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300 New Products and Literature
Mr. Walters comments that with current shifts in the economy, ownership will no longer be relying on self-management of investment properties but turning more to the services of trained management firms. However, because past trends allowed them to overlook this service, there is now a shortage of professional property managers, which can only be corrected through more education programs in this field.

The reason behind the formation of the Institute of Real Estate Management and the designations “Certified Property Manager” and “Accredited Management Organization” was to insure the public of a recognizable standard for management excellence. For 35 years IREM—through its membership across the United States and Canada—has offered a high standard of management capability. By adhering to a code of professional ethics and by availing himself of the ongoing programs of IREM, the CPM is a recognizable symbol to the investing public for management expertise.

Mr. Glassman details how management thinking was vital to the planning of Skyline Center, a multi-use development project near Washington, D.C. This type of “new city” or planned community of apartments, offices, commercial and recreational property was carefully staged and, developed by a team of land-use experts and today is beginning to take shape under their continuing guidance.

The concept of mobile homes is still often rejected by communities due to poor park operation and upkeep. Mr. Nixon describes how a mobile home park can be an asset to a community through restricting its residents to older couples with no children and proper park maintenance. He also presents typical operating costs for a 200-unit park in the Northeast United States.
Management Guidelines for Real Estate in Trust, Part II
Robert S. Thorne, CPM  Page 281

Mr. Thorne concludes his survey on property management for a bank trust department. Among the major services a manager in this position can expect to render is the continual supervision and upkeep of a trust property to enhance the account. Other areas examined in the article are the appraisal and sale of a trust property as well as legal descriptions of property.

Editorial: The Wage-Price Freeze
Lloyd D. Hanford, Sr., CPM  Page 287

Mr. Hanford comments on the current economy scene in the United States and reflects on what will happen in future months as it affects real estate. The professional property manager can expect to be called upon for his knowledge and advice in aiding investment owners through this critical period.

Stopping the Static in Your Apartments
Harry L. Rockwood, CPM  Page 288

Winter weather often creates problems with static electricity and one method of solving this problem is by raising the moisture content of the air indoors. Mr. Rockwood describes a program for installing a central air humidification system in an apartment building for the comfort and satisfaction of its residents.

Computerizing the Management Office
George M. Hahn  Page 292

Mr. Hahn explains how through the initiation of a computer accounting program for his management firm, the company was able to increase its capabilities with a minimum of upheaval during the changeover. The REDACS (Real Estate Disbursement and Collection) System opened the door for additional management accounts without the need for additional staff members.

Condominiums Aren’t for Amateurs
William B. Campbell, Sr., CPM  Page 297

While the condominium form of ownership is enjoying much popularity, many of these multi-million dollar complexes are still relying on untrained people for management. Mr. Campbell deftly points out the details condominium owners are often faced with in their new home and why it takes more than a husband and wife team on the premises to handle these situations.
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The Management Shortage

When supply and demand factors of income properties lean in the direction of over-production, it usually reveals a shortage of professional real estate management talent. During the last 10 years, there has been a vast amount of new construction of office buildings, apartments, shopping centers, medical buildings, mobile home parks and resort condominiums. All of these represent major financial investments needing the management skills of professional managers.

The plain truth is that during the years of high demand, management skills have not been developed in sufficient capacity because many owners chose and succeeded in getting by with less-talented individuals who only "supervised" their properties.

In today's competitive market, weak management is quickly reflected in the bottom line of profit and loss statements. There is a great difference between the chore of "supervising" a property and the profession of creating and administrating an effective management program.

A recent issue of U. S. News and World Report contained an article titled "WANTED: More Professional Managers." This article commented that "As more and more apartments are built, a shortage of trained people to run them is getting worse and worse." Norman V. Watson, HUD Assistant Secretary for Housing Management, was quoted as saying, "As a profession, housing management is almost nonexistent in this country."

We agree with these statements and suggest that these times present an unexcelled opportunity for CPMs to prove their capabilities. It is also a time for IREM to expand its educational and publication programs to assist in training for greater executive management capabilities.

William Walters, Jr., CPM is 1971 President of the Institute of Real Estate Management. He heads the William Walters Company and the Capital Real Estate Management Company, both of Los Angeles. For more than 12 years, Mr. Walters has been a member of IREM's courses faculty, serving as chairman of the Education Division during 1968-69. He is also a past president of the IREM Los Angeles Chapter. Mr. Walters is a graduate of the University of Southern California with a degree in business administration.
Professional property management is a sound investment and one that makes good business sense. The real estate investor is continually faced with local, state and federal regulations on occupancy, zoning and taxation; diverse financing possibilities; labor problems; and a myriad of other important considerations. There can be little doubt that managing today's commercial and residential property is a highly-complex, demanding task—one requiring experienced, full-time attention.

There was a time in American business history when the function of property management was relegated to being a part-time effort. It was turned over to someone who needed a job or "had the time." Investors were more concerned about cash outlay for services and less about ongoing building operation. Their question was why pay a professional-level salary for a building manager when many people for this work could be hired cheaply.

But this attitude, as many investors today could tell you, was never able to provide the returns on an investment that one had reason to expect. Eventually, the investing public began to turn to property managers because they were discovering that in the long run it did not cost money to employ them, it paid.

Pivotal in the decision to employ qualified property management were questions such as these:

- Do I have the skills to deal with situations as they develop?
- Have I the experience and background to make sound property management judgments?
- Have I the time to devote to these efforts?

For the majority of investors, the question of time became the prime consideration. If he were like most, he could afford to devote only a part of his efforts to building management decisions. He soon discovered that em-
plopping persons less than fully qualified demanded more of his time and effort than he was willing or able to invest.

It became clear that effective professional property management could free him from the periodic concerns of this area to devote full attentions to his other enterprises. He began to discover further that a qualified property manager brought with him not only a highly-skilled and effective approach to his duties but also a genuine concern for his tenants—a concern that yielded concrete results in increased tenant tenure, higher occupancy ratios and generally community satisfaction. Yet, where would the investor look for such qualified men?

The Great Depression caused more and more buildings to default on mortgage obligations and come under the control of lending institutions which had formerly held mortgages on them. These institutions found that they did not possess the internal skills to cope with their newly-acquired responsibilities for the management of property. Owners, as well as real estate managers themselves, began to see the need for a tangible proof of competence and expression of ethical conduct in the field of property management in order to locate qualified people.

SETTING THE STANDARDS

Few widely accepted standards for property management existed at that time and so in 1933 a small group of Realtors organized the Institute of Real Estate Management (IREM) as an affiliate of the National Association of Real Estate Boards. One of their earliest goals was the establishment of the criteria for professional excellence. To meet this goal, they created the designation of Certified Property Manager (CPM). This designation originally was granted to firms of property managers, but four years later, in 1937, the CPM designation was converted to apply to the individual as a mark of his or her professional competence. The designation of Accredited Management Organization (AMO) was created to certify appropriately qualified organizations.

Today, an investor can find property managers of all sorts everywhere. Yet, when the question arises: “Where can I find a property manager whom I feel confident is a pro?” there is one certain answer—get a CPM.

The Certified Property Manager, a member of the Institute of Real Estate Management, is that experienced, competent professional. He’s the man who will manage not only a property but the investment that the property represents. He brings to the job credentials of sound achievement and the expression of ethical conduct as witnessed in the IREM Code of Ethics. His concern will combine the supervision of physical and business aspects of a property as well as stewardship of the investment that the property represents. He has the skills to do this and can prove it—he wears the CPM key.

The responsibility of carrying the CPM designation is spelled out in the IREM Code of Professional Ethics displayed here. Each CPM swears to uphold the tenets of the code thereby giving his clients further assurance of integrity in addition to proven capability. Because he has earned the key, he has complete access to the programs and benefits provided by the Institute of Real Estate Management.

IREM services extend not only to the member, they reach out to the potential member, the investor, the tenant, and the government.

For the investor and the tenant, IREM provides an identifiable symbol of knowledge and expertise. In its field, the designations of CPM and AMO assure the public that they are dealing with qualified personnel.
Code of Professional Ethics
of the Certified Property Manager

PREAMBLE

The objective of this Professional Code is the continuing enhancement of professional performance by Certified Property Managers through acceptance and conformance with those procedures that are the necessary elements of a mutually beneficial relationship between the Certified Property Manager, his fellow CPMs, his fellow Realtors, his clients, his employers, and the public at large.

A CPM shall be bound by the following professional Pledge:

"I pledge myself to the advancement of professional property management through the mutual efforts of members of the Institute of Real Estate Management and by any other proper means available to me.

"I pledge myself to seek and maintain an equitable, honorable and cooperative association with fellow members of the Institute and with all others who may become a part of my business and professional life.

"I pledge myself to place honesty, integrity and industriousness above all else; to pursue my gainful efforts with diligent study and dedication to the end that service to my clients shall always be maintained at the highest possible level.

"I pledge myself to comply with the principles and declarations of the Institute of Real Estate Management as set forth in its Bylaws, Regulations and this Code of Professional Ethics."

ARTICLE I

The Code of Ethics of the National Association of Real Estate Boards as in effect from time to time is incorporated into this code by reference.

A CPM shall not use or permit the use of the CPM designation in any manner that shall adversely affect the objectives or high purposes of the Institute of Real Estate Management.

A CPM shall not make, or authorize, or otherwise encourage any oral or written statements of a derogatory nature concerning another CPM or his business practices.

Section 1: A CPM shall neither in his own behalf nor for others solicit the services of any employee known to be under the supervision of another CPM without prior knowledge by the other member.

Section 2: A CPM shall not offer his services to the client of another CPM whose services have heretofore been satisfactory, by basing his solicitation on the inducement of a reduced management fee.

ARTICLE V

A CPM shall not accept association with or employment by an individual, partnership, group or other organization unless to the best of his knowledge and belief such organization complies with all applicable governmental laws, ordinances, rules and regulations and with this code of professional ethics.

ARTICLE VI

A CPM shall at all times be loyal to his clients, and shall be diligent in the maintenance and protection of their reputations and properties.

ARTICLE VII

A CPM shall not represent divergent or conflicting interests, nor engage in any activity reasonably calculated to be contrary to the best interests of his client or client's property unless the clients have been previously notified.

A CPM shall not receive directly or indirectly any rebate, fee, commission, discount or other benefit, whether monetary or otherwise, without the full knowledge and prior consent of the client concerned.

ARTICLE IX

A CPM shall not disclose to a third party confidential information concerning the business or personal affairs of his clients without prior authorization, except upon legal demands by competent governmental authority.

ARTICLE X

A CPM shall keep his clients currently advised in all matters concerning their respective properties or welfare. A CPM shall cause to be furnished to each client at agreed intervals a complete regular accounting in respect to the operation of that client's properties.

ARTICLE XI

A CPM shall exert due diligence for the protection of clients' funds against all foreseeable contingencies. The deposit of such funds in account with a reputable banking institute shall constitute due diligence.

ARTICLE XII

A CPM shall at all times keep and maintain accurate accounting records, properly marked for identification concerning the properties managed for each client, and such records shall be available for inspection at all reasonable times by each respective client.

