

A Good Resident Manager Can Boost Your Return

By Lawrence Rubenstein

Apartment property owners often ask about the value of having a resident manager. How much difference does having someone constantly on-site make – or does it make a difference at all?

Many factors enter into that consideration, such as the number of units and their location. In general, even for buildings with fewer than 15 units, where law does not require it, I am in favor of having a resident manager. Here's why:

An intelligent, proactive resident manager can make a tremendous difference in the return you receive on your property. He or she is on the front line of rent collection, maintenance follow-through, vacancy renting, tenant retention, daily property presentation, rent-setting and dispute arbitration. The importance of all these items is enormous to the success of the property.

Take rent collection, for example. A friendly, motivated resident manager can have a tremendous effect on how quickly rent collections reach the bank. When rents are delinquent, we send letters to tenants reminding them of the need for timely payment or the enforcement of late fees. This is rarely enough.

When we remind resident managers that retaining their jobs depends on rent collection, they are knocking on doors, leaving friendly reminder notes and the next thing you know – all rents are in by the third of each month. Amazing!

Resident managers also can affect the length of vacancies. In one of our 40-unit buildings, vacancies were taking more than a month to rent and then were rented under the market. We refreshed the manager's training in how to show units, get signage up, etc., and still no rentals. Within a week after replacing the manager, all vacancies were rented at market levels.

Since the resident manager is the "face" of both the property management company and the owner, it's critical to make sure that maintenance orders are carried out quickly. A diligent manager will get a work order to our office, make sure it's scheduled as quickly as possible and follow up to make sure it's done. This keeps tenants happy and more inclined to remain where they are, avoiding costly turnover.

The resident manager should be able to play mediator. When neighboring residents are clashing over such matters as noise levels, a good manager can arbitrate and find a solution. A will manager will end up losing one of the tenants. On the flip side, it's very easy for a manager to steal. No matter how many checks and balances you have in place, if a resident manager wants to, he or she can find ways around them. For example, a resident manager may require the rent in cash from new tenants, then not report the new rentals. That's why regular site visits are important. They can reveal which units are occupied and whether a manager is "borrowing" money.

Finding the right person who will make a good resident manager can be time-consuming, but worth the effort. Your property management company should be able to do this for you. If you manage your own buildings or prefer to do it yourself, here are some tips we've learned from experience:

1. In smaller buildings, the easiest method is to interview existing tenants and find out whose schedule allows them to be home during the day. For larger buildings, advertising, careful interviewing and screening should work. You are looking for a person who understands that this is a sales and marketing position, not just a place to live.

2. Training is critical. Make sure that managers know and can explain why someone would want to rent a particular unit in a particular building. Do they know what leeway and flexibility they have in rent or other concessions?

You will know quite soon whether your new manager is good. If your building is not performing in a month or two, assuming you have trained the manager well, it's time for a change. We find it does not pay to hesitate.

Hiring a strong resident manager clearly pays for itself. We find this true even for very small buildings. Each day a unit sits vacant is money out of your pocket. Select your resident managers well, train them well and treat them well.

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