

The Property Management Plan – Final Project

Student's Name

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### **Introduction**

It is a complex task to manage rental real estate successfully in a competitive market. The management requires plenty of hard work, analytics and dedication. To maintain a stable income, balance expenses and attract new tenants a landlord or a property manager must create a general plan for the property. Property's management plan includes the analysis of the rental property, detailed study of the market on local and regional levels, as well as the plan for the routine, preventative, and corrective maintenance of the building and the premises. Complex planning is a sign of successful property management. By detailing and analyzing the property, its long-term and short-term goals, manager can eliminate any vagueness from the handling of property. To ensure that the rental estate performs effectively on all levels, manager must start planning for the beginning and write a mission statement.

### **Mission Statement**

The name of the apartment building is called "Pasadena Rentals," which is located at 169 E Claremont Street in Pasadena, California. The real estate has three two-room apartments and fifteen one-room apartments, so it classifies as a residential building based on the International Building Code. The company named "Burkham Housing" owns the apartment building since 2018. The sole owner of the company is Noah Burkham. The company entered the market in 2013 and started to buy real estate in California for the rental business.

### **Property Management Plan**

Property managers must distinguish the best qualities and highlights of the building, apartments and services it can offer to the tenants. It will be an integral part of the Management Plan that will help make financial decisions and set the price for the rent. The

general plan consists of the property analysis, the maintenance plan and the analysis of the local competition.

### **Property Analysis**

Pasadena Rentals apartment building has a plot size of fifty-four acres. It is a recently constructed building, which went into operation in 2017. The entire complex was bought by “Burkham Housing” company for four hundred and twenty-five thousand dollars. The property and its apartments are in brilliant state, partly because the apartment building opened for business recently at the end of 2018.

There are two-room apartments that have two bedrooms and two bathrooms. The other fifteen apartments only have one bedroom and a bathroom each. All the rental units have highly efficient HVAC systems installed, combined with tankless water heaters. To further increase security measures and comfort of the tenants, all windows in the building are energy efficient. These windows prevent heat loss from the rooms, which is especially useful for colder seasons, while decreasing the amount of UV sun rays, thus providing stable room temperatures. Efficient insulation will improve sound reduction between rental units, which will be much appreciated by the residents. Overall, these features will help attract new renters to the building and make them keep living in their apartments for longer.

Apartments mix minimalist and modern styles. The design of the rooms features steel, concrete and glass materials. The large windows enhance the presentation of the flats by letting the natural light through. The modern design also minimizes the draining slope and gives the roofing great visual appeal for the enjoyment of the tenants. All rooms have a nine-inch height of the ceiling. Each kitchen in the apartment has tiled floors, built-in lights, black appliances and wardrobes. The rooms feature all necessary equipment and facilities that are common to first-class rental houses, such as washers, dryers, television sets and dressing rooms. To compete with other residential buildings and provide comfort to the residents, the

apartment center features an elevator. To comply with the Americans with Disabilities Act, the entrances to the building and elevators provide disabled residents with quick access to their rooms.

The building is three miles away from the center of Pasadena, California. This makes it easy to access the apartment by major traffic routes. Also, a significant number of employers are in the area within a twenty-to-thirty-minute commute, which provides excellent job opportunities to local tenants. Couples and small families usually live on the property. Each future tenant is interviewed and researched by the manager; that is why there are no residents with criminal records or financial troubles. The atmosphere in the building is friendly, which is why no conflicts arise between the tenants. The improved sound reduction also helps to prevent complaints of the residents. Currently there are no plans to expand around the property's premises.

Apart from the indoor elevator, the property offers a gym, a non-smoking entrance and a spa. There is also a restaurant on the premises that can attract residents due to exclusive discounts for the people living in the complex. The personal at the building consists of professional vendors and contractors. The necessary contractors include electricians, cleaners and plumbers. Plumbing problems are one of the most frequent ones in any rental estate and usually require immediate reaction. (Woodson, 2010). Electricians make necessary repairs in case of electrical problems, while cleaners keep the halls, rooms and elevators clean. Before hiring, each contractor is interviewed and checked for license, insurance. The manager must be sure that future employee does not have a criminal past.

The monthly income from the rent varies between \$55000 and \$77000 based on the season, weather and tenant vacancy. Due to a big number of apartments, staff and territory of the premises, a significant part of the income goes to repairs, maintenance, employee payment, advertising and taxes. The price of renting a single-bed flat is between \$1500 and

\$2000, and \$2000–\$2900 for a two-bed apartment. Overall monthly expenses can range up to \$27000.

