



Air Force Housing Privatization Portfolio Management Project Reporting and Performance Metrics



AIR FORCE CENTER FOR ENVIRONMENTAL EXCELLENCE Information Sheet

Quarterly reporting conveys the financial and operational status of housing privatization projects to stakeholders. The Portfolio Manager* prepares quarterly reports on two levels: the project-level (installation) report summarizes data for an individual privatization project, and the portfolio-level summary report combines information from individual project reports to communicate the status of the entire Air Force portfolio.

Each report is a stand-alone document that distributes information according to each stakeholder's level of authority, access, and responsibility. For example, the installations, MAJCOMs, and Project Owners receive project-level reports, while Air Staff and the Office of the Secretary of the Air Force (SAF) receive portfolio-level reports. Quarterly reports detail the current conditions and trends for each project and the portfolio as a whole and provide key decision makers with a timely, relevant, and standardized assessment of project and program performance.

Organization

Both types of quarterly reports have four key sections: executive summary, operations and maintenance, development, and finance.

- **Executive Summary**—focuses on trending, discusses pertinent issues, and includes an executive scorecard, which employs a color-coding system ranging from blue (project substantially exceeds requirements) to red (project fails to meet requirements due to issues not easily remedied) to portray a project's level of performance in relation to identified minimum performance requirements

- **Operations and Maintenance**—includes project occupancy rates, rate variance, and average monthly expenses per occupied unit
- **Development**—details data such as total project development costs, development completion dates, and the number of privatized units in service
- **Finance**—reports statistics including the sources of project capital, direct and private loan interest rates, and preferred project returns

Performance Indicators

Key performance indicators are statistics; they show how well a certain area of a project is performing or signal when a project is potentially straying from acceptable performance parameters. For example, one key performance indicator is the occupancy level of privatized housing units. The Project Owner may begin advertising for prospective tenants once the occupancy rate is less than 95 percent. The housing flight chief should work with the Project Owner to ensure sufficient advertisement for prospective tenants is publicized in the local media on and off the installation.

Key performance indicators are determined for each project, and may include the following:

- Occupancy level of the privatized housing units
- Number of personnel on the waiting list
- Trend in negative observations from the annual site visit
- Dollars spent on operating expenses

* The Air Force Housing Privatization Portfolio Manager is the Air Force Center for Environmental Excellence, which executes duties with the assistance of Jones Lang LaSalle, the current Portfolio Management support consultant.



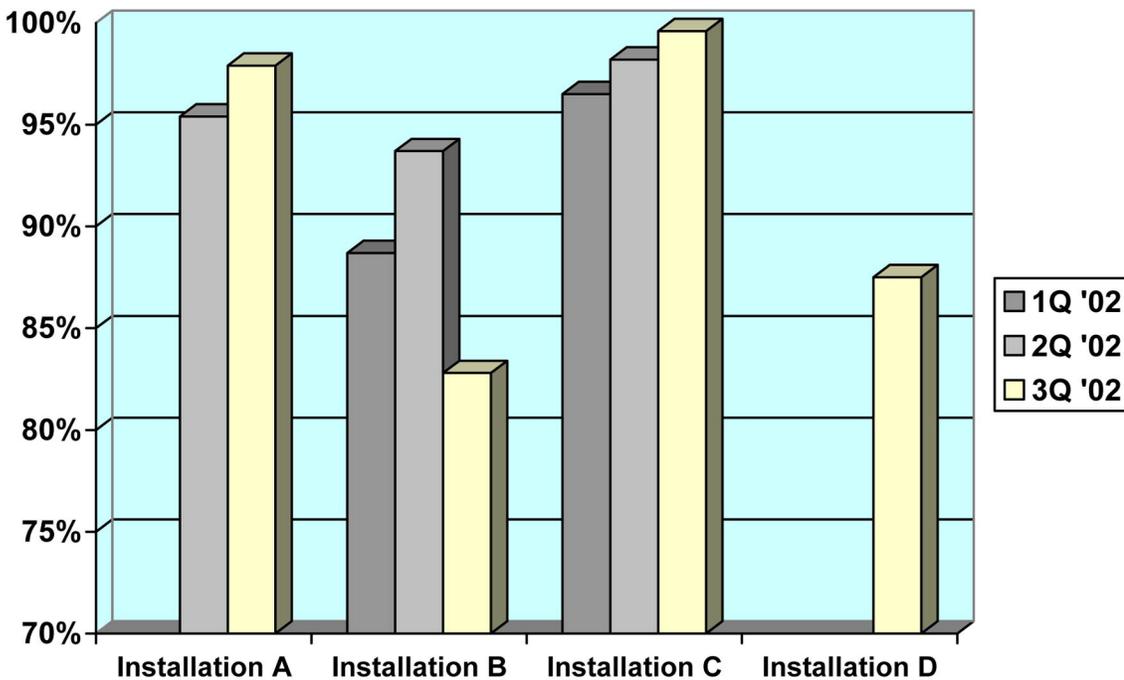
- Dollars spent on capital repair and replacement
- Net Operating Income (NOI) as a percentage of gross effective revenue
- Weighted average of Basic Allowance for Housing (BAH)
- Debt service coverage ratio
- Resident satisfaction survey results

In order to illustrate particular areas of project or portfolio performance, charts and graphics are used in both project-level and portfolio-level summary reports. The Portfolio Manager

supplements report graphics with text that explains how the data impact project or portfolio health.

The following portfolio-level chart is an example of the type of graphic that the Portfolio Manager would include in quarterly reports. This example depicts occupancy rates for four installations during the Third Quarter of FY 2002 in relation to the occupancy rates during the First and Second Quarters.

Occupancy Rates by Installation



Note: These occupancy rates are for illustrative purposes only. They are not intended to represent actual occupancy rates.

PORTFOLIO MANAGEMENT SERIES

This Information Sheet is one in a series on the subject of Portfolio Management. In February 2001, the Air Force Center for Environmental Excellence (AFCEE) was designated as the Air Force Housing Privatization Portfolio Manager. AFCEE executes its Portfolio Management responsibilities with the assistance of Jones Lang LaSalle (JLL), the current Portfolio Management support consultant.

From transaction closing through project closeout, the Portfolio Manager acts in oversight, monitoring, and guidance roles on behalf of the Air Force to protect the Government's interests. (Project closeout is at the conclusion of the transactional performance period, assets are disposed of and the project is closed out.)

FOR MORE INFORMATION

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