The interpretation of compliance with this professional code is the responsibility of the Ethics and Discipline Committee of the Institute of Real Estate Management. Disciplinary action for violation of any portion of this code shall be instituted by the Governing Council of IREM in accordance with rules and regulations established by that Governing Council and approved by the membership.
For government, IREM provides research in and management talent for the effective administration of housing programs for both federal and local housing authorities.

For its individual members, IREM provides programs to upgrade and maintain professional competence and to share common experiences which promote general enrichment. Quality information is distributed as an ongoing process to assure that the man in management—the CPM—stays on top of all that’s new in his specialty. These programs of information are mainly based on publishing and training courses.

For the potential member, IREM provides programs to develop professionalism in property management.

As a professional society rather than a trade organization, IREM continues its effort to improve the capabilities of its members and to extend the benefits of affiliation to non-members at an ever-increasing rate.

MEMBER SERVICES

Candidacy and membership in IREM carry with them many privileges and responsibilities. Some of the tangible benefits include the opportunity to attend tri-annual work-and-learn sessions as well as receiving the bimonthly Journal of Property Management, the monthly Operating Techniques and Products Research Bulletin and the membership newsletter CPM Aspects. Additionally, the CPM and candidate receive the unique annual statistical compilation, the Apartment Building Income-Expense Analysis.

The member also enjoys benefits from the public relations program which seeks to promulgate knowledge of IREM and rapid identification of the CPM designation to the investing public. This program includes regular advertising in publications oriented to the investor such as the Wall Street Journal and a coordinated, nationwide “trademark” advertising effort in classified telephone directories.

These and other programs such as distribution of the national CPM roster to high-ranking business and government personnel all work towards assisting the public in finding top-level management people and in broadening the field of opportunity for practicing Certified Property Managers.

EDUCATIONAL SERVICES: COURSES & PUBLICATIONS

The distribution of knowledge in a dynamic field is the philosophy behind the educational training and publishing programs of IREM. These activities also serve the purpose of developing excellence in the field of property management and preparing an individual for IREM membership.

Training courses for real estate managers were begun by IREM in 1936 and have served thousands who were eager to learn from the experts and build their own knowledge of the property management field. New courses and course content are under development constantly but basic courses include the following:

I. Practical Methods of Successful Property Management
II. Analysis and Management of Investment Property
III. The Executive Management Seminar: Apartment Building Management Survey
   Office Building Management Survey
   The Feasibility Study
IV. Office Building Leasing, Development & Management
V. Managing the Management Office

These educational courses are offered several times each year at locations throughout the United States and Canada. They provide opportunities for those in or closely associated with the field of real estate to enhance their perspective and to maximize their professional potential. The prospective Certified Property Manager may earn credits toward membership while gaining the educational benefits of the course.

Course attendees include Realtors, representatives from local and federal government agencies, insurance and mortgage executives, trust officers, savings and loan people, owners, investors and almost anyone with a valid need to know more about this complex business. This is only a part of the activity offered by IREM aimed at the development of professionalism in property management.

Another important training vehicle sponsored by IREM is the one-day seminar presented through local chapters. Knowledgeable speakers from the ranks of IREM membership talk to groups on a series of topics reflecting their specialties, ranging from fi-
nancing of new buildings to upgrading existing properties. Two relevant seminar topics are "Training the Resident Manager" and "Low-Income Housing." Through the one-day seminar yet another learning opportunity is provided by IREM to those who want to stay on top of their business world and to keep on growing.

An on-going publishing program to distribute rapidly and conveniently a wide range of information has been part of IREM ever since its formation. Beginning with the first issue of the Journal of Property Management in 1935, publishing has always been a high-priority item. Through the years, the program has been expanded to include issuance of the Journal six times each year, monthly publication of the Operating Techniques and Products Bulletin, the member newsletter CPM Aspects, and the annual presentation of the unique Apartment Building Income/Expense Analysis.

The Analysis is a year-long research project which delves into the costs and earnings of apartment buildings in order to establish guidelines against which owners and managers can measure their own properties. It is categorized to show buildings by size, type, region and age. The Analysis is one of the many projects carried on by IREM members which benefits the investing public.

An ever-widening range of textbooks, monographs and Journal reprint series strive to cover the new and different in the property management field as well as provide the fundamentals of sound management. The collection of IREM material grows toward being an education in itself.

ACCREDITED MANAGEMENT ORGANIZATION

As IREM serves its members and the general field of property management, so the members of IREM, the CPMs, seek to serve the public in many ways. One very obvious

![Graph showing multi-family housing starts]

The number of multi-family housing starts has increased from approximately 15 percent of all housing in 1958 to over 40 percent today, indicating the growing need for professionally trained real estate managers.
The Meaning of AMO

IREM encourages all CPMs to obtain the AMO designation for their firms. This enables the firm to take advantage of the promotional programs which continually affirm that Accredited Management Organizations are competent management agencies, fully equipped to operate investment real estate. Requirements for the AMO designation are as follows:

A. An application must be filed which, upon verification, will satisfy the Institute of Real Estate Management and its local chapter that the firm:

1. Has a CPM in charge of its management activity.
2. Has a well-established reputation for ability and integrity.
3. Has all management employees (including officers) bonded according to IREM requirements.
4. Accepts no rebates, discounts or other benefits without the client's knowledge.
5. Segregates all funds of clients from its own.
6. Has no litigation pending which charges mismanagement or malfeasance.

B. The AMO firm must annually attest to continued operation in accordance with the above minimum standards.
C. A $25 fee is required for accrediting and annual re-accrediting.

TRACING A COURSE TO EXCELLENCE

Because IREM is a professional affiliate of the National Association of Real Estate Boards, the majority of IREM members are Realtors—that is, they hold membership in their local Board of Realtors with affiliation to NAREB. The exception to this rule would be those property managers residing and working in areas where there is no form of board membership suitable for them—such as the case of certain government employees or insurance company officers.

A potential CPM applies for membership and submits his experience and education to a rating chart which allows point value for specific activities such as years of work in management, college degrees and graduate work, attendance at IREM courses, etc. An individual may remain in candidate status for five years while building points toward membership or, in some cases, may be sufficiently qualified to achieve membership at once. The details of earning CPM designation are spelled out in a membership brochure available from IREM national headquarters.
Once accepted as a member of IREM, the new CPM is awarded a gold key for personal use and a membership certificate for display in his place of business. These tangible symbols acknowledge the demonstration of expertise required of the CPM.

**PROTECTING THE INVESTMENT**

Investment property is abstract as well as concrete. In a concrete sense, it is a building of one kind or another, but abstractly it is an investment and must be viewed as such.

The area of housing is more and more becoming an investment situation. In 1970 the number of multi-family unit construction starts accounted for nearly 44 percent of all housing built in the United States. The growth in popularity of this type of housing clearly indicates that as builders, investors and tenants, we are all tending to be more involved in apartment dwelling as a permanent way of life. This factor alone would indicate a need for more top-notch management personnel because ownership can't do it alone.

It is almost impossible for a property owner to possess the qualities of objectivity and accumulate technical knowledge so that he can view his property as an investment and at the same time conduct a separate business life of his own. Will he know when to defer maintenance while not endangering the building or its reputation . . . when to sell his investment and put the money into the mortgage market . . . how to judge the rental market well enough to determine when decorating will keep a tenant happy or when nothing short of major renovation will keep a tenant under lease . . . what about financing and guiding the architect?

These considerations are not only time consuming but they require experienced supervision best left in the hands of a professional.

**THE PROFESSIONAL PROPERTY MANAGER**

Any professional knows how to use the tools of his trade. The property manager's tools are the books, periodicals, research reports, training courses and the important interchange of information found when business people gather together.

The professional man has his own investment in himself to protect through the careful, never-ending attainment and application of knowledge. The individual who is conscious of the responsibility of his profession will take the steps necessary to enhance and expand his own worth and encourage others to do so. He will bring to each assignment the expertise, background and knowledge of his field.

There is no substitute for excellence and few activities as rewarding as earning the recognition of excellence. A Certified Property Manager assures that excellence for the investor, the tenant and the community.

Douglas J. McDonough has been with the Institute of Real Estate Management since 1963 beginning as Managing Editor of the *Journal*, later as Services Director and currently as Director of Publications. Prior to joining IREM he had been associated as managing editor with several magazines published by the Reuben H. Donnelley Corporation and was assistant editor of *Advertising Age*. He attended Illinois Institute of Technology and the Joseph Medill School of Journalism at Northwestern University. He is a member of American Society of Business Press Editors.
The increased pace of urbanization in our country has brought with it many changes and problems. In meeting this challenge, our industry is developing new approaches, one of which is the urban land complex. The urban land complex is the development of mixed complementary uses on a single tract of land. This concept has been successfully executed by companies whose organizations comprise expertise in the fields of real estate construction and management, from planning and zoning through building, merchandising, leasing and management. This combination of vertical and horizontal organization brings together the people and experience necessary to build, lease and manage a large-scale, multi-use complex.

Skyline Center, developed by the Charles E. Smith Companies, is a case history of such a complex.

The significant and successful impact of two other such developments in the Washington, D.C., area—Rosslyn Plaza and
Crystal City—had a great deal to do with the planning of Skyline Center. Rosslyn Plaza, a complex of five buildings including two apartment buildings, three office buildings, a movie theater and some convenience shopping, was begun in 1966 and completed in 1969.

During the same period—though the first two apartment buildings were actually begun in 1963—Crystal City was also growing.* Crystal Plaza, the eight-building component of Crystal City, was scheduled to take over five years to develop and was actually completed in three years (from 1966 to 1969). Crystal Mall, the five-building component, was completed early in 1970.

Crystal City now has 17 buildings with 2,300 apartment units, 2,000,000 sq. ft. of office space, 120,000 sq. ft. of shopping, a 310-unit motel, a 700-seat movie theater and a 4,500-car garage plus surface parking. Its completed value is approximately $125 million.

The so-called Crystal City corridor was previously a blighted area; it had an extremely unappealing approach and appearance and the melange of industrial and yard areas seemed incompatible to high-class residential use. The idea of creating something exciting and imaginative on what was considered poor and undesirable land is a prime example of private urban renewal. Particularly important is the fact that the projection and completion of these complexes involved no expenditure of federal funds or assistance.

Crystal City has contributed enormously to changing the face of an entire area and has become the center of the largest economic development thrust in metropolitan Washington. With the completion of Crystal City, considerable development was underway both north and south of the site. The area is a new prime source of revenue for the County, the cause of substantially increased property taxes and the great expansion of economic activity.

In 1970, the Smith Companies acquired control of a 99-acre tract in close-in Virginia, previously bypassed because of its use as a private airport for small planes. This act accomplished two of the basic criteria inherent in our concept of an urban land complex: the factors of single control and obtaining a site large enough to develop diversity of use. A third important concept is that of establishing unity of design, proper phasing of construction and marketing, and maintenance of quality and design standards throughout the entire complex. Such unity is basic to a good urban land complex for it embodies the merchandising, leasing and

management functions necessary to coordinate all phases of the operation.

Our goal was to obtain a planned development community—a relatively new zoning concept for the area involved. This would result in overall site-plan approval of the entire complex, which would be built in phases. In order to conserve open space, we requested height approval for 26-story buildings which hertofore had not been built in any part of the metropolitan Washington area.

