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# HABITAT

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# The Inside Track

INSIDER TIPS  
FROM **47** TOP  
MANAGEMENT  
LEADERS





## The Inside Track

Insider Tips from 47 Top Management Leaders

## THE INSIDE TRACK

# Tailor House Rules to Your Building

### Setting the Stage

One of the first things we do after a transition to a new building is to review and generally update the house rules of that property. When you look at those rules, most of the time they're taken from a template that's been around for decades and is irrelevant to the building and probably outdated. We've put together a template, and we advise our clients to take that, make it relevant to their building, and regularly update it.

### Following the Action

When you put the rules in place, everybody needs to play by those same rules – board member, shareholder, unit-owner. Some boards say they don't want to get heavy-handed. But if you don't enforce those rules equally, you're going to run into a reactive versus a proactive situation.

For example, we've had experiences where a board that did not want to be

heavy-handed now has a shareholder who houses five dogs, three cats, and two birds. The board has started eviction proceedings. It is saying, "Get rid of your animals." But that isn't going to happen at this point.

It's the same thing with sublets. The board says, "We only have two people who sublet in our entire building. It's never been an issue before. We don't have to make it an issue now." Fast-forward five years. Fifty percent of that building is subletting, and now the board wants to put in restrictions. They're being reactive. They want to put in those restrictions because they didn't take the advice to put them in previously. Now you have shareholders who say, "I'm grandfathered in. It's too late. I already have my lease. You didn't have the rule before."

Ignoring the house rules can create a situation where a bank says, "We're not going to give you a loan because there are too many sublets. The owner-occupancy rate of that building is too low." It's going to be a year or two before this is rectified.

### Doing It Right

Our advice is to be proactive, put updated house rules in place, and tailor them to your building. Make sure you look forward. ■

*Your building's  
house rules may  
come from an  
outdated template.*

#### **MARK ELMAN**

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