

# jpm<sup>®</sup>

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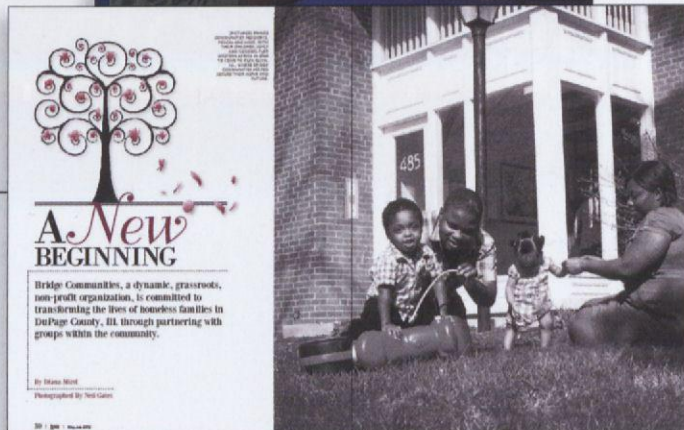
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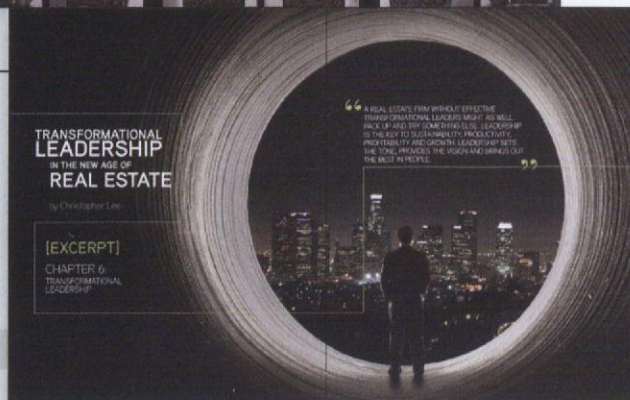
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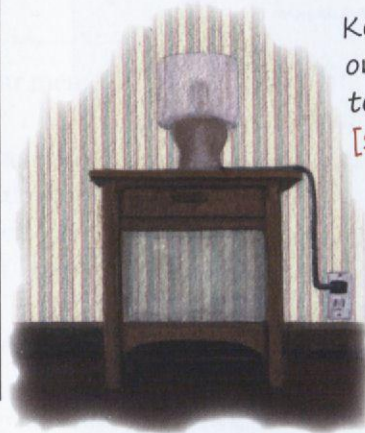
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# JPM

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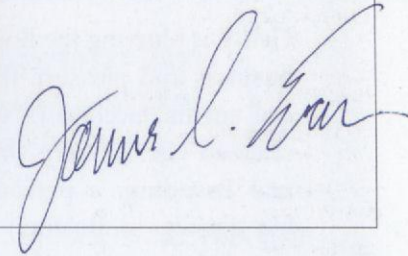
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# PRESIDENT'S NOTES

JAMES A. EVANS, CPM®, (PRESIDENT@IREM.ORG) IREM 2012 PRESIDENT, IS THE SENIOR EXECUTIVE WITH TWO GRAND BLANC, MICH.-AREA COMPANIES. HE IS PRESIDENT AND CEO OF BRUCE G. POLLOCK & ASSOCIATES, INC., REALTORS, AMO®, AND PRESIDENT AND CEO OF KEB INVESTMENTS.



PHOTOGRAPH © ALEX LEVIN/IREM



## A BIG THANK YOU

I'm writing this note 36,000 feet in the air on the way to meet with our members in Korea Chapter No. 112.

With a little bit of altitude and a bird's eye view of my first quarter as President, I can't help but reflect upon all of the trips, meetings, meals with chapter leaders—and most recently, the outpouring of support and leadership at the Leadership and Legislative Summit, including Capitol Hill Visit Day—I have experienced as a leader of the Institute.

One question that members always seem to ask me is: *How can you be President of IREM and still keep your business going?*

While my standard answer of, *it's sometimes difficult but I have a great staff that has really risen to the challenge*, is the truth—it's really only part of the answer.

The reality is that IREM Members are the true inspiration—I get to do the fun part. Talking to several past presidents, and IREM leaders throughout the world, I always hear the same response: *We do this because we love the Institute and we are happy and honored to serve*. I know that seems like a simplistic answer, but it really is the truth. IREM Members are not only leaders within their individual markets, but people who care about the industry and volunteer their time and talents—often without recognition.

Together we are changing the face of real estate. But the real estate industry is also changing.

The "New Senior Housing Market" must adjust to the changing needs of its future Baby-Boomer residents (p. 18) while, at the same time, the new generation of workers expects flexibility with their work environment, especially regarding "Telecommuting" (Read two members Face-Off on the issue on page 9). In addition, the concept of a traditional retail center could potentially be challenged by medical marijuana dispensaries (p. 48).

At times of extreme change, building community through leadership and generosity has never been more important.

Oftentimes, we leave our chapter or national meetings and go back to our hectic lives without taking the time to reflect on our accomplishments or fully digest the magnitude of what we are doing.

On your way to or from your next chapter or national meeting, take a few minutes to reflect on the interconnectivity of the community you are part of.

Even at 36,000 feet, I know that I have more than 18,000 allies on the ground to help me land. ■

READ ABOUT IREM MEMBERS MAKING A DIFFERENCE ON CAPITOL HILL VISIT DAY! [SEE PG. 42]



# GENERATION Y: ENTREPRENEUR



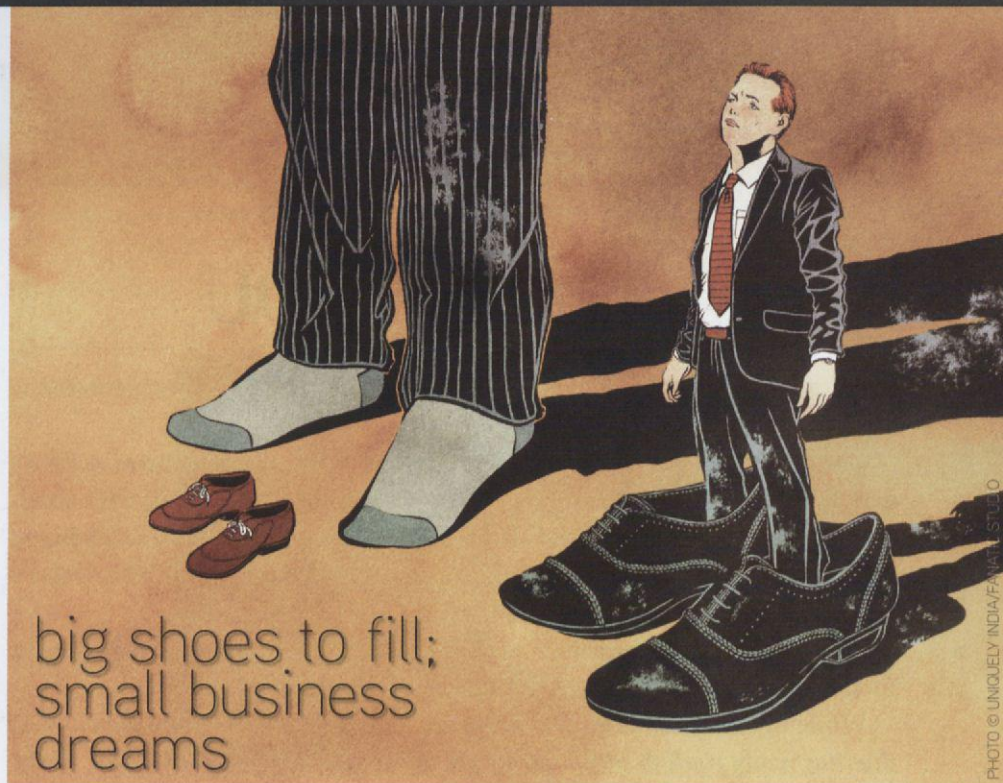
ONLY 7 PERCENT OF GEN Y WORKS FOR FORTUNE 500 COMPANIES BECAUSE STARTUPS CURRENTLY DOMINATE THE WORKFORCE FOR THIS DEMOGRAPHIC.

Gen Y is blurring the lines between business and pleasure through social media, according to a study released in January by Millennial Branding, a personal branding agency in Boston. The study revealed even though 64 percent of Gen-Y Facebook users failed to mention their employer on their profiles, they are connected to an average of 16 co-workers through the social media site, according to a Millennial Branding news release. Four million Gen Y Facebook profiles, from Identified.com's database of over 50 million Facebook users, were analyzed for the study. Identified.com is the largest professional database on Facebook.

The study also revealed several other findings about Gen Y Facebook-using professionals:

They spend an average of just over two years at their first job, changing jobs multiple times in their careers.

Only 7 percent of Gen Y works for Fortune 500 companies because startups currently dominate the workforce for this demographic. According to the Business and Professional Women's (BPW) Founda-



tion, if large corporations want to remain competitive, they must aggressively recruit Gen Y workers, which will form 75 percent of the workforce by 2025. They are actively shaping corporate culture and expectations.

"Owner" is the fifth most popular job title for Gen Y because they are an entrepreneurial generation. Even though most of their companies won't succeed, they are demonstrating an unprecedented entrepreneurial spirit. Companies need to allow Gen Y employees to operate entrepreneurially within the corporation by giving them control over their time, activities and budgets as much as possible. ■

Did you know that property managers rank no. 2 as having the "happiest job in America?"  
SCAN THE QR CODE TO READ MORE.





# Multifamily Market

## MAINTAINS STRENGTH



Demand for rental housing continues to grow, thanks to stronger GDP and rising employment, according to Marcus and Millichap's 2012 *National Apartment Report*. All 44 markets tracked in the National Apartment Index are expected to experience continued employment growth and effective rent growth throughout the rest of 2012.

Metro areas laden with technology and trade employers also saw improvement in other industries—influencing their improved positions on the National Apartment Index, according to the report. Software publishing in Seattle (#8) and tourism in Las Vegas (#36), helped advance both cities seven spots on the index. High-tech manufacturing helped propel Portland (#11) up six positions. Also gaining six positions was Chicago (#17)—a result of the recovering financial services sector.

Overall, "U.S. vacancy should reach 5 percent by the end of 2012, a 40-basis-point decline since 2011, and resulting in 4.8 percent effective rent growth," according to the report. "Forecast completions will total nearly 85,000 units, still critically short of a conservative demand forecast for 120,000 units, initiating a new development cycle." ■

## SOUNDBITES

"Victory goes to the player who makes the next-to-last mistake."

—SAVIELLY GRIGORIEVITCH TARTAKOWER

"In the end, we will remember not the words of our enemies, but the silence of our friends."

—MARTIN LUTHER KING JR.

"Be nice to people on your way up because you meet them on your way down."

—JIMMY DURANTE

"All truth passes through three stages. First, it is ridiculed. Second, it is violently opposed. Third, it is accepted as being self-evident."

—ARTHUR SCHOPENHAUE

"If everything seems under control, you're just not going fast enough."

—MARIO ANDRETTI

"Success usually comes to those who are too busy to be looking for it."

—HENRY DAVID THOREAU

"Denial ain't just a river in Egypt."

—MARK TWAIN

# REAL ESTATE IN CHILE IS HOT



A landmark Class A office building in Santiago, Chile, was sold in early 2012 for \$100 million (USD)—making it the first building of its kind to be marketed for sale via an exclusive listing for a full-interest offering, according to a news release from CBRE Group Inc., which arranged the sale of SCL Apoquindo 4501.

The sale represented a multitude of “firsts” for the Santiago com-

mercial office market, according to Tim Gifford, from CBRE’s Global Capital Advisory Group in Miami. It was the first disposition of a Class A office by a foreign institutional fund; and it was the first acquisition by Capital Advisor, a local Chilean fund comprised of a single owner.

“This transaction further represents a significant fundamental change in the local Chilean invest-

ment market with local institutional funds outbidding all foreign competitors,” said Carlos Antunez, president of CBRE in Chile. Further, he said, “The appetite by Chilean buyers demonstrates their confidence in the market and illustrates the strengths of market fundamentals and values available in Latin America today for both domestic and international investors.” ■

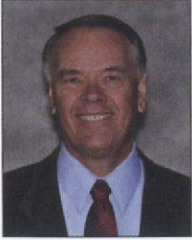
# LEADING GREEN

In January, the U.S. Green Building Council (USGBC) released its 2011 list of top 10 states for LEED-certified commercial and institutional green buildings per capita, based on the 2010 U.S. Census information. The District of Columbia led the nation, with more than 31 square feet of LEED-certified space per person in 2011. Colorado was the leading state with 2.74 square feet per person in 2011, according to a USGBC news release. The top LEED states per capita, including the District of Columbia, are listed in this table.

## TOP LEED STATES PER CAPITA

Location	Sq. ft. of space to earn LEED certification (2011)	Per Capita
Washington, D.C.	18,954,022	31.50
Colorado	13,803,113	2.74
Illinois	34,567,585	2.69
Virginia	19,358,193	2.42
Washington	14,667,558	2.18
Maryland	11,970,869	2.07
Massachusetts	13,087,625	2.00
Texas	50,001,476	1.99
California	71,551,296	1.92
New York	36,538,981	1.89
Minnesota	9,591,445	1.81

# “TELECOMMUTING. DO YOU AGREE WITH IT? DOES YOUR COMPANY AGREE WITH IT?”



LAWRENCE W. BAIAMONTE, CPM  
EMERITUS  
SENIOR INVESTMENT PROFESSIONAL  
REAL ESTATE INVESTMENT  
DEPARTMENT  
NATIONWIDE INSURANCE  
GAHANNA, OHIO

## yes

Absolutely. In the Real Estate Investment department at Nationwide Insurance, where I worked until my recent retirement, everyone was issued a laptop, rather than a desktop computer, so we all had the ability to telecommute. It gave us the ability to work from home during the business day, as well as at night or on weekends, as necessary, without staying late at the office or going in on the weekend. Taking a laptop when travelling to visit company real estate properties allowed us to access any file, report or other document we needed. **When combined with a company-issued smartphone, we never missed a beat when travelling.**

If someone regularly worked one or more days a week from home, with their supervisor's approval of course, they would be provided a docking station for their laptop at home, along with a monitor and keyboard, so that they had a more comfortable working environment than just a laptop could provide. One member of our senior leadership team lived more than 500 miles from the office, and regularly spent one or two days per week working from home. **He was usually more accessible to us on those days than when he was actually in the office.**

Empowering employees with the ability to telecommute was a critical part of our company's disaster recovery plan. We conducted disaster preparedness drills once or twice each year, in which employees were required to work from home for the day, to determine if everyone could successfully access all systems, files and reports as if a real disaster had occurred.

ENIS L. HARTZ, CPM  
VICE PRESIDENT  
MANAGEMENT SERVICES  
TRANSWESTERN  
ANAHEIM, CALIF.



You would think that e-mail, instant messaging and cell phones would be enough. Do we ever really have to show up? In professions like accounting—possibly architecture, publishing and plenty more—it's totally possible to do the work without ever going into the office. After all, wireless connections are everywhere and staying connected via a virtual office is simple and less expensive than providing space for an employee inside a traditional office environment.

In the property management industry, the people on both sides of the transaction (tenants and owners) are counting on us to keep them happy. In any communication, **93 percent of what is transmitted has nothing to do with the actual words.** It is the tone of our voice, how we're dressed, our posture and the volume of our voice that provides 93 percent of our message. **So while you might not have to be there in person, it sure does help.**

The interaction with our consumer, whether it is their home or their place of business, mandates a level of trust in us. Being charged with the responsibility for what might be the owners' single largest investment requires no small amount of trust. Trust is difficult, if not impossible, to build without old fashioned, one-on-one, personal interaction. And if that were not enough, there is also a significant loss of team dynamic and a positive energy that is only possible when people get together around a common cause.

Sometimes you just have to show up to do the job well. ■

## no



WHAT DO YOU THINK? Tell us what you think at [www.facebook.com/InstituteofRealEstateManagement](http://www.facebook.com/InstituteofRealEstateManagement).

## DOWNLOAD ME

### DRAGON DICTATION

On the road or onsite and don't have time to get a pen and paper? Fed up with typing on the tiny iPhone keyboard? Give Dragon Dictation a try—it converts your speech into text, giving you a hands-free, note-taking experience. You can even use punctuation. When you're finished, you can share your thoughts on Facebook, Twitter or e-mail.

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You find an interesting article but need to save it to read for later. Saving downloaded articles is great—unless you lose your internet connection. With Read it Later, you can save pages from the web, and read them offline. You can read your list at 30,000 feet or below the ground in the subway on the way to work.

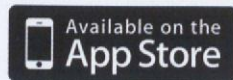


### SKYPE

If you have a Skype account, you can simply and easily make free calls to other Skype users and inexpensive calls to anywhere in the world. The new, anti-shake video feature ensures that your videos don't cause the viewer to take a Dramamine.

### GOOGLE EARTH

Google says you can be like Atlas and "hold the world in the palm of your hand," with Google Earth. View the entire planet with the swipe of your finger. Explore the same global satellite and aerial imagery available in the desktop version of Google Earth, including high-resolution imagery for over half of the world's population.



## FAST FACTS

**PINOCCHIO** is Italian for "pine head."

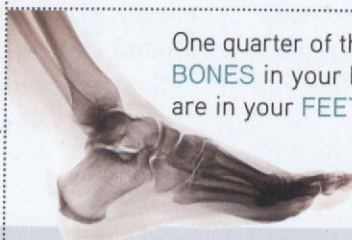


A dime has **118 RIDGES** around the edge.



The verb **CLEAVE** is the only English word with two synonyms which are antonyms of each other: adhere and separate.

One quarter of the **BONES** in your body are in your **FEET**.



A **JIFFY** is an actual unit of time for 1/100TH of a second.



Non-dairy creamer is **FLAMMABLE**.

# Top HIGHEST

# AND LOWEST

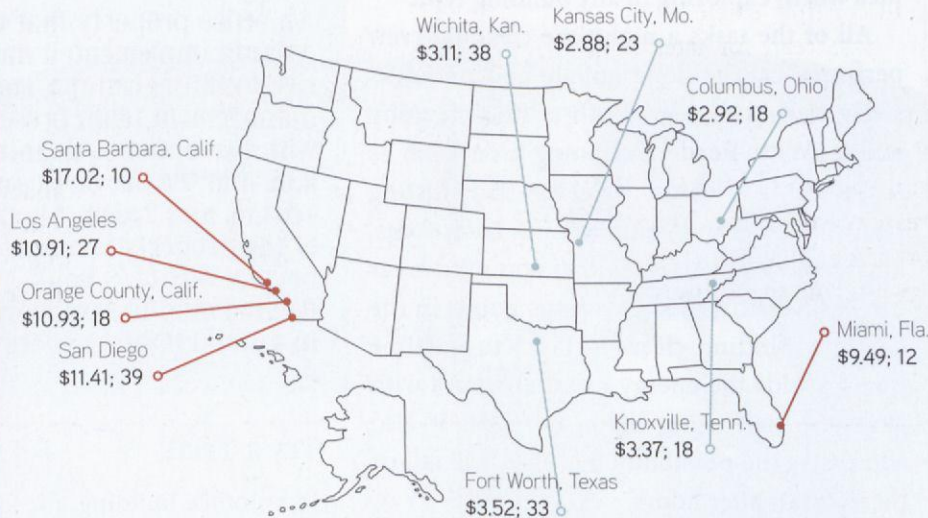
# 5

# NET OPERATING INCOMES FOR Conventional Apartments

### Highest and Lowest NOI\* for ALL GARDEN STYLE APARTMENTS

[Listed by median and sample size]

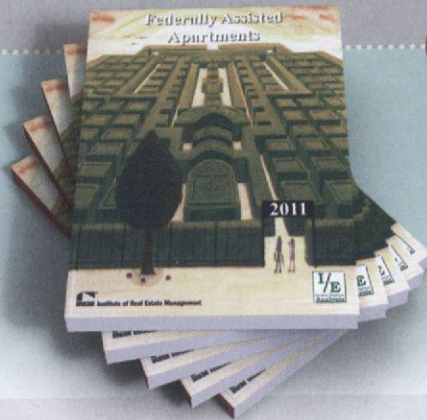
■ Highest; ■ Lowest



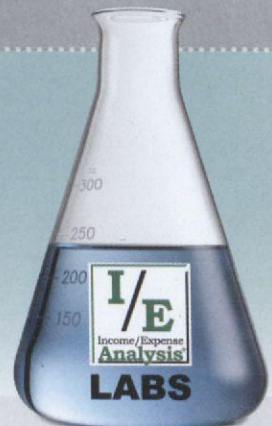
\*Minimum sample of 10

\*\*Figures are in Median Dollars per Square Foot of Rentable Area

Besides garden apartments, high rise, low-rise 12-24 units, and low-rise 25+ units property types are available in Metro, Regional, and National reports.