To remain competitive in the rental business, property managers must look at other property managers. Watching the competitors is an excellent way to determine what strategies do and do not work within the local market. If competitor's property income rises, manager and the owner may introduce changes in management, like reducing the rental price, changing marketing styles or redesigning the website. (Woodson, 2006). Knowledge about competitors can be vital for the property's financial performance.

Choosing the tenants is crucial both for the rental performance. Each possible resident must go through the interview and the application process, during which the property manager must check the tenant's criminal record and credit rating to find out if there is a history of overdue payments (Depoorter, 2019). It is crucial to understand if the tenant has a stable salary. The manager must remember that even if the tenant's salary is high, the possible debt must be taken into consideration (Boyd, 2014). Ultimately, before signing a rental contract property manager must gather all possible information about future residents to make sure that they would not cause any problems and pay their rent on time.

### **Maintenance Plan**

The detailed maintenance plan is an integral part of the property's management. It is also necessary to increase lifespan of the building and reduce the monthly expenses on repairs and corrective operations. The plan must include goals of the maintenance, and examination of all types of indoor and outdoor maintenance. The property manager must develop a maintenance standard. Other short-term goals include listing internal and external structure, building services, as well as identifying and scheduling frequency of the operations.

As the long-term goal, the property manager must identify improvements required to make the property more competitive on the rental market. This includes less frequent tasks,

like examination of the electrical installations and elevators, as well as repainting the walls of the building.

Every contractor must work by a written contract to prevent possible legal problems. Verbal agreements are risky and can lead to confusion, even when dealing with professionals (Woodson, 2010). The initial contract should mention that any additional work or deviation from the agreement must be clarified on paper via new contract or written change order. It is more productive to hire on-site personnel for regular maintenance, such as janitors, engineers and plumbers, who are always needed in case of emergencies. Sometimes it is better to use the services of a general contractor who has his or her team of vendors (Sudman, 2017). The apartment complex will have different teams for indoor and outdoor work because of its size. Outside contract services are best for specific jobs like window cleaning, snow removal or security. It is cheaper to hire specific people for situation-based maintenance like roof cleaning and lawn mowing. The final decision about choosing on-site maintenance and outside vendors that work on contract basis must be made after the manager compares the expenses between them.

Routine maintenance is the most important type of operations on any property. It includes daily activities, as well as routine repairs of the building and apartments (Woodson, 2010). Cleaning of restrooms, halls, dusting and sanitization are maintenance services that must be completed daily. Some operations, like inspecting and fixing electronics, lights, elevators, and appliances, will be held weekly (Sapp, 2017). Exterior routine maintenance is important for the look of the rental estate. This work includes daily-to-day garbage disposal on the premises, inspections of the parking area and sidewalks. Routine work like snowplowing will be weather- and season-based. Daily logbooks and diaries must be used to oversee and control the frequency of maintenance. Most of these tasks are routine procedures that improve the property's outer look and that helps keep the tenants satisfied.

Preventive maintenance should be scheduled to anticipate the requirements for managing the property. It is necessary to make sure that problems are addressed in the most cost-effective and timely manner. This maintenance focuses on the major systems such as air conditioning and elevator equipment, fire alarms and fire extinguishers as well as plumbing. For some types of preventive maintenance, such as the inspection of heating and electronic systems, it is necessary to institute permissions that will allow access to dangerous areas only to the trained personnel (Health and Safety Executive, n.d.). Preventive maintenance must be scheduled responsibly. The manager should consult different specialists to understand how often some types of systems must be inspected (Woodson, 2010). Good preventive maintenance, coupled with necessary routine operations, will ensure that there is less need for repairs and corrective operations on the property.

Corrective maintenance is intertwined with other types of operations. It is usually performed when equipment of systems in the building fails. Therefore, the plan must have daily response system and list employees responsible for emergencies on certain days. To adhere to the needs of tenants quickly it is a good idea to have groups on social media or a special hotline.

### **Competitive Market Analysis**

A competitive analysis of the Pasadena Rentals apartment building will feature region, neighborhood, and general analysis, as well as an economic description of the region that will help residents predict its development. To summarize the competition the TRIO apartments were chosen, which is a rental complex, situated in the same neighborhood as Pasadena Rentals.