To implement this goal and also to firm up and bring into focus the overall concept of the project, a team of experts covering every phase of the plan was assembled. The heads of the various departments of the Smith Companies involved with apartment and commercial leasing and management as well as the construction division and its planners were an integral part of this team. Their expertise and experience were to play a vital part in the various stages of planning and development.

Additionally, noted architects, economic consultants, engineers and a zoning attorney were brought in. The architectural firm was engaged to develop the concept and site plan within our set guidelines. Land planning included traffic studies to clarify for the County and the citizens the impact on the surrounding community of so large an enterprise.

The economic consulting firm performed an economic and marketing study. In essence, it took into account the past trends and future estimates of the scale and distribution of population, growth, employment and housing unit demand, together with the evaluation of the market conditions in the specific sub-area. An engineering firm drew up the necessary complementary utility and road network studies.

The zoning attorney was engaged to coordinate all of these studies, which at this point were directed toward the goal of receiving acceptable zoning from Fairfax County and to communicate our thinking to the surrounding community.

Numerous meetings of all the members of this development team were held, and out of these meetings came preliminary site plans and land use details, traffic pattern and parking studies.

The economic and marketing study projected a market for 3,600 apartments, 2½-million sq. ft. of office space, 350,000 sq. ft. of retail space and a 400-unit motel. The overall concept for apartment development on this site was to offer approximately 75 percent of the total program in units comparable to those in Crystal City. The recommended development program suggested a unit mix of approximately 15 percent efficiencies, 45 percent one bedrooms, 35 percent two bedrooms and 5 percent three bedroom units.
It was felt that absorption potentials for Skyline Center would compare favorably with the actual experience of Crystal City, where 2,300 apartments were leased over a four-year period. The absorption of comparable apartments in Crystal City could have ranged up to 50 percent higher had the merchandise been available.

Economics indicated excellent demand for at least 200,000 sq. ft. of commercial space in an enclosed mall shopping center and need for a sizable motel.

The economic report, together with traffic and engineering reports, was utilized by the planning experts in preparing various alternative land use studies within the context of what could be reasonably achievable from the zoning officials.

These plans were then made available both to the planning staff of the County and to the citizens of the neighborhood. Many meetings were held with citizens groups and their representatives and with the County planning staff.

The principals of the Smith Company, as well as the experts concerned, were called upon to explain in detail all aspects of the proposed development. Many of the observations of the citizens groups were taken into account in coming up with the final site plan. Concern was voiced about future traffic problems, particularly in reference to a cloverleaf for two major roads a short distance from the actual site. We stated our willingness to prepay taxes on the property to the amount of $500,000 in an attempt to speed up the timetable on the road network though it was completely separated from the actual site. In addition, a four-acre site was set aside for a park.

The site was finally approved for the PDC zone in the spring of 1970. The final site plan as approved contained 3,448 apartments in eight towers; 2½-million sq. ft. of

In order to achieve successful occupancy for the first two apartment towers of Skyline Center, a complete display center was constructed which will also serve as the merchandising area for other portions of the complex as completed.
office space in six buildings; a commercial retail center with 400,000 sq. ft.; and a motel containing 400 units. The plan also indicated structured parking for 4,200 cars in the apartments and 6,200 underground spaces for office buildings and commercial in addition to about 900 spaces of surface parking. In all there will be parking for over 11,000 cars.

Work then began on finalizing details of the actual buildings. Size of apartments, apartment mix, amenities were now plugged into design specifics. In order to facilitate the translation of the overall site plan and concept into actual buildings and working materials, a local architectural firm took over the work on the design of the buildings. The first phase of the development was Skyline Towers—two 26-story buildings containing 940 apartments.

Simultaneously, the Smith Companies began to explore FHA financing under the 207 Program for Phase I (Skyline Towers) and Phase II (the first office building and the commercial area). Early 1970 was still a very bad finance market and conventional financing for $20 million of apartment construction was practically unavailable at terms which would allow reasonable rents.

Therefore, we decided early in 1970 to explore FHA financing under the 207 Program for Phase I. An FHA commitment was received in late 1970, and construction began in December 1970 before the loan was finalized, with the hope that the finance market would substantially improve before the loan would have to be closed. Concomitantly with the start of construction, the finance market began to improve. Between the time the commitment was received for Skyline Towers and the close of the loan in April 1971, the finance market had, indeed, improved substantially.

We were able to capitalize on this improved financial climate notwithstanding the early start of construction which was at our sole risk and expense. The decision to await improvement in the FHA market resulted in the fact that the loan was closed at 7 1/2 per-
cent interest rate with no discount points; originally an 8 1/2 percent interest rate with four discount points had been contemplated.

These substantial savings in financing costs worked to everyone's benefit since the reduction in rate and the saving in points was translated into substantially lower rents than were originally anticipated. With 3,400 units planned and an absorption target of 900 units per 18 months, we wanted to come on the market with a first-class product yet at the lowest economically feasible rents.

Excavation for the two 26-story towers was begun on December 18, 1970. Occupancy for the first two floors of the first tower is scheduled for December 1, 1971, with occupancy on the 26th floor for April 1, 1972. The second tower will commence occupying April 1, 1972 and be completed August 1, 1972. The two towers will have a four-story garage for 1,165 cars; a free-standing lobby will connect the two towers.

The apartments and amenities were designed for the long pull. Entrance foyers, numerous and large closet areas, spacious rooms, large balconies, and bathroom and kitchen decor were given special attention. Spaciousness was the prime consideration for the long-run health of the project. Efficiency units will comprise 640 sq. ft., one bedrooms 960 sq. ft., two bedrooms 1,300 sq. ft., and three bedrooms 1,745 sq. ft. These are outstanding apartments by any standards are far above those usually built under FHA programs.

The free-standing lobby has been meticulously planned and decorated; it includes facilities for administrative offices and 24-hour switchboard service as well as separate mail rooms for each tower. Five elevators serve each building and each floor has only 18 apartments. Laundry rooms alternate with storage areas on every floor. The garage is connected to the service level of each tower.

In keeping with the times, plans have placed heavy emphasis on recreational facili-
ties. There is a spacious, luxurious penthouse party room and sundeck on each tower roof. Located between the towers are a swimming pool and sundeck. In all the complex will include five swimming pools (four at the apartment towers and one at the hotel), a health club, a skating rink, two movie theaters, restaurants and a four-acre park.

To match the anticipated building tempo and to capitalize on our policy of having apartments occupied as soon after they are completed as possible, merchandising plans were begun in January 1971. It was necessary to design a detailed merchandising program encompassing the entire complex as well as a plan for achieving the immediate goal of successfully leasing the first 940 apartment units.

This phase of the operation also involved a team effort. Management staff drew together a team consisting of decorators, advertising and public relations people and a display firm, all of whom had worked together on the Crystal City display center. Out of these meetings and planning sessions, the design and decor of the Skyline Center display center was developed, so that construction on it could begin well in advance of first occupancy.

An analysis of the previous merchandising efforts for Crystal City indicated that by using a display center, nearly 60 percent of both Crystal Plaza and Crystal Towers was leased by first occupancy and that leasing started seven to 10 months before the first tenant could move in. This program allowed us to occupy and collect rents on apartments almost as fast as they were completed.

The entire complex was depicted in detail; a large model of Skyline Center and numerous displays portraying the apartments, office buildings, recreational facilities, enclosed mall shopping, etc., were included. The display center incorporated two actual typical apartments: a model one-bedroom and a two-bedroom unit. Decorating details for the two model apartments were meticulously worked out, and the advertising program and merchandising signs and logos were developed.

Construction of the display center was begun in February and it has been manned seven days a week since May 8, 1971, even though first occupancy of Skyline Towers will not take place until December 1, 1971. Over $200,000 will be spent on the display center and it is intended it will be in use through many of the phases of Skyline Center and well after each of the apartment towers is taken over by the management people.

It is estimated the project will take about six to seven years and will be built in five separate phases. When completed Skyline Center will have eight apartment buildings, six office buildings, a motel, an enclosed shopping mall, parking for over 11,000 cars, and numerous recreational facilities and well-planned open space for plazas and parks. It will represent nearly $200 million worth of construction. Nearly 30,000 people will either live or work at Skyline Center.

This "new city" is in keeping with our philosophy that it is desirable to combine residential, shopping, recreational and office building uses in an attempt to bring more life for more hours to the community. Skyline Center can provide a complete environment embracing one's work, one's home and one's leisure activities.

Sidney Glassman, CPM, is vice president of Charles E. Smith Management Company, Washington, D.C., and is in charge of its residential management department. He is presently serving as chairman of the Apartment House Council in the Washington Metropolitan Area. He is also an economic and real estate market consultant as well as a lecturer in real estate at American University. A frequent contributor to the Journal of Property Management, Mr. Glassman also has authored the book, "A Guide to Residential Management."
Several years ago there was a popular comedian on television who would do a skit each week with the theme, “Strange Things Are Happening.” To those of us who have been in the mobile home industry for more than a couple of years, we, too, can say, “Strange Things Are Happening,” as we look at our industry today and reflect on a comparison with yesterday.

The simplest way to capitalize on our new status is to say that for the most part we have gained acceptability and respectability. There are several reasons for this. First, there is a housing shortage and when you have a housing shortage during an inflationary period, ways must be determined to cope with both of these divergent factors. Mass production through the building of mobile homes on an assembly line can reduce the cost and increase the efficiency.

Another factor is Uncle Sam: Both the President and HUD Secretary George Romney have recognized that mobile homes and factory-built homes can do much to assist in filling the housing void.

Probably the greatest factor for the acceptability is related to our financially-oriented society. A few years ago some of the large brokerage houses began to take a look at mobile home manufacturers. They saw the possibility of great growth and as a result a few marriages were made. Once this happened some of the conglomerates got into the ball game and now many mobile home manufacturing companies are owned by these large corporations. One need only scan the financial pages of a large newspaper and note the many stocks listed on the NYSE, AMEX and OTC. In addition to mobile home manufacturers, there are also many suppliers of mobile home products that have gone public.

While mobile homes have now received acceptance in the financial community, don’t be misled to think they are necessarily receiving acceptance in the rest of the community. Many problems still exist. The main one is obtaining locations upon which to place mobile homes once they have been constructed. Many stumbling blocks have been put in their way. For example, some states have not been overly cooperative in allowing reasonable movement over their highways, and others have been reluctant to accept a factory-built home or mobile home manufactured in another state.

Although these problems are disappearing and national standards are becoming more a reality, the biggest problem still remaining (as it has from time immemorial) is that of local zoning. Many town officials still have the old “trailer park” idea in mind when they hear anything about mobile homes. Most of these people who pass such judgment have never been to a modern mobile home development nor have they been inside a mobile home in the past decade.

Although we tend to blame lack of expansion solely on zoning officials, the greatest fault lies within the industry itself. There are too many park operators who refuse to upgrade their properties. As a result the local populace is used to seeing an eyesore. If improperly operated, the park becomes not only a financial expense to the community each year but also a blight on the local environment.

While the mobile home development business is a good and profitable business (naturally assuming it is properly operated), it is not a business where you can receive quick profits from small investments. It requires a lot of money which is tied up for long periods of time.

