

Jp[®]m

MAR.APR 2019

Journal of Property Management

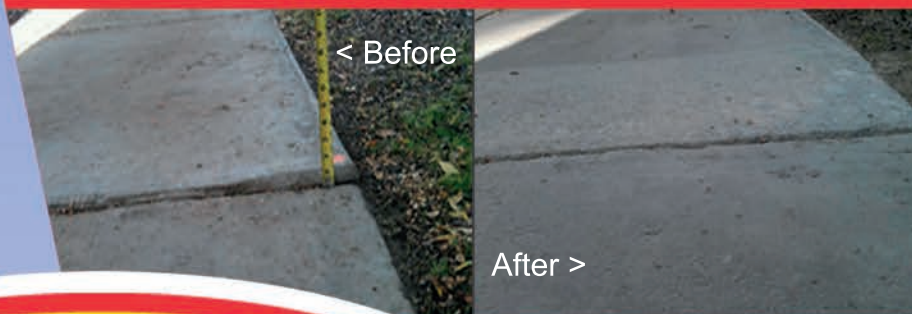


GRIND-ALL



YOUR TRIP HAZARD REPAIR SPECIALISTS:

Crack Repair Trip Hazards
Gap Filling Concrete Resurfacing
Hole Repairs Restoration
Curb Repairs Asphalt Pot Holes



WHY CHOOSE GRIND-ALL?

- ❖ Reduces Exposure To Trip & Fall Claims
- ❖ Eliminates Concrete Replacement
- ❖ Complies With ADA Regulations
- ❖ Improves Safety

GRIND-ALL

A Division of Walkway Restoration, Inc.

ABOUT GRIND-ALL:

Grind-All, a division of Walkway Restoration, Inc., offers affordable and permanent solutions to problems such as raised concrete, broken curbs, holes, cracks and pitted concrete with an 80% savings over conventional methods.

At the heart of our service is an excellent reputation for repairing and restoring concrete to a permanently safe and lasting condition. In addition, all of our services adhere to rigorous American Disabilities Act (ADA)/504 and HUD regulations, so your property will be protected from disastrous trip-and-fall legal liability claims.



Nationwide Service

844-WALKWAY (844-925-5929)

WWW.GRINDALLCONCRETE.COM

CONTENTS

MARCH/APRIL 2019

20



04

DASHBOARD

Trendsetting and
management company
stumbling blocks



38

FEATURES

- 8 WELLTOWER
Marla Thalheimer
- 14 MAKING IT YOUR
BUSINESS
- 24 THERE'S MORE TO
THE REME AWARD
THAN MEETS THE EYE
John Salustri

08



- 34 MANAGING
COMMUNITY
ASSOCIATION
RELATIONS
*Vickie Gaskill, CPM,
ARM, MPM®*
- 40 2020 OFFICER &
RVP NOMINEES
SLATED



30

DEPARTMENTS

- 6 TECHNOLOGY
- 12 PUBLIC POLICY
- 20 TALENT MANAGEMENT
- 30 GLOBAL PRACTICES
- 38 WHAT'S NEW
- 41 FOUNDATION
- 42 MEMBER UPDATES
- 44 NEW CPMS & AMO FIRMS
- 45 ON THE ROAD/AD INDEX
- 46 ETHICS

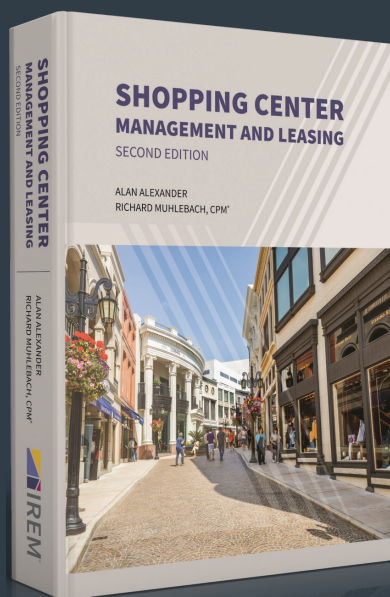
NEW FROM IREM

Shopping Center Management and Leasing

Second Edition

By Alan Alexander and
Richard Muhlebach, CPM

A comprehensive guide for managing, marketing, and leasing all types of retail properties—from street retail to multi-anchored strip shopping centers to regional and superregional malls



» Order today at
www.irembooks.org

jpm[®]

MAR.APR 2019 / VOL. 84, NO. 2

PRESIDENT | Donald B. Wilkerson, CPM

PRESIDENT-ELECT | Cheryl Ann Gray, CPM

SECRETARY/TREASURER | Chip Watts, CPM, CCIM

CEO/EXECUTIVE VICE PRESIDENT

Denise LeDuc-Froemming, CAE, MBA, CPA | dfroemming@irem.org

CHIEF STRATEGY OFFICER

Nancye J. Kirk | nkirk@irem.org

VICE PRESIDENT, MARKETING AND BUSINESS DEVELOPMENT

Donna August | daugust@irem.org

CREATIVE DIRECTOR

Whitney Larson

PRODUCTION EDITOR/CIRCULATION

Beth Smukowski | bsmukowski@irem.org

DIRECTOR, CORPORATE BUSINESS DEVELOPMENT/ADVERTISING SALES

Brian Lozell, CPM | IREMpartners@irem.org

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

Reprints: Material in this publication may not be reproduced in any form without written permission of the publisher. For volume reprints or e-prints, contact advertising sales, sales@irem.org.

Copyright ©2019 by the Institute of Real Estate Management. All rights reserved. Periodical postage paid at Chicago, Illinois and at additional mailing offices. Subscription rates: \$62.95 for one year; single copy \$8.53. Remittances, undeliverable copies and subscription orders should be sent to the JPM[®] offices.

Postmaster: send address changes to JPM[®], *Journal of Property Management*, Fifth Floor: 430 N. Michigan Ave. Chicago, IL 60611. **Printed in U.S.A.**

Institute of Real Estate Management Diversity Statement | IREM practices diversity. We are an inclusive organization that embraces and values differences and welcomes individuals of all races, genders, creeds, ages, sexual orientations, gender identities, and national origins and individuals with disabilities, providing an equal opportunity environment among its members, vendors, and staff.

Institute of Real Estate Management Sustainability Statement | The Institute of Real Estate Management (IREM) is dedicated to supporting real estate management strategies that advance an environmentally sustainable and economically prosperous future.



MIX
Paper from
responsible sources
FSC® C022017

PRESIDENT'S LETTER

Whether the head of a global conglomerate, member of a power team for a regional portfolio or one-man-band sole proprietor, IREM Members, in one way or another, are connected to property management companies. And those companies don't run themselves. They need steady but flexible hands to lead and guide the varied aspects of the business that, when combined, serve the vision of what the company wants to be. It's important to be aware of what it takes to manage a management company.

As the song goes, let's start at the very beginning... Say you're a property manager (if you're reading this publication, what are the odds?). You've been around and have a wide range of experience in several areas of property management, or even a few. Regardless, you're ready for a new challenge, an adventure. What about starting a property management company of your own? What do you really need to know to set off in a strong direction? IREM's 2018 CPM of the Year, Branden Barker, recently embarked on just such a journey; in 2017 he opened his own property management company. His words of wisdom, along with other advice for professionals ready to make the jump, are expressed in the feature that begins on [P14](#).

One way to ease several burdens when managing a management company: technology, of course. Companies can no longer ignore the impact technology has on everyday life and standard business practices. The companies that recognize its potential for positive disruption can gain a stronger advantage from it, but to reap those benefits, they must be agile and stay ahead of, rather than follow behind, tech trends. It's often been said that the property management industry is lagging in this regard, and I'm excited to share that IREM has some new initiatives underway in an effort to change that opinion. If you turn to [P6](#), you'll get a taste of how we're addressing this challenge, and I hope it excites you as much as it does me.

On the flip side, we can't forget that companies are made up of people, and so a large part of managing the company revolves around managing its people. As technology changes the way our businesses are managed, the widening diversity of our workforce is also prompting change in the ways we manage our talent. Nowhere is this more evident than in how we review performance; agile companies acknowledge that the world is moving away from one-size-fits all approaches to performance reviews that may check "completed" boxes but don't do much when it comes to employee development and morale. When you go to [P20](#), you'll see a couple of examples of how some of our AMO Firms are changing their performance review pro-



IREM PRESIDENT DON WILKERSON, RIGHT, WITH 2018 CPM OF THE YEAR WINNER BRANDEN BARKER, WHO SHARES HIS STORY IN STARTING A MANAGEMENT COMPANY ON [PAGE 14](#).

grams in ways that will benefit employees and therefore business—how could that not be a win-win?

Even if you don't manage a company yourself, how others manage theirs can have an impact on how you conduct your business. Knowing what goes into launching a management company—and keeping one running smoothly—helps all of us gain perspective and appreciation for the work involved. ■

A handwritten signature in blue ink that reads "Donald B. Wilkerson".

DONALD B. WILKERSON, CPM
IREM PRESIDENT

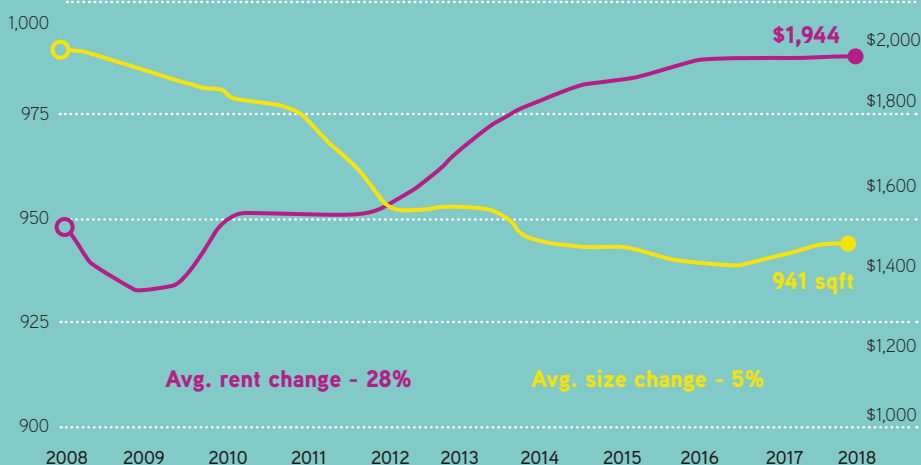
STAYING ON TREND

Randstad US recently released its annual list of predictions for what kind of work trends will take focus in 2019. Randstad executives and other human resources leaders determined these eight trends will have the most effect:

- 1 Constant digital disruption will become the norm.
- 2 How, when, where and why work gets done will continue to gain fluidity.
- 3 On-demand will become an expectation.
- 4 Diversity and inclusion (D&I) will be in the spotlight.
- 5 Artificial intelligence will become an employment category.
- 6 Employers will need to hire for potential and reward retention.
- 7 Company culture will influence the quality of job applicants.
- 8 Employee performance measurements will evolve.

Source: Randstadusa.com, Randstad US Identifies 8 work Trends to watch in 2019

10 YEAR TRENDS IN AVERAGE SIZE AND AVERAGE RENT IN NEW APARTMENTS



Source: Yardi Matrix



RETAIL SPACE

in the U.S. per capita:
23.6 square feet
—more than anyplace
in the world and
almost
5 times more
than the U.K. and
other European
countries.

Source: Bloomberg Business Week, N. Buhayar and L. Katz, with M. Leising, Turning Food Courts Into Office Space

MORE OR LESS

According to analysis conducted by RENTCafé® using data from Yardi Matrix, the average size of a new rental apartment in the U.S. has shrunk, from

993 to 941
square feet from
2008 to 2018,
a decrease of just over
< 5 percent.