Pasadena is in the Los Angeles metropolitan area, the ninth-largest city in Los Angeles county. According to a demography census, the population of Pasadena is 141371 citizens, 115470 of whom are adults and 21921 are elderly. The average earnings of the

region constitute \$46000 per year. The level of unemployment is 5,8%. There are many opportunities for work recruitment. Most of the property is rented. The rate of ownership is 43,6%. Both selected properties are in the South Lake business district. South Lake Avenue supports a daytime population of over 56000 people, and the average income of the surrounding neighborhood is over \$100000.

Pasadena Rentals and TRIO apartments are situated in a quiet neighborhood. The location of the buildings is attractive to new tenants because it is close to the city center and the city has great infrastructure. The neighborhood has a lot of services and attractions. There are a few shopping malls, restaurants, sports complexes, two parks, a hospital, and four schools. The Pasadena Rentals and TRIO apartments are located near Old Pasadena, Rose Bowl, Hollywood and California Institute of Technologies. Therefore, their location is perfect for students and professors or for someone who wants to start a business.

According to the United States Annual Report, Pasadena covers 23.1 square miles, where only 0,68% of the territory is covered with water. The region is characteristic of the Mediterranean climate. The average temperature per year is 69.9 F. The average amount of precipitation per year is 20.4 F.

By the International Building Code, Pasadena Rentals has RM-48 HL-36 zoning code. It means that the building is a multi-family high-density residential that conforms to the general plan of land use classification and height limit (Xinwei, Yanxin, 2018). The monthly price of living in one bed apartment is \$1750 and roughly \$2450 for a two-bed flat. The average size of a flat with one bedroom and one bath is 720 sf., while an apartment with two bedrooms and two baths is 970 sf.

The building has a spectacular view of a city park, which offers entertainment for children. A great panorama is a competitive advantage over TRIO apartment community located near the Pasadena Rentals. TRIO apartment building is designed in new urbanism

style. It offers studios, one and two-bedroom apartments with balconies and patios. Most of the apartments have a view of other buildings. The next difference between the two buildings is the price policy. TRIO charges over \$300 for one bedroom and over \$4500 for two bedrooms.

Other benefits of TRIO apartments are hardwood flooring, oversized closets, patio, garden tub, microwave and gas range. The building offers more service options for the community than Pasadena Rentals. The dwellers can use wireless internet access, media center, conference room, extra storage, swimming pool, emergency maintenance. The security system is high quality; the entrance of a building is gated and controlled by the security office. There are an on-site petrol station and 24-hour professional maintenance, which saves time and solves the problems of residents immediately. The building has a beautiful courtyard with unique waterscapes, BBQ area, and expensive sundeck. TRIO building has a movie theatre and planned resident activities. The possibility of having pets is negotiable. TRIO services target clients who prefer luxury lifestyle.

In conclusion, competitive market analysis shows that Pasadena Rentals and TRIO apartments target two different categories of tenants. TRIO apartments have more amenities and but higher prices; therefore it targets more luxurious customers. Pasadena Rentals has fewer services than TRIO apartments but has a lower cost for living, which makes it more oriented towards students, professors and working class.

### **Conclusion**

Property management can be time-consuming, stressful and even unprofitable if there is no planning involved. Before starting a business, every landlord should analyze the competition, check the strongest and weakest points of other apartment complexes. It will help in optimization of rental property to offer more options for new tenants or to target specific categories of residents.

To maintain a stable income, it is essential to “screen” future tenants before choosing the right ones. The manager must deny tenants that have insufficient or unverified income, history of debts or a criminal record, but they cannot deny based on prejudice. Solvent and friendly residents are crucial for good property performance.

The property manager must find best contractors for his apartment building. There are resources online like Yelp, Home Advisor and Google that can help with locating them. Also, already employed contractors can spread information about other specialists or tell about the manager to other contractors. The manager makes sure that future employees do not have a criminal past, that they have insurance and a license.

All agreements between landlord, property managers, vendors and tenants must be conducted in written form. Written agreements can prevent confusion by outlining the task and responsibilities of each party. For a manager a written contract can be vital, because it describes his fee, his primary task and extra work, as well as compensation for the extra work. The contract also must define the terms and termination clauses.

It is necessary to determine a profitable rental price. To do this property manager must conduct thorough financial and regional analysis, monitor local market conditions and analyze the demand. The price will be adjusted based on the time of the year and possible cultural events. Lowering the rent can help when demand is low because it will help to retain earnings and maintain a full tenancy.

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