

# Q&A With a Property Manager



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*How do you think the leasing market is different than it was 2 or 3 years ago?*

We have seen some decline, but our Section 42 product has not declined as significantly as our conventional product in the last few years. In some of the smaller markets, Greensboro, NC for example, where the market is soft, LIHTC properties are performing only slightly better than our market-rate properties. However, we certainly haven't seen much LIHTC rent growth recently.

*How have you adapted to this leasing environment? What are you doing different that you didn't have to do 3 years ago?*

Managers have to be on their best behavior. What's working is we are becoming more creative. We're doing more resident referral programs. We're paying for stuff that we wouldn't have paid for before; for instance, for affordable housing we're paying the liability insurance instead of billing the resident. It's hard to tack that on even though it's not much of a charge. We're trying to do everything we can to keep the rents low.

*Is competition tougher than it was a few years ago?*

Not as much for Section 42 properties, although I can tell you that in some of the markets where income and rents are higher, competition is a little stiffer. They are now competing with market-rate properties that have reduced their rent so significantly that it is almost the same as our LIHTC units. In smaller markets where rents are lower, we've been fine.

*What do you hear most out of owners that you*

*manage for? What are their biggest concerns right now?*

Evictions, skips, and turnover expenses. More than anything we are seeing the number of skips increase - more than I've seen since probably the early '80s. You've got people who are losing jobs, situations where they have become financially stressed, and they just can't pay the rent. They're just leaving in the middle of the night.

*What would you say is the number one reason people are moving out?*

I'm not entirely sure, everyone says something different. If I had to guess, judging by the evictions and skips, I would say loss of job.

*How many days out before lease expiration are you looking to start contacting the tenants?*

We require a 60-day notice anyway, so we start contacting some residents as early as 90 or 120 days prior to their lease expiring. We recently found out that some of our properties were just letting people go month-to-month, out of fear that approaching them with new lease terms would cause them to think about moving. We had to coach our staff to try to get these tenants back on the lease.

*What is the best way to retain your current tenants?*

Maintenance. That is the number one reason why people choose to move out, maintenance problems. If you are consistently responsive to maintenance calls, it goes a long way to keeping residents happy. Who wants to have their toilet break then not get it fixed for 24 hours?

*What do you hold as company policy for following up with prospective residents?*

We are signed up with a company called *Lead Tracking Solutions*. Their software forces our employees to follow up via email or a phone call depending on which one the prospect requests. Each morning, it makes it so they can't actually log on and

start working until they have completed several follow up tasks. It's a great program. By next year we should have nearly all our properties on it.

*Is it difficult to retain talent in this market?*

It's strange that you ask - so here we are in this bad economy, everyone losing their job, and we are still letting people go for not performing! I tell them, "Now you know you just heard the unemployment rates on the news, and yet you still come in late, and you're not trying hard enough!" But in the same breath, we have been able to pick up some really good people who have been laid off for other reasons. We have better than average retention, but this industry can be a revolving door.

*How are you motivating your staff in this leasing environment?*

It depends on the market. Some of the markets' real estate commission laws don't allow us to pay per lease. Where they do allow it, we pay them a lower base salary and then we pay commission. In markets where they don't allow commission, we will bonus the property for the staff to share. Or we might pay a little bit higher salary in those markets that restrict leasing bonuses.

*What are some of your favorite advertising mediums?*

I'm a big internet person. I've told my staff that I prefer them not to use any print. If they insist, I only allow one print medium. And with *Lead Tracking Solutions* we can actually track and see if it is performing. So we will reevaluate that after six months or so. But I really think the internet is the way to go. There are many different options out there, Apartments.com, ForRent.com, ApartmentGuide.com, even Craigslist.

*Would you use the internet to market a senior community?*

You know, I hear this argument all the time, and I don't agree with it. We are seeing a huge increase of internet usage with seniors, especially with Facebook. Many of our properties have their own Facebook fan pages.