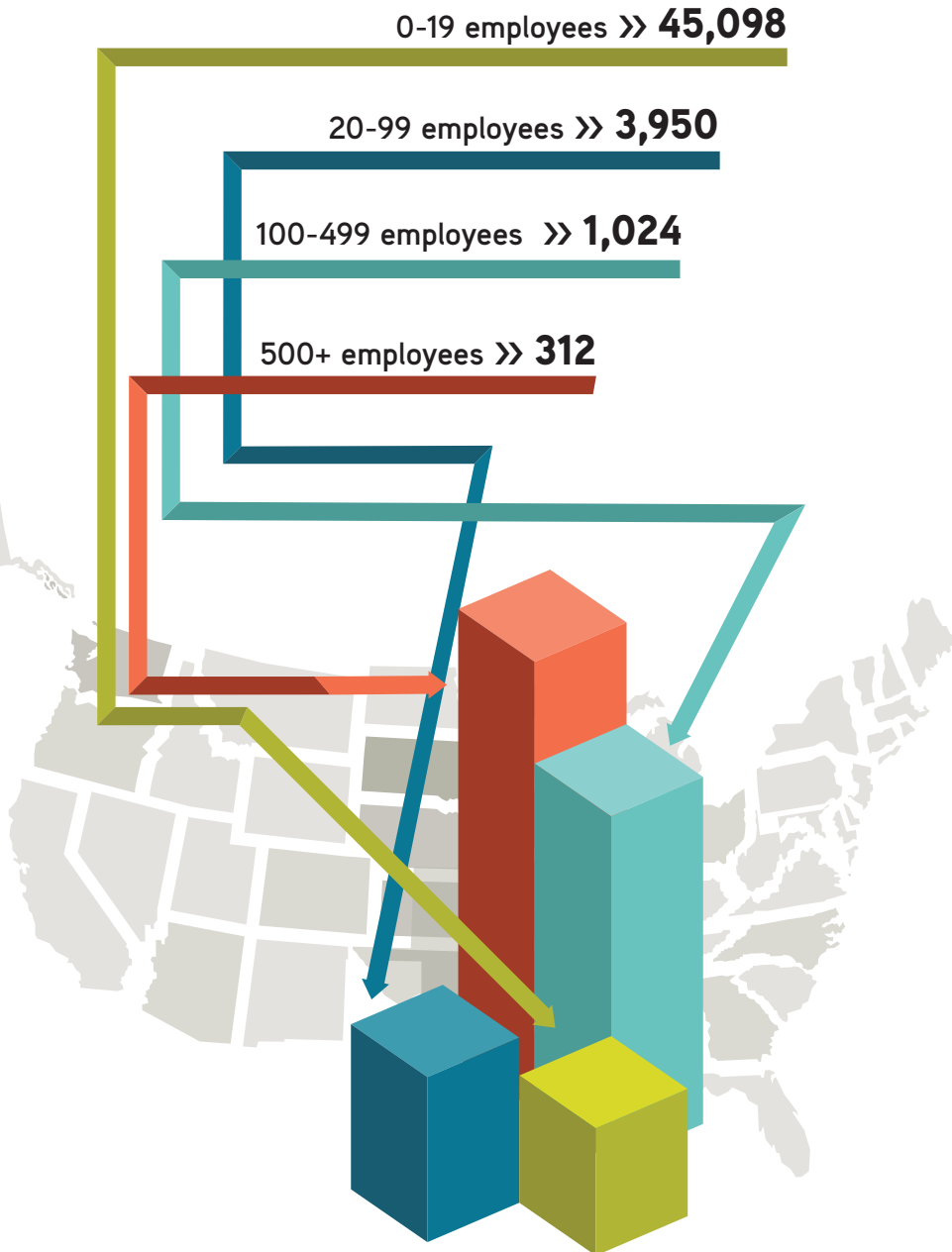
Yet, despite the downsizing of space for that period, rents increased by
> 28 percent.

Source: Rentcafe.com, N. Balint, As Apartments Are Shrinking, Seattle Tops New York with the Smallest Rentals in the U.S.

“Great companies foster a productive tension between continuity and change.”
—JIM COLLINS

ALL — IN — THE NUMBERS

Source: U.S. Census Bureau, 2016 County Business Patterns



REAL ESTATE PROPERTY MANAGEMENT
FIRMS IN THE U.S.
50,384

FAILING TO SUCCEED

You can be the brightest industry professional around and have a bang-up crew to assist you and still end up with a failing property management company. How does that happen? Buildium notes some common traits of struggling property management businesses:

- » **THEY CHARGE TOO LITTLE—**to get business without taking into account what's needed to cover operational expenses.
- » **THEY DON'T KNOW THEIR MARKET—**perhaps because they're small businesses and don't have the bandwidth to keep up on market conditions.
- » **THEY EXPAND TOO QUICKLY—**and don't have the resources in place to handle the additional business.
- » **THEY'RE SPREAD TOO THIN—**geographically, that is, and spend too much time running from property to property instead of enlisting the help of nearby contractors.
- » **THEY'RE ALWAYS PLAYING CATCH-UP—**because they don't have formal systems and processes in place for their operations.
- » **THEY'RE AFRAID OF TECHNOLOGY—**instead of embracing it to provide solutions.
- » **THEY OVERPAY FOR MAINTENANCE—**by not knowing enough about the going rates for products and services.
- » **THEIR BOOKS ARE A MESS—**either their own or their clients'.

Source: Buildium.com, A. Maher, 8 reasons why property management companies fail—and how to avoid others' mistakes

IN SEARCH OF PROPTech SOLUTIONS



No one questions that technology is having a dramatic and potentially disruptive impact on the real estate industry. Property management is not immune from the pressure. Whether it is used to automate tedious, manual tasks, enhance customer service or monitor building activity, technology may be the answer. Accurately identifying the problems that can be solved by technology, knowing how to vet technology solutions, and just staying on top of what is happening in such a fast-changing environment—therein lie the challenges.



IREM'S PROPTech INITIATIVES

IREM is taking action to help address these challenges. The first step is establishing a technology innovator-in-residence post to identify innovations that will help members operate buildings more efficiently, improve their properties' competitive positioning and better serve their tenants and clients. This ground-breaking innovator-in-residence role is being filled by James Scott, lead research analyst for the Real Estate Innovation Lab (REIL) at Massachusetts

Institute of Technology (MIT). Among other projects at REIL, Scott has been responsible for creating a global database of all real estate-oriented technology companies. Sharing his experiences about this project, and evidence that PropTech (technology that impacts the world of real estate) has exploded, Scott reported that when his team started on the project, they anticipated they would find 80 to 100 or so companies. In the end, they identified over 1,800 such companies—and that number continues to rise.



BROADENING THE DISCUSSION

"James brings to the position both a background in commercial real estate and a passion for technology," said Greg Cichy, CPM, of Colliers International, AMO, in Washington, D.C., who as an IREM senior vice president has been tasked with advancing this initiative. Cichy also is chairing a newly formed technology advisory board for IREM. This board will bring together a mix of property management practitioners and those from the PropTech space to inform and guide IREM's strategy in addressing the vast



IREM'S NEW INNOVATOR-IN-RESIDENCE, JAMES SCOTT

SMALLER COMPANIES ESPECIALLY NEED GUIDANCE IN IDENTIFYING THOSE PAIN POINTS THAT CAN BE ADDRESSED BY TECHNOLOGY AND VETTING THE PRODUCTS.

array of issues involving technology and data security that managers are facing. As IREM's innovator-in-residence, Scott will play a key role on this board.

"Our goal," said Cichy, "is to deliver the tools, services and support to our members that can be used to add value to the companies they work for and the properties they manage." This means understanding the personas of all IREM Members, no matter the type of property they manage or the size of the company they work for. Regarding the latter, Scott has been quick to point out that when it comes to technology decisions and investments, large companies may be able to make mistakes, but "smaller companies can't afford to get it wrong." That's why they especially need guidance in identifying those pain points that can be addressed by technology and vetting the products and companies that are offering solutions. ■

Nancye Kirk (nkirk@irem.org) is chief strategy officer at IREM Headquarters in Chicago.

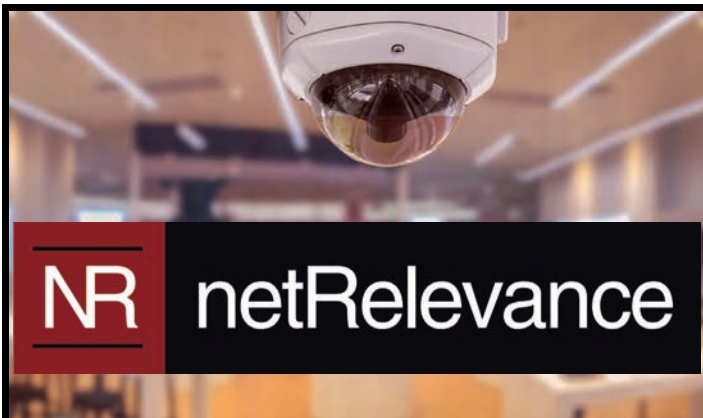


30 UNDER 30

Recognizing the next generation of real estate management leaders.

APPLY BY APRIL 1

www.irem.org/30under30



Voice and Data Cabling

Infrastructure Site Surveys and Assessments

IP Security Camera Systems

Nationwide Technology Deployment Services

Wireless Network Surveys and Deployment

Audio and Public Address Systems

Data Center Build Outs

www.netrelevance.com

(719) 212-6620

service@netrelevance.com





Welltower's recently opened NYPHS Stamford medical office building, located in Stamford, Conn. incorporated a number of health and wellness related metrics in the building design.

WELL TOWER

RECOGNIZING WELLNESS AS INTEGRAL TO SUSTAINABILITY

By Marla Thalheimer

Photos Courtesy of Welltower, Inc.

As the real estate market evolves, sustainability and building performance expectations are evolving with it. Many real estate leaders are expanding their focus beyond increasing efficiency and reducing environmental impact to understanding and improving the health and wellness of building occupants. Architecture, design and operations affect the experiences of staff, tenants, residents, guests and visitors as well as the environment. For a building to be sustainable, it must address both environmental and human health concerns.

Scientific research has helped illuminate the influence of sustainable infrastructure on building occupants. The 2015 *CogFx* study, conducted by researchers at the Harvard University T.H. Chan School of Public Health's Center for Health and the

Global Environment, SUNY Upstate Medical University and Syracuse University, examined the impact of indoor environmental quality on cognitive function. Cognitive tests conducted in a green indoor environment resulted in a 61 percent score increase when compared to tests conducted in a conventional indoor environment. This evidence corroborates the positive influence of sustainable infrastructure on health and productivity and supports the increase of building certifications —such as the WELL Building Standard™ and Fitwel—dedicated to health and wellness. Moreover, the confluence of new research, industry resources and advancing technologies legitimizes the focus on health and wellness as a significant source of value creation for real estate investors and operators.

Welltower's Genesis Crow Valley medical office building, located in Bettendorf, Iowa, recently obtained IREM Certified Sustainable Property certification.



One example of this shift is seen at Welltower Inc., a leading provider of health care infrastructure that invests with leading senior housing operators, post-acute providers and health systems to fund the real estate infrastructure needed to scale innovative care delivery models and improve people's wellness and overall health care experience. Welltower's portfolio consists of more than 1,400 properties across the United States, Canada and the United Kingdom. An early adopter of sustainable real estate practices, the organization actively pursues performance and sustainability improvements to enhance the value of its assets. Welltower has been recognized with numerous awards and accolades, including being named to the Dow Jones Sustainability World Index in 2018, achieving Green Star designation from the Global Real Estate Sustainability Benchmark (GRESB), having numerous ENERGY STAR® and IREM Certified Sustainable Property assets, and earning Silver Level status from the American Heart Association's 2018 Workplace Health Achievement Index for taking significant steps to build a culture of health in the workplace.

WHAT'S ON THE INSIDE COUNTS

Core to Welltower's real estate assets is its 263-property medical

office portfolio of over 16.6 million square feet. A total of 97 percent of this portfolio is managed in-house by over 200 property management professionals. Additionally, Welltower routinely scores in the top 10 percent for overall tenant satisfaction in the Kingsley Index. To remain an industry leader in sustainability, Welltower continuously looks for ways to further advance its management practices and deliver positive outcomes for its tenants and occupants.

With a name like Welltower, it's no surprise wellness plays an important role in its business strategy. In its medical office building portfolio, Welltower is focusing on improving indoor environments. Green cleaning, daylighting and monthly indoor air quality measurements are priorities for all managed medical office buildings, ensuring the healthiest possible environments for employees, tenants and visitors. Other wellness initiatives include Welltower's Well+BEING program, created to encourage healthy lifestyles for its global workforce, and two new signature projects bringing sustainable assisted living and memory care communities to Midtown Manhattan. According to Welltower CEO Thomas DeRosa, "Wellness is at the center of what we do, and we are committed to providing healthy environments for the people who visit, work and live in our properties, in addition

Welltower's Lakewood medical office building, located in Lakewood, Calif. uses greenery and signage to promote a healthy and environmentally conscious environment to employees, tenants and visitors.

to increasing operational efficiency and creating long-term sustainable value for our stakeholders.”

CERTIFIED VALUE

Welltower utilizes key tools and resources to continuously improve sustainability performance across its portfolio. In 2017, the company identified the IREM Certified Sustainable Property (CSP) framework and certification as an attainable, affordable and meaningful recognition program that can be utilized to assess a building's sustainability performance. Welltower is an early adopter of the certification with more than 20 CSP certified medical office buildings to date and more applications in progress.

IREM CSP categories include Energy, Water, Waste, Purchasing and Health and Wellness, and points are achieved for several sustainable best practices within each category implemented at the building. In the Health and Wellness category, point opportunities include conducting an indoor environmental quality (IEQ) survey, verifying ventilation rates meet ASHRAE standards and using low-emitting materials in common areas. Available points come with user-friendly forms to guide applicants through the completion process and supply links to additional resources. “The IREM CSP certification provides a great toolkit for understanding our building performance, especially for sectors not currently eligible for other certification schemes,” affirms Shea Jameel, Welltower's sustainability manager. “I appreciate that it is comprehensive and includes the health and wellness categories.”