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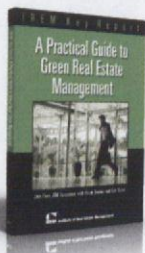
## IN BROAD DAYLIGHT

### Let a little light into your cleaning program


In many property types, there is a **forgotten group of part-time occupants**. Stealthily coming and going from the building, paying no rent and quietly going about their business, the **janitorial staff can seem invisible**.



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ALSO THE  
AUTHOR OF  
A PRACTICAL  
GUIDE TO GREEN  
REAL ESTATE  
MANAGEMENT.

AVAILABLE AT  
IREMBOOKS.ORG. 

**D**ay cleaning is an often-overlooked opportunity to offer improved building services while also reducing energy costs. Though it will be a new idea for many owners and tenants, the benefits—lower energy costs, improved tenant satisfaction, greater accountability, better work/life balance and reduced turnover—make this an idea worth exploring in any building type.

All of the tasks a nighttime cleaning crew performs can be done quietly and unobtrusively during the day. With a little planning and tenant education, cleaning tasks such as emptying trash bins; watering and dusting plants; vacuuming; and cleaning bathrooms, kitchen areas, gyms and other common areas can easily be finished at various points in the daytime. Shifting cleaning tasks to daytime hours avoids the energy use that comes with janitorial staff using lights at night. It also eliminates the possibility that they will adjust thermostats after hours.

#### Face Time

Surveys show that tenants are more satisfied with daytime cleaning services, and there are many reasons for this. Seeing and interacting with cleaners puts a face to the service, which may soften critiques. The level of service improves because tenants see what is being done. Brief interaction also allows tenants to provide feedback about overlooked areas and pet peeves, eliminating the need to complain to the management office. In fact, studies suggest complaints about janitorial staff are reduced by more than 70 percent.

#### Happy Janitorial Staff

Daytime cleaning also improves quality of life for janitorial staff. Reduced nighttime workload allows for better work/life balance and can reduce strain on their families. Better work/life balance translates to fewer turnovers, which further reinforces relationships.

An office property that we work with in Atlanta implemented day cleaning in a five-building campus two years ago. The management team presented each tenant with two options: cleaning between 6 a.m. and 9 a.m., or cleaning between 10 a.m. and 2 p.m. About 90 percent of the property is now cleaned during normal business hours, which has been documented to save more than \$150,000 in annual lighting energy costs.

#### Try a Trial

In an office building, for example, you might be required to sell the idea to tenants to help them appreciate the benefits, which include lowering their operating costs. If tenants are unsure, consider implementing day cleaning on a trial basis and collecting feedback after a few weeks.

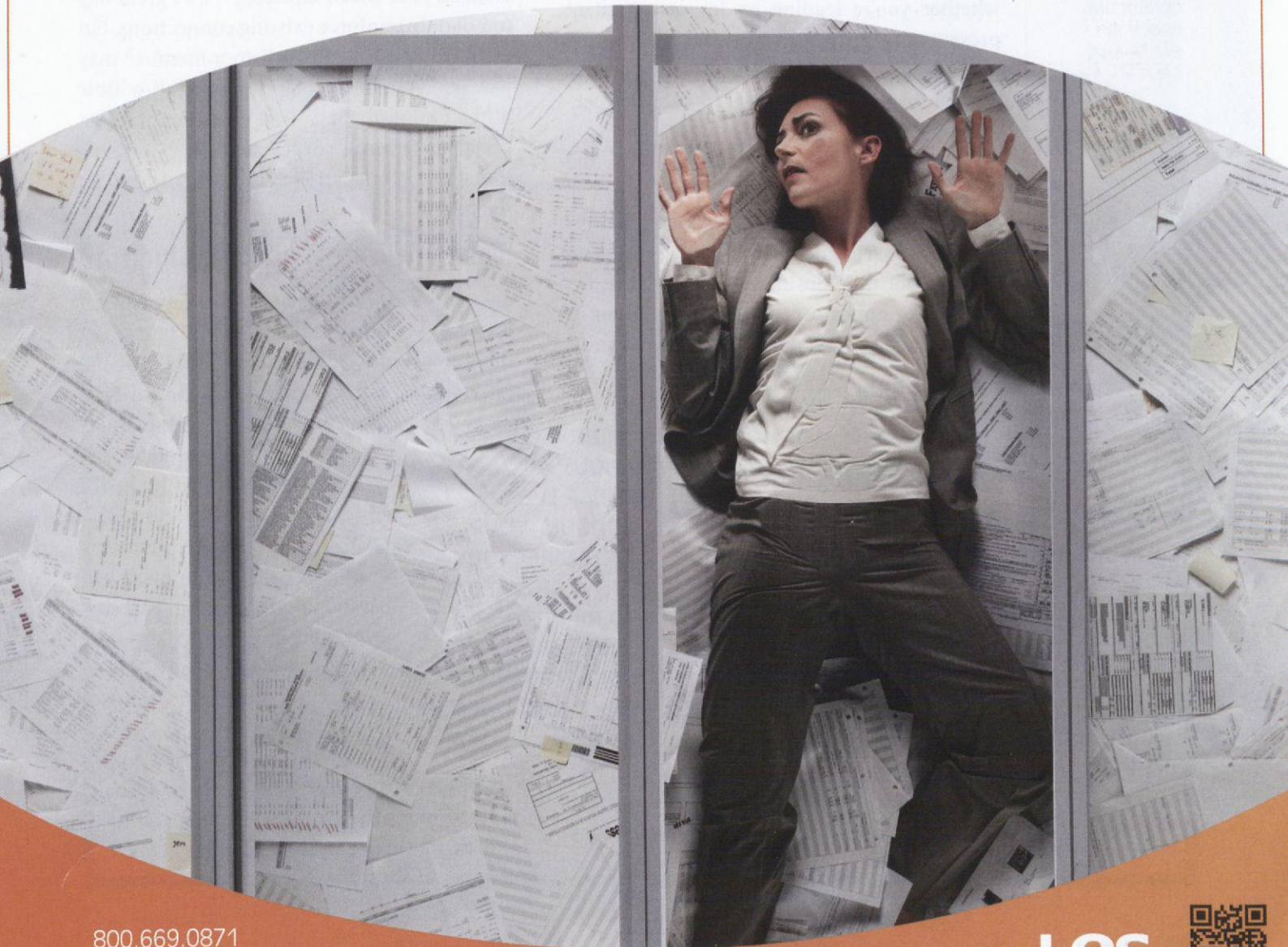
Daytime cleaning is a great way to enhance the quality of your building services, increase profitability and sustainability, and potentially improve quality of life. Implement this technique in your buildings and start reaping the benefits. You don't have to scour the earth for ways to save energy—sometimes a great idea is hiding in broad daylight. ■



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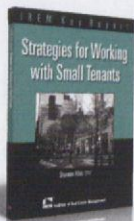
LCS




# POWER IT UP WITH THE PERSONAL ASK



SHANNON ALTER, CPM, (SHANNON@ALTERCONSULTING-GROUP.COM) IS PRESIDENT OF ALTER CONSULTING GROUP IN SANTA ANA, CALIF.



MS. ALTER IS ALSO THE AUTHOR OF STRATEGIES FOR WORKING WITH SMALL TENANTS.

AVAILABLE AT IREMBOOKS.ORG. 

## It's a Nightmare Come True:

Your association board meeting is a bust. Halfway through the meeting you realize that things are definitely going downhill and your company's shining light is diminishing by the minute. People you thought would show up didn't. One long-time member has managed to run away with the conversation—again. Even worse, your boss suddenly appears more interested in his iPhone than in the topics at hand. Not exactly a great marketing plug for you or your company, is it?

If this scenario sounds all too familiar, there's good news. You can turn any meeting into a marketing advantage for your company, whether you're leading an important client presentation, an industry association meeting or a board gathering. Here's the secret: power up your marketing with what I call the "personal ask."

You're unlikely to find the phrase in the dictionary, but "personal ask" is the term I've coined to describe a targeted, personal approach to marketing. We all know real estate is a relationship business, right? It's also a business of opportunity cost. Think about it: what are the *intrinsic* costs of losing a chance to effectively market your firm or your property? Follow these tips for sure-fire ways to power up your marketing.

### Make it individual

Target small. You don't need to bring out the engraved stationery, but do consider a personal invitation. People like to offer their input and feel their contributions are valuable—not have their time wasted. Survey your colleagues and find out who you need to include in your meetings to add value, move the agenda forward and reach decisions. In this day and age, a personal touch really does count.

### Harness the power of your network

Think big. It's all about access these days. Consult your IREM directory—it's a great way to not only reinforce existing connections, but to make new ones. A call to a member may just get you the contacts you need a little faster. I know that I can get valuable advice on prospective hires, corporate strategy or even ideas for my next article by simply picking up the phone.

### Take advantage of social media

Take LinkedIn, for instance. Market research firm Lab42 estimates that about 20 percent of this powerhouse's 100 million users visit the

site for its industry networking capabilities—at all levels of management. Even more notable, industry experts say that LinkedIn adds a new member *every second*. If you've tried to pitch new business lately, you know it can be tough just getting past the gatekeepers.

Here's my question: if you've got access, why risk losing a marketing opportunity? Use it.

My former boss used to say that real estate is a handshake type of business. It's time to get back to it. What's the opportunity cost if you *don't*? ■

**THINK BIG. IT'S ALL ABOUT ACCESS THESE DAYS. CONSULT YOUR IREM DIRECTORY—IT'S A GREAT WAY TO REINFORCE EXISTING CONNECTIONS AND MAKE NEW ONES...**





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# UNWANTED NEIGHBORS

## KEEPING CONDOMINIUM TRANSFER RIGHTS IN YOUR FAVOR



JIMMY C. LUKE, II, JD, IS AN ASSOCIATE WITH FOLTZ MARTIN LLC.



CHAD P. RALSON, JD, IS AN ASSOCIATE WITH FOLTZ MARTIN LLC.

AMENDING YOUR CONDOMINIUM DECLARATION CAN MAKE THE DIFFERENCE BETWEEN A CONTINUED LIVABLE ENVIRONMENT AND ONE IN WHICH THE NEW NEIGHBORS DECIDE IT'S A GOOD IDEA TO DISPLAY THEIR EXTENSIVE LAWN FLAMINGO COLLECTION FOR THE BENEFIT OF EVERYONE IN THE COMPLEX.

### ■ THE PROBLEM

In the current market, it is easy to overlook issues pertaining to condominiums. However, one issue that has cropped up recently is the potential loophole in the assignment of a condominium unit. Generally, condominium declarations are drafted in an attempt to limit or prohibit to whom the condominium may be transferred or assigned.

However, the term “owner” is sometimes defined as the “current titleholder of record.” Such drafting allows the current owner of the condominium to carve out a lesser estate than the fee simple and transfer this lesser estate to another person who might otherwise have been excluded from owning or occupying the condominium.

As an example, suppose the owner of a condominium needs to relocate because of a job, but finds the current condominium market unfavorable. Instead of selling the unit, the owner creates an “estate for years” and sells this lesser estate to a transferee.

An estate for years is similar to a lease except that it entitles the holder of the estate for years (the “estate holder”) to use the estate in an absolute manner normally afforded to

the fee-simple holder. In addition, an estate for years passes as realty, allowing the estate holder—rather than the reversion holder, or the owner, in this case—to appear as the titleholder of record.

Because the estate holder appears as the titleholder, the owner effectively circumvents the restriction on assignment provided for in the condominium declaration. An owner can thus transfer the condominium to a transferee that the condominium association would otherwise find to be undesirable, and may do so without penalty.

GENERALLY, CONDOMINIUM DECLARATIONS ARE DRAFTED IN AN ATTEMPT TO LIMIT OR PROHIBIT TO WHOM THE CONDOMINIUM MAY BE TRANSFERRED OR ASSIGNED.

### ■ THE SOLUTION

The condominium association should pass an amendment to the current condominium declaration as follows: “The definition of ‘Owner’ is hereby amended to read as follows: ‘Owner’ shall mean the titleholder of record or, in the event that the titleholder of record differs from the reversion-holder, the holder of the reversion.” Given that many associations are currently passing amendments for other, more pressing, reasons, it seems likely that this simple change should face little opposition. ■



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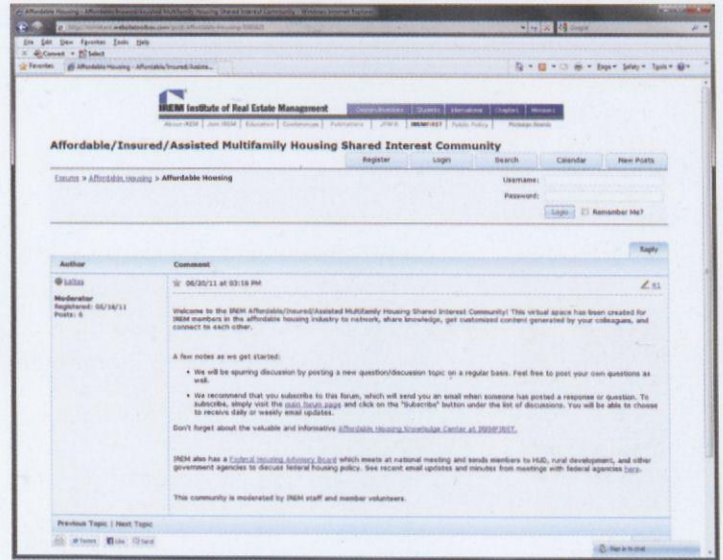
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# The New Senior Housing Market

By Kristin Gunderson Hunt

Senior housing communities expand campuses and services to accommodate changing market and anticipated demands of future Boomer residents.

**T**he aging Baby Boomer population may be exploding, but new senior housing developments are not.

The economic downturn and resulting financing constraints have slowed construction of new senior housing facilities of all types, while the poor housing market has compounded the situation as many Boomers and their elders delay transitioning from their homes—suppressing a potential surge in senior housing, said Scott Stewart, managing partner at Capitol Seniors Housing in Washington, D.C.

“Virtually no new supply is coming on the market, and that will continue in the near term,” Stewart said. “The Baby Boomers just started turning 65, so we’re on the front end of what we anticipate will be a further boom in demand.”

Although new developments may be few and far between, established senior housing operators are taking this opportunity to expand their existing campuses’ facilities and services to accommodate the evolving market and future demand.

“Many existing communities are in a position to expand,” said Ann Broderick, CPM, president of Broderick Consulting Services in Dayton, Ohio. “They are look-

ing at the services they provide so they can attract and maintain the seniors in their communities with the appropriate level of care.”

Industry source of supply data. Further, expansion projects increased by 77 percent between the first quarter of 2010 and the fourth quarter of 2011—from 61 projects adding more than 3,700 units or beds, to 108 projects adding approximately 5,500 units or beds.

Stewart said existing assisted living and memory care communities—whereby occupancy rates are driven by immediate health-care needs—are especially ripe for expansion. According to NICMAP data, assisted living and memory care expansions increased by 24 percent and 32 percent respectively between the first quarter of 2010 and the fourth quarter of 2011.

“Assisted living and dementia

service line, half of assisted living expansions and 80 percent of memory care expansions documented in the fourth quarter of 2011 are occurring in communities that previously did not offer those services, said Larry Rouvelas, principal at Senior Housing Analytics in Falls Church, Va.

“The mix of what campuses offer is shifting,” he said.

Beyond traditional facility and service expansions, experts said more senior housing communities are adding or renovating spaces for short-stay rehab centers, and even fitness facilities, to cater to a broader population that isn’t ready to settle into such communities full time. They’re also adding more social or recreational spaces that are comparable to those at a “country club,” Broderick said—not to mention advanced technology and executive chefs developing five star menus.

These changes are indicative of what the future senior housing population will want, said Eileen Yesko, CPM, senior director of housing for Lutheran Social Ministries of Burlington, N.J., an affordable housing provider that offers senior housing and services, as well as two non-subsidized continuing care retirement communities (CCRCs).

“I believe all senior housing communities, as they once existed, need to adapt,” she said. “They must constantly reinvent themselves—whether it’s through remodeling, adding services or offering more amenities that will better serve the needs of the community.”

## Between the first quarter of 2010 and the fourth quarter of 2011, expansion at existing independent living facilities dropped 6 percent.

### RENOVATE AND REINVENT

Expansions of existing senior housing communities accounted for nearly 30 percent of the senior housing supply under construction in the fourth quarter of 2011, according to information from NICMAP, a leading senior housing in-

care are getting a bigger piece of the pie,” he said. “Operators are taking advantage of the need for acute care. Healthcare isn’t something you can put off. When healthcare needs arise, they have to be taken care of right away. By expanding the services and facilities you provide, you can keep your resident on the campus for a longer period of time. The longer you can keep your customer, in any business, is always good.”

While most communities are expanding within their existing



ALTHOUGH NEW DEVELOPMENTS MAY BE FEW AND FAR BETWEEN, ESTABLISHED SENIOR HOUSING OPERATORS ARE TAKING THIS OPPORTUNITY TO EXPAND THEIR EXISTING CAMPUSES' FACILITIES AND SERVICES TO ACCOMMODATE THE EVOLVING MARKET AND FUTURE DEMAND.

PHOTO © PAM MCLEAN / GETTY IMAGES

## BUSINESS IS 'BOOM'ING

Many senior housing communities are adapting—especially those that have maintained stable occupancy rates and even waiting lists—thanks to demand in their communities at-large.

Saint Therese at Oxbow Lake—a CCRC in Brooklyn Park, Minn.—is undergoing a \$17 million expansion to its campus that currently houses an 82-unit, three-story independent senior rental building, and a 41-unit, three-story assisted living building, including 19 memory care apartments.

The facility is adding 64 skilled nursing beds, as well as an extensive health and wellness center

that both residents and members from the outside community can use. Renovations are expected to be complete this fall, according to John Le Blanc, director of development for Saint Therese, a non-profit senior care provider in the Minneapolis area, including at Oxbow Lake.

“We’ve experienced the need for various levels of care as people age, and we’ve also experienced the value of a community being built (in CCRCs),” LeBlanc said.

In West Caldwell, N.J., Cranes Mill CCRC, owned and operated by Lutheran Social Ministries, has also expanded in the last several years. In 2010, it completed the addition of 70 independent living units and 10 dementia units—in-

creasing independent living capacity by 71 percent. It also renovated the skilled nursing and assisted living facility on campus. Finally, it renovated its dining spaces for \$1.7 million, borrowing ideas from top restaurants and cruise lines.

“Potential residents today have a higher level of expectation in services,” Yesko said. “They don’t want to give up anything in their lifestyle. They may just want to get rid of the big house. They’re remaining much more active and engaged in the community.”

In June 2011, Smith Crossing, a CCRC in Orland Park, Ill., completed phase one of its \$37 million expansion and renovation project, opening 14 new assisted living apartments and 16 memory care



PHOTO © JASON TOLO / GETTY IMAGES

EXPERTS SAID MORE SENIOR HOUSING COMMUNITIES ARE ADDING OR RENOVATING SPACES FOR SHORT-STAY REHAB CENTERS, AND EVEN FITNESS FACILITIES, TO CATER TO A BROADER POPULATION THAT ISN'T READY TO SETTLE INTO SUCH COMMUNITIES FULL-TIME.

suites. Construction is underway for two more wings that will house 76 additional independent living apartments, as well as a common area with a theater, arts studio, multipurpose room, two formal gardens and a renovated fitness center. The expansion, anticipated to be complete this fall, will increase the retirement community's capacity by 60 percent.

"Our vision is to build continuous care," said Mike Flynn, chief executive officer of Smith Senior Living, which sponsors Smith Crossing.

## CONTINUOUS CARE INTERRUPTED

While some CCRCs have had success expanding, expansion plans for the overall continuing-care and independent living markets have actually been hit the hardest by the economic downturn.

Between the first quarter of 2010 and the fourth quarter of 2011, expansion at existing independent living facilities dropped 6 percent, according to NICMAP data. During that same time period, expansions at existing CCRCs fell from 67 percent of all existing senior housing development to 43 percent.

Stewart said demand for such products has waned since the housing slump began. He said currently, homeowners are more likely to stay in place while they wait for the housing market to recover. Often, home-sale revenue is used to cover the typically



**In June 2011, Smith Crossing, a CCRC in Orland Park, Ill., completed phase one of its \$37 million expansion and renovation project, opening 14 new assisted living apartments and 16 memory care suites.**



hefty entrance fees and costs of living at high-end CCRCs or independent living facilities.

Still, Stewart said that expansion at these facilities is likely to increase once the housing market improves—right alongside all other senior housing communities, as the Baby Boomers' housing and health-care needs grow dramatically in approximately 10 to 15 years.

"I don't know how we as a society can't continue to put resources into senior housing campuses," LeBlanc said. "We're not going to be able to take care of everyone and their needs in their homes."

