

A Property Managers COVID-19 Survival Guide

Is it possible for your property management company to not only *survive*, but also to *thrive* during the COVID-19 crisis?

In order to make 2020 a successful year we recommend having a plan. This PM Survival Guide is designed to assist your property management company with creating that plan.

Rather than worrying and having anxiety, focus on what you can control. These are 5 parts of your business you can start to control today.

1-Communication

Communication is an essential part of your property management business and it has never been more important than it is right now. Your tenants are scared, your owners are worried, and your employees are confused.

Tenants

- Tenants are scared, and some can't (and some won't) pay their rent during this event – be prepared for that.
- What percentage of your tenants currently pay rent online? Use this as an opportunity to get more tenants to use your online rent payment option. This will save your company time and money in future payment processing.
- Create a pop-up alert on the home page of your website that gives information on your office access – which is probably closed.
- Have a doc or webpage to share with your tenants that gives rental assistance contact information for those residents having trouble paying rent.
- Have a policy for how you will work with those residents that don't pay rent. As states vary on legal eviction options, we won't make recommendations other than be sure your policy is fair and compassionate.
- The media is watching – be cautious in how you are communicating with your residents. You don't want to be featured on the nightly news as the big bad landlord that this trying to evict a low-income resident who is currently in the hospital on a ventilator (yes – this was a headline story this week in our local media).

Owners

- When your owners don't hear from you, they don't know how hard you are working.
- If your owners have tenants that are not paying rent, communicate with them weekly on the status. Even if your communication is just to tell them that you are still waiting for the courts to open next month.
- If they are having cash flow problems, encourage them to contact their lender and request a loan deferment. Share the information from the CARES act that allows property owners to delay mortgage payments for up to 1 year. **We have included a link to the CARES act in the resource section below.*
- Most landlords are more generous than they get credit for. Ask your owners if they would like to offer any financial rent credits to their tenants. We put this out as part of our owner communication and our owners graciously contributed over \$20,000 in one-time rent credits ranging from \$50, to one month free.
- Video communication is often more effective than e-mail communication. If you are comfortable doing it, record a video update to your owner-clients, post it to youtube, then send them a link. When your owner-client is able to see your face and hear your voice – it will work to strengthen your relationship in a way that is difficult to do using e-mail.

Employees (we call them Team Members)

- If your team members are working remotely, that creates unique challenges for them, as well as you.
- The news is full of stories of layoffs and unemployment. If your company is financially strong and does not anticipate having to layoff anyone – then share that info with your team members. Tell them that their jobs are safe and thank them for their hard work in this challenging time!
- Ensure each remote team member has clearly defined measures of success, and they understand what they should be spending their time working on. Set weekly 1x1 calls with each team member to check in for feedback and accountability.
- Set a weekly video conference or Zoom meeting with your entire team and require all team members to turn their camera on so that everyone can see each other's smiling face! (Having the camera on will also force them to actually comb their hair 😊)

2- Operations

If you are operating under any type of stay-at-home order, you know it has changed business for everyone. Stay flexible and nimble so that your business can react quickly to changes in:

Rent Collection

- If your rent collection is down by more than 10%, that may reveal a weakness in your applicant scoring model. Take the time to review and if needed, improve your applicant scoring model.
- Set a goal to double the percentage of tenants paying rent online. Offer tenants a financial incentive to set up recurring payments if that helps.

Turnovers

- You may experience less turnover than a normal season as tenants are more focused on security and stability and don't want to move during this crisis.
- This may cause a reduction in your leasing fee income.

Showings

- If you have never used electronic lockbox options for self-showing, now is the time to at least test that process.
- Consider promoting and offering a hard-surface disinfecting clean prior to a new tenant moving in. This would be in addition to your normal cleaning process.

Inspections

- Due to social distancing, you may need to 'pause' occupied property inspections for the next 60 to 90 days.

Lease Renewals

- As we enter what many PMs consider 'lease renewal season', it is not a good time to be increasing rents. Consider leaving your rents unchanged on renewals; or letting tenants go month-to-month with no increase; or 'pausing' your lease renewal process completely until we get past this crisis.

Remote Workers

- If your team members are working remotely, they have their own challenges. Make sure they have the tools they need to accomplish the tasks they are responsible for.
- Does your phone system allow your employees to either transfer their calls or to take their office phone and work seamlessly at home? If not, contact your phone provider as it may be time to upgrade your office phone system.
- All of your documents should be stored on a cloud-based server so team members can access them remotely.

3- Financials

Be prepared for your income to drop during this crisis.

- Track your management fee income as compared to this same month last year. What is the percentage of decrease? Anything less than a 10% reduction should be considered a success!
- Track your leasing fee income and late fee income categories closely.
- If you do not have a business savings account (called retained earnings for you accountants), now is the time to start! Open up a business savings account with your bank and start transferring 1% of your gross income each month into this account. Over time this balance will increase and serve as a buffer during times of stress, as well as a resource for times of opportunity.
- Go through your Profit & Loss statement line by line and look for unnecessary expenses that you can cut or reduce. Make it your goal to cut 5% of your expenses in the next 30 days. (I talked to a PM who did this last month and they found over \$700 in monthly recurring “membership” fees alone that they didn’t use and cancelled!)
- When was the last time you called your advertisers, your cable, and your phone company and asked for a better rate?
- Spend a little time every day focusing on how you can find a little more, save a little more, and spend a little less.

4- Opportunities

Times of crisis always create opportunities. Our company mantra has always been “*follow the opportunity*”, and this crisis (like all others before it) will create opportunities for those who are alert and nimble.

Buying Real Estate

- Expect some owners may want to sell their rental property when they find out that they can’t evict their non-paying tenant for 4 months (as is the case for owners with FHA loans). This may be an opportunity for you to purchase some rental properties directly from your owner clients.

Gaining New Owner-Clients

- Some real estate owners who were planning on selling may now consider renting their home instead. We could see a new wave of “landlords by default” because of a slowdown in the sales market.

5- What Else?

There are many other parts of your business you will need to address, and this is not meant to be a comprehensive guide.

Social Media

- There are many opinions and a lot of “noise” in the social media world about what you should or should not be doing right now. This can cause ‘information overload’ and will only increase your anxiety. Limit your Facebook and social media time to 30 minutes a day. If you do that – I promise that your anxiety will go down!

Relationships

- Property Management is the service you sell, but it is not the business you are in: *you are in the people business*. Take time to connect to the people around you and focus on how you can help them. Doing this will result in long term success for you and your company.

Extra Time

- If business is slow, you may have more free-time than you would normally have this time of year. If so, use this time to focus on those parts of the business you have been neglecting. Write down your top 3 priorities for the next 90 days and set aside 1 hour per day until you have them done.
- Start to document your processes using ‘position specific system manuals’ so that you are less people dependent and more system dependent.

Leadership

- Narrow your focus to the day and week in front of you. Don’t look too far ahead as it is OK to feel like you are only treading water right now.
- Leadership is easy when things are going well, but effective leaders are forged during adversity like this. Don’t shy away from the challenges in front of you. When this is over, you will look back on what you did and what you said – what will you think of yourself?
- Stay positive and energized! Make your mental and physical health a priority. The people around you need clarity and motivation and *you cannot give to others that which you do not possess yourself*.

6- Resources

This guide was created by Marc Cunningham of Grace Property Management and www.PropertyManagementSystem.org

- Our property management training site for all things property management including video coaching, forms packages, system manuals, and more. www.PropertyManagementSystem.org
- Our Denver property management company website where you can see the 'pop-up' alert we created for our clients, as well as our owner informational video blog-posts. www.RentGrace.com
- The 5 pages of The CARES ACT S4024 covering the "Temporary Moratorium on Eviction Filings" out of the 880 pages CARES Act. https://www.thslawfirm.com/wp-content/uploads/2020/04/CARES_ACT_%C2%A74024.pdf
- Information on the mortgage forbearance part of the CARES ACT for property owners <https://www.consumerfinance.gov/coronavirus/cares-act-mortgage-forbearance-what-you-need-know/>
- Samples of the 11 position specific system manuals we use for our team member training and accountability. <https://www.propertymanagementsystem.org/systems>

Sponsors