For this reason, among others, most developers also go into the sale of the homes because this phase provides an immediate cash return. In this way, it is very similar to the real estate and insurance business; real estate provides immediate and large commissions, which fluctuate periodically, while insurance provides the steady, monthly in-
Appealing to the older couple whose children have moved away from home, the mobile home community can receive acceptance into a locale if carefully and continually upgraded.
come but takes years to build up in volume.

A continual upgrading program can be very painful and provide little in immediate profits. However, we have found that by creating developments which reflect prestige, pride, and good living as well as keeping them at an economical figure for their residents, we are now welcomed in many communities.

Our philosophy has been to cater to older couples; they are not particularly interested in a discount operation but in service and maintenance after the sale. They are very conscious of total environment—lots that are well-planned, attractive, properly planted and nicely landscaped. The balloons, pennants, flashing neon and glittering gimmicks do not indicate or add to good living.

Because of our philosophy of dealing basically with older people, we are able to go into a community and show them that a 200-unit adult home village will provide them with a net income of between $40,000 and $50,000 per year. In addition to this, there will be an increase of over $1 million annually of disposable income in the marketing area.

These figures usually attract attention within the community particularly where they are in dire need of tax revenue. While providing the community a good tax plum, we do not accrue any liabilities or expenses for the town. We build and maintain our own roads, sewage system, water system (if municipal services are available for water and sewage, we connect at our property line); we provide our own trash pickup and install and maintain our own street lights. The key to it all is that we do not have any school children.

Often when housing for the elderly is mentioned, people think of some form of subsidized housing. Yet many studies have shown that the percentage of elderly citizens relying on these types of accommodations is very small. Most of the people who make up the great group of "empty nesters" (those whose last child has moved away from home) have been through the Depression and a few recessions. They have earned

With spiraling building costs, modular or "factory-built" housing is becoming an accepted answer to this problem.
SAMPLE OPERATION OF A 200-HOME DEVELOPMENT  
(for Northeastern United States)

**INVESTMENT:**
- 42 acres of land and acquisition @ $4000 per acre (5+ per acre)  $168,000.00
- Improvement of 200 lots @ $4000 per lot  800,000.00
- Office, Community Hall, Pool  35,000.00
- Tools and Equipment  16,000.00
  
  **Gross Income:**
  - Rental from 200 lots @ $72.00 per month  172,800.00
  - Entrance fee 10 per year  5,000.00
  
  **Less 4% vacancy (average 2%)**  6,812.00

**Expenses**
1-Executive Supervision  $12,000.00
2-Manager, Clerical  5,400.00
3-Wages  13,000.00
4-O.A.B.  1,100.00
5-Accounting, Tax Return, Auditing  3,600.00
6-Legal Fees, Collection  500.00
7-Stationery, Office Supplies, Postage  500.00
8-Truck, Transportation  3,000.00
9-Dues, Subscription  150.00
10-Donations  120.00
11-Telephone  300.00
12-Electricity, Street Lights  1,200.00
13-Water  2,400.00
14-Material, Supplies  4,800.00
15-Misc. Skilled Labor  900.00
16-Property taxes, Permits, License Fees  10,000.00
17-Insurance  1,800.00
18-Patio repairs  1,200.00
19-Rubbish Collection  2,500.00
20-Snow removal  600.00
21-Machinery and Equipment, depreciation  900.00
22-Heat  150.00
23-Misc. expenses, Office Equipment  300.00
24-Interest 7%  70,000.00

**Net Income from Reserve & Ins.**  34,568.00

**Depreciation**

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<tr>
<td>Gain from depreciation</td>
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<tr>
<td><strong>Total Gain from Appreciation</strong></td>
<td><strong>149,151.00</strong></td>
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</tbody>
</table>

**Net Income from Reserve & Ins.**  34,568.00
their way through these crises and resent government handouts. These are our customers. They have lived in single-family dwellings most of their adult lives and do not want to or are not adaptable to apartment living. They still want independence and privacy, which can be provided for them in the form of a mobile home or a pre-built home properly placed on a nicely landscaped lot.

In 1970, 87 percent of our sales were to elderly people and 72 percent of all our sales were for cash. The reason for this is that we have been successful in creating a desire whereby elderly people have sold their large family homestead (which they bought for a song and now is fully paid for), bought an "adult home" and put the balance of the funds received from the sale into savings or investments.

Since we have developed parks mainly in the Northeast United States, our operating figures may differ considerably with those in other parts of the country. For example, figures presented by an association in California have indicated development costs of about $2,650 per lot plus the cost of the land. Our costs run somewhat higher for two reasons: We discovered that their lots were small (50 x 70) compared to ours (80 x 100) plus which the land upon which they were building was basically level and required no major grading. In the Northeast our land conditions are so different, we have expenditures on many lots for rough grading, filling and/or blasting and finish grading.

A rule of thumb based on figures from the California association shows 1/3 for operating expenses, 1/3 for debt retirement, and 1/3 for return on capital and profit. While we operate our parks efficiently and have no yachts, hunting lodges, country club memberships, etc., our expenses usually exceed 50 percent. Investigation determined that these figures represented a sole proprietorship, where no set salaries were involved, or an investor-type of ownership that donated time and services and relied only upon the year-end profit. Under our corporate set-up all officers get paid monthly in the form of a salary and profit-sharing bonus, which helps to account for our expenses being in excess of 50 percent.

Another big difference from an income approach is that most areas in the Northeast will not support rents of over $100 per month. In 1970 our average rent per month per lot was $51.50.

While it is difficult to give exact figures on one of our developments, a typical case study is presented here. The accompanying statement represents maximum costs and in many cases would be substantially less.

As older developments become fully depreciated (12 years), more funds become available, and expansion not only is desirable but is necessary if we are to keep the depreciation cycle in balance.

Mobile homes may not look as lucrative as many other investment possibilities, but they are not a "get rich quick scheme." A park takes many dollars for many years but it is a good long-term investment. It is also a good interim use for the land. In 25-30 years commercial or industrial growth toward a park may make the land so valuable that it can no longer afford to be run as a park. It can be sold at a handsome profit and the investor will have realized his costs plus a good net income through rents over the years.

Our conclusion is that there is an unlimited market waiting to be tapped in the mobile home development business, and it can be profitable if done wisely under proper guidance and operated on high standards.

L. Richard Nixon is executive vice president of Jensen's, Inc., Southington, Conn., which owns and operates 27 mobile home parks along the East Coast. Mr. Nixon has been in the mobile home industry since 1959 and has served as a consultant on mobile home developments to major companies; he has also assisted in writing mobile home ordinances for several communities. Previously, he owned his own insurance and real estate agency. He is a graduate of the University of New Hampshire.
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Management Guidelines For Real Estate In Trust,  Part 2

by Robert S. Thorne, CPM

Mr. Thorne concludes his descriptive summary of the functions performed by a property manager handling trust accounts. The first part appeared in the September/October 1971 issue of the Journal.

MAINTENANCE, REPAIR & UPKEEP

One of the selling points of trust service is that it provides specialists in many fields of management. It is not expected that a property manager be an artisan in all of the trades associated with the maintenance of buildings; however, a basic comprehension of the methods and objectives of maintenance is requisite to the performance of his duties. His aim should be to conserve the physical use of the property and at the same time provide the highest possible return in terms of money and usage over the life of the building.

One of the marks of a good trust property manager is reflected in the importance he places on the proper care and maintenance of property under his control. He sometimes is restricted or limited in what he can or should do by provisions contained in the will or trust agreement but he must apply the same considered thought to all maintenance problems.

Since no two properties are alike as far as maintenance requirements are concerned, there are no hard and fast rules to follow. However, there are certain factors that must be considered in order to arrive at logical conclusions concerning the maintenance and upkeep of property held in trust. The following paragraphs will suggest the most important of these as a guide in making decisions.

It is quite apparent that the type of building, its age, condition, kind of construction and present usage will affect any recommendation as to maintenance and repairs. If occupied by a beneficiary of a trust or by a life tenant, the occupant may be required to make repairs under the terms of the trust or life estate; the property manager may be called upon in an advisory capacity. Vacancy experience, convertibility, adequacy of utilities, condition of grounds, exterior appeal and compliance with building regulations may influence the extent of any maintenance program. Although certain steps should be taken to conserve the property, there may be several methods of doing so which will vary in cost and serviceability. The property manager will soon recognize that each type of property has problems...
peculiar to itself and that he cannot apply the same yardstick to them all.

A property management department can do a good job only if complete and current records are maintained regarding each property. This means that as soon as a property becomes the responsibility of the department, a thorough inspection must be made and a survey or data sheet prepared describing the property and its conditions with recommendations as to any maintenance program that should be followed.

This information should be supplemented or amended, as conditions may require, to reflect any material changes affecting the property after the initial inspection. If readily available, this will assist in making future urgent decisions quickly. Having dated pictures of the property on file may also be helpful.

It is well to prepare a schedule for periodic inspections of each property. In those instances where the property is occupied under a long-term lease or by a beneficiary under a trust, visits should be made regularly to ascertain the property is being adequately maintained. Special inspection of the property may be required if it is offered for sale, lease or rent, or is damaged by fire, windstorm or other causes.

On occasion, insurance companies, city building and safety departments or other governmental agencies may require that corrective measures be taken to eliminate hazards or structural violations. In other instances government authorities may wholly or partially condemn a property which would necessitate on-the-spot inspection. Upon making visits to the property, it is well to pay particular attention to any trend to change the use of properties or facilities in the area. An awareness of current local conditions may make it possible to avoid costly vacancies and maintain maximum income.

The three words maintenance, repairs and upkeep are synonymous and their common usage normally refers to action taken to prolong the appearance, physical life and/or the economic use of the asset involved. The quality and extent of the repair required to do this must be considered and this may involve using the same kind of materials, substitutes or, in some cases, material and workmanship of different quality. Occasionally, temporary emergency repairs will be required, at which time time estimates repairs will be obtained for the permanent repairs.

When it has been decided what work needs to be done, the property manager next must determine the scope of the work, what type of materials and skills are needed and estimate how much it will cost. It will be to his advantage to develop and maintain a file of reliable craftsmen, suppliers and contractors. In this way, without further investigation, he may quickly select the names of those from whom he wishes to obtain estimates, which expedites the award of bids.

In most cases, bids or estimates of time and material from at least three reliable contractors should be obtained before an award is made; this is especially important when bids are in amounts over, say, $150. As he gains experience and knowledge of labor rates for the crafts, mileage charges and prices of quality materials, the manager will be able to recognize a fair price when given by a reliable contractor.

While there is no uniform set of specifications that can be applied to every type of work, some of the most important points to consider and include are:

1. Job address.
2. Areas to be included.
3. Materials to be used (quantity and quality).
5. Time limits, inspections on acceptance of work.
6. Permits, building codes and inspections.
7. Responsibility and qualifications of contractor.
8. Guarantees, acceptance and payment.
9. Progress payments, certifications of work performed and inspection.
10. Contingencies.
11. Disputes, how handled.
12. Insurance.
13. Performance bonds and percentage withholdings pending satisfactory completion of work.
14. Penalties for late completion.

If work will affect structural members, plans may be required. On larger jobs, the services of an architect or engineering firm should be considered to produce plans and specifications and also to supervise the work. Standard contract forms of the Associated General Contractors of America, altered to fit the circumstances, may be used. These should be examined by legal counsel for adequacy of terms and condition and to see that they protect the trust account.