## **THERE'S NO PLACE LIKE HOME**

Despite continued investment in senior housing, experts said solutions for in-home care are necessary because the majority of the Baby Boomer population will age in

place at their private residences.

As such, property managers at traditional multifamily residences have the opportunity to cater to the growing demographic of seniors by providing them with desired services or connecting them with in-home service providers, Broderick said. She actually consults with operators and managers on integrating such offerings into their business models.

"More apartments are offering services to seniors to keep their communities full," Broderick said. "Some operators are excelling at offering quality services, and some operators need guidance. My goal is to help operators in need so the industry will continue to meet the needs of seniors."

Property managers may even be able to make alliances with senior housing operators contemplating offering an in-home care service model, whereby the company would hire case managers to team up with

property managers of apartments and condos to coordinate care for senior residents, experts said.

LeBlanc said while in-home care solutions must be developed, senior housing and skilled nursing will remain a relevant part of the equation for housing the aging population.

"For the vast majority of people, we need to figure out how to take care of them in their homes," LeBlanc said. "But considering the complexity of health issues and that people are living longer, more bricks and mortars are going to be needed. We believe there is always going to be a place in the world for senior housing and skilled nursing." ■

KRISTIN GUNDERSON HUNT IS A CONTRIBUTING WRITER FOR *JPM*®. IF YOU HAVE QUESTIONS REGARDING THIS ARTICLE OR YOU ARE AN IREM MEMBER INTERESTED IN WRITING FOR *JPM*®, PLEASE E-MAIL MARIANA TOSCAS AT [MTOSCAS@IREM.ORG](mailto:MTOSCAS@IREM.ORG).

# DIVERSITY DELIVERS

## FOUR TIPS FOR EMBRACING DIFFERENCES

HYPOTHESES ABOUT HOW MUCH WE COULD ACCOMPLISH IF CLONING WAS POSSIBLE—YET, IT DOESN'T SOUND APPEALING TO ME. ONE: I'M MORE PRODUCTIVE AND CREATIVE WHEN I WORK WITH OTHERS. AND TWO: HOW BORING!



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MS. BRECHER IS ALSO THE AUTHOR OF *SUCCESS STRATEGIES FOR COMMERCIAL AND MULTIFAMILY REAL ESTATE CAREERS*.

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It's crucial to recognize that diversity is not a matter of groups, but individual differences. Everyone is unique and when qualities are automatically attributed to those who have a particular trait in common with others, difficulties arise. Diversity comes down to what and how an individual thinks, not group affiliation. The need for diversity goes far beyond legislative requirements. A diverse workforce is needed for organizations to stay current with contemporary culture and move into the future.

### **1** PREVENT GROUPTHINK

"Groupthink" is when the desire for harmony in a decision-making group overrides a realistic appraisal of alternatives. Conforming to the consensus and not questioning our thinking, beliefs and *modi operandi*, limits diversity.

### **2** BROADEN PERSPECTIVES

Outside influences help us move past the filters through which we see. With IREM's global presence, I have been honored to teach in countries outside of the U.S. and I've seen simple terminology get lost in translation, but when explored instead of brushed off, the communicative difference may deepen our understanding.

### **3** GENERATE NEW IDEAS

Different thoughts keep things fresh and create an interesting, challenging workplace that keeps people engaged. Working with a firm on policies and procedures, I brought in people from outside departments and geographic locations and produced ideas we never would have had.

### **4** PARTICIPATE IN GLOBALIZATION

Customers, employees, investors, vendors and competitors come from varying backgrounds and have different beliefs. Diversity actually increases the opportunity for more business.

OUTSIDE  
INFLUENCES  
HELP US  
MOVE PAST  
THE FILTERS  
THROUGH  
WHICH WE SEE.

### THE ULTIMATE TEST

Success goes beyond tolerance to embracing and incorporating differences. The ultimate assessment is "Are diverse ideas implemented?" If not, the causes of inaction must be identified and hard changes might be needed.

Abraham Lincoln said, "You may be on the right track, but if you don't change tracks every now and then, you might get run over by a train." Diversifying business practices and common workflows is a great way to change tracks. ■

## Guide Customers Well Using Effective Directional Signage

Have you ever circled a shopping mall looking for a certain store? Most of us have! But, what you may not realize is that your potential customers may get too frustrated with the search and leave before you even get a chance to talk to them!



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- Safely guide them to the exit

### Indoor signs

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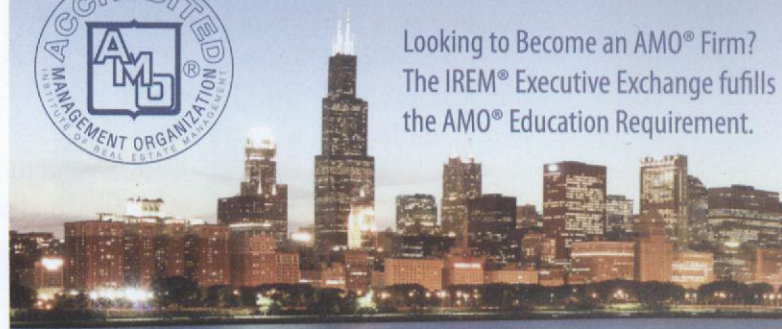
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## WHAT WOULD YOU DO?

We have all witnessed unfortunate situations where a reputation has been seriously, possibly irreparably damaged by a lapse of judgment. Sometimes this can occur just as easily from inaction as from action.



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**L**earning from the actions of others and the consequences of those actions may be the best way for us to achieve the personal and professional reputation that we desire.

In a recent fair housing case, a property owner and his former manager were found liable for damages based on a complaint that the manager sexually harassed six residents. The investigation found the owner had been informed about the detrimental conduct of the manager by two of the residents and had taken no corrective action as a result. What would you have done if you were the owner or a supervisor of this manager?

As IREM Members—whether individual members or part of an ACCREDITED MANAGEMENT ORGANIZATION (AMO) Firm—our *Code of Professional Ethics* requires us to “conduct business activities with knowledge of and in compliance with all applicable laws and regulations” and to “provide equal employment and professional services.”

However, simply following legal or policy

requirements is not enough to meet the ethical standards of being an IREM Member. Each one of us pledges “to maintain the highest moral and ethical standards consistent with the objectives and higher purpose of the Institute.” We also have a “duty to tenants and others” and a “duty to report violations.”

Taking the time to ask, “If my actions were reported to the public tomorrow, would I be

comfortable if my family saw the report?” is the Golden Rule of ethical conduct. Doing only what is required is not enough to achieve personal and professional success. Those who achieve it do so by giving the extra effort to consider both the short- and long-term consequences of their conduct.

Realize, though, that pledges, laws and policies are just words. We have a responsibility to put them into action and give them life. This is accomplished by our conduct. Never forget what truly makes IREM strong is the quality and character of its members. Make every day a teaching day—guide others by your

example. We cannot escape our reputation; it is there in plain view based on what we have built it to be. ■

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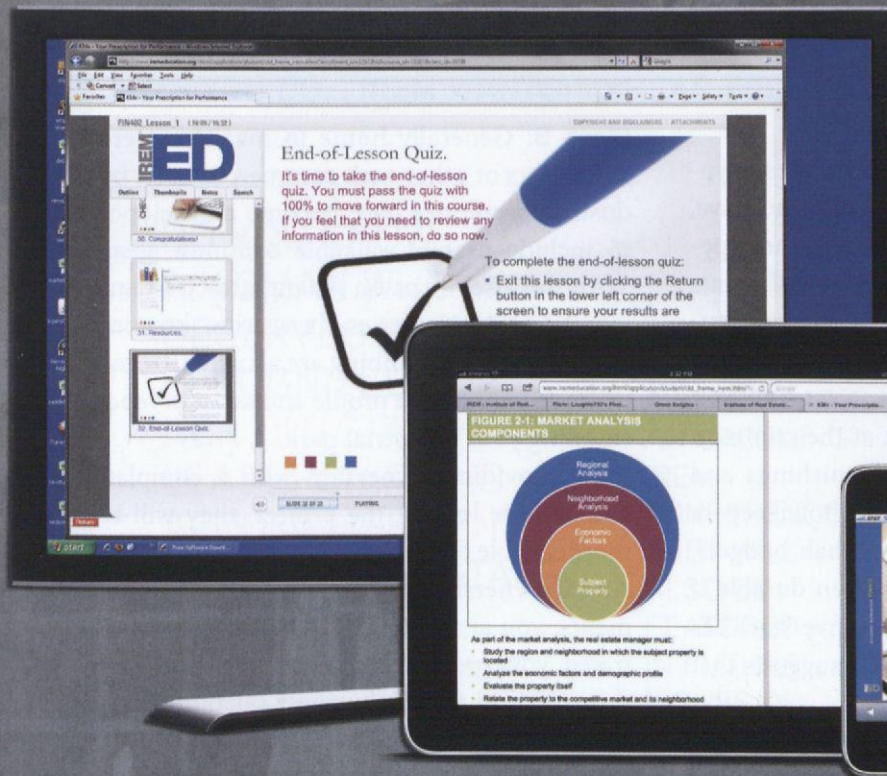
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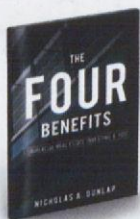
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## CREATIVE ENHANCEMENTS AND UPGRADES: LESSONS LEARNED IN PROVENCE, FRANCE AND LAS VEGAS



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MR. DUNLAP IS ALSO THE AUTHOR OF *THE FOUR BENEFITS*.

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Long before ROI became the mainstream media's buzzword du jour, it was the acronym that real estate owners and operators used to determine whether an investment-related decision was a go or a no-go. In crafting a management plan to fit a particular property or ownership group, you might find it useful to look outside of your immediate geographic area and look to foreign property types as well. Often times, I have found ideas for cosmetic and functional upgrades when traveling abroad. Commercial buildings in San Juan, Puerto Rico; Barcelona, Spain; or Provence France have provided some excellent ideas for aesthetic upgrades or façade treatments.

Planning and understanding can and should result in a favorable budget, increased income, added value and an impressed owner. But before you ask for the capital outlay, let's look at some of the upgrades or enhancements that are working for property owners in today's market.

### MULTIFAMILY PRODUCT BY PROPERTY CLASS

**Class A:** Class A multifamily properties—typically, newer construction, amenity-inclusive, resort-like properties—are all about the experience. Bring in a life-coach, host social events and create partnerships within the community to give your residents discounts at select bars, restaurants and retailers. Next time you are in Las Vegas, take a look at the common area amenities and in-suite furnishings and fixtures. From floor to ceiling, hotelkeepers know how to maximize their rehab budgets. The features they choose are often durable if not bulletproof. Applying this five-star, Las Vegas resort approach to service suggests that anything is possible.

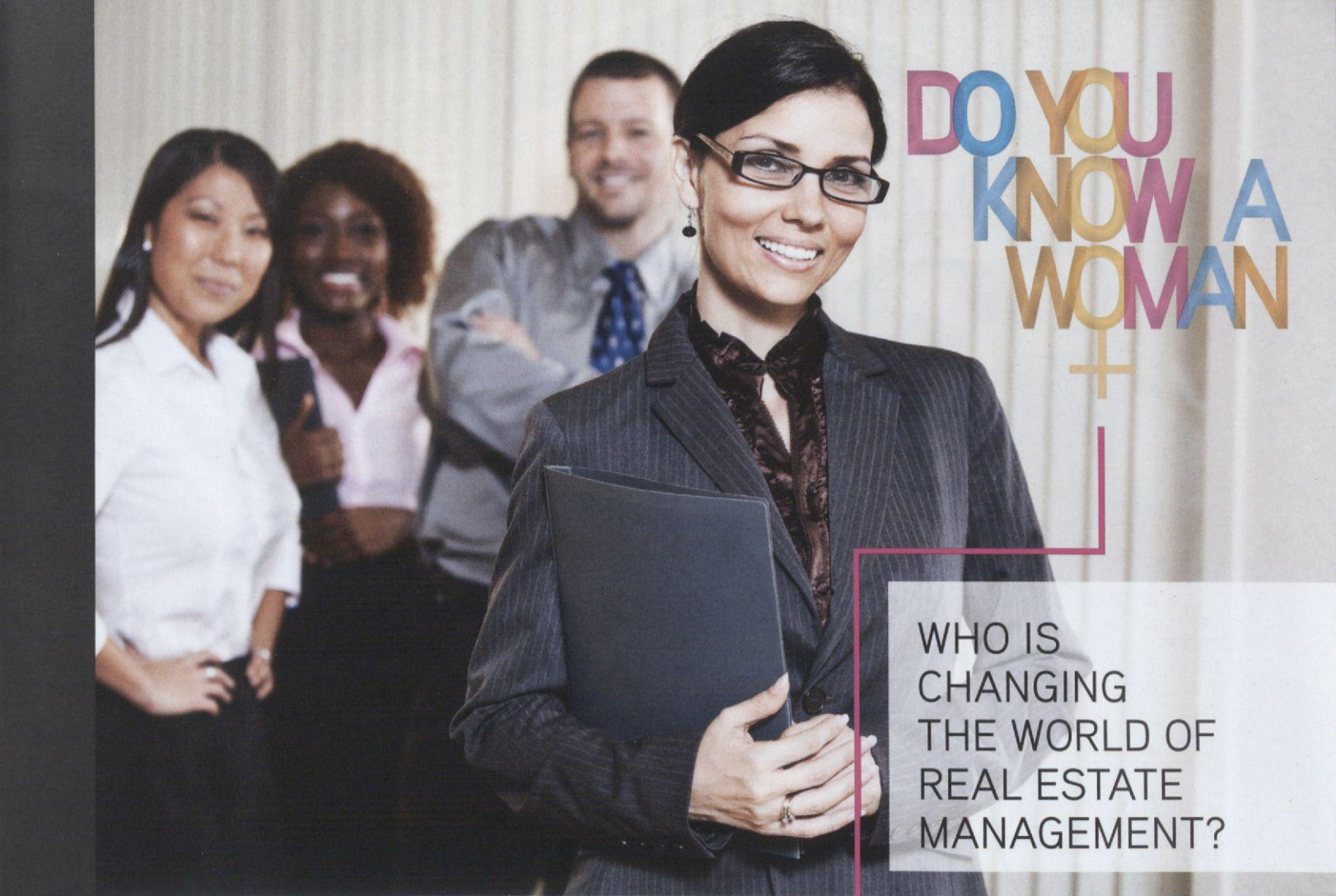
**Class B & C:** Class B or C multifamily is generally 1960s and newer. Enclosed patios with concrete slabs and small garden areas, in-unit laundry hookups, updating or construction of fitness and business centers, façade treatments, new exterior paint tones and schemes can breathe new life into an aging asset.

### OFFICE/INDUSTRIAL PRODUCT BY PROPERTY CLASS

**Class A:** Depending on city zoning requirements, many office complexes are primed for a restaurant or café component, which will not only draw additional patrons to the property, but will create additional income as restaurants generally have a higher rent per square foot than office space. While the planning and permit fees can be costly, the end result can create a buzz unparalleled by any other amenity. Façade treatments to temporarily or permanently alter the exterior appearance of the property, mood lighting, fresh flowers, concierge service—and even gourmet food trucks—provide an enriched tenant experience.

**Class B:** Generally home to manufacturers, fabricators or other such commercial uses, industrial properties have become redeveloped to include usable, walkable common areas. With this use, focus on tenant attraction and retention. Art galleries, breweries, bowling and indoor rock climbing are all uses that can upgrade your tenant profile and assist in repositioning your industrial park.

By providing ownership with a complete and concise look at the project, they will be more capable of making an informed decision. And if ownership opts to forego the improvements, you are all the better for having illustrated your personal care and expertise for the asset and for the business relationship. ■



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WOMAN

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CHANGING  
THE WORLD OF  
REAL ESTATE  
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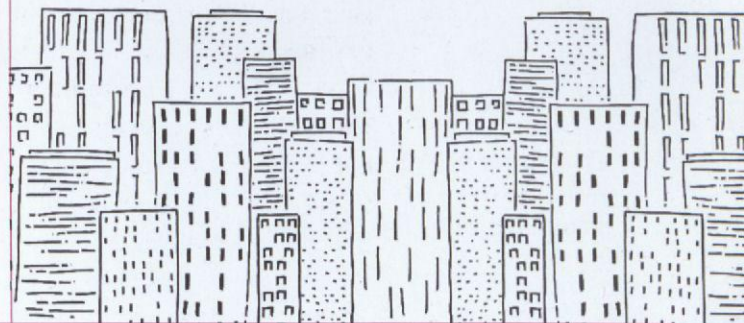
DO YOU KNOW  
A WOMAN WHO  
DESERVES TO BE  
RECOGNIZED FOR  
HER **OUTSTANDING  
LEADERSHIP AND  
ACCOMPLISHMENTS**  
IN THE REAL ESTATE  
MANAGEMENT  
INDUSTRY? OR ARE  
YOU THAT WOMAN?

10

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[PICTURED] BRIDGE COMMUNITIES RESIDENTS, PASCAL AND LYDIE, WITH THEIR CHILDREN, JOYCE AND GODSON, FLED WESTERN AFRICA IN 2008 TO COME TO GLEN ELLYN, ILL., WHERE BRIDGE COMMUNITIES HELPED SECURE THEIR HOME AND FUTURE.

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# A New BEGINNING

Bridge Communities, a dynamic, grassroots, non-profit organization, is committed to transforming the lives of homeless families in DuPage County, Ill. through partnering with groups within the community.

By Diana Mirel

Photographed By Neil Gates







# In the late 1980s, businessman Mark Milligan volunteered at a short-term *homeless shelter*.



He was particularly moved by the plight of the children.

“That just flew in the face of everything that should be happening to children,” he said. After seeing too many homeless children suffering, Milligan decided to make a change.

Joining forces with Bob Wahlgren, a friend and fellow businessman, they rented an apartment for a homeless family. The duo then began raising money to help the family become more self-sufficient.

Their vision started out modestly. At the beginning, Milligan and Wahlgren worked through their local church and ended up supporting six families in the first six years. As their resources and reputation grew, they raised more money and continued adding more apartments. As other congregations in the Western suburbs of Chicago started hearing about what they were doing, more churches began following in their footsteps.

By the mid-1990s, Milligan and Wahlgren realized they were on to something truly special. Thus was born Bridge Communities. At the time, 15 churches throughout DuPage County, just outside of Chicago, were hosting homeless families. Milligan and Wahlgren recognized the need for a strong parent orga-

nization to grow the program into something that could make a major impact on homelessness.

“We saw a lot of possibility,” said Milligan. “We knew if it were really going to be deeply entrenched in the area, we needed to take more of a leadership role.”

## *Making a Difference*

The goal of Bridge Communities is to provide transitional housing to achieve its mission of moving homeless families to a greater control of their lives.

“We hesitate to say self-sufficiency because that is hard to get to, but we want to get them to a place where they are *more* self-sufficient,” said Milligan.

Currently, Bridge Communities has about 130 apartments, either through ownership or through rental agreements, and the organization plans to continue growing. The organization works with 44 faith-based program partners and several community partners throughout DuPage County. After Bridge Communities contracts with a program partner, the partner then sponsors one to three apartments, with some of those partnerships spanning a number of years. The partner pays a program partner fee, which covers about half of the total expenses for

the family/families it is sponsoring, and Bridge Communities covers the other half.

Bridge Communities acts as the umbrella organization, providing case workers, financial resources and operational business decisions, while the program partners provide volunteers, additional financial assistance and donations such as cars, furniture, clothing and so on.

## *More than Housing*

Bridge Communities is not an emergency housing organization. Rather, families accepted into the Bridge Communities program go through an in-depth admission process that takes six weeks to two months. Families in the program must have children under the age of 18 living with them and the parent must be working. The family must be either homeless or at risk for homelessness.

“We do two to three interviews over a couple of weeks, drug testing, background checks, credit reports. It’s a complex process, and it’s not an easy process,” said Milligan.

When families are accepted, they are matched with an apartment that is as close to where they need to be as possible. They are then matched with a program partner and volunteer mentors who work with the

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family on a weekly basis for an extended period of time.

"It is truly a program," said Yvonne Naese, CPA, director of operations. "When we are matching clients with housing, we are also looking at what program partner and mentor group will work best with that family. It is amazing how all the pieces really come together."

Families spend two years in the

community center," said Milligan.

The learning resource centers typically have computers for the clients, and they are used to provide tutoring for the children and for various events.

Maintaining the properties in good working order is a must. With new families—all including children—moving into the units every two years, the apartments face plen-

these properties is...how can I be an instrument in making the life of the clients and [their] families feel respected and treated with dignity?" said Sanchez. "The biggest reward for me is knowing that a family is not going to be homeless another night, and that Bridge Communities exists to help children have a safe and secure home."

Although CHAD is the property management arm of Bridge Communities, the mentors and case workers play a major role in ensuring the units are in good shape. The mentors or case managers are proactive when they notice

something that needs to be fixed or changed within a client's apartment.

