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Eliminating Drug and other Illegal Activities

Nothing is potentially more destructive to the success of a building than allowing illegal activities to take place in it. Among the most prevalent illegal activities occurring in apartment buildings today are the possession and distribution of illegal drugs.

How do you go about eliminating drug dealing from your building? Begin by sharing your vision of a crime-free and safe property with the tenants. In fact, the best place to start is by sharing your vision with applicants. If you have been made aware of some problem tenants, let everyone know that it has come to your attention that certain tenants of the property may be involved in illegal activities and that you will not allow such activities to continue. Ask for help from your tenants to rid the building of drug dealers and

users. It is important from both a liability and safety standpoint that you don't name names or specific apartments that you feel are connected with illegal activities to anyone but law enforcement officials.

The tenants who come to you first may not necessarily be the law abiding tenants that you are interested in enlisting in your campaign to improve the property. If a successful and highly profitable drug operation is headquartered out of one or more apartments in your building, you can rest assured that the people running the operation are going to conduct some reconnaissance of their own. They're going to try to learn your plans to clean up the building. They're going to want to learn just how much you know about their business activities and who you think the dealers are. They'll want to do whatever they can to stay in business.

You need to be careful not to threaten them to their faces. They could have weapons and a thriving business they wish to preserve. A more sensible approach would be to make everyone aware of your sincere concerns via an open letter to all residents of the building. Such a letter might look like the example on page 61.

This type of letter actually can work as part of an integrated effort. You will need to be diligent and report any information you receive to the police. If a tenant provides you with information and asks for anonymity, you must comply and keep that individual's name out of all correspondence with police. You should also plan on sending variations on this letter every week or two until you have rid the building of the problem tenants.

IMPORTANT NOTICE

Current Date

Dear Resident of 123 Main Street Apartments:

On September 18, 1998, the building in which you reside was identified as possibly harboring illegal drug dealing activities. We at Big Plans Management Company have been advised by the authorities that certain illegal activities are occurring at the building. We have been further advised that unless we as the property manager take affirmative actions to eliminate those activities that the building could be seized by the government and possibly closed down. If this occurs everyone who lives in the building will have to move.

It is our intention to fully cooperate with the authorities in assuring that the illegal activities occurring at the building are discontinued and that 123 Main Street Apartments once again become a place that the good tenants of the property are proud to call home.

If you are involved in illegal activities, or allowing your apartment to be used for those activities, you are advised to discontinue those activities at once.

If you are not involved in illegal activities and are concerned about the quality of life for yourself and your family we are asking for your assistance. Any information that you have should be reported to either the Local Police District at (773)555-9111 or our Management Office at (312)555-1119. Any information that we receive will be held in the strictest confidence.

A partnership with the police department, the law abiding residents of 123 Main Street Apartments and the staff of Big Plans Management Company can result in ridding the property of illegal activity. Please show your concern and become a part of this effort today!

Sincerely,

Property Manager

You will need to pay extra-special attention to those tenants who have provided any information and appear trustworthy. Anyone who believes that you appreciate them will be more likely to cooperate with you in your efforts to rid the building of criminal activities. These same people, if included in the process, are more likely to “ride it out” while together you rid the building of the drug dealers.

When you achieve a victory, even if it's the eviction of a minor player in a drug operation, let everyone in the building know. This will buoy the spirits of the good tenants and offer them encouragement while having just the opposite effect on those who were part of the drug operation or friends of it.

The following steps have been used successfully in a number of situations where drug dealing has occurred. The degree of success that you can expect is dependent upon how much time and effort you and those who join you in the effort invest in it.

Step One

The Lease Agreement you use must contain language that states very clearly that possession, sales or use of illegal drugs inside the apartment or within the immediate area around the building is forbidden and represents a major lease violation. The language within the lease should also state that any actions that support any such activities (such as acting as lookout for dealers or providing a shooting gallery or hideout) are also serious lease infractions.

Step Two

Educate all of your existing tenants, both residential and commercial, about the consequences of dealing drugs, using drugs, or participating in drug trafficking activities. Create a flyer that states in simple language that any such illegal activities will result in eviction proceedings being instituted against violators. Make it clear that the sale or use of drugs by a fifteen year old youth who resides in an apartment *will result in the eviction of not only that fifteen year old but everyone who resides in the apartment.*

Step Three

Get the names, including nicknames, of all legal residents of the building. Obtain birth dates and get current photographs of all legal residents. Put together a book listing by address and apartment number the names of every resident of that building along with their photograph. This information can be most helpful to the police.

Step Four

Screening of all new residents of the property must be diligently applied to everyone who makes application. Do credit checks, check with previous landlords, perform home visits and check report cards and attendance records of all school age children who are to reside in the apartment. You may want to consider running police background checks or drug screening tests. Police background checks take time and typically will not provide any information on youths who have criminal backgrounds.

Step Five

Keep all of the doors to the building locked. If the drug dealers break the locks, fix them immediately. Give a set of keys to all exterior locks to the local police district so that the officers on your beat can gain access to the building for patrol purposes. Make sure that all building entries have a clearly marked street address and that all apartments have clearly marked apartment numbers on their doors. This will aid greatly in identifying which entry or apartments are involved.

Step Six

Keep all common area and exterior lights in working condition. Make sure the lights come on at dusk and continue burning until dawn. Adjust timers as the days shorten. If there are dark areas in the building or on the exterior of the building add lights. Drug dealers and their customers prefer darkness. Bright lights discourage them.

Step Seven

Survey your building for unused or dead spaces that might lend themselves to use in the drug business. This could include stairwells, space under porches, small alcoves off of lobbies or the space under the stairs. Any of these areas that can be walled off or fenced off without compromising safety should be blocked off. In addition you may wish to consider these additional steps:

- Add tamper alarms to emergency only exit doors.
- Install a plywood barrier blocking off the space under the first floor stairs to prevent this space from being utilized by dealers and their customers.

- Install motion detectors that trigger bright lights in any infrequently used indoor areas.
- Keep all areas of the building cleaned and odor free. Most people will avoid dirty and smelly areas except for drug dealers and their customers.

Step Eight

Learn the names of your beat officers. Share the name and telephone numbers of the beat officers with the employees and tenants of your building and encourage them to talk with and cooperate with those officers.

Step Nine

Report all crime, including vandalism, to the police. Keep a record of every time you call the police with details of the incident that you called about. Note how quickly police responded, the names of the officers and what, if any, resolution occurred.

Step Ten

Create coalitions. If a tenants' association exists in your building or an adjacent building enlist their support in the fight. Get to know the janitors and other workers for the building next door, across the street or behind your building and ask for their assistance in keeping an eye out for and reporting crime. If there is a block club, community activists or crime watch group you may want to enlist them to assist you.

Step Eleven

Get good information for the police to use. Reduce to writing everything you and your associates have learned about a drug dealing operation. The type of information that has proven to be helpful includes:

- The type of drugs are being sold
- The busiest times of day and days of the week for their activities
- Which apartments are involved (apartment numbers and entry addresses are vital)
- What activities are being conducted in the apartments
- Descriptions of the drug dealers
- Descriptions of the drug customers
- Identities of lookouts and their locations
- Whether or not weapons are being used
- Code words being used
- The exact location of the drug dealing
- The manner in which drugs are being exchanged for money

Step Twelve

Don't be a hero and make sure your employees know not to try to be heroes. Avoid verbal confrontation with drug dealers, and don't threaten them or tell them you're going to put them out of business.

Step Thirteen

Know your neighbors. Most drug dealers want to stay in the area where they have established their business. If they have been evicted or are in the process of being evicted by another landlord in your neighborhood, your neighbor landlord can help you learn in advance that the dealers will be looking for a new location to set-up business and you can avoid renting to them.

Step Fourteen

Keep your vacant apartments well-secured and accessible only to authorized persons. It is a good idea to check these vacant apartments at least weekly to make sure no one has broken into them from adjoining apartments.

Step Fifteen

Get a good lawyer, one who has experience and a successful track record in representing landlords in evictions of tenants involved in the drug trade. Don't assume that if an attorney can successfully evict a person for non-payment of rent that such success will translate into a victory in evicting a drug dealer. Ask for references and details on cases similar to yours.

Step Sixteen

When the time comes to evict the dealers, include every apartment where the illegal activity either occurs or is somehow supported in your eviction filings. What good is it to evict one apartment if four or five are involved? Wouldn't it be easy for the dealer to move the business elsewhere in the building if you allowed that luxury by not evicting participating associates in the building?

Step Seventeen

After the eviction takes place, be prepared for the dealers to try to get back in your building. After all, this is where their customers know to come to buy their drugs. Unlike the dry cleaner that moved down the street, these drug dealers can't put a sign in the window indicating that they've relocated to a new business address.

You may wish to execute an agreement that authorizes the police department to enter your property to enforce no trespassing laws. You will need to properly post the building with signs stating "CRIMINAL TRESPASSING PROHIBITED, NO LOITERING." Attached is a sample letter authorizing police to enter your building for this purpose.

TRESPASS ENFORCEMENT AUTHORIZATION

I, We _____ as Owner and/or Managers or Agents thereof, of the property located at _____

_____ do hereby request and authorize officers of the Chicago Police Department, in their official capacity, to go upon or within those common areas generally open to the public and or tenants, including hallways, entrances, laundry facilities, lawn and yard areas. I further request and authorize officers to go upon or within those areas not commonly open to tenants including boiler rooms, storage areas, basements, etc. This authority does not permit entry to the premises reserved exclusively for dwelling units.

The purpose of this authority is to prevent criminal activity including trespassing/loitering, vandalism theft, illegal drug trafficking and prostitution, which may be occurring at the above described premises.

I have posted the public areas with signs stating "CRIMINAL TRESPASSING PROHIBITED, NO LOITERING".

Officers are further authorized to act on my behalf in requesting person(s) found upon the property without legitimate/lawful purpose to leave the premises.

I agree to cooperate in the prosecution of trespass and other criminal offenses occurring on the premises, including appearing in court to testify, if necessary.

The authority shall remain in effect until rescinded by written notice to the Commander of the _____ District.

by _____ date _____

Title _____

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The Budgeting Process

While every property owner will agree that budgeting is essential to proper management since the ability to maintain and improve the property rests with the budgeting process, most small property owners fail to prepare budgets adequately. A budget is a forecast of future income and expenses. As such, it is an absolutely essential management tool. Unless you take the time necessary to analyze past income and expenses and forecast future income and expenses, you just won't know whether or not you'll have adequate cash flow for the ongoing expenses necessary to operate and maintain your property.

Income is the starting point on any budget. You need to determine what is an acceptable rent level for each apartment in your building. This determination is crucial. If you raise the rent too high, you may force

many of your tenants to move. On the other hand, if you don't raise the rent or raise it too little, you may find that you have insufficient income to properly manage and maintain the property. Rent increases should be based in large part on comparison with the market. If your building is the best in the neighborhood and a building down the block, that is not as well maintained or as spacious as yours, is enjoying high occupancy and getting higher rents, then you are below the market and should raise your rent.

A comparable study should review the rents at a minimum of eight other properties that are within your area. Since all one-bedroom apartments are not alike, you will need to identify the factors that increase or decrease the value of your competitors' unit as compared to yours. Among the factors to review are:

- Is the building attractive from the exterior?
- Are the corridors well maintained?
- What is the square footage (bigger is better)?
- What appliances are provided (review which appliance are provided and their age)?
- Does the tenant pay for heat?
- Are there on-site laundry facilities?
- What amenities are provided (Cable TV, Exercise Room, Tenant Storage, Parking)?
- Is the building within close proximity to shopping, transportation & schools?

Budgets are not difficult to prepare and with proper ongoing planning throughout the year, you should be able to collect the information needed to prepare a reasonably accurate budget. That information should contain those ongoing expenses that will occur year after year, such as utility expenses, real estate taxes, mortgage payment, scavenger service, janitorial service, licenses and permits.

