



Viewpoints

With experience comes perspective, and this article from a longtime HAA supplier member offers some observations and predictions from longtime HAA owner/management leaders.

By **KEN BOHAN**, The Liberty Group

As HAA celebrates its 50th anniversary, we have an ideal opportunity to both reflect and forecast. As a 34-year member of the association, both as vendor and a small owner, I have some personal views. In addition, I have taken the liberty to reach out to some long time friends and business associates who have been involved with HAA and the profession via a questionnaire. Their input and depth of understanding has made the task of penning this article far easier.

DICK LAMARCHE

Dick LaMarche is president of Creative Property Management. He has been in the apartment industry since the late 1960s and was with Hill & White for 13 years. His first position in the industry was construction punch out on-site manager.

LaMarche said the two biggest changes he has seen in his career involve Fair Housing law and local ordinances. There is constantly something new every year. He is pleased with HAA's ability to work with City Hall and said, "City Hall listens even if they do not always agree."

The three most notable innova-

tions LaMarche has seen affect finance, operations and leasing. Finance has become high-tech, whereas originally everything was by hand. Operations have become more professional with better-educated staff and the availability of college degrees with programs tailored to real estate and property management. The industry has moved from a mom-and-pop mentality to a much more sophisticated business.

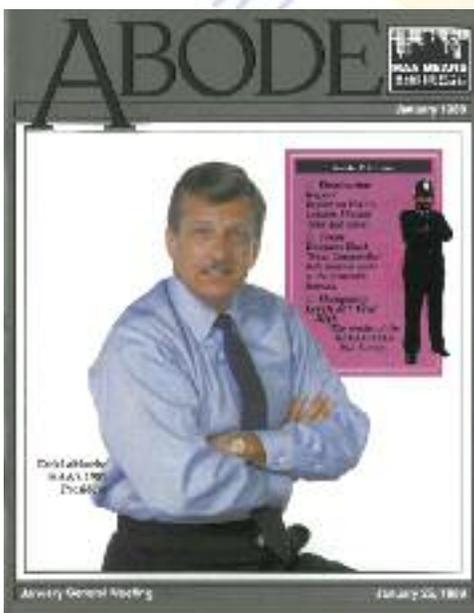
"HAA has allowed me to contribute back to the industry," said LaMarche, who considers his work with HAA, especially raising PAC money with the golf committee, a career highlight. "The association has been a source of education as I have gone through the committees, officer roles and president. The Hall of Fame was the culmination of a great ride. HAA provides everyone the opportunity to grow professionally."

He sees keeping up with trends, marketing and changes in demographics as the three biggest challenges going forward for the industry.

DAVID HARGROVE

C. David Hargrove is currently president and partner of Greystone Asset Management. His first position in the industry was property supervisor for Greystone.

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1960-2010

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Other innovations Hargrove noted have broadened and advanced the business. Funding became available through many more sources (although this has not been so much the case during this recession), and underwriting has become more sophisticated and improved due to technological advances. Operations have also changed with technology.

In addition, Hargrove said the approach to management has taken on the aspect of a service business, not just a commodity.

“Leasing has become a true sales position, not just an order taker,” he said. “Communication, social media and new marketing sources have changed the way apartments are marketed.”

Hargrove counts his HAA presidency and place in the Hall of Fame as professional highlights. He also enjoys teaching and being able to serve as a TAA and NAA delegate.

He says the three biggest challenges going forward will be continuing to attract well-educated and motivated professionals to the industry, keeping those ever-busier people active in trade associations, keeping the association on top of relevant issues and keeping face-to-face interaction relative to the individual’s success in the industry.

JACK DINERSTEIN

Jack Dinerstein has been in the industry since 1972 and is currently president and CEO of DMC Management and The Dinerstein Companies. His first job in the industry was as an assistant superintendent. He says the three biggest changes he has seen in his career have to do with finance and the regulatory climate: the tax law change in 1986 and the creation of the Resolution Trust, the creation of the commercial mortgage-backed securities market and Wall Street entry into the commercial debt markets, and the collapse of Wall Street and the corresponding “Great Recession.”

He also counts the CMBS markets among the three most notable innovations during his career, as well as the computerization of operations and the increasing focus on professionalism and education in the industry.