"Our clients prefer to work through their mentor or case worker. So if there are issues, whether the phone isn't working or the stove is broken, the client usually tells the mentor who then tells me. I will then forward issues to the property managers," said Naese.

This type of three-way communication can pose an operational challenge. "There is a lot of coordination involved," she said. "I have to be very precise on what work needs to be done at what property."

### *Dealing with Turnover*

One of the most unique aspects of managing the Bridge Communities properties is dealing with the turnover rates. When one client completes the program after two years, the apartment must be turned over and readied for the next family. In addition to the usual cleaning, painting and carpet cleaning, there

"THE WAY I LOOK AT MANAGING THESE PROPERTIES IS...HOW CAN I BE AN INSTRUMENT IN MAKING THE LIFE OF THE CLIENTS AND [THEIR] FAMILIES FEEL **RESPECTED AND TREATED WITH DIGNITY?**" -MARIA SANCHEZ, ARM

program. "Two years is a good number. It allows them enough time to do something," said Milligan. "We are starting with families that are unstable. This gives us time to help stabilize them."

### *Managing the Units*

In today's economic environment, the organization has found that purchasing existing buildings is more financially feasible than building brand new buildings. In acquiring housing for its clients, location is of the utmost importance.

"We want to be in the safest neighborhoods possible," said Milligan. "A lot of women we work with are fleeing domestic violence, so we want to create a safe environment."

Additionally, the organization prefers to have their units in clusters, allowing the different client families to live by one another.

"Sometimes, if we have, say, three six-flat buildings close together, we will turn one unit into a resource/

ty of wear and tear. Bridge Communities works closely with the Community Housing Association of DuPage (CHAD), which serves in the property management capacity for the Bridge Communities units to ensure the units are clean and in good working order. CHAD is responsible for the day-to-day management of the buildings, including security, snow plowing, landscaping, pest control and a 24-hour emergency hotline.

"We are committed to providing quality property management services to our client," said Maria Sanchez, ARM, general manager, CHAD Property Management, Inc. "We ensure that the client work orders are met in a timely manner, and we make sure that the owner's property meets decent, safe housing quality standards."

The property managers are equally committed to helping the families get back on their feet.

"The way I look at managing

are different maintenance issues and surprises that often arise.

"We conduct a unit-needs assessment to determine how quickly we can make ready the unit to ensure that the owner can quickly place a new family," said Sanchez. "We rely on the maintenance staff to keep us informed of the condition of the unit, while they go along conducting their daily work tending to the properties."

Further, Naese meets weekly with case managers and notifies property managers about maintenance requests and other pressing issues. She also constantly works with program partners and potential clients to go through unit availability. "It is a big chess game, and there are a lot of moving parts. We just want to make sure we get the families into these apartments as soon as we can," said Naese.

### *Life Beyond the Bridge*

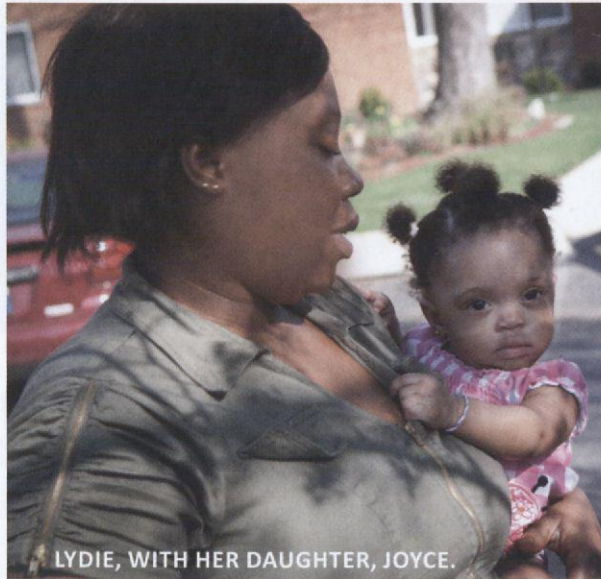
One of the most important aspects of Bridge Communities is the exit strategy for its clients. "We are really focusing at a strategic level," said Naese. "We're making sure that an exit strategy is in place so [clients] have a place to go."

After completing the program, the future is more promising for many clients. The program is designed to stabilize the families and help them learn how to succeed after they leave the program.

"For the people who successfully complete our program, we have a rate of 95 percent that are able to maintain housing for a long period of time," said Milligan.

Of course, these families may still struggle in the mainstream.

"These families come to us from crisis conditions...and in two years we move them closer to employment; we stabilize parent-child relationships; and case-by-case, they are ready to move into the mainstream," said John Hayner, CEO of



LYDIE, WITH HER DAUGHTER, JOYCE.

Bridge Communities.

"The mainstream is how we define it," he said. "Mainstream is distant because their incomes are still not high enough that they can afford a \$1,300 per month apartment."

In the two years clients are with Bridge Communities, they receive job training. Many come into the program earning about \$9 per hour and leave earning \$12 to \$15 per hour. Yet, a single mother with two children needs about \$29 per hour as a sustainable wage, according to Hayner.

"The truth is life is hard," said Milligan "Earning \$14/hour is better than \$8/hour, but you are still living on the margin at \$14. Howev-

er, they are able to maintain stable housing."

The biggest challenge in the exit strategy is finding affordable housing for the families after the program. The lack of such housing in DuPage County has been a constant struggle. According to Milligan, while wages in DuPage County have declined, rents have actually increased. Bridge Communities works with the DuPage Housing Authority and CHAD, which owns rental apartments with a mission to provide affordable housing to low and moderate income people.

Bridge Communities is also reaching out to the landlord community to seek out affordable housing. "Occasionally, landlords come to us and offer us a subsidized rate," said Hayner. "We don't need to find too many more to have an effective exit strategy. The advantage to the landlord is that they know we are giving them responsible, stable tenants. They may not be well-paid tenants, but they are good tenants with stability, which is valuable."

"We are not as much about sheltering people as we are about changing people's lives," said Milligan. "Our goal is that when a family leaves us, they have the tools necessary to maintain themselves without going back for help from another agency." ■

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## A COMMUNITY HOME

The residents of Winter Park, Fla., rallied around Casa Feliz to preserve a historic gem

By Diana Mirel

Photos by Art Faulkner

Preserving history comes in many forms. To ensure the survival of Casa Feliz, a historic home museum in Winter Park, Fla., the community stepped up and took action. The community's perseverance and dedication allowed the home, which was designed and built by celebrated central Florida architect, James Gamble Rogers II, to live its second life as a museum and rental facility for the community to enjoy for years to come.

In the early 1930s, a young, self-taught architect named James Gamble Rogers II was approached by Massachusetts industrialist Robert Bruce Barbour to design and build a home for him on the shore of Lake Osceola in Winter Park. Barbour wanted a 6,000-square-foot, four-bedroom, Spanish-style home. Beyond that, Barbour offered the young architect creative freedom to design the property.

"Rogers described this as a dream come true," said Betsy Rogers Owens, Executive Director of Friends of Casa Feliz, Inc., which operates the home today. "This was unprecedented freedom for a young architect to design a house of that size in a very prominent location in Winter Park, in the middle of the Great Depression."

Modeled after an Andalusian-

style masonry farmhouse, Casa Feliz has whitewashed, secondhand bricks that had been part of the Orlando armory. The house has a rich, textured Spanish roof tiles, a turret, a bell tower and a heavy timber balcony detailed in Mediterranean colors.

"One of Roger's goals was to make the house look hundreds of years old on the day it was completed," Owens said. "He did not want a pristine looking mansion. He wanted it to look old and time-weathered. There were several elements that he designed into the house that simulate the aging of the house."

For example, Rogers designed a six-inch dip in the roofline to give it the appearance of an aging structure. There is also a feature in the house called the Crumbling Arches, which look like archways from ancient buildings in the Andalusia region.

"It is hard for people to realize these details were part of the original design of the house," said Owens.

Upon its completion, Casa Feliz influenced the overall look and feel of the community. Rogers' Spanish eclectic architecture is the defining style of Winter Park, and he went on to become the go-to architect in



Central Florida for beautiful, quality homes.

### Save that House

While functioning as a private residence with five different owners for 70 years, Casa Feliz—and Rogers—became revered in Winter Park. Therefore, when someone purchased the property in 2000 and planned to demolish the house, the community was up in arms.

"By that time, James Gamble Rogers was the defining architect of Winter Park," said Owens. "To a much lesser scale, to Winter Park it felt like destroying a Christopher Wren cathedral in London. It felt like it would be a huge loss to the community."

People began picketing, and residents petitioned the city commission to issue a stay of execution—and it worked. The commission rescinded the demolition permit until they could formulate a plan. Meanwhile, the new owner of Casa



CASA FELIZ HAS RICH, TEXTURED SPANISH ROOF TILES, A TURRET, A BELL TOWER AND A HEAVY TIMBER BALCONY DETAILED IN MEDITERRANEAN COLORS.



Feliz realized that a legal battle was looming, despite the fact that there was no protective ordinance on the home at the time.

“He could tell it would be tangled up in the court system. So he told the city, if you get this house off my property, you can have it,” Owens said.

Private citizens began raising money to have the house moved and restored.

“It was controversial,” said Owens. “A lot of people thought it would become an albatross around the city’s neck. The owner was giving the house to the city, but citizens did not want their tax dollars to go to supporting the house.”

At that point, a group of citizens formed Friends of Casa Feliz, a nonprofit committed to raising money to move and restore the house. Today, Friends of Casa Feliz operates the house as a historic museum and event rental facility.

Although the group was raising money, it did not have enough funding to save the house from destruction by the April deadline. At that point, fate intervened.

Just when demolition was due to resume, a nest of bald eagle hatch-

lings was discovered on the property. With bald eagles being a federally-protected endangered species, it was illegal for a major construction project to go on in the midst of a nesting. This stroke of luck allowed Friends of Casa Feliz more time to raise the money it needed to save the home.

### Moving and Restoring the House

By September 2000, the group had raised \$1.2 million to move and restore the house. The house was moved to the end of the city golf course, which was owned by the city. The Friends of Casa Feliz brokered a 99-year lease on the property.

Moving the house was a feat of modern engineering. World Moving and Restoration, a company that specializes in relocating historic buildings, separated the 750-ton house from its foundation, inserted steel beams and then hydraulically lifted the beams, and thus the house, in one piece. The house was then placed on 20 flat-bed dollies and slowly moved across the street using a World War II truck engine

and an elaborate pulley system. It was moved extremely slowly at about seven feet per hour.

The move was a major community event, with the city even setting up bleachers for onlookers to watch the action. The entire home was successfully moved with no major cracks or structural damage.

### Making Preservation a Priority

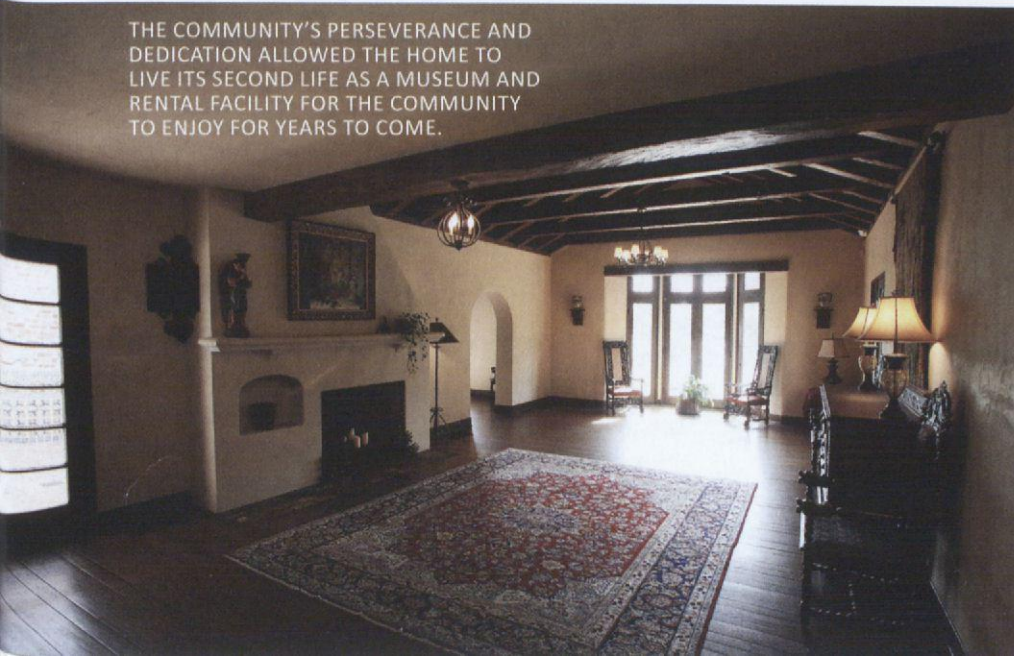
As a beacon of historic preservation in Winter Park, the home brought the importance of historic preservation to the forefront in Winter Park. “The community got a wake-up call that there was nothing in place to keep this from happening again [to another home],” said Owens.

The city created a volunteer Winter Park Registry of Historic Homes. Residents can list their homes on the registry to ensure that no one can knock down or significantly alter the property without approval from the city’s historic preservation board.

Further, Casa Feliz was officially added to the National Register of Historic Places on December 31, 2008.

“I have yet to have one person come through the door and say, ‘You know what, this house really should have been knocked down,’” said Owens. “Everyone is glad it was moved. There is a feeling of good will surrounding the house.” ■

THE COMMUNITY’S PERSEVERANCE AND DEDICATION ALLOWED THE HOME TO LIVE ITS SECOND LIFE AS A MUSEUM AND RENTAL FACILITY FOR THE COMMUNITY TO ENJOY FOR YEARS TO COME.



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# Buoyancy in BOISE

BY KRISTIN GUNDERSON HUNT

**I**daho's unlimited recreation, low cost of living, highly educated workforce and untouched consumer market are drawing people and businesses to the area, particularly the state capital.

"Boise is an interesting town," said Mike Attiani, CPM, director of asset services for Colliers International, in Boise. "We're somewhat isolated, [hundreds of miles] from Salt Lake City, Seattle and Portland, Ore. We're pretty self-sufficient here. We can't depend on regional support to drive the market."

That isolation, and the ability to penetrate an untapped market,

might be influencing businesses and retailers to establish a presence in the area and fill commercial real estate vacancies—albeit at a much slower pace since the recession hit, said Heidi Mickelson, managing director for Sperry Van Ness, with offices in Boise and Sun Valley, Idaho.

## **BIG BUSINESS IN BOISE**

"I think the Boise market is finally seeing some improvement. It was hit pretty hard by the recession," she said. "Now, there are some positive signs of recovery. New construction is in the works and already commencing, and we just haven't seen that in the last several years."

Home to a number of corpo-

rate headquarters—Boise Cascade, Morrison Knudsen and Micron Technology, to name a few—the Boise office market has remained stable in recent months, with total vacancy at 14.1 percent in January, according to a monthly newsletter, *Market Review, February 2012*, produced by Boise-based Thornton Oliver Keller Commercial Real Estate.

Still, the Boise market is driven mostly by small- to mid-sized employers, Attiani said. According to Clark Krause, executive director of the Boise Valley Economic Partnership, several smaller companies throughout the valley are seeing job growth.

"There are significant signs of





good things happening in Boise, from construction to job creation,” he said.

The largest cities in Idaho—Boise, Nampa and Meridian, all in the “Treasure Valley”—have experienced the most activity. In January, a fully-occupied, 18,000 square-foot medical office building was completed in Nampa, bringing the city’s office rate to its lowest vacancy rate of 13.4 percent since late 2007, according to Thornton Oliver Keller statistics.

South Meridian and Downtown also saw substantial decreases in vacancy early in the year as a result of multiple leases over 5,000 square feet being signed in January. Further, enough demand exists for the development of a new high-rise office building in downtown, experts said.

Construction on 8<sup>th</sup> and Main, an 18-story Class A building in downtown Boise, will start in Mid-2012, according to Colliers Idaho’s “*Year End Real Estate Market Review*” for Boise and Nampa. The report indicated that heightened interest in the development spurred the addition of three stories to the original plan. Also, multiple office tenants, including anchor tenant Zions Bank, have already committed to leasing 100,000 square feet beginning in early 2014.

“There is an appetite for additional space: We’re certainly not out of the woods, but the trend is positive,” Attiani said.

An appetite exists for retail opportunities, too. In fact, several national retailers that previously have not had a presence in Boise are en-

tering the market. DSW, Nordstrom Rack and Performance Bicycle recently signed leases, Mickelson said.

“We’re pretty excited to see some new retail tenants coming to town.” She said. “I think the fact that national retailers are choosing to come to Boise is indicative that everybody believes the market is turning the corner.”

The first Boise Whole Foods is also under construction downtown, according to the Colliers Idaho 2011 *Year-End Real Estate Market Review*. It is projected to open in early 2013. According to the report, grocery stores “remain at the forefront of the retail market for the Treasure Valley. Aside from Whole Foods, Rosauers and Fred Meyer, among other grocers, have announced or begun developing new stores.

## VACANCY RATES DECLINING

In February, downtown and north Boise had reached their lowest vacancy levels since early 2009, 10.2 percent and 20.5 percent respectively, according to information from the *Market Review, February 2012*, by Thornton Oliver and Keller. However, vacancy in central Boise has “continued to climb since mid-2010 and currently has 35 months of supply.”

Mickelson said for the overall commercial market to truly turn, employment numbers must consistently improve and at larger increments than recent months.

“There are companies coming along and positive things are beginning to happen, but we still really need a major employer to enter the

market or expand for drastic improvement to occur.”

Attiani said he is optimistic the hard work and creative management strategies he and his colleagues have relied on throughout the economic downturn—from slashing expenses, to negotiating tax assessment reductions, to bundling the team’s property portfolio for insurance purposes despite all owners being disparate—are beginning to pay off as the horizon

brightens.

“I think the last few years have been really difficult, but we were able to survive it well,” he said. “The last few months have been positive. I think we’re starting to see the benefit of our labor.” ■

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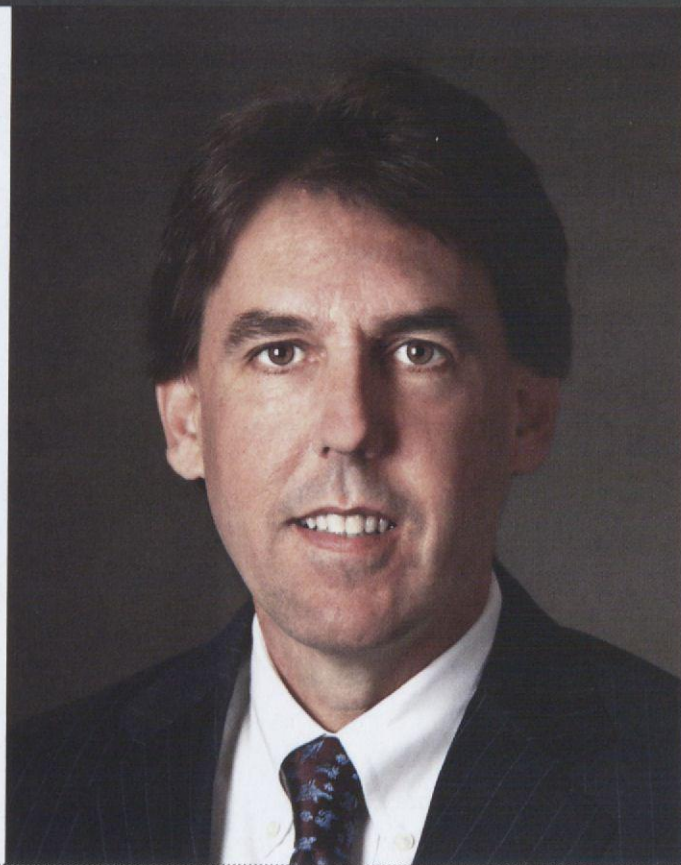
**SNAPSHOT**

CORPORATE HEADQUARTERS  
Dallas

EXECUTIVE CPM  
Scott Wilder, CPM

NUMBER OF EMPLOYEES  
5,000

COMPANY WEBSITE  
<http://lincolnapts.com>



FOLLOWING IS AN EXCLUSIVE INTERVIEW WITH SCOTT WILDER, CPM, EXECUTIVE CPM OF THE RESIDENTIAL DIVISION OF LINCOLN PROPERTY COMPANY, AMO.

■ **How did you get started in the property management business?**

Everybody's story about where they started their career in property management is different and unique. Basically, I stumbled into it: I happened to move to a Lincoln property site in 1984 and I was impressed with the professionalism and the overall quality of the asset and, in particular, with the business manager at the site. After hearing about a job opening I went for it—that's how I started.

The ways in which technology has changed this business are unfathomable; there are tools that help us more efficiently manage the asset as it relates to maintenance procurement, pricing units with revenue management systems and tracking advertising.

