The number of units per full-time employee also reached a high of 45.3. While this could be viewed as an increase in productivity, it likely is more indicative of a labor shortage as talent acquisition and retention remained top concerns for owners and operators.

INDIVIDUALLY METERED AND RECOVERY SYSTEM, MARKET RENT GARDEN PROPERTIES

APARTMENT OPERATIONS METRICS

	Properties	Units	Revenue/ Payroll	Net Operating Income/ Payroll	# Units/ Full-Time Employees	# Units/ Total Employees	Payroll/ Revenue	Payroll/ Net Operating Income
Less Than 100 Units	177	13,618	$10.02	$6.15	41.3	32.9	10.0%	16.3%
100 to 199 Units	574	86,840	$9.57	$5.78	41.6	37.4	10.4%	17.3%
200 to 299 Units	815	200,823	$10.16	$6.21	44.6	42.8	9.8%	16.1%
300 to 399 Units	561	190,810	$10.66	$6.65	45.7	44.6	9.4%	15.0%
400 to 499 Units	223	98,407	$10.93	$6.93	47.2	46.4	9.2%	14.4%
500 or More Units	131	82,063	$11.54	$7.38	48.6	47.6	8.7%	13.6%
Total	**2,481**	**672,561**	**$10.48**	**$6.50**	**45.3**	**43.3**	**9.5%**	**15.4%**

Source : National Apartment Association 2019 Survey of Operating Income & Expenses in Rental Apartment Communities

2. **Standard Positions** – Depending on the size of the property and the other considerations discussed below, the number of onsite personnel will vary. Standard onsite positions include a Property Manager, Assistant Property Manager, Leasing Consultant, Maintenance Supervisor, Maintenance Technician and Groundskeeper. Variations may include an Assistant Property Manager also serving as a Leasing Consultant for smaller properties, and larger properties may include a Turnover Technician, Assistant Maintenance Supervisor, Housekeeper or Painter.

   "Floating" and "roving" are often listed in job descriptions, particularly for property managers and maintenance technicians who are stretched by longer and more challenging recruiting periods for other vacant positions. According to CEL & Associates, turnover rates in the apartment industry increased in 2018 for all job titles. That trend is showing signs of reversing this year, except for onsite maintenance personnel, with projected turnover rates expected to hit a decade-high of 39.2 percent.

3. **Property Characteristics** – Characteristics to consider include property age, size, location and structure type (i.e., garden-style vs high-rise). For an older asset, additional maintenance resources may be needed to handle deferred property maintenance, increased capital projects and other demanding needs to ensure the community is also aesthetically pleasing. For garden-style communities, landscaping, sidewalks, dumpsters/compactors, etc. are areas that need attention versus high-rise buildings that need to consider security and concierge functions.

4. **Temporary Employees** – Establish a relationship with a local staffing agency that can assist with providing temporary employees on an as-needed basis. This may be critical if an employee is going to be absent for an extended period to ensure daily operations are attended to. In addition, temporary employees may be hired by the owner/manager to assist with special projects that are on a limited time frame.

5. **New Construction/Lease-Up** – When opening a new apartment community, staffing is typically increased during the initial lease-up period. That period can range from six months to two years depending on the size of the property and the anticipated timeline to reach stabilization. Having

additional team members on staff is key in handling the influx of prospective resident tours, outside marketing and enhanced customer experience. The same may be applied to a once-stabilized community that has exposure and/or current vacancy of 20 percent or higher. To increase occupancy and return the property to where it should be performance-wise, additional staffing may be needed. Another consideration for new construction is the turnover of units from construction to management. It may be necessary to have a member of the team walk each unit during inspections, approve and officially accept units from the construction team. This can be extremely time-consuming and should be considered when budgeting for staffing.

6. **Community Classification** – The classification of a property is important to note when considering staffing. For example, a high-end, market-rate community will likely have a higher payroll budget compared with an affordable community that has lower controlled expenses.

7. **Contracted vs In-House Employees** – When staffing a community, it is important to consider whether some job responsibilities will be handled externally by a contracting company or internally by an employee. Examples of these positions may include a housekeeper a painter. The sizes of amenity and office spaces and percentage of resident turnover are two factors to consider when deciding whether to employee or contract for these positions. Security should be addressed here as well to determine if onsite security is needed to be contracted out or if resident concerns could be filtered through a concierge.

8. **Operating Hours** – Consider your standard operating hours to include the number of days each week your office is open. Then, think about how many employees are needed to staff the office and maintenance during these times and days. Keep in mind that some days may not be as busy as others, therefore requiring fewer employees on certain days of the week. For on-call maintenance, consider if you are paying overtime or if the employee will take time off. Often, “time off in lieu of paying overtime” is encouraged by management within the same workweek, because overtime is often unbudgeted. Once an employee reaches 40 hours, the on-call team member for that week would have to leave work as not to exceed 40 hours. Can the property efficiently operate without that person during their time off?

   If considering the one-per-100-unit scenario, three office staff members would need to cover a seven-day workweek, allowing for time off. This could end up being only one person on the weekends working and the three-person staff during the week to only two people for three of those days. When considering office staffing on a 300-unit property, open 7 days a week, the one-per-100 standards would only allow a fully staffed office three days per week. This assumes that one office team member, traditionally the Leasing Consultant, would work Saturday and Sunday and take two days off during the Monday – Friday workweek.

9. **Other Considerations** – As technology improves and more companies are leaning into automating procedures, a common question asked by ownership is whether payroll expenses can be cut because of fewer administrative tasks required for onsite staff. This is a question not to take lightly, as many factors are involved with arriving at a definitive answer. For example, if top-notch customer service is a large part of the community brand and culture, cutting staffing is not the answer. Instead, leverage technology to assist with prioritizing tasks that allow the team to focus more time on resident retention.

   During special capital expense projects such as renovations, additional staffing may be necessary to complete the scope of work, supervise contractors and oversee scheduling and ordering. Temporary staffing may include a floating team. In addition to work completed, resident expectations tend to increase when a renovation is underway.

Related Links and Forms

2019 NAA Survey of Operating Income and Expenses in Rental Apartment Communities

2018 NAA Survey of Operating Income and Expenses in Rental Apartment Communities

Acknowledgments

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About NAA

The National Apartment Association (NAA) serves as the leading voice and preeminent resource through advocacy, education and collaboration on behalf of the rental housing industry. As a federation of more than 150 state and local affiliates, NAA encompasses over 82,000 members representing more than 10 million apartment homes globally. NAA believes that rental housing is a valuable partner in every community that emphasizes integrity, accountability, collaboration, community responsibility, inclusivity and innovation. NAA thanks its strategic partners Maintenance Supply Headquarters, a Lowe's company and Yardi. To learn more, visit www.naahq.org**.**

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