Dinerstein is proud to have led the team that raised the equity for HAA’s current office building.

“With a goal of \$250,000, we raised well over \$1 million,” he said.

Dinerstein sees numerous challenges ahead for the industry. He expects that refinancing and development loans will be more expensive and more difficult to obtain.

“We are definitely living through interesting times,” he said. “The apartment industry we have known over the last 10-15 years is changing and changing fast. For the foreseeable future, this new landscape will not be a friendly one to apartment developers and owners. ... That said, unlike many other industries, our business is not going away. People still need a place to live, and if anything, the combination of appealing demographics and the continued problems with homeownership paint a bright picture for apartment owners.”

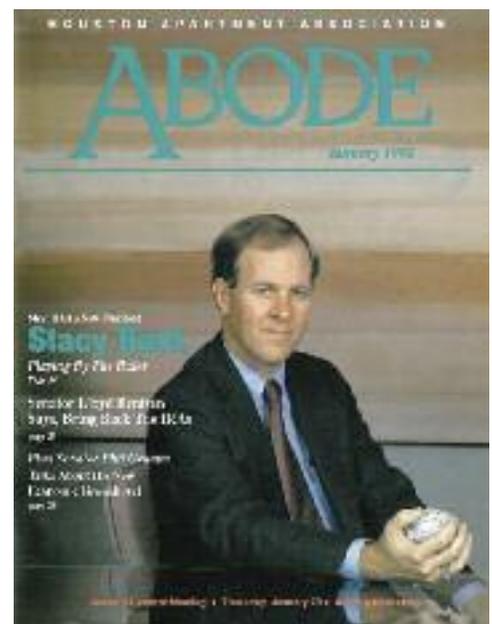
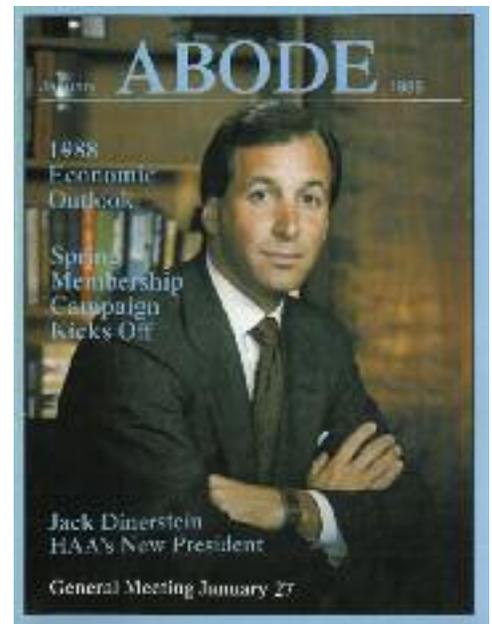
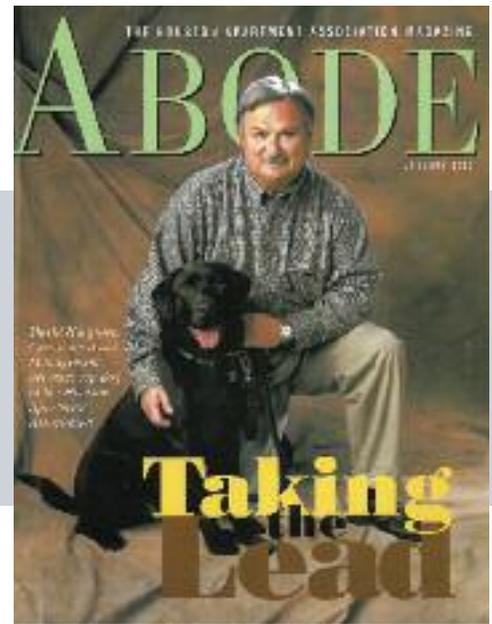
EILEEN SUBINSKY