At the end of the day, however, the one thing that

hasn't changed is that property management is a people business. You still have people on site. The human, face-to-face interaction is one thing that has not changed since 1984.

■ **Lincoln Property Company has been in business for more than 35 years. What's the secret to your success?**

I think the core of our success is that we realize our residents are the most important asset. So much so, that we've recently re-launched the "we care" campaign for our internal associates, reminding them that they come first. Our focus is truly on the experience of our residents.

We have the same internal philosophy; we are diligent about recognizing our employees for a job well done.



“Part of the reason we have such a strong sense of community IS THAT WE HONOR all previous winners AS WELL AS NEW WINNERS.

Started 40 years ago, Lincoln’s Gold Medallion Awards, which are presented in each property, are like the Oscars for Lincoln associates. In Dallas alone, we can have as many as 900 people at the awards ceremony. Part of the reason we have such a strong sense of community is that we honor all previous winners as well as new winners. Believe it or not, my 27-year tenure is not that unusual. At the Gold Medallion Awards, we give away 20-, 30- and 40-year awards, which is unheard of these days. It boils down to our tenure—people have been around.

■ **How do you ensure that your team consistently and ethically delivers results to your various locations?**

As the fourth-largest apartment manager in the U.S., our success depends upon centralized policy, procedures and training material. We have an internal audit group



of six people who travel to our properties every weekend to ensure that training is implemented properly. While training is centralized, operationally we espouse a decentralized, entrepreneurial spirit. It’s a win-win balance, allowing regions to follow policy, procedure and training, but giving the right amount of independence to adjust to region-specific dynamics.

Our goal is to have a resident who visits a Lincoln property in Boston come to Dallas and have the same experience—with room for local flavor—without any major deviations.

■ **What is your leadership philosophy? What is the most important quality Lincoln Property Company values in employees?**

We’ve been successful because we work as a team. It’s not cliché—it’s true. We work together toward common goals. We lead by example. Those of us who are in senior leadership positions started from the floor. We’ve been there. Since we’ve been there, we strive to support all employees onsite. ■

“AT THE GOLD MEDALLION AWARDS, WE GIVE AWAY 20-, 30- AND 40-YEAR AWARDS, WHICH IS UNHEARD OF THESE DAYS.”





# HUNDREDS OF CPM AND CCIM INSTITUTE MEMBERS GATHER FORCES IN WASHINGTON, D.C.

BY IREM LEGISLATIVE STAFF

IREM SUPPORTS VARIOUS LEGISLATIVE AND REGULATORY CHANGES THAT WOULD SPUR MORE LIQUIDITY IN COMMERCIAL MORTGAGE MARKETS AS WELL AS PROMOTE A SOUND PLATFORM FOR REAL ESTATE BUSINESS PRACTICES.

On April 18, 2012 IREM celebrated its 15<sup>th</sup> annual Capitol Hill Visit Day in Washington, D.C. This year, hundreds of CPM and CCIM Institute Members joined forces on the Hill in conjunction with the IREM Leadership and Legislative Summit. It was a huge success with numerous IREM and CCIM chapters represented on the Hill. During this exciting and educational event, members met with Congressional members and staff to discuss important and pertinent issues that affect the real estate industry.

## ISSUES DISCUSSED WITH MEMBERS OF CONGRESS INCLUDED:

### Multifamily and Commercial Mortgage Market Liquidity

While the broader economy is starting to turn around, the commercial real estate sector continues to struggle due to reduced operating income, property values and equity. Additionally, commercial practitioners continue to experience difficulty in obtaining construction and land development loans, small business loans, short-term loans for capital improvements, financing and refinancing for mortgages. Having a sound, well-functioning commercial and multifamily real estate sector is critical to our country's economic growth and development.

#### IREM'S STANCE:

We support the protection and enhancement of a healthy flow of capital to multifamily and commercial real estate. Recent regulations have become too extreme, which hinders commercial real estate recovery and limits further economic growth. By implementing too many restrictions on the market, business transactions lose momentum. Any sort of "bailout" is past its prime. There are alternative sources of multifamily and commercial real estate loans, such as Commercial Mortgage-Backed Securities (CMBS); however, current lending level demands are far below the supply.

### Covered Bonds

Covered bonds are securities created from loans, including mortgage loans. They are similar to mortgage-based securities (MBS), but with one major difference. The loans backing the bond remain on the balance sheets of the issuing banks. Covered bonds have long been an important sector to

strengthen financial markets in other countries.

Covered bonds allow banks to raise funds by selling bonds to investors. The bond is backed by the collateral of the asset, and the banks contract to repay. Investors like covered bonds because they have recourse against both the financial institution who issued the bond and the assets that back the bond.

Rep. Scott Garrett (R-NJ) and Carolyn Maloney (D-NY) have introduced H.R. 940, the "United States Covered Bond Act of 2011." This bill will establish standards and a covered bond regulatory oversight program. A companion bill has been introduced in the Senate. S. 1853 by Senators Kay Hagan (D-NC) and Bob Corker (R-TN) is identical to HR 940.

### Credit Union Lending

During previous economic crises, consumers and businesses have relied on credit unions to fill in the gaps where banks could not serve them. Credit unions have been providing business loans for more than 100 years. Today, however, credit unions are hampered by a business lending cap of 12.25 percent of total assets. More than half of the outstanding business loans held by credit unions have been extended

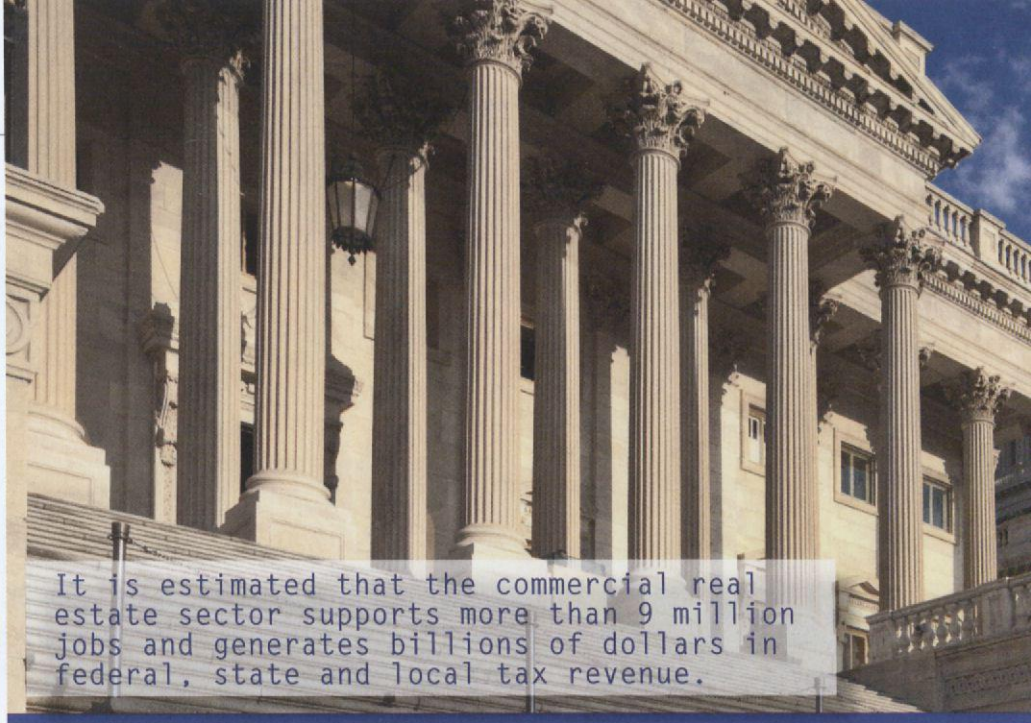
by those approaching or at the cap. That means credit unions with experience in handling commercial loans are unable to support significant economic growth and development.

H.R. 1418 and S. 509 would increase the credit union business lending cap to 27.5 percent for qualified credit unions. These bills, sponsored by Rep. Royce (R-CA) and McCarthy (D-NY) and Sen. Udall (D-CO) and Snowe (R-ME), would only allow increased business lending for those credit unions that meet safety and soundness criteria. IREM Members lobbied to pass H.R. 1418 and S. 509.

### Internet Sales Tax Fairness

Under current law, purchases made online are subject to sales tax through what is known as a use tax. Consumers who live in states with a sales tax are legally obligated to report and pay sales taxes on *all* purchases made online—although the majority of them are unaware of this obligation, and very few pay this sales tax.

States that are currently experiencing massive budget deficits may increase other taxes and fees, like property taxes and/or income taxes, to make up the difference in lost sales tax revenue. States cannot require online retailers to collect the tax on their own. In the 1992 Supreme Court case, *Quill vs. North Dakota*, the Court determined that states could not compel out-of-state sellers to collect their sales taxes because the burden would be a violation of interstate commerce.



It is estimated that the commercial real estate sector supports more than 9 million jobs and generates billions of dollars in federal, state and local tax revenue.

### IREM'S STANCE:

IREM supports consistent state/local sales and use taxes for economically equivalent transactions in the state or locality in which the goods are delivered. State/local sales and use tax consequences should be consistent for economically equivalent transactions. IREM supports a level playing field for local in-store retailers and remote merchants (including Internet merchants). IREM believes that local and state governments should enforce existing taxes, rather than create new taxes. IREM firmly opposes any new programs that would impose taxes on the cost of such services.

### Carried Interest

A carried interest is designed to act as an incentive for a general partner to maintain and enhance the value of the real estate so that the operation of the property is a value-added proposition. The carried interest of general partner(s) has historically been taxed at capital gains rates, just as the limited partners' gains are taxed at capital gains rates. The

current tax rate on capital gains is 15 percent.

In 2008 and 2009, the House passed legislation that changed the rule so that carried interests in real estate partnerships (and many other investment arrangements), would be taxed as ordinary income. This provision has been very controversial. To date, the Senate has been unwilling to pursue this particular provision. IREM Members urged their Congressional members to keep carried interest rates at the current capital gains rate of 15 percent.

We are certain that federal legislators felt educated and were impressed with the knowledge and experience brought to the Hill by IREM and CCIM Institute Members. The IREM Legislative Staff will monitor the above mentioned issues and report back when necessary. Once again, a hearty thank you to all who participated in the 2012 Capitol Hill Visit Day! ■

FOR QUESTIONS, PLEASE CONTACT BETH PRICE, THE LEGISLATIVE LIAISON FOR IREM HEADQUARTERS IN CHICAGO, AT [BPRICE@IREM.ORG](mailto:BPRICE@IREM.ORG) OR (800) 837-0706 EXT. 6021.

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# Elevated Concern

**E**arlier in the year, a woman found herself stuck in the elevator of a building on the campus of Cal State University Long Beach. She tried to crawl out to the third floor when the elevator, weighing over 2,000 lbs., moved, crushing her and killing her instantly. For some reason, the doors of the elevator were wedged open between the second and third floors of the building.



While getting stuck in an elevator might seem to be a theatrical vehicle for comedies, reality shows and horror films, it can also be a very real occurrence with deadly consequences. When passengers get stuck in a malfunctioning elevator, do you and your staff know what to do?

Being stuck in an elevator can be an unnerving, even frightening experience, especially when the situation occurs after normal building hours when there are few people in the building. Even where telephones and alarms are provided, if they do not work, the people in the elevator may become claustrophobic and panic.

Below are specific steps you can take to reduce incidents.

## Ask About After-Hours Service

Regular service, while not a guarantee of trouble-free elevator operation, it is the first step toward avoiding potential issues. Does your elevator maintenance service agreement provide for emergency procedures and after-hours service should the elevator become stuck?

## Install a Back-Up Telephone

Because anyone stuck in an elevator will want to make the outside world aware of the situation, and the alarm button may not be heard in the evenings or on weekends, ensure that each elevator contains an operational telephone connected to a monitored security service, the elevator service company or an answering service. This not only allows the people in the elevator to make you or other staff aware of the situation, it allows staff to assure those people in a stuck elevator that they are safe with help on the way, and to stay calm.

## Make Elevators Part of Your Emergency Preparedness Planning

Since the local fire department will become involved with elevator problems, contact them for information and procedures they might already have available. Knowing how to react in the event of an elevator situation is an essential component in overall emergency preparedness plan.



PHOTO © DAVE & LES JACOBS /GETTY IMAGES

Call in the professionals if you are unsure about how to handle the situation: Unless lives are in immediate danger, passengers should only be removed from a stuck elevator by the elevator service company and/or the fire department.

Simply making sure that communications between the elevator and the outside world are maintained is one of the most important things you can do until the elevator service company and/or the fire department arrives, and may provide the information and comfort needed to prevent a person trapped in a stuck elevator from attempting to try and get out on their own and get injured. ■



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*With the summer months right around the corner, here are some helpful products to help you start the new season fresh and clean.*

## Eat Oils Away

New eco-friendly Oil Eater® Original—made from a mixture of non-ionic surfactants, emulsifiers, water softeners, and other biodegradable ingredients, that will not harm the skin—is a powerful and versatile water-based cleaner and degreaser that is formulated to eliminate the need for multiple solutions.

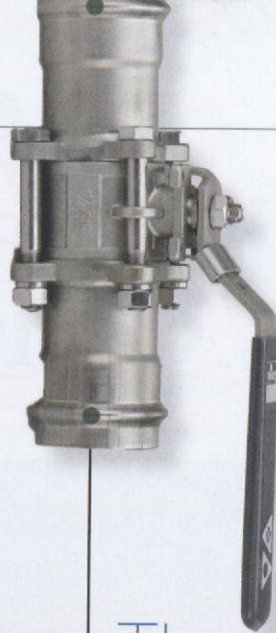
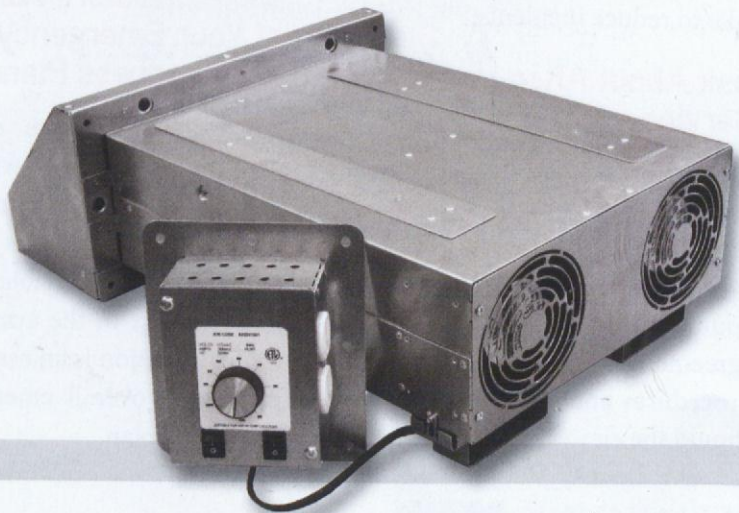
The all-purpose cleaner is highly concentrated, non-toxic, non-corrosive and non-flammable. It safely and rapidly dissolves grease and oils

wherever they may occur throughout a building, rinses off easily and leaves no residues. It can also be used on carpets and upholstery.



## Xchange Freshen Up

The XCHANGER™ fan, available through Tjernlund Products, Inc., offers unique, energy-saving capabilities perfect for ridding basements and other areas of stale, musty or smelly air by drawing in fresh outside air. Although the initial cost of the XCHANGER is comparable to a dehumidifier, the dual fans in the XCHANGER use 35 watts of electricity compared to more than 1,000 watts for the typical portable dehumidifier. The XCHANGER is also great for stoves and fireplaces, ventilating storage areas, garages, as well as for maintaining fresh air in cabins during long vacancy periods.



## Three Valves Multiple Uses

This Viega ProPress® Three-Piece Ball Valve, available for use with Viega ProPress stainless steel systems, is ideal for a wide variety of industrial and commercial installations. Available in two high-quality stainless steel grades, 304 and 316, and with more than 600 fitting configurations, Viega ProPress stainless steel is ideal for industrial and commercial installations in applications such as food and beverage processing, chemical processing, pharmaceutical and biotech processing, oil and gas, mining and manufacturing.





*Are you so busy that you spend more time taking care of client's properties than you do taking care of yourself? Since it's the summer issue of JPM®, I'd like to devote this column to some tools that can assist you in staying healthy and productive.*

## Wither Over Wi-Fi

With Summer in full gear, many of us are working on being in better shape and tracking our weight is an important part of staying healthy.

Step on to the Withings Wi-Fi Body Scale, and as it measures your weight and overall body fat, it connects to your Wi-Fi network and uploads your latest stats, which can then be viewed using the Withings app or website.

Tracking your weight couldn't be any easier!

**\$99 at [www.withings.com](http://www.withings.com).**



## Break The Cycle

Do you spend part of your day doing repetitive work and wish you were outside walking? Or do you spend your time on a treadmill thinking about the work you need to get finished?

Now you can do both at the same time—using the Fit Desk. The Fit Desk is a stationary bicycle with a small desk surface for your laptop, iPad or other electronic devices. I've enjoyed using the Fit Desk and can assure you that it actually has been easy to use my laptop while cycling. **\$229.99 at [www.fitdesk.net](http://www.fitdesk.net).**



## Prune Your Plate

Need an easy way to know how many calories you eat each day? The Livestrong MyPlate app has a database of more than 1.3 million different foods and the calorie components of some 2,000 different exercises. Track the two together to keep your net calorie consumption down and to keep you on the healthy path.

**\$2.99 on the App Store. ■**



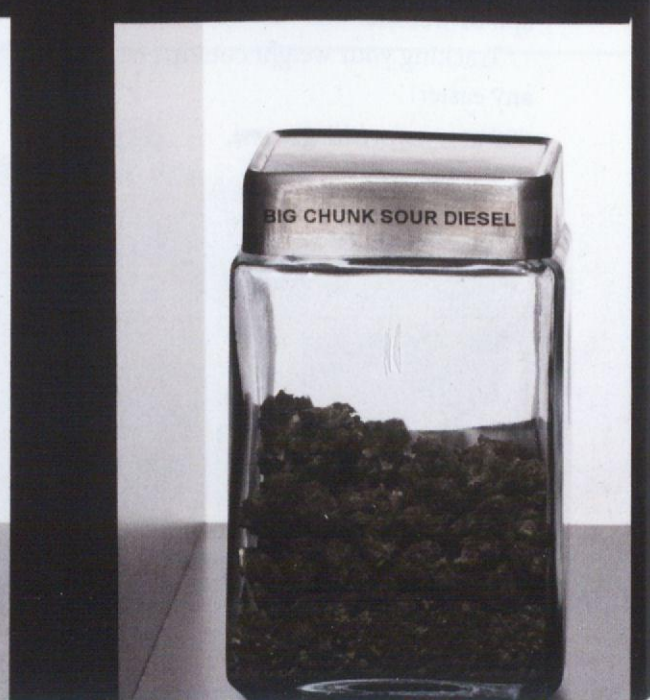
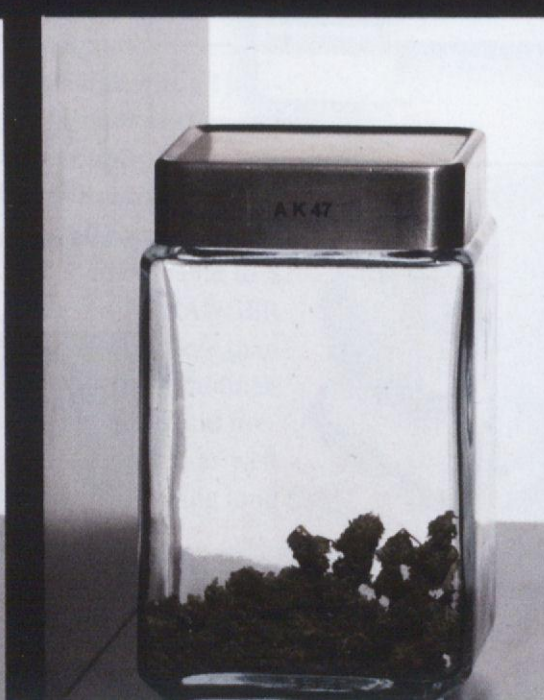
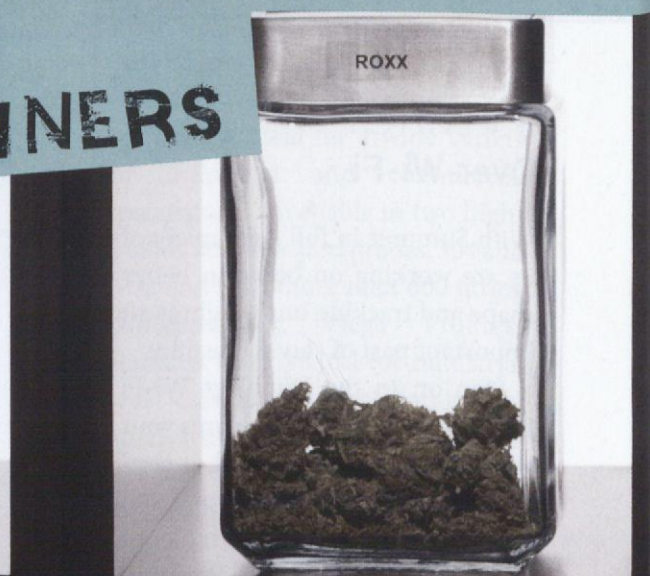
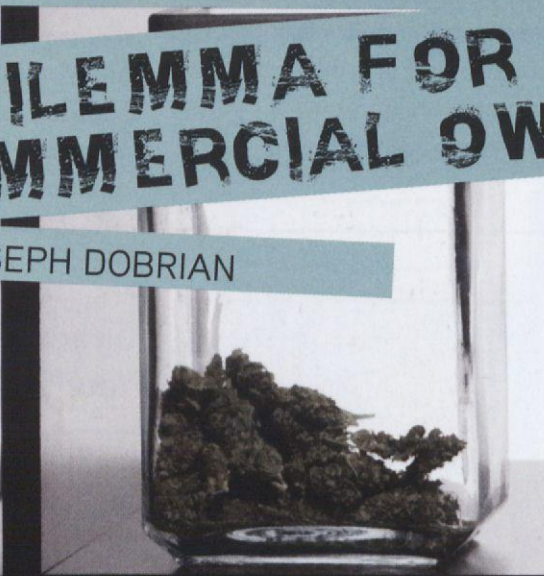
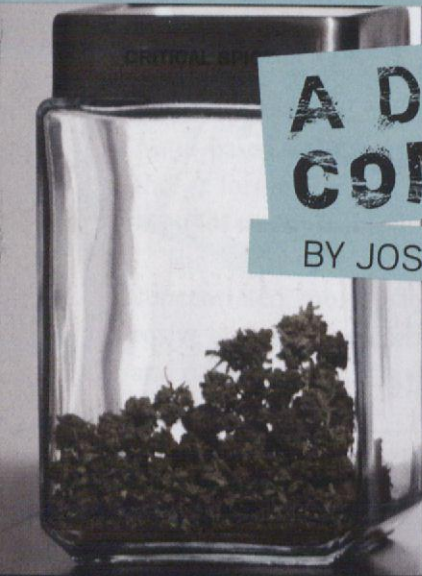
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# MEDICAL MARIJUANA

## A DILEMMA FOR COMMERCIAL OWNERS

BY JOSEPH DOBRIAN



LEMON SOUR DEISEL

ISLAND SWEET SKUNK

NORTHERN LIGHTS

Medical marijuana is a tricky issue to some commercial property owners, in states where possession and dispensing of the product is permitted. It has always been notoriously easy to cultivate and process small amounts of marijuana for personal use while evading legal hassles—but providing marijuana to the public is another matter. Many landlords would be glad to rent space to medical marijuana dispensers, but it's a risky business, and nobody can be certain of how the legal situation will play out.

