

Residential Property Management Procedures Manual

A practical guide for developing a property-specific procedures manual

cic
Community Investment Corporation

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Acknowledgements

With generous support from the Metropolitan Mayors Caucus and South Suburban Mayors and Managers Association, CIC has updated the landlord training manual that was created for CIC by Larry McCarthy in 1999. We acknowledge his hard work that resulted in a document that served as a valuable reference for landlords for more than a decade and is the foundation for the updated manual.

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ABOUT CIC

Community Investment Corporation

Community Investment Corporation (CIC) is a 501(c)(3) not-for-profit corporation, whose mission is to be the leading force in neighborhood revitalization through innovative financial programs. Certified by the U.S. Treasury Department as a Community Development Financial Institution (CDFI), CIC is the leading lender for the acquisition, rehabilitation, and preservation of affordable rental housing in the Chicago metropolitan area.

Since 1984, CIC has provided \$1.2 billion for 2,000 loans to rehab and preserve 55,000 units, providing affordable rental housing for 130,000 people. Its Multifamily Loan Program provides first mortgage financing and is the primary source of financing for the acquisition and rehab of affordable rental housing in the Chicago area.

CIC's Property Management Training Program provides owners with assistance, training and advice to ensure the long-term success of their real estate investments. The strength of these local business owners is the foundation of affordable housing and healthy communities. CIC has trained more than 15,500 landlords and managers since 1998.

One component of CIC's Property Management Training Program is Basics of Property Management, which provides landlords with the tools to market, manage and maintain residential rental property throughout the Chicago region. Topics include landlord/tenant law, fair housing, tenant screening and selection, budgeting, building maintenance, tax assessments and appeals, and conflict resolution strategies.

CIC's Property Management Training Program also offers single-topic sessions, which provide in-depth information on issues faced by multifamily building owners and managers. Among the subjects covered are pest control; repair of appliances, boilers and plumbing; budgeting; and fair housing ordinances.

For information on loan products and rates or to find out about training sessions near you, visit www.cicchicago.com or call (312) 258-0070.

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INTRODUCTION

There was a time when the ownership and management of an apartment building was largely unregulated. Landlords were virtually free to rent and operate their property in any fashion they deemed reasonable. All you really needed was the money for a down payment, a building to purchase, a cooperative lender, and you were in business.

Times have changed. Today's apartment industry has become considerably more regulated. Landlords must comply with many fair housing laws. In addition, some municipalities regulate the way properties are managed as well as the manner and speed in which landlords provide service to their tenants.

The task of managing residential real estate has grown increasingly dependent upon the ability to skillfully operate within both the demands of the marketplace and the laws that regulate the industry. Today's property manager must be able to compete with the manager of the building down the street for suitable tenants and, at the same time, comply with federal, state, county and local fair housing laws. In many cities, including Chicago and smaller municipalities, landlords must comply with tenant/landlord ordinances and with rules concerning illegal activities committed by tenants. Failure to comply can, in some cases, result in seizure of the property.

The key to successful operation of any property is planning. All property owners need a written plan guiding the day-to-day operation of their buildings. In fact, the actual planning should start prior to purchasing a property. Pre-purchase planning should include deciding in what neighborhood or area you want to buy, what size building you want to buy, and what mix of bedroom-size apartments you want. You will also have to decide whether you want to buy a fix-it-upper, a brand new building, or something in between. Additional planning should include how and where to finance your purchase, how much equity you have available and want to invest, and what improvements you want to make upon closing the purchase.

Once you have answered these questions, you are ready to decide on a host of management and maintenance issues including the preparation of a written plan on how to address those issues. This manual is intended as a guide for owners and managers of multifamily buildings for use in creating an operations manual for their own specific properties. This manual contains procedures and policies that have been employed in various types of buildings throughout the Chicago metropolitan area. With minor modifications, this procedures manual will serve the needs of *most* multifamily building owners and managers.

Although focused on multifamily properties, the content in this manual is applicable to single family rental properties, which is a growing segment of the rental market. Beyond the issues outlined in the manual, landlords of single family properties have a number of additional considerations. Maintenance and rent collection for multiple units within one building present some efficiencies that may not exist in a single-family portfolio, particularly one that is not geographically concentrated. Maintenance responsibilities

may also be different in single family rental properties and should be specified. For example, who is expected to mow the grass and shovel snow? Will the tenant be responsible for all utilities?

When it comes to rental policies, every owner must recognize that the rental policies you develop must be documented and enforced. Whether they are based on objective rules or subjective preferences, rental policies must be put in writing and applied in a fair and equal manner to everyone who inquires about, makes application for, or rents in your building.

Negligence in the operation of a building can and often will result in legal liability for any violations. Ignorance of the laws is no defense. If you plan on owning or managing an apartment building, you must be aware of the rules and regulations that affect the way in which you operate that building. Once you know those rules and regulations, you must manage yourself and your staff in a manner that will not jeopardize your business or the building.

This manual is intended to enable you to manage your property more skillfully. The end result is that you will be better able to obey the law, achieve financial success, and be a valuable asset to the community.

A number of documents referenced in this manual are available in the Appendix. In addition, the Property Management Toolkit has many sample documents and other reference materials that are available on CIC's website, www.cicchicago.com.

1 PROPERTY ACQUISITION

Many tasks await the new manager and owner of a property, and a systematic approach to these tasks helps to ensure a successful transition. There are numerous details beyond the closing table that must be learned and addressed in a timely and proper fashion in order to assure that you start out on the right path.

If you are purchasing an existing property, the first step to a smooth transition is learning as much as possible from the seller. You'll usually find that sellers are cooperative and willing to take the time to answer questions about the property. To make your information gathering session as effective as possible, prepare questions in advance and keep detailed notes of the answers you receive. The *New Management Checklist* (see Appendix) provides an excellent starting point. It contains a list of the key information you'll want to gather from the seller.

Properties Purchased Following Foreclosure

If you purchase a property following a foreclosure, you may be subject to the Illinois Mortgage Foreclosure Law and/or the Protecting Tenants in Foreclosed Rental Property Ordinance, commonly known as the Keep Chicago Renting Ordinance. You are required to provide written notification of the ownership change to tenants who are living in the building. The notice should contain contact information for the person or company responsible for maintaining the building. This notice is required in order to collect rent from existing tenants. Leases entered prior to a judicial foreclosure sale must be honored. Tenants without a lease or with month-to-month leases have the right to receive a 90-Day-Notice before being required to vacate.

The Keep Chicago Renting Ordinance requires the owner of a foreclosed rental property in Chicago to 1) offer qualified tenants a renewal or extension of their rental agreement with a rent increase of no more than 2%; or 2) pay the tenants a relocation fee of \$10,600 within seven days of the qualified tenant vacating the unit. Other provisions may apply.

To ensure you are in compliance with all of the laws applicable to rental properties following foreclosure, you may consider speaking with an experienced landlord/tenant attorney.

Existing Tenants

If tenants are residing at the property at the time you purchase it, their leases remain valid, whether written or oral. You are liable for all security deposits and prepaid rent received by the previous landlord. This includes any interest due. Only if the purchaser will be using the building as his or her primary residence may a lease be terminated early. In this case, the tenant must receive 90 days notice.

You may be required to provide certain notices to existing residents in a building you purchase. For example, in Chicago, you must within 10 days from the date of the closing, notify tenants of the building that you are holding said security deposits. Notice must include the landlord's name, business address, and business telephone number of the landlord's agent, if any. The notice shall be in writing.

Tenants of a newly acquired building are also prime candidates to provide valuable information. The first meeting or communication between the new management team and the tenants of the building can be an excellent opportunity for you to set a positive tone for your future dealings with the tenants of the building. If not carefully planned, the first meeting could be poorly handled and result in a combative and potentially disruptive relationship with the tenants of the building.

Many novice property owners or managers start out with the belief that it's their building, and they'll run it the way they see fit. They often mistakenly start with attitudes such as:

- *“The tenants, after all, are just renters who can be easily replaced.”*
- *“Why should I cooperate with renters? They're the enemy in the Tenant Landlord Wars. It's my building. I'll call the shots.”*

When properly approached, the tenants of the building can be among your most valued allies. They typically are more familiar with the physical property than you are, and they are certainly more aware of potential problem tenants. Tenants help you pay your mortgage and operating expenses. If things go as planned, they will put profit dollars in your pocket. Many tenants take great pride in the place they have chosen to call home and will enthusiastically assist you in keeping the building up and finding new tenants when you have a vacancy. Why would you want to start out the relationship with your tenants on an antagonistic note when what you really need and should want is a long-term harmonious relationship?

When a building was previously mismanaged, has some tenants that may be involved in illegal activities, or was allowed to fall into disrepair, tenant cooperation at the outset is especially important. In these cases you will face some tenants who are skeptical of your intentions and others who don't wish to upset the status quo. You will need to quickly enlist the help of those tenants who are most likely to cooperate in your quest to improve the overall condition and reputation of the property.

Existing employees, as well as vendors who previously provided services to the property are also valuable sources of information. In cases where little historic information about a building is available, these individuals can help you gain the information you need to make a smooth transition and get off to a positive start. They'll also help you answer questions like, “Where are the hidden flaws? What are the extra special maintenance needs? How were things handled in the past?” This is all important information that can assist you in future planning.

It can be useful to ask the same questions of each of the groups (sellers, employees, vendors and tenants). You may end up with completely different answers based on the varying perspectives. While that may appear to be troubling, it can also be insightful. For example, if you ask how well the hallways are maintained, it's not uncommon to receive different impressions from the janitor and the tenants. In this example, the tenants' impressions are more reliable.

You will want to learn about the tenants of the building from the seller, from the other tenants, and from the janitorial and maintenance staff. You'll learn which tenants are good neighbors and which aren't. You'll also find out who might have someone living with them who is not on the lease. Which apartments have a high number of visitors at all hours of the day? Who plays their music so loud that they disturb other tenants? Which tenants have guests that hang out in the hall and leave garbage about? The answers you gather can prove very valuable as you move forward.

Landlord Tenant Laws

In addition to familiarizing yourself with the property and its tenants, it is important to have a complete understanding of the laws that apply to the building and the way you operate and maintain it.

Beyond state and federal regulations, there are often local laws and ordinances that landlords must follow. Municipalities regulate rental properties in different ways. You should become familiar with the local housing code, which often includes specific rules regarding property maintenance and inspection. Many local governments require rental properties to be registered or licensed, and have their own policies regarding property inspection procedures and schedules. Some require an annual inspection, while other towns inspect rental units if there is a change of tenant or on a complaint basis. Keep in mind that there are often costs associated with licensing, registration, and property inspections. Maintaining a property that is up to local code will prevent you from incurring costs from code violations and additional inspection fees. To obtain more information about local regulations, a good place to start is to contact the municipality's village hall.

Another resource for information about general municipal policies in the Chicagoland area is the Metropolitan Mayors Caucus (www.mayorscaucus.org). The Caucus is a membership organization of the Chicago region's 273 cities, towns, and villages and provides its member communities with technical assistance and best practice research on various topics, including rental regulation policies and developing good relationships with landlords.

2 TENANT SELECTION

Selecting tenants is likely to be one of the first issues you face. It is also one of the most important issues in the operation of your building. You can limit management difficulties by properly preparing a Tenant Selection Plan and applying it to everyone who inquires about renting at your building. A well thought out plan will be far more effective than the “*gut instinct*” approach to tenant selection. Yet the common reaction to the suggestion that landlords need a Tenant Selection Plan is something like, “*Why do I need a Tenant Selection Plan? I’ll just place an ad in the paper and rent my vacant apartments to whoever responds to the ad so long as they look like they’ll be good tenants!*”

There are many reasons to develop a well thought out Tenant Selection Plan. A Tenant Selection Plan will create objective measures that can be used to determine which applicants are more likely to be good tenants. A good plan will, at least, review an applicant’s:

- credit history
- previous landlord references
- number of people who will reside in the apartment

and will verify:

- employment
- income information.

Failure to perform basic background checks can result in leasing an apartment to a bad tenant who not only won’t pay rent but may also destroy your building and its reputation. The end result is a combination of emotional stress, financial burdens from lost rental income, and possible damage repair costs. A loud and obnoxious tenant may also drive good tenants from the building. Though it is possible to evict bad tenants, eviction can take months and hundreds of dollars to accomplish.

A good Tenant Selection Plan won’t guarantee that you will never rent to a bad tenant, but it can lessen that risk. A good plan carefully applied to every applicant will also provide safeguards against possible violation of fair housing laws.

Please see the Appendix for a sample Tenant Selection Plan.

Tenant Selection Process

The following basic steps should be applied for everyone who makes application for an apartment at your building. Sample forms that you may use are included in this section.

Rental Applications

Obtain a supply of the rental applications you want to use. These vary in form and information requested. They are available from office supply stores and tenant screening agencies. CIC also makes an application available in this manual (please see the Appendix) and online that you are free to copy and use. Once you've selected a Rental Application, you'll need to be sure you use it properly.

It is essential to have the prospective tenant(s) fully complete and sign the rental application. The applicant's signature authorizes you to conduct a credit investigation. **NEVER RUN A CREDIT REPORT WITHOUT A SIGNED APPLICATION.** Verifying the applicant's identity by requesting and photocopying a photo ID is another important step in the process. You will need answers to all the questions posed in the application in order to judge whether the applicant meets the guidelines established in your Tenant Selection Plan. You will also need to know the applicant is who he or she claims to be.

Every application should include the following information:

- Full name, address, and phone number of applicant(s)
- For each person who will reside in the apartment: name, relationship to applicant, date of birth, social security number, and occupation
- Residency history
- Pet information
- Employment information
- Annual income
- Current financial liabilities
- Personal references
- Bank references
- Felony history

Tenant Screening

Increasingly, landlords are utilizing a tenant screening agency to simplify the tenant screening process. For a fee, these agencies provide a one-stop shop to obtain an applicant's credit report, forcible detainer report (evictions), employment verification, landlord verification, and criminal background check. The applicant must sign the agency's authorization for release of information. Some agencies also provide an application form to ensure all necessary screening information is obtained.

Landlords who elect not to use a tenant screening agency will need to independently verify an applicant's employment status, income, landlord history, and credit record, and may also wish to review public records for evictions and criminal convictions.

Please note that credit information is privileged and confidential. Only members of your management team with a need to know should have access to that information. For example, your maintenance staff does not have a need to know personal information about your tenants/clients. Privileged information should be kept in a file that gets locked when your office is closed.

Furthermore, the information obtained is not to be shared with the tenant; the credit information gained is YOUR property – if an applicant is turned down because of credit, you still do not share the credit report.

Verification of Employment/Income forms guide you through the process of determining the employment status of the applicants. This form should be filled in and signed by the applicant(s) in the appropriate spaces. The property owner/manager can then mail or fax the signed form to the personnel or human resource department of the employer. To ensure that the form is completed by the employer, do not allow the applicant to hand carry the verification form to and from the employer. You may have to perform a telephone follow-up in cases where a response is not received within five working days.

The **Current or Previous Landlord Verification Form** is used to determine the applicants' current rental status as well as previous rental history. This form should be completed by the applicant(s) and signed. The form should then be faxed or mailed to the current and a least one previous landlord by the owner or manager. Again, do not allow the applicant to hand carry the form. Don't be surprised if telephone follow-up on your part becomes necessary.

Credit Reports should be obtained for every applicant who has sufficient income to qualify for your apartment. There are three major credit bureaus; however, you cannot order a credit report directly from one of these three companies. Instead, you must obtain credit reports through a credit reporting service or tenant screening agency.

The **Underwriting Worksheet** (see Appendix) is a form used to determine the applicants' ability to pay the rental amount you are charging. Information about the applicants' income, and existing debt should be measured against the rent and other associated housing expenses. A sample form is included along with suggested ratios of income to rent and income to rent and other debt. When you stay within the recommended ranges, your chances of receiving rents on a timely and regular basis are likely to increase.

Whatever methods you decide to use, ***you must apply the same procedure for screening every applicant for residency at your property.*** Failure to apply the same procedures can result in fair housing violations. The following forms can help in selecting tenants and may be modified for your specific property. We encourage you to choose selection criteria that can be employed consistently and speedily.

Lease Agreements

After you've accepted an applicant for occupancy, it's time to enter into a lease. You will need to decide upon and obtain a supply of Lease Agreements (conforming to local ordinances where required). With only very rare exceptions, avoid entering into a verbal agreement in place of signing a written lease. The key problem with a verbal agreement is the frequency with which one party suffers selective hearing or inaccurate memory. These problems are eliminated by a Lease Agreement that clearly spells out the requirements and responsibilities of all parties to the lease. It will provide for a lease term, usually one year, that makes clear to everyone when the lease will expire. Completion of the Lease Agreement ensures you have a valid lease for a given period of time.

Verbal agreements typically are renewed month to month. With a thirty day notice, verbal agreements can be broken by either party. For landlords, it is daunting, at best, to hear on November 1 that a tenant will move at the end of the month. This means that the apartment will become vacant on December 1st, traditionally one of the slowest months for rental activity. January and February are also typically slow months. A written term lease can avoid this type of situation. Often owner or managers will write leases that are slightly shorter or longer than 12 months to avoid expiration dates occurring during December, January or February.

Lease Agreements are available at many business supply outlets. In addition many local Realtor Boards, as well as attorneys specializing in evictions, have leases conforming to local ordinances. Be sure the lease agreement you select meets your needs and conforms to local ordinances.

3 FAIR HOUSING

Many property managers believe that they thoroughly understand the fair housing law and comply with it. Yet they are not aware that there are actually several fair housing laws. These laws go well beyond prohibiting the obvious racial discrimination that most people associate with fair housing. For instance, if your property is within the City of Chicago, you could be dealing with thirteen protected classes of individuals. Can you name all thirteen of those protected classes? If not, you are in serious risk of violating the fair housing laws. It is essential to learn the laws and to comply with them fully.

In Cook County, the law includes prohibitions against discrimination on the basis of the source of income. While the law does not mandate that you accept prospective renters who have a Housing Choice Voucher (Section 8), it does not allow you to reject them solely on the basis of their source of rental payment.

Fair housing laws do not allow you to bar families with children from your property by setting unrealistic occupancy limits. For instance, a two-bedroom apartment is generally felt to be adequate in size to house four individuals (two persons per bedroom). The key word is “**individuals**,” and their ages, sex, and legal relationship to one another are not relevant to their being housed.

Start by defining the appropriate maximum number of individuals permitted in each unit. While it is generally adequate to set a limit of two persons per bedroom, you should review the square footage and configuration of your apartments to determine if that level is fair and is not designed to avoid renting to families with children.

The following laws and ordinances may apply to the property you manage. Review this information carefully. Then incorporate those laws that apply to your property into your overall management and marketing plan.

Use the information contained in these ordinances to make sure that you understand your local Fair Housing laws. Then, develop a tenant selection plan that is in compliance with those laws. Finally, follow that plan with every applicant to ensure compliance and to protect yourself from potentially costly violations.

Protected Classes

Protected Classes	1866 Civil Rights Act	1968 Fair Housing Act	Equal Credit Opportunity Act	Illinois Human Rights Act	Chicago Fair Housing Ordinance	Cook County Human Rights Ordinance
Race	X	X	X	X	X	X
Color	X	X		X	X	X
Religion		X	X	X	X	X
Sex		X	X	X	X	X
National Origin/Ancestry		X	X	X	X	X
Familial/Parental Status		X		X	X	X
Disability/Handicap		X		X	X	X
Age			X	X	X	X
Military Discharge				X	X	X
Marital Status			X	X	X	X
Sexual Orientation				X	X	X
Source of Income					X	X
Housing Status						X
Military Status					X	

Summary of Fair Housing Laws

Federal Civil Rights Laws

1. Fair Housing Act. Housing discrimination based upon race, color, religion, sex, national origin, familial status or handicap is illegal under provisions of Title VIII of the Civil Rights Act of 1968, as amended in 1974, and 1988.

This law specifically prohibits the following acts:

- To refuse to sell or rent after the making of a bona fide offer, or to refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny, a dwelling to any person because of race, color, religion, sex, national origin, familial status (children under the age of 18) or handicap.
 - To discriminate against any person in the terms, conditions, or privileges of sale or rental of a dwelling, or in the provision of services or facilities in connection therewith, because of race, color, religion, sex, national origin, familial status, or handicap.
 - To make, print, or publish, or cause to be made, printed, or published any notice, statement or advertisement, with respect to the sale or rental of a dwelling that indicates any preference, limitation, or discrimination based on race, color, religion, sex, handicap, familial status, or national origin, or an intention to make any such preference, limitation, or discrimination.
 - To represent to any person because of race, color, religion, sex, handicap, familial status, or national origin that any dwelling is not available for inspection, sale, or rental when such dwelling is in fact so available.
 - For profit, to induce or attempt to induce any person to sell or rent any dwelling by representations regarding the entry or prospective entry into the neighborhood of a person or persons of a particular race, color, religion, sex, national origin, handicap, or familial status.
 - To refuse to permit, at the expense of a handicapped person, reasonable modifications of existing premises occupied or to be occupied by such person, if such modifications are necessary to afford such person full enjoyment of the premises, and to refuse to make reasonable accommodations in rules, policies, practices or services, when such accommodations may be necessary to afford such person equal opportunity to use and enjoy a dwelling.
2. Civil Rights Act of 1968. Bans racial and ethnic discrimination in all housing transactions, private as well as state involved. (*Jones v. Mayer, 1968*)

3. Equal Credit Opportunity Act outlaws discrimination in the issuance of credit based upon race, religion, national origin, sex, age, marital status or the fact that an applicant receives public assistance income.

Illinois Laws

1. The Illinois Human Rights Act. Prohibits discrimination in the sale or rental of residential property. Its housing discrimination provisions are essentially the same as those of the federal Fair Housing Act, except that it also prohibits discrimination based on ancestry, age, marital status, unfavorable discharge from military service, and sexual orientation.
2. Illinois Revised Statutes, Chapter 38, Section 12-7.1. Makes crimes such as assault, theft, criminal trespass to residence or criminal damage to property by reason of the race, color, creed, religion, ancestry, sexual orientation, physical or mental disability, or national origin of another individual or group a Class A misdemeanor and is called a Hate Crime.
3. Real Estate License Act of 2000. The Department of Financial and Professional Regulation may refuse to issue or renew a license, may place on probation, suspend or revoke any license, reprimand or take any other disciplinary or non-disciplinary action as the Department may deem proper and impose a fine not to exceed \$25,000 upon any licensee for:
 - Influencing or attempting to influence, by any words or acts a prospective seller, purchaser, occupant, landlord or tenant of real estate, in connection with viewing, buying, or leasing real estate, so as to promote, or tend to promote, the continuance or maintenance of racially and religiously segregated housing, or so as to retard, obstruct or discourage racially integrated housing on or in any street, block, neighborhood or community.
 - Engaging in any act that constitutes a violation of any provision of the Illinois Human Rights Act, whether or not a complaint has been filed with or adjudicated by the Human Rights Commission.

Local Fair Housing Statutes

Many cities and villages in Illinois have fair housing ordinances enforced at the local level. Check with the local mayor's office, village clerk or human relations commission or department for a copy and for more information.

“Testers” in Fair Housing

There are a number of agencies and advocacy groups who are committed to insuring that Fair Housing Laws are complied with by all. Upon receiving a complaint these groups may send an investigator or in some cases send “TESTERS” to determine the validity of

the complaint. If you are found to be in violation you can be fined or subject to civil penalties, including court costs and legal fees. Settlements exceeding \$100,000 are not uncommon.

We once again strongly urge you to read the Fair Housing information contained herein and practice Fair Housing as a normal routine at every property with which you are involved.

“Aren’t the actions and activities of real estate “tester”, “checkers” or “auditors” entrapment and hence against the law?” This question comes up again and again in real estate fair housing training. The answer is that the federal courts have ruled repeatedly that “testers” 1) are not violating any law, 2) are often times obtaining evidence that can only be obtained by that process and 3) have standing in their own right to bring a civil action if they are denied truthful information about housing availability.

- (1) The U.S. Court of Appeals (Seventh Circuit) in a ruling on July 21, 1983, which involved a case brought by the Leadership Council, stated:

“It is frequently difficult to develop proof in discrimination cases and the evidence provided by testers is frequently valuable, if not indispensable. It is surely regrettable that testers must mislead commercial landlords and home owners as to their real intentions to rent or to buy housing. Nonetheless, we have long recognized that this requirement of deception was a relatively small price to pay to defeat racial discrimination. The evidence provided by testers both benefits unbiased landlords by quickly dispelling false claims of discrimination. We have discovered no case in which the credibility of testimony provided by a tester has been questioned simply because of the tester’s “professional” status. Indeed, tester evidence may well receive more weight because of its source. Testers seem more likely to be careful and dispassionate observers of the events which lead to a discrimination suit than individuals who are allegedly being discriminated against”.

- (2) The United States Supreme Court in the now famous “Havens Case” ruled on February 24, 1982:

“Congress has thus conferred on all “person” a legal right to truthful information about available housing.....A tester who has been the object of a misrepresentation made unlawful under Sec. 804(d) has suffered injury in precisely the form the statute was intended to guard against, and therefore has standing to maintain a claim for damages under the Act’s provisions. That the tester may have approached the real estate agent fully expecting that he would receive false information, and without any intention of buying or renting a home, does not negate the simple fact of injury within the meaning of Sec. 804(d).”

1. **Richardson v. Howard, 712 F .2nd 319 (7th Circuit 1983)**
2. **Havens Realty Corp. v. Coleman, 102 S. Ct. 1114 (1982)**

Domestic Violence and Fair Housing

The federal Fair Housing Act protects women from housing discrimination based upon their sex when they are victims of domestic violence. Because women are disproportionately affected by domestic violence, discrimination against victims of domestic violence is almost always discrimination against women. For this reason, domestic violence survivors who are denied housing, evicted, or deprived of assistance based on domestic violence may have a cause of action for sex discrimination under the Fair Housing Act.

Use of Criminal Records

Landlords who have a blanket ban on renting to individuals with criminal records are in violation of the Fair Housing Act. Because in the U.S., African Americans and Hispanics are arrested, convicted, and incarcerated at rates greater than their share of the general population, restrictions based on criminal records are likely to have a disproportionate impact on minority renters. Although having a criminal record is not a protected characteristic under the Fair Housing Act, restrictions on housing opportunities based on criminal history may violate the Act if, without justification, the burden of the restriction falls more often on renters of one race or national origin over another.

An applicant screening policy that considers criminal history must take into consideration factors such as the type and severity of the crime and the length of time since conviction. In the case of a policy that excludes individuals with only certain types of convictions, the landlord still bears the burden of proving that the policy legitimately serves to protect safety or property. An arrest not resulting in conviction is not a reliable basis upon which to assess potential risk to safety or property. A policy or practice of excluding individuals because of one or more prior arrest is in violation of the Fair Housing Act.

A blanket ban is only allowed related to convictions for manufacturing or distributing drugs, which are the only crimes exempted under the Fair Housing Act.

4 MARKETING

Once your Tenant Selection Plan is in place, you're ready to find the right tenants for that vacant two-bedroom apartment on the second floor. Well, not exactly. There's more that needs to be considered before you kick off the search for tenants.

Rental Rates

What will you charge for rent? This is a crucial issue for every property owner. Making a good determination requires careful analysis of the local market. Failure to do this analysis can result in having an overpriced apartment remain vacant or in earning too little on an apartment priced below its potential.

Determine the correct rent level by conducting a market survey. Your survey should review the rents at a minimum of eight comparable properties that are within your immediate market area. If your building is freshly rehabbed and has a well-manicured lawn, choose similar buildings as comparables. Don't choose a dilapidated building with a weed-choked yard or an elegant new construction as one of the eight properties in your survey. For the market survey to be valid, properties must be within a reasonable distance as well as somewhat similar to your property.

A market survey will often begin with a "windshield survey." Simply drive around the neighborhood and view buildings that appear to be in a condition similar to yours. You will want to gather telephone numbers from the signs attached to the building so you can contact the managers with preliminary questions and to schedule a visit of your own. (Taking photos is also a good idea.)

You will eventually need to make a visit to those buildings that most closely resemble the apartments you are offering. While much information can be gained over the telephone, a call alone will not determine how your property stacks up against the competition. You need to see how nice their apartments are compared to yours. Do they have similar amenities? Are they offering a full-size refrigerator, self-cleaning oven, air conditioning, dishwasher, ceiling fans, modern bathrooms, on-site laundry facilities, or other features? Are they on a busy, noisy boulevard or a quiet tree-lined street? Are they close to public transportation? Is their two-bedroom unit larger or smaller than your two-bedroom unit? Is heat included, or does the tenant pay for the heat? All of these differences will have an impact on the value of your particular apartment in its market.

Once you have identified buildings that are reasonably similar to yours in quality and appearance, determine if their rent levels are realistic. If the building never has a vacancy because no one ever moves out, chances are the rents may be too low. On the other hand, if they can't seem to rent the apartment, even though it is charming and market ready, then they may have overpriced the unit. Identify buildings that have apartments that come on the market occasionally and are rented within 30 days of their offering. The owners of these buildings have probably identified what rent levels the local marketplace will allow.

The rent you should charge should be based on the strengths and weaknesses of your property compared to those properties similar to your own. You'll need to analyze the appropriateness of the rents for these similar apartments. Be certain not to match someone else's over-inflated or under-valued rents.

Note: Certain financing programs, as well as real estate tax relief programs, will govern the maximum amount of rent you can charge for your apartments. If you fall into this category, it is important that you comply with those restrictions when setting rent levels.

Curb Appeal

Any ads you run for your rental will be a waste of money if your building doesn't look good from the outside. If the exterior doesn't look good, potential renters may not take the time to come inside to see the beautifully refurbished apartment you have for rent. Keep the exterior and common areas of your building clean and litter free. If you have landscaping, keep it neat and trimmed. Grass seed and flowers are a relatively small investment that provides a surprisingly high return in appearance and tenant satisfaction.

Most prospective tenants will shy away from a building that is otherwise well maintained if it is covered in graffiti. If your building ever falls victim to graffiti, remove it at once. If the graffiti reappears, remove it again. Eventually the person applying the graffiti will give up. In the City of Chicago, you can contact your alderman for city assistance in having graffiti removed.

Change the Locks

Landlords in Cook County are required to change or rekey the locks for a rental unit at the start of each new tenancy, unless it is an owner-occupied building with four or fewer units.

Market When Rent-Ready

First impressions are often lasting impressions. If you show a dirty, unpainted apartment to a prospective tenant, you may very well never see that person again. People generally don't have the vision to see what the unit will look like after it has been fixed up. We've all heard about the landlord who promised the moon but on moving day delivered something far less. That prospective tenant may have heard about or experienced a similar situation and may be skeptical of the genuine promises you make.

Avoid the desire to rush to market with an unfinished unit. Fix it up first, and then show it! If your plans call for fresh paint, new carpeting and a shiny new frost-free refrigerator, then complete those plans. You'll rent vacant apartments that are in a market-ready condition much faster than those that have not been readied. As a result, you'll spend less time showing the units and experience less loss of income.

Marketing Program

Any marketing program for residential buildings includes the following basic components:

- Identifying and understanding your target market.
- Creating awareness within your market segment about your apartments.
- Motivating or persuading your potential tenants to apply and move into your building.

Identifying and Understanding your Market

Your building is likely to appeal to certain groups of people, and you need to identify who they are. The likely renters for a building with only studio and one-bedroom apartments are single people or couples with no children. *Your property would probably not be appropriate for families with children simply because of the size of the available units.*

If your cheapest apartment rents for \$1,200 per month, it is too expensive for a household earning \$1,650 per month. *The rent is too high for that income level.*

A four-bedroom apartment in Chicago's Albany Park neighborhood would probably not appeal to a single female who works in Oak Brook. *It's too big an apartment and geographically inconvenient.*

You need to know both your target market and the size of your market -- both the number of people and the geographic boundaries. The size of the market population can be determined from census data that provide information on household size and income for each census tract. The geographic size of your market is a bit more difficult to determine, but if the building is located within the boundaries of Chicago, your market most likely will not include suburban areas.

Creating Awareness/Advertising

The ways you create awareness and advertise your units is perhaps the most important component to a successful marketing strategy. Online marketing is far and away the best and most popular method to advertise open units in your property. Websites such as [Domu](#), [Craigslist](#), and [Zillow](#) are just a few of the many websites where landlords can create postings for open units. Online postings allow you to include much more information than you can fit on a sign or in a newspaper. In addition to details and specifications about the unit, make sure to include information about amenities that are close by, such as transportation amenities, grocery stores, and healthcare facilities. Also be sure to post pictures of the unit (furnished, if possible) to give prospective tenants a feel for the space.

Signs can also help attract prospects to inquire about open units in your property. Keep the information you are trying to convey to the most important details, and do not forget

to include a phone number or e-mail address where people can contact you. An effective sign might read:

APARTMENT FOR RENT
(773) 555-1111
www.cityviewapartments.com
RentalAgent@cityviewapartments.com
or

TWO BEDROOM APARTMENT
FOR RENT
(773) 555-1111
www.cityviewapartments.com
RentalAgent@cityviewapartments.com

Another very effective way to advertise is through your network—be sure to tell friends, people you work with, and other tenants that there is an opening in the building and ask them if they have any referrals.

Other creative advertising methods may be added into your marketing strategy. Are there colleges or major employers within a few miles of your building? If so, you may choose to post advertising at such locations.

Keep in mind that fair housing guidelines apply in all aspects of managing rental housing, including advertising selection. It would be inappropriate to advertise exclusively through a church newsletter or through the newsletter of a private club whose membership is not representative of the greater community. It is important to make sure you are reaching a fair cross-section of the public and attracting a diverse applicant pool.

Public Relations

Public relations -- getting attention through channels other than advertising -- is an important part of any marketing program, especially if you're spending money on signs and paid advertisements. There are two really great things about publicity. First, it's usually free, if you do it yourself and not through a public relations agency. Second, either a story in a newspaper or a positive referral by individuals has higher credibility than any ad. Most people tend to believe what they read in the newspaper or hear from a friend or respected person in the community, and it's great if it's a positive story about your building. But how do you generate a positive story about your building?

The best method of obtaining media coverage is by sending out a press release. In fact, 75 percent of all news comes from press releases. In order to insure that your press release will be utilized, you need to do a few important things.

- Use an established format for your press release.
- Avoid making the release more than one or two pages long.
- Send a photo of your building or the interior of one of the apartments.
- Enclose extra materials, such as brochures, print ads, or flyers.
- Follow-up with a telephone call.

What is newsworthy about your building that would warrant an article being published? Look around, and you're bound to find something.

- The beginning or finishing of a rehab project.
- A Grand Opening.
- A progress report on renting a new or rehabbed building.
- Awards from community groups or leaders.
- An unusual renter moving into the building.

Find something about your building and prepare a press release. But, make sure that should the local editor drop by, your building is clean and neat.

Showing and Demonstrating the Apartment

Showing an apartment for rent should not be a self service activity, where you toss the keys to the prospective renter and point at the door on the left at the top of the stairs. You will need to prepare for the showing before the prospect arrives. First, walk through the apartment to make sure everything is clean and in good condition. If you have shades drawn and it's a bright sunny day, open those shades and let the sunlight fill the apartment. If you'll be showing the apartment in the evening, turn on the lights prior to the prospect arriving. Do whatever else you can to make the apartment pleasant and inviting.

Never make a prospect feel like you're doing them a favor by showing the apartment. You need to be courteous, helpful, and enthusiastic. If you've been working around the building and are covered in dirt, it is always advisable to clean yourself up prior to the prospective tenant's arrival so that you present a professional appearance.

Think and act like a salesperson. Demonstrate the features of the apartment and the building. If you have insulated windows, show people how well they work. Open doors and point out features, like ceramic tile walls in the bathroom, on-site laundry facilities, or tenant storage lockers. Talk about the positive features of the building and the neighborhood, like the proximity of schools, churches, transportation, and shopping.

You should be prepared to provide accurate answers to questions prospective renters will ask. You need to know your building and your neighborhood. Know the square footage of your apartments, the utility costs (a requirement in Chicago for tenant-heated units), and other pertinent information. Find out where the churches and schools are, what public transportation will serve people, and where the closest grocery store and pharmacy are located.

Close the Sale

Many property managers find it difficult to close the sale. They don't get a definitive agreement to rent an apartment. When the prospect is at the building, you need to seize the moment and ask them to fill out an application and leave a deposit. Don't be shy! Create a sense of urgency. If you only have one apartment available and you've had other inquiries, let the prospect know. Let them know that if they take too long in making a decision the apartment might not be available. It's also a good idea to get a prospect's telephone number and address so you might call them later and ask them to rent at your building.

Reasons for Failure to Close

There are several reasons property managers fail to close the rental ... or even to attempt closing.

- **Fear of failing:** Most people don't like to hear "NO." If you don't hear NO, you have not yet failed. Unfortunately, it also means you haven't yet tried.
- **Misunderstanding of the sales closure:** Most people need to be pushed to make their final commitment to rent an apartment. Often landlords don't close because they don't think it is necessary to push for that final closure. Renting an apartment is a major buying decision and one that requires encouragement.
- **Cultural taboos:** Tradition and the manners we have been taught tell us that it is not good to ask someone for something. You're not comfortable asking for the order. Unfortunately, many other property managers have overcome these taboos and will ask your applicants to sign their applications.

Of course, not every "looker" will rent the first time they visit. This is not a cause for alarm. Many shoppers make several appointments to look at various apartments, including your competition. If you've taken a name and number, you'll be able to follow up with a telephone call or a brief note thanking them for visiting your building and inviting them to become a resident. If you have properly prepared your apartment, priced it competitively and shown diligence in your marketing efforts, you have a good chance of getting the rental.

5 HOUSING CHOICE VOUCHERS (SECTION 8)

Overview

Housing Choice Vouchers, a housing subsidy program often referred to as Section 8, provides low-income individuals the opportunity to pay market-rate rent at privately managed properties through the use of government subsidies. The tenant pays a portion of the rent, while a public housing authority pays the rest. The Housing Choice Voucher program is under the control of the U.S. Department of Housing and Urban Development (HUD). The two largest local authorities to administer the program locally are the Chicago Housing Authority (CHA) and the Housing Authority of Cook County (HACC). Some municipalities, such as Park Forest and Oak Park, have their own housing authorities.

The most important benefit of participating in the Housing Choice Voucher program is that, if done responsibly, it helps the entire community. Those landlords who meet their responsibilities and require Housing Choice Voucher tenants to do the same provide a valuable service by renting decent housing to good citizens who otherwise could not afford it. Landlords can enjoy reliable rent at fair market rates.

Important Aspects of the Program

Housing authorities do not prescreen their participants along the same guidelines that a landlord should use.

Housing Authorities screen for program eligibility, which typically includes income and criminal background. You are expected to screen tenants with vouchers the way you would every other tenant. Just like market-rate applicants, Housing Choice Voucher applicants who do not meet your screening criteria may be rejected.

Landlords may use the same lease used for non-subsidized tenants.

You may use your standard lease for tenants with a Housing Choice Voucher; however, you are required to use an approved lease addendum, provided by one of the housing authorities that adds to and/or modifies some of the conditions of the lease that the landlord typically uses with non-subsidized tenants. The lease addendum and model leases provided by the housing authority are consistent with HUD's requirements and may not include all provisions you are accustomed to using. You should note the differences between the conditions of your Housing Choice Voucher lease and/or lease addendum and the conditions under which you typically rent to non-subsidized tenants.

Tenants using Housing Choice Vouchers can be evicted.

Although the voucher program does not allow the use of "no-cause" or "nonrenewal" notices, all "for-cause" eviction notices still apply. For example, a tenant who violates the

terms of the lease or damages the property can be served the applicable for-cause notice defined in the local landlord/tenant law. Because there may be instances when evictions are more complicated with Housing Choice Voucher tenants, you may consider speaking with an experienced landlord/tenant attorney before starting the process.

Assistance for tenants evicted for drug activity may be terminated by the local housing authority.

HUD guidelines allow local public housing authorities to terminate assistance to tenants involved in the manufacture, sale, distribution, possession, or use of illegal drugs. The same guidelines also apply to tenants involved in violent criminal activity. Also, guidelines introduced in 1995 give local public housing authorities expanded options for terminating program participation for such problems as repeated and serious lease violations.

Violence Against Women Act

The Violence Against Women Act (VAWA) is a federal law that protects survivors of domestic violence, sexual assault, dating violence, and stalking who live in public housing or participate in the Housing Choice Voucher program. Tenants may not be evicted from federally-subsidized housing because they are victims of domestic violence. For example, incidents of actual or threatened domestic violence cannot be considered a lease violation or cause for evicting a tenant.

6 TENANT HANDBOOK

Most leases contain rules and regulations. Often times these rules and regulations are not specific to your particular property. A *Tenant Handbook* is a document that you can use to convey specific rules and regulations not conveyed within your written lease agreement. This document is also a means of providing helpful information to the tenants within your building. The *Tenant Handbook* does not need to be fancy or costly to produce. It should, however, convey pertinent information about the building, the community, care of apartment and its equipment, and the rules and regulations governing the property.

Please see the Appendix for a sample Tenant Handbook.

7 RENT COLLECTION

A great deal of the joy of property ownership disappears when you experience problems with rent collections. A rent collection policy is intended to be an enforceable policy that is fairly and consistently enforced that can help avoid both confusion and collection problems. Your policy should include to where rents are paid, methods of payments you accept, due dates, and late fee penalties.

Where to Pay

You have several alternatives as to where tenants will make payments. Select between a box in the building, a centrally located business office, a P.O. Box or a Bank Lock Box. Choose a method that is convenient and cost effective for you as well as secure and convenient for your tenants.

Method of Payment

Will you or won't you accept cash payments? WE STRONGLY URGE YOU NOT TO ACCEPT CASH. If you do, your options on "Where to Pay" may be severely limited.

Since most renters pay by check, you will need to decide how to respond when issued a Non-Sufficient Funds (NSF) check by a tenant. Will you accept future personal checks from the tenant? Will you require cashier's checks or money orders? Many seasoned property managers will allow a resident two NSF checks prior to imposing a requirement for that tenant that rent be paid only with secured funds only (money order, cashier's check, or the equivalent.).

Due Dates and Late Fees

Will your rents be due on the first of the month? Typically rent is due on the first day of the month and is late on the second. Late fees are generally imposed on the sixth day of the month. The lease agreement you choose will specify the requirements. Be sure that your lease agreement is consistent with your *Tenant Handbook*. You will need to establish, in writing, a rent collection policy that you intend to enforce and then enforce it consistently. The existence of a solidly developed rent collection policy is only as good as the diligence you practice in ensuring that it is utilized on a consistent basis. You need to ensure that every tenant in your building is aware of your rent collection policy and that they comply with it fully and promptly. No exceptions can be allowed if you ever intend to enforce those policies. If you lack consistency in your rent collection efforts, you will increase the likelihood that you will encounter problems with delinquent rents.

The mere existence of a written policy covering rent collection is no assurance that everyone will read and comply with that policy. You need to reinforce it by informing new tenants verbally of your policy and urging them to read it and become familiar with it. This can be done during the move-in orientation or during the initial move-in inspection. You can remind all of your tenants that your rent collection policy states that

failure to pay rent by the fifth day of the month will result in a **Termination Notice** on the sixth day of the month by serving all your delinquent tenants such a notice on the sixth.

Late fees should be incorporated into your rent collection policy. In the City of Chicago the Residential Landlord and Tenant Ordinance states that you may charge a late fee of \$10.00 on rents of \$500 per month or less. You are allowed to charge an additional five percent as a late fee on any rent amount in excess of \$500. If your policy imposes late fees, you must be consistent in enforcing them.

Rent is due on the first and is late on the second. Tenants at times request special arrangements, when funds are not available on the first. If your policy states that rent is due on the first, why would you change that policy for one person who doesn't receive their check until the 15th? Why not extend a policy that allows each of your tenants to choose their own due date for rent? If you did, you would never know for sure when your rental income for the month would be collected. If you adopted such a foolish policy, you could find yourself in a position where you did not have sufficient funds to pay your mortgage or your utility payments when they are due. Rest assured that failure on your part to pay these expenses on time will result in late fees or worse.

When the time comes to serve a **Late Notice** or **Termination Notice**, do so in a professional and non-confrontational way. Keep in mind that the delinquent renter may simply have forgotten to pay their rent or may have some personal crisis that has placed an enormous amount of stress upon them. You don't have to be mean-spirited, nasty or threatening! Just serve the notice.

8 EVICTIONS

There are times when it becomes necessary to evict a tenant. The tenant may be a lovely person who has simply fallen on bad times. However, if you are to continue to collect rents from your other tenants and to make your payments on time, eviction becomes a necessity. Should you find yourself in a situation where an eviction becomes necessary, the following sequence of events is recommended.

The eviction will begin with the preparation of a Notice to Terminate. The type of notice you'll prepare will vary depending upon whether or not a lease agreement exists and what lease infractions have occurred. The following are the standard types of notices utilized in residential eviction cases:

- The 5-DAY NOTICE is for past due rent only. These are typically served to the rent delinquent tenant the sixth day of the month.
- The 10-DAY NOTICE is for cause. This notice is used when a lease provision has been violated. Lease violations can include excessive noise, an unauthorized occupant, or other failures by the tenant to comply with lease provisions.
- A 30-DAY NOTICE is used when no lease exists. Whenever there is a verbal month to month agreement the lease can be terminated by either party with a thirty day notice. The landlord should always formalize the termination of the rental relationship with a thirty day notice.
- The SPECIAL 5-DAY FOR DRUGS NOTICE is utilized in cases where an arrest and seizure of illegal drugs have occurred in an apartment. Nuisance abatement laws require that landlords act in an affirmative manner in ridding their properties of illegal drug activities.

Serve the notice by personally serving the Lessee or by personally serving a person in occupancy of the apartment, over the age of thirteen. All other methods of service, such as posting, certified mail or first class mail are discouraged since they are not normally considered good service by the courts. After you have served the notice you must complete the affidavit of service portion of the notice and have the server's signature notarized.

Once you have waited the appropriate number of days from the date of the notary's signature on the notice, it is time to file the complaint. If a holiday falls within the notice period, wait an extra day before filing. This extra day is recommended since judges do not always recognize the notice as good when holidays are not accounted for.

Once the notice is filed, the tenant must be served a summons to appear in court. The sheriff serves the summons. If the sheriff is unsuccessful, you may wish to employ a special summons server or request a posting. However, if you choose posting you may be precluded from requesting money damages in your suit.

Upon service or posting a court appearance and trial date are set and the case will go to trial. If you are successful in your case, the judge will award you a court order for possession. The time given the tenant to vacate can be as little as one week or more typically two weeks. Longer periods to vacate may be awarded in extenuating circumstances such as a disabled tenant, or a family with school age children or during the holiday seasons.

Upon the expiration of the time period to vacate, granted to the tenant by the judge, the tenant must move or face the possibility of a forcible eviction. Forcible eviction requires that an execution of order be filed with the sheriff's office. Predicated upon the time of year, the outdoor temperatures, and the caseload of the sheriff's eviction team your tenant should be evicted in two to four weeks.

While many property owners successfully handle their own evictions, it is suggested that the novice property owner consult with an attorney. In cases involving illegal drug activities at your property, whether you're a novice or a seasoned manager, we recommend hiring an attorney who is experienced in these types of cases.

9 ENFORCEMENT OF THE RULES

A key theme of this guide has been the need for consistent enforcement of rules and policies. We have covered the need for a number of documents that establish the basis from which you will manage your building. The creation of a Tenant Selection Policy, a Tenant Handbook, and a Rent Collection Policy are the guidelines to the way in which you will rent and operate your building. The Lease Agreement and any referenced Rules and Regulations are the legal documents that both the tenant and the owner/manager have agreed to, in writing, and which both parties are expected to live up to.

All too often, property owners and managers expend the necessary time and energy writing the rules and regulations that will set the tone for behavior at their buildings but fail to uphold those rules and regulations. What good are rules if the owner/manager doesn't enforce them?

Is it fear that a tenant might be offended by having their infractions pointed out to them? If so, consider instead the possibility that you are likely offending the tenant whose life style is being harmed by the rule violators. You might be tempted to think something like this: "Sure, they play their music a bit loud, but they always pay their rent on the first. Besides I've got two vacant apartments, and if I evict them I'll have three." Instead, consider the possibility that part of your vacancy problem may stem from the noisy tenant. Seldom will you find that ignoring problem tenants will correct their behavior. You are more likely to find that sticking your head in the ground and ignoring the problem worsens it.

You decided upon reasonable rules and regulations that would help assure that your building is an enjoyable place to live. Hopefully, most of the tenants of the building are supportive of and abide by those rules. Now that you are faced with enforcing those rules you can't side step the task because it's uncomfortable or unpleasant. It is your duty, both contractually as well as morally, to see that the rules and regulations you have established are enforced.

10 CRIME PREVENTION AND ILLEGAL ACTIVITY

Nothing is potentially more destructive to the success of a building than allowing illegal activities to take place in it. Among the most prevalent illegal activities occurring in apartment buildings today are the possession and distribution of illegal drugs.

How do you go about eliminating drug dealing from your building? Begin by sharing your vision of a crime-free and safe property with the tenants. In fact, the best place to start is by sharing your vision with applicants. If you have been made aware of some problem tenants, let everyone know that it has come to your attention that certain tenants of the property may be involved in illegal activities and that you will not allow such activities to continue. It is important from both a liability and safety standpoint that you don't name names or specific apartments that you feel are connected with illegal activities to anyone but law enforcement officials.

The tenants who come to you first may not necessarily be the law abiding tenants that you are interested in enlisting in your campaign to improve the property. If a successful and highly profitable drug operation is headquartered out of one or more apartments in your building, you can rest assured that the people running the operation are going to conduct some reconnaissance of their own. They're going to try to learn your plans to clean up the building. They're going to want to learn just how much you know about their business activities and who you think the dealers are. They'll want to do whatever they can to stay in business.

You need to be careful not to threaten them to their faces. They could have weapons and a thriving business they wish to preserve. A more sensible approach would be to make everyone aware of your sincere concerns via an open letter to all residents of the building. An example of such a letter is included in the Appendix.

This type of letter to tenants actually can work as part of an integrated effort. You will need to be diligent and report any information you receive to the police. If a tenant provides you with information and asks for anonymity, you must comply and keep that individual's name out of all correspondence with police. You should also plan on sending variations on this letter every week or two until you have rid the building of the problem tenants.

You will need to pay extra-special attention to those tenants who have provided any information and appear trustworthy. Anyone who believes that you appreciate them will be more likely to cooperate with you in your efforts to rid the building of criminal activities. These same people, if included in the process, are more likely to "ride it out" while together you rid the building of the drug dealers.

When you achieve a victory, even if it's the eviction of a minor player in a drug operation, let everyone in the building know. This will buoy the spirits of the good tenants and offer them encouragement while having just the opposite effect on those who were part of the drug operation or friends of it.

The following steps have been used successfully in a number of situations where drug dealing has occurred. The degree of success that you can expect is dependent upon how much time and effort you and those who join you in the effort invest in it.

Step One: Address Criminal Activity in Lease

The Lease Agreement you use must contain language that states very clearly that possession, sales or use of illegal drugs inside the apartment or within the immediate area around the building is forbidden and represents a major lease violation. The language within the lease should also state that any actions that support any such activities (such as acting as lookout for dealers or providing a shooting gallery or hideout) are also serious lease infractions.

Step Two: Educate Tenants

Educate all of your existing tenants, both residential and commercial, about the consequences of dealing drugs, using drugs, or participating in drug trafficking activities. Create a flyer that states in simple language that any such illegal activities will result in eviction proceedings being instituted against violators. Make it clear that the sale or use of drugs by a fifteen year old youth who resides in an apartment *will result in the eviction of not only that fifteen year old but everyone who resides in the apartment.*

Step Three: Collect Residents' Names

Get the names, including nicknames, of all legal residents of the building. Obtain birth dates and get current photographs of all legal residents. Put together a book listing by address and apartment number the names of every resident of that building along with their photograph. This information can be most helpful to the police.

Step Four: Screen Tenants

Screening of all new residents of the property must be diligently applied to everyone who makes application. Do credit checks, check with previous landlords, perform home visits and check report cards and attendance records of all school age children who are to reside in the apartment. You may want to consider running police background checks or drug screening tests. Police background checks take time and typically will not provide any information on youths who have criminal backgrounds.

Step Five: Incorporate Safety in the Design and Operation of the Building

Lighting, landscaping, and building design can help prevent crime that happens to your property and within it. Crime is less likely to occur if people feel they will be observed or have difficulty getting into or out of a building.

- **Keep all of the doors to the building locked.** If the drug dealers break the locks, fix them immediately. Give a set of keys to all exterior locks to the local police district so that the officers on your beat can gain access to the building for patrol purposes.
- **Post the address clearly.** Make sure that all building entries have a clearly marked street address and that all apartments have clearly marked apartment numbers on their doors. This will aid greatly in identifying which entry or apartments are involved.
- **Keep all common area and exterior lights in working condition.** Make sure the lights come on at dusk and continue burning until dawn. Adjust timers as the days shorten. If there are dark areas in the building or on the exterior of the building add lights. Drug dealers and their customers prefer darkness. Bright lights discourage them.
- **Survey your building for unused or dead spaces.** These areas might lend themselves to illegal activity. Such spaces may include stairwells, space under porches, small alcoves off of lobbies or the space under the stairs. Any of these areas that can be walled off or fenced off without compromising safety should be blocked off.
- **Add tamper alarms to emergency only exit doors.**
- **Install motion detectors that trigger bright lights in any infrequently used indoor areas.**
- **Keep all areas of the building cleaned and odor free.** Most people will avoid dirty and smelly areas except for drug dealers and their customers.
- **Install glass peepholes.**
- **Do not allow shrubs, trees, or fences to obstruct views.** Keep shrubs trimmed to a maximum of three feet. Prune tree branches that hang below six feet. Limit fence height to four feet and consider chain link or wrought iron fencing, which does not provide a place to hide.

Step Six: Connect with Local Police

Learn the names of your beat officers. Share the name and telephone numbers of the beat officers with the employees and tenants of your building and encourage them to talk with and cooperate with those officers.

Step Seven: Report all Crime

Report all crime, including vandalism, to the police. Keep a record of every time you call the police with details of the incident that you called about. Note how quickly police responded, the names of the officers and what, if any, resolution occurred.

Step Eight: Create Coalitions

If a tenants' association exists in your building or an adjacent building enlist their support in the fight. Get to know the janitors and other workers for the building next door, across the street or behind your building and ask for their assistance in keeping an eye out for and reporting crime. If there is a block club, community activists or crime watch group you may want to enlist them to assist you.

Step Nine: Provide Good Information to Police

Reduce to writing everything you and your associates have learned about a drug dealing operation. The type of information that has proven to be helpful includes:

- The type of drugs are being sold
- The busiest times of day and days of the week for their activities
- Which apartments are involved (apartment numbers and entry addresses are vital)
- What activities are being conducted in the apartments
- Descriptions of the drug dealers.
- Descriptions of the drug customers.
- Identities of lookouts and their locations.
- Whether or not weapons are being used
- Code words being used, the exact location of the drug dealing and the manner in which drugs are being exchanged for money.

Step Ten: Don't be a Hero

Don't be a hero and make sure your employees know not to try to be heroes. Avoid verbal confrontation with drug dealers, and don't threaten them or tell them you're going to put them out of business.

Step Eleven: Know Your Neighbors

Most drug dealers want to stay in the area where they have established their business. If they have been evicted or are in the process of being evicted by another landlord in your neighborhood, your neighbor landlord can help you learn in advance that the dealers will be looking for a new location to set-up business and you can avoid renting to them.

Step Twelve: Keep Your Vacant Apartments Well-Secured

Keep your vacant apartments well secured and accessible only to authorized persons. It is a good idea to check these vacant apartments at least weekly to make sure no one has broken into them from adjoining apartments.

Step Thirteen: Get a Good Lawyer

Get a lawyer who has experience and a successful track record in representing landlords in evictions of tenants involved in the drug trade. Don't assume that if an attorney can successfully evict a person for non-payment of rent that such success will translate into a victory in evicting a drug dealer. Ask for references and details on cases similar to yours.

Step Fourteen: Address Whole Problem

When the time comes to evict the dealers, include every apartment where the illegal activity either occurs or is somehow supported in your eviction filings. What good is it to evict one apartment if four or five are involved? Wouldn't it be easy for the dealer to move the business elsewhere in the building if you allowed that luxury by not evicting participating associates in the building?

Step Fifteen: Be Prepared for the Dealers to Come Back

After the eviction takes place, be prepared for the dealers to try to get back in your building. After all, this is where their customers know to come to buy their drugs. Unlike the dry cleaner that moved down the street, these drug dealers can't put a sign in the window indicating that they've relocated to a new business address.

You may wish to execute an agreement that authorizes the police department to enter your property to enforce no trespassing laws. You will need to properly post the building with signs stating "CRIMINAL TRESPASSING PROHIBITED, NO LOITERING." Please see the Appendix for a sample letter authorizing police to enter your building for this purpose.

Crime Free Multi-Housing Programs

Crime Free Multi-Housing Programs are municipal crime prevention programs designed to reduce criminal activity on apartment properties. A program generally consists of three phases. Phase I may include registering your rental property and often includes a seminar by the local police to educate landlords on property management issues such as applicant screening and Crime Prevention through Environmental Design (CPTED). Phase II is typically an optional survey by police to evaluate a property for CPTED compliance in exchange for a certificate. Phase III is also usually optional, and it consists of annual community-based training sessions in exchange for full certification and a Crime Free Housing placard to present on your property.

Through the program, landlords are given a crime-free resource manual as well as a crime-free lease addendum. Check with your town hall to see if your municipality has a Crime Free Multi-Housing Program. If your municipality does have a program, be sure to familiarize yourself with its requirements as well as local fair housing laws.

Understanding the Role of Police

Law enforcement agencies cannot evict tenants involved in illegal activity. The police may arrest people for criminal activity, but only you, as the landlord, have the authority to evict a tenant. Further, because criminal conviction has a higher standard for proof than civil action, you may find yourself in a position where you have enough evidence to evict your tenants, but the police do not have enough evidence to arrest them.

Law enforcement may get involved in eviction to enforce the outcome of your civil proceeding. For example, when a court issues a judgment requiring a tenant to move out and the tenant refuses, you can go to the sheriff (or other appropriate law enforcement agency) and request that the tenant be physically removed. However, the police may be able to provide support, such as testifying at the trial, providing records of search warrant results, or standing by while you serve notice.

Nuisance Abatement

New laws have been developed in recent years that give law enforcement agencies greater ability to pressure property owners (rental and owner-occupied) to abate problems associated with chronic illegal activity on their property. The following highlights the nuisance abatement laws in the state of Illinois.

- **Statewide Public Nuisance Statutes.** Statewide public nuisance statutes (ILCS 5/37, 5/550, 5/570, et.seq.) define the process for legal action against Illinois property owners who allow either “knowingly” or “negligently” murder, kidnapping, prostitution, the manufacture and/or sale of drugs, or other specified crimes to occur on their property. Violation of these statutes can leave landlords open to criminal penalties including temporary closure of property, court and

attorneys' fees, and ultimate forfeiture of the property in addition to fines and/or imprisonment, particularly for repeat violations.

- **Local Nuisance Statutes.** Nuisance statutes vary from municipality to municipality. Familiarize yourself with your local tenant/landlord laws to follow your municipality's best practices regarding nuisance issues.

11 THE BUDGETING PROCESS

While every property owner will agree that budgeting is essential to proper management since the ability to maintain and improve the property rests with the budgeting process, most small property owners fail to prepare budgets adequately. A budget is a forecast of future income and expenses. As such, it is an absolutely essential management tool. Unless you take the time necessary to analyze past income and expenses and forecast future income and expenses, you just won't know whether or not you'll have adequate cash flow for the ongoing expenses necessary to operate and maintain your property.

Income is the starting point on any budget. You need to determine what is an acceptable rent level for each apartment in your building. This determination is crucial. If you raise the rent too high, you may force many of your tenants to move. On the other hand, if you don't raise the rent or raise it too little, you may find that you have insufficient income to properly manage and maintain the property. Rent increases should be based in large part on comparison with the market. If your building is the best in the neighborhood and a building down the block, that is not as well maintained or as spacious as yours, is enjoying high occupancy and getting higher rents, then you are below the market and should raise your rent.

A comparable study should review the rents at a minimum of eight other properties that are within your area. Since all one-bedroom apartments are not alike, you will need to identify the factors that increase or decrease the value of your competitors' units as compared to yours. Among the factors to review are:

- Is the building attractive from the exterior?
- Are the corridors well maintained?
- What is the square footage?
- What appliances are provided (review which appliances are provided and their age)?
- Does the tenant pay for heat?
- Are there on-site laundry facilities?
- What amenities are provided (Cable TV, Exercise Room, Tenant Storage, Parking)?
- Is the building within close proximity to shopping, transportation & schools?

Budgets are not difficult to prepare and with proper ongoing planning throughout the year, you should be able to collect the information needed to prepare a reasonably accurate budget. That information should contain those ongoing expenses that will occur

year after year, such as utility expenses, real estate taxes, mortgage payment, scavenger service, janitorial service, licenses and permits.

The database should also contain repair or maintenance expenses. Maintenance expenses should be broken into routine expenses and non-routine expenses.

Routine maintenance expenses include furnace filter replacement, carpet cleaning, catch basin cleaning, rodding of sewer lines, landscape maintenance, and snow removal.

Non-routine expenses are the replacement of carpeting and appliances, extraordinary structural repairs, and equipment purchases (such as a lawn mower, snow blower or power rodder). Many of the non-routine expenses may be additions to the property or the equipment inventory and are not absolutely essential. These can be categorized as “wish list” items that will be purchased if adequate cash flow is available. Some non-routine items cannot be deferred. If a refrigerator breaks beyond repair, you must replace it. The same is true of a roof leak. Once it develops, you have to take care of it, or further damage will occur.

The following sample budget can be adapted for use at your property. While certain categories may not apply to your particular property, other categories will. It is important to take the time to review your past experiences and the needs of your property and develop a workable budget plan.

Please see the Appendix for a sample budget for a six-unit building.

12 MAINTENANCE

Substantial advances have been made over the past several years in construction materials, paint finishes, and mechanical equipment and components. Many of the products on the market are advertised as maintenance free. These advances have lessened many routine maintenance functions, but they have not eliminated the need to perform routine and preventive maintenance. There is no such thing as a maintenance-free building.

Ultimately it is far cheaper to perform routine maintenance and repair of a building than to wait until something is broken to fix it. The cost of the oil, grease or other supplies for regular maintenance is cheap compared to the greater expense of premature major repairs. A properly developed and applied maintenance plan will keep a property attractive for years. Such a plan will prevent many equipment failures and, over the long haul, lower the operating costs and frustration of the owner or manager and the tenants of the property.

Each building, even if built from identical plans by the same general contractor as a neighboring building, has a certain inherent uniqueness built into it. Therefore each property calls for a customized approach to its maintenance routines.

The purpose of this section is to assist property owners and managers in developing a *Maintenance Policy and Procedures Manual* that addresses all aspects of their individual building and its systems. This manual is a guide that can be adapted to meet the needs of an individual property. It is a general framework that must be tailored to the requirements of your building, its owner or manager, the maintenance staff, and the tenants. The existing condition of the property will influence the procedures necessary to maintain safe, clean, and decent housing. Requirements for compliance with federal, state, and local codes will vary and policies and procedures must be adapted to meet those mandates.

Proper maintenance requires planning, an organized set of procedures, staff commitment to quality control, and the active support and supervision of the owner/manager. When maintenance is a priority, the result is increased tenant satisfaction, a reduced number of vacancies, less deterioration of the buildings and grounds, and increased value of the property. Proper maintenance can solve many problems before they start. Good planning and a systematic approach to preventive maintenance will keep minor problems from becoming major difficulties.

The purpose of maintenance is to keep the property safe, clean, environmentally pleasing and in good working condition. The physical property includes the actual dwelling units; building common spaces, like hall and storage areas; offices; structural systems of the buildings; mechanical systems of the buildings; and owned appliances, equipment, and vehicles. It also includes the open spaces, grounds and landscaping. It includes walkways and parking areas; owned machinery and tools; playground equipment, swimming pools, and other recreational facilities; and the utility distribution systems.

There are three general types of maintenance service:

- **Routine maintenance** consists of activities that are planned for and occur on a scheduled basis. Routine maintenance corrects problems resulting from continuing wear on the property and equipment, accidents, and abuse. Routine maintenance includes non-emergency repairs to the building, the equipment and the grounds. Examples of routine maintenance repairs are trash removal, snow removal, lawn care, mopping and sweeping, cleaning windows, vacuuming hallways and public areas, and policing the grounds.
- **Preventive maintenance** is service that is programmed and is designed to avoid serious problems at a later date. It also serves to secure items that are always in repair. Preventive maintenance includes regularly scheduled upkeep on all areas of the property and equipment. It allows staff to handle problems in the early stages and therefore prevents the necessity for an extensive and expensive solution. It preserves the integrity of the structure, its equipment, and the condition of the exterior elements and landscape.
- **Request and respond maintenance** includes services that are requested by a resident or an employee. Requested maintenance cannot be anticipated, but it can be reduced by a preventive maintenance program. Policies and procedures need to be in place to respond to these requests in a timely and appropriate way.

There are three basic types of requested service:

- **Regular or Routine** – These include non-emergency services that need to be handled but are not critical to the tenant's quality of life. Regular services might include replacing a broken tile or repairing a drywall crack. A sound guideline would require that these services be provided within seven days of the request.
- **Urgent** – Urgent Problems need to be solved quickly but are not life-threatening. Urgent maintenance problems should be addressed and, if possible, repaired within 24 hours. Examples of urgent problems are toilet stoppages, lock changes, leaking roof, interior door and upper story window replacement.
- **Emergency** - Emergency maintenance is maintenance service that must be handled immediately because health and safety are threatened. Examples of an emergency might be a gas leak, a non-securable exterior door, a broken water line, lack of heat in the winter, or a fire in an apartment.

Maintenance policies and procedures affect personnel, purchasing, service contracts, and budgeting. Maintenance policies should include information that relates to tenant responsibilities including:

- The schedule of charges for tenant neglect or damage to the unit or equipment

- The right of entry clause of the lease
- Employee liability
- Emergency procedures
- Extermination
- Preventive maintenance
- Modernization
- Unit inspection
- Building inspection
- Trash removal
- Compliance with building, zoning, fire safety and housing codes.

Good maintenance includes adequate record keeping that allows the tracking of essential information such as the volume of work, utility consumption and warranties and, consequently, provides the information necessary to make informed, long-term decisions about the property.

The Maintenance Plan

Planning is the key to a cost effective, efficient, integrated maintenance program. A properly developed plan of operation can extend the useful life of the property. By working together, the owner, the management staff, the maintenance staff and the tenants can succeed in keeping the property in top shape year round. Planning insures that staff is an integral part of the process of decision making and implementation. Planning also eliminates the continuous need for crisis management.

The maintenance plan requires cooperation from everyone involved with providing ongoing maintenance service to the tenants. By working together to identify the aims and objectives of ownership, everyone can develop a vested interest in maintaining the property in optimum condition. Duplication of work can be eliminated. Staff responsible for day-to-day maintenance can provide insights into problems and possible improvements in service. The manager and the maintenance staff bring a larger perspective that includes organizational goals, owner's philosophy, management plan, and long-term objectives. Suggestions from crafts people involved in providing service to the property can aid in the plan's effectiveness and efficiency.

Aims and Objectives

A maintenance plan should provide a systematic way to maintain the following objectives:

- The plan should include a schedule for all maintenance activities.
- It should establish the criteria to evaluate quality and to control the time and materials used for maintenance.
- The plan should provide guidelines for effective maintenance service.
- A systematic plan for upkeep and repair should be formulated to keep the amount of down time charged to maintenance to a minimum.
- The plan should be developed to keep the maintenance function within the budget allocated to carry out necessary maintenance activities.

Implementation

Once a maintenance plan has been developed, it needs to be implemented and evaluated on a regular basis. The plan should be included in the property's maintenance manual. Drawing on regular meetings between the manager and the building staff, the plan should be regularly reviewed and modified to correct problems and keep it current. The plan should be revised to reflect purchase of new equipment, property improvements and changes in staff.

The following are suggestions that should be included in the creation of a maintenance plan. All maintenance activities should be covered by one or more of the three basic maintenance plans:

- Routinely scheduled maintenance.
- Preventive maintenance procedures
- Emergency work requests.

You should establish a system to manage the work of maintenance staff that is performed in response to requests by residents. Each work order should include the total time required to take care of each request for work and the total cost of materials.

In order to provide effective maintenance service, the maintenance department should perform specific inspections of the buildings and grounds on a daily, weekly, monthly, quarterly, semi-annual, bi-annual and annual basis.

The Maintenance Manual should contain policies and procedures that ensure the safe,

cost-effective operation and maintenance of the buildings, facilities, and equipment. The Maintenance Manual is a reference book that includes the documentation used by the maintenance department to provide routine, preventive and specially requested maintenance. The Maintenance Manual is a resource for the owner, the manager, the maintenance supervisor, and the janitorial staff. It is a guide that is tailored to the needs and requirements of an individual property.

Supporting documents are helpful in maintaining a maintenance program. The documentation included in the Maintenance Manual will provide guidelines for craftsmen, contractors, and others who perform work on the property. It is documentation, not a substitute for a complete building inspection. The building is the standing record. The documentation provides the information needed to insure that the building and grounds remain in optimum condition.

The following documents should be included in the Maintenance Manual and should be used in the preparation of the maintenance plan:

Emergency Information - Emergency information should be easily accessible and posted in the maintenance area. It should include the name of the building; the address of the building; the name and address of the person in charge of the structure; the business and home phone number of the person in charge and or the maintenance supervisor; the telephone numbers of the water department, the gas and electric utility companies, and the police and fire departments.

Original Drawings and Remodeling Drawings - The Maintenance Manual should include architectural diagrams that show the original schematics and any drawings that record subsequent remodeling. The Manual should indicate where the original documents are located. The Manual should include a list of information filed with the state or local building departments. The name and address of the architect and construction firms that designed or remodeled the building should be included for future reference. Information obtained from these sources should be included in the Maintenance Manual.

Samples - Samples submitted as part of the construction or remodeling process for approval of materials and workmanship should be included in the Manual. If they cannot be included in the Manual itself, the location of the samples should be listed.

Bonds - Bonds are a form of guarantee that certain products will be replaced if they fail. Information about bonds should be readily available in the maintenance manual in case a product needs repair or replacement.

Guarantees - Guarantees generally extend for one year from the date of purchase or installation. They are essential during the guarantee period and are also a record of the name of the sub-contractor who did the work.

Consultant Lists - The Maintenance Manual should contain the names, addresses, and telephone numbers of architects or other consultants employed in the course of

construction, remodeling, or restoration of the property. This information may be of benefit in preparation of later work.

Quantity Survey - Previous contractors might be willing to provide lists of quantities that were used in preparing their estimates or ordering materials. This information would be useful in dealing with future independent contractors and the reordering of materials that have a limited life, such as paint coatings or gutters.

Easements, Rights Of Way, And Restrictive Covenants - Copies of any special consents that have been given to planning agencies, building departments or other governmental departments, utility companies, and private individuals should be included in the Maintenance Manual. The property also may be subject to special regulations if it is listed in the national register of historic places. If the owner has been the recipient of a grant, the grantor may have imposed certain regulations and controls. Any information that relates to these special regulations should be included in the Maintenance Manual.

Manufacturers' Data - Manufacturers' data or brochures that guide the installation mechanic and give detailed instructions on necessary adjustments of equipment should be included in the Maintenance Manual. These systems include mechanical equipment and devices installed during construction. Typical information might cover electrical components, such as panel boards, motor starters, transformers, and lighting fixtures; heating and cooling equipment such as boilers, stokers, refrigeration compressors and condensers and hot water heaters; and conveying systems, such as elevators, dumb waiters, hoists and cranes.

Emergency Maintenance Services

Overview and Definitions

What is an emergency? Is it a priority? Is it urgent? Is it life threatening? Maintenance that has priority status may not be classified as an emergency. Maintenance that is urgent or a problem that inconveniences tenants or even makes them extremely uncomfortable is not always classified as an emergency. Only conditions that are a threat to life and health are classified as emergency situations that require immediate attention. If there is a gas leak, if an apartment floods, or if the smoke detectors are activated, you must follow emergency procedures.

Not every situation that is reported as an emergency is an emergency. If there is no hot water, tenants will be inconvenienced and even angry, but it is not an emergency. However, it is an emergency if there is no heat when outdoor temperatures are below freezing. You will need to determine which situations are so critical that they must be handled right away and classify them as an emergency situation.

Because an emergency always puts people at risk, procedures to handle the situation must be clearly defined and readily accessible. All maintenance staff must know how to evaluate the severity of a problem and the fastest way to obtain appropriate assistance. If

there is danger that a boiler might blow up, if an electrical problem could cause a fire, or if flooding could reach a conduit and cause either fire or electrical shock, then all maintenance personnel must take immediate action.

Staff must be able to telephone quickly for emergency service. It is essential that important phone numbers are listed in the maintenance manual and are conspicuously posted. Phone numbers for the fire department, the gas company, the police, and the municipality's Streets and Sanitation department should all be readily available. All on-site staff should know the exact location of all emergency valves and fire extinguishers.

Procedures to insure the safety of the tenants must be instituted. Staff must be able to evacuate the building if necessary. Residents should be well informed about emergency procedures so they do not endanger themselves or interfere with emergency personnel. Procedures for fire and tornado safety should be posted for residents' information. Fire escapes should be kept in good repair; emergency lighting should be inspected; access to escape routes should be kept clear; and exits should be posted.

As quickly as possible after an emergency is detected, the manager, the maintenance supervisor or the foreman, and the building engineer must be notified of the problem. Management staff must provide emergency phone numbers so they can be located in case of an emergency.

The most important factor in emergency maintenance service is the ability of staff to analyze the problem and determine the emergency procedures that place the people and the property in the least amount of jeopardy for the shortest length of time.

When the emergency is under control, the entire process should be documented. A report should be on file that identifies the problem, explains in detail the sequence of events, and summarizes how the problem was finally resolved. Any damage to the structure or injuries should be included in the report. Insurance companies should be given a detailed report of all property damage immediately following the incident.

The Maintenance Manual is a valuable resource in case of an emergency. It must be available for emergency personnel. The emergency section of the Maintenance Manual should provide maintenance staff everything they need to know to handle an emergency situation on their property. Forms in the emergency section should be duplicated and posted in a prominent place for the maintenance personnel. Maintenance personnel must know where the Maintenance Manual is, what information is in the manual, how to use it in case of an emergency, and how to provide information from the manual to emergency personnel.

Maintenance Overview

Preventive maintenance is a process of identifying and remedying property problems in a systematic way. The objective of a preventive maintenance program is to increase productivity of the staff and lower the maintenance cost of doing business. Preventive

maintenance includes regularly scheduled inspections of the plant and equipment to discover conditions that may lead to production or material breakdown. It insures the upkeep of the property by correcting defects while they are still at a minor stage. As a result of periodic inspections of the apartment units, equipment, and the building and grounds, the staff can maintain the property with fewer breakdowns, reduced replacement of equipment, improved service to tenants, and minimization of crises.

Preventive maintenance, which is designed to identify pending problems, is the most important means of reducing maintenance costs. By creating a maintenance system that includes regularly scheduled inspections of the building, grounds and equipment, the staff will become focused on planned maintenance. As a result of this planned maintenance, the life of equipment will be prolonged, grounds kept in top shape, and deterioration of the building avoided. Early detection of a potential problem allows staff enough lead time to correct the situation before it becomes critical. Repair or replacement can be carried out as part of the larger maintenance plan for the property. Preventive maintenance increases the staff's effectiveness, reduces emergency conditions, and reduces maintenance costs. Preventive maintenance increases the staff's ability to plan work schedules. As each difficulty is identified, the problem is transferred to a work order, and the work is incorporated into the maintenance schedule. Preventive maintenance planning allows the staff to develop long term goals and objectives so that major needs can be remedied in a systematic way. Preventive maintenance reduces the number of requests for repair from tenants, because many problems are corrected before they become major difficulties.

Preventive Maintenance Scheduling

An effective preventive maintenance program starts with a schedule of inspections. Such inspections may be scheduled on a daily, weekly, or monthly basis. Some preventive maintenance activities may be scheduled bimonthly, quarterly, semi-annually or annually.

There are cycles to preventive maintenance. Some of these cycles are seasonal. In landscaping, for example, while it is necessary to check the grounds, pick up litter, and inspect the area daily, lawns are watered as needed. Bushes are pruned and flowers are planted annually.

Inspection of the heating system needs to be done annually. When the heat is turned off, the system needs to be cleaned, drained, inspected, and prepared for the following year. Even though filters are changed monthly during the heating cycle, new filters should be added to the system when it is shut down in anticipation of full start up. A preventive maintenance program keeps all systems ready to operate when they are needed.

Preventive maintenance is an acknowledgment that work must be done on a regular basis to keep the property in optimum condition.

See the Appendix for details on planning for preventative maintenance.

Quality Control

It is always essential to attempt to buy the best product at the best price on the market. That requires research and careful decision making. Buying quality means buying the best product for the money. Ultimately the choice must be based on a balance of price against length and quality of service from the purchase.

Quality control also requires documentation. A computer program or a ledger can be utilized to keep track of purchases. Often the accountant keeps a copy of the lists of purchase dates and amounts. Products that are purchased directly must be backed up with receipts. These purchases are logged immediately upon purchase. Whenever possible it is more efficient to purchase in larger amounts based on projected need rather than directly purchasing items to complete a job.

Here are some hints to keep control of the content and quality of the organization's inventory.

- Prominently engrave or stamp tools for identification and to reduce the temptation to remove them from the premises.
- Periodically review inventory to be sure stockroom is not full of materials that are not going to be used.
- Check expiration dates to be sure that products are current and effective.
- Do not over purchase.
- Inspect each product to see how well it works. The maintenance supervisor should document staff reaction to the product and the positives and negatives to facilitate future purchases.

13 HEALTH AND SAFETY

Smoke and Carbon Monoxide Detectors

Some communities have adopted housing codes or other specific requirements that may affect the condition or equipment requirements of residential rental property. These include the requirement that smoke and/or carbon monoxide detectors be installed in housing. Be sure to check with the local unit of government to see if the rental property is affected.

Lead-Based Paint

Since the latter part of 1996, landlords must provide tenants who are renting units built before 1978 with certain information concerning lead-based paints. This information includes a federal government pamphlet entitled *Protect Your Family from Lead in Your Home* and a form entitled *Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards*. There are exceptions to this federal requirement, including commercial rentals, zero-bedroom efficiency apartments, and rental units certified as lead-free by a qualified lead abatement inspector.

Smoke-Free Housing

Led by the Cook County Department of Public Health, the Healthy HotSpot initiative provides information and tools that can help make communities healthier through the implementation of smoke-free housing environments. The County offers a Smoke-Free Housing Toolkit that includes checklists, a sample lease addendum, and additional resources for landlords who are looking to implement smoke-free housing in their properties.

Bed Bugs

Bed bugs are small, flat, wingless insects that can be found in homes, apartments, schools, offices, and other places. They feed on blood and can be a nuisance for individuals.

In 2013, the City of Chicago passed an ordinance to help address the growing problem of bed bugs. Landlords have three main responsibilities under the ordinance:

- Educate tenants about bed bugs by providing the City's brochure, *Preventing Bed Bug Infestations in Apartments*, when tenants sign a new or renew an existing lease or other rental agreement;
- Notify tenants prior to any inspection or treatment of their apartment for bed bugs and provide instructions for preparing the apartment; and

- Get rid of the bed bug infestation by providing pest control services by a pest management professional and paying for this service.

Porch or Deck Safety

Overloaded porches and porches that are not well built or not well maintained can pose a significant safety risk. In Chicago, provisions in the building code related to wooden porches are strictly enforced. In addition, landlords must include a provision about porch safety in the lease.

Illinois Safe Homes Act

Effective beginning in 2007, the Illinois Safe Homes Act was created to protect the health and safety of victims of domestic and sexual violence living in rental housing. Provisions of the law include the following:

- Victims who are leaseholders can change the locks after giving proper notice to the landlord;
- Victims who fear for their personal safety can break their lease after providing the landlord with documentation of their victim status; and
- A tenant will not be liable for unpaid rent for the period after she leaves her home due to actual or threatened domestic or sexual violence.

14 BUILDING COMMUNITY¹

Benefits of Building Community

Good landlords and good tenants must learn to work together for the common goal of a safe community. Organizing a community is more than just encouraging tenants to act as “eyes and ears.” In the absence of a sense of community, the isolation that residents feel can lead to apathy, withdrawal, anger, and even hostility toward the community around them. Organizing efforts can lead to profound changes. As apartment residents get to know each other and the manager, a sense of community develops and neighbors and tenants are more willing to do what it takes to keep a neighborhood healthy.

Complexes that enjoy a sense of community often have more stable tenancies and lower crime problems than comparable complexes that are not organized. Managers who have initiated such efforts often note these benefits:

- Lower turnover, leading to considerable savings;
- Less damage to property and lower repair bills;
- Reduced crime;
- A safer, more relaxed atmosphere for the tenants; and
- A positive reputation for the complex, leading to higher quality applicants and, over time, increased property values.

Key Elements of Building Community

Having a property manager take the lead and make sure organizing efforts are ongoing is critical to effective community building. Community organizing that is run entirely by tenants may have less long-term stability, simply because it is the nature of rental housing that tenant turnover will occur and key organizers will move on. For this reason, having the manager keep the program going is an important part of a successful program. Further, if management waits until the tenants are so fed up that they organize themselves, the relationship may be soured from the start. If management takes a proactive role in helping tenants pull together for mutual benefit, the opportunity for a positive working relationship is great. Here are some strategies you can employ:

¹ This section was adapted with permission from Landlord Training Program: Keeping Illegal Activity out of Rental Property, a practical guide for landlords and property managers, a community-oriented property management approach, Fifth national edition, copyright © 1993-2014 Campbell DeLong Resources, Inc., www.cdri.com.

Clean house. If you have tenants who are involved in drug activity, illegal gang activity, or other dangerous criminal behavior, resolve the issue before inviting tenants to a building-wide meeting. Your good tenants may be frightened to attend a meeting where they know bad tenants might show up. In addition, they may question your motivation if you appear to encourage them to meet with people involved in illegal activity. So before you organize, you will need to evict problem tenants and make sure that improved applicant screening procedures are in place. Until then, rely on informal communications with good tenants to help identify and address concerns.

Make community activities a management priority. Budget for the expenses and consider promotion of such activities a criterion for management evaluation. It is not an afterthought. It is not something that resident managers should “get around to” if there is time. Unless managers make community organizing a priority, it will not get done.

Hold meetings or events quarterly. Do not expect major results from the first meeting, but do expect to see significant differences in terms of resident participation and engagement by the time the third or fourth is held.

Meet in the common areas if possible. While small meetings can be held in the manager’s office, a vacant unit, or—should they volunteer—in a tenant’s apartment, more people will feel comfortable participating if they can meet on “neutral” territory. If you can hold events in courtyards or other outdoor locations, you may have more room to structure special events for children in the same area.

At each event, encourage people to meet each other. Regardless of other specific plans for meetings, take basic steps that encourage people to meet each other. Simple steps done faithfully can make a big difference over time. At each event:

- Use name tags to help break down the walls of unfamiliarity for newcomers.
- Begin any formal meeting by having people introduce themselves by name.
- Allow time at each event for people to socialize. Make sure that some of this time happens after the meeting agenda is underway. Once the event is underway, participants will have the shared experience of the meeting with which to start a conversation.
- Whether it is as simple as coffee and pastries or as involved as a potluck or a summer barbecue, free food can attract many to a meeting who might not otherwise have attended.
- Include activities for children and teenagers, as well as for adults. Getting children involved in games and other events will provide a positive experience for the children and help encourage parents to meet each other. Also, like adults, when children and teenagers get to know their resident manager better, they are more

likely to share information. This is important because teenagers, in particular, may have information about a community problem of which the adults are unaware.

Hold “theme” events and special meetings as appropriate. There is a balance between holding a purely social event and a meeting for the purpose of addressing an agenda. The balance at each meeting can vary, but it is important to provide some of both. At least one of the meetings held each year should be primarily for the purpose of celebration—a holiday party in the winter or a “know your neighbor” barbecue in the summer. Meeting agendas can be as varied as the types of apartments and people who populate them. In general meetings should:

- Respond to issues that are a direct concern to a number of tenants. If there are immediate concerns, such issues should take priority over other potential agenda items. If tenants are concerned about gang violence in the neighborhood, less pressing topics may seem irrelevant.
- Provide new information about the local community. This could take any number of forms. You might invite merchants from the area, fire fighters, police officers, members of neighborhood associations or other community groups, social workers, or employment counselors to share useful information with tenants. Also, remember the importance of keeping meeting agendas on track, interesting, and focused on tangible, measurable outcomes. If tenants feel that meetings rarely address the published agenda, interest will shrink quickly.

Nurture a sense of shared responsibility. While it is important for management to continue providing support for the community-building process, it should not be a one-way street. Leadership in the complex should be nurtured and volunteers recruited at each meeting to assist with the next meeting, program, or event. The more residents experience the community building process as a joint effort of management and residents, the more they will appreciate it. Promoting a sense of shared responsibility can be accomplished in many ways. Here are just a few tips:

- Ask residents if they want to volunteer to serve on a “tenants’ council.” The council could meet informally once a month to discuss issues of concern in the complex and to plan the upcoming community-wide events. Do not be discouraged if only one or two people get involved initially. With success, more will join.
- Whenever possible, have tenants set the meeting agendas. Whether it is through a tenant council or simply by collecting suggestions at community events, make sure tenants know they play a key role in defining the direction of community-building efforts.
- Give tenants a chance to comment on plans for the property. Even the simplest issues can be turned into opportunities for community building. For example, if a fence is going to be built or replaced, discuss the plans at a meeting and allow

tenants to air concerns or suggestions before moving forward with the work. You may hear some new ideas that can make the end result more attractive. In those situations where you cannot act on a suggestion, you have the opportunity to explain your reasons to your tenants, and at least have them experience a level of participation that they did not previously have. Along similar lines, by listening to tenant concerns, you may discover that a relatively simple adjustment in policy can result in a significant increase in overall tenant satisfaction.

Develop a communications system. This can be as elaborate as quarterly or monthly newsletters complete with updates from management, articles from tenants, advertisements from local merchants, and referrals to local social service agencies. Or it may be as simple as use of a centrally located bulletin board where community announcements are posted. Whatever the process, the key lies in making sure that your tenants are aware of the information source and that they find it useful enough to actually read it.

Implement basic crime prevention measures. In addition to the general community building techniques described, various crime watch techniques can also be implemented. Apartment watch training should be provided to your involved tenants prior to getting underway. Contact a crime prevention officer in your area for more details. Crime prevention specialists can help facilitate the first apartment watch meeting and discuss the practices of local law enforcement. See the next chapter on crime prevention for more information.

Encourage nearby neighbors and apartment complexes to get involved. To promote community and safety awareness throughout the neighborhood, it may be helpful to involve adjacent apartment complexes or neighbors in nearby single-family homes. As a starting point, invite area neighbors to at least some of the community events held at the complex each year.