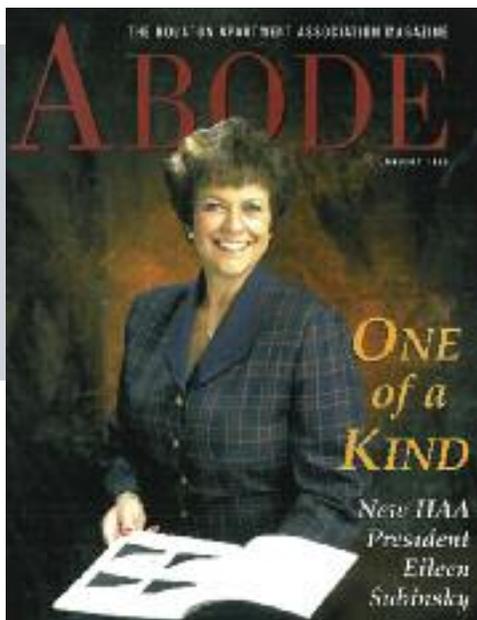
Eileen Subinsky is currently vice president at Michael Stevens Interests. She has been in the apartment industry since 1970, beginning as manager of a 100-unit community in Jacksonville, Fla.

Like her peers, she has witnessed the increase in professionalism and education and training programs, as well as the introduction of computers and software packages that have expanded the ability to track industry and property trends.

“This enabled owners and managers to improve performance through analysis of available data that did not earlier exist,” she said.

Subinsky also notes the vast expansion of





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vendor services – “everything from basic apartment supplies and turnkey makeready services to marketing companies that assist in generating traffic to improve occupancy and better service the needs of residents” – as an important development.

“The industry bar has been constantly raised over the last 50 years on the level of quality expected and demanded in property operations,” she said. “Education, minimum skill levels, certifications, licensing and experience are routinely required for employment and promotion. The introduction of computers in the early 1980s opened the door for a whole new and ever-expanding facet of operations, starting with the computerized rent roll and working up to social networking sites and webinars for education. Computerization has been and will continue to be the most notable innovation for operations. The difficulty for most of us is keeping up with the ever-changing trend.”

She sees the creative financing packages developed over the last 15 years as an important innovation and says that federal Fair Housing regulations and ADA requirements, including the elimination of all-adult communities (other than senior housing) have brought about radical changes in the design, scope and operation of apartment communities.

“Fifty years ago HAA was an organization made up of local developers and owners, concerned primarily about local legislation and how city government would impact their cost of development through legislative fees and restrictions. It was a group of white, middle-aged men who fought vigorously to champion the apartment industry in Houston, Texas,” she said. “Today the organization has proudly expanded to include and embrace diversity in race, gender and every facet and employment responsibility of our growing industry. We are proud of the inclusion and contributions of our associate members who represent all of the trades that support the apartment industry. We have branched outside of Houston and realize that areas outside our city have an equally strong impact on our operations, so we have a

state and national association, which emerged from the grassroots leadership and involvement of HAA.”

Subinsky believes that legislative challenges will take center stage going forward and says that HAA must take the lead by encouraging members to maintain high ethical and quality standards of operation and finding and supporting reasonable pro-business candidates for elected positions, as well as continuing to encourage elected officials at the local, state and national levels to recognize the importance of rental housing so that future housing legislation is not slanted to unfairly favor single-family housing.

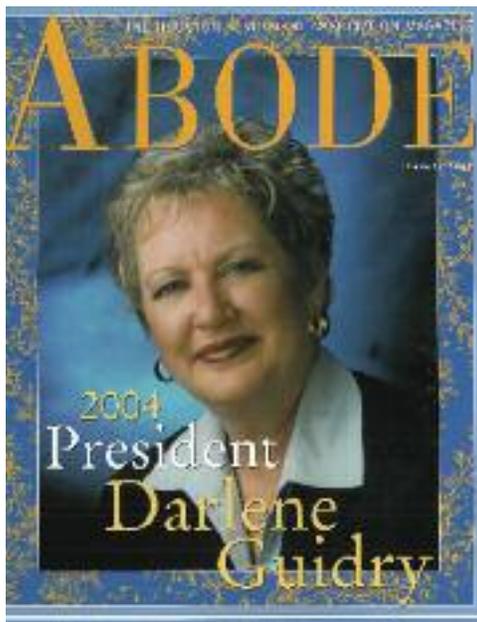
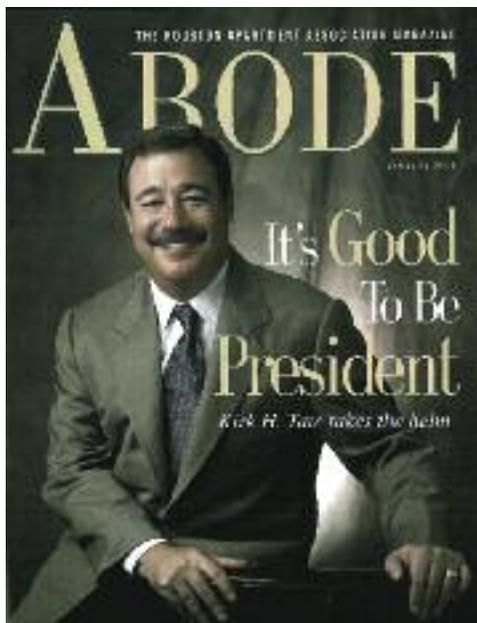
STACY G. HUNT

