**Unit 7**

**Lecture Outline**

**LEARNING OBJECTIVES**

When the student has completed this unit, they will be able to accomplish the following.

* Explain the functions and responsibilities of the property manager and the primary responsibilities of real estate management positions, including site manager, property manager, portfolio manager, and asset manager; how licensees will provide competent and trustworthy property management services by improving and/or preserving the physical property (i.e., its envelop and mechanicals), while improving the property’s net operating income.
* Explain rent types and lease clauses.
* Explain how a comprehensive understanding of a property’s income and expense statement provides a template for delivering competent and trustworthy property management services.

**KEY TERMS**

anchor stores

boiler and machinery insurance

business interruption insurance

capital expenses

capital reserve budget

casualty insurance

Certified Property Manager® (CPM)

contents and personal property insurance

corrective maintenance

Division of Housing and Community Renewal (DHCR)

fiduciary

fire and hazard insurance

general agent

household income

industrial property

lessee

lessor

liability insurance

management agreement

management proposal

market analysis

maximum base rent (MBR)

multiperil policies

neighborhood analysis

office property

operating budget

planned unit development

preventive maintenance

property analysis

property maintenance

property management reports

property manager

regional analysis

rent control

rent roll

rent stabilization

replacement cost

residential property

retail property

risk management

Section 8

security deposit

stabilized budget

surety bonds

tenancy for years

variable expenses

workers’ compensation acts

**LECTURE OUTLINE**

**I. PROPERTY MANAGEMENT**

1. Property manager
   1. Operations
   2. Financial reporting

**II. REAL ESTATE MANAGEMENT**

1. Site manager
2. Property manager
3. Portfolio manager
4. Asset manager
5. Responsibilities

**III. PROPERTY MANAGEMENT SERVICES**

1. Property condition and risk
2. Claims
3. Risk and capitalization (CAP) rate
   1. Capitalization rate and value
4. Increase new operating income (NOI)

**IV. RENT TYPES AND LEASE CLAUSES**

1. Setting rental rates
2. Negotiating leases
3. Concessions
4. Tenant options
5. Standard clauses
6. Rental vs. usable area
   1. Rentable area
   2. Usable area
   3. Loss factor

**V. A PROPERTY’S INCOME AND EXPENSE STATEMENT**

1. Deriving the net operating income (NOI)
   1. Step 1: Income analysis
   2. Step 2: Operating expense analysis

**VI. PLANNING AND BUDGETING**

1. Market analysis
   1. Regional analysis
   2. Neighborhood analysis
   3. Property analysis
   4. Owner objectives
2. Budgeting

**VII. MARKETING**

1. Marketing activities
   1. Advertising
   2. Selecting tenants

**VIII. MANAGING LEASES AND TENANT RELATIONS**

1. Renting the property
2. Residential property
3. Commercial property
   1. Base year
   2. Tenant proportionate share
4. Operating/real estate tax stop
5. Real property tax clause
6. Direct operating escalation clause
7. Porter’s wage rate escalation formula
8. Penny-for-penny
9. Fringe benefits
10. Fixed percentage increases
11. Consumer Price Index (CPI)
12. Medical offices/medical office building
13. Retail property
14. Industrial property
15. Hotels
16. Residential leases
17. Creating effective strategies
18. Creating effective programs
19. Excessive tax assessment
20. Operating capitalized and stabilized budgets
21. Fair housing and ADA laws
22. Functioning and energy consumption
23. Various building codes
24. Manager’s obligations to the owner
    1. Goals
    2. Maintenance
    3. Criteria, future of the project, and reporting
25. Environmental laws
26. Emergency plans

**IX. THE MANAGEMENT AGREEMENT**

1. Other property management considerations
   1. Collecting rends
   2. Tenants’ rights
   3. Mobile home parks
   4. Hiring employees vs. contracting services

**X. SKILLS REQUIRED OF A PROPERTY MANAGER**

**XI. THE MANAGEMENT FIELD**

**XII. RENT REGULATIONS**

1. Rent control
2. Rent stabilization
3. Housing Stability and Tenant Protection Act (HSTPA) of 2019
4. Succession rights

**XIII. SUMMARY**