

Professional Property Management

Outsourcing the management of your chapter house to a local professional property management company may be a great opportunity for your corporation. Below are answers to common questions regarding outsourcing your property management.

What will a property manager do?

The property manager will:

- Collect rent from tenants
- Manage tenant leases
- Manage Security / Damage Deposits
- Room check-in and check-out inspections
- Common area inspections
- Assess the building for roof, mechanical or structural repairs and then work with the house corporation to budget for the repairs
- Hold the chapter accountable for their maintenance duties
- Provide timely customer service to the tenants
- Process and conduct evictions
- Reduce variable expenses
- Improve parent relations
- Improve alumni relations
- Improve Chapter and House Corporation relations
- Assess the proper market rental rates to keep rates competitive
- Achieve high rental collection rates
- Have working relationships with qualified repairman, construction firms, and supply vendors in the community to help get you a good price and quality work

Of course, the house corporation will decide what specific functions they want the property manager to handle. All or some of the list above. The house corporation should be prepared to discuss specific duties when talking with a prospective property manager.

How much does a property manager cost?

Do not base your decision on price alone. Property management companies typically charge either a % based fee, in the range of 6-10% of the total gross

annual rent collected or a flat fee, typically \$400-\$600 per month depending on size of facility and the scope of their duties. Property managers normally achieve at least a 90% collection rate. This collection rates is probably higher than your house corporation's collection rate. The increase in collections alone will likely pay for the property manager's services. In addition, vendors and contractors are more price competitive when dealing with an established property management company, with whom they would like to have a long-term business relationship. As well, some insurance companies offer discounts on property insurance if a professional management company manages the facility.

How do I find a professional property manager in my area and what do I need to look for in a management firm?

Ask local real estate professionals for referrals of management companies they believe do good business. Look for a manager whose office is located close to your facility, and that manages similar types of properties. Ask the management company for references and what type of priority they are going to give your facility in respect to other properties they manage. We suggest you interview at least three different management firms before making your decision.

Should we have a written contact with the property manager?

Yes, there should be a comprehensive written contract between your House Corporation and the management firm.

How do we implement a property manager program at our chapter house?

Step #1:

Have the Chapter House Manager attend House Corporation meetings and discuss hiring a professional manager. Highly encourage the Chapter House Manager's input.

Step #2:

Once a professional manager is interviewed and hired (see above). Have a meeting of the House Corporation and Chapter Officers to explain the decision of hiring a professional manager and go over the details of the management agreement.

Step #3:

Have a meeting of the House Corporation, Chapter Officers and the Property Manager. This meeting should take place shortly after step #2.

Step #4:

Continually Educate – A House Corporation Representative should attend at least one chapter meeting per academic semester along with the property manager. This meeting should be attended by all members. At this meeting, review the details of both the lease between the House Corporation and Chapter and the property management agreement.

Modified from Pi Kappa Alpha Fraternity