Stacy Hunt is currently executive director of Greystar Real Estate Partners. He started in the apartment industry in 1982 as a development associate. Two of the biggest changes he has seen in his career are financial.

“The softening of residential mortgage credit standards for home purchase was the worst change for the apartment industry during my career,” he said, but “the entry of public equity into the industry through the real estate investment trusts has been a tremendous positive change as REITs like Camden have essentially had R&D capital to push for innovative policies and procedures such as water and sewer cost pass-through, revenue management and other game changers that paved the way for betterment of the industry.”

Hunt cites the improvement in technology, training and career opportunities for young people joining the industry as a great trend and believes that the improvement in the quality of architecture and construction techniques since the 1990s has been a very positive trend for our industry. He also points to the technological and financial innovations such as securitized debt and CMBS financing, as well as the advent of excellent accounting and financial reporting software systems, as positive trends.

Hunt has long encouraged both his own staff and others to become involved in and support-



ive of HAA and all of its activities, especially education and political affairs, and his leadership of the HAA Better Government Fund PAC has had a significant impact on fundraising. He sees three legislative issues as the biggest challenges on the horizon: proposed taxation of promoted interest as ordinary income, possible unionization of on-site staff if "card check" legislation is passed and a potential return to easy credit and lax underwriting of mortgages for homebuyers.

KIRK TATE

Kirk Tate is a partner of Orion Real Estate Services and a past president of HAA and TAA. He began his career in the apartment industry in 1976 as a leasing consultant and says the three biggest changes he has seen in his career are the total real estate collapse in the mid 1980s; the Fair Housing Act of 1986, which eliminated all-adult communities; and the increasing quality of apartment homes built today, which far exceeds that of earlier times. He believes that mortgage-backed securities and the computerization of the industry have also made remarkable impacts. His contributions to the association over the years include founding the Challenge Cup Golf Tournament to raise money for the NAA PAC and representing HAA on the Mayor's Task Force after Hurricane Katrina.

DARLENE GUIDRY

Darlene Guidry is president of Hettig Management. She joined the apartment profession in 1972 as manager of a 12-unit property in Colorado. Computerization, constant changes in laws and regulations and the transition from mom-and-pop management to professional managing are the three most significant changes she has seen in her career. She also counts the introduction of property management software systems and certification and educational programs as important industry innovations, as well as the explosion of amenities and services now offered by apartment properties.

A past president and frequent award winner in the association, Guidry has chaired the Resident Relations Committee and served in numerous other capacities. She believes that the biggest challenges facing the industry, aside from finding and keeping good employees, are the ever-increasing inspections and audits required by the city, investors, lenders, owner representatives, government agencies, syndicators and insurance companies and increasing city, state and federal laws, ordinances, codes, etc. governing the operation of apartment properties.

CONCLUSIONS

Several recurring messages emerge from the observations of these leaders. Almost universally they view the changes within the business and our association as generally positive. The concepts of career and higher education and advancing standards of professionalism coupled with technology in reporting, marketing, communication and training are common themes. Just as prevalent however, are the recurring concerns for unnecessary government and regulatory oversight coupled with burdensome restrictions, inequitable taxation and regulatory actions.

These leaders embrace change as a path to greater opportunity while relying on the lessons of history. Each reported getting back far more from HAA than they gave, and each in his or her own way has made both notable personal and financial sacrifices to support, nurture lead the association. With members of this caliber and commitment level, HAA should enjoy another grand 50 years. ★



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