In addition to certifying eligible buildings, Welltower also uses the IREM CSP framework to benchmark a building's sustainability performance and develop strategies to increase scores and engage property management teams. “Our property managers do an excellent job managing our buildings every day. Working with them on the IREM CSP process has been incredibly rewarding. It takes time to research, inspect and document all the measures, but our property managers agree that the process provides value and would recommend it to other facility managers,” says Jameel. One property manager noted that the IREM CSP enables differentiation from peers as “proof of Welltower's commitment to a higher quality operating stan-




dard.” Property managers can utilize the IREM CSP framework to target certification and apply lessons learned and best practices, particularly around health and wellness strategies, even to buildings not undergoing certification.

HIGH POINTS FOR HEALTH

A Welltower medical office building located in downtown Stamford, Conn., recently attained IREM CSP certification, scoring more points in Health and Wellness than in any other category. In addition to important energy-efficient features, such as a white roof, high-efficiency lighting and an ENERGY STAR score of 76, points were awarded for health and wellness measures including availability of water in common areas, use of green cleaning, use of green-certified materials, ventilation that meets ASHRAE standards, and regular indoor air quality testing. The building's location near public transit and a park that encourages getting outdoors also promotes sustainability and wellbeing. “I'm very happy we were able to utilize the IREM CSP program and achieve certification for this building to recognize all the great environmental and wellness features and operational best practices that have been implemented,” says Jameel. “Adding the certification for increased market differentiation for this high-performance building is a win-win for Welltower and a great value-add for our tenants.”

As sustainability continues to evolve in commercial real estate, Welltower will continue playing a global leadership role. As demonstrated by their early adoption of IREM CSP, Welltower is committed to creating ongoing value for their stakeholders. But for the Welltower team, the positive impact on staff, tenants, residents, guests, visitors and the environment is the greatest value of all. ■

Marla Thalheimer, LEED AP ID+C, is a senior manager at RE Tech Advisors, providing strategic support and implementation of sustainability initiatives for client-owned portfolios.



Zoning In on a New Opportunity

By Andy Lomo

Did you know that real estate developers have a new source of investment opportunity for their projects, established by the Tax Cuts and Jobs Act of 2017?

Since its creation, the federal Qualified Opportunity Zone (QOZ) program has been a frequent topic of conversation in the worlds of real estate and taxes. So what are opportunity zones, and how do they apply to the real estate industry?

GROWTH INCENTIVE WHERE IT'S NEEDED MOST

According to the United States Treasury Department, the QOZ program was established “to spur investment

in distressed communities throughout the country.” By encouraging investment in underserved and low-income communities, opportunity zones have the potential to create jobs and facilitate economic growth in areas that are often overlooked by real estate investors.

Beginning in early 2017, governors in all 50 states and U.S. territories, plus the mayor of Washington, D.C., were able to nominate zones within their states, defined by their census tracts, to be designated as opportunity zones (OZ). By the March 21 deadline of that year, the U.S. Treasury received over 8,700 submissions, ranging from a few city blocks to entire towns. Submissions covered all 50 states, Washington, D.C. and five U.S. territories. On June 14, the Treasury announced all 8,700 zones submitted had been certified.

Although the program is designed to be accessible to all who want to participate,

there are certain requirements and restrictions that must be adhered to in order to qualify for the tax benefits.

All investments in QOZs must be made by an Opportunity Fund, or “O Fund.” Anyone can form an O Fund, but it must be structured as a partnership or corporation that is created specifically to invest in a QOZ, and the Fund must be self-certified on its federal tax return.

THE BASICS

To illustrate how the program works, let’s suppose an investor has a \$1 million gain in stocks and decides to sell. Let’s also then assume the investor is in a 20 percent tax bracket, totaling \$200,000 in capital gains tax. Instead of paying the tax, the investor reinvests the \$1 million in an Opportunity Fund. By doing so, the tax due on the gains is deferred until the earlier of selling the investor’s interest in the Fund or December 31, 2026.

IF THE INVESTOR HOLDS THE INVESTMENT FOR 5 YEARS: That payment of \$200,000 is completely deferred, plus the investor gets a 10 percent readjustment (also known as a step-up) on the original gain deferred. In this case, the investor pays \$180,000, saving \$20,000 in capital gains taxes.

IF THE INVESTOR HOLDS FOR 7 YEARS: An additional step-up in original basis of 5 percent is applied, and the capital gains tax bill goes down to \$170,000, saving \$30,000 on the taxes owed from the investor’s initial gain.

IF THE INVESTOR HOLDS FOR MORE THAN 10 YEARS: The investor pays ZERO capital gains tax on the appreciation of that asset.

OZ vs. 1031

Since the program was created, real estate investors have speculated how opportunity zones compare to a 1031 exchange. Some have called the 1031 exchange “a perpetual deferral until the ultimate exit” since, when the time comes for the investor to sell the asset—no matter how long it’s been held—the investor will be culpable for the gains. This leaves most investors holding their real estate until death. With opportunity zones, investors do not have to die to eliminate the capital gains tax burden. After 10 years, the entire basis automatically steps up. This includes saving taxes on any depreciation of the asset—unlike the 1031, where an investor may have to pay “depreciation recapture.” In essence, an investor can use depreciation to offset income in the rest of the portfolio.

Due to their nature, opportunity zone investments can allow more creative use of capital. With a 1031, usage is more black-and-white in that the initial investment is locked in along with the capital gains accrued over the life of the investment, and it all goes into the rollover asset chosen next.

WHAT NEXT?

Currently, qualified opportunity zones are only a federal program, but states will likely be reviewing their tax codes to identify ways to build off the federal government’s groundwork. For example, states that want to make their zones more attractive to investors might ease their state capital gains obligations by duplicating the federal program.



ON JUNE 14, THE U.S. TREASURY ANNOUNCED 8,700 ZONES HAD BEEN CERTIFIED AS OPPORTUNITY ZONES.

Unlike other economic development programs, rather than being limited to real estate investments, the opportunity zone program’s incentives are open to almost any business that will deploy capital and operate within the designated zone. However, certain “sin” businesses such as bars, gambling establishments and tanning salons are not eligible to participate.

As of this publication, only the first round of proposed rules governing opportunity zones have been published. A second set of proposed rules to answer issues and questions that the first did not address are anticipated in early 2019. These further rules are expected to clarify other aspects of the program, including reinvestments by O Funds and defining “original use” of QOZ business properties. The final rules are not expected until spring 2019, following a public hearing.

There are still many questions surrounding opportunity zones, but it appears they have the potential to be very valuable to not only real estate investors, but also to the businesses and communities within the zones. IREM will continue to monitor the issue and make sure the concerns of IREM Members are represented during the rulemaking process. If you have any questions about opportunity zones or other issues facing the real estate management industry, please contact us at IREMLegislation@irem.org. ■

Andy Lomo (alomo@irem.org) is government affairs liaison at IREM Headquarters in Chicago.



 Things to consider when starting your own property management company



MAKING IT YOUR BUSINESS

Not everyone is cut out to run a company. First-class property managers who've proven their mettle in overseeing large complex real estate portfolios—especially those managers who have not been responsible for business development or engaged in client relations—may find that running a management company is a whole new ballgame. Still, if lack of experience in running a company stopped anyone from making a go at it, there would never be any startups.

It didn't stop Branden Barker, who was IREM's CPM of the Year REME Award recipient in 2018. The entrepreneurial spirit grabbed hold of Barker, and in mid-2017 he gave in to the urge. With 15 years' property management experience under his belt, he took the leap and launched

Barker Property Management and Commercial Real Estate in his hometown of Baton Rouge, La. Barker describes the experience as “a roller coaster ride,” saying that it was both exciting and terrifying while being quick to add, “I wish I'd done it sooner.”

According to the Bureau of Labor Statistics: About 20 percent of small businesses fail in their first year. Put another way, about 80 percent of small businesses make it through their first year. Barker has made it past the one-year mark, and, as he says, “doubled his staff” when he hired his first employee.

Certainly, starting a management business is probably easier than starting other more capital-intensive businesses. With no expense at the front end for inventory



WHAT TYPE OF PROPERTY WILL THE COMPANY MANAGE—COMMERCIAL OR RESIDENTIAL—AND WILL THE FOCUS BE NARROWED EVEN MORE WITHIN THOSE BROAD CATEGORIES?



(as is the case for retail businesses) or raw material (as is the case for manufacturing), barriers to entry are relatively low. Launching a property management company can be as simple as working from home, printing professionally-designed business cards and stationery, and having a sturdy laptop and printer. That's the easy part. More critical is doing lots of homework in advance, understanding what type of business it will be, and having a plan to achieve that goal.

» REACH OUT TO THOSE WHO'VE ALREADY DONE IT

Before printing those business cards, a strong recommendation is to pick the brains of those who have done it—both those who have started their businesses and succeeded, and those who have not. What success stories can they share? What pitfalls did they experience? What do they wish they had known that would have made their journeys go more smoothly? At least a year before starting his company, Barker reached out to IREM colleagues throughout the country and acknowledges that he “couldn’t have done it without all of the input I received from my network.” He also credits the time he spent in IREM’s Leading a Successful Management Company course in the summer of 2017 for putting him on the right track and expanding his circle of advisors. Although technically for those who already are running their companies, Barker says, “I highly recommend that anyone who is even thinking about starting a management business attend this course in the classroom.”

With those insights, attention can be turned to the legal requirements of starting a management company. Know what the licensing requirements are and make sure you meet them. Generally, anyone who leases space for others, collects rents for others or manages real estate for others for a fee must have a real estate license. In most states, a management company is required to have a real estate broker’s license in order to do business.

Also needed from a legal perspective is establishment of the company’s ownership structure: sole proprietorship, partnership or corporation. Each form of ownership comes with distinct advantages and disadvantages and different short-term and long-term implications. These have to do with facility of set-up and dissolution, legal and accounting fees, income taxes, insurance, cash on hand and operating loans and, above all, legal liability. The sole proprietorship is a very common form of ownership for real estate management companies because of the ease and cost of set-up; the major downside is the unlimited liability that goes with it. This is addressed with a corporation. However, with the corporation comes higher start-up costs and double-taxation. For those who will be joining with someone else in setting up the company, a partnership is an option. One thing is certain: No matter the form of ownership, it should be decided with the help of an attorney and accountant or financial advisor.

» SHAPING THE NEW COMPANY'S VISION

As the vision for the future company takes shape, it’s wise to remember that no company can be all things to all people. Identifying the market the new management company will serve is critical, including its degree of specialization in terms of such factors as property type, client profile and geographic reach, among others.

What type of property will the company manage—commercial or residential—and will the focus be narrowed even more within those broad categories? On the commercial side are shopping centers, office buildings, industrial properties and medical office buildings. On the residential side, there are companies that focus exclusively on managing single-family homes and small rental apartment buildings, and others whose market consists of homeowners associations and condominium properties, not



“ I HIGHLY RECOMMEND THAT ANYONE WHO IS EVEN THINKING ABOUT STARTING A MANAGEMENT BUSINESS ATTEND IREM’S LEADING A SUCCESSFUL MANAGEMENT COMPANY COURSE IN THE CLASSROOM. ”

—BRANDEN BARKER, CPM

to mention those who serve the affordable housing sector, conventional apartment buildings and everything in between. In smaller market areas, such specialization might not be an option.

Identifying a target market requires an assessment of multiple factors: breadth and depth of prior experience in managing that type of asset, the size of the portfolio within the market area to be served and, not to be ignored, the competitive landscape.

Who are the competitors in the marketplace? **What market niches are they serving, and what are their strengths and weaknesses?** What services are being offered by others, and which are not? **Who are their clients?** Are they vulnerable? In short: **What can your company do better?** And where are the opportunities to fill unmet needs within the marketplace?

The type of business the company will be could have an impact on the name of the company. Names are important. Names are powerful and carry a message. The name should be distinct but not odd, memorable but not peculiar, descriptive but not long. And most importantly, in an age when digital presence is everything, a prime consideration is search engine optimization (SEO) to help ensure the name gets recognized within the Googles and the Bings. As a native of Baton Rouge with name recognition in the community, Barker says he gave the naming of his company a great deal of thought. Ultimately he decided to reflect his personal branding and leverage his family name for his start-up.

» WHAT DO THE NUMBERS SAY?

Of course, the business side of the new venture also demands attention. Before starting the company, the prospective entrepreneur should develop a business plan and a feasibility study that leads to a realistic financial pro forma containing an honest assessment of the company’s income stream and its expenses.

For a management company, income means management fees, which represent the

RESOURCES AVAILABLE FROM IREM



Business Strategies for Real Estate Management Companies, Third Edition, by Alan A. Alexander and Richard F. Muhlebach, CPM

Leading a Successful Property Management Company (BDM603), an IREM course being taught in the classroom by Joseph Greenblatt, CPM, April 24-26 in San Diego and June 24-26 in Chicago, and available online 24/7



Starting a Property Management Company (BDM301), an online course

Sample management agreements, including agreements tailored to the management of residential rental properties, commercial properties, and condominium and homeowner associations

continual and predictable income stream necessary for the firm's survival. And that means determining how to structure the firm's management fees, identifying the services they will cover and thinking about ancillary fee sources. There are a number of ways to structure management fees—flat fees, fees expressed as a percentage of gross potential income, incentive fees, set-up fees when taking over an account, administrative fees and leasing commissions—as well as various pricing philosophies when it comes to competitive positioning.