Keeping in mind the main goals of conserving the property and at the same time providing the highest possible return over the life of the property, it may be advisable to do more than is needed to correct the immediate problem. Replacement of equipment and furnishings may in some instances be more economical than repairing them especially if they have already been fully depreciated.

In some instances it becomes necessary to consider personal property, called "personalty," which is part of the real estate package. Personal property (as related to property management) primarily concerns equipment and furnishings.

In most cases, equipment (such as elevators, furnaces, hot water heaters, air conditioners, refrigeration units, built-in appliances, etc.) is attached to the building in some manner. Most furnishings are detached and their normal life is much less than that of the building in which they are used. This calls for a constant maintenance program on the part of the owner unless the property is under a lease which requires the lessee to maintain the equipment and/or furnishings.

Where the property is furnished, the property manager must periodically review the operation to determine the condition of the furniture and the status of any services provided the tenants. Any change in the operation should reflect an economic gain to be justified. Again, as in the case of real property, the manager may have many choices in grade, quality, and cost of materials for repairs or upkeep.

When preparing new leases or rental agreements, it is desirable to provide that the lessee be responsible for and make all repairs, both to the leased premises and furnishings included. Most lease forms provide for this except that the roof, outside walls and foundation are maintained by the lessor. In such cases, the lessor should reserve the right of periodic inspection to determine that the lessee is adequately maintaining the property and making necessary repairs as provided in the lease.

In the event the repair is the responsibility of the occupant or tenant, work should be inspected by the property manager when completed. If the repair is of a major nature, the tenant should be required to submit plans and specifications for approval, and consideration should be given to alternatives such as remodeling, replacement or renovation.

The standard lease form also requires that the lessee keep the premises free of liens of any kind. The lease should be examined before approval is given for work done by the lessee at his expense to be certain there is a hold on the lessee in the event liens are incurred.

Maintenance, repair and upkeep take an appreciable amount of a property manager's daily time. The more he learns about pricing, materials, labor rates, methods of application, etc., the more efficient he will become.

HOW PROPERTY IS DESCRIBED

The use of proper and correct legal descriptions in any instrument he has anything to do with is a mark of a conscientious property manager. To put out an instrument with a faulty legal description can cause expensive
Becoming familiar with legal descriptions of property, such as the commonly used section, township and range system shown here, is essential for the trust department property manager.

Trust Property con’t.

corrective procedures in addition to personal embarrassment.

The legal description of a tract of real property identifies it separately and distinctly from any other piece on the earth’s surface. Since the property manager is sometimes required to either write or check a description, it is important that he have knowledge of the various methods used to describe property.

There are three ways to describe property: (1) by reference to political subdivisions based on government surveys; (2) by metes and bounds; and (3) by reference to official recorded plats.

Almost all of the United States has been officially surveyed, mapped and monumented. While it is possible to locate any point on the earth’s surface by astronomical means in terms of longitude and latitude, it is common practice to describe and locate property in terms of sections, townships and ranges with respect to established principal meridians and base lines.

The metes and bounds method is used when the property is not covered by a recorded plat or where it is of such shape as to make it impracticable to describe it by any other means. Metes and bounds descriptions can be used to describe any property even though it may be legally described otherwise.

Since these descriptions employ surveyor’s terminology and are often lengthy and unintelligible to an untrained person, they should be written—or checked, if written by a property manager—by an engineer or the title company.

State statutes also provide for the recording of a plat with the county auditor showing public grounds, streets and alleys, and the lots and blocks properly numbered and their size. The plat is tied to reference points already of record and must be approved by the legislative body or planning authority having jurisdiction before any lots are sold. Once a plat has been filed, the legal description is given in terms of lots, blocks and additions.

In conclusion, land should be described in as simple a fashion as possible with due regard to legal requisites. In addition to title companies, the offices of the county auditor and treasurer will make public records and maps available and will gladly assist anyone in resolving problems with descriptions.
THE APPRAISAL PROCESS

To deal effectively with property, the property manager relies heavily on an appraisal of the property before making a decision which might have bearing on its value. Therefore, a knowledge of appraisal methods is vital to the property manager's performance.

An appraisal is an estimate, an opinion. It may or may not be accurate, depending on the basic competence and integrity of the person doing the appraising and upon the soundness and skill with which he processes the data about the property.

An appraisal's worth is also influenced by the availability of pertinent data. It is usually a written statement of the appraiser's estimate of value on a specific date, for a specific purpose, and is supported by the presentation and analysis of factual and relevant data.

When making an appraisal, it should be made clear what "value" is to be determined. The word "value" as applied to real estate has many meanings. The assessor is apt to think in terms of what he calls "assessed value." Lending institutions use the term "loan value." Insurance people refer to "insurable value." Landlords and tenants speak of "rental value." To serve for corporate mergers, the issuance of stock and revision of book figures, accountants refer to "going concern value."

From this it can be seen that a property can have more than one value on a specific date. With so many descriptive adjectives attaching themselves to the word "value," it is important to consider the most important one of all, the one a property manager is most apt to require in his work. That term is "fair market value."

This also has suffered from lack of definite description. The commonly accepted description is one taken from decisions in eminent domain cases: "The highest price in terms of money that a property will bring in the open market, providing a reasonable time is allowed for a ready, willing and able seller to find a ready, willing and able purchaser, both acting without compulsion and both parties being fully informed as to its advantages and disadvantages and both acting intelligently."

Another important and useful term is "highest and best use." This is the use which at the time of the appraisal is most likely to produce the greatest net return to the land and/or building over a reasonable time. The return may not always be in terms of dollars. It may be in the form of amenities. An attractively wooded urban site may, for example, have its highest and best use as a public park, or a private dwelling may render a net return in the form of agreeable living far outweighing a monetary net rental yield.

Directions to the appraiser must clearly state the value sought. When an appraisal is to be used in connection with the sale or purchase of real estate, the fair market value is sought. This value then is used to set the selling price.

To make a final estimate of value, the appraiser considers three different approaches in connection with the property: the cost approach, the income approach and the market data approach. He tests the validity of the results of these approaches by correlating them against factual data and then arrives at his disinterested opinion of value.

Appraising is not an exact science. It is a recognized procedure. The resultant opinion of value depends largely on the skill, knowledge and integrity of the appraiser. It can be seen that the appraisal is a useful tool in setting a price, but the price finally settled upon, however, is determined by the willing buyer-willing seller concept. It has been aptly said that the appraisal sets value; the people, working in an unfettered free market, set the price.

The purchase of an appraisal report, whether for sale purposes, to determine insurable values, leasehold values or values in connection with condemnation or for any other purpose, should be considered whenever the situation warrants it.

SALE OF TRUST PROPERTY

The sale of real property may be directed by the terms of the will or it may become necessary because of a need to raise funds for expenses of administration, payment of taxes, cash bequests, debts of the decedent, or, in short, when it is to the best interest of the account and interested parties.

From the property manager's standpoint, many properties under his supervision can be managed effectively and profitably or, if not profitably, they can be developed to produce favorable rates of return. Others soon demonstrate that their income-producing capability cannot be improved measurably, indicating they should be sold, using
the proceeds to improve other property in the same account or to reinvest at a better rate of return.

When it has been determined that a property is to be sold, it is the duty of the property manager to realize the highest price possible in the market place. The starting point in setting a listing price is a staff appraisal or one made by a qualified professional appraiser. The appraisal should be checked against the estate appraisal when the subject is applicable.

The listing price should include a negotiating amount over the sum considered to be acceptable if received. Once the listing price has been publicly announced, it is difficult, if not impossible, to raise it. If an appraisal has been made by a competent person, the listing price should not be so ridiculously in excess of it that the property will be priced out of the market. A conscientious broker will not accept this type of listing.

Often a trust account will hold an undivided fractional interest in a property with the remainder held by others. Consent of all parties to the proposed sale should be settled and obtained before the property is listed. It will save time and embarrassment if a written authorization is obtained from the other interests to list the property at an agreed minimum acceptable price and that if this price or one in excess is obtained, they will execute all papers in connection with the sale and conveyance.

Exclusive listings and rights to sell should be avoided if for no other reason than that the bank's hands should never be tied. However, the trustor or principal in an agency account may request it be so listed.

In sales of leased properties, the leases should be examined to see if the lessees have the right of first refusal.

Sales emanating from probate cases must be handled within the framework of the probate code. The will should be examined to determine if the bank has power of sale. If it does not, notice of sale should be given as required. It is important that the sale proceedings comply strictly with the statutory requirements. For instance, a return of sale dated one day short of the time limit may be picked up by the title company who might not insure the title. Thus, the sale will be ineffective.

The staff appraisal and listing price in a probate case should be checked against the estate appraisal. If necessary, an appraisal report should be purchased. Too wide a spread can be reason to enter a motion for a reduced estate appraisal.

Sales emanating from probates and/or guardianships are made in conjunction with the trust administrator and account attorney. Close liaison should be maintained to assure an orderly proceeding of the sale in accordance with legal requirements.

A major item of concern in the sale of real property are the taxes levied on the property. Taxation is one of the most important limitations on the ownership of property. Taxes and assessments are liens on the property, and if not paid when due, interest and penalties are added and under certain conditions the property ultimately may be sold. The extent of the tax burden varies greatly among properties.

Taxes on real estate are of two principal types: 1) general property taxes imposed by the state, counties and municipalities; and 2) taxes imposed by special taxing authorities such as school districts, etc. All taxation is subject to change and it is therefore prudent to check with local taxing authorities and with tax counsel regarding specific problems.

While the laws are made at the state level, the administration of them is carried on for the most part at the county level by elected officials.

It is customary to prorate the taxes in a sale, the buyer reimbursing the seller for the unexpired portion. If the taxes had not been paid prior to the closing date, they would be paid out of the earnest money and prorated in the closing of the transaction. The seller, of course, would be charged the accrued interest on any delinquency in addition to his share of the taxes.

There are, of course, many types of business taxes, including a tax on the operation of rental units. These are not "real estate" taxes as such but a manager would do well to consider them and their implications in the management of his properties.

Robert S. Thorne, CPM, is vice president and manager of the Trust Real Estate Department, Seattle-First National Bank. Previously, he served 15 years as a real estate officer for the Corps of Engineers and for several years was actively engaged in his own real estate business. He is a member of the Seattle King County Board of Realtors and this year is serving as president of the IREM Western Washington Chapter. He is a graduate of Whitman College with a B.A. in economics and business administration.
Editorial:
The Wage-Price Freeze

by Lloyd D. Hanford, Sr., CPM

The 90-day wage-price freeze period is almost over at this writing, but we have been assured that in the following months, continuing controls will be placed on our economy. Those of us who believed a freeze should have been instituted long ago when our economy was in serious trouble now find ourselves in a brand new ball game.

The gray areas and unanswered questions regarding the freeze have proved frustrating to all of us during this period. However, it is the writer's sincere conviction that wage-price controls are necessary to stop runaway inflation and the concurrent destruction of our democratic system. However, controls must be all-inclusive and totally free from political expediency.

With the reasonable assurance that the "freeze" in some form or another will be extended (for how long, nobody knows), it is apparent that the role of the executive property manager, i.e., the CPM, is greatly enhanced in its importance to the investor.