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**F**ederal law is at odds with 16 States, plus the District of Columbia, on the legality of medical marijuana. In states where it's legally tolerated, Federal officials have been cracking down on businesses that dispense it. Moreover, pressure is coming to bear on commercial property owners who permit this activity.

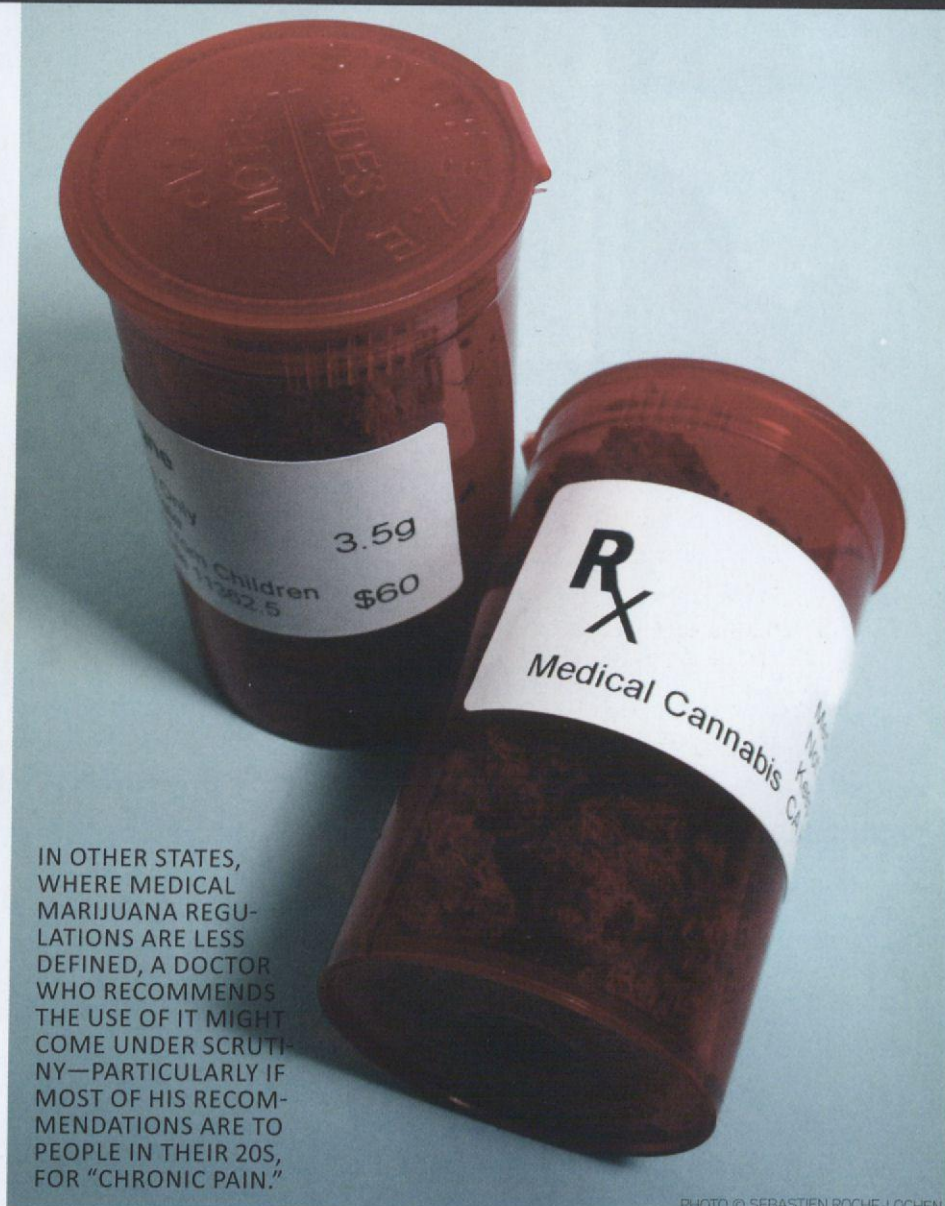
According to legal experts, landlords, and businesspeople recently contacted by IREM, owners need to ask themselves two basic questions: First, are you comfortable with this type of business on your property? Second, are you willing to deal with the attendant legal hassles?

Anecdotal evidence indicates that with reasonable security precautions in place, these businesses don't attract a criminal clientele. However, neither owner nor tenant can be sure that Federal agents or the local government won't try to shut the business down.

In states where medical marijuana is legal, zoning is determined at the municipal level, and the zones in which these businesses are permitted are tightly restricted. Debate on whether to allow them at all has been contentious.

Cleve Schenck, a Denver-based property owner who has rented to medical marijuana dispensaries, urges fellow property managers to look down the road and anticipate any problems that might arise.

"Check the tenant's background and references," he advises. "You need a provision in the lease that if laws change, or if the political/legal climate changes, you may terminate the lease. There have been cases in California where the government



IN OTHER STATES, WHERE MEDICAL MARIJUANA REGULATIONS ARE LESS DEFINED, A DOCTOR WHO RECOMMENDS THE USE OF IT MIGHT COME UNDER SCRUTINY—PARTICULARLY IF MOST OF HIS RECOMMENDATIONS ARE TO PEOPLE IN THEIR 20S, FOR "CHRONIC PAIN."

PHOTO © SEBASTIEN ROCHE-LOCHEN

went after landlords who legally leased their property to these dispensaries. A dispensary that might be legal under state law might still be in violation of Federal law."

Another issue, Schenck warns, is that lenders will often demand to approve tenants in a retail property. If a lender fears that a tenant will be turned out—thus affecting the property's income—it might be difficult for an owner to get financing or refinancing.

"Even if the industry becomes more legitimate," Schenck speculates, "the criminal element and the cartels might try to infiltrate, just as they did with legalized gambling in Nevada, despite efforts to keep the Mob out. Make sure that these dispensaries are legitimate. Look at where their funding comes from. Look for criminal connections."

In Denver, at least, the regulations governing marijuana dispensaries are strict and clear, Schenck says. However, security can be an issue.

"You want a secure building that won't attract riff-raff," he says, "and you have the danger of burglaries or armed robberies, so you want cameras on

the premises, and a closed-entry system where you have to push a button to get in.”

## ARIZONA SEES BIDDING WARS

Government attempts to allow marijuana dispensaries to operate without offending the public will sometimes exacerbate security concerns. Cameron Artigue, partner in the Phoenix-based law firm of Gam-mage & Burnham, said that the State of Arizona legalized medical marijuana in 2010 with a bill that avoided many of the mistakes made by earlier adopters—but several of its well-intended provisions have proven problematic, and dispensaries have yet to be set up.

“California’s 1996 legislation was broad, and left many unanswered questions about who’s authorized to recommend medical marijuana, where you can buy it, where it’s legal to possess it and whether employers can discriminate against users,” Artigue explains. “Arizona brought everything aboveboard by regulating the industry on a statewide level. The only decisions left up to cities and towns were with regard to zoning. They could regulate the location of the state’s 125 authorized dispensaries; they couldn’t ban them.”

Thus, siting has become an issue all over Arizona. Are these dispensaries to be regarded as traditional retail and stationed in a mall or downtown? Are they ancillary medical facilities, suitable for a medical

office park? Or are they comparable to adult bookstores, to be placed in industrial neighborhoods?

“That last alternative has the advantage of not offending people, because of the lack of pedestrian traffic in those areas,” says Artigue, “but it’s foolish from a law enforcement perspective because those neighborhoods aren’t well patrolled.

“Also, according to the law, Arizona was carved into 125 geographic subsets called Community Health Analysis Areas, or CHAAs, with one dispensary license per CHAA. How do you decide who gets the license in each CHAA? It’s like taxicab medallions in a big city.”

To qualify, a potential dispenser must have commercial space locked in. Strict zoning laws have led to bidding wars among several would-be dispensers, fighting to lease one of the two or three spaces in a CHAA that would be suitable—but the lease would be contingent upon their winning the business.

“The issue that property managers are dealing with,” he says, “is, how can you lease to someone and be certain you’ll have a paying tenant? Will they get a license? Will they pay the rent? Will there be a change in enforcement? Your lend-

ers won’t be happy if the Feds seize your collateral.”

“U.S. Attorneys see a shop with bars on the windows, and they see a cartel,” Artigue adds. “This has held up the issuing of permits. We’re now going forward with the dispensaries, but the timetable is unclear. We’ve represented some landlords who wanted to rent retail space or open-to-grow sites, who are concerned that the Federal government is going to seize their property. The main advice we give is, ‘Don’t be the biggest fish in the pond.’”

## KNOW TENANT’S BUSINESS PLAN

A business of this sort, Artigue notes, will be physically similar to a store or restaurant, depending on the operator’s business plan. It might be simply a marijuana shop; it might be a wellness center, or it might sell paraphernalia, clothing, crystals, vitamins and tchotchkes. Brian Cook, president and CEO of Altitude Organic Corp. in Denver, is in the business of giving these dispensaries an umbrella organization under which they can operate, to assuage landlord concerns.

“My business is a pre-franchise

**“ARE THESE DISPENSARIES TO BE REGARDED AS TRADITIONAL RETAIL AND STATIONED IN A MALL OR DOWNTOWN? ARE THEY ANCILLARY MEDICAL FACILITIES, SUITABLE FOR A MEDICAL OFFICE PARK? OR ARE THEY COMPARABLE TO ADULT BOOKSTORES, TO BE PLACED IN INDUSTRIAL NEIGHBORHOODS?”**



operation, for companies that dispense medical marijuana and want to attach themselves to a brand," he said. "We offer a limited-liability way to have a licensed corporation, and I provide consulting on how to find commercial space.

"Among commercial landlords, you'll get a 90 percent 'no' rate. Maybe 10 percent of retail or warehouse owners will want any tenant they can get, and most of them are good to work with, but some of them will try to gouge the medical marijuana tenant. They'll insist on a premium over the normal rent, and they might demand a large deposit."

These landlords are usually not worried about the conduct of the tenants or their clients, Cook said—but they are concerned that the law will intervene and shut down the business.

"We've seen 70 percent of these businesses either fold or change hands in the past three years," Cook estimates. "It's not the business that's the issue; it's the nature of the laws, and the changes in zoning regulations."

In other states, where medical marijuana regulations are less defined, a doctor who recommends the use of it might come under scrutiny—particularly if most of his recommendations are to people in their 20s, for "chronic pain." Such a doctor might be disciplined to the extent of losing his license, which of course could leave a landlord with empty real estate.

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## RESIDENTIAL USE: LITIGATION LOOMS

Can landlords ban medical marijuana in residential properties without getting sued? Last fall, the Attorney General of Michigan, Bill Schuette, published his opinion—which is that Michigan landlords have the right to ban both smoking and growing marijuana in rental properties. The fact that marijuana is still Federally illegal, says Schuette, makes it lawful for landlords to ban its use. However, this opinion will almost certainly be challenged on the grounds that it discriminates against people with disabilities.

Meanwhile, in California at least, landlords who don't mind renting to marijuana dispensaries may not have the opportunity for long. Several locales, including Sacramento County (excluding the City of Sacramento), have virtually eliminated the business from their jurisdiction. Steve Pedretti, County Engineer for

Sacramento County, explains that the county's crackdown is in response to changes in zoning law that prohibit any use of a property that's prohibited by State or Federal law.

"Every jurisdiction looks at this issue differently," he reports. "Some have imposed outright bans; the City of Sacramento allows the dispensaries but regulates them; we took the position it's not allowed in our zoning code. Using a business for that purpose now requires a permit—which, with the new ordinance, I'm not sure could even be issued."

Meanwhile, the City Attorney of Los Angeles (where marijuana dispensaries were once easy to find) has suggested a total ban. Further litigation is inevitable. ■

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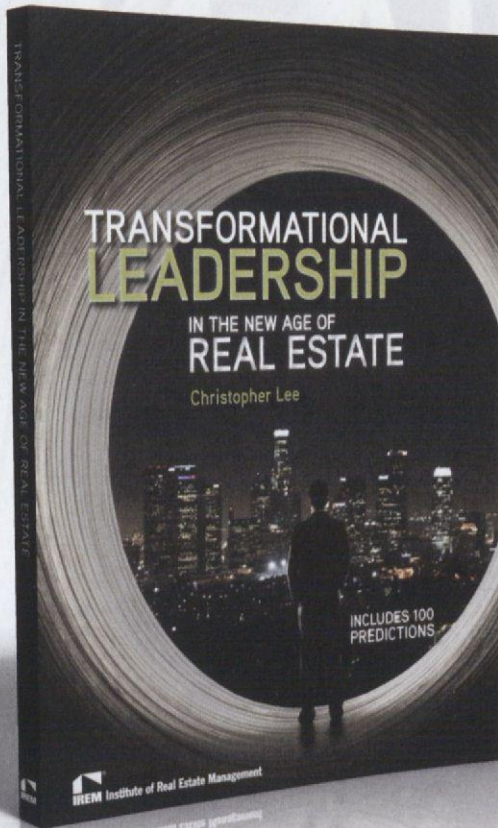
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**NEW!**

# TRANSFORMATIONAL LEADERSHIP

## IN THE NEW AGE OF REAL ESTATE

BY CHRISTOPHER LEE



### 5 Predictions for the New Age of Real Estate

1. Successful real estate companies will generate as much or more revenues from selling knowledge, access to customer bases and non-asset services as they now receive from management fees. A “tenant multiple” metric will emerge in valuation methodologies.
2. Watch for a rating system to emerge for buildings based on the level of safety and security provided, on the energy efficiency and greening attributes of the building, and on the level of tenant satisfaction.
3. Telecommuting (now an option in 44% of U.S. businesses) will create a generation of “nomadic offices.” Fixed office space is no longer a necessity.
4. External factors will shift the role of the property manager to the more expansive role of a business manager as building operations increasingly prioritize matters of resource management, energy conservation, asset management, commodities coordination, workplace environment, tenant relationships, safety and security.
5. \$1.1 trillion of new apartment buildings will be needed by 2030.

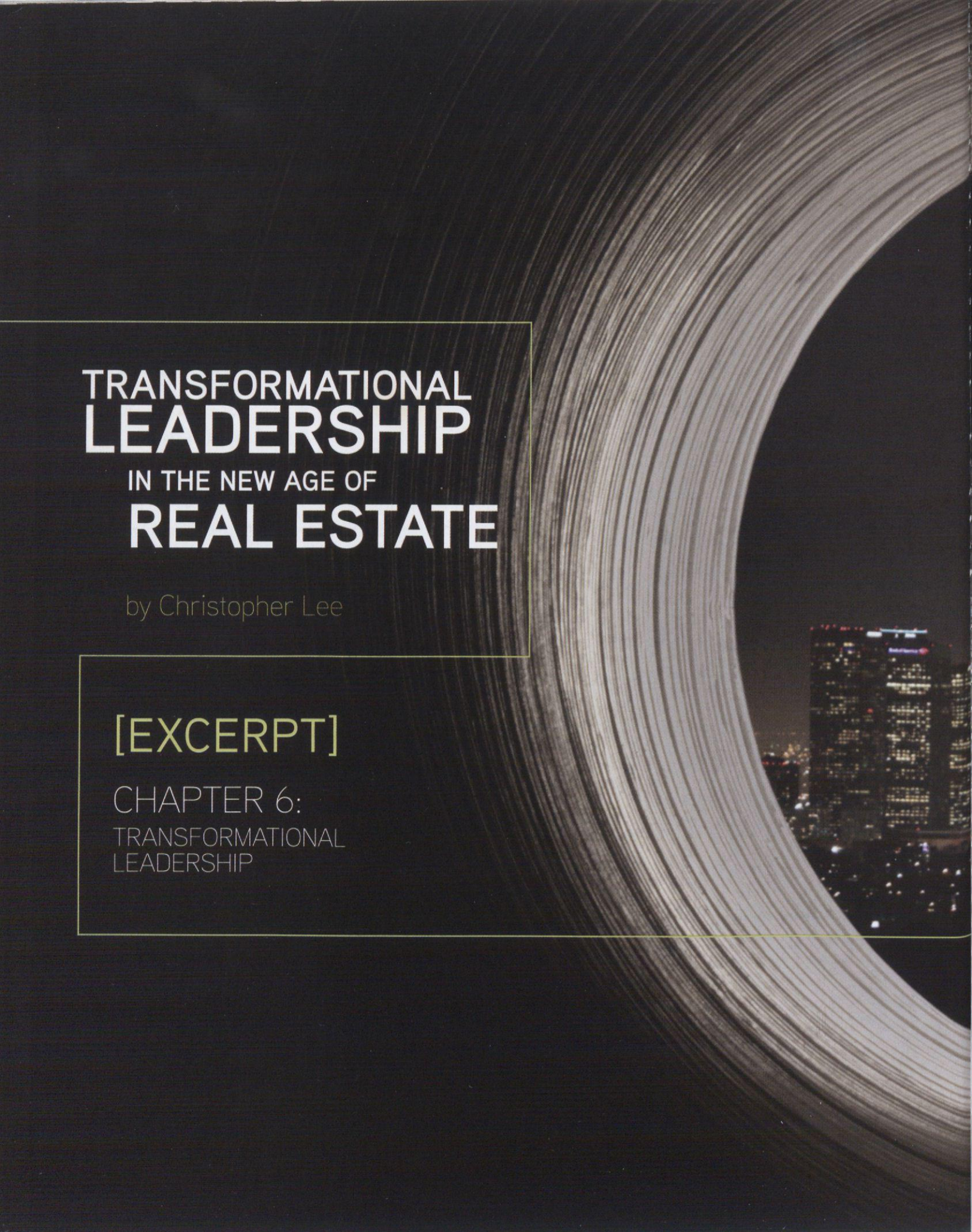
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## IN THE NEW AGE OF REAL ESTATE

by Christopher Lee

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**TRANSFORMATIONAL  
LEADERSHIP**  
IN THE NEW AGE OF  
**REAL ESTATE**

by Christopher Lee

**[EXCERPT]**

CHAPTER 6:  
TRANSFORMATIONAL  
LEADERSHIP



“ A REAL ESTATE FIRM WITHOUT EFFECTIVE TRANSFORMATIONAL LEADERS MIGHT AS WELL PACK UP AND TRY SOMETHING ELSE. LEADERSHIP IS THE KEY TO SUSTAINABILITY, PRODUCTIVITY, PROFITABILITY AND GROWTH. LEADERSHIP SETS THE TONE, PROVIDES THE VISION AND BRINGS OUT THE BEST IN PEOPLE.