“Often people starting companies think they have to compete on price in the early stages, making profitability a challenge and growth and expansion of the business very difficult,” according to Alan Alexander and Richard Muhlebach, CPM, in *Business Strategies for Real Estate Companies*. “A small one-person shop can generally compete by quoting lower fees than the market in order to generate interest, but as a company gets larger and takes on more employees and expenses, it becomes much more difficult to generate a profit on lower-than-market fees.”

Offsetting the new company's revenue stream will be the costs associated with running the operation. These include office space, equipment and supplies, insurance, taxes, legal fees, accounting services, administrative and other staff, and other costs that may not be readily apparent at the outset. For example, one expense often overlooked is for travel—the cost of meeting potential clients and visiting properties once management accounts are contracted.

In putting together the pro forma, one question to ask is whether the new owner should assign a value to his or her time and talents, i.e., whether the owner's salary is incorporated into the business plan. If necessary, this particular expense can be delayed or forgone if the business does not perform as planned or during the start-up period if funds are insufficient for

THINGS TO KEEP IN MIND WHEN STARTING A BUSINESS



> Start with a business plan.

> Be prepared to be on your own.

> Have access to a database of potential clients.

> Be prepared financially for your plan to take longer to work out than expected.

> Understand the commitment required.

> Be realistic in assessing market needs.

> Choose your business associates (partners and employees) carefully.

> Be realistic in assessing your skills and talents (and those of any other principals).

> Start with a realistic budget.

> Be patient—starting a new business often requires a great deal of time and effort, and rewards may be small at first and slow in coming.

From Business Strategies for Real Estate Management Companies, Third Edition, by Alan A. Alexander and Richard F. Muhlebach, CPM, published by IREM

the owner to draw a salary. But over the long term, this cost cannot be left out.

It is a good idea to make projections based on both worst-case and reasonably likely scenarios to better evaluate the probability of surviving if new accounts are not acquired as quickly as hoped.

In getting a management company off the ground, a new owner has to find a balance in allotting resources to managing properties that have been acquired—actually earning income—and prospecting

for new business. This makes time management critically important, and new owners may find it advisable to set aside time each day to focus on new-business development as a high-priority activity. Indeed, when asked about the challenges he faced with his new company, Branden Barker puts time management at the top of the list. After being a one-man show throughout his first year, he says, “Time was the one thing I never seemed to have enough of.” ■

Nancye Kirk (nkirk@irem.org) is chief strategy officer at IREM Headquarters in Chicago



Next Generation Property Management Software

AppFolio's all-in-one solution has capabilities that enable you to streamline your workday, focus on your bottom line, and deliver best-in-class service.

appfolio.com | 866-648-1536

WITH APPFOLIO PROPERTY MANAGER YOU GET:

+ Real-time Insights

Greater control over your business

+ Team Mobility

The best mobile experience on the market

+ A Single Login

Less toggling and more efficiency



Turning the Dreaded Annual Performance Review into Opportunities for Employee Engagement



UNDER REVIEW

The first two months of 2019 are now past, which means that for many companies, performance reviews have now been completed for the year. Often dreaded by managers and employees alike, the performance review process typically involves the resurrection and review of goals that were set 12 months ago and often found to no longer be meaningful or relevant. Employees are held accountable for how they performed based on an arbitrary numerical scale or forced rank-



A NUMBER OF REAL ESTATE MANAGEMENT COMPANIES ARE LOOKING AT THEIR PERFORMANCE REVIEWS THROUGH A DIFFERENT LENS.

dividual achievement, and businesses are moving so quickly. They've responded by changing their processes dramatically. Structured annual reviews have given way to more frequent and less formal one-on-one conversations that focus on feedback and coaching rather than rankings and compensation.

As Peter Cappelli and Ann Tavis wrote in *Harvard Business Review* in 2016, "With their heavy emphasis on financial rewards and punishments and their end-of-year structure, [formal performance reviews] hold people accountable for past behavior at the expense of improving current performance and grooming talent for the future, both of which are critical for organizations' long-term survival. In contrast, regular conversations about performance and development change the focus to building the workforce your organization needs to be competitive both today and years from now."

In Search of a Fresh Approach

A number of real estate management companies are taking these observations to heart and looking at their performance reviews through a different lens. The residential division of Lincoln Property Company is one such company that is in the midst of making a dramatic change.

For most of its history, Lincoln has used a very traditional performance review system, according to Krista Washbourne, vice president of learning and talent development at Lincoln, with all associates expected to rate themselves according to a one-to-five scale and their supervisors rating them as well. Lincoln, an AMO Firm, is headquartered in Dallas with satellite regional offices throughout the United States. With such a large presence and regionalized offices, some regions diligently adhered to the annual performance review process, while others did not. Lincoln's polling indicated that some of Lincoln's associates didn't receive a formal review, and most were cursory in nature and centered around a discussion of the raise. Those who did conduct and participate in the reviews found them valuable but insufficient. The conversations, held only once a year, weren't enough for associates intent on growing with the company. They wanted more feedback, much more often.

In addition, the reviews looked back in time, without looking forward enough. Washbourne says, "Many associates couldn't remember their goals from a year ago. Managers and supervisors overlooked follow-up meetings with their associates when objectives changed or positions grew and morphed based on owner demands or community needs."

She adds, "And finally, the numbering system was perceived differently by almost everyone. Was a score of a '3' good? Or just meeting expectations? Or was it actually equivalent to receiving a 'C' in school? No one was sure."

ing, and the allocation of rewards in the form of salary increases and bonuses are based on this rating.

More and more, companies are questioning the wisdom of this cumbersome, time-consuming process and are making, or already have made, a change. They no longer believe that traditional performance reviews are relevant to the way work is done in an era where jobs are increasingly complex, teamwork and collaboration take precedence over in-

Over the past few years, Lincoln has been transitioning with intention to an overall corporate culture based on coaching as a meaningful way to improve performance, and this transition called into question the rigid review process that had been in place. As it sought a better way of improving performance, the company looked at what other innovative companies were doing, from Google to GE to Adobe.

Interestingly, Adobe was a vanguard in changing performance review thinking. Adobe had used a traditional annual performance review process until 2012, when Donna Morris, a company executive charged with customer and employee experience, became frustrated with the taxing, stagnant process that was in place. This frustration laid the groundwork for what became known as the check-in, held several times throughout the year with minimal structure and no tracking or paperwork. “Individuals want to drive their own success,” Morris was quoted as saying of check-ins in *Measure What Matters*, by John Doerr. “They



THE PURPOSE OF LINCOLN'S CHANGE IS ABOUT ACKNOWLEDGING AND DEVELOPING HIGHER PERFORMERS, BUT IT WILL ALSO PROVIDE A VEHICLE TO ADDRESS UNDERPERFORMANCE IN A CONSTRUCTIVE WAY BY IDENTIFYING OPPORTUNITIES FOR PERFORMANCE COACHING AND PERFORMANCE IMPROVEMENT PLANS.

don't want to wait till the end of the year to be graded. They want to know how they're doing while they're doing it and also what they need to do differently.”

Simple Questions Drive a Process Overhaul

This was the kind of thinking that propelled Lincoln on a nine-month-long information-gathering journey. According to Washbourne, the journey involved 53 roundtable discussions with associates throughout the country, including everyone from corporate executives to housekeepers and groundskeepers. The question asked of everyone: If you could design a review process, what would it look like?

The result is a new approach that will be rolled out at Lincoln starting in April. It will encompass informal quarterly check-ins and a more formal annual feedback session, all within a user-friendly, intuitive software platform accessible to all associates. The check-in and feedback sessions will center on forward-focused questions that propel associate growth and foster associate accountability. Says Washbourne, the objective is to provide “more transparency, more shared setting of goals and more acknowledgment of results, all through coaching conversations and questions.”

To support its coaching initiative, Lincoln assessed a number of software platforms, finally settling on a comprehensive employee management program that provides ready assistance with tracking check-ins, employee feedback that's intuitive and easy to use, and reminders and recognition that can be efficiently sent and received.

“Having open and more frequent dialogue will keep associates focused on their long-term goals by setting and meeting short-term goals,” emphasizes Jene' E. Cox, CPM, regional vice president in Lincoln's southeast region. “When we reach certain goals and it's recognized, it fuels motivation to continue to the bigger goals. It reminds us of our own capabilities of actually being able to ‘get it done.’”

What's really exciting about all this, says Washbourne, is that “associates are being empowered, one of our core values.” The new process will open up avenues for associates to have conversations with their supervisors and discuss career paths and professional development opportunities and will “give them a voice. They will be able to direct their own learning and growth to drive their own careers, but with so much support.” With the software platform in place to support the enterprise, goals and accomplishments will be noted and a system of record will be in place.

“We also recognize that we do have underperformers,” acknowledges Washbourne. The purpose of this change is not to focus on underperformers, she explains. It's really all about acknowledging and developing higher performers. But it also will provide a vehicle to address underperformance in a constructive way by identifying opportunities for performance coaching and performance improvement plans.

Preparing for Launch

With 4,000 associates at Lincoln who will be engaged in this program, the focus now is

“THE OBJECTIVE IS TO PROVIDE MORE TRANSPARENCY, MORE SHARED SETTING OF GOALS AND MORE ACKNOWLEDGMENT OF RESULTS, ALL THROUGH COACHING CONVERSATIONS AND QUESTIONS.”

—KRISTA WASHBOURNE, VICE PRESIDENT OF LEARNING AND TALENT DEVELOPMENT AT LINCOLN PROPERTY COMPANY, AMO

on the kick-off in April and the communication and training required for a successful launch, plus other future initiatives.

“Currently, Lincoln is focused on implementing a new recruiting, onboarding and succession plan to navigate the tight U.S. job market,” says Scott Wilder, CPM, executive vice president of residential management for Lincoln. “This shift to year-round performance management was an imperative one for retaining, coaching and supporting our associates’ long-term growth.”

No Bum RAP

Another company that has been in the forefront of innovation in performance reviews is RiverRock Real Estate Group, a privately owned AMO Firm that provides client-centric property and asset management services to commercial properties throughout California and Arizona.

At RiverRock, the formal annual performance review was discontinued a number of years ago, according to Kathy Valentine, vice president of human resources. In its place, the company adopted a more casual constant feedback platform. “This has worked well for most employees,” notes Valentine, “but we recently had feedback that some employees really wanted a more structured system. This feedback came mostly from our millennial workforce.”

In response, last year RiverRock made an adjustment to its approach that “hopefully isn’t too formal yet still meets the needs of those wanting something more structured.” RAP—Review, Analyze and Plan—sessions have been added to the process. Valentine describes these as “two-way conversations between the employee and supervisor to discuss what went well since the last RAP session, what didn’t go as well as they would have liked and what goals are anticipated for the upcoming period.” The RAP session is based on a one-page document that has just a few open-ended questions.

“I’ve found that typically employees who are at the beginning of their careers are those mostly looking for this type of structured feedback,” says Valentine, either because they are still unsure of what is expected of them or they don’t feel comfortable asking. More established employees find general conversations with their supervisors are sufficient.

This adjustment to the process has been generally accepted and appreciated by the RiverRock team and has improved communications throughout the organization. “Some supervisors have even commented that they had no idea about some of their employees’ future goals, so this has helped with future succession planning,” offers Valentine. “For those employees who are looking to advance their careers, it gives them a clear path to what new skills and background are required.”

This is reinforced by John Combs, CPM, founder and principal of RiverRock. “We believe that constant feedback is required in both supporting great performance as well as identifying what should be improved or strengthened,” notes Combs. “What we find is that today’s environment is supercharged, and having a RAP session is essential to quality feedback for the ‘rock star’ and the supervisor. We started this last year and everyone was so pleased with the results. I think this will be evident in our Best Company to Work For [in Orange County, named by Orange County Business Journal] survey results which we have won the past nine years we have entered.”

Opportunity as the New Currency

As for the connection of these ongoing, ratingless feedback sessions to bonuses or other financial benefits: There is none at Lincoln or RiverRock. “Coaching is separate from compensation,” notes Lincoln’s Washbourne, who sees the focus on professional development rather than monetary rewards. The same is true at RiverRock, where the RAP sessions are conducted with the goal of offering constructive feedback and discussing



RAP—REVIEW, ANALYZE AND PLAN—SESSIONS HAVE BEEN ADDED TO THE REVIEW PROCESS —

“TWO-WAY CONVERSATIONS BETWEEN THE EMPLOYEE AND SUPERVISOR TO DISCUSS WHAT WENT WELL SINCE THE LAST RAP SESSION, WHAT DIDN’T GO AS WELL AS THEY WOULD HAVE LIKED AND WHAT GOALS ARE ANTICIPATED FOR THE UPCOMING PERIOD.”

—KATHY VALENTINE, VICE PRESIDENT
OF HUMAN RESOURCES,
RIVERROCK REAL ESTATE GROUP, AMO

opportunities for advancement rather than compensation.