With rents frozen it is necessary to utilize every mean for reducing vacancies and keep rent losses to absolute minimums.

High efficiency in building operation must be re-examined in terms of cost to find savings wherever possible which will offset uncontrollable items such as taxes. Tenant relations must be carefully administered to avoid undesirable tenant turnover. More than ever the manager will have to apply his professional skills to insure the highest economic advantages to ownership and without prejudice to the physical welfare and value of the property.

The frustration brought about by the freeze will cause the average investment property owner to look about for assistance. Faced with many unfamiliar economic problems, he needs professional assistance. The CPM is singularly qualified for this complex assignment.

We of the Institute of Real Estate Management are possessed of the essential skills, training, experience and organization; we seek the opportunity to prove the value of our services.

Lloyd D. Hanford, Sr., CPM, principal in the firm Hanford-Freund & Co., San Francisco, was IREM national president in 1958. He is currently a member of the faculty for IREM Course II and Course III. He also serves IREM as Editor of the Journal of Property Management. Mr. Hanford holds membership in the American Society of Real Estate Counselors and the National Institute of Real Estate Brokers as well as Lambda Alpha, honorary land economics fraternity, and the San Francisco Advisory Council of the American Arbitration Association.
Stopping the Static In Your Apartment

by Harry L. Rockwood, CPM

Many of us who have walked into a new, modern apartment building have had our “hair raised” by the static electricity shock received after walking across a nice, plush carpet. This, of course, is the physical result we feel if a building does not have proper humidification. Other reactions relative to the physical items of the building itself are also taking place: Carpeting and walls soil easier; cracks appear faster in either plaster or drywall construction, and, if there are furnished lobbies or foyers, the furniture itself can “dry out.”

With proper central air humidification, these problems and the discomforts can be minimized. In addition, central humidification can be of benefit to the tenant or unit owner in his own apartment.

If you have lived in an area that has low humidity (such as the Great Lakes area in the winter), you may have experienced the dry, itching condition of your skin. If a room or apartment humidifier is placed in the apartment, you will note that skin dryness clears up and in many cases nasal problems are improved. This is also true in buildings which are equipped with central air humidification.

Central air humidification can be a great asset both in leasing and general long-range maintenance.

There are several methods of humidification that can be considered. Dry steam is the efficient answer to humidification, and the advantages of steam humidification are:

1. Steam is immediately absorbed by the air.
2. There is practically no change in dry bulb temperature.
3. No mineral dust is introduced into the ventilating air.
4. It is easy to control.
5. It creates no sanitation or odor problems.
6. It is economical to operate.

In all methods of humidification, water must be converted to vapor and the vapor must mix with the air in the area to be humidified.

Many buildings being built today have ideal air handling systems that can be adapted to modified central humidification. An excellent example of this took place in a five-year-old 14-story condominium on the north side of Chicago. This building has 218 apartments, covering over 25,000 sq. ft. per floor. Design was such that central humidification was added to the air handling unit for less than $2,000.

Fortunately, this building, as a condominium, has a Board of Directors which was extremely interested in maintaining the property. After preliminary research with the management engineering department and the Johnson Service Company (our “control” people) it was decided to install a steam grid humidifier within the central air handling unit.

This unit was located in the basement of the building and supplied steam heat to two sets of coils, pre-heat and re-heat. The humidifier was to be controlled by a humidistat located on the far discharge side of the ductwork; it would maintain approximately 35 percent relative humidity at 75° day-bulb temperature when the outside air was −10°F. The fan system was designed to handle 20,200 cfm air volume and the minimum steam pressure had to be 6 psi in sufficient quantity at the fan system.

After thorough research and engineering studies were completed, the equipment was

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To find the Relative Humidity, assume the reading of the "Dry-Bulb" is 45 and the "Wet-Bulb" is 40; subtract the "Wet-Bulb" reading (40) from the "Dry-Bulb" reading (45), which gives a difference of 5. Follow down the column headed ("5") and read across the table from "Dry-Bulb" reading (45). We find the relative humidity is 64%, where the two lines intersect.

Table 1: Determining Indoor Relative Humidity
The following formula should be used to calculate the moisture requirements for a space in which no outdoor air is introduced and the air changes per hour are dependent on the natural infiltration and exfiltration. For average construction, changes per hour range from one to three. Using two (2) changes per hour is suitable for comfort humidification calculations.

\[
H = V \times (W_2 - W_1) \times R
\]

\(H\) = pounds of moisture per hour required to maintain indoor design conditions.

\(V\) = volume to be humidified in 1000 cubic feet of standard air.

\(W_1\) = pounds of moisture in 1000 cubic feet of standard air at outdoor temperature and relative humidity which exists at time of maximum humidifying load. (See Table 2.)

\(W_2\) = pounds of moisture in 1000 cubic feet of standard air at desired space conditions. (See Table 2.)

\(R\) = number of air changes per hour.

Example: Outdoor air conditions = \(-10^\circ\mathrm{F}\) at 25% R.H.

Total volume to be humidified in 1000 cubic feet of standard air = 100

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**Table 2: Determining Moisture Content (Pounds Per 1000 Cubic Feet)**

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Journal of Property Management
With forced air make-up or exhaust, the number of air changes in a building will increase greatly from three times per hour. The following formula should be used for calculating humidifier requirements where a positive quantity of outdoor air is being introduced into the space by air handling equipment.

\[ H = \frac{\text{cfm} \times (W_2 - W_1) \times C}{16.7} \]

- \( H \) = pounds of moisture per hour required to maintain indoor design conditions.
- \( \text{cfm} \) = volume in cubic feet per minute to be humidified.
- \( W_1 \) = pounds of moisture in 1000 cubic feet of standard air at outdoor temperature and relative humidity which exists at time of maximum humidifying load. (See Table 2.)
- \( W_2 \) = pounds of moisture in 1000 cubic feet of standard air at desired space conditions. (See Table 2.)
- \( C \) = per cent of outdoor air handled at time of maximum humidifying load.

**Example:**

Outdoor air conditions = 0°F at 30% R.H.

Percent outdoor air handled at time of maximum humidifying load = 33 1/3%

Required \( \text{cfm} \) handled = 10,000 \( \text{cfm} \)

Desired space conditions = 76°F at 40% R.H.

**Solution:**

\[ C = .33 \]

\[ W_1 = .021 \]

\[ W_2 = .552 \]

\[ \cdot H = \frac{10,000 \times (.552 - .021) \times .33}{16.7} \]

\[ = 104.9 \text{ lbs. per hour} \]

installed. The success of this installation has been most favorable to management. Many unit owners have commented that they no longer use the humidifiers in their apartments as much as they previously were. Our own inspections reveal a cleaner public area and the problem of static electricity has been solved.

There are several items that should not be overlooked in considering this type of installation:

1. Make sure the duct system is properly balanced on each floor.
2. Check the operating costs, including heating the steam, water usage and boiler treatment.
3. Have an adequate boiler or steam supply.

Investigate the possibility of central air humidification. Your tenants, unit owners and staff will be pleased. You will undoubtedly find that over a period of time you will experience savings in carpeting, furniture and decorating expense for the minor cost of operating and installing central air humidification.

Harry L. Rockwood, CPM, is operating manager for Lakehurst Development Corp., Waukegan, Ill., which is a division of Arthur Rubloff Company. He entered the real estate management field following service in World War II and has had experience with builders and developers as well as Realtor management firms, in the office building, apartment and shopping center fields. Mr. Rockwood is a graduate of Western Reserve University.
Computerizing the Management Office

by George M. Hahn

Journal of Property Management

May, 1970
As a moderate-sized property management office, we had absolutely no knowledge of computerization prior to the spring of 1969. To us it meant General Motors, the federal government, etc., but circumstances brought us face-to-face with the 20th Century and we are delighted with the result.

Our firm was founded over 50 years ago and has grown steadily through the years. At the beginning of 1969 the opportunity arose to acquire another property management firm which would increase our tenancy by 60 percent. As attractive as this appeared to be, our enthusiasm was dulled by the thought of expanding our quarters—or even moving—to accommodate the additional personnel and records necessary to handle this growth.

After reviewing our dilemma with our accountants, they recommended we discuss the matter with a data service company. We approached Applied Systematics, Inc., and presented our problem. In the beginning, their familiarity with real estate management was as limited as was our knowledge of data processing, but they had a strong software/hardware capability and their systems analysts and programmers were experienced and eager to tackle our situation.

Our first step was to designate someone of our organization to act as liaison between our firm and the data service company. His role was to act as an information center, alternately to describe our operation to the systems analysts and programmers and to explain the system to our staff.

We emphasized to the data service firm that getting the system “on stream” as quickly as possible was critical. The winter months, with boiler breakdowns and tenants at home, are when the bulk of problems occur. We had also been told by acquaintances that it would take six months to establish a workable system and that we would have to keep dual records, computer and manual, until the two were synchronized. As it turned out, we were on the computer in 30 days.

Dubbed REDACS (for Real Estate Disbursement and Collection System), rent billings and collections were tested in April 1969 and placed into actual operation on May 1. Disbursements for all expenses followed in June. Then came the owner’s statements, the most important part of the system. This report indicates all receipts and expenditures processed by management during the month as well as the profit or loss on each building for each owner.

Integrating the records of the acquired company took only a day and a half; it was just as fast as we could write the tenants’ names and rents on a sheet of paper for transmittal to the system. Additionally, we retained only one-third of the acquired firm’s office staff, eliminating the need for larger offices, more furnishings and, of course, a larger payroll. In fact, the payroll savings represented by the people it was no longer necessary to retain went a long way toward paying for the cost of REDACS.

We now have a computerized system that validates, balances, and posts all rent payments and generates a weekly collection report showing the arrears status of all tenants by building. All disbursements are summarized by vendor and checks produced on a weekly, semi-monthly or monthly basis. Furthermore, the system validates, controls, balances and posts disbursement items to appropriate building records. Additionally, it prepares detailed statements of building income, monthly tenant status reports for owners, owners’ checks and rent due bills for the following month, as well as calculates commissions or service fees due for each building.

