

**MULTIFAMILY
LAUNCHPAD**

WITH **JONATHAN TWOMBLY**

REAL ESTATE INVESTMENT
EDUCATION



THE TRANSITION TO NEW OWNERSHIP

Module 10 – Video 3

WWW.MULTIFAMILYLAUNCHPAD.COM

VIDEO OVERVIEW

What's covered:

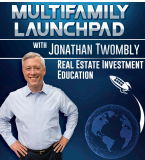
- Business plan
- Staffing
- Tenant retention
- Immediate repairs & upgrades
- Market awareness





BUSINESS PLAN

BUSINESS PLAN



- Management company should have your business plan for property well in advance, for immediate action upon takeover
- Should cover your plans things like:
 - Ordinary planned rent increases
 - Immediate repairs for life/safety and deferred maintenance
 - Rehab/repositioning plan
 - New income streams (RUBS, pet rent, reserved parking, etc.)
 - Budgets
 - Time frames
 - Returns you need to generate for investors & distribution schedule



STAFFING

STAFFING ISSUES



- Strong preference is to keep staff
 - ✓ Staff vacancies are disruptive to operations and hard to fill
 - ✓ Transition is smoother for tenants if familiar faces stay in place
- Staff will be concerned about whether their jobs are safe
 - ✓ Interview and background-check as early in due diligence as possible
 - ✓ Offer jobs to those you will retain quickly to put their minds at rest
- If seller/existing management is keeping employee or you decide not to hire, start replacement hiring process as early as possible
- All employees will be on probation with new management company, so you have additional time to evaluate and re-train employees
- You should meet staff so they know you care about property



TENANT RETENTION

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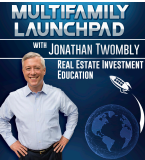


- Transition can cause high turnover if you're not careful
 - ✓ If rehabbing, not as big an issue, as you want vacant units to turn
 - ✓ If not a rehab, this can be a big problem, so be careful
- Retaining existing staff, especially front office, helps retention
- Seller will notify tenants before closing that property has sold
- New management should send letter of introduction promising even better service than before – and naming staff members that will stay on
- Conduct tenant survey or “town hall meeting” to identify pressing needs and opportunities to improve tenant service – and take fast action
- For leases expiring in first 90-120 days, offer outgoing leasing agent bonus (\$50/lease) for every lease renewed (need seller permission)
- Management should target these tenants after transition as well



IMMEDIATE
REPAIRS &
UPGRADES

IMMEDIATE REPAIRS & UPGRADES



- As soon as possible after closing:
 - Complete all repairs required by lender (usually 90-120 days allowed) and make sure manager seeks reimbursement from escrow ASAP
 - Address all life & safety issues you have identified
 - Act quickly to show tenants you intend to improve things
 - ✓ Address tenant concerns from town hall meeting/survey
 - ✓ Trim trees back to let in more light, help grass grow
 - ✓ Curb appeal/landscaping – even a few hundred dollars for flowers make a big difference; a few thousand for painting doors and trim can be dramatic
 - ✓ Rebrand property, even if you are not doing a rehab/upgrade
 - ✓ New signage – roadside pedestal sign and internal signage



MARKET AWARENESS

MARKET AWARENESS



- You want local market to know a new owner is on site and improving things – especially if property had bad reputation
- People notice change, so any differences can draw in people who once ignored your property
- Press release to local papers with quote about improvements
- Hang large “Under New Management” banner sign
- Re-brand property with new name and color scheme
- Install new roadside pedestal sign with night lighting
- Upgrade entrance & roadside landscaping
- Add balloons, “Now Leasing” flags, flowers, etc.



Q&A IN THE FACEBOOK GROUP

Next up:

**Module 10 – Video 4
Asset Management – Part I
Your Role**