Ultimately, each company must discover the best approach that supports its culture and strategy, be open to modifications when warranted, and frequently and clearly communicate to everyone on the team how the system will work, how they will be impacted, and how it will advance both their individuals’ and the company’s success. ■

Nancye J. Kirk (nkirk@irem.org) is chief strategy officer at IREM Headquarters in Chicago.

RECOGNIZE

THERE'S
MORE TO
THE **REME**
AWARDS
THAN
MEETS
THE EYE

By John Salustri



EXCELLENCE

IREM®
REME
AWARDS
FOR REAL ESTATE MANAGEMENT EXCELLENCE



Industry recognition is only the outward face of the roll-up-their-sleeves hard work that winners put into their businesses.

You know the old saying about icebergs and what lies below the surface. So it is with the REME Awards, IREM's annual homage to industry innovation and best practices. The celebration of the awards is only the most outward sign of the hard work that elevates practitioners from product providers to strategic service partners with occupants, our ownership clientele, and the larger local communities. As you are about to read, the play-by-play of four winning management firms makes this point loud and clear.

RECOGNIZE

THE VALUE-ADD PROPOSITION

Value enhancement is the leading-edge mission of MEB Management Services, IREM's AMO of the Year. The firm actually charts its periodic value-enhancement progress, and principal Libby Ekre, CPM, reports that for one client, Phoenix-based MEB delivered a whopping 49 percent value increase for the six months that ended in April 2018. Other clients also enjoyed impressive gains, most clustered around the 29-percent range.

"Through its Value Creation Dashboard," the firm explains in its REME application, "MEB measures increases in NOI at each managed asset and converts [that to the] increase in the value of each asset." The dashboard is also the major metric of employee performance. We'll have more on that shortly.

Part of those gains comes in an active management of rental rates. For instance, MEB is property manager for seven Avila Homes neighborhoods in the Southwest that feature single-level detached rental units. The homes are being developed by NexMetro Communities. "Adjusting to rent increases quickly was integral to making sure we maximized the rents on each property," says Ekre.

"When you're in lease-up of a new project, you don't want to be the highest-priced community," she explains, adding that rental rates were based on the sub-market and timing. "These properties leased in six to eight months. Once a certain amount were leased in a week—say five—the team would revisit the rental rate to determine how much more they could increase it." In most cases, the rents

“Adjusting to rent increases quickly was integral to making sure we maximized the rents on each property.”

—LIBBY EKRE, CPM, OF MEB MANAGEMENT, AMO OF THE YEAR.

were over market because of the uniqueness of the brand, the design of the homes and the overall community feel.

The firm was also integral in selecting the amenities that would appeal to the target renters, millennials and boomers alike. Among those amenities were gated entrances, large private backyards, no walls shared with neighbors, walking trails and dog parks. These all create a "wow factor," says Ekre.

Value-add owner/developer Bascom Arizona Ventures can tell a similar tale, one that MEB relates in its application: "For the last 10 Bascom acquisitions, representing 3,501 units, MEB was able to achieve an average annual growth in effective gross income of 9.9 percent. Average NOI growth was 13.41 percent."



The relationship between MEB and clients such as NexMetro and Bascom is based on service, clearly, but service starts with individual team members matched by personality and skill to the appropriate jobs. Enter the firm's relationship with PDP Global, which provides a management system that aids in the selection, motivation and retention of people.

"It's about knowing how to manage people based on who they naturally are," says Ekre. Via PDP, "We scan different behavior profiles for the specific skills and talents that best fit certain roles." Those profiles also identify stress points so management can better help individuals over those hurdles.

Matching people to their skills for the good of MEB clients is the ultimate value-add.



AMO OF THE YEAR

MEB MANAGEMENT SERVICES, AMO
PHOENIX

EXCELLENCE

TRAINING SHIFTS TO HIGH GEAR

The development of staff is top-of-mind as well for Cortland, AMO, the Atlanta-based winner of the Corporate Innovation REME Award. Cortland literally put its training into high gear with the creation of a Mobile Training Unit (MTU), a massive, 64-foot tractor/trailer that makes its way to all 11 states (soon to be 12) where the firm has properties to keep staff refreshed in the intricacies of responsive maintenance.

In fact, Jonathan Tucker, CPM, EVP of operations and facilities, reports that since the truck first rolled out in October of 2016, “some 1,200 people have gone through the program,” some in refresher courses, logging a total of 15,000 training hours. The firm works to deliver on a 48-hour service guarantee, says Tucker, “or we refund the rent due for that period.” (He boasts that service is usually complete within 24 hours.) “The MTU helps keep that obligation top-of-mind.”

The trailer, with its dedicated driver, is divided into two sections, Tucker explains. It has a forward compartment for classroom activities like viewing videos and a rear section for hands-on practice

and review through the use of modules that can replicate issues in such areas as HVAC, plumbing, heat pumps and fire safety. There are seven specific modules in all and a total of 58 training classes, covering topics including mold removal, slip and fall prevention and basic first aid.

“For example,” he tells JPM, “we can recreate 136 faults that a technician would find on a typical HVAC unit to see if they can properly diagnose and repair the issue.”

The MTU is on the road throughout the year, targeting specific regions.

the individuals coming in. We typically stay in each market for about two weeks, longer if necessary.”

The career development that takes place in the MTU can be used for purposes beyond the needs of a particular region. Tucker says that there are CPM training courses that participants can get a leg up on. Specifically, he says, “Managing Maintenance and Budgeting has a direct correlation, as does Marketing and Leasing Multifamily Properties. Marketing and leasing an asset starts with curb appeal and maintaining the

“The MTU teaches our service associates how to deliver on the vision for our communities.”

“We’ll scrub all the service request data for the prior 12 months for all of our regions,” he explains. “We have that data down to specific technicians, and we can see where there might be high demand for specific assistance. So we go to a region and schedule the appropriate people to come in on specific days, so each day is scheduled around the need of the asset or

exterior. All of that is part of what we teach in the MTU.”

The unique nature of Cortland’s 64-foot training delivery system is based in an essential value proposition: service. “For our residents it’s all about experience,” says Tucker. “The MTU teaches our service associates how to deliver on that vision for our communities.”



CORPORATE INNOVATION

CORTLAND MANAGEMENT, LLC, AMO
ATLANTA





INVESTING IN TOMORROW

ResProp Management defines community in a clearly global sense, and its outreach to the underprivileged of Tampa proves it. In fact, their efforts in this area are why they received the REME Award for Corporate and Social Responsibility.

Its work actually began in Chicago with ResProp co-founder Peter Rex. There he discovered the Cristo Rey Network of Schools, which serves underprivileged youth by providing a college-prep education with a work-study component while they advance their faith formation. Rex immediately tied that effort to a local Tampa parish, Mary Help of Christians, and work began on establishing a local Cristo Rey school, explains Neal Herman, who is a director at ResProp and serves as the high school's chairman of the board.

But that was no small task. "Wherever you start a Cristo Rey school," he explains, "you have to start from scratch. You have to select the site, perform the feasibility study, secure the facilities, recruit the kids and find the job partners. We saw our competitive advantage as providing three things: leadership, the business relationships that would form the initial group of supporting partners, and the necessary facilities management that would turn an old and outdated school building into a new-age, 21st century school."

The Cristo Rey Network approved the establishment of Cristo Rey Tampa High School and after a comprehensive renovation, the school opened its doors on August 15, 2016. Today, there are 170 students, and Herman anticipates celebrating their first graduation in 2020.

A key to the program is the school's Corporate Work Study Partnership, essentially a paid internship with local businesses to enhance the students' business acumen. "That's the differentiating



aspect of the Cristo Rey model," he explains. "The students get work experience while injecting a beacon of culture into our company. The experience helps them develop social skills and a work ethic in combination with college prep education. They step up, take the challenge of doing five days of coursework plus going to a job and being held accountable for it all."

With all the talk about the aging of the industry, Herman also says the program is good for the goose as well as the gander. The students "are exposed to property management as an option as they grow throughout their careers," he says. "We're trying to unlock opportunities."

But it's the immediate benefits that count the most, especially in terms of changing the world view of underprivileged youth, a view that starts out narrowly defined and bounded by limitations. Herman explains that in talking with the students, he has found that involvement with Cristo Rey "changed the way they live their lives, and it's been a benefit to their entire families. My hope is that through working with us, they can see the multifamily industry as creating value for people at home while providing for themselves and their families."



“The students get work experience while injecting a beacon of culture into our company.”

ResProp

Residential Property Management

**CORPORATE AND
SOCIAL RESPONSIBILITY**

RESPROP
TAMPA, FLA.



SUSTAINABILITY IN TWO ACTS

The perpetuation of the industry and the environment could be seen as key initiatives for Cincinnati-based Phillips Edison & Co. (PECO), which won two REME Awards, for Employee and Leadership Development and for Sustainability.

On the first score, PECO's application explains that its college recruiting and internship program had a good run, "with 10 full-time employees starting their careers with us as interns." But, in 2016, with the growing war for talent, the firm's HR and marketing teams began to collaborate on strategies to increase that success rate by accomplishing these goals:

- » Better define the program and raise its visibility to make it stand out against bigger brands with bigger budgets.
- » Increase internship and recent college graduate applications by 20 percent.
- » Highlight interns' hands-on experience through the program.
- » Continue to foster a sense of community for program participants.

The result was PECO I (Phillips Edison & Co. Internship Program), a multitiered program that features "a brand identity created to appeal to interns and recruits"; a "Day in the Life" video that captures a typical day of an intern; a web presence featuring testimonials and applications; and a social media campaign.

The multitiered push rang many of the bells the firm targeted. According to its REME application, Phillips Edison averaged 14 interns per semester

in 2015. In the spring of 2018, the firm had 25 interns with 27 slated for the summer semester. In addition, "We received a record number of applications for the 2017 spring and summer semesters, and 2018 topped even those numbers." PECO has also jumped in its number of college hires, from five in 2016 to 12 in 2018.

In terms of its sustainability program, PECO aligned itself with Blue Sky Utility (a firm that installs GAF TPO roof membrane and solar panels), to enhance the energy efficiency of its California properties.

The pilot property was the Winery Shopping Center in Fairfield, Calif., where in 2016, Blue Sky replaced 70,000 square feet of the property's roof with GAF TPO membrane and solar panels. As a result, management and tenants now enjoy additional benefits:

» "Roof replacements can cost up to \$500,000, and fixing roof leaks is one of our biggest expense line items," says PECO. "The new, white TPO roofs need much less maintenance and save us time and money on repairs." Savings are passed on to the tenants.

» Phillips Edison is able to purchase energy to power common areas from Blue Sky at a discounted rate and pass that savings along to tenants as well; and

» "Our tenants are able to buy their power from Blue Sky at a discounted rate. The new reflective roofs also offset heating and air-conditioning costs."

Based on the success of the pilot, "The program will roll out to 75 percent of our California properties in the next three years, for an estimated savings of over \$9.5 million." ■



SUSTAINABILITY PROGRAMS

PHILLIPS EDISON & COMPANY
CINCINNATI

PECO aligned itself with Blue Sky Utility to enhance the energy efficiency of its California properties.

SHANGHAI'S HONGQIAO DEVELOPMENT:

A Prototype for the
Future of Business



[OPPOSITE] A new train station is part of the transportation hub that links the entire Shanghai Hongqiao CBD.

[BELOW] The National Exhibition and Convention Center, a crown jewel of the Hongqiao CBD.

PHOTOS PROVIDED BY LEIDEN



ON THE OUTSKIRTS OF SHANGHAI LIES ONE OF CHINA'S LATEST AMBITIOUS PROJECTS, THE HONGQIAO DEVELOPMENT.

A little over 10 years ago, the area was a quiet suburb of farmland and factories, but now it boasts eight means of transportation, including an airport; a world-class, large-scale convention and expo center; and high-end hotels and office buildings.

The Shanghai Hongqiao Central Business District (CBD) promises to set a global amenities standard for the business traveler of tomorrow and to draw further attention to the people who help the properties run successfully.

SHANGHAI'S HISTORY AS CHINA'S GATEWAY CITY

Shanghai's status as an innovation center stems from its history as the country's main port city. Located in the Yangtze River delta, with a shoreline along the East China Sea, it remains the busiest port in the world. The port's massive shoreline can simultaneously support as many as three 70,000-ton cruise ships.

As the port grew, Shanghai became the logical spot for the Chinese government to premier new technologies, especially in transportation. Shanghai was the first city in China to have viaducts, tunnels, bridges and a subway system. Today, Shanghai's metro system alone transports an estimated 9 million passengers a day, an incredible feat considering

most of it was built since 2003. More recently, the city has introduced the fastest trains in the world and new-energy buses, which significantly cut greenhouse gas emissions.

A CONVENTION CENTER TO WELCOME THE WORLD

Now the area is experimenting with world-class real estate development. One of the crown jewels of the Hongqiao CBD is the National Exhibition and Convention Center, a large space co-built by the Ministry of Commerce of China and the Shanghai Municipal Government. The development has totaled approximately 16 billion renminbi (\$2 billion) in investment.