Although we designed a system specifically for our purposes, it can obviously be adjusted to fit almost any management operation. One thing is certain; it does increase the ability to manage more properties without a directly proportionate increase in costs. For example, the data service firm estimates that an office employing a staff of six to
<table>
<thead>
<tr>
<th>Door APT</th>
<th>Tenant Name</th>
<th>Previous Arrears</th>
<th>Basic Rent</th>
<th>Charges or Allowances</th>
<th>Total Due</th>
<th>End Arrears</th>
<th>Received Amount</th>
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<td>ST1 101</td>
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<td>750.00</td>
<td>15</td>
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<td>750.00 CR</td>
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<td>Henry Beck</td>
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*** Total ***

785.14 2976.57 710.66 CR 2994.14 56.91

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**Summary of Collections -- As Per Attached**

<table>
<thead>
<tr>
<th>Previous Arrears</th>
<th>Basic Rent</th>
<th>Charges or Allowances</th>
<th>Total Due</th>
<th>End Arrears</th>
<th>Received Amount</th>
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</thead>
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<td>785.14</td>
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<td>710.66 CR</td>
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<td>2994.14</td>
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**Disbursements**

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<td>Central Petroleum Corp</td>
<td>CENT OIL 66684</td>
<td>179.95</td>
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<tr>
<td>William Bailey &amp; Son Inc</td>
<td>BAI PLBG</td>
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</tr>
<tr>
<td>Central Petroleum Corp</td>
<td>CENT OIL 119932643-5 BWY</td>
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<tr>
<td>George Stein Co</td>
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<tr>
<td>Amsterdam Roofing Co</td>
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<tr>
<td>Pealgreen Supply Co</td>
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<tr>
<td>Pealgreen Supply Co</td>
<td>PEA SUPP 11196</td>
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<td>Rudy Tanowitz</td>
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<td>Misc Disb</td>
<td>852 SUPT REM RUBB</td>
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<tr>
<td>Ha Ha Management Corp</td>
<td>Overspent</td>
<td>655.00</td>
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<tr>
<td>ExceIIor Extrimtr &amp; Ch</td>
<td>EXC SERV APR</td>
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<tr>
<td>Misc Disb</td>
<td>902 Cartage</td>
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</tr>
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Monthly tenant status reports are prepared for the owner (above) as are collection and disbursement summaries (left); management office retains printout on tenant master file (opposite page).
manage 150 buildings with 5,000 tenants, 25 owners and 200 vendors might typically have a direct payroll cost of about $4,000 a month. Twice as large a staff to handle double the volume would raise this expenditure to $8,000 monthly. With REDACS, a staff of four could administer the smaller volume for the same $4,000, including the cost of REDACS, or the six could carry the greater load at a total cost of $6,700.

It is simply a matter of teaching your people to make the computer do the work. We prepare regular transmittal forms for various types of information. These are sent to the data service on a weekly basis, even for statements we require monthly, so that the information is gradually fed into the computer and readily available. Data out on Friday comes back on Monday, so we are not without a set of current books for more than an hour on Friday afternoon, which is no inconvenience at all.

This isn't to say we didn't have some reluctance in the earliest stages. As I mentioned previously, we hadn't dreamed that computerization would come to our firm so soon. We were very fortunate in having a fine bookkeeping department. In fact, we considered our chief bookkeeper as part of our management and trusted her work unquestionably.

However, the computer's logic differs from the traditional bookkeeping method, and it took the bookkeeping department a reasonable amount of time to adjust. To have a figure of $10 in a column, add $2 to it and have the $10 replaced by a $12 figure was too radical a step at this juncture. We needed crossfooting, all the pluses and minuses, before getting a total at the bottom. In the last analysis, our inventory is money and we must account to the owners for their cash flow. Through discussion, observation and inquiry we found solutions, learned
the capabilities of the system and are growing with it.

In this last connection, we found a payroll program that was particularly suitable to our needs. We were able to tie in a card system from a completely different company into our system simply by making the payroll a vendor, as a plumber would be, and having the cards put into REDACS automatically.

There are other amplifications we would like to make later. We would like to get a printout, for example, of all the painting contracted for various buildings, or on how much we paid the plumber over the course of the year. REDACS, as it exists for us now, has given us a much lighter work load to carry and the capacity to increase our business 50 percent without increasing our staff by anymore than, say, 10 percent. It even gets our people out of the office at five o'clock. In short, REDACS has worked well for us over the past two years, and we're contemplating a greater involvement with computerization in the future.

George M. Hahn is president of the Hahn Management Company, New York City. He has been in the field of property management since 1943 when he started with the firm of Bing & Bing. He then joined the real estate firm his father established in 1918. The company now manages approximately 200 buildings having 5,000 tenants, in the New York City area.
Condominiums Aren’t for Amateurs

Today’s Certified Property Manager must be prepared to become involved in one of the largest management markets appearing on the horizon in all parts of the country: I am referring to cooperatives and condominiums. They are becoming popular everywhere and have been built or are on the planning boards in areas where nobody would have believed them to be considered.

Included in these areas are the downtowns of large cities; people are willing to purchase an apartment close to where the action is—where they work, where they shop, where they enjoy good restaurants and theaters, etc. People also are willing to invest in an apartment as a hedge against inflation and as an escape from rents that continue to escalate every year.

Managing these properties is certainly not an easy job. However, if there were no problems, there would be no need for our services. What should be of concern to us all are the amateurs—the husband and wife teams—who are being employed to manage these million dollar complexes. This, in part, is due to our own neglect of the great potential in this field of professional management.

Once we realize that our services are needed and recognize the earnings that can be derived from managing these types of properties, we must decide how to prepare ourselves to be leaders in the field. First and foremost is the need to educate ourselves so that we have the answers when we have an opportunity to submit a management proposal. IREM should develop a special course on the subject as well as a management contract for general use in this type of building.

We must become aware of some of the problems and pitfalls of cooperative and condominium management as well as of the fees and other benefits that accrue. It is important to understand why these types of properties need our services. To illustrate this point, the following fictitious account of a condominium membership gathering is presented:

“The membership meeting of the condominium was adjourned about 5 p.m. just in time for the new members of the Board of Directors to get together with their wives for a cocktail. Congratulations were in order since they had just been elected to serve all of the owners in their brand new condominium for the coming year. As they departed, the various owners stopped to congratulate each new director.

“A week later, the directors met to select their officers from among themselves—a president, vice president, secretary and treasurer. This was accomplished in good order and the board’s attention was then directed to the affairs of the building.

“There were only 60 apartments in the building and it seemed not too much time or effort would be necessary to keep everyone in the building happy and content. As the first official meeting of the board, new business was introduced.

“The vice president mentioned he had noticed a number of things still not yet completed by the developer in the lobby, parking areas, landscaped areas and recreation rooms. A list would have to be compiled and sent to the developer and, of course, all the directors would need copies.

“The treasurer stated that the attorney for the developer had advised him a bank account had to be opened, an employer number applied for and a set of records (ledger) set up for the association.

“The secretary advised the group that she had received five calls during the last few days from various owners who had voiced complaints about unfinished items in their apartments. What was the Board of Directors going to do about it?

“The president said a budget had to be
prepared so that a proper maintenance assessment could be established. He was quite sure the amount established by the developer would not be enough to operate on an even keel. There were certain improvements the owners wanted and a great variety of items. The lobby floor, for example, had not been carpeted by the developer and everyone knew they wanted a nice lobby. But what color carpeting should be purchased? Should they get bids from different carpet dealers or select one who sold the president his carpeting? And who is going to supervise the janitors?..."

And so it went with this board of directors, who found themselves working for a group of owners as hard as they did in their business lives.

Perhaps this building will hire a man and wife who have the idea they can handle the job very easily. The man is retired and his wife gets along with all types of people (she thinks), and there really isn't much to the job after all. They receive a salary and in many cases are given a furnished apartment in the building. This couple comes into very close contact with the owners and directors of the building. Some of the owners and directors will like the resident managers and some will not. As a result, the turnover in resident managers is very high.

A professional property management company can handle this job in a much more efficient and satisfactory manner for all concerned. Every building that comes into the management portfolio gets the benefits of professional experience in buying, budgeting, employing of personnel. It recognizes the many facets of co-op and condominium management that nonprofessionals and boards of directors never even give a thought to in the everyday operation of the building.

Banks, insurance companies, lending institutions and other mortgage companies should be made aware of our interest in this field of endeavor. Their interests will be better served by professional management.

In return for management services, you can earn management fees which should not be less than $75 per year per apartment. As manager, you also have inside knowledge on all owners who wish to sell or lease their apartments. We know from experience that the public is constantly moving and relocating and they travel a great deal. This gives management leases and resales which can be lucrative.

Let's get the nonprofessionals out of a business that needs Certified Property Managers who have the know-how and the desire to do the job right.

William B. Campbell, Sr., CPM, heads Campbell Property Management and Real Estate, Deerfield Beach, Florida, managing over 1,000 rental and condominium units in the North Broward County area. Previous to this he was executive director of Realty Management Corp., a subsidiary of Coral Ridge Properties. He presently serves as president of the IREM Florida East Coast Chapter. He is also a director of the Florida Atlantic Builders Association.
The real estate practitioner who believes that property management is little more than collecting rent is living in the past. We hope he isn’t beyond help, but we realize that while our book, *The Real Estate Management Department*, may produce a wonderful revolution in some offices, it can’t work miracles. What it can do, however, is provide you with a step-by-step, “how to do it” procedure when you find that you must or should set up a real estate management department. The cost is only $7.50.

Did you know that a properly operating management department in a brokerage office is a real source of benefit to the broker in ways other than the tangible management fees? Are you aware of benefits available to the client whose property is placed under the care of a professional manager? Your office can’t really offer complete real estate service to the public unless you are grounded in this subject.

After you decide to set up a management department to augment your present services, will you be aware of the ethical responsibilities of the manager and the tested objectives and policies of the well-run management business? A “no” to any of these questions shows a need for the professional education available to you at modest cost—$7.50—in *The Real Estate Management Department*.

A bonus to the educational chapters is the extensive collection of business forms which has been reproduced at the end of the book. These forms are in use today by many successful offices in the real estate management field. A discussion of the use of time-saving, standardized forms in management is also included as the single topic of an entire chapter.

Other chapters included are: Budgeting the Operation of a Management Department, Management Procedures, Management Contracts and Fees, Insurance for the Property Manager, Management Policies, and Building a Management Business.

Because of the overwhelming demand for an updated book of this nature, this new and revised edition of *The Real Estate Management Department* is destined to follow its predecessor in becoming a desktop guidebook for the profession and a constant source of practical reference material. We know you’ll use and appreciate the latest word in professional property management, *The Real Estate Management Department*.

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New Products

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Send Inquiries to: Journal of Property Management,
155 East Superior, Chicago 60611

11-1 PATIO DECK
Reddi-Deck, preassembled redwood patio deck units, is available from Georgia-Pacific Corp. Reddi-Deck comes in individual 4-ft. or 3-ft. square units constructed of 2-in. by 4-in. surfaced redwood lumber. Extended framing supports provide for level interlocking of all sections, allowing squares to be used singly or together. Installation requires no carpentry and units can be laid down by building maintenance personnel.

11-2 BUILDING COATING
An invisible protective building coating, Hydron 300, has been introduced by Samson Chemical Corporation. It has been designed to protect surfaces against dirt, atmospheric pollution, the ravages of weather and the scars of graffiti artists. It can be applied to concrete, stone, pre-cast concrete, brick, limestone, granite and marble. Hydron 300 inhibits the passage of water but its “breathing” quality allows moisture trapped in masonry to be released in vapor form. It can be applied with spray, brush or roller.

11-3 COMMUNICATIONS SYSTEM
The S. H. Couch Division, ESB Inc., has introduced a communications system for residential hotels, dormitories and similar multiple dwellings normally attended by a lobby receptionist. The system consists of a master station with a flush-mounted speaker-microphone and a calling button for each room. Room stations consist of a well-mounted speaker-microphone with a message lamp, call button, push-to-talk button, “on” button and reset button. The system is powered by solid-state amplifiers.

11-4 TELEPHONE LOCK
The Bor-Lok Phone Lock, made of unbreakable plastic, can prevent unauthorized outgoing calls. The device can be attached or removed with one hand. It has a three tumbler combination lock and no key is necessary to unlock it. It is available with the same combination for people having more than one telephone.

11-5 AIR PURIFIER
The Elcar Electronic Air Purifier is designed to deodorize and disinfect the air without use of chemicals. It purifies recirculated air by means of a cold electrical discharge which creates an oxidizing agent that destroys microorganisms in the air and on room surfaces. The activated oxygen also attacks the carbon structure of airborne and surface smoke pollutants. Four models are available, ranging in capacity from 3,000 cu. ft. to 300,000 cu. ft.

11-6 DETECTION EQUIPMENT
The Gard Division of the Pannier Corporation offers a variety of Gard-Duty components to provide 24-hour alerts against personal and property harm or damage. The following Gard-Duty sensors are available: Personal/Gard to provide an immediate signal indicating hold-ups and/or bodily harm; Money/Gard for safeguarding cash drawers; Ultra/Gard to warn against forcible entries or unauthorized presence; and Fire/Gard for monitoring temperature and smoke build-ups. These wireless sensors, on being activated, send their signals to the Stand/Card which in turn alerts an off-premise central security station or sounds an on-premise alarm.

11-7 FAUCETS
A full-color, four-page brochure depicting the Delta Faucet Company’s line of Delex two-handle faucets is available. It details information on Delex faucets’ rotary cylinder valve system which eliminates conventional compression washers. The system has no stem threads or washers. Manufacturer claims it is close to being a virtually drip-free faucet.
modular plastic dome has been designed as a youth recreation center for teenagers. The fiberglass structure is weatherproof and flameproof and can be equipped with a juke box, soft drink machine and other recreational facilities.

11-9 SHOWER/BATH CONTROLS
Powers Regulator Company has a four-page bulletin on its Hydroguard Series 410 pressure-equalizing shower and bath controls. The unit protects bathers from steamy blasts or icy bursts by keeping water pressure equalized. Failure of the cold water supply for any reason shuts off delivery to tub or shower. Models include choice of Lucite or chrome lever handles, shower heads, tub fillers, diverting valves, integral volume controls, checkstop or combination strainer-checkstop valves.

11-10 CARPET NOSING
Rubber nosing for carpeted stairs is being offered by the R. C. Musson Rubber Co. The nosing extends back 3 1/4" from front edge of step and 1 1/2" of this is a "lap-lip" over which the carpet is laid. It also extends 2" down the top of the riser, including a 1" lap-lip which is used if the riser is carpeted or is easily trimmed off if carpet is not used on riser. Nosings come in black, brown, sand and off-white and standard lengths of 4 and 6 ft., with 60 linear feet to a carton.

11-11 CHEMICAL DE-ICER
Hartline Products Co., Inc., announces its Instamelt chemical ice and snow remover. Its ice-melting chemical removes ice deposits in temperatures down to 55 degrees below zero. Instamelt is not harmful to skin or vegetation and is non-toxic, according to manufacturer. Applications include sidewalks, bridges, parking areas, porches, drains, down-spouts, ramps, etc. It comes in 5, 10, 24, 50, 100, 300, and 500 lb. packages, and in pellet form or chip type.

11-12 SELF-SERVICE GAS PUMP
The Tokheim Corporation has introduced a self-service gasoline dispensing system, called the Dollar Fuel Dispenser. Customer obtains gasoline by inserting one dollar bills into a conveniently-placed validator. If the bills are valid, the customer turns on the operating handle to dispense fuel into the tank. The unit requires no special plumbing or wiring. (Self-service gasoline dispensing is currently approved in 33 states, subject to local, city and county zoning laws and ordinances, with approvals pending in several additional states.)

11-13 DRY CHEMICAL FIRE EXTINGUISHER
A 10-lb. stored pressure dry chemical fire extinguisher has been introduced by the Ansul Company. The Sentry "10" employs a Foray multipurpose extinguishing agent. It is effective on wood and paper fires as well as flammable liquids and electrical fires.

11-14 CARPET CLEANING MACHINE
The 20-inch Micro-Master carpet cleaner from Clarke Floor Machine Co. employs its "micro-mist" cleaning concept. This method applies cleaning agents to carpet nap in tiny droplets or mist which allows the cleaning solution to envelope carpet fiber for thorough cleaning action. Dirt loosened by solution and brush action is held in suspension until it dries into crystals in hour or less. The four-gallon solution tank permits cleaning of approximately 900 sq. ft.

11-15 GAS-FIRED BOILERS
American-Standard, Inc., has a series of gas-fired hydronic boilers designed primarily for modular installations. The line consists of two basic boiler units series, one a 5, 6, or 7 section boiler with input of 264 or 396 MBH, and the other a 8, 9, or 10 section boiler unit with starting inputs of 462 MBH. The pre-assembled cast iron boilers are compact and designed for facilities where heat demands are not always at peak level and where stand-by capability is desirable.
O perating techniques & products bulletins/operating techniques & products bulletins/operating techniques & products bulletins...

how many can we put you down for?

Carpeting, trash compaction, temperature control, fire detection, total energy systems, boiler maintenance... these are only a few of the pertinent topics that have been covered in recent issues of IREM’s monthly OPERATING TECHNIQUES AND PRODUCTS BULLETIN. Each Bulletin covers an area of interest to those involved in the operation of a management office and in building maintenance. Every issue is carefully researched and prepared to bring new information on services and products designed to streamline office procedures and maintenance techniques. Running from 8 to 16 pages each issue, the Bulletin is published on sturdy paper stock, durable enough to withstand hand-to-hand circulation among management and maintenance staffs. Pre-punched holes facilitate easy binder storage for quick reference.

Now in its 26th year, the IREM OPERATING TECHNIQUES AND PRODUCTS BULLETIN continues to strive to present facts and figures on those areas vital to property management operation. Below are listed some of the most recent titles, which can be purchased for $1 each. Pick out those most useful to you and send in $1 per report. We’re sure you’ll like these useful, informative bulletins and will want to keep them coming as a regular part of your up-to-date management library. A yearly subscription to the Bulletin (12 issues) is $10.

Enclosed is a check for the Bulletins indicated above, at a cost of $1 each (U.S. funds). Return to: Institute of Real Estate Management, 155 E. Superior, Chicago, Ill. 60611

☐ #262 Brownouts and Building Operation
☐ #261 Innovations in Fire Protection
☐ #260 Roof-top Heating & Cooling Units: A Statistical Survey of Maintenance Problems
☐ #259 A New Look at Resilient Flooring
☐ #258 Techniques for Rodent Stoppage
☐ #257 Water-Cooled Lighting Environmental Systems
☐ #256 Another Look at Refuse Disposal
☐ #255 Products—What Is New?
☐ #254 Aluminum—Identification and Care
☐ FREE: Complete Bulletin Index

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☐ Convert my Journal subscription to include Bulletin Service and send pro-rated bill to cover remaining subscription period.
11-16 ELECTRIC DOOR OPENER
An electric door opener that unlocks and locks outside and indoor doors by remote control is available from the Trine Manufacturing Corporation. The Model No. S001 is offered in two different types: When energized, one opens doors normally kept locked, the other locks doors usually kept unlocked. Both types are available with a satin brass or satin chromium finished.

11-17 CONDENSING UNIT
General Electric announces a line of through-the-wall condensing units for apartments. The 30,000 BTUH unit features a two-speed direct drive fan and "Climatuff" compressor. It is designed primarily to be used with an electric air handler. The system is a solution to the problem of cooling apartments equipped with electric resistance baseboard, ceiling cable heating systems or close coupled electric heaters with air handlers. Units are also available in 18,000 and 24,000 BTUH capacities.

11-18 FLOOR CARE MANUAL
A floor care program for retail stores of all types is available in booklet form from the Advance Machine Company. It gives recommendations on techniques and materials to use as well as the most efficient cleaning frequencies and work patterns. The Store Care Booklet is available on request.

11-19 TELEPHONE AMPLIFIER
Announce-A-Call from Todd Enterprises is a transistorized unit that amplifies telephone conversations and allows telephone user to talk independently from the receiver. The unit is battery-operated and has no wires to attach. It picks up conversations from any part of the room and provides hands-free telephoning. The unit amplifies only in-coming calls; reply is not distorted. When receiver is replaced on telephone cradle, Announce-A-Call automatically turns off.

NEW JOURNAL REPRINTS
Three new monographs based on articles from the Journal of Property Management are now available from IREM. Titles include:

- Apartment Marketing—Timetable for Success
  By Edward N. Kelley, CPM. A step-by-step guide to setting up a merchandising program for a new apartment development.  
  PRICE: $3.00.

- Experience Profile: Management for Lower-Income Residents
  A series of articles from JPM by property managers and others experienced in the facets of managing housing for low-income tenants.  
  PRICE: $4.00.

- Feasibility Study Techniques: Apartment, Office Building, Shopping Center, Condominium
  Four separate articles, each defining the elements of a feasibility study for a particular property type.  
  PRICE: $3.00.

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Institute of Real Estate Management
155 East Superior Street
Chicago, Illinois 60611
tangular or urn-like flower pot shapes are available; the latter can be designed as hemispherical, conical, dished, flared or elliptical in widths from 24" to 120".

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(Act of August 12, 1970: Section 3685, Title 39, United States Code)

1. Title of publication: Journal of Property Management
2. Date of filing: October 6, 1971
3. Frequency of issue: Bi-Monthly
4. Location of known office of publication: 391 Steel Way, Lancaster, Pa. 17604
5. Location of the headquarters or general business offices of the publishers (not printers): 155 East Superior Street, Chicago, Ill. 60611
6. Names and addresses of publisher, editor, and managing editor. Publisher (Name and address): Institute of Real Estate Management, 155 E. Superior St., Chicago, Ill. 60611. Editor (Name and address): Lloyd D. Hanford, Sr., CPM, 47 Kearny St., San Francisco, Calif. 94108. Managing Editor (Name and address): Janet Seefeldt, 153 E. Superior Street, Chicago, Ill. 60611.
7. Owner: (If owned by a corporation, its name and address must be stated and also immediately thereafter the names and addresses of stockholders owning or holding 1 percent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual must be given.)
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8. Known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages or other securities (If there are none, so state): None.
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   B. Paid circulation:
   1. Sales through dealers and carriers, street vendors and counter sales: None
   2. Mail subscriptions: 6,063
   C. Total paid circulation: 6,063
   D. Free distribution by mail, carrier, or other means:
   1. Samples, complimentary, and other free copies: 1,308
   2. Copies distributed to news agents: None
   E. Total distribution (sum of C and D): 7,371
   F. Office use, left-over, unaccounted, spoiled after printing: 1,080
   G. Total (Sum of E & F)—should equal net press run shown in A): 8,453
   The actual number of copies of single issue published nearest to filing date:
   A. Total no. copies printed (net press run): 9,640
   B. Paid circulation:
   1. Sales through dealers and carriers, street vendors and counter sales: None
   2. Mail subscriptions: 6,220
   C. Total paid circulation: 6,220
   D. Free distribution by mail, carrier, or other means:
   1. Samples, complimentary, and other free copies: 1,400
   2. Copies distributed to news agents: None
   E. Total distribution (sum of C & D): 7,620
   F. Office use, left-over, unaccounted, spoiled after printing: 2,020
   G. Total (Sum of E & F)—should equal net press run shown in A): 9,640

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