”



**T**oday, the real estate industry searches for talent while seeking to retain outstanding leaders and next-generation stars. The failure to attract leaders in the 1990s is now an industry crisis. It is not uncommon today to find division, department, or regional leaders performing functions and tasks that managers should do. It is not unusual for firms to find themselves appointing unprepared employees to leadership positions (the sink-or-swim promotion) and asking others to assume more responsibilities. Future success is 100 percent dependent on the quality and capabilities of your leadership team. Getting from point A to point B requires transformational leadership that fosters collaboration, instills passion, and inspires an alignment of interests. Good leaders make people feel good; great leaders make people feel essential to success.

Your organization can do much better than it currently is doing. In fact, your firm can perform far beyond its potential—it just takes superb leadership. Are you ready to move your organization forward and into its next phase of prosperity? Isn't it time to start doing extraordinary—not ordinary—things?

A wonderful metaphor—for leadership and the type of organization you might have—deals with an aircraft carrier and a school of fish. The aircraft carrier can make decisions to turn left or right, but the time it takes to turn and move in the proper direction seems to take forever. The school of fish, however, can change directions instantly and in unison. The difference between an organization behaving like an aircraft carrier and a school of fish is directly related to the quality of leadership and the organization's leadership principles. Effective leaders challenge the status quo and are able to see situations for what they *should be*, not *what they used to be*.

## WALK THE TALK

Do you know that some real estate firms today occupy more than one floor and/or operate in more than

one office and have rarely or never seen or had a visit from the CEO, CFO, or other key partners? A few real estate firms today have implemented policies on the company's dress, reporting, and meeting attendance that do not apply to top executives. One way to ensure a lasting legacy is to break down the barriers between employees and senior leaders by demonstrating that politics, tenure, titles, friendships, and relationships do not matter when running a company. Treating everyone with respect, fairness, and an acknowledgement that their contributions do matter is important for all CEOs. CEL & Associates, Inc. recently completed a study that determined many employees within real estate organizations perceive that, "Promotions and raises are a direct result of who you know, not what you've done." Company leaders must set the example and demonstrate every day that it isn't who you are but what you've accomplished that matters most.

## SURROUND YOURSELF WITH THE BEST TALENT

The best legacy a CEO can leave is a team of dedicated, motivated, and talented professionals who share the same passion for success, commitment to excellence and insight. Based on CEL & Associates, Inc. studies, most real estate organizations could terminate 5 to 10 percent of their workforce without a major disruption to service and performance. Adding a core competency hiring practice, a pay-for-performance compensation program, and a benchmarking evaluation system will form a solid foundation for the assemblage of a best-in-class team.

It is still surprising to hear stories of employees or independent contractors who have been kept around because "it doesn't cost a lot to do so," or who have not been asked to leave because, "they have been here for years." When reducing a workforce, it is necessary to remove the non-producers, not the most recently hired. You must determine what is best for the company. People, not memories, carry a legacy forward.

## DON'T COMPROMISE YOUR KEY VALUES

Key values or principles define an organization today and for years to come. Organizational values should never change; they are the cornerstone upon which legacies are built. If your organization places trust, integrity, professionalism, and quality as some of its key values, and the company's leaders overlook those who demonstrate the antithesis of these values; the firm's future could be in question. Unfortunately, some firms develop such long vision statements that they cannot be remembered easily. Some firms have very nice, flowery statements that cannot be measured, and others have vision statements that are not motivating. CEOs must establish a clear vision and follow it. Vision statements set direction and focus. It is impractical to make organizational, operational, and investment decisions without a clear idea of how those decisions support the firm's vision.

## ENCOURAGE INNOVATION

What was the last idea your organization generated that became a "must-have" service or product for your competitors? What has your firm perfected that is recognized by the real estate industry as an industry standard or benchmark? Barriers to new ideas should be removed. Those in the organization who can be labeled as change-killers should embrace change or find another place to perform their services. If you hear one or more change-killer phrases uttered by someone in your organization, you will have identified an individual who has not changed and perhaps will not change.

**GOOD LEADERS MAKE PEOPLE FEEL GOOD; GREAT LEADERS MAKE PEOPLE FEEL ESSENTIAL TO SUCCESS.**

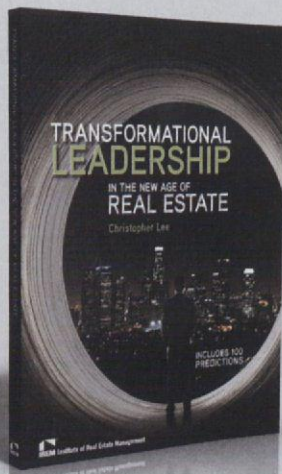
clear and valued messages to all employees: Performance does count. Never tell an employee that he or she had a great year, but the company is cutting back expenses so there will be no (or a very small) bonus this year. A firm's most valuable asset is its people; reward those professionals who have done an extraordinary job.

## REWARD PERFORMANCE

Recognition for a job well done is very important to employees who are truly outstanding, to organization leaders who must highlight examples of expected performance, and to customers who are likely the recipients of the exceptional work effort. Base salaries, annual bonuses, long-term incentives, and recognition/awards programs provide

## STAY CUSTOMER-CONNECTED AND RELATIONSHIP-BASED

Understanding the likes, dislikes, current needs, and future requirements of your company's clients is essential for future success. Today's customers expect 24/7 attention. Staying connected means dedicating the human and financial capital/resources necessary to meet and exceed the expectations of all customers. Important steps in staying customer-connected are increasing the cost of disengagement, quantifying your customer potential, developing a 360-degree client profile, measuring customer satisfaction, and communicating with each client on multiple levels. Build a robust Customer Relationship Management (CRM) platform and a customer-centric knowledge base.



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## EMPOWER OTHER—AND LET GO

Deciding when and how to let go—empowering others to lead—is one of the most difficult decisions a CEO has to make. Letting go of an enterprise you have guided for several years is difficult. However, it is better to phase out a CEO's responsibilities while he or she is still in place than to wait and make leadership changes when that CEO is walking out the door. Letting go requires trust and faith in others. If this is absent, reread the above subsections, "Surround Yourself with the Best Talent" and "Don't Compromise Your Key Values." A good exercise to ascertain whether you can let go is to ask all your direct reports to outline, each week for a month, what tasks or jobs you performed that they could have accomplished without your direct involvement. You will be surprised at the number of tasks they believe can be handled without your time.

## CREATE FUTURE LEADERS

Perhaps the best legacy any real estate leader can leave is an organization of future leaders who can carry on the values, traditions, and accomplishments of the founders, early leaders, and current senior executives. Every real estate firm must invest in its future leaders and next-generation stars. An organization must create an environment where people can lead and be led. In some cases, firm leaders may be led by others with a lower title but who have a higher level of specialization or skills in the area. ■

## SEEK A KNOWLEDGE EDGE

Everyone has information, but few are able to successfully convert information into knowledge. A competitive advantage is often created by knowing something of which few are aware or by connecting the information dots. Investing in research, market intelligence, and building a proprietary database of trending data and customer opinions is essential in this decade of rapid change and constant surprises.

## INVEST IN THE FUTURE LEADERS

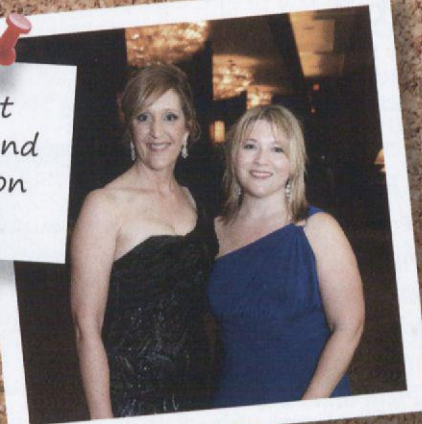
To ensure employee loyalty and a long-term legacy, CEOs must demonstrate that they are willing to invest in long-term compensation plans, opportunities, technologies, talent, markets, client relationships, and marketing that may not bear fruit for one or two years. CEOs must take prudent risks in

the creation and execution of new business models; in the purchase of new management, marketing, client relationship management, and financial reporting software; in the procurement of lasting client relationships; and in the retention of star performers and new generation leaders. The future is what we wake up to every morning of our lives.

CHRISTOPHER LEE HAS A PHD IN MANAGEMENT AND ORGANIZATIONAL DEVELOPMENT. HE IS ALSO THE PRESIDENT OF CEL & ASSOCIATES, INC. IN LOS ANGELES, CALIF.

TURN THE PAGE FOR EXCLUSIVE COVERAGE OF THE ORGANIZATION SERVING MORE THAN 18,000 REAL ESTATE MANAGEMENT PROFESSIONALS.

Check out  
awards and  
recognition  
[pg. 63]



Learn how  
to ensure  
contractual  
compliance  
[see pg. 67]



Learn more  
about this  
property in  
Poland  
[pg. 60]



- Poland is experiencing **CHALLENGES AND OPPORTUNITIES** through a transitioning housing market [p.60].
- Make a donation to the IREM Foundation to help support **UP-AND-COMING** property managers [p.62].
- **CONGRATULATIONS** to the new CPM Members [p.64].
- What are your **CONTRACTUAL DUTIES?** [p.67].
- See what other property managers experience with residents in **"CAN YOU TOP THIS?"** [p.68].

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## CONDOMINIUMS IN POLAND: A TRANSITIONING HOUSING MARKET CREATES CHALLENGES AND OPPORTUNITIES



*Jan Pieta, CPM, is the president of IREM Poland Chapter No. 108. Poland, like other countries of the former eastern bloc, has seen a significant change in the make-up and structure of its housing market since the collapse of the Soviet Union. For Poland, this change has been most significant in the development and regulation of residential condominiums. Below, Mr. Pieta takes a look at Polish law established to regulate condominiums and how these laws have an effect on property management.*

It has been 23 years since the collapse of the Soviet Union and the other communist regimes in Eastern Europe, marking Poland's movement from state-controlled communism toward market capitalism. With the change to a free market economy, housing stock moved from government owned and managed real estate toward private ownership. In 1994, the Polish parliament set up the *Act on Concerning Ownership of Premises*, which created the first condominiums on January 1, 1995.

### THE ACT ON CONCERNING OWNERSHIP OF PREMISES

Historically, apartment buildings were owned by the municipal governments or government-owned corporations. The residents were renters paying rents usually based upon the size of the unit rather than location or other market value influence.

After the *Act on Concerning Ownership of Premises* was passed, local governments and companies opted to sell their rental units to tenants at a substantial discount—50 to 90 percent of the market value—and as a result, upwards of 90 percent of residents opted to buy their units. As of 2012, 95 percent of owners who purchased these units still live in them and do not rent them out. The units that were not sold under the privatization programs are retained by the government or corporations, and they continue to be rented out.

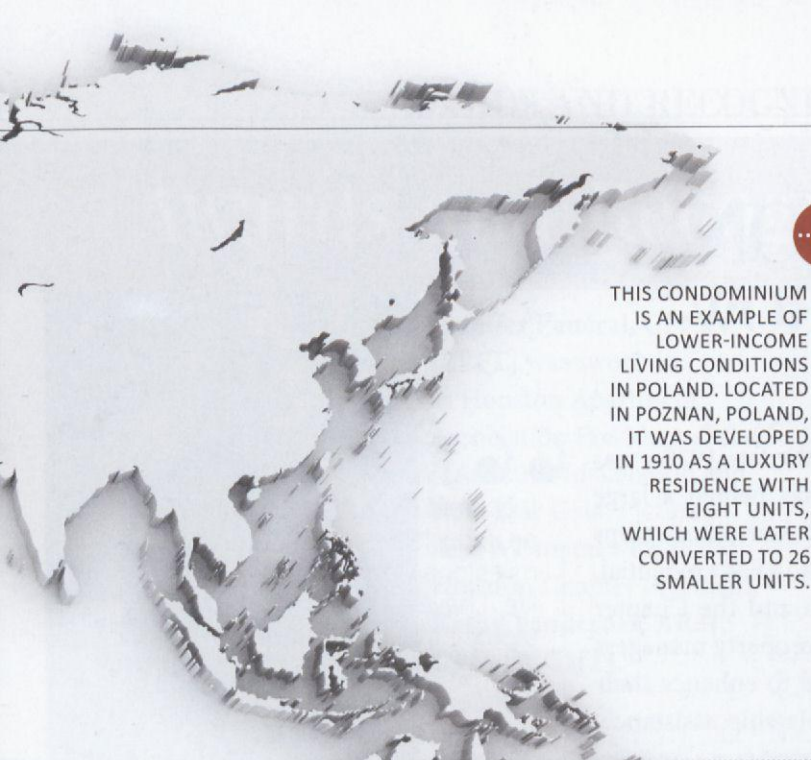
Since 1995, there has been a continual shift in housing in Poland. In 2001, there were 11.95 million housing units in Poland (including condominium,

apartment and single-family housing). By 2009, the number had gone up to 13.3 million housing units—an 11.29-percent increase through new development. Additionally, during the same time period, the number of people who owned condominium units rose by 188.8 percent—from 688,000 to 1,987,000—as a result of privatization and through a growing market sales sector.

### CHALLENGES WITH FIRST-TIME OWNERS

The effect of these discount prices on real estate has been that many first-time owners do not initially associate owning a unit with paying maintenance, insurance and tax fees every month. It is quite common to see a number of condominiums—in addition to external and

PHOTOGRAPH © CHEN HANQUAN/PHOTODISC/GETTY IMAGES



THIS CONDOMINIUM IS AN EXAMPLE OF LOWER-INCOME LIVING CONDITIONS IN POLAND. LOCATED IN POZNAN, POLAND, IT WAS DEVELOPED IN 1910 AS A LUXURY RESIDENCE WITH EIGHT UNITS, WHICH WERE LATER CONVERTED TO 26 SMALLER UNITS.



common areas—in bad condition. New owners are not used to or do not understand why paying fees for the upkeep and repair to these buildings is their responsibility—possibly because in communist days they were required to pay nothing.

### OWNERS OPT FOR SELF MANAGEMENT

As of 2009, there were approximately 16,000 licensed property managers in Poland—about 10,000 of whom were actively working. Of these, about 2,000 were commercial managers and 8,000 were residential. However, the number of commercial managers may actually be much higher because they are not required to be licensed if they work directly for the owner/investor. Most condominium managers work for property management companies which provide the most basic of services to owners. More frequently, condominium owners opt to self manage.

### POLAND CREATES LEGISLATION TO RESPOND TO CONDOMINIUM GROWTH

Recognizing this trend toward self-management, the Polish government has created legislation to regulate how association boards are managed. As in the U.S., condominiums are run by associations that elect boards to oversee daily maintenance, finances, etc. However, in Poland, these associations are regulated by the Polish government at the national level. Polish law states

that owner associations must meet every year before the end of March, and decisions regarding the financial and maintenance aspects of the property are made through voting by percentage ownership.

The laws regulating boards is an indication that Poland's government acknowledges the sheer growth of the condominium and the need to establish policies for condominium management and upkeep. Over time, as owners take more interest in maintaining their units, the demand for asset management and condominium managers will rise. Already, the younger, more affluent class which has broken away from the Soviet mentality seeks comfortable, updated living spaces, and is willing to pay for upkeep and better management. It is the responsibility of condominium managers to continue to educate owners on the purpose and role of management and why it is worth the cost. ■

# IREM FOUNDATION HELPS STUDENTS GROW

BY KIMBERLY HOLMES

The Paul H. Rittle, Sr. Memorial Scholarship, created in the late 1970s, was the beginning of a nondiscriminatory process which has helped a large group of beneficiaries. Today, the IREM Foundation has four scholarships in place to provide financial assistance to those seeking an IREM credential.

Together, the IREM Foundation Scholarship Program and the Chapter Restricted Fund Program serve as great resources to help property managers acquire knowledge- and skill-building techniques needed to enhance their real estate management business practices. Without scholarship assistance, many property managers may have had their dreams deferred.

Last year, 23 people were able to earn an IREM credential thanks in part to the IREM Foundation; to date, at least 114 scholarship recipients have earned an IREM credential.

Your gift to the IREM Foundation helps to make IREM's stellar education accessible for students. You can easily give your gift through the secure website: [www.iremfoundation.org](http://www.iremfoundation.org). You may also mail your check or credit card information to the IREM Foundation, 430 N. Michigan Avenue, Chicago, Illinois 60611. Double or triple your giving impact by sending your company's matching gift form if your employer participates in the program. ■

“An integral part of the Foundation’s mission is providing members with the opportunity to enhance their lives by reaching their career goals through Foundation scholarships. To be a part of the process over the years, through service and through personal giving has provided me with benefits well in excess of my contributions.”

MARY WILKEN, CPM, SCHOLARSHIP COMMITTEE CHAIR



“Without the benefit of being able to access monies via the grants and scholarships awarded by the IREM Foundation, I would not have been able to obtain the CPM designation. Through the generosity of the Donald M. Furbush, CPM Scholarship funds, I took four classes during 2010 and finished the course work in 2011. Thank you to all the generous donations that IREM Members and others provide to those who need those funds to further their careers in the property management and real estate fields.”

KALI R. CARRINGER, CPM



“Being able to receive this grant marks an important milestone in my life. I have always thought that you can never put a price on education, but being fortunate enough to get this grant enabled me to achieve my goal of earning the ARM certification even sooner than before. I cannot thank IREM enough for their graciousness in helping me pursue my professional goals.”

NATHAN C. BORN, ARM



“Without the support of the IREM Foundation, I would not have been able to complete the courses that I needed to obtain my CPM designation. The IREM Foundation put obtaining my CPM in arm’s reach. I am so grateful to the Foundation and all they do to assist young professionals like myself with obtaining their CPM designation.”

SHIRA E. ALI, CPM, ARM



KIMBERLY HOLMES ([KHOLMES@IREM.ORG](mailto:KHOLMES@IREM.ORG)) IS MANAGER OF THE IREM FOUNDATION IN CHICAGO.

TO LEARN MORE ABOUT THE IREM FOUNDATION, VISIT [WWW.IREMFOUNDATION.ORG](http://WWW.IREMFOUNDATION.ORG).



# Awards and Recognition



PHOTOGRAPH BY MARK HIEBERT.  
HIEBERTPHOTOGRAPHY.COM

**Jennifer Paneral, CPM,** [LEFT] was sworn in as Houston Apartment Association President at the HAA 2012 Installation and New Year Gala. Pictured here is Paneral with IREM Houston Chapter President, **Kathy Vandegaer, ARM, CPM** [RIGHT].



**Stephen J. Donell, CPM, CCIM, ARM, CCRM,** a state- and federal court-appointed receiver and president of FedReceiver in Los Angeles, has been re-elected 2012 co-president of the Los Angeles/Orange County Chapter of the California Receivers Forum (CRF). Mr. Donell has more than 20 years of experience in commercial and residential real estate and has administered more than 500 receivership cases in the western United States. He also serves as the LA/OC Chapter Representative on the State Board of Directors of the CRF.

## Career Moves



**Chris McDuff, CPM, ARM, ACoM, MICP, CMCA, AMS,** was promoted to Director of Operations of Barber Companies, which offers retail, warehouse and office properties in the Birmingham Metropolitan area. In his new role, McDuff is responsible for oversight and coordination of

all Barber Companies' property operations and specified asset management functions, including supervision and management of the company's property management, maintenance and landscaping departments. He supervises all property managers, maintenance and landscape personnel and administrative staff.



**Joseph Moscariello, ARM, CAPS, NAHMA,** has been hired as director of Residential Management of HallKeen Management, in Norwood, Mass. Moscariello will work through the expertise of HallKeen's regional managers to control expenses, maximize occupancy and properly allocate capital resources to insure maximum return on investment from all assets. With over 25 years of property

management experience, he brings his "people first" approach to management to HallKeen—emphasizing resident satisfaction and creating an inspired and creative team approach to problem solving. Moscariello currently serves on the Board for New England Affordable Housing Managers.

**Cassidy Turley, AMO,** was named as one of the "2012 Best Places to Work" in Indiana for the sixth year in a row. The "Best Places to Work" statewide survey and awards program was designed to identify, recognize and honor the best places of employment in Indiana, benefiting the state's economy, its workforce and businesses. Cassidy Turley is a leading commercial real estate services provider with more than 3,400 professionals in more than 60 offices nationwide. The firm completed transactions valued at \$18 billion in 2010, manages 455 million square feet on behalf of private, institutional and corporate clients, and supports more than 25,000 domestic corporate services locations.

**Art Littmann, CPM,** was promoted to Director of Property Management and Director of Construction for Americas Property Management Corporation. In his new position, Littmann oversees more than 9 million square feet of commercial/industrial real estate in Miami Dade County and construction and maintenance operations for APMC Construction. ■

## New CPM Members



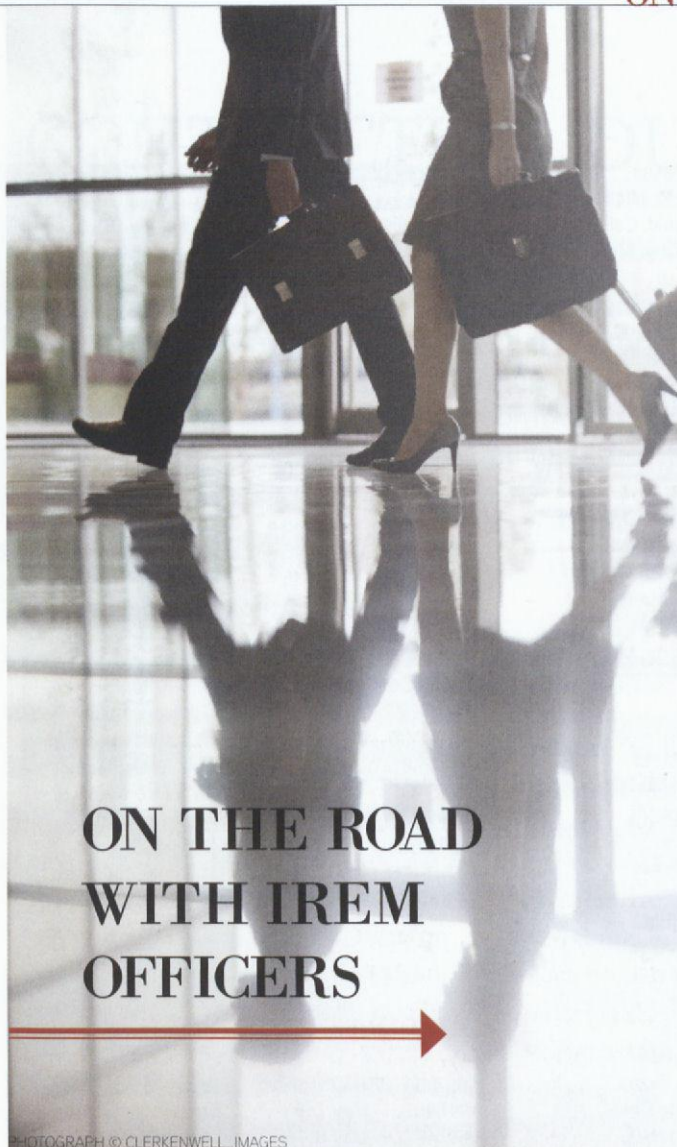
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### February

Ann Bantavani-Sullivan, CPM, ARM  
Todd Anthony Bolling, CPM  
Yeshia Braverman, CPM  
Stephanie A. Burg-Brown, CPM  
Lei Chen, CPM  
Janice M. Church, CPM  
Mark Vincent Donahue, CPM  
Lon Dennis Eichberg, CPM  
Jared A. Engel, CPM  
Ernest T. Freyer, CPM  
Mary Elaine Gooding, CPM  
Phillip Raymond Hackworth, CPM  
Sherry L. Hedden, CPM, ACOM  
Deborah L. Herlick, CPM, ARM  
Charlene C. Hitzman, CPM  
Elizabeth Dugan Kirschner, CPM  
Paul H. Koleysohn, CPM  
Thomas D. Kuffler, CPM  
Scott J. Oblander, CPM  
Kimberly S. Pacheco, CPM  
Nicole E. Redding, ARM, CPM  
Tracey Ann Ricker, CPM  
Paul S. Schuckalo Jr., CPM  
Kyle Rae Shoemaker, CPM  
Ana Maria Sierra-Rivera, CPM  
Tammy L. Smith, CPM  
James Wesley Snow, CPM  
Jessica Ann Starr, CPM  
Jodie D. Stone, CPM  
Scott D. Stovall, CPM

### March

Brenda C. Armstrong, CPM  
Kelly M. Bast, CPM  
Gus Boukarroum, CPM  
Rheannon Paige Burgoyne, CPM  
Jason Allen Chapman, CPM  
Rebecca A. Cvar, CPM  
Charles Gaetani, CPM  
Joshua E. Goudy, CPM  
Michael Shannon Hollier, CPM  
James Roy Jackson CPM, ARM  
Heide M. Kempf-Schwarze, CPM  
Michael Glen Kermisch, CPM  
Renee W. Kilminster, CPM  
Cathy Denise Kleve, CPM  
Jeffrey Steven Lapin, CPM  
Ian Shure Mattingly, CPM  
David Marcus Page, CPM  
Claire E. Poirier, CPM  
Karman G. Stahl, CPM  
Heather Dawn Stokes-Sullivan, CPM  
Ronald R. Suzore, CPM  
Korinn Chomicz Wing, CPM  
Arthur Vyacheslavovich Zakharov, CPM  
Yuzkho-Sakhalinsk, CPM



## ON THE ROAD WITH IREM OFFICERS

PHOTOGRAPH © CLERKENWELL\_IMAGES

**MAY 9**  
Greater Rhode Island Chapter No. 88  
Location: Providence, R.I.  
Visiting Officer: Elizabeth H. Machen, CPM, President-Elect

**MAY 24**  
Houston Chapter No. 28  
Location: Houston  
Visiting Officer: Jim Evans, CPM, President

**JUNE 7**  
Michigan Chapter No.5  
Location: Farmington, Mich.  
Visiting Officer: Jim Evans, CPM, President

**JUNE 7**  
Central Virginia Chapter No. 38 and  
Hampton Roads Virginia Chapter No. 39  
Location: Glen Allen, Va. and Chesapeake, Va.  
Visiting Officer: Joseph S. Greenblatt, CPM, Secretary/Treasurer

**JUNE 13**  
Oregon-Columbia River Chapter No. 29  
Location: Portland, Ore.  
Visiting Officer: Jim Evans, CPM, President

**JUNE 13**  
Hampton Roads Virginia Chapter No. 39  
Location: Chesapeake, Va.  
Visiting Officer: Joseph S. Greenblatt, CPM, Secretary/Treasurer

**JUNE 14**  
Central Virginia Chapter No. 38  
Location: Glen Allen, Va.  
Visiting Officer: Joseph S. Greenblatt, CPM, Secretary/Treasurer

**JUNE 21**  
New Mexico Chapter No. 46  
Location: Albuquerque, N.M.  
Visiting Officer: Jim Evans, CPM, President

**JUNE 22**  
Sacramento Valley Chapter No. 22  
Location: Sacramento, Calif.  
Visiting Officer: Jim Evans, CPM, President

For a more comprehensive calendar of chapter visits, go to [www.irem.org/calendar](http://www.irem.org/calendar).

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IREM ED	<a href="http://www.irem.org/selfpaced">www.irem.org/selfpaced</a>	27
IREM Executive Exchange	<a href="http://www.irem.org/EXEC">www.irem.org/EXEC</a>	25
IREM Fall Leadership Conference	<a href="http://www.irem.org/conferences">www.irem.org/conferences</a>	C3
IREM Party with a Purpose	<a href="http://www.iremfoundation.org">www.iremfoundation.org</a>	44
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IREM Skill Builders	<a href="http://www.irem.org/skillbuilders">www.irem.org/skillbuilders</a>	17
London Computer Systems	<a href="http://www.rentmanager.com">www.rentmanager.com</a>	13
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Salsbury	<a href="http://www.mailboxes.com">www.mailboxes.com</a>	27
Signarama	<a href="http://www.signarama.com/locations">www.signarama.com/locations</a>	25
Union Bank	<a href="http://www.unionbank.com/realestatetresury">www.unionbank.com/realestatetresury</a>	15
Yardi	<a href="http://www.rentcafe.com">www.rentcafe.com</a>	C4

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**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

**MAY**

FIN402	May 2-3	New Orleans
RES201	May 3-18	Southfield, Mich.
ETH800	May 4	Bakersfield, Calif.
ASM603	May 7-8	Kansas City, Mo.
ASM603	May 7-8	Denver
MPSAXM	May 7-10	Houston
MNT402	May 7-8	Chandler, Ariz.
MKL405	May 7-8	Washington, D.C.
MKL406	May 7-8	Washington, D.C.
MNT402	May 8-9	Memphis, Tenn.
ASM604	May 9-10	Kansas City, Mo.
ASM604	May 9-10	Denver
FIN402	May 9-10	Chandler, Ariz.
HRS402	May 9-10	Washington, D.C.
MKL405	May 10-11	Braintree, Mass.
FIN402	May 10-11	Pittsburgh
ETH800	May 10	Orange County, Calif.
ETH800	May 11	Marlton, N.J.
ASM605	May 11	Kansas City, Mo.
ASM605	May 11	Denver
CPM001	May 11	Houston
CPMEXM	May 11	Houston
MPSAXM	May 14-17	Quincy, Mass.
MPSAXM	May 14-17	Los Angeles
MNT402	May 14-15	Oak Brook, Ill.
MNT402	May 14-15	New York
MPSAXM	May 14-17	Austin, Texas
MNT402	May 14-15	Las Vegas
ASM603	May 14-15	Orlando, Fla.
MKL406	May 15-16	Addison, Texas
FIN402	May 16-17	Oak Brook, Ill.
FIN402	May 16-17	New York
FIN402	May 16-17	Las Vegas
ASM604	May 16-17	Orlando, Fla.
HRS402	May 17-18	Addison, Texas
ETH800	May 17	Columbus, Ohio
ETH800	May 17	Alexandria, Va.
CPM001	May 18	Quincy, Mass.
CPM001	May 18	Los Angeles
CPM001	May 18	Austin, Texas
ASM605	May 18	Orlando, Fla.
MPSAXM	May 21-24	Omaha, Neb.
MNT402	May 21-22	San Francisco
RES201	May 21-26	Indianapolis
ASM603	May 21-22	Kirkland, Wash.
RES201	May 21-26	Charlotte, N.C.
ASM603	May 21-22	Brentwood, Tenn.
FIN402	May 21-22	Alexandria, Va.
MKL405	May 22-23	Golden Valley, Minn.
FIN402	May 23-24	San Francisco
ASM604	May 23-24	Kirkland, Wash.
ASM604	May 23-24	Brentwood, Tenn.
MNT402	May 23-24	Alexandria, Va.
CPM001	May 25	Omaha, Neb.
ASM605	May 25	Kirkland, Wash.
ASM605	May 25	Brentwood, Tenn.

**JUNE**

MPSAXM	Jun 4-7	San Diego
MPSAXM	Jun 4-7	Vancouver, Wash.
ETH800	Jun 6	St. Louis
CPM001	Jun 8	San Diego
CPM001	Jun 8	Vancouver, Wash.
ETH800	Jun 8	New Orleans
ASM603	Jun 11-12	New York
MPSAXM	Jun 11-14	Albuquerque, N.M.
ASM603	Jun 11-12	Orange County, Calif.
ASM604	Jun 13-14	New York
ASM604	Jun 13-14	Orange County, Calif.
ASM605	Jun 15	New York
ETH800	Jun 15	Houston
ASM605	Jun 15	Orange County, Calif.
CPM001	Jun 15	Albuquerque, N.M.
ETH800	Jun 16	Pittsburgh
MNT402	Jun 18-19	Addison, Texas
MPSAXM	Jun 18-21	Kansas City, Mo.
ETH800	Jun 18	Denver
MKL406	Jun 18-19	San Antonio
FIN402	Jun 20-21	Addison, Texas
ETH800	Jun 20	Ft. Lauderdale, Fla.
MKL405	Jun 21-22	Southfield, Mich.
RES201	Jun 21-30	Kirkland, Wash.
CML001	Jun 22	Addison, Texas
CPM001	Jun 22	Kansas City, Mo.
MNT402	Jun 26-27	Marietta, Ga.
FIN402	Jun 28-29	Marietta, Ga.

**INTERNATIONAL**

**MAY**

MKL406	May 1, 3, 5	Seoul, Korea
MNT402	May 7-8	Saskatoon, Canada
MNT402	May 8, 10, 12	Seoul, Korea
HRS402	May 9-10	Saskatoon, Canada
MPSAXM	May 14-17	Winnipeg, Canada
FIN402	May 14, 17, 19	Seoul, Korea
ETH800	May 29-31	Seoul, Korea

**JUNE**

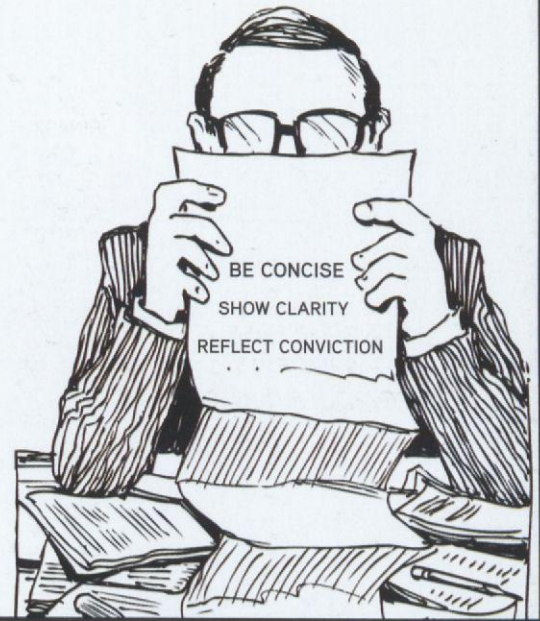
ASM603	Jun 2-3	Seoul, Korea
ASM604	Jun 5, 7, 9	Seoul, Korea
ETH800	Jun 6-7	Fukuoka, Japan
BDM602	Jun 7-8	Moscow
MPSA01	Jun 9-10	Moscow
ETH800	Jun 13-14	Tokyo
FIN402	Jun 14-15	Warsaw, Poland
MNT402	Jun 20-21	Tokyo
BDM602	Jun 24, 26, 28	Seoul, Korea
MNT402	Jun 25-26	St. Petersburg, Russia
FIN402	Jun 27-28	St. Petersburg, Russia
FIN402	Jun 30-Jul 1	Fukuoka, Japan
MPSA01	Jun 30-Jul 1	Seoul, Korea

# CONTRACTUAL DUTIES

BY WILLIAM MCCARTHY, CPM

“An AMO Firm shall perform its contractual duties and maintain company, property, and client records in accordance with applicable regulatory guidelines, contractual obligations, client objectives and company policies. It shall not act beyond its contractual scope of authority as an agent without documented client approval.”

—AMO CODE, ARTICLE 2



The Institute of Real Estate Management (IREM), its CERTIFIED PROPERTY MANAGERS (CPM) Members and ACCREDITED MANAGEMENT ORGANIZATION (AMO) Firms justifiably take great pride in their contract drafting skills, precision with words and overall documentation preparation and management. Both the *CPM Code of Ethics* (Article 6) and the *AMO Code* (Article 2) highlight and reinforce the critical importance of establishing your scope of authority, duties and responsibilities, documenting these precisely and then managing prudently and skillfully within the parameters of the management and related service contracts.

As per Article 2 of the AMO Code—at all times, and without exception—the CPM Member and the AMO Firm must adhere to all regulatory guidelines and contractual obligations. They have a fidu-

ciary duty to adhere to, and work towards, the client’s objectives and company policies. All contracts must be carefully crafted and followed precisely. The only acceptable variances to contractual duties are those which are due to legal or regulatory changes, and those which have been discussed and approved by clients beforehand. By design, there are no gray areas to AMO Article 2—nor should there be when skilled and conscientious members IREM are preparing contracts and working with likeminded clients.

To ensure contractual compliance, and to manage effectively and efficiently manage outcomes for your client—and by extension, your Firm—take time to think about, draft and refine your management and service contracts. The final contract must be a definite reflection of the client’s objectives, the company policies and objectives. Every word and section must have a

precise meaning and purpose; with no room for misinterpretation or assumptions.

In turn, your contract and fee schedule should be commensurate with your education, experience and expertise. Negotiate all contracts firmly and fairly; your client will respect this and you all will be grateful that the time invested in these contract negotiations has prevented costly misunderstandings and disappointments in the future.

Finally, remember that all negotiations and the final contract documentation should be structured around the three Cs: Be Concise; show Clarity; and reflect Conviction. Before you sign off on your contracts, make sure they capture mutual goals and comply with the CPM and AMO Codes. ■

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BY EMILY GOODMAN, CPM, ARM  
Illustration by Paul Lukas

*I WAS WORKING AS AN ONSITE MANAGER AND ONE OF THE RESIDENTS CALLED WITH COMPLAINTS THAT WE WERE LETTING HEADS INTO HIS APARTMENT. NOT PEOPLE—JUST HEADS. APPARENTLY, THE HEADS WERE FLOATING AROUND HIS APARTMENT.*

.....

After many attempts to explain to the resident that it's not possible for heads to get into his apartment—as we have not distributed the key to any heads, or people, for that matter—he was adamant that the heads reappeared.

After speaking with the resident about four times per day, every day, for six weeks, I finally came up with a solution: I promised him that we would get rid of the unwanted pests by calling in an exterminator. The exterminator came out with his high-tech backpack device and sprayed light mists of water around the apartment.

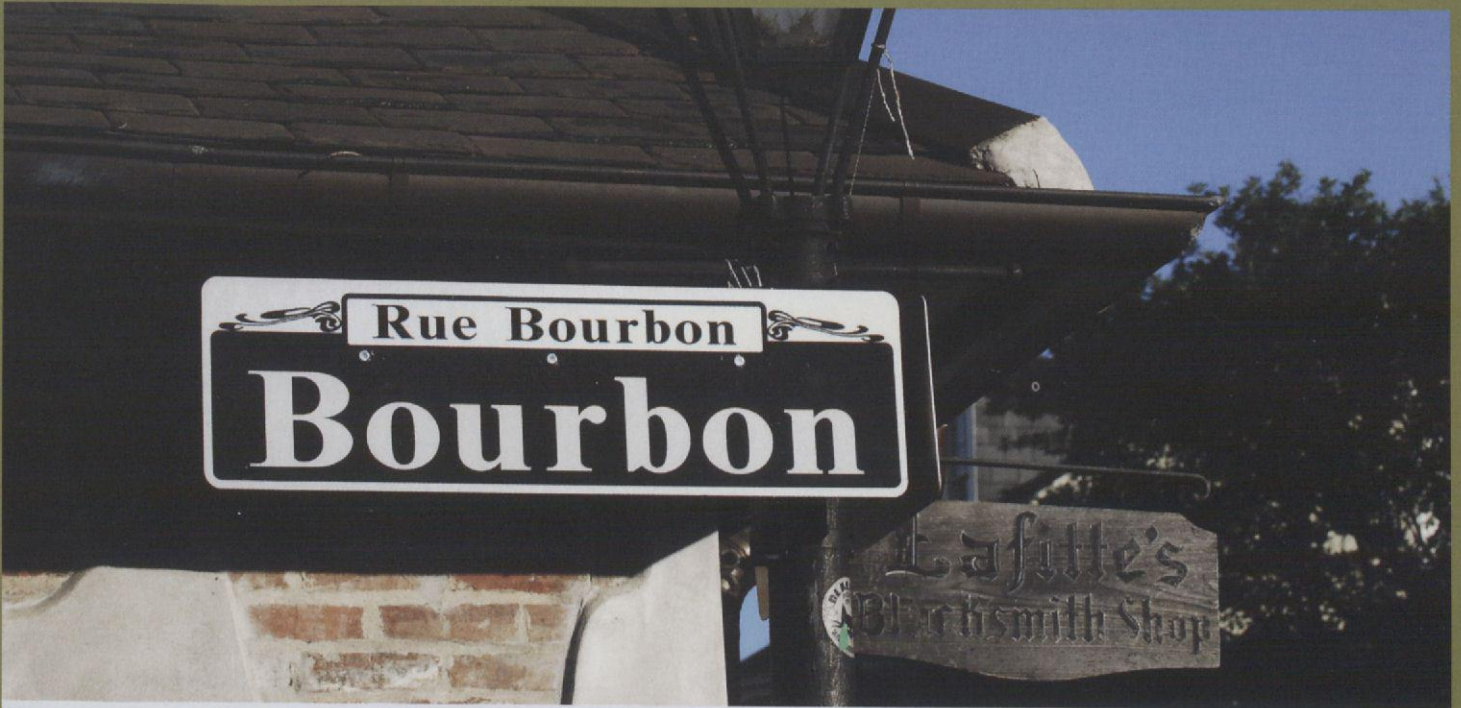


CAN YOU TOP THIS?  
SCAN THIS QR CODE TO  
SUBMIT YOUR STORY.

Hours later, the gentleman called me extraordinarily thankful that we finally ridded his apartment of the floating heads. ■

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