The convention center premiered with the highly anticipated China International Import Expo, which took place November 5-10, 2018. This 6-day expo, themed "New Era, Shared Future," planned to accommodate 200,000 attendees a day and proclaimed the motto "Six days at the Expo equals 365 days of business."

When asked about his experience handling the crowds at large-scale events in Shanghai, James Liu, CPM, general manager of asset management for Shanghai Pudong Binjiang Development Construction Investment Co., Ltd., notes:

"Eight years ago, as the managers of the Shanghai World Expo, we had to manage more than 400,000 visitors per day. On its peak day, the foot traffic was counted as 1,032,700. We survived the challenge, certainly with the assistance from a great amount of volunteers."

The central feature of the recent China International Import Expo was a tax-free zone trade area, displaying an index comparing a product's home-country price vs the expo price. The expo introduced over 1000 services and products not previously available in China. According to Jiachuan Li, director at the Shanghai Hongqiao CBD Development Construction Headquarters, the tax-free zone accomplished two of the main goals for the Expo: Increase domestic consumption of foreign goods purchased in China, and give China the opportunity to demonstrate its commitment to an open market. To keep up the momentum from the Expo, an exhibition hall displaying new products for purchase is now open year round.

AN INTENTIONALLY DESIGNED TRANSPORTATION HUB AND CBD

The National Exhibition and Convention Center has the benefit of a holistic approach to infrastructure that enables massive events to be hosted more eas-



[TOP] National Exhibition and Convention Center
[BOTTOM] Hongqiao Airport, center of the CBD's transportation hub



ily. A plan developed by the Shanghai Municipal People's Government dedicates 300,000 square meters (approx. 3,229,173 square feet) each to exhibition space, office buildings, hotels and restaurants, and facilities for foreign consulates.

A transportation hub links the entire CBD. Hongqiao Airport, built in the 1930s, serves as the hub's center. A new train station is now connected to the airport, with access to the subway, suburban trains and long distance trains. Shanghai's second maglev, or magnetic train, is also planned for this area, as well as bus and taxi options. "The transportation hub will spur the city's economic development and promote a change in the typical urban space layout," adds Shengyu

Tao, CPM, of Shanghai Hongqiao CBD Investment Real Estate Co., Ltd.

The development at Hongqiao is the first of its kind to design a transportation hub on this scale. Mr. Li asserts that 50 percent of Chinese investors have already put money towards the project and taken up office space in the planned facilities. "This type of center will become a necessity as globalization increases. We designed this with international business travel in mind. You can fly into Shanghai, go straight to your meeting, stay overnight in a hotel next door and be home the next day, all without leaving our CBD."

To top it off, all new structures will be required to be green buildings, and

the Hongqiao CBD is expected to reach three stars, the highest ranking of the China Green Building Label.

CHANGING FOR THE FUTURE

Now that the Import Expo has finished its maiden year, it is largely being considered a success. Over 3,600 companies from 172 countries were represented, and Hongqiao's development was showcased to the world.

Hongqiao is one of the first of fourteen economic and technological zones approved by the State Council of Shanghai. Such large-scale development certainly exemplifies the state of the Chinese economy in recent years and the concentration on Shanghai as a city of innovation. Usually growth such as this is welcomed, but the region's fast-paced expansion has brought challenges as well.

"China's economy has developed rapidly in the past five years," says Mr. Liu. "The biggest change is the increase in holding properties. This requires real estate managers to professionally manage these properties longer to preserve value. As the needs of owners in China change, there is an increase in the need for CPM education. This is why the CPM program has been so well received over the last two years and continues to grow," concludes Mr. Liu.

With so many opportunities for management and invention, the Hongqiao Development proves to not only be an exciting project for the property managers of Shanghai, but an example for the world ■

Contributing writers: Daniel Morales and Leah Misbin of IREM's International Department

THREE QUICK-HITTING FACTS LEARNED FROM IREM ACCELERATORS IN JANUARY/FEBRUARY:



Employment of property, real estate, and community association managers is projected to **grow 10% by 2026**, faster than the average for all occupations.

(Tips to Starting a Property Management Company)



Most **medical office buildings** have a **greater** hard floor-to-carpet ratio compared to typical office buildings, extending overnight cleaning time and associated costs.

(Medical Office Building Management)



Nearly **3 billion people** around the world actively use social media, many of whom use it to make buying decisions.

(How to Use Social Media to Reach Clients)

If you missed these as Live Webinars, you can still access them On-Demand at www.IREM.org/ondemand

THREE TIPS TO ACCELERATE YOUR KNOWLEDGE IN MARCH/APRIL:



In a recent commercial real estate survey, **80% of tenants** indicated that **sustainable building practices were important to them**. In addition, better loan terms (lower interest rates and longer interest-only periods) are available for sustainable buildings compared to those for non-green properties.

(Ten Tips to Improving Sustainability – March 6)



A reduction in operating expenses by just **\$10,000 annually will increase an asset's value by \$100,000** at a 10% cap rate. At an 8% rate, the asset will see an increase of \$125,000 in value.

(Financial Concepts and Calculations: Valuation and Return – March 12)



A good site manager can control expenses, but a great manager will project them. **Thorough research when preparing budgets**, such as calling utility providers for estimated rate increases, will contribute to a more accurate budget.

(Introduction to Accounting – March 20 and Introduction to Budgeting – April 17)

To register for any of these Live Webinars, or see what else is offered, visit www.IREM.org/webinars





MASTERING COMMUNITY ASSOCIATION RELATIONS

The ongoing evolution of community associations into true communities

requires an even more steadfast grip of the nuances of association management. The following excerpt from the second edition of *Community Associations: A Guide to Successful Management*, by Vickie Gaskill, CPM, ARM, MPM®, outlines key factors to consider prior to taking on the management of a community association and some of the hazards to avoid along the way.

REASONS ASSOCIATIONS CHANGE MANAGEMENT FIRMS

Knowing the reason an association is looking for professional management can be beneficial to a management company when developing a management portfolio. The board of directors may be dropping existing management for a variety of reasons. Learning the cause of the predecessor's departure may help in determining whether your company's management style can overcome those issues or fall into the same dilemma.

COMPLIANCE ISSUES

Association board members commonly complain that the management company doesn't do enough to enforce association rules, which are often limited and unclear in the governing documents concerning compliance issues. This leaves the manager and board members open to blame if these issues are not resolved. When researching a community, inquire about its rule enforcement guidelines and if it has an ad-hoc review commit-

In today's market, with the increasing popularity of common interest developments (CIDs), members and directors take a more hands-on approach to governing their associations.

tee that regularly examines the governing documents and state laws to ensure compliance. This may be an opportunity to lend expertise to the association and assist it in understanding the importance of compliance. On the other hand, it may also be a red flag if the association tends to have a laissez-faire approach to the rules.

A good manager will recognize this problem and recommend resolutions or amendments that will improve enforcement of association rules; however, the professional manager can only be as effective as the association's governance and board allow. At times, board members may restrict the manager from performing a compliance process, yet they expect the manager to enforce compliance as the association's documents direct.

If board members are not fair regarding compliance issues and the management firm does not point out or attempt to change the discriminatory action, both may become liable for not implementing the governance as written. If the governing documents are vague or non-existent, a manager must ensure that the board members act in a reasonable and fair manner when invoking the association's right to bring an offending member into compliance.



BECAUSE PRESENT-DAY RELATIONSHIPS WITH ASSOCIATIONS ARE MORE TIME-CONSUMING, AN INCREASING NUMBER OF MANAGEMENT CONTRACTS ARE CALCULATED WITH A REASONABLE BASE FEE STRUCTURE.

DELINQUENCIES

Board members frequently think management companies do not have adequate control of delinquencies, and in addition to receiving payments, the management firm is charged with collecting delinquent assessments. When beginning the management relationship, the manager must clarify the company's position on this issue, or it could destroy the goodwill between the board members and management when delinquencies occur. Resolved collection policies are essential for the management company to do its job of collecting delinquencies.

Some states require an agent to be a licensed debt collector to pursue outstanding debts beyond sending a delinquency letter. Debt collection duties are usually turned over to an attorney or a bona fide collection agency. Although most unpaid assessments are automatic liens against a property, delinquent owners can be passive when it comes to paying assessments. Board members can also get frustrated with the time required and the process involved in attempting to collect outstanding debts. Keeping them informed with timely progress and delinquency reports immensely improves the manager's credibility regarding delinquent assessments.

FINANCIAL REPORTS

Financial statements must be timely and easy to read. It's common for board members to complain that management submits erratic and inaccurate financial reports. Managers all too frequently send complicated operating statements without any prior explanation. Therefore, it's essential for the management company to explain the differences in cash, modified or accrual statements. Board members, especially the treasurer, do not want to appear uneducated when reading the financial statements to the board or the management firm. Even so, they sometimes report their opinions concerning alleged inaccuracies as well as their difficulties in reading the reports. By establishing a specific time to explain and

illustrate the financial statements, the management company can instill confidence and credibility. If the accounting system is flexible, by all means, tailor the association's books to meet the specific needs of the particular property. Specify the date that the board members will receive the financials, and do not deviate from the schedule without prior notice.

ASSOCIATION MANAGEMENT PITFALLS

When contemplating whether to assume the management of a property, the management company should perform extensive due diligence before moving forward. Common pitfalls are accepting the management of "sick" associations, failing to make site visits and failing to establish a minimum fee structure.

RECOGNIZING "SICK" ASSOCIATIONS

Is this property fiscally or physically considered a sick association? Reviewing the current budget in relationship to the association's asset management performance is important. An association with very little working capital and much necessary capital expense is destined to fail. Recognizing this situation prior to contract commencement, and determining whether the members are willing to make the necessary financial commitment, is crucial to being a successful manager.

NO SITE VISITS

It is extremely important to make a site visit before responding to an RFP. The site may require extensive manager supervision due to its physical attributes or detriments. By miscalculating the administrative time involved, the manager risks underbidding a contract that he or she may not be able to fulfill properly. The association relies on the professional manager's ability to meet those requirements addressed in the RFP that will ensure their implementation. The manager should not project a fee solely by sitting behind a desk. It's essential to visit the site.

IT IS EXTREMELY IMPORTANT TO MAKE A SITE VISIT BEFORE RESPONDING TO AN RFP. THE SITE MAY REQUIRE EXTENSIVE MANAGER SUPERVISION DUE TO ITS PHYSICAL ATTRIBUTES OR DETRIMENTS.



NO MINIMUM FEE STRUCTURE

Previously, managers submitted contract fees that reflected an all-inclusive management service. In those days, the manager was a rather authoritarian agent who made the most of an association's decisions. In today's market, with the increasing popularity of common interest developments (CIDs), members and directors take a more hands-on approach to governing their associations. As a result, the manager's role has changed from that of an authoritarian agent to an advisory agent, offering professional advice and guidance.

Because present-day relationships with associations are more time-consuming, an increasing number of management contracts are calculated with a reasonable base fee structure. Establishing a minimum fee structure is important in order to compensate the firm for expected and unexpected administration duties. If the minimum fee is too low, the manager may jeopardize good management principles in order to make a profit.

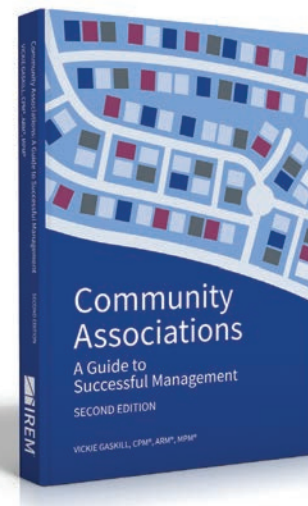
IGNORING RFP TRAPS

Evaluate the RFP for hidden management traps, such as certain responsibilities that could require extensive management time due to the physical nature of the association. Visiting the entire site will eliminate any shortfalls when projecting costs to administer the contract.

Another potential trouble area might be the number of physical inspections requested and the number of meetings per year the manager must attend. Confirm that on-site services are to be contracted out to third parties—but not at the manager's expense. Payroll of any on-site staffing must be clarified. Determine if such employees are employed by the association or the management agent, and if by the agent, determine who pays for the extra payroll burden and taxes.

The most important RFP trap to avoid is failing to have a clear understanding of the respective duties of the manager and the board. Managers all too often begin their duties only to discover that the board members expect more to be done than was originally stated in the

RFP. The best way to eliminate this conundrum is to recognize that such misunderstandings can occur. Throughout the RFP response process, discuss and list the specific tasks for which the manager will not be responsible, and question any RFP point that seems vague. ■



THE NEW SECOND EDITION OF *Community Associations: A Guide to Successful Management*, by Vickie Gaskill, CPM, ARM, MPM®, is available now at irembooks.org.

