

# JPM<sup>®</sup>

JOURNAL OF PROPERTY MANAGEMENT  
NOV. DEC 2009

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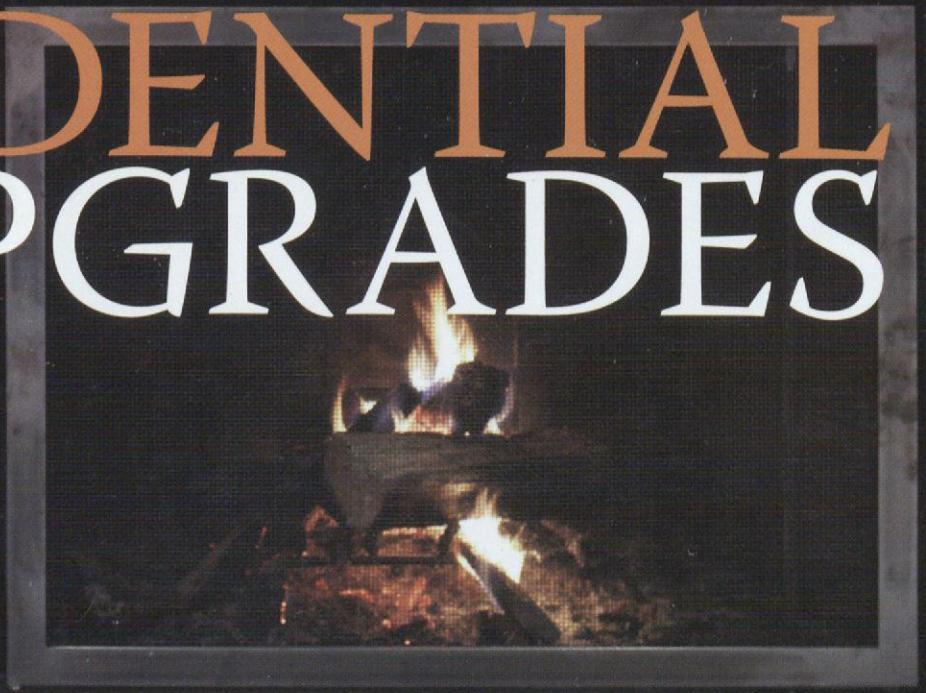
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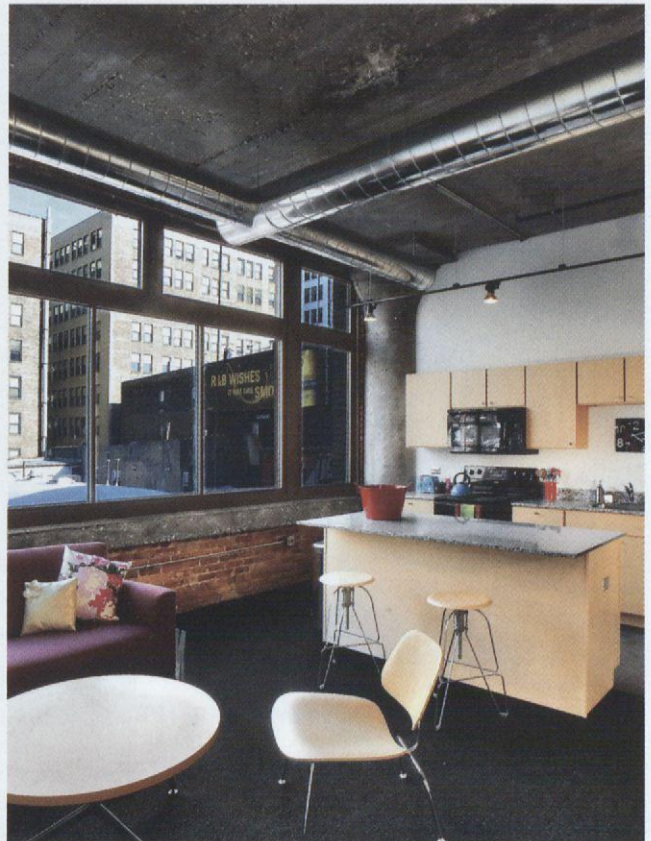
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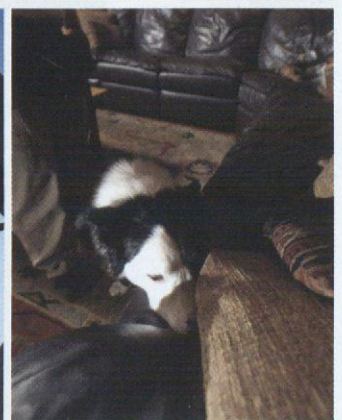
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VOLUME 74, NUMBER 6 NOV. DEC 2009

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Russell C. Salzman, CAE, IOM | rsalzman@irem.org

EDITORIAL DIRECTOR

Tulie O'Connor | toconnor@irem.org

ASSOCIATE EDITOR

Markisan Naso | mnaso@irem.org

CIRCULATION

Diane Cole | dcole@irem.org

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*JPM, Journal of Property Management* (JPM ISSN 0022-3905) is published bi-monthly by the Institute of Real Estate Management, 430 N. Michigan Ave., Chicago, IL 60611. Internet: [www.irem.org](http://www.irem.org). This publication is provided as a medium for the expression of individual opinion concerning management practices and procedures. The articles and advertisements printed herein do not necessarily represent the endorsement of the Institute of Real Estate Management or of the majority of its members excepting such statements that are so designated. The editors exercise only a general supervision of the material and assume no responsibility for claims made in advertisements or for opinions and statements expressed in articles. IREM®, CPM®, AMO®, ARM®, CERTIFIED PROPERTY MANAGER®, ACCREDITED MANAGEMENT ORGANIZATION®, ACCREDITED RESIDENTIAL MANAGER® and JPM® are federally registered marks of the Institute of Real Estate Management.

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**Institute of Real Estate Management Diversity Statement** | IREM encourages diversity. We welcome individuals of all races, genders, creeds, ages, sexual orientations, national origins, and individuals with disabilities. Our organization strives to provide an equal opportunity environment among its members, vendors, and staff. Adopted October 2008

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## CONTINUING OUR COMMITMENT

Here we are, near the end of what I'm sure we can all say was a very challenging year. I know every one of us has been affected—either directly or through others—by the fallout in the economy. Even though economists report that recovery is underway, the process will be slow as we continue to lobby for the availability of capital our properties need. The end is not in sight until that relief arrives. Through these challenges, however, I do know that as an industry, we accomplished a great deal as a whole.

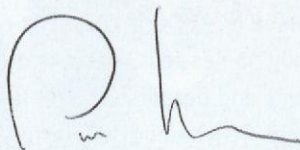
At IREM Headquarters, we continued to put out courses, publications, webinars, our spring meeting in Washington D.C., as well as our fall business meetings followed by Success Series 2009 in Honolulu in October. Through it all, our goal has been to provide you, our valued members, with the tools and information you need to make the best decisions during any economic period.

Over the course of the year, as I have traveled to our chapters, I personally have been struck by your commitment to the industry. I applaud our chapter leadership for guiding the chapters in providing meaningful membership benefits in this year of financial meltdown. From Los Angeles, to Cleveland, to Montgomery, Ala., and Rochester, N.Y., I witnessed the dedication of our committed professionals.

Moving forward, as members of our leading-edge organization, we must continue to strive to be the best in our industry and support our owners, our companies, our residents and tenants in the best way possible.

In particular, I hope you will find several articles of interest in this issue of *JPM*. The article, "Dual Representation and Conflicts of Interest in Real Estate Management," on p. 34 no doubt contains valuable insights to us all regarding our obligation to ethics in all our business dealings. In addition, one of our most successful authors in IREM history has provided us with an excerpt from his recently updated edition of *Practical Apartment Management*. The author, Ed Kelley, CPM® Emeritus, shares his insights on what residential managers need to do in order to stay ahead of the rental market changes coming our way.

Finally, I'd like to wrap up with a thank you to all of you for your support of IREM at the local and national levels. We need each other now more than ever and I know you have all played a role in keeping IREM strong this past year. As my year as IREM President draws to a close, I wish you all the best in the year to come.



Pamela W. Monroe, CPM  
2009 IREM President



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## FEDERAL HOUSING ADMINISTRATION TIGHTENS RULES FOR LENDERS

The Federal Housing Administration (FHA) reported in September that its financial cushion will drop below mandatory levels for the first time in its 75-year history. The agency insists it will not require a taxpayer bailout, but will be enforcing stricter rules for lenders.

An outside audit found that FHA's capital cushion will drop below 2 percent of the total dollar value of mortgages insured by the agency this fiscal year. As a result of the collapse of the subprime lending market, the FHA has insured nearly a quarter of all new loans made this year, and about 80 percent of that business is from first-time homebuyers. The FHA now insures about 5.3 million mortgages, up from about 4 million three years ago.

At press time, about 17 percent of FHA borrowers were at least one payment behind or in foreclosure, compared with 13 percent for all loans, according to the Mortgage Bankers Association.

Tightening the rules means the FHA will now require lenders to have net worth of \$1 million, up from the current requirement of \$250,000, and undergo annual audits.



TO VIEW U.S. CENSUS BUREAU REPORTS VISIT [WWW.CENSUS.GOV](http://WWW.CENSUS.GOV).

## Decrease in Single-Family Starts Clouds Rise in New Home Building

New home building increased overall in August, according to a recent U.S. Census Bureau report, but the upswing was tempered by a drop in the new construction of single-family homes. The Census Bureau reported that builders broke ground for 598,000 new homes in August, up 1.5 percent from a revised 589,000 in July. Building permits also rose 2.7 percent to 579,000 from a revised 564,000 in July. But construction of new single-family homes fell 3 percent during the month.

Both starts and permits are still far below their levels of a year ago. The number of starts is down 29.6 percent from 849,000 last August and permits have plummeted 32.4 percent from 857,000 last year.



## NAHB Finds Tax Credit Has Positively Impacted Housing Market Index

According to the National Association of Home Builders (NAHB), the Housing Market Index rose by one point in August to 19, the highest level since May 2008.

After falling to an all-time low of 8 in January, the index has increased steadily in 2009 as the housing market has picked up in many parts of the United States. According to NAHB, the boost in builder confidence is mainly due to a temporary tax credit that the government created last year for first-time home buyers. The credit, which can be as high as \$8,000, was established as part of the government's economic recovery act to help stimulate the housing market. Rock-bottom home prices and low mortgage rates have also helped increase confidence, the association said.

To date, the credit has brought 1.2 million new buyers into the market, including 350,000 buyers who would not have purchased a home without the credit. More than 1.5 million taxpayers are expected to claim the credit, according to an NAHB spokeswoman.

The credit is set to expire on Dec. 1. However, White House Press Secretary Robert Gibbs recently said the Obama administration is evaluating how the tax credit has impacted home sales and could recommend an extension.



## QUOTABLES

**“I can’t speak for them, of course, but I believe that most economists would accept the view that, while you sometimes can make a score by sheer luck, you can’t do it constantly, unless you’re willing to put the resources in.”**

—MERTON MILLER, AMERICAN ECONOMIST

**“Elegance is not the prerogative of those who have just escaped from adolescence, but of those who have already taken possession of their future.”**

—COCO CHANEL, FRENCH FASHION DESIGNER

**“Every man should follow the bent of his nature in art and letters, always provided that he does not offend against the rules of morality and good taste.”**

—THOMAS EDWARD BROWN, BRITISH POET

**“I can accept failure, everyone fails at something. But I can’t accept not trying.”**

—MICHAEL JORDAN, AMERICAN ATHLETE

**“I believe that if you show people the problems and you show them the solutions they will be moved to act.”**

—BILL GATES, AMERICAN BUSINESSMAN



## CANADIAN REPORT FINDS SUSTAINABILITY A CHALLENGE

A recent research report, *Green Building and Development as a Public Good*, by Canadian Policy Research Networks (CPRN), an organization that advises Canada's leaders on issues and policy options to move Canada forward, argues that green building and development faces a classic policy paradox: people agree that improvements are needed in the built environment, but there is a whirlwind of information and debate about how to move forward. The report found people are motivated to go green, but challenged by implementation.

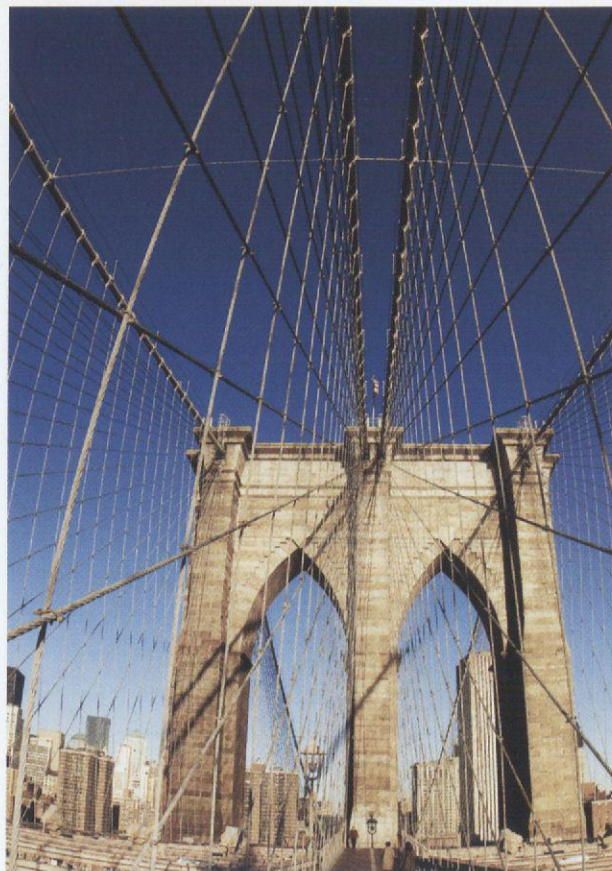
Read the 10-page document at [www.cprn.org](http://www.cprn.org).

## Study Finds Investments in Efficiency Will Reduce Energy Costs

A new report by the consulting group McKinsey & Company, "Unlocking Energy Efficiency in the U.S. Economy," found that investing \$125 billion in efficiency measures over the next decade would reduce energy consumption and greenhouse gas emissions in the U.S. commercial sector to pre-2008 levels.

According to the report, the commercial sector consumed 6.7 quadrillion BTUs of end-use energy in 2008, mostly from operating an enormous stock of buildings and their systems and equipment. That figure, more than twice the amount of annual energy consumed by the entire country of Egypt, is projected to grow to more than 8 quadrillion BTUs in 2020. The report found that annual efficiency investments of about \$13 billion above current investment levels would reduce the sector's energy usage to below 5.8 quads in 2020, a savings of nearly 30 percent over projections. That would also save \$290 billion in energy costs and reduce greenhouse gas emissions by 360 million tons.

To read the study visit [www.mckinsey.com](http://www.mckinsey.com).



## NEW YORK CITY TEAMS UP WITH EPA TO PROMOTE WATER EFFICIENCY

New York City is promoting the importance of conserving water by partnering with the U.S. Environmental Protection Agency (EPA). Through the Agency's WaterSense program, which promotes water efficiency strategies, and identifies and labels products that use less water, the New York City Department of Environmental Protection (DEP) aims to raise awareness about the importance of conserving water in the nation's largest city. New Yorkers use about 1.1 billions gallons of water a day.

As an EPA WaterSense promotional partner, DEP is promoting the value of water efficiency and increasing awareness of the WaterSense brand by distributing program materials at public outreach events and the Union Square Greenmarket. DEP is also linking to the WaterSense Web site, [www.epa.gov/watersense](http://www.epa.gov/watersense), from its own Web pages.



## search me

[www.betterbricks.com](http://www.betterbricks.com)

**Betterbricks.com** is an organization designed to help business professionals understand how energy efficiency can make a difference in their buildings and in their business. The Web site provides pragmatic and comprehensive information about energy efficiency and its benefits, along with tools and resources such as an energy management checklist, recommendations for best practices on energy-efficient operations and a symptom-diagnosis tool that helps find the cause of poor energy performance in buildings.

[www.claritas.com](http://www.claritas.com)

Each spring Claritas releases the Nielsen Claritas Update Demographics, which provides marketers with detailed data that goes beyond the U.S. Census Bureau's nationwide estimates. Claritas demographers analyze data from local governments, consumer databases and postal delivery counts to create a current and thorough set of demographic estimates. This information can help property managers and retailers determine who their customers are in a given area.

[www.pandemicflu.gov](http://www.pandemicflu.gov)

**Pandemicflu.gov** is a one-stop access to U.S. government information on pandemic influenza, which includes H1N1, or swine flu. Managed by the Department of Health and Human Services (HHS), this site features the latest news, information and webcasts on pandemic flu, prevention and treatment, as well as checklists that can help you identify key areas for pandemic influenza planning and vaccination.

[www.commoncraft.com](http://www.commoncraft.com)

**Commoncraft.com** is an online community consulting company. The current focus for the Web site is to build a library of educational videos to help save users time in their day-to-day work and life. Most videos are designed for use in training on topics such as how to use various types of computer software, as well as how to use wikis, blogs and social networking sites.

## fast facts

Maria Ann Smith introduced the **GRANNY SMITH APPLE** in 1838.



Joseph Niepce developed the world's first **PHOTOGRAPHIC IMAGE** in 1827.



**TRAFFIC LIGHTS** were used before the advent of motorcar.

The **HARMONICA** is the world's best-selling music instrument.

The 25th of December is considered the birthday of the **HINDU GOD, KRISHNA**, as well as Mithra, the Greek god of light.

**COWS** do not have upper front teeth.



There are **2700 LANGUAGES** spoken in the world.



A fresh egg will **SINK** in water, but a stale egg won't.

**5 billion CRAYONS** are produced every year.

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## TAKE THE LEAD ON ETHICS Make ethics the core of your company management philosophy



MARVIN B. PERLIN, CPM® (MPERLIN@SIGNATUREASSOCIATES.COM), IS REGIONAL DIRECTOR OF ASSET MANAGEMENT SOLUTIONS FOR SIGNATURE ADVISORY SERVICES AT SIGNATURE ASSOCIATES, AMO®

WE ARE LIVING IN UNPRECEDENTED TIMES. AND IT IS DURING THESE TIMES OF STRESS THAT THE LEADERS OF PROPERTY MANAGEMENT COMPANIES MUST CONTINUE TO CREATE AN ENVIRONMENT within their companies to foster continued ethical delivery of services and relationships that drive customer loyalty. Today's leaders must have clear goals and high expectations that focus on results.

Ethically driven leaders execute their responsibilities from a certain perspective. Their power comes from trust and not fear. They focus on relationships and results, and they generate confidence from others rather than skepticism and cynicism.

What would be different in your management company if every property manager and employee could be trusted to do what they were supposed to do? What would you be able to save in compliance costs? What could you achieve through increased productivity? How would a reputation for being ethical in services and relationships drive customer loyalty? What would the impact of ethics mean for your ability to create a fast, flexible and committed property management team?

### LEAD BY EXAMPLE

The following are recommendations for how leaders can make ethics the focus of their management philosophy:

**State expectations loud and clear.** Everyone must understand what is expected of them and that ethics is everywhere within the organization. Leaders must set the example of

communicating in an open and honest manner that employees can emulate with their clients, tenants and suppliers.

**Be willing to ask the hard questions.** "Are we doing what we said we would do? Are we operating in a manner that builds trust in our services and relationships?"

**Recognize and reward.** Show appreciation for those who demonstrate their ethics in difficult situations. Remember that people often repeat behavior they have seen in others.

**Talk about ethics often.** Put it on the agenda of every management meeting. Repeat the stories of those who have achieved superior results while upholding the ethical values that are central to the company. The more important the leader makes the value of ethics as a competitive tool, the more important it will become to the company.

**Do not hide bad news.** Especially today, every company can count on problems. If employees are afraid of retribution, there is a strong chance they will withhold information. Employees will share bad news if it is dealt with in a positive manner and without any fear on their part.

**Make ethics part of your everyday leadership.** Leadership has nothing to do with your position but has everything to do with your ability to influence others. Ethics cannot be left to chance. It must be part of every discussion and decision if it is to survive and succeed. ■



TO VIEW THE IREM ETHICS PAGE VISIT [WWW.IREM.ORG/ETHICS](http://WWW.IREM.ORG/ETHICS).



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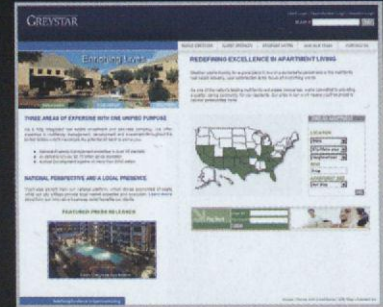
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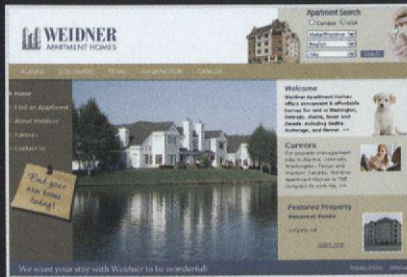
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### Greystar



### Weidner Apartment Homes



### Sheraton Real Estate Management



### Beacon Communities



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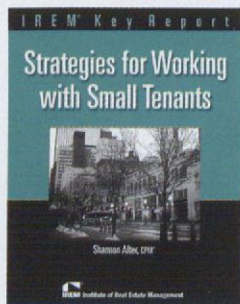


## MAKE NO MISTAKE Avoid these common mishaps when marketing your properties



SHANNON ALTER  
(SHANNON@ALTERCONSULTINGGROUP.COM), CPM, IS A REAL ESTATE CONSULTANT WITH ALTER CONSULTING GROUP (ALTERCONSULTINGGROUP.COM) IN SANTA ANA, CALIF. SHE IS THE AUTHOR OF THE IREM KEY REPORT STRATEGIES FOR WORKING WITH SMALL TENANTS.

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THIS TIME OF YEAR, ADVICE IS PLENTIFUL. AS A MOTHER OF A HIGH SCHOOL SENIOR ON THE BRINK OF APPLYING TO COLLEGE, I AM RECEIVING A VARIETY OF SUGGESTIONS ON HOW MY DAUGHTER CAN BEST MARKET HERSELF TO THE SCHOOL OF CHOICE. Surprisingly, I've found that much of the best marketing advice for college-bound students can be applied to business owners and property managers: Network and build your reputation. Differentiate yourself from everyone else out there. Be genuine. And perhaps most importantly in these trying times, don't sabotage your own efforts. Here are four marketing mistakes you should avoid:

### Mistake #1: Selling everything to everybody

Trying to be everything to everyone can prove similar to shooting yourself in the foot. I once had a yogurt shop tenant whose business was dwindling. Instead of examining his marketing efforts, the tenant immediately expanded his menu to include a panoramic selection of barbecue foods. As a result, his core customers had difficulty figuring out exactly what he was offering, and went elsewhere. His mistake? He forgot to focus on his target market. While it's true you can't be an expert at everything, it's important to focus on what you do best and clearly target what your market demands.

### Mistake #2: Doing nothing

Here's where self-sabotage slips in, often unintentionally. In a recession, we're often so busy trying to keep our doors open and our tenants in place, we forget the importance of continual, consistent marketing. Don't make the

mistake of putting your marketing program on the back burner, even when times are slow. Gerry Flanigan, vice president of real estate for Horowitz Group in Orange County, Calif., offers this advice:

"A one-shot marketing effort doesn't work anymore. Clients and customers today are sophisticated. As property and business owners, it's crucial to put our marketing message in front of our customers (and our tenants' customers) on a consistent basis. That commitment of time and resources pays off."

### Mistake #3: Following the status quo

Using the same old marketing strategy is all too easy. While you're working on budgets for 2010, take the time to revisit and refresh your marketing strategy, for both your company and your properties. Think about how you can position your properties and your company, enhance your reputation and take advantage of the upturn when it comes.

### Mistake #4: Thinking it's all about you

Marketing today is all about adding value for our customers. It's our job to figure out what our customers need and want. Do you have a tenant workout expert on your team who can assist with a troubled property? Or a cracker-jack leasing agent who can fill a vacancy? Can you make the accounting and reporting processes easier? Now is not the time to be shy—let clients know what you can do for them.

The motto of our story: Differentiate yourself. Build your reputation. Avoid these common mistakes and you too can stay ahead of the marketing curve.



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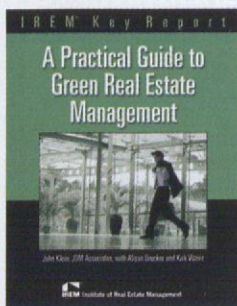


## TYING IT TOGETHER WITH AN EMS Proper use of energy management systems maximizes efficiency



JOHN KLEIN (JKLEIN@JDMGMT.COM) IS THE PRINCIPAL OF JDM ASSOCIATES. HE CO-AUTHORED THE NEW IREM KEY REPORT, *A PRACTICAL GUIDE TO GREEN REAL ESTATE MANAGEMENT* WITH JDM'S ALISON DRUCKER AND KIRK VIZZIER.

PURCHASE A COPY OF THE IREM KEY REPORT *A PRACTICAL GUIDE TO GREEN REAL ESTATE MANAGEMENT* AT [WWW.IREM.ORG](http://WWW.IREM.ORG).



IN THE LAST FIVE ISSUES OF *JPM*, WE'VE REVIEWED WAYS TO REDUCE ENERGY USE AND COSTS, INCLUDING THERMOSTATS, LIGHTING AND PLUG LOADS. An energy management system (EMS) is the one piece of equipment in your building that has the potential to bring all the energy-consuming systems together, and operate them synergistically for maximum efficiency and comfort.

An EMS is not a substitute for competent building operators; it's a powerful enhancement. Often, building operators use their systems as glorified time clocks, simply scheduling on/off times for HVAC equipment and lighting. But a good EMS is much more useful than that.

Delve deeper into the functions of your EMS by sitting down with the controls company to find out all the great things it can do. Make sure to document or record the session with the controls company so you aren't placing the success of your energy management program in the hands of one person. Often, the EMS has built-in or easily available functionality of which building operators might not be aware. If necessary, consider budgeting for incremental upgrades while looking into potential utility incentives or rebates.

A fully-utilized EMS can perform many functions, including determining optimal start and stop times of equipment automatically, based on readings of indoor/outdoor temperatures and humidity; directing the movement of conditioned air; discontinuing conditioned air at a certain threshold; adjusting ventilation based on CO or CO<sub>2</sub> levels; and monitoring utility meters to allow operators to trend and


track performance—just to name a few. An EMS can also tie into equipment outside of HVAC, including indoor and outdoor lighting, water heaters and irrigation systems.

An EMS can act as a fail-safe to prevent or correct mistakes. It can automatically reset manual overrides on time clocks and thermostats, so a special adjustment doesn't become permanent, and it can limit set points to within a specified range to prevent excessive equipment operations. It can also help you anticipate maintenance issues, pointing out faulty fans and motors before they fail or lose optimal functionality. This saves both money and time.

A properly functioning EMS can help building operators do their jobs better. It can be programmed to send maintenance reminders or operational alerts to a building operator's cell phone or e-mail. It can also perform tasks such as shutting down non-essential plug loads. Some EMS systems have online access, giving building operators the ability to monitor buildings without having to be there, and to provide greater responsiveness to emergencies.

If your building does not have a sophisticated EMS, look into getting one. Properly used, an EMS can typically reduce energy consumption in a building by 10 to 30 percent annually. But remember, you cannot rely entirely on the system. Avoid the trap of "setting and forgetting." It is important to get out in the building and take the time to calibrate sensors and gauges based on independent field readings. Talk with tenants to ensure building operations align with their needs and schedules. Revisit settings and operating parameters weekly. An EMS is only as good as the people operating it, and the level of awareness and implementation they facilitate. ■





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## TAKE CARE OF YOUR CUSTOMERS Your service to clients and customers should shine in economic downturns



NICHOLAS DUNLAP, CPM® (NDUNLAP@DPGRE.COM) IS A PROPERTY SUPERVISOR WITH DUNLAP PROPERTY GROUP, AMO®, IN FULLERTON, CALIF. HE IS IN CHARGE OF THE FIRM'S SOUTHERN CALIFORNIA MULTIFAMILY PORTFOLIO AS WELL AS BUSINESS DEVELOPMENT AND CLIENT RELATIONS.

PROPERTY MANAGEMENT IS A UNIQUE BUSINESS IN WHICH WE SERVE BOTH CLIENTS AND CUSTOMERS. AS WITH ANY BUSINESS, A SLOWDOWN IN THE ECONOMY CAN IMPOSE GREAT FINANCIAL HARDSHIPS ON ALL PARTIES INVOLVED IN A TRANSACTION.

While the owner may be struggling to cover the operational costs of a property, the tenant may have suffered a layoff and have difficulties covering the rent. For the property manager, it is imperative to focus on—and improve—service skills to avoid going down with the tide.

We have all heard the expression, "It's not what you say, it's how you say it." Unfortunately, not all of our correspondence occurs under ideal circumstances or during business hours. For example, at 1 a.m. we might find out that a plumbing problem at an apartment building is going to displace five residents for at least three nights. This will require the owner to pay room and board expenses for the residents, as well as cover the cost to fix the plumbing problem. Situations like this give us a real opportunity to shine.

Rather than have the manager simply refer the residents to a nearby hotel, encourage him or her to go above and beyond what is expected. Have the resident manager present the residents with a list of potential accommodations and offer to place the reservations on the residents' behalf.

Like the resident, the property owner will also be inconvenienced. Begin solving the problem by obtaining multiple bids. Negotiate the bids with each vendor prior to presenting them to the property owner for approval. Presenting what is truly the best bid from each vendor

will convey to the owner that you have thought ahead and are interested in quickly eliminating and solving problems.

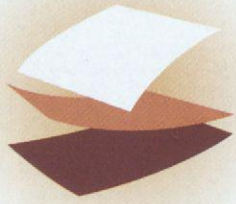
### CONTINGENCY PLANS

Today, perhaps the biggest problem facing managers of multifamily housing is the high percentage of move-outs and their corresponding turnover expenses. As we all know, less vacancy equals less turnover expenses, so it is important to consider potential work-around plans with residents who are struggling to pay the rent as the result of a job loss or decrease in hours at their jobs.

Some property management companies allow residents to vacate without giving a 30-day notice if they provide documentation verifying they have lost their jobs. Other companies are extending late rent grace periods and accommodating those who are otherwise good residents. Whether you introduce one of these ideas, or establish ideas of your own, it is important to adopt a position with your owner ahead of time in case these unfortunate situations arise at your property.

During this economic downturn, it is vital to focus on strengthening the level of service with which you respond to your customers and clients. Establish policies and procedures ahead of time so that you can respond promptly and address issues quickly and effectively. It is important to remember that customers and clients drive our business, and directly impact our ability to thrive and succeed in any economic environment. Utilize periods of downturn as a time to improve your skills and demonstrate to your customers and clients that you care. ■





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## MARK-TO-MARKET ACCOUNTING RULES IMPACT BANKS

Some experts believe that “mark-to-market” accounting rules have forced banks to take steep write-downs on performing assets such as commercial mortgage-backed securities (CMBS), exacerbating the liquidity crisis. These rules have been improperly forcing banks to report billions in losses due to temporary conditions, which have made banks tighten their credit standards and reduce their loan volume for real estate lending.

On April 2, 2009, the Financial Accounting Standards Board (FASB) passed a proposal to relax current mark-to-market accounting rules by giving companies more leeway when valuing assets, a step that could encourage banks to trade their distressed assets more freely and thereby encourage greater lending activity to stimulate the commercial real estate industry. FASB will now allow companies to use their judgment to a greater extent in determining the “fair value” of their assets.

Despite FASB’s encouraging rule change, other new accounting changes have created uncertainty and concern amongst businesses, banks and real estate investors. On June 12, 2009, FASB adopted FAS 166 and FAS 167, which will take effect for most firms on January 1, 2010.

Under FAS 166, companies will be required to bring off-balance sheet assets such as CMBS onto their own balance sheets, potentially forcing banks to raise billions of dollars in new capital and further reducing the amount of lending in an already dried up credit market. Specifically, this rule change calls for the elimination of the concept of a “qualified special purpose entity” (QSPE), which allowed banks to securitize commercial real estate loans and to keep these investments off their balance sheets.

According to the *Journal of Accountancy*, FAS 167 will change “how a company determines when an entity that is insufficiently capitalized or not controlled through voting (or similar rights) should be consolidated. The determination is based on, among other things, an entity’s purpose and design, and a company’s ability to direct the activities of the entity that most significantly affects the entity’s economic performance.”

Both FAS 166 and FAS 167 accounting standards could force costly changes for many banks and firms, creating a significant setback to the revival of the CMBS market as well as the revitalization of commercial real estate liquidity.

## New Provisions Protect Tenants Who Rent Foreclosed Properties

New legislation—S. 896, the “Helping Families Save Their Homes Act of 2009,” includes provisions to protect tenants from eviction as a consequence of a foreclosure affecting the property being rented. For example, many families living in rental housing throughout the United States were previously getting evicted without any prior notice when the home was foreclosed upon. Much of the time, the rental family had no idea the home was in delinquency or subject to foreclosure until their eviction occurred.

Under the new law, which went into effect in May 2009, tenants must receive 90-days notice prior to being evicted when their rental home is foreclosed upon. In addition, tenants must be allowed to stay in the property through the end of their lease, with two exceptions:

- The new owner wants to occupy the property as a personal residence.
- There is no lease (tenant lives month-to-month), or

there is a lease but state law allows the lease to be terminated at any time upon notice.

Notification must be provided by the “immediate successor in interest.” In some cases, this notification will come from the bank (when they assume the home), and in other cases, it may come from the new owner. A number of states have existing laws protecting tenants. This law will pre-empt existing state law, except where the state law offers greater protection. The protections of this law apply only to “bona fide” tenants, e.g., those who have a contract; those whose lease was the result of an arms-length transaction; and the rent for the property is not substantially less than the fair market rent. Under any conditions, tenants may still be evicted if they violate the lease terms. These provisions expire on December 31, 2012. HUD recently issued a notice that provides an overview of these tenant protection provisions and outlines the basic guidelines of the program.





## TALF AIMS TO REPAIR CREDIT CRISIS

In June 2009, responding to the growing credit crisis, the Federal Reserve officially launched the Term Asset-Backed Securities Loan Facility (TALF) to include commercial mortgage-backed securities (CMBS). This program was also expanded to include loans with five-year maturities to help investors finance the purchase of AAA-rated CMBS. Extending TALF to include five-year loans accommodates the longer-term nature of commercial real estate loans because property owners typically take out loans of five, seven or 10 years and refinance the big principle payments necessary when the loans come due.

S&P's expected downgrades complicate the government's TALF program to make financing more available for commercial real estate. Under the current guidelines of TALF, only AAA-rated CMBS are eligible for this program. However, many believe that the federal government will expand TALF guidelines to include loans that were initially AAA-rated, regardless of their current ratings.

In mid-August 2009, the Federal Reserve System and Department of the Treasury announced a six-month extension of TALF, prompted by worries over the meltdown in commercial real estate. The original sunset date of December 31, 2009 was extended to June 30, 2010 for newly issued commercial mortgage-backed securities (CMBS) and to March 31, 2010 for other asset-backed securities and CMBS sold before January 1, 2009, also known as "legacy CMBS."

Last January 2009, IREM adopted a statement of policy urging Congress and the federal government to provide favorable relief to the commercial real estate industry in order to stabilize and provide liquidity to the commercial real estate credit markets. And to help achieve this goal, the IREM policy statement specifically called for the Federal Reserve and the Treasury to exercise their authority to implement and/or expand TALF and encourage its purchase of CMBS and conventional commercial real estate loans.

As reported in *TheDeal.com*, an online resource for corporate and financial dealmakers, TALF has a \$1 trillion capacity to lend to investors in order to purchase new asset-backed securities in consumer and commercial real estate debt. It quotes a Fed statement, as follows: "Conditions in financial markets have improved considerably in recent months, nonetheless, the markets for asset-backed securities (ABS) backed by consumer and business loans, and for commercial mortgage-backed securities (CMBS), are still impaired."



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FOR MORE INFORMATION ON THE TALF PROGRAM.



## CREATIVE INSPIRATION IAC world headquarters in New York is an architectural tribute to the company's forward-thinking vision

DIANA MIREL IS A CONTRIBUTING WRITER FOR JPM. SEND QUESTIONS REGARDING THIS ARTICLE TO MARKISAN NASO AT [MNASO@IREM.ORG](mailto:MNASO@IREM.ORG).

When IAC/InterActiveCorp was building its world headquarters in New York City, some concerned passersby thought the building was falling down. In actuality, the building's unique design was coming along perfectly.

"Someone driving by the building before [we put up] our curtain wall thought the building was falling down because the columns are on these very steep angles," explained Christian Bryan, director of administration for IAC.

Utilizing cutting-edge building technology, the property features a sloped and angled concrete superstructure and the world's first glass curtain wall to be cold-warped, with the glass panels bent on-site.

A leading Internet company managing more than 60 brands, including *Match.com*, *Citysearch.com*, *Ask.com* and *Evite.com*, IAC decided to bring seven of its New York office locations and 400 employees together under one roof. Chairman and CEO Barry Diller envisioned a world headquarters that would both reflect the company's inventiveness and inspire continued creativity.



Enter famed architect Frank Gehry. Best known for the Guggenheim Museum in Bilbao, Spain, and the Walt Disney Concert Hall in Los Angeles, Gehry is an architectural icon with celebrity status. Known for sinuous metal facades, a sculptural approach to architecture, and structures designed with cutting-edge technology, Gehry's innovative style and global reputation complemented IAC's dynamic vision.

But this building went beyond Gehry's trademark steel structures. In fact, it is his first building of this type, constructed entirely of custom-engineered glass.

"We wanted to showcase the interactivity of the company as well as do something that no one else had taken on or tried to do before," said Bryan. "This building still has the nice flowing elements to it, but it is definitely a departure from his normal stainless steel designs."

Set alongside the Hudson River, the 10-story, 130,000-square-foot building's gracefully curved edges and tilted columns create the appearance of a billowing sail. As Gehry's first freestanding building in New York, it stands out among the city's historic architectural gems.

"The typical New York architecture is pre-war; it is brick with windows," said Bryan. "But this is a building that couldn't have been built five years ago because the technology to create its angles and shapes was not around."

The collaboration between Gehry and IAC has garnered plenty of praise and attention since the building's completion in March 2007. The building received a 2008 Architecture Award from *Business Week/Architectural Record*, which recognizes architecture for both its form and beauty and its contribution to business.

The building has also helped to revitalize the



surrounding Chelsea neighborhood into what Bryan describes as a “designer building neighborhood.”

#### FULL GLASS GLORY

Rather than a stiff traditional glass building, Gehry’s design is a modern, yet relaxed and elegant property. Diller had wanted a white building, but also a glass building. To bring this vision to life, Gehry created custom-designed glass with ceramic white dots screen-printed onto the glass. Depending on the weather and the time of day, the pattern on the glass makes the building glow in different lights. On a foggy day, the building will appear milky white; whereas on a bright, sunny day, the building appears striped. At night, IAC turns on its interior lights, making the dots completely disappear so the building becomes transparent.

Gehry’s modern influence permeates throughout the building’s interior as well. With museum-grade finishes, much of the interior requires specialized maintenance and care. For instance, the floors have Douglas fir end-grain wood, tiger wood veneer walls and custom cabinetry. But the true wow factor is in the massive lobby, which features the world’s largest video wall installation. The projection screen is comprised of two layers of three quarters-inch glass with a movie screen pressed between it.

An open-plan design on all of the office floors establishes the company’s sense of community and collaboration. While there are still some traditional offices, about 90 percent of the workstations are open plan exterior views overlooking the Hudson River.

“We have senior vice presidents and presidents of some of our businesses who have chosen to work in a workstation—(1) to collaborate with the team, and (2) because the views are honestly better from any of the workstations than from the offices,” said Bryan.

As the different IAC businesses have settled into the company’s new world headquarters, the building has evolved. For instance, the company painted many of the building’s interior walls in



chalkboard paint, creating unique spaces for brainstorming on a whim.

“The businesses have the ability to have an idea and brainstorm on something without having to find a conference room or wipe board; they can just scribble it on a wall,” said Bryan. “You can see some complex business plans start to grow and evolve from a quote or some idea that now covers a 17-foot section of the wall... We encourage people to go by the wall; when they see it and read it, we encourage them to add their own take on it.”

With this type of collaboration and creative energy pulsating throughout the entire building, IAC and Gehry’s vision has become a reality. The building’s blend of innovative design and cutting-edge technology represents both modern elegance and technical prowess. ■

INSIDE THE IAC BUILDING IS A MASSIVE LOBBY, FEATURING MUSEUM-GRADE FINISHES AND CUSTOM CABINETRY.

PHOTOS © ALBERT VECERKA/ESTO PHOTOGRAPHICS



## RECESSION EFFECTS ALONG THE GREAT LAKES

Part One: Illinois, Wisconsin, Minnesota and Indiana

DARNELL LITTLE IS A CONTRIBUTING WRITER FOR JPM. SEND QUESTIONS REGARDING THIS ARTICLE TO MARKISAN NASO AT [MNASO@IREM.ORG](mailto:MNASO@IREM.ORG).

*Look for Part Two of The Great Lakes in the Jan/Feb 2010 issue to read about New York, Pennsylvania, Ohio and Michigan.*

A common view about the Midwest is that during an economic expansion, the highs don't get too high, and during a recession, the lows don't get too low. This appearance of relative stability in states like Illinois, Wisconsin, Minnesota and Indiana during rocky economic times has always made the Midwest attractive to many investors.

Take Illinois, for instance. The latest unemployment figure for the state is at 9.9 percent, as manufacturing across the area continues to take a pounding. Foreclosures continue to increase and real estate investment activity remains weak. In Chicago, unemployment is even higher at 10.5 percent, slightly more than the national rate. The rising unemployment throughout the state is reducing demand for office and retail space.

But even under these struggling economic conditions, some exciting development continues. CB Richard Ellis, AMO\*, reports the Wilson Yards Shopping Center in Chicago's City North neighborhood, which will feature 190,000 square feet of retail, is scheduled to open in late 2009. The company also has 325,000 square feet of suburban office space under construction in Illinois.

"Financing has become so difficult that it is hampering economic recovery in the real estate market," said Geoffrey Ruttenberg, a Chicago real estate developer and CEO of the Brixton Group. "But we've seen an increase in activity in the last 6 months."

Ruttenberg is near completion of phase one of CA23, a 36,000 square foot residential development in Chicago's West Loop. CA23 consists of 48 units from 2 to 4 bedrooms ranging from 2,000 to 4,000 square feet. There's private elevator access, a 600 square foot outdoor terrace

and a center atrium design to provide extra sunlight.

### QUALITY IS JOB #1

When new development slows down, developers must focus on operations for their existing properties, and Ruttenberg said it is critical that his property managers be diligent, responsible and pro-active toward running his properties.

"We try to build a more sophisticated product," Ruttenberg said. "The properties need to be in pristine condition. I want somebody to care for it as if they are living there themselves."

Joe Learner, a vice president with real estate services firm, Studley, agrees that during times of decreased development activity, investors need an experienced and expert hand in running operations on their existing properties.

"Everybody who owns a property is looking for ways to become more efficient," Learner said. "But sometimes a short-term fix becomes a long-term problem."

Learner thinks a common mistake inexperienced property managers make is to cut costs in ways that affect the tenants. If cost-cutting causes the quality of the building to go down or the quality of tenant services to suffer, then you've created more problems for yourself than you have solved.

"Good, experienced property managers know how to trim costs without it affecting the tenants," Learner said. "That's the kind of expertise you need when you are focusing on enhancing the value of your properties."

### IN DEVELOPMENT

Ninety miles north of Chicago, Milwaukee is



struggling with a depressed office market and a dampening of real estate development overall. Some development is still getting done, however. A new 126,580 square foot Target at the Shoppes at Fox River opened this year, along with a 61,000 square-foot Pick 'N Save. Construction of the 275,000 square foot 8200 Tower at Normandale Lake Office Park in Bloomington was also recently completed.

Still, many developers in the area complain that new development is having a hard time finding equity sources and construction is coming to a crawl.

"Money is on the sidelines," said Bill Levy, CPM®, CEO of Madison, Wis.-based student housing management company BMOC, Inc. "Meanwhile, investors and developers are holding on to their properties longer than they traditionally would."

Minnesota is experiencing a similar squeeze on new development financing, but some projects are still getting done in the area. In Hopkins, Minn., phase three of the 255,000 square foot built-to-suit Excelsior Crossings office campus is under construction. Also under construction is phase one of the 110,000 square foot built-to-suit Crest Ridge Corporate Center in Minnetonka.

"What's occurring here are long-term build-to-suit leases which are getting financing," said Bill Katter, a vice president for commercial real estate developer United Properties.

At around 9 percent back in May 2009, the unemployment rate in Minneapolis/St. Paul was nearly double that of late 2008. As a result, Katter believes the real estate market will continue to be plagued by distress until 2011. But United Properties' sister company, NorthMarq, which provides property management services, has been seeing healthy business due to foreclosures and receiverships.

"Large properties need experienced property managers," Katter said. "Commercial projects—30,000 square feet or greater [are where] you need professionals. We're still getting calls for these assignments."



#### INDUSTRIAL DE-EVOLUTION

Statewide unemployment in Indiana reached 10.6 percent in May 2009, higher than the national average but improved to 9.9 percent in August. High unemployment, along with lagging consumer spending, has resulted in very little new construction in the region.

"Big box spaces are empty as retailers close stores because people are terrified of losing their jobs and are saving their money," said Biff Ruttenberg, co-founder of real estate consulting firm, Atlas Partners. "Manufacturing in the area is in the dumps and financial services are cutting people. General business conditions are poor, so demand for office space is off, also."

Despite the down market conditions, Atlas recently acted as real estate advisors to PVC Compounders in the sale of its manufacturing facilities in Texas and Kendallville, Ind. While Ruttenberg also believes that it may well be 2011 before overall economic conditions turn upward, he thinks the industrial market has not been hit as hard and will rebound first, followed by retail and then office as employment typically is the lagging factor in a recovery.

"Until unemployment figures start dropping and spending increases, we won't see much activity in office anytime soon," Ruttenberg said. "If you can't sell widgets, you don't need widget office space." ■

CONSTRUCTION WAS RECENTLY COMPLETED ON 8200 TOWER AT NORMANDALE LAKE OFFICE PARK, A 275,000 SQUARE-FOOT BUILDING IN BLOOMINGTON, MINN.

PHOTOGRAPHY © UNITED PROPERTIES





THE DWIGHT LOFTS IN CHICAGO FEATURE SLEEK AMENITIES SUCH AS FLAT-SCREEN TELEVISIONS, SWEDISH-STYLE FURNITURE AND RECREATIONAL AREAS. PHOTOS © THE SCION GROUP





# Living in Luxury



UPSCALE DESIGN TRENDS AND SERVICE  
MEET CHANGING DEMOGRAPHICS IN STUDENT  
HOUSING BY CLAIRE BUSHEY

*I*t would be hard to call the space beautiful, although the view of downtown Chicago from the floor-to-ceiling windows certainly is. The room is completely open, except for the support pillars holding up the building. There's no furniture. Instead, there's graffiti; lots of it all over the concrete floor and climbing up the walls. Doodles and words in every color are scrawled underfoot like a carpet.

It's all the handiwork of the residents who live at the upscale Dwight Lofts in Chicago's South Loop, but property manager Jackie Pingel isn't upset.

The building is marketed to students who attend the rash of nearby colleges, including the School of the Art Institute, Flashpoint Academy and Columbia College. Many are pursuing artistic degrees. The Chicago-based Scion Group, which owns and operates the building, designed the 11th-floor room as an all-purpose creative space, equally useful as a film set, dance lot or art studio. It started with white walls and clean floors, but the students soon envisioned it differently.

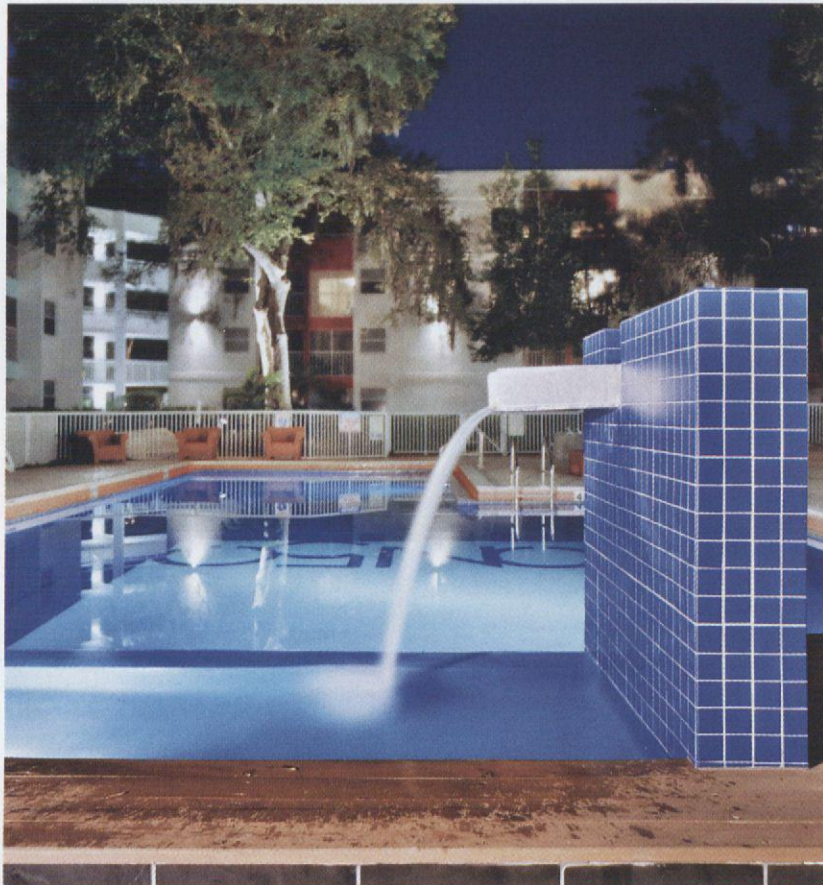
Instead of trying to whitewash the graffiti, Pingel and her team decided





to embrace the artistic talent of their tenants and allowed them to transform the room in a way that fit the vibe dreamed up by the developers. Now, when the maintenance crew paints over the walls, it's only to give the residents a new canvas.

The graffiti room is just one amenity in a property that has many. The rooms are furnished with flat-screen televisions and Swedish-looking furniture with clean lines and bright colors. The kitchens boast granite countertops. There's a workout room, lounge and soundproof practice chambers for music students (and their grateful roommates). All of it begs the question: *This* is student housing?



THIS STUDENT HOUSING IN TAMPA, FLA. IS A GATED COMMUNITY LOCATED ACROSS THE STREET FROM THE UNIVERSITY OF SOUTH FLORIDA (USF). IT FEATURES TROPICAL GARDENS, A NATURE PRESERVE AND A VARIETY OF MODERN AMENITIES.

PHOTOS © THE SCION GROUP

#### LUXURY ACCOMODATIONS

“When I was in college, ‘luxury’ and ‘student housing’ definitely would be an oxymoron,” said Miles Orth, executive vice president of Campus Apartments in Philadelphia, one of the nation’s largest developers and managers of student housing. “People think of [the movie] *Animal House*. But college housing has evolved.”

*In* the last 15 years a new niche market has developed, encompassing places like Dwight Lofts. These properties are far from the stereotype of decrepit appliances and nasty couches parked on the porch. Instead, luxury student housing is characterized by high-end amenities and high-priced rents just off campus, but close enough to serve as student housing to neighboring campuses. These days, Orth said, “Every new project that comes online is better than the last.”

The baseline for luxury can



## LUXURY STUDENT HOUSING IS CHARACTERIZED BY HIGH-END AMENITIES AND HIGH-PRICED RENTS JUST OFF CAMPUS, BUT CLOSE ENOUGH TO SERVE AS STUDENT HOUSING TO NEIGHBORING CAMPUSES.



vary, depending on the local market, but some of the features that have popped up around the country include tanning beds, fitness centers, gaming rooms, huge clubhouses for socializing, laundry service and the ubiquitous granite countertops in the kitchen. Certainly, most of what's on the market beats the "barracks on campus" that housed the parents of today's college students, said William Levy, CPM®, who heads Best Management Onward Campus (BMOOC), Inc., in Madison, Wis, and has worked in student housing since 1978.

*Developers* have been happy to serve the luxury niche market because of the potential for profit. According to Orth, there's a "substantial premium" on luxury units. Professionals in the field estimate the rents run 10 to 25 percent higher than in conventional student apartment buildings. Some student housing is rented by the bed, rather than the unit, and strangers are placed together like in campus dorms. A bed at Dwight Lofts rents for between \$925 and \$1,335 per month, including the utilities, and most units contain four beds.

"There are a lot of young people who just want to live a certain way," said Georgianne Carli, Scion Group's vice president for property management. "There's a certain demographic that wants more, and they [or their parents] will pay for it."

The current restricted access to

capital will likely prevent the overbuilding of the sector, Orth said. This year the usual leasing period of four months for high-end student properties has taken closer to six months, Carli said. Bad economic news between November 2008 and February 2009 paralyzed parents, right at the time they'd usually be considering their offspring's living arrangements for the following year.

"It was a little scary for a while," Carli said.

But if development has slowed, there are still hundreds of thousands of upscale student apartments already in existence across the country. These residences present a new set of challenges to property managers, who must market buildings to multiple audiences through multiple channels, provide exceptional customer service and, quite often, protect the property from the rambunctious residents who live there.

### MAKING THE BRAND

The most obvious difference between marketing a luxury student property versus a regular multifamily building is that property managers must appeal to a greater number of audiences than the final name on the lease suggests. They have three constituencies: students, parents and college administrators.

Student housing property managers publicize their buildings through Web sites and social networking sites like *Facebook*, *MySpace* and *Twitter*. The property must catch the eye

of the students. Branding is Scion Group's fundamental strength, Carli said. A small team spends four weeks considering possible names and color schemes to arrive at an individual concept for each building the company develops.

"Once [prospects] become interested in the building, we show ourselves as being good landlords," Carli said.


That's often what's important to parents. Parents want to know the building is secure and clean. They also want reassurance their children won't miss out on "the college experience" if they choose to live off campus as freshmen or sophomores, which is why many buildings offer some organized activities.

*Property managers* also need to market their buildings to the local college's student housing office. Without the office's respect and cooperation, an off-campus property will flounder. Scion staff invites administrators to tour their new buildings when they open. If students give a building good reviews, the housing office may list it with other off-campus housing options, steering more students to the building's doorstep. If the relationship improves even further, the office may lease blocks of beds when on-campus housing fills up.

### SERVICE PLANS

Service is as important as amenities in pushing a property from the realm





of conventional student housing into the luxury stratosphere. The first step is simply being available when students are around, said Levy, of BMOC, Inc. They wake up later and stay up later, so a property management office should stay open later to serve them.

Service means working with students on rent payment, which can be affected by the timing of grant and loan dispersals, or lack of communication between divorced parents over whose turn it is to pay. It means handing out maintenance tips to young adults who often have never lived alone before. It's offering a choice between a standard 12-month lease and one that runs only for the nine-month school year.

Responding quickly to maintenance requests is critical, property managers said. Upscale properties frequently have larger staffs on-site so non-emergency work orders can be filled quickly. At many properties, a 24-hour turnaround is the standard and expected. With the Internet, displeased students can easily vent their frustrations in public.

"A lot of those customers might write a dissertation (on the Internet), but they never come into the office to tell you," Orth said.

Upscale student housing also is different in that it tries to provide some aspects of dorm life without a parental tone. Scion Group hires "community managers" at each property to guide younger students, answer their questions and encourage them to interact with each other, Carli said. They put together events on recycling and personal finance, and

host Super Bowl parties and fashion shows.

"We want to differentiate ourselves a little bit from the dorms," Carli said. "People who move off campus want a little more autonomy, a little more freedom. They're putting their toes in the water. They're growing up."

#### DAMAGE CONTROL

It's a truism that students tend to create more wear and tear on a property than other types of apartment dwellers. Orth recalled his "favorite" story of destruction, which occurred between five and 10 years ago at the University of South Florida in Tampa. A property manager entered the unit—a gorgeous, ceramic-tiled kind of place—for a quarterly inspection and found a battered dresser, a rank smell and a series of oddly shaped holes in the wall.

The goat was found on the balcony.

"I remember the manager telling me about the call he made to the parents," Orth said. "There was stunned silence at the other end of the phone."

Quarterly inspections are a commonly used tool among property managers at high-end student buildings to combat the effect of goats and other, more mundane threats to cleanliness and order. The first inspection at buildings managed by Campus Apartments happens just in time to mail damage notices to parents before Thanksgiving. Having a face-to-face conversation with mom and dad about charges for damaged property tends to significantly reduce problems for the rest of the year,

Orth said.

Property managers and developers often make decisions geared to minimize damage before students even move in, a process Pingel likened to "toddler-proofing your house." For example, many high-end buildings come furnished with stylish, durable pieces. It's easier to market furnished properties to a mobile demographic that doesn't want to deal with hauling a futon up a flight of stairs, and it reduces the maintenance costs incurred when that futon knocks against a hallway light and smashes it. A dose of forethought can save plenty of money, like when developers installed tile carpeting at Dwight Lofts. Now, if a student burns a hole in the carpet with a dropped cigarette, it costs \$25 to replace one panel, not \$1,300 to re-carpet the room.

Stories like these illustrate why managing student housing, even the upscale variety, isn't for everyone. Students tend to act the same way, no matter how luxurious their surroundings, Orth said.

The people who live in Levy's buildings are at a point in their lives where they're open to learning, and one of things they're learning is how to live independently. For those who lack the patience and temperament, teaching them how to do it can feel like babysitting. But for Levy, who often refers to his former residents as "my kids," it's an opportunity he relishes.

"Everyone in property management thinks I'm nuts for doing student housing," Levy said. "[But] if I do my job well, I make a friend for life." ■





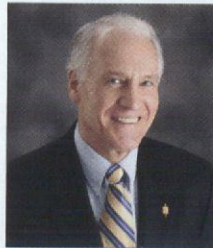
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# RESIDENTIAL APPEAL

## Tips to Maximize Profits at Your Apartment Communities

BY EDWARD KELLEY, CPM® EMERITUS

[EXCERPTED FROM THE IREM PUBLICATION, *PRACTICAL APARTMENT MANAGEMENT*, 6TH EDITION]

**M**ost things lose some of their luster and value with each passing year, and rental apartments are no exception. Real estate managers, and owners especially, must recognize their properties are not frozen in time. What satisfied renters in years

past will come up lacking in the future? As this year draws to a close, take the time to explore *changes* and *challenges* to improve your property, its appeal and its value for the dollar. Some can be involved and pricey, but many more are within most properties' means.

A comparison benchmark is a place to start. How does your property stack up with the neighboring competition? Some people would have us believe that Web site listings are the end-all in apartment marketing. That's really only the beginning. Online advertising and listings can trigger interest and add some direction, but the neighborhood, the actual property and the sales team,



are what ultimately deliver new residents. Failing to impress prospects from the outside means there won't be a chance to show off what's inside. With this in mind, consider the following method of evaluating your property's initial appeal.

Begin by choosing five competing properties for comparison and assign each of these properties an initial rating of 50. Using a form similar to the "Property Comparisons & Impressions" example shown here, have four to six property staff members *independently* (this is very important) visit these neighboring properties. This basically is a drive-through inspection, one that simulates what so many rental prospects do.

Have the reviewers consider the seven categories listed across the top of the form. If one or more are typical of what is found in the marketplace, no adjustment is necessary. If a category is better than the norm, it should be rewarded with an appropriate, positive adjustment using a whole number. If a category doesn't meet the norm, a negative adjustment should be inserted. Repeat this

for each of the listed properties. Finally, based upon what has been seen in the marketplace, have the reviewers rate their own property. Caution reviewers not to sugarcoat this part of the evaluation. Then, tally the scores and have an open discussion about what your staff members have observed and what prompted their scoring. This will give staff members a better idea of the competition, and will provide a roadmap of what needs to be improved to better attract an increased share of prospect traffic.

### ENHANCE & UPGRADE

Evaluating the neighboring properties provides a start, but this evaluation most likely won't reveal the many changes being implemented throughout the rental industry. Changes in the past two years, in addition to what can be seen on the drawing boards, point to a much enhanced living experience residents are seeking. Let's look at a short list of the more expensive and involved offerings followed by some rather affordable upgrade examples that are becoming more and more commonplace.

#### High-Priced Improvements

**Relaxation Garden** Many properties are saying goodbye to the swimming pool as the centerpiece amenity, and are turning instead to the relaxation garden. This is a carefully designed and landscaped area with an evolving, seasonal flower display. The cloistered area is equipped with a variety of seating, fountains/water-scapes and, very often, a large outdoor stone fireplace. The garden is a place for just sitting and enjoying the outdoors, reading and socializing. It enjoys a much longer season-of-use than the pool, is less noisy, and commands premium rents from the units that overlook it. It is proving to be a very strong "selling" feature.

**Car Care Center** This is not a hose coiled on the asphalt. When done right, this is a poured concrete slab with a drain system often positioned under an awning canopy and equipped with a heavy-duty hose and nozzle, vacuum system, trash

## PROPERTY COMPARISONS & IMPRESSIONS

	INITIAL RATING	ACCESS/VISIBILITY	CURB APPEAL	ENTRANCE DESIGN	GROUNDS CARE	GENERAL UPKEEP	AMENITY PACKAGE	OVERALL REACTION	FINAL RATING
Brookfield Hills	50	-3		4	5		5	5	66
Oakwood	50	5	10	5	5		-2	7	80
Tall Trees	50	15	5		-3	-2		2	67
Rolling Green	50		-3	-5			5	-4	43
Willowbrook	50	10	10	3	2	3		8	86
Your Place	50		10	3		-2	-5	3	59



container, stepstool, plus lighting and a power source. It brings rave reviews from both residents and rental prospects.

**Electronic Locks** Master keys are all but gone, and most "key protection systems" are cumbersome and require a high degree of staff diligence. True electronic locks, using Smart Card technology, are very expensive and, as a practical matter, require the replacement of the door and the door buck. The latest retrofit assemblies can be slipped over the existing door opening while losing only one quarter of an inch in width. These sophisticated locks are completely programmable and offer an uncompromising level of security. They are the locks of the future.

**Private Laundry/Utility Room Condominium** developers learned over the years that an in-unit laundry room was essential to a successful sellout. Rentals coming on the market are now following suit. Next to an open-room layout, a laundry/utility room is the most sought-after feature in up-market rentals. Expect this addition to filter down to moderately priced apartments.

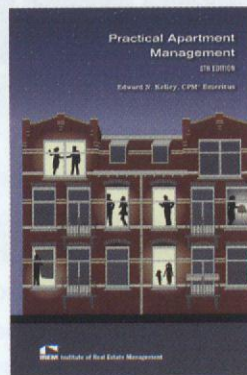
#### *Improvements On A Budget*

While the above upgrades are all well and good, what can be added to an existing, mainstream property while keeping within a moderate budget? The answer is *variety*. Preparing and re-preparing the same apartments with the same paint and carpet year after year is not going to cut it much longer. There are literally hundreds upon hundreds of variations and approaches that will breathe new life and value into time-worn apartments.

How about replacing a bathtub with a shower stall or a walk-in tub? Or, try removing the wall surrounding the kitchen and installing a small island to completely change an apartment's look and appeal. Adding a computer center is a quick fix that will result in a quick sell. A bookcase system with provisions for a large, flat-screen TV changes the ordinary. Consider installing a 16-inch border of hardwood flooring around the perimeter of the living area and then placing a carpet insert in the center. This presents an entirely new look. Or, what about just offering a choice of either a ceramic tile or hardwood floor?

## By the Numbers

A complete, 12-page discussion with step-by-step examples of how to track, calculate, measure and improve your property's average length of stay and the average number of days of lost rent that occurs between rentals, is available to read or print (free of charge) on the IREM Web site. Visit [www.irem.org](http://www.irem.org), click on the "Publications" tab, then "Bookstore" (in the dropdown menu), and select *Practical Apartment Management, 6<sup>th</sup> Edition*. On the Web page that opens, you will see a hyperlink that reads, "click here Ch.19 Length of Stay."



There are so many renters suffering from allergies who would jump at this option. If you run out of ideas, try some decorator paint combinations, crown molding or upgraded hardware/fixtures. They all cost money, but they all pay rewards in terms of quicker rentals, better clientele, higher rent and a much improved employee morale.

Popular common-area upgrades include package receiving, a wireless lounge, emergency call stations, a bicycle room and rental storage rooms.

#### DON'T FORGET THE BOTTOM LINE

Most planning for a new year includes ways to cut operating costs. Owners love frugal managers who hunt for ways to save money, which can add up to hundreds, and possibly, even thousands of dollars. But, so many managers miss the single best opportunity to add literally tens of thousands of dollars to their property's bottom line. That is accomplished by increasing the property's *length of stay*.

Jot down an estimate of your property's average length of stay on a piece of paper. Also include the average number of days of lost rent that occurs between rentals. If you don't know, a guess will suffice and may provide a surprise when the real numbers are determined. Improvement in these two categories is the key to improving a property's bottom-line profit. The problem is that few properties track these numbers and, without that measurement, improvement becomes just a matter of chance.

In the years ahead, real estate managers will become aware of the impact of an entirely new rental market segment that is growing every day. Let's



call them the *sundowners*. These are typically people in their 50s or early 60s, who have a home and previously might have been expected to remain there until their retirement plans took hold. However, a degree of financial uncertainty now prompts them to consider housing alternatives. Salary reductions, shrinking job opportunities, investment and savings losses and stagnant home values are some of the contributing factors. Sundowners may be experiencing—or fear the time when there will be—monthly cash shortages. They need to put their home equity to work. Purchasing a condominium won't help much, and reverse mortgages are expensive and full of complications. If they could find an upscale rental unit in a quality development located in a nice, safe neighborhood, that just might be the answer.

An increasing number of people are turning to upscale rentals instead of home ownership. Currently, the limiting factors are the ability to connect with a creditworthy buyer for their home and locating a rental property that can meet their criteria and standards. Expect this new market segment to explode as the for-sale market and finance availability improves. These new renters bring with them longevity, compatibility and financial stability. The better properties will be positioned to take advantage of this surge of new renters.

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## TAKE THE TIME TO EXPLORE CHANGES AND CHALLENGES TO IMPROVE YOUR PROPERTY, ITS APPEAL AND ITS VALUE FOR THE DOLLAR. SOME CAN BE INVOLVED AND PRICEY, BUT MANY MORE ARE WITHIN MOST PROPERTIES' MEANS.

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We've covered a wide range of topics, but we haven't yet considered what the customer thinks about our property and operation. It makes sense to seek some free advice from these experts who are actually experiencing our properties firsthand. This can be a little tricky, and surveys shouldn't be overly complicated or repeated very often. Ask one question, two at the most. The accompanying feedback form produces a surprising response rate.

Normally, it is difficult to get a candid response from residents while they are still living at your property, but this "check the box" format works well. It is sent via e-mail. Each box has a hidden value of 1 to 10 on the "A Pleasant Experience" side and -1 to -10 on the "Could Be Better" side. The *mode* (most frequent response) is the number that is most important in evaluating overall performance and grading improvement. The typed-in comments are especially revealing and often point to serious shortcomings. Limit this survey to no more than once a year.

With the year winding to a close, it is time to try something new. Surely your property can do with a lift, your residents will be grateful, prospects will be intrigued and the property's bottom line will increase. Happy New Year. ■

### YOUR FEEDBACK WILL BE MOST HELPFUL!

We would very much appreciate your rating how we are doing. With your help we can make improvements and adjustments.

Please indicate your level of satisfaction by checking one of these boxes.



COULD BE BETTER

AS EXPECTED

PLEASANT EXPERIENCE

Please tell us the primary reason for your rating.



Ed Kelley, CPM® Emeritus, is author of the recently revised IREM publication, *Practical Apartment Management*, Sixth Edition, and has been an active IREM Member for 45 years. He has served in leadership positions at both the local and national levels for IREM and was a senior instructor on the IREM National Faculty. Kelley has twice received the *JPM Author of the Year Award*.



# Dual Representation & CONFLICTS OF INTEREST in Real Estate Management



by Frederick C. Doehring, CPM®, CMCA®

*This case study explores the ethics encountered in dual representation and conflicts of interest that may arise in community association management. Note that the names Smith Apartment Company and Johnson Management are used as pseudonyms, and certain facts have been altered to protect the confidentiality of the parties involved in this case.*

**Business is business, and ethics are ethics.** How many times have you heard this? How often have you heard comments that it's easier to stand up for "right and wrong" when you're 64 rather than when you're 25 and your career is just taking off? Well, you may be brave, or you may need that job for legitimate reasons beyond making that next BMW lease payment. Many of us have real reasons to be reticent about standing up for our moral or ethical beliefs, or even our professional oaths. However, you either have to go along with issues counter to your



professional or personal beliefs, or stand up for these beliefs and suffer any consequences.

Do you really have the option of staying quiet? The outcome for you individually as a professional and a CPM Member depends on a number of conditions, but the lesson should be clear: You have a duty to your client, and you should be clear about who your clients are and what you are undertaking as you strive to fulfill your commitments, maintain your integrity and enhance your reputation.

#### CASE STUDY BACKGROUND

The state's real estate licensing law where this case study takes place, and both the Institute of Real Estate Management (IREM) and the Community Associations Institute (CAI) codes of ethics set the background for this case-based study.

This particular state, along with many other states, does not have licensing, educational, or any other formal training and certification requirements for entry into condominium management. However, this state does require a real estate license for management of apartments and commercial properties.

The property management company used as the example in this case study required that all their managers have active real estate licenses, regardless of the type of property they managed (an unusual practice in condominium management in this particular state). The property management company actively managed apartments and condominium communities, as well as commercial properties, and participated in upscale commercial development. The management company partners were all brokers and each held the CERTIFIED PROPERTY MANAGER (CPM) designation. Each partner had divisional responsibility for each type of property the company managed. The senior property manager also held a CPM designation. All condominium managers had specific responsibilities to the company's broker under state licensing law.

#### CASE DEVELOPMENT

In the early 2000s, Smith Apartment Company, which owns a large number of apartment communities, decided that the company's apartment communities that had been fully depreciated for tax purposes were in need of rehabilitation, and should be disposed of due to the high cost of curing accrued physical deterioration. The company decided to dispose some of these assets by converting them into condominiums. These properties would be "freshened up" and marketed to first-time homebuyers at attractive prices. The company would use its own employees to direct and coordinate all work (as one property would be finished, the crew would start on another), and local real estate brokers would market and sell the apartment units from an onsite office. Property management firms would be hired to work with both Smith Apartment Company and the homeowners prior to and after turnover of the properties to homeowner control. The management company would then handle resale certificate preparation when units were later resold by the "first in" homeowners.

In 2004, Smith Apartment Company negotiated a management contract with Johnson Management Company, whereby Johnson would assume property management responsibilities of Smith's apartment communities during and after conversion into condominiums. This would place Johnson Management in a dual representation capacity, since Johnson Management would work both for Smith Apartment Company and its "developer-appointed" boards prior to the property's transition, and for the homeowner boards after the turnover.

Smith also signed binding management contracts with Johnson Management for management services after turnover of each of the properties to homeowner control (on behalf of the new homeowner boards). With Smith's intention to convert a large number of its apartment communities to condominiums over several years, Johnson Management's portfolio would experience a very profitable, long-term,



This feature was reviewed and approved by the chair of the IREM Ethics Committee. For more information about ethics visit [www.irem.org/ethics](http://www.irem.org/ethics).



steady growth.

The first property manager assigned by Johnson to work directly with Smith Apartment Company during the conversion process would also manage the properties after turnover to homeowner control. At the same time, the property manager would begin work with Smith Apartment Company on the next conversion. This process would repeat until the manager had a full portfolio of Smith's conversion properties. Also, as each of the properties came under management, the property manager would shed one of his or her existing conventional condominium accounts. Additional managers would be assigned as Johnson's conversion portfolio grew.

#### CONFLICTS OF INTEREST

During this time, the condominium market was very hot for new or converted condominium units, and resale was brisk for existing, previously sold units in developer properties yet to be turned over to homeowner control. The state's condominium law required resale certificates as a vehicle for third-party verifications and dis-

closures signed by an officer or an authorized agent of the association in any resale of a unit. The homeowners' condominium management company normally prepared these documents.

However, according to Johnson's managers, the executives at Smith Apartment Company demanded that certain material disclosures *not* be included in these certificates, perhaps due to the fact that they had not reported deficiencies in their Public Offering Statements (POS), and perhaps due to the future possibility of lawsuits for failing to disclose deficiencies at all. Meanwhile, Johnson Management had confidentiality and disclosure conflicts due to dual representation. Johnson's managers were in conflict with this mandate, and each made those concerns known to the brokers at Johnson Management.

Many maintenance and structural deficiencies were discovered during each conversion. Smith Apartment Company did not want the assigned property managers or Johnson Management itself to advise or disclose to homeowners or their board members the existence of these defects. However, in many instances the pre-transition boards became aware of defect issues on their own and assumed that the managers (and Johnson Management) were representing their interests because the homeowners were paying their share of maintenance and management fees, and had management contracts with Johnson.

In addition, the pre-transition boards assumed that the property managers would negotiate with the developer about these discoveries on the board's behalf, and arrange for the board to be represented by, and work with, an attorney selected by the board, if needed. During conversion, however, the stated position was, "We didn't touch it, we aren't responsible," and Smith Apartment Company directed the property managers to avoid these issues.

An example of one of the issues that involved "defects" was the practice of painting over dry, rotted deck-support columns. The repair of problems as they were encountered was not

## DISCUSS THE CASE STUDY!

Have you faced a similar dilemma? Carry on discussion of the issues raised in this case study on IREMFIRST.

Go to [www.IREMFIRST.org](http://www.IREMFIRST.org). Go next to the Knowledge Center and then to the Ethics section.

#### SOME SUGGESTED DISCUSSION QUESTIONS ARE BELOW:

- What would the ethical considerations be in this case if a condominium converter bought the property in an arms-length transaction from an owner, rather than having owned and maintained the property for 15 years prior to converting their property from apartments to condominiums for the purpose of resale?
- Would this case be any less complicated if state real estate licensing was not an issue?
- Who is the "client" from the perspective of the property manager, and the property manager's broker?
- How should Johnson Management have structured its management of multiple clients in dual representation where there were legal and ethical considerations?



*The professional property manager needs to be aware that business relationships can be clouded, and personal—as well as personnel—decisions have ethical ramifications.*

routinely addressed, and problems were not disclosed in the Smith Apartment Company Public Offering Statement (POS). Additionally, these issues were not shared with either Smith's "developer" board or with the homeowners' post board. Smith had performed all maintenance during their holding period and refused to provide maintenance records.

The first conversion resulted in the board of directors instructing Johnson Management—through the community association/property manager—to hire an attorney to represent them in negotiations with Smith Apartment Company for repairs of a number of defects. Fortunately, the claim was small and Smith finally settled with the board. The second conversion did not have the same outcome, however; and neither did the third or following conversions.

The original property manager had consistently worked with all parties to resolve issues before they became serious contractual or legal problems, and kept Johnson Management's brokers updated about issues on a daily basis. Even though the manager had developed a direct relationship with the Smith site employees and with the vice president for Smith conversions at the company's corporate office, Smith Apartment Company instructed Johnson Management to fire the property manager. Serious issues were developing regarding disclosures and representations. When the property manager asked one of the Johnson partners for clarification regarding who the customer was, the property manager was told that the boards of directors of each condominium were the "legal customer and that Smith Apartment Company was the actual customer."

#### LAWSUITS

In time, Johnson did fire the property manager and did not reassign this manager to other condominium properties, as could have easily been done within the company. At least three subsequent Johnson managers experienced similar situations and also resisted pressure to remain silent on issues. Johnson eventually realized that they couldn't continue to fire experienced managers at Smith Apartment Company's demand and "procedures" have now been "tightened" at Johnson Management.

There are currently several lawsuits filed against Smith Apartment Company by Johnson Management's client condominium associations, with the potential for more. These suits may extend to include the management company itself. Present and previous property managers for Johnson Management have been deposed.

#### ETHICS AND FACING THE DILEMMA

The main ethical questions suggested in this case study involve issues of "who the client is;" the managers' and the management company's fiduciary responsibilities; what type of disclosures should be made; and when disclosures should be made to clients and the general public. These dilemmas are common and can be complex.

There are normally conflicts in prioritizing ethical, legal and confidentiality issues in everyday management. The professional property manager needs to be aware that business relationships can be clouded, and personal—as well as *personnel*—decisions have ethical ramifications.



The dilemma for each of the study participants is characterized by the following:

#### ATTRACTING AND KEEPING TENANTS

Johnson Management offered professional condominium management services in a competitive market, where anyone could start a condominium management company and capture accounts by offering lower management fees. This "ease of entry" for unqualified or inexperienced managers doing business as management companies was common. The operating expenses of many companies were consequently lower; and many not only used cheaper, inexperienced managers, but also operated out of personal homes and used other means to offer low-cost management fees. Johnson Management, however, employed higher-cost, professional managers; had offices accessible to the public; and generally had higher overhead. Attracting and keeping business in such an environment was costly and time consuming, as well as barely profitable.

Securing a large client with long-term needs enhanced the company's market share and secured its near-term finances. This client would supply a steady stream of management contracts over many years. The promised stability and longevity of this client and the resulting management fees, in contrast to the normal turnover of condominium associations in management portfolios, was a strong motivation to provide the client with unquestioning loyalty. Johnson Management never formally disclosed its full role to its client condominium associations, and expected its managers to follow the company's lead in its choice of client loyalty in the matter of disclosures and associated confidentiality issues.

Johnson Management did feel it was fulfilling its management obligations by actively performing normal day-to-day functions outlined

in the management contracts.

#### PROPERTY/COMMUNITY ASSOCIATION MANAGERS

Johnson's property and community association managers were professionals who maintained real estate licenses, and some of these managers also had IREM designations and CAI certifications that increased their personal worth. These managers were serious about their commitments to their employer and clients as well as their profession. Many understood the conflicts associated with the circumstances surrounding their company's affiliation with Smith Apartment Company, and they watched with interest as the situation developed within the company due to representing Smith.

The property manager initially assigned by Johnson to manage each of Smith Apartment's conversion properties expressed concerns, attempting to follow state licensing law and resale certificate statutes in respect to disclosures as well as ethics codes relating to fiduciary duties. Even though this manager continued to treat Smith Apartment Company and each condominium association fairly and openly, and tried to clarify and work out mutually satisfactory solutions for both clients, Smith still demanded that manager's termination.

In the end, the investment group was treated as the actual customer and the individual condominium associations as the legal customer.

All Johnson Management property managers have been deposed for pending lawsuits initiated by condominium associations against Smith Apartment Company. The loss of man-hours and money in responding to the parties in each lawsuit has been substantial, and the questions of who the customer was and the correlating ethical responsibilities may finally be determined in a court of law. ■



To enroll in the new IREM Ethics Online (ETH001) course, visit [www.irem.org/education](http://www.irem.org/education).

## DISCUSS



Fred Doehring, CPM® ([smugglerscove1@earthlink.net](mailto:smugglerscove1@earthlink.net)), has over 30 years experience in private sector property management and as an asset manager in government and banking. He is based in Kirkland, Wash.



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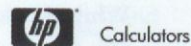
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# golden opportunity



THE OLYMPICS  
OFFER LONG-  
TERM BENEFITS  
TO REAL ESTATE  
MANAGERS AND  
THEIR CITIES  
BY KRISTIN  
GUNDERSON HUNT

## Hosting the Olympics is no small feat.

Deserving of a gold medal itself, it requires making a positive impression on the world; not spiraling down into debt; and keeping the games alive long after they've left.

While host cities have not always directly profited from the games, many have experienced boons in their economies—particularly in tourism and infrastructure—making the hefty investment in the Olympics worthwhile, according to some real estate and Olympic games experts.

### INVESTMENT OPTIONS

The financial investment required to host the Olympics varies widely from city to city, said David Wallechinsky, vice president of the International Society of Olympic Historians and author of *The Complete Book of the Olympics* and *The Complete Book of the Summer Olympics*.

"There is just no formula," Wallechinsky said. "It varies radically. Different cities invest different amounts of money based on infrastructure."

The amount of money spent typically depends on the support a city receives from its local and





national governments; how a city elects to finance the games; and perhaps most critically, the number of structures that already exist or must be built for the events.

"In every city it's going to be a mix and match of what they already have and what they need to build new," said Tom Kirschbraun, managing director for Jones Lang LaSalle in Chicago.

While the investment certainly varies among host cities, during the last 30 years most cities have spent billions of dollars to pull off the games. Kirschbraun said the money usually comes from a combination of philanthropic giving, the private sector, and infrastructure dollars from the national or local government. He said the Olympics' profitability is hotly debated and the use of public money to fund such a short-term event is at the heart of the debate.

"You have limited resources wherever the games take place, and the argument is over whether it's an improper use of money," he said. "My belief is it is a way to accelerate infrastructure investment that benefits the host city for a long time."

The profits and losses host cities have experienced over the years are not clear. Cities account for their expenses and generated income in different ways, and they often are not open about finances related to the games, further confusing the games' profitability.

Wallechinsky said cities should never count on making a lot of money from hosting the Olympics. However, Kirschbraun said the infrastructure changes in the form of transit and real estate are typically valuable.

"Hosting the Olympics gives you an opportunity to get capital dollar investment that can transform sections of the city," he said. "(Host cities) typically experience the long-term benefit of tourism—primarily through hotel occupancy—and infrastructure changes

to the fabric of the city."

#### AFTER THE CIRCUS LEAVES TOWN

To experience the long-term benefits of hosting the games, cities must not only excel at putting on a show for the several weeks the Olympics and Paralympics are in town. They must successfully transition their cities and Olympic venues after the games.

"It's going to be unique to each city as to which venues stay and which venues get dropped," Kirschbraun said. "If you have a user that can fund operations (of the venue) after the games, and it isn't a public burden, then you keep it."

He said in most cities a fair amount of the facilities are either temporary or later modified to meet a broader use after the games have ended. Venues for specialty sports like luge, speed skating, white water rafting and cycling are often temporary and demounted.

The Olympic stadiums, which are home to the opening and closing ceremonies, and are required to hold 80,000 people, are handled in a variety of ways. In the United States, very few of these are entirely permanent because not many sporting events attract such a large crowd.

Atlanta's 1996 Olympic stadium became Turner Field, home to the Atlanta Braves baseball team. Because the stadium was required to be oval shaped and have a track, a portion of the stadium was temporary and removed after the games to create an appropriate baseball diamond. The University of Utah football stadium was expanded with both permanent and temporary seating to house opening and closing ceremonies in 2002.

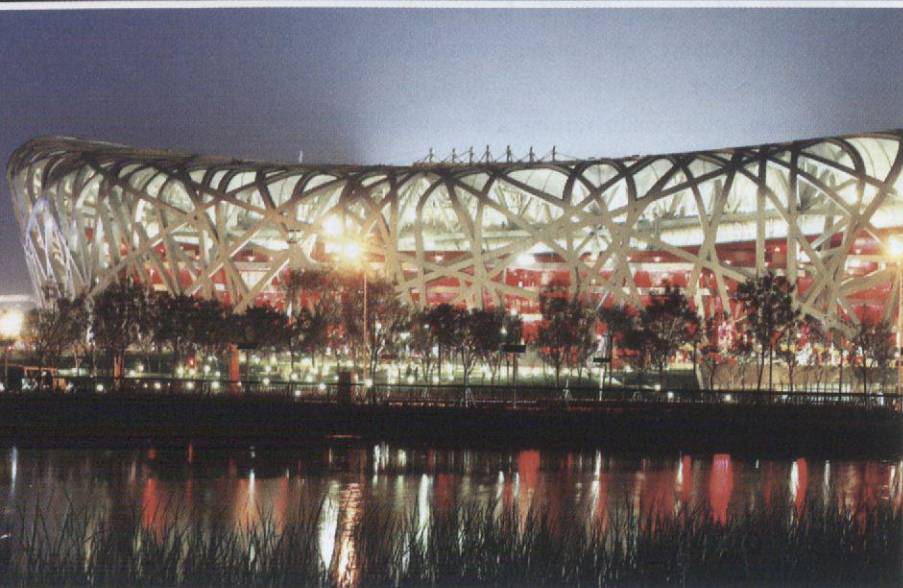
"The challenge is finding uses after the games that have a financing mechanism allowing them to operate in a profitable or responsible manner for the public," Kirschbraun said. "For the things that don't make sense financially, you build



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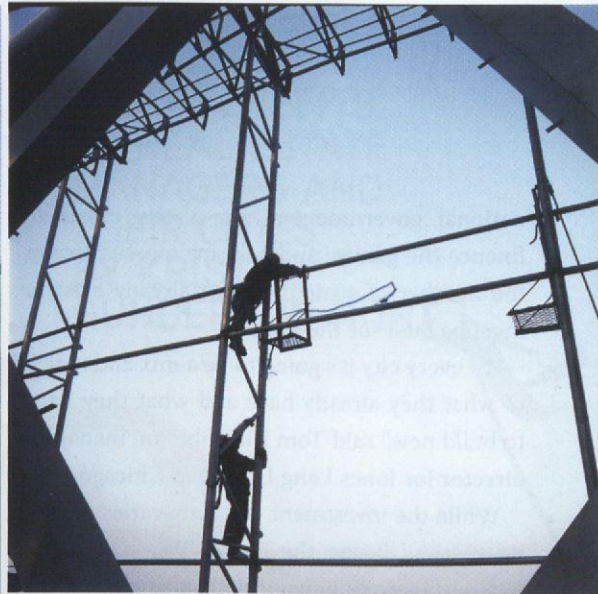
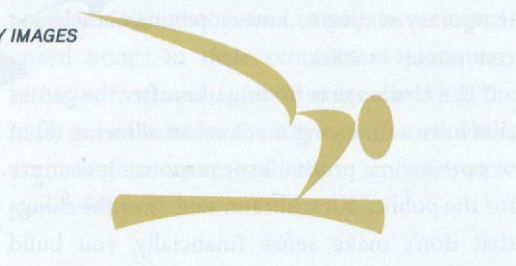






IN MOST OLYMPIC HOST CITIES, LIKE 2008 HOST BEIJING, MANY CONSTRUCTED VENUES ARE EITHER TEMPORARY OR LATER MODIFIED FOR BROADER USE AFTER THE GAMES.

PHOTOGRAPHY © GETTY IMAGES



those temporary.”

#### IT TAKES A VILLAGE...

While determining effective uses for any former Olympic venue is challenging, retrofitting Olympic villages to private housing is one of the most difficult aspects of transitioning to a post-games city, said Jim Lowenberg, co-chief executive officer of Magellan Development in Chicago.

He said Olympic villages are densely packed, typically housing 17,000 athletes and officials during the games. However, a post-games development might only have 2,000 to 2,500 units and serve a much smaller population, he said.

Lowenberg said developing such properties is difficult because they must be designed to meet the Olympic committee’s strict standards regarding issues like security and athletes’ proximity to events, while also being adaptable enough to appeal to the public post-games.

“The challenge is taking an institutional setting and economically converting it into an open neighborhood where people want to live,” Lowenberg said.

In both Salt Lake City and Atlanta, the villages were transformed into dormitories for local universities, and the schools now manage the properties. Barcelona’s 1992 Olympic village was transformed into an urban center with resi-



dences, retail and commercial office space.

Vancouver, home of the upcoming 2010 Winter Olympic games, is also planning to morph its village into a mixed-use development with restaurants, shops, and low income and market-rate luxury accommodations. 2016 Summer Olympic games host, Rio de Janeiro, intends to construct a replica downtown street, complete with bars and cafes, in the heart of its Olympic village. A detailed plan for the street shops after the Olympics has not yet been established.

Lowenberg said it's well worth the challenge to develop such properties because of their potential. His company, Magellan, became involved in the bidding process to develop the Olympic village for Chicago, when the city was in the rummaging for hosting the 2016 Summer Games.

"If it's done right, it should be very successful, and the Olympic name should lend some cache to the development."

#### ADVANCE PLANNING

To be "done right," venue uses after the games must be planned far in advance so they don't go to waste or become a burdensome cost for residents, said Scott Beck, president and CEO of the Salt Lake Convention and Visitors Bureau.

"The venues built for the Olympic experience in Salt Lake were all planned with an afterlife," Beck said. "If there isn't enough forethought given, they become quite a drain on the local municipality that funds them."

That advance planning gives real estate managers an opportunity to determine their interest in managing any of the post-games venues. Experts said property managers should focus on managing the venues after the Olympics instead of during the Olympics, as the opportunities during the games are limited because the

Olympic host committee truly runs the show.

Beck said temporary venues are managed by the host committee and then torn down after the games with no need to be managed. Most existing venues like basketball and football stadiums or ice arenas are co-managed by the host committee and the management team that was already in place before the Olympics. During the games, the Olympic village is run by the host committee and the companies they contract with for things like food service. The developer often manages the engineering and maintenance at the village.

Post games, however, the Olympic villages and the budding hospitality industry in the surrounding area provide the most management opportunities, experts said. Kirschbraun said interested developers and managers need to be aware of which entities are in charge of certain venues, and the plans for the venues after the games so they can join the bidding process. He said pertinent information is included in vying cities' bid documents, which are public information once the final submission is given to the International Olympic Committee.

"Depending on who controls the assets after the games will define who manages them," he said. "I would keep my eye on what's going on as soon as it's on the radar. Be aware of who is driving the bus and what the legacy use is going to be."

Because a city's developments will be on the world stage and can influence opinion of the games, those bidding to be a part of the process should have a well thought-out plan in place that will impress the selection committee.

"The International Olympic Committee is interested in legacy and getting everyone interested in sports," Kirschbraun said. "It wants everyone to have a good taste in their mouths after these things are done. It requires an extraordinary amount of forethought." ■

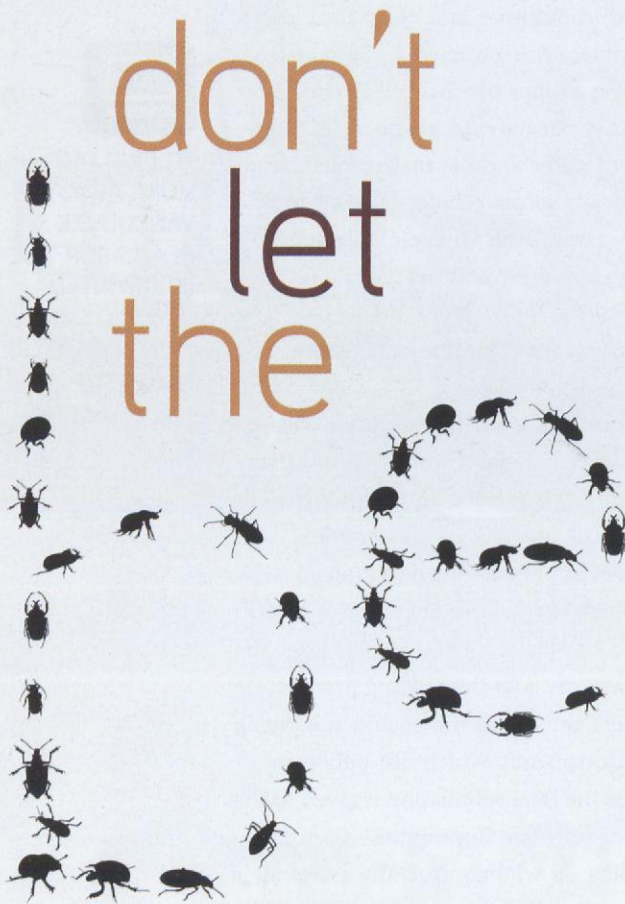


TO FIND OUT MORE ABOUT VANCOUVER'S PLANS FOR THE 2010 WINTER OLYMPIC GAMES, VISIT [www.vancouver2010.org](http://www.vancouver2010.org).

Kristin Gunderson Hunt is a contributing writer for *JPM*. Send questions regarding this article to Markisan Naso at [mnaso@irem.org](mailto:mnaso@irem.org).





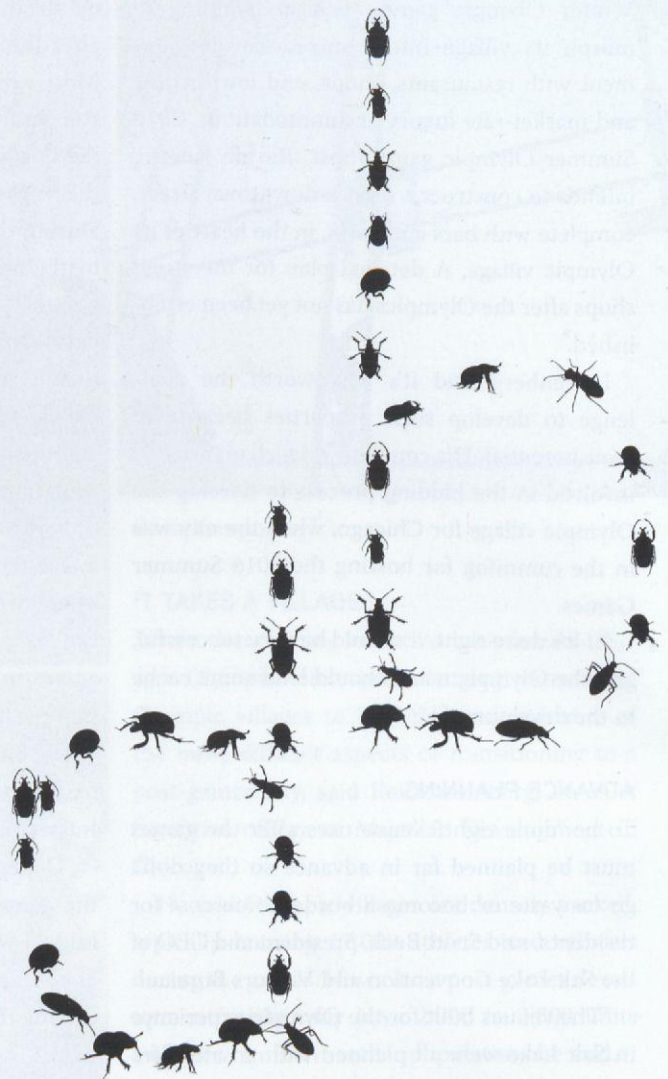


I was beginning to get sleepy, having just finished watching an episode of "CSI" when the phone rang. It was my daughter and she sounded a bit frantic. I asked her what was wrong. She said she had several welts or bites on her arm, and she had noticed a small insect on her leg that had fallen off and scurried away.

"You need to do something, Dad!" she cried.

I *did* have to do something because I knew she had bedbugs. As the department head of the division that managed her building, it was now my responsibility. But Class A high-rises are not supposed to have bedbugs.

Bedbugs have been considered the scourge of mankind for many centuries. If, or when, word gets out that you have a bedbug problem in your property, public relations can be a nightmare. Americans are typically quite agitated by the thought of any insect infestation and are very wary they might be "infected" by their neighbor who has the



problem. The key to controlling the bad publicity is to treat the problems immediately and continue to check for signs that they might return. The following will help you understand the reason for this growing epidemic and how you can best eradicate and ward off bedbug infestations.

#### WHO ARE THESE CRITTERS?

Bedbugs are very small insects (about the size of the end of a pencil point) that live in warm or controlled climates, including residential housing. They are light-shy and tend to hide in dark places, such as voids in walls and bed boards. At night or during periods of very low light, they search for a mammal from which to extract blood. Not all people react to the bite. Some people have developed



# IREM MEMBER OFFERS SOLUTIONS TO ELIMINATING A FAST-GROWING PEST PROBLEM

BY GREG MARTIN, CPM® EMERITUS



immunity to these insects while others develop large welts.

Although they are not a known carrier of diseases, bedbugs are a great nuisance once they have fed because they lay eggs, which can stick to any variety of objects such as shoes, mattresses, couches, etc. Residents who visit a home infested with bedbugs can accidentally pick up the egg casings on their clothes or shoes. Live bedbugs can hide in packages or other objects that may be moved from one housing unit to another, including used furniture or bedding. In addition, bedbugs will travel from one apart-

ment to another along electrical or plumbing runs, as well as under the unit dividing walls.

Bedbugs were virtually eradicated when DDT (Dichlorodiphenyltrichloroethane) was developed in 1939 and subsequently put to use for pest control issues. DDT was later discovered to have a number of disastrous and deadly side effects and was banned in 1972. Following the ban on DDT, the birds and other affected animals (along with the bedbugs) have rebuilt their populations. There is presently no effective alternative treatment for completely





EXTERMINATORS COMMONLY USE PROFESSIONALLY TRAINED DOGS WITH HIGHLY SENSITIVE NOSES, LIKE THESE BORDER COLLIES, TO SEARCH FOR BEDBUGS.



PHOTOS © WILD GOOSE CHASE

eradicating bedbugs, and their population appears to be exponentially increasing.

### RESIDENT REACTIONS

Because of the bedbugs' ability to hide and because their egg casings can be accidentally moved, it is difficult to affix blame for the pests getting into a property. There is not an infallible method to pinpoint the source of the bedbug infestation in a residential unit. Currently, it is best to work closely with residents to keep further infestations from occurring.

Most residents become quite upset about bedbugs when they learn they have them (they think of the insects along the same lines as a vampire cockroach!). They are even unhappier when all their cloth material must be cleaned and most of their possessions within the unit are moved for the exterminator to fully treat the unit.



Although the majority of your residents will be disgusted by bedbugs, it's important to keep in mind that many foreign residents may be indifferent to a bedbug infestation and some may even have developed immunity to bedbug bites. Bedbugs are so common in some countries that they may be treated the same way we think of flies or spiders in the United States. Unfortunately, a bedbug problem will not be reported by these unconcerned residents and the bedbugs can spread out to all contiguous units by crawling through electric conduits, pipe chaises and outlet voids.

### SEARCH & DESTROY

Once you have confirmed you have bedbugs (sometimes they can be mistaken for bat bugs or an errant deer tick) you need to determine what remedies are available and what areas of the property to treat. Given the common and convenient means for bedbugs to travel from one place to another, it is extremely important to treat all apartments beneath, above and on the sides of the infected unit. If any are found to contain bedbugs, you then have to expand your area of treatment and inspection of apartments. You have to continue inspecting apartments until you come to one that is bedbug-free. There are professionally trained dogs with highly sensitive noses that are much better suited to finding bedbugs than humans. Ask your exterminator about the inspection methods they use.

You then have to treat all of the units that are found to have the bedbugs. Traditionally, all clothes and fabrics need to be removed and laundered, or disposed of properly. Furniture that is covered with soft fabric needs to be



# ONCE YOU HAVE CONFIRMED YOU HAVE BEDBUGS YOU NEED TO DETERMINE WHAT REMEDIES ARE AVAILABLE AND WHAT AREAS OF THE PROPERTY TO TREAT.

treated with a steam gun (temperature must reach 120 degrees). This heated steam will kill the bugs and their eggs. All other areas of the unit need to be treated with insecticide or diatomaceous earth. Any chemicals should be applied by a licensed exterminator and the residents must vacate the unit for 8 hours. The key is to make sure that all areas that could harbor bedbugs, including any clutter and tightly packed belongings, are treated by the exterminator. A typical infestation will cost you about \$300 to \$400 for each unit requiring treatment.

Because of the incubation period of the bedbug eggs, the treated units must be inspected every week and re-treated if live bedbugs are found. Once you have two periods in succession where no live bedbugs are found, you can discontinue weekly inspections.

If you are looking for a more effective and less disruptive alternative to the steam gun and insecticide treatment, there is one available. A portable heat unit can be placed in the affected apartment to heat the unit to 150 degrees. This heat needs to permeate the unit for 6 hours in order to kill all the bedbugs, as well as the egg casings. This method of treatment is fairly expensive because of the set up and cost of the equipment (\$1000 per unit) but the treatment is much more effective. A word of caution: You have to be very diligent in not allowing a resident to take out articles prior to the heat treatment only to return with the untreated items, or you'll be right back where you started.

At this point in time, numerous task forces and informational committees are forming to address the above problems; more information concerning these pesky critters will be available soon. In the meantime, until somebody comes up with a low-cost solution for eradicating bedbugs, they are likely to continue to be a nuisance. ■



Greg L. Martin, CPM® Emeritus, is the vice president of Draper and Kramer, Inc., a property and financial services firm in Chicago. He has worked in the real estate industry for over 33 years, and has served as IREM Chicago Chapter President and on a national level for IREM as a Regional Vice President and a member of the IREM Executive Committee.



[TOP] RUNNING A PORTABLE HEAT UNIT IN AN APARTMENT AT 150 DEGREES FOR 6 HOURS IS AN EFFICIENT WAY TO ELIMINATE BEDBUGS AND THEIR EGG CASINGS. [BOTTOM] A BORDER COLLIE CONTINUES THE SEARCH FOR BEDBUGS.

PHOTO © SMITHEREENS EXTERMINATING






## CLEAR CONVERSATION WILL HELP YOU MANAGE & ASSIST TEAM MEMBERS

BY JULIE L. MUIR, CPM® | ILLUSTRATIONS BY PAUL LUKAS

# communication

*Flight 201 to tower, come in tower. Over. Flight 201 requesting assistance with turbulent landing. Over.*


*Tower to Flight 201, too much static. Say again?*



Much like air traffic controllers assisting pilots and their crews in landing planes at an airport, real estate managers are responsible for clearly directing their management teams, clients and vendors. Any misinterpretation, hesitancy or static on the line can spell disaster. As a real estate manager, you need to ask yourself how you can best assist your team members. How can you help them land their “planes” safely and on the correct runways?

The answer is by being an effective communicator.

### ALL IN THE DELIVERY



Each and every day I assist a variety of people—an on-site manager, property management assistant, facility manager, leasing agent, accountant, my supervisor, my clients, my vendors, office manager, broker, lender, attorney, all “pilots,” so to speak—coming to me for help.

One of the key instructions taught in both property management and flight school classes is that how you deliver instructions is just as

critical as the message provided. Technology is a blessing and a curse at the same time. A little blip on the radar screen means nothing without some live “chatter” to confirm all is well. Most of us like being connected on e-mail 24-7, 365 days a year with our Blackberries or iPhones. However, using this technology too much can make our interactions too impersonal. Remember the old days when people actually spoke to one another on the phone or in person?

During the 2008 Executive Committee planning retreat, IREM Past-President Reggie Mullins, CPM, relayed a story about the trials and tribulations that one of her real estate managers had in getting a tenant to pay their past due rent. Reggie asked the manager several times if she had spoken to the tenant. The manager always replied, “Yes.”

After a short time, Reggie asked the manager whether she had actually held a *live* conversation with the tenant. “Well, no,” she answered. “I just sent e-mails.”

### *Mayday! Mayday!*

As you may have guessed, Reggie immediately instructed her manager to speak with the tenant in person. And guess what? After a 15 minute *live* conversation, arrangements were made for the rent to be paid.



# on the fly

## CLOSE CONTACT

Nowadays, I receive 10 times more e-mails than I do telephone calls. And I've noticed that I'm taking on the habit of text messaging and e-mailing more and more as my main source of communication. It's so fast and convenient! I am also not very comfortable with confronting or dealing with angry people. However, as the hub for my management team, this lack of in-person communication can lead to problems.

E-mails require readers to interpret the written word. Without hearing inflection and tone, without seeing body language, and without that trust that comes from personal contact, it is often difficult to decipher the true meaning of someone's e-mail or text.

I used to have a difficult client who lived in California. Located in Oregon, I could only communicate with her remotely on a regular basis. To be frank, I thought she was the meanest, driest, most disrespectful client on the planet! Then, one day we had the chance to meet in person at a pre-sale property inspection. When she spoke and I looked her in the eyes, it became clear that she communicated with a sense of humor that just didn't come across online. Her dry, saucy communiqué was delivered with a smile and a wink. All that time I had dreaded meeting her, but when we were finally face-to-face, my entire perception of her

changed. That brief in-person meeting altered our whole working relationship for the better.

## LIVE WIRED

Air traffic controllers direct the flight paths of planes from a control tower. They have to know what aircraft are landing at the airport and what aircraft are taking off. They have to know when and where the planes will be arriving or departing, and at what altitudes. They must confirm that pilots have their instructions and are prepared to carry them out. In other words, air traffic controllers really need to see the big picture. If they don't, there could very well be mass chaos everywhere!

As a property manager, you own the control tower and the responsibility in directing your pilots to an earth-bound conclusion. Be the first to set the example to your peers, clients and vendors, and pick up the phone or stop by for a visit. Whenever I have a live discussion, I always feel it is the right choice of communication. I receive a clear understanding of the issues and I am able to direct my management team and my clients with the utmost confidence.

*Flight 201, you're clear for landing on runway 10. Over and out.* ■

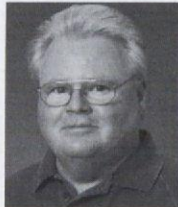


JULIE L. MUIR (JLM@EAIMGMT.COM), CPM®, IS A REAL ESTATE BROKER AND SENIOR PROPERTY MANAGER FOR ELLIOTT ASSOCIATES INC. IN PORTLAND, ORE.





## KNOW YOUR CODE OF PROFESSIONAL ETHICS: Article 4. Protection of Funds



JACK STAFFORD, CPM® (JACKS@MERIDIANGROUPREM.COM) IS A SENIOR COMMERCIAL PROPERTY SUPERVISOR AT MERIDIAN GROUP REAL ESTATE MANAGEMENT, INC. IN SANTA BARBARA, CALIF.

*A MEMBER shall at all times serve as a fiduciary for the client and shall not commingle personal or company funds with the funds of a client or use one client's funds for the benefit of another client, but shall keep the client's funds in a fiduciary account in an insured financial institution or as otherwise directed in writing by the client. A MEMBER shall at all times exert due diligence for the maintenance and protection of the client's funds against all reasonably foreseeable contingencies and losses.*

One of the most critical jobs a property manager performs is the handling of client funds. In some cases the transactions are limited to collecting rent, paying bills and disbursing the balance to the client. In other cases it can mean holding hundreds of thousands of dollars of a client's money. But whether the property manager is dealing with one dollar or a half-million dollars, the responsibility is the same.

Article 4. Protection of Funds, specifically addresses this critical function by defining the relationship between property manager and client as Fiduciary. This means a property manager must act on behalf of the client in a way that maximizes the best interests of the client. There are five ways in which the obligations of this role can be met.

**UNDERSTANDING CLIENT GOALS**—Nothing is more important than knowing the expectations of clients. When it comes to dealing with client funds, a property manager must ensure the actions taken are consistent with client instructions.

**TRUST ACCOUNTING**—A client's money

must always be accounted for in an acceptable account. Strict compliance with state regulations for managing trust accounts and keeping records will ensure commingling of funds does not occur. At any given time, the property manager must be able to demonstrate to the appropriate real estate department, and to the client, that the funds have been properly handled.

**INSTITUTIONS**—The location of funds can only be changed when the client has provided specific instructions to the contrary. In every case, instructions must not only be in writing, but the intent should also be clearly understood, as well as the consequences of the choices made.

**REPORTING**—It is incumbent upon the property manager to keep the client informed and up-to-date on the status of the client's funds. Keeping the client apprised of account balances as they relate to insurance limits; changing conditions at the institutions where the funds are deposited; and maturity dates on investment vehicles, such as CDs, are examples of the property manager acting in the best interests of the client.

**DISCLOSURE**—The expectation that the property manager is acting in the best interests of the client when it comes to handling the client's funds must always be met. Any apparent conflict of interest must be disclosed to the client. For example, if a property manager wants to place a client's funds in a bank with which they have a very specific relationship, the client must know of that relationship even if the client would not be affected by it. ■



VISIT [WWW.IREM.ORG/ETHICS](http://WWW.IREM.ORG/ETHICS)

TO VIEW THE IREM ETHICS PAGE.



## Awards & Recognition



The Houston Apartment Association (HAA) recently inducted David Hargrove, CPM®, into its esteemed Hall of Fame, recognizing his numerous contributions to the multifamily industry during his 30-year career.

Hargrove, president of Greystone Asset Management, was honored for his leadership in the industry not only in Houston and Texas, but nationally. He served as 2002 HAA president and was 2008-2009 president of the Texas Apartment Association.

Hargrove is a member of the IREM National Faculty. He also is a certified instructor for the Texas Real Estate Commission and the National Apartment Association (NAA).



For the sixth year in a row, CB Richard Ellis, AMO®, has ranked No. 1 out of the world's top 25 property management firms by the *National Real Estate Investor*, a magazine for professional real estate investors. The ranking, published in the July/August issue, is based on the total amount of space under management globally as of December 31, 2008.

CB Richard Ellis was responsible for the management of 2.2 billion square feet of property and corporate facilities at the end of 2008.



Cushman & Wakefield, AMO, has been awarded a Realcomm Digie Award for "Best Use of Automation in Property Management."

The Digie Awards, which are designed to recognize the most forward-thinking leaders in commercial real estate who are making the greatest impact through the use of technology and automation, were presented at Realcomm

2009, a two-day forum promoting the integration of commercial real estate, corporate real estate and technology.

Cushman & Wakefield's award honored the firm's adoption, customization and integration of Yardi Voyager technology into its global Client Solutions platform serving clients in 42 countries with more than 12,000 properties.

Eileen Carroll, vice president and portfolio manager in the suburban property management group for CB Richard Ellis, AMO®, has been named to the *Boston Business Journal's* "40 Under 40," a prestigious list recognizing Greater Boston's top 40 professionals under the age of 40.

Carroll, a 12-year industry veteran, is responsible for the management of a 2.6 million square foot office portfolio in suburban Boston.



## ON THE ROAD

NOVEMBER 11

Las Vegas Chapter No. 99

Location: Las Vegas

Visiting Officer: Ron Goss,  
President-Elect

NOVEMBER 17

Arkansas Chapter No. 64

Location: Little Rock, Ark.

Visiting Officer: Pam Monroe,  
Immediate Past President

NOVEMBER 19

North Florida Chapter No. 35

Location: Jacksonville, Fla.

Visiting Officer: Jim Evans,  
Secretary-Treasurer

DECEMBER 2

Utah Chapter No. 33

Location: Salt Lake City

Visiting Officer: Pam Monroe,  
Immediate Past President

DECEMBER 9

Florida West Coast Chapter No. 44

Location: Tampa, Fla.

Visiting Officer: Beth Machen,  
Senior Vice President

## CORRECTION

In the Sept/Oct 2009 feature, "30 Under 30," the company Web site listed in Steven Juhnke's profile on page 39 is incorrect.

The correct site for his company is  
[www.sierra-asset.com](http://www.sierra-asset.com).





THE  
P.B. BELL  
COMPANIES

COMPANY HEADQUARTERS LOCATION Scottsdale, Ariz.

NUMBER OF EMPLOYEES 250

DATE THE COMPANY BECAME AN AMO FIRM November 1, 1990

COMPANY WEB SITE [www.pbell.com](http://www.pbell.com)

Debbie D. Willis, CPM®, is the president and designated broker of property services for the P.B. Bell Companies, AMO®. She is responsible for the operation of the company's property management division, and oversees all new business and development activities.

Willis has been in the property management field since 1979 and with P.B. Bell since 1983. She currently serves on the Arizona Multihousing Association Board of Directors. *JPM* talked to Willis about her company and what the AMO accreditation means.

#### WHY HAS MULTIFAMILY HOUSING IN ARIZONA BEEN SUCH A STRONG DRAW FOR YOUR COMPANY?

The P.B. Bell Companies do not manage or own any assets outside of Arizona. We consider ourselves the "local experts" and believe in order to manage an asset effectively, you have to be present. Knowing the market intimately and being on site regularly to support staff is paramount. Our founder, Philip Bell, started in the business in 1975 by purchasing a small multifamily asset and continued to grow the business by purchasing and building, and providing management services to others. Since that time we have developed over 2,500 apartment units in 15 communities in the greater Phoenix area and manage over 7,000 multifamily units and 8 commercial sites for third-party clients. We offer a full range of services, including multifamily and commercial property management, development services and construction services.

#### HOW HAS THE INDUSTRY CHANGED IN ARIZONA SINCE YOU STARTED WITH THE COMPANY?

As a company, probably the most significant change has

been reduced margins—both for the property management company and the communities. We are managing more units now that we ever have but our margins are actually less than back in 1983. On a personal level, I would have to say watching the different generations (both employees and residents) has been interesting. What motivated an employee back in 1983 doesn't work in 2009. On the same note, we must keep a pulse on what will attract our future residents.

#### WHAT ARE THE BENEFITS OF BEING ASSOCIATED WITH IREM AS AN AMO FIRM?

For the most part, individual owners are not always aware of IREM or what a CPM or AMO designation means. Once they find out, I think they are impressed and feel they are getting added benefits for the management fee they are paying. Institutional clients are always aware of the organization and the associated designations, and in some instances require their property manager employ CPM Members. This gives us an advantage over any competitors who do not hold the designations and certifications.

#### P.B. BELL WAS RECENTLY AWARDED SCF ARIZONA'S TOP SAFETY AWARD FOR THE SECOND YEAR IN A ROW. HOW DOES YOUR COMPANY STAY SAFE?

SCF Arizona is our worker's compensation insurance carrier. Each year they award the top 50 companies out of 57,000 total policy holders with the "Best of the Best" award. We scored well in all categories by some simple principles: 1. Support your employees and they will support you. 2. New-hire orientation is essential to instill the company's core values. 3. Training. ■

*To earn the ACCREDITED MANAGEMENT ORGANIZATION (AMO) designation from IREM, a company must demonstrate a high level of performance, experience and financial stability, and have a CPM in an executive position. AMO firms must meet high ethical standards and other stringent requirements, proving their value to the industry.*



## Improvement Planning & Marketing



*In RVP Corner, JPM shares the thoughts and opinions of an IREM Regional Vice President on a single topic covered in the current issue of JPM and how it affects the region he or she oversees.*

SHEILA A. AUSTIN, CPM®, OF SOUTHFIELD, MICH., SERVES AS THE 2009 AND 2010 REGIONAL VICE PRESIDENT FOR REGION 6. During her two-year term, she has oversight for the activities of IREM chapters in Indiana, Kentucky, Michigan, Ohio and West Virginia. Austin is owner and president of Wedgewood Property Management and Consulting. She has been in the property management business since 1979.

Austin has been active in IREM since 1985. Currently, with her local Michigan Chapter No. 5, she serves as chair of the education committee and as CPM coordinator. Austin has been a member of the IREM National Faculty since 1992 and teaches courses that lead to the ARM certification, as well as intermediate courses that lead to the CPM designation.

**As we approach the end of 2009, many real estate managers are looking to make improvements to their properties that maximize profits and keep renters happy. What kind of improvements are you seeing in your region?**

With the market as soft as it is here in the Detroit area, we are seeing many owners accommodating the residents by replacing carpeting/flooring, painting and changing out window treatments much more frequently as incentives for renewal along with re-signing concessions. Many of the area owners are also very interested in sustainability. However, although they have obtained bids and proposals to make energy savings upgrades, they are not certain they will be able to do so in 2010 due to the expense. Several owners are looking at refinancing in order to obtain the money to make these



upgrades. They are looking into applying for "green grants" which are out there for government-assisted housing.

**What new marketing techniques are property managers in your region employing to get people interested in renting?**

There is much more one-on-one outreach being conducted with substantial rewards for referrals. Within the communities, higher resident referral bonuses are being promoted as well. Many communities are making use of online sites such as *Twitter*, *Facebook* and other communication services that reach out to the younger population.

**What are some ways property managers are looking to cut operating expenses in 2010?**

Unfortunately, several communities have had to cut back on staff in order to cut expenses. Layoffs are quite common and the remaining staff is expected to increase their workload. Managers and maintenance staff are more diligent in terms of setting thermostats back and turning lights off as soon as units are vacated. Wholesale gas sales have increased substantially, so owners are trying to lock into the lowest possible rates. Marketing is being more closely monitored to the point where only those options producing immediate returns are being utilized. Flex hours for leasing personnel are being put into place. Owners are not as willing to send their employees to educational and training sessions. Health benefits are being analyzed and many companies have instituted a co-pay or higher co-pay for employees.







# INSIDE IREM COURSE LISTINGS

## NOVEMBER

ETH 800	Nov 4	Raleigh, N.C.
MPSAXM	Nov 2-5	Sacramento, Calif.
MPSAXM	Nov 2-5	Jacksonville, Fla.
MPSAXM	Nov 2-5	Rockville, Md.
CPM001	Nov 6	Sacramento, Calif.
CPM001	Nov 6	Jacksonville, Fla.
CPM001	Nov 6	Rockville, Md.
RES201	Nov 6, 9, 10, 12-14	Homestead, Penn.
ETH 800	Nov 6	Quincy, Mass.
CPMEXM	Nov 6	Sacramento, Calif.
CPMEXM	Nov 6	Jacksonville, Fla.
CPMEXM	Nov 6	Rockville, Md.
ASM603	Nov 9-10	Houston
MPSAXM	Nov 9-12	Scottsdale, Ariz.
RES201	Nov 9-14	Milwaukee, Wis.
ASM604	Nov 11-12	Houston
ETH 800	Nov 12	Champion, Penn.
ASM605	Nov 13	Houston
CPM001	Nov 13	Scottsdale, Ariz.
CPMEXM	Nov 13	Scottsdale, Ariz.
ETH 800	Nov 14	Pittsburgh
ASM603	Nov 16-17	East Windsor, N.J.
ASM604	Nov 16-17	Southfield, Mich.
MPSAXM	Nov 16-19	San Francisco
ASM604	Nov 18-19	East Windsor, N.J.
ASM604	Nov 18-19	Southfield, Mich.
ASM605	Nov 20	East Windsor, N.J.
ASM605	Nov 20	Southfield, Mich.
CPM001	Nov 20	San Francisco
CPMEXM	Nov 20	San Francisco

## DECEMBER

ETH 800	Dec 18	San Francisco
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## INTERNATIONAL

ETH 800	Nov 1	Moscow
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ASM603	Nov 2-3	Moscow
ASM604	Nov 3-4	Tokyo
ASM604	Nov 6-7	Fukuoka, Japan
ASM604	Nov 7-8	Moscow
ASM605	Nov 8	Osaka, Japan
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ASM605	Nov 14	Fukuoka, Japan
ASM605	Nov 15	Moscow
BDM602	Nov 16-17	Fukuoka, Japan
BDM602	Nov 18-19	Kiev, Ukraine
BDM602	Nov 21-22	Osaka, Japan
BDM602	Nov 21-22	Toronto
BDM602	Nov 21-22	Tokyo
CPM001	Nov 22	Fukuoka, Japan
CPM001	Nov 22	Osaka, Japan
CPM001	Nov 22	Tokyo
CPM001	Nov 22	Kiev, Ukraine
CPMEXM	Nov 28	Fukuoka, Japan
CPMEXM	Nov 28	Osaka, Japan
CPMEXM	Nov 29	Tokyo
CPMEXM	Nov 30	Kiev, Ukraine
CPMEXM	Dec 1	Moscow
FIN402	Dec 1-2	Moscow
HRS402	Dec 3-4	Moscow
HRS402	Dec 5-6	Fukuoka, Japan
HRS402	Dec 6-7	Osaka, Japan
MKL405	Dec 7-8	Toronto
MKL406	Dec 7-8	Toronto
MNT402	Dec 8-9	Toronto
MNT402	Dec 9-10	Toronto
MNT402	Dec 10-11	Moscow
MPSA01	Dec 11-12	Fukuoka, Japan
MPSA01	Dec 12-13	Kiev, Ukraine
MPSA01	Dec 13-14	Osaka, Japan
MPSA01	Dec 15-16	Toronto
MPSA01	Dec 17-18	Tokyo



FOR THE MOST UP-TO-DATE COURSE LISTINGS, PLEASE VISIT [WWW.IREM.ORG/EDUCATION](http://WWW.IREM.ORG/EDUCATION).

## COURSE CODES KEY

ARMEXM // ARM Certification Exam

ASM603 // Investment Real Estate Financing and Valuation - Part One

ASM604 // Investment Real Estate Financing and Valuation - Part Two

ASM605 // Investment Real Estate Financing and Valuation - Part Three

BDM601 // Maximizing Profit: Growth Strategies for Real Estate Management Companies

BDM602 // Property Management Plans: The IREM Model (international only)

CPMEXM // CPM Certification Exam

CPM001 // CPM Certification Exam Preparation Seminar

ETH800 // Ethics for the Real Estate Manager

EE800 // Real Estate Professional Ethics (international only)

FIN402 // Investment Real Estate: Financial Tools

HCPEXM // HCCP Exam

HRS402 // Human Resource Essentials for Real Estate Managers

LTC401 // Housing Credits: Compliance Challenges and Solutions

MKL404 // Marketing and Leasing: Retail Properties

MKL405 // Marketing and Leasing: Multifamily Properties

MKL406 // Marketing and Leasing: Office Buildings

MNT402 // Property Maintenance and Risk Management

MPSAXM // Management Plan Skills Assessment

RES201 // Successful Site Management



## CAREER MOVES



Glenna Twing, CPM®, has been appointed adjunct professor for the bachelors of science and masters of science property management programs for Drexel University's Goodwin School of Professional Studies in Philadelphia. She is also designing a residential properties marketing course for the masters of science property management program.

Lisa Dongoske, CPM, has been promoted to executive vice president, property management, at NorthMarq in Minneapolis. As a newly appointed member of NorthMarq's real estate services executive committee, she will be leading a transition team on the Opus Property Management acquisition.

CB Richard Ellis, AMO®, has promoted **Lewis Stoneburner, Jr.** to senior associate in the company's Richmond, Va., office. Stoneburner has over four years experience in the commercial real estate industry. He joined CB Richard Ellis in 2006.

Drucker & Falk, AMO, announced the addition of **Paul Hansen** to the company as director of commercial services. Prior to joining the firm, Hansen served as a vice president of Starmount Company, where he was responsible for the acquisition and management of a 45 million dollar portfolio. His primary role with Drucker & Falk will be to expand the firm's commercial practice across the board, with a particular focus on institutional clients. Hansen will be based at Drucker & Falk headquarters in Newport News, Va.



### IREM ALABAMA CHAPTER NO. 43 CONGRATULATES HAL TILLMAN, CPM

The Alabama Association of REALTORS named Hal Tillman, CPM, the 2009 Alabama REALTOR of the Year during its annual President's Banquet on September 21.

Tillman currently serves as president of our IREM Alabama Chapter No. 43 and is a federal political coordinator for the National Association of REALTORS (NAR). His other accomplishments include serving as 2008 president of the Birmingham Area Association of REALTORS and as 2009 regional vice president of the Alabama Association of REALTORS. Tillman has also been a member of the Federal Taxation Committee and the NAR Board of Directors. His civic involvement includes the Jaycees, Lions Club, Sunrise Rotary Club and the United Way. Locally, Tillman received the 2009 REALTORS of the Year for the Birmingham Area Association of REALTORS.

Tillman will be honored as the 2009 Alabama REALTORS of the Year at the 2009 NAR Annual Convention in November in San Diego. His recognition is an example of how involved and committed our Alabama IREM Chapter members are in our communities and our profession. Congratulations, Hal!



## In Memoriam

IREM and the IREM Delaware Valley Chapter No. 3 mourn the loss of two long-standing members. On Saturday, August 8, 2009, Steven Altman, CPM, and his brother Daniel Altman, CPM, perished in the tragic mid-air collision of their small aircraft with that of a tourist helicopter over the Hudson River, N.Y.

Both Steven and Daniel were partners in the family-owned firm, The Altman Group, a full service real estate management, investment and development organization which originated in 1948. The Altman Group is comprised of Altman General Corporation, Allied Construction Services and Altman Management Company, AMO.

Daniel Altman, CPM, served as Delaware Valley Chapter No. 3 president in 1996. He also served as chapter vice president and secretary. In 1994 he received the chapter's CPM of the Year Award.

IREM extends heartfelt sympathy to the Altman family. We share in their loss.





## JPM ARTICLES TRANSLATED FOR INTERNATIONAL MEMBERS

IREM translates one article from each issue of *Journal of Property Management* into multiple languages to serve our members throughout the world. You can find translations of the article "Social Media: Young Professionals Effect Change in the Workplace" by Karen Altes from the Sept/Oct 2009 issue of *JPM* by going to the foreign language pages of the IREM Web site at [www.irem.org](http://www.irem.org).



### español (Spanish)

Usted puede encontrar la traducción al español del artículo "Efecto Tecnológico", por "Karen Altes" en la publicación de Setiembre/ Octubre 2009 de *JPM* visitando la página de la lengua española del sitio web de IREM: [www.irem.org/international/spanish/intro.cfm](http://www.irem.org/international/spanish/intro.cfm).



### français (French)

Vous trouverez une traduction française de l'article « L'effet technologique », de Karen Altes, tiré du numéro de septembre/octobre 2009 de *JPM* en visitant la page française du site Web de l'IREM au [www.irem.org/international/french/index.cfm](http://www.irem.org/international/french/index.cfm).



### Русский (Russian)

Перевод на русский язык статьи «Техноэффект» (автор Кэрен Алтес) из выпуска Журнала по управлению недвижимостью (*JPM*) за сентябрь-октябрь 2009 года можно найти в русскоязычном разделе сайта Института IREM по адресу [www.irem.org/international/russian/index.cfm](http://www.irem.org/international/russian/index.cfm).



### wersja polska (Polish)

Tłumaczenie na język polski artykułu „Nowe technologie w twojej pracy” autorstwa Karen Alte z wrześniowo-pazdziernikowego wydania *JPM* (2009) znaleźć można na polskich stronach internetowego serwisu IREM: [www.irem.org/international/polish/index.cfm](http://www.irem.org/international/polish/index.cfm).



### português (Portuguese)

Você pode encontrar a tradução do artigo "Novas Tecnologias em Ação" de Karen Altes referente a edição de Setembro/Octubre 2009 do *JPM* na página de Português do site do IREM [www.irem.org/international/Portuguese/index.cfm](http://www.irem.org/international/Portuguese/index.cfm).



### 한국어 (Korean)

*JPM* 2009년 9/10월 호에 게재된 Karen Altes씨의 "테크놀로지 효과 (Tech Effect)"라는 기사를 IREM 웹사이트, [www.irem.org/international/korean/index.cfm](http://www.irem.org/international/korean/index.cfm) 의 한국어 웹 페이지에서 한국어로 검색하실 수 있습니다.



### 日本語 (Japanese)

*JPM* 2009年9-10月号のテクノロジーの影響著、「カレン・アルテス」の日本語訳は、IREMウェブサイト [www.irem.org/international/japanese/index.cfm](http://www.irem.org/international/japanese/index.cfm) の日本語サイトでご覧になれます



### 中文 (Chinese)

进入IREM网站的中文网页 ([www.irem.org/international/Chinese/index.cfm](http://www.irem.org/international/Chinese/index.cfm)), 您可以找到刊登在《资产管理期刊》(*JPM*) 2009年9-10月号上的“技术带来变迁” (作者: 凯伦·阿尔茨) 一文的中文翻译。



## The Pen is Mightier...

### Pulse Smart Pen Offers Users an Easy Way to Make Notes Digital

One common frustration I see with people who go paperless is the thought that they need to switch their data entry from a pen and paper to a keyboard. The Pulse SmartPen bridges that gap from analog to digital by offering the ability to take notes using the SmartPen and special paper, which converts your notes into a digital format for uploading to the computer. The included software, LiveScribe, stores, organizes and transforms your notes to other popular formats such as Adobe Flash files, PDFs and screen grabs as jpeg files. With an additional piece of software (\$29.95) LiveScribe can even convert your notes to Word format.

The SmartPen also includes a publishing tool that allows you to upload your notes to the company's web server, or to your own. I've used the LiveScribe pen for providing my CCIM students with solutions to their homework problems. One such example can be found at [www.toddclarke.net/?p=507s](http://www.toddclarke.net/?p=507s).

In addition to capturing the "ink" from your writing, the SmartPen has a built-in voice recorder—a great tool for meetings. I've seen fellow commercial real estate professionals pull open their LiveScribe notes and replay the audio and notes from previous meetings to provide clarity on particular issues.

The SmartPen also offers a number of fun and curious tools from a built-in calculator, where it solves the answers and reads them out loud, to a musical piano. You can also print your own paper from most hi-resolution printers. Software developers are currently adding new tools and programs, so look for this platform to grow in the future.

The SmartPen comes in two models—1 gigabyte and 2 gigabyte, either of which is more than you will need. When you drop the pen in its charging station/dock connector, it automatically uploads your notes to the computer.

Prices start at \$129 for the 1 gigabyte and \$169 for the 2 gigabyte, and the pen can be found online, or in Target or Best Buy stores. For more information about the Pulse SmartPen with LiveScribe software visit [www.livescribe.com](http://www.livescribe.com).



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TODD CLARKE, CCIM ([TCLARKE@NMAPARTMENT.COM](mailto:TCLARKE@NMAPARTMENT.COM)), IS A 20-YEAR VETERAN BROKER, CONSULTANT, INTERNATIONAL SPEAKER AND INSTRUCTOR WHO DISCUSSES TECHNOLOGY AND ITS USE IN COMMERCIAL REAL ESTATE.



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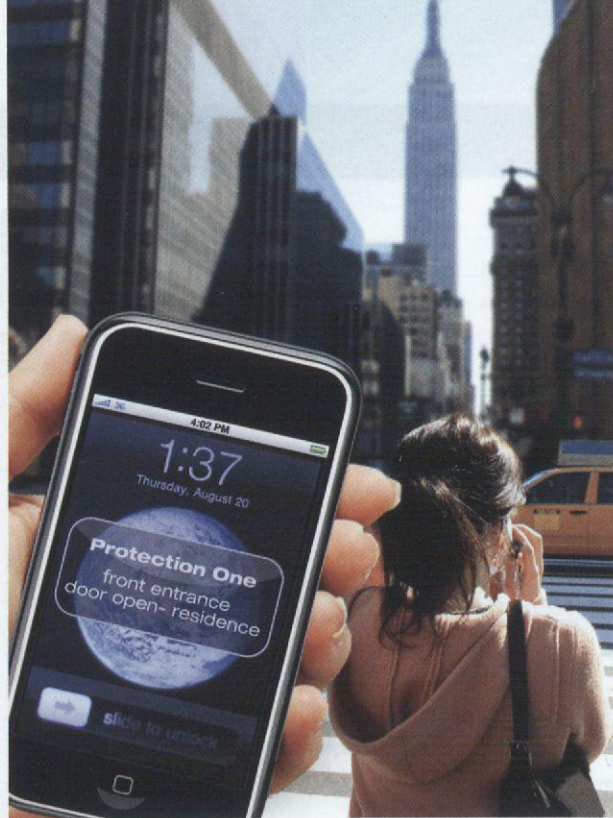


For more information, visit [www.deckoseal.com](http://www.deckoseal.com).



**CUSTOM CONTAINMENT** Universal Package Systems' new custom, cut and weld plastic bulk containers allow customers to match the container size to their part sizes perfectly, eliminating wasted space that may occur inside a standard size container. They also optimize warehouse space usage and transport costs, and can be stacked, stored and shipped, just as standard size containers can. The new containers feature 4-way or 2-way forklift entry, depending on the dimensions and customer specifications, and can be built as a collapsible or rigid box. Universal Package Systems can also design custom dunnage racks to perfectly fit the new cut and weld containers. All of the Universal Package Systems' cut and weld containers come with a one year warranty.

For more information, visit [www.universalpackage.com](http://www.universalpackage.com).



**STAY SECURE** Protection One has launched the next generation of eSecure, a comprehensive service that allows users to safeguard their homes and businesses and remotely control their security systems through their laptops, cell phones or PDAs. eSecure notifies users via e-mail or text message when motion is detected; if a door is opened; if high carbon-monoxide levels are present and more. eSecure users can also arm or disarm their security systems from thousands of miles away. The updated eSecure comes with a new video surveillance service allowing customers to determine whether on-site assistance is needed. The new system also offers a way to monitor valuable items with protection sensors, which sense the movement of specific costly possessions.

For more information, visit [www.ProtectionOne.com](http://www.ProtectionOne.com).

**COLD SNAP** The Ice\*Meister Model 9734 is a new self-defrosting ice sensor by New Avionics Corporation used to detect the earliest formation of ice, snow, frost, dew and condensation on web cameras and walkways, radio towers, power stations and other inaccessible, unmanned facilities.

The Ice\*Meister is a highly sensitive device, able to detect the first 0.001 inches of ice or better, which allows for a quick response to the very earliest formation of ice and other forms of H<sub>2</sub>O. The lightweight system also features an optical sensor head with a radiant heater that melts away the offending ice. Gravity does the rest.



For more information, visit [www.newavionics.com](http://www.newavionics.com).



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**Statement of Ownership, Management and Circulation Required by U.S.C. 3685**

Title of publication: *JPM®*, *Journal of Property Management*

Publication number: 0022-3905

Date of filing: September 24, 2009

Frequency of issue: Bi-monthly

Number of issues published annually: six (6)

Annual subscription price (U.S.): \$62.95 (1 year); \$115.50 (2 years); \$169.10 (3 years)

Mailing address of known office of publication: 430 N. Michigan Avenue, Chicago, IL 60611-4090

Mailing address of headquarters or general business offices of publisher: 430 N. Michigan Avenue, Chicago, IL 60611-4090

Full names and mailing address of publisher, editor and managing editor: Institute of Real Estate Management, 430 N. Michigan Avenue, Chicago, IL 60611-4090 (publisher); Tulie O'Connor, Institute of Real Estate Management, 430 N. Michigan Avenue, Chicago, IL 60611-4090 (Editorial Director); Markisan Naso, Institute of Real Estate Management, 430 N. Michigan Avenue, Chicago, IL 60611-4090 (Associate Editor).

Owner: Institute of Real Estate Management, 430 N. Michigan Avenue, Chicago, IL 60611-4090

Known Bondholders, mortgages and other security holders: None

The purpose, function, and nonprofit status of this organization and the exempt status for federal income tax purposes has not changed during the preceding 12 months.

Publication title: *JPM®*, *Journal of Property Management*

Issue date for circulation data below: July/August 2009

15a. Total number of copies (net press run):	19,789	19,606
15b. Paid and/or requested circulation:		
15b1. Paid/requested outside-county mail subscriptions stated on form 3541:	17,626	17,673
15b2. Paid in-county subscriptions:	None	None
15b3. Sales through dealers and carriers, street vendors, counter sales and other non-USPS paid distribution:	None	None
15b4. Other classes mailed through the USPS:	None	None
15c. Total paid and/or requested circulation:	17,626	17,673
15d. Free distribution by mail (samples, complimentary and other free):		
15d1. Outside-country as stated on form 3541:	None	None
15d2. In-country:	None	None
15d3. Other classes mailed through the USPS:	None	None
15d4. Free distribution outside the mail:	823	1,097
15e. Total free distribution:	823	1,097
15f. Total distribution:	18,449	18,770
15g. Copies not distributed:	1,340	836
15h. Total:	19,789	19,606
15i. Percent paid and/or requested circulation:	95%	94%

Statement printed in the November/December 2009 issue.

I certify that all information on this form is true and complete. I understand that anyone who furnishes false or misleading information on this form or who omits material or information requested on the form may be subject to criminal sanction (including fines and imprisonment) and/or civil sanctions (including civil penalties). *Tulie O'Connor, Editorial Director*



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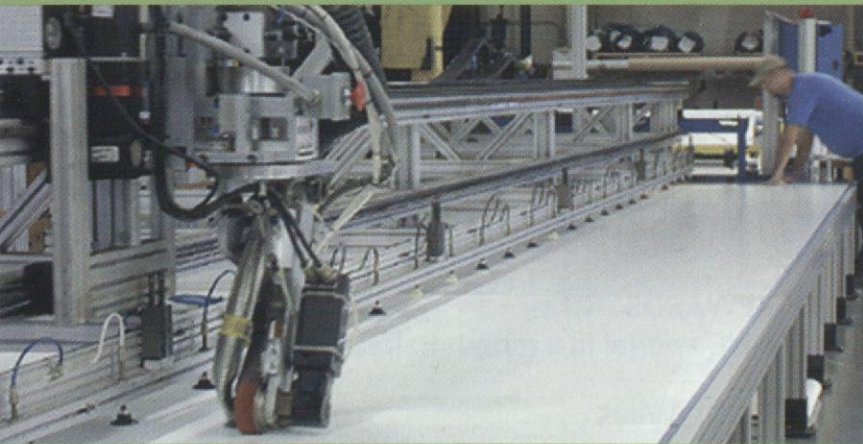
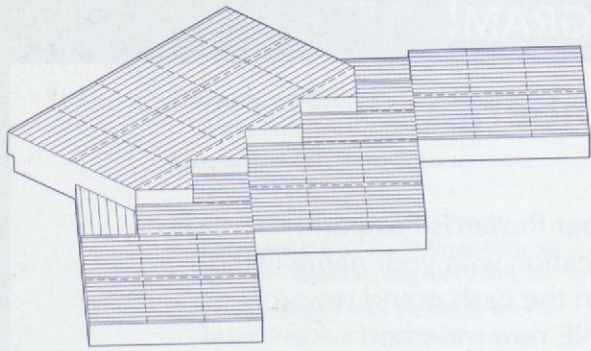
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