A BATTLE FOR YOUR EARS

Comparing Inexpensive Portable Speakers
Ultimate Ears Wonderboom vs. Anker SoundCore2



THE CRITERIA WERE SIMPLE > Find a speaker worthy of your ears that's also easy on your budget (under \$100) and travels light. A speaker that can deliver deep sounds, deep tracks; portable, yet loud enough to satisfy everything from a small meeting space to a small outdoor networking event. We checked out products based on sound (highs/lows), weight, battery, aesthetics and price. The two that topped the list were Wonderboom by Ultimate Ears and SoundCore2 by Anker. Here's how they measured up against each other:

SOUND > While both boost similar wattage, the Wonderboom delivers a punch and does not get distorted at higher volumes. Furthermore, its unique design creates 360 degree sound.

WEIGHT > SoundCore wins here—just by a few ounces, but a win is a win. Soundcore2 is more portable. (Sound-Core: 12.6 ounces Wonderboom: 14.9 ounces)

BATTERY > SoundCore lasts for up to 24 hours and Wonderboom, up to 10.

AESTHETICS > Although subjective, for us, Wonderboom's 360 degree design, the oversized buttons and the mesh padding win over the rubberized brick design of the SoundCore2.

PRICE > Anker SoundCore2 goes for \$39.99, while Wonderboom is a little more at \$67.99

OVERALL WINNER?

It depends on what you want from your speakers. For a small conference room environment Anker's battery life and price might win you over. However, if you want a portable speaker with a bit of a punch and beauty, the Wonderboom could turn out to be what you need.

ultimateears.com // anker.com



01 / Amazon Key for Business

Amazon recently introduced a new feature to its delivery services—Key for Business, a smart fob device that allows its drivers limited access to your properties so they can drop off packages without having to interrupt the activities of management and staff. It works like this: The driver requests access through an app; Amazon confirms the driver, route, location and time of the request; If all details are confirmed, the driver is given limited and time-bound access to the building, access based on parameters that you set, including specific entry points. You're also able to track the driver's admittance to your property using your already-existing access system, and once the deliveries are done and the driver leaves the premises, there's no getting back in.

amazon.com/b?node=18530497011

02 / Ascent Windscreen System by Trex Commercial Products

Your tenants aren't going to want to make use of that beautiful rooftop pool (aka big property investment) if the wind regularly blows their flip flops away and topples over the potted foliage. Keep gusts at bay without sacrificing scenic views by installing Ascent, a glass windscreen system that can handle wind loads up to eight times greater than most windscreens. Setting it up is literally a snap with the help of an aluminum snap-fit system, and the posts that hold the screens in place are embedded with a welded base plate to protect them from corrosion. Ascent is available in four finishes that will enhance your outdoor space while effectively shielding its dwellers from forceful gales.

trexcommercial.com



04 →



02 ↓



03 / Cotodama Lyric Speaker Canvas

Want to up your speaker game? How about a flat speaker that not only delivers a good punch, but also shows you lyrics right on its surface? Cotodama's Lyric Speaker is not a Bluetooth device—it's an IoT (Internet of Things) Wi-Fi speaker that connects directly to the internet and looks up, then displays, lyrics to the songs you're playing right from your device. The speaker looks almost like an old vinyl record sleeve and produces key lyrics in a beautifully rendered font that makes it look like a living work of art instead of a practical device, bringing not only sound quality but an aesthetically pleasing design function to any room or office lobby.

PRICE: \$1,700
lyric-speaker.com



03 ↑

04 / Cubiio

Forget the rubber stamp—engraving makes a more permanent statement. Whether you're a DIY project mogul, a baker, a carpenter, a leatherworker, a designer, a property manager—the list goes on and on—you can use Cubiio to easily engrave anything your heart desires. Put your company logo on your own baked goods and hand them out to tenants, or etch it onto specialty gifts for your staff...how's that for making your brand memorable? Cubiio is a compact device that connects wirelessly to anything from your smartphone to a vector editing program of your choosing for no-sweat laser engraving. It's a safe, portable way to create that custom touch on gifts or upgrade your event with personalized favors for attendees.

PRICE: \$777
cubiio.muherz.com



05 / Timekettle WT2 Plus

The world is even more accessible now, and that means it's easier than ever to break down language barriers. Timekettle's WT2 Plus Personal translator helps close the gap so you don't find yourself lost in translation. The device resembles Apple's AirPods but it's a two-way translation mechanism. The idea is simple: You split up the set of wireless earphones between the two people who need to communicate, and the device will translate up to 20 different languages in real time. It comes with an AirPods-like charging case so you can always be at the ready to communicate with someone outside of your native language for up to eight hours.

PRICE: \$199.99
timekettle.co

2020

OFFICER & REGIONAL VICE PRESIDENT NOMINEES SLATED

THE IREM NOMINATING COMMITTEE HAS ANNOUNCED ITS SLATE OF NOMINEES FOR 2020 OFFICERS TO SERVE WITH 2020 PRESIDENT CHERYL A. GRAY, CPM, OF QUADREAL IN TORONTO. THEY ARE:



2020 PRESIDENT
CHERYL A. GRAY, CPM
QUADREAL PROPERTY GROUP
TORONTO



2020 PRESIDENT-ELECT
W.A. "CHIP" WATTS IV,
CCIM, CPM
WATTS REALTY CO., INC., AMO
BIRMINGHAM, ALA.



2020 SECRETARY/TREASURER
GEORGE D. GRIFFIN III, CPM
HOUSTON HOUSING AUTHORITY, AMO
HOUSTON

The IREM Nominating Committee also submits the following nominations for **REGIONAL VICE PRESIDENTS FOR THE 2020-2021 TERM.** They are:

Region 1: Peter J. Lewis, CPM
The Schochet Companies, AMO
Braintree, Mass.
Boston Metropolitan Chapter

Region 3: Jae A. Roe, CPM, ACoM
RMR Real Estate Services
Norfolk, Va.
Hampton Roads Virginia Chapter

Region 4: Deborah R. Phillips, CPM
The Quadrillion
Jonesboro, Ga.
Georgia Chapter

Region 7: Jessica L. Warrior, CPM
Granite Properties
Plano, Texas
Dallas Chapter

Region 9: Kristine C. Haskins, CPM
Colliers International, AMO
Rosemont, Ill.
Chicago Chapter

Region 10: Ryan M. Huffman, CPM
Cohen-Esrey Real Estate Services, Inc., AMO
Overland Park, Kan.
Kansas City Chapter

The election will take place during the IREM Governing Council meeting at the IREM Global Summit in San Francisco, September 23-26, 2019. IREM bylaws provide for additional nominations for Officer and Regional Vice President positions. Any additional nominations must be made by a petition signed by at least 15 members of the Governing Council delivered to the CEO/Executive Vice President at least 10 days in advance of the date set for the election.



IN SUPPORT OF SCHOLARSHIP

The mission of the IREM Foundation is to be a resource for people and organizations seeking to advance the profession of real estate management. This fundamental desire is what drives its activities. Supporting the development of industry members is at the very core of the Foundation's purpose.

Regardless of the career level at which professionals find themselves, the Foundation has a program that can help and is eager to be a resource. If now is a great time to jump-start your career—what better way to do that than by earning an IREM credential? The IREM Foundation is prepared to assist. Already have an IREM credential? The Foundation can still assist you in supporting the professional development of your team.

Scholarships are a great way to take advantage of what the Foundation has to offer. They are available for IREM education and can put practitioners on the fast track to achieving their career success goals. In 2018, the IREM Foundation activated 543 scholarships, with recipients taking courses leading to the CPM, ARM and ACoM to further their education and industry experience. Such pursuits benefit everyone—the individual, the firm where the individual is employed and the property management business as a whole. ■



“

I have a strong passion for property management and IREM and am so thankful for the scholarship award! Over the course of working toward my CPM designation, I was fortunate to have some company funding to cover the cost. Due to a change in my position, that was no longer the case. This scholarship gave me a push to complete my last series of courses. Thank you IREM Foundation!

”

—KARIN COLLINS CARTER,
CPM CANDIDATE

IREM FOUNDATION
SCHOLARSHIP RECIPIENT



IREM Members who have an interest in earning one of IREM's credentials—CPM, ARM and ACoM—can apply for scholarships, which provide partial tuition for up to three IREM courses in classroom or on-demand delivery formats, providing flexibility to suit the lives of busy industry professionals.

To qualify for a scholarship, an applicant must meet one of the following requirements:



1 > Be a current IREM Member (Academic, ACoM, ARM, Associate,

CPM Candidate, CPM, or Student), have paid current national and chapter dues in full and express an intent of earning an IREM credential.



2 > Be a current employee of an AMO Firm and express an intent of earning an IREM

credential. **BONUS:** Upon successful completion of the course(s) paid for by a scholarship, an AMO Firm employee may be eligible for a one-year complimentary Associate membership.

SCHOLARSHIP APPLICATIONS MAY BE SUBMITTED AT ANY TIME AND ARE REVIEWED MONTHLY:

» Applications received by the 15th of the month are reviewed that month.

» Applications received after the 15th of a month are reviewed the following month.

THE APPLICATION PROCESS

IS QUICK AND EASY. For more information and to download the application, visit www.iremfoundation.org; call (800) 837-0706 ext. 6008; or email foundation@irem.org.



IREM MEMBERS

Have you recently been promoted or changed jobs?

Have you or your AMO Firm received an award for a special achievement?

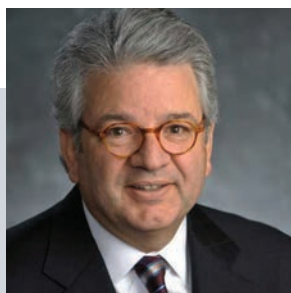
EMAIL the good news to jpm@irem.org so JPM® can share it with your colleagues.



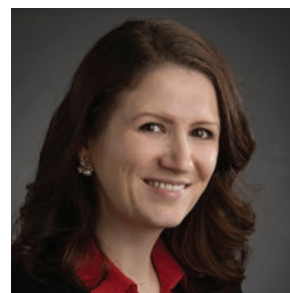
Escondido, Calif.-based Alliance Residential, AMO, has promoted **TRACY BRUNETTI, CPM**, to division president of its West Coast regions. In this role, she will oversee operations for over 39,000 apartments throughout California, Oregon and Washington. Brunetti started her career in multifamily management 34 years ago in Houston and worked for GreyStone/Greystar and Prometheus Real Estate Group prior to her tenure at Alliance.



Phoenix real estate executive **MIKE CLOW, CPM**, executive director of real estate operations of the Western United States for Greystar, AMO, has begun his term as 2019 National Apartment Association (NAA) chairman of the board. "[Clow] has been actively involved in developing new leaders, ensuring the financial success of NAA and planning our biggest event of the year. He positively represents the industry and keeps both our members' and association's needs at heart," said NAA President and CEO Robert Pinnegar, CAE.



Newmark Knight Frank's Minneapolis office has added **MICHAEL DWYER, CPM**, to its team as associate director of management services, putting him in charge of property management operations and staff. A 35-year veteran of the commercial real estate field, Dwyer's most recent position prior to joining NFK was with NRG, Inc., where he served as director for sales and marketing and developed energy savings strategies for large customers, creating a multi-tiered marketing plan designed to reconnect and retain existing customers by providing a variety of value-added services.



CRISTINA ISTRATE, ARM, CPM CANDIDATE, has joined Maryland-based real estate investment company FCP as a senior analyst. She will be supporting FCP's multifamily portfolio as part of the asset management team. Prior to this position, Istrate was a multi-site senior property manager for WPM Management, AMO, in Baltimore. She has been recognized as one of IREM's 30 Under 30 and is a recipient of the Maryland Multi-Housing Association's Property Manager of the Year award.



Northwood Ravin in Charlotte, N.C., has brought **AMANDA KITTS, CPM**, on board as senior vice president of property management. She will lead a team of regional and community managers in support of the day-to-day operations, revenue growth and client relationships of the company's portfolio. Prior to her joining Northwood Ravin early this year, Kitts was the director of real estate for Greystar, AMO, also in Charlotte.



Tribute Companies, Inc., of Wilmington, N.C., has appointed **MARIA PIETROFORTE, CPM**, its president. She will provide operational oversight for over 6,000 residential apartments in North and South Carolina. Pietroforte brings 25 years of experience across multiple property management disciplines to the position. Of her appointment, Tribute officials said she is a "focused and energetic leader who generates buy-in to establish goals and operating practices to exceed the expectations of internal and external customers."



In 1993, **DENISE PURRIER, CPM**, took a part-time, temporary accounting position at Steele & Nelson as it split into two companies; in January, after working 26 years for Nelson Properties after the split and learning all aspects of the property management business, she became its president. Purrier intends to maintain the same work ethic that was instilled in her when she first started: "If we see trash in the parking lot, we pick it up. No job is beneath us."



The Winston-Salem Regional Association of REALTORS® recently presented **CATHY ROBERTSON, CPM Candidate, ARM**, with its 2018 Property Manager of the Year Award. "Cathy's commitment to quality is obvious in everything she does," noted Brad Hunter, owner of Hunter Realty and Property Management, LLC, past secretary/treasurer of the association. Said Robertson of receiving this recognition, "I always aspired to reach great heights in my career, but I am so humbled by the honor of receiving this award." A member of the property management industry for over 25 years, she is currently vice president at TE Johnson & Sons.



Late last year, **FRANK T. SMITH, CCIM, CPM**, principal of NAI Summit, was given the honor of being selected "Real Estate Individual of the Year" at the 25th annual March of Dimes Commercial & Industrial Real Estate Awards in Bethlehem, Pa. Smith was recognized for his more than 35 years of service and positive contributions in the commercial and industrial real estate industry. The chairperson of the event, Christa Kraftitian, had this to say about Smith: "Frank was selected by the committee because of his extensive experience in many aspects of real estate in the region, his long-term commitment to a number of local non-profits and his cooperative and collaborative approach to working with clients, owners and other professionals in the community."

NEW CPMS & AMO FIRMS

DECEMBER 2018 & JANUARY 2019

NEW CPMS

ALABAMA

Peter Drake, CPM, Birmingham

Jay Hornbuckle, CPM, Birmingham

ARIZONA

Michael M. Chadwick, CPM, Phoenix

CALIFORNIA

Derek Raynor, CPM, Concord

Whitney A. DiPinto, CPM, Fresno

Tommy Davis, CPM, Los Angeles

Kayla Roeder, CPM, ARM, San Diego

COLORADO

Marcy Moneypenny, CPM, Highlands Ranch

Kerry M. Egelston, CPM, Monument

FLORIDA

Sharaun Day, CPM, Lakeland

Leslie A. Rose, CPM, Winter Park

IDAHO

Michael F. McKnight, CPM, Boise

ILLINOIS

Deirdre Santana, CPM, Chicago

Crystal Stude, CPM, Chicago

Robert Bowman, CPM, Highland

INDIANA

Lisa Armato, CPM, ARM, Carmel

Amy L. Loudon, CPM, Indianapolis

IOWA

Karey Post, CPM, West Des Moines

Jack T. Textor, CPM,
West Des Moines

KENTUCKY

Tammy L. Hebel, CPM, Louisville

Austin Widman, CPM, Prospect

MARYLAND

Bryan Moran, CPM, Rockville

MINNESOTA

Nathan Thorvilson, CPM, Falcon Heights

Brickelle Brueggemann, CPM, ACoM, Minneapolis

MISSOURI

Emerson Sutton, CPM, Des Peres

Stacey Klein, CPM, Kansas City

Cheryl Winkelmann, CPM, St. Louis

NEW YORK

Shamil N. Porto, CPM, ARM, Bronx

NORTH CAROLINA

Sara Talamantes, CPM, Cary

Amani Y. Abdul, CPM, ARM, Charlotte

Robert Finlay, CPM, Charlotte

Aralena P. Haynes, CPM, Charlotte

Jennifer S. Brotherton, CPM, Mooresville

OKLAHOMA

Crystal Tolen, CPM, Tulsa

PENNSYLVANIA

Nicholas V. Dubovici, CPM, Philadelphia

SOUTH CAROLINA

Brooke Frey, CPM, Charleston

TENNESSEE

Tammy M. Bailey, CPM, Memphis

TEXAS

Jane A. Carleton, CPM, Cypress

Connie M. Ackermann, CPM, Fort Worth

Bethany A. Stregles, CPM, Fort Worth

Ethelyn Kuldell, CPM, Houston

Mary B. Salas, CPM, Houston

Kristen L. Jaffe, CPM, ARM, Paradise

Nicole Rustin, CPM, Plano

Gabriela Garcia, CPM, Richardson

Zachariah Woodard, CPM, San Antonio

UTAH

Trinda D. Hess, CPM, ARM, Hyde Park

Chloe Gehrke, CPM, Salt Lake City

Brent Hathaway, CPM, Salt Lake City

VIRGINIA

Ronda L. Puryear, CPM, Charlottesville

Robin W. Edmonds, CPM, Glen Allen

Jessica Poyner, CPM, Norfolk

Dawn R. Thompson, CPM, Woodbridge

WISCONSIN

Mark A. Stay, CPM, ARM, West Allis

CANADA

Paul Nathan, CPM, Mississauga, Ontario

James Aziz, CPM, Toronto, Ontario

Lyndsay Brisard, Toronto, Ontario

Peter A. Yuill, CPM, La Broquerie, Manitoba

SOUTH AFRICA

Sithembiso Gumede, CPM, Johannesburg

Muvhango Netshitangani, CPM, Johannesburg

Mpolokeng J. Rametsi, CPM, Johannesburg

NEW AMO FIRMS

ARIZONA

HSL Asset Management, LLC, AMO, Tuscon

CALIFORNIA

NAI Benchmark, AMO, Modesto

MISSOURI

Wilhoit Properties, Inc., AMO, Springfield

NEVADA

Avison Young Nevada, LLC, AMO, Las Vegas

JAPAN

Eco-Homes. Co. Ltd, AMO, Oosakashi

CORRECTION: In the July/August 2018 issue of JPM, we incorrectly listed Elizabeth Letts-Richter as a new CPM. Ms. Letts-Richter is an ARM but not a CPM. We apologize for the error.



MARCH

3/5-6

Capitol Hill Fly-In

Location: Washington, D.C.

Visitor(s): All Officers

3/12-14

IREM South/Southeast Regional Meeting

Location: Nashville, Tenn.

Visitor(s): All Officers

APRIL

4/8-10

Officer & SVP Meeting

Location: National Harbor, Md.

Visitor(s): All Officers

4/10-12

IREM Northeast Regional Meeting

Location: National Harbor, Md.

Visitor(s): All Officers

AD INDEX

AppFolio	www.appfolio.com	19
Grind-All	www.grindallconcrete.com	Inside Front Cover
IREM 30 Under 30	www.irem.org/30under30	7
IREM Accelerators	www.irem.org/webinars	33
IREM Shopping Center Management and Leasing, Second Edition	www.irembooks.org	2
netRelevance	www.netrelevance.com	7
Sharestates	www.sharestates.com	Inside Back Cover
Yardi	www.realestatequestionsanswered.com	Back Cover



When Things Don't Go Right

IREM ETHICS BOARDS ENSURE THE CODES ARE UPHELD

By Jennifer Jeck

As any member would attest to, maintaining ethical standards is something IREM takes extremely seriously. After all, the association was founded as a way to put forth ethical principles for financial transactions in real estate, and since then, its history has been deeply rooted in promoting integrity when conducting business. Each member, be it an individual or a firm, is expected to uphold codes of ethics that are the foundations of, simply put, good business.

But misunderstandings happen, as do actions with unintentional consequences—and, unfortunately, outright transgressions occur, too. What then? How is it decided that a violation has taken place and what kind of penalty should be applied?

In 2018, 11 complaints, several citing multiple alleged violations, were submitted to IREM for review. Unlike many other associations, IREM not only has codes of

2018 IREM ETHICS ENFORCEMENT SUMMARY

BY THE NUMBERS

Complaints Received	➤	11
Complainants	➤	1 CPM Member 10 outside parties
Respondents	➤	5 CPM Members 6 AMO Firms
Ethics Hearings	➤	6 with Hearing and Discipline Board ➤ 1 Appeal thru IREM Japan (from a 2017 hearing)

2018 ALLEGED VIOLATIONS OF THE AMO CODE OF PROFESSIONAL ETHICS

A.2. Contractual Duties	➤	4
A. 4. Reporting	➤	4
A.5. Fiduciary	➤	2
A.9. Laws/Regulations	➤	2
A.3. Accounting	➤	1
A.10. Equal Opportunity	➤	1
A.6. Other Organizations	➤	1
A.1. Services to Client	➤	1

2018 ALLEGED VIOLATIONS OF THE IREM CODE OF PROFESSIONAL ETHICS

A10. Laws/Regulations	➤	4
A1. Loyalty to Client/Employer	➤	3
A7. Conflict of Interest	➤	2
A.12. Duty to Tenants	➤	2
A8. Managing Client Assets	➤	2
A3. Accounting/Reporting	➤	1
A6. Contracts	➤	1
A11. Equal Opportunity	➤	1
A9. Former Client/Employer	➤	1
Pledge	➤	1

ethics but also enforces them, and therefore has a formal process that is used to bring resolution to such complaints.

ENFORCING ETHICAL OBLIGATIONS

Anyone can file an ethics complaint against an IREM Member, and IREM Members have a duty to report situations when they believe violations of IREM's two codes of professional ethics have occurred. When a complaint is received, the Ethics Inquiry Board receives it first and determines if the complaint is valid and actionable and should be forwarded for an ethics hearing, or if it should be dismissed. The board may also request additional information before making its decision.

When asked what helps the Ethics Inquiry Board review new complaints, the 2019 Chair Ben Forsyth, CPM, said, "The complaint has to have merit—meaning it shows an accurate understanding of the ethical obligations of IREM Members and evidence that the complaint is warranted. The burden of proof is on the complainant who files the complaint."

Ethics hearings are conducted by the Ethics Hearing and Discipline Board, which reviews all submitted documentation, then hears and questions both parties before determining if a violation occurred and subsequently what the appropriate discipline should be if there was a violation.

"Before voting by secret ballot on whether or not there is a violation, each board member has the opportunity to express their thoughts on the case, based on all information presented. This is an important step," said Tim Kramer, CPM, ARM, Chair of the 2019 Hearing and Discipline Board. "The board represents the experience diversity within IREM's membership, and the different experiences and backgrounds ensure the final decision upholds the articles of the codes cited in the complaint."

An appeal hearing can be held if the party that was adversely affected by the Hearing and Discipline Board's decision alleges a procedural deficiency or a misinterpretation of ethical duties. The Appeal Board upholds or modifies the original decision, or can also send the complaint back to the Hearing and Discipline Board for a new hearing. The determination of the Appeal Board is binding.

The Articles that were alleged to be violated in 2018's ethics complaints are inherent to real estate management. Members are urged to take this opportunity to renew their commitment to their ethical obligations and review the IREM Code of Professional Ethics, the AMO Code of Professional Ethics and the IREM report, Real Life Ethics. ■

Jennifer Jeck, IOM (jjjeck@irem.org), is manager of customer and member services at IREM Headquarters in Chicago.

DISCIPLINARY ACTION TAKEN

As a result of an ethics hearing held by the IREM Ethics Hearing and Discipline Board in September 2018, the CPM membership for Oscar Rodriguez Aguilar was suspended for three years. He was found in violation of the IREM Code of Professional Ethics Article 1. Loyalty to Client, Firm and/or Employer and Article 7. Conflict of Interest. The suspension is conditional on his attending a course offering of Ethics for the Real Estate Manager (ETH800) within the 12 months of his suspension. If not met, his membership will be terminated.



“THE COMPLAINT HAS TO HAVE MERIT—MEANING IT SHOWS AN ACCURATE UNDERSTANDING OF THE ETHICAL OBLIGATIONS OF IREM MEMBERS.

—BEN FORSYTH, CPM



“THE BOARD REPRESENTS THE EXPERIENCE DIVERSITY WITHIN IREM'S MEMBERSHIP

—TIM KRAMER, CPM, ARM



You know the old saying about icebergs
and what lies below the surface. (P24)



**A LITTLE OVER 10 YEARS AGO, THE AREA WAS A
QUIET SUBURB OF FARMLAND AND FACTORIES, BUT NOW IT BOASTS
EIGHT MEANS OF TRANSPORTATION.**

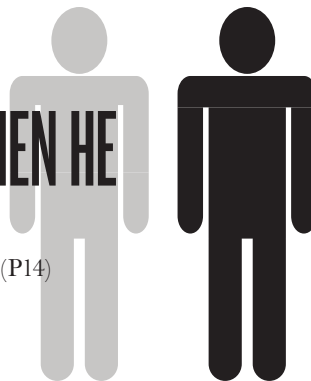
(P30)

“Was a score of a ‘3’ good?
Or just meeting expectations?
Or was it actually equivalent to receiving
a ‘C’ in school? No one was sure.”

(P20)

HE... “DOUBLED HIS STAFF” WHEN HE
HIRED HIS FIRST EMPLOYEE.

(P14)



**HOW IS IT DECIDED
THAT A VIOLATION
HAS TAKEN PLACE
AND WHAT KIND OF
PENALTY SHOULD
BE APPLIED?**

(P46)



MEET THE FASTEST FUNDER



IN THE REAL ESTATE JUNGLE

APPLICATION + CREDIT + APPRAISAL = FINANCING

'All Cash' contracts

Rates starting at 7.99%

Up to 85% LTV

Rehab, bridge & construction

Contact: Michael Ramin, VP, Business Development

Email: Sales@sharestates.com

Phone: 212.201.0750 Ext 8140

Website: www.sharestates.com

Q How do you | increase lead conversion?

"At Pangea, we use RENTCafé CRM lead scoring, follow-up reminders and automated emails to target prospects at different stages of our funnel and convert them."

ARUN DAS
HEAD OF MARKETING & TECHNOLOGY
PANGEA PROPERTIES

See the interview:
YARDI.VIP/PANGEA



Get more answers at:
RealEstateQuestionsAnswered.com



800.866.1144
Yardi.com/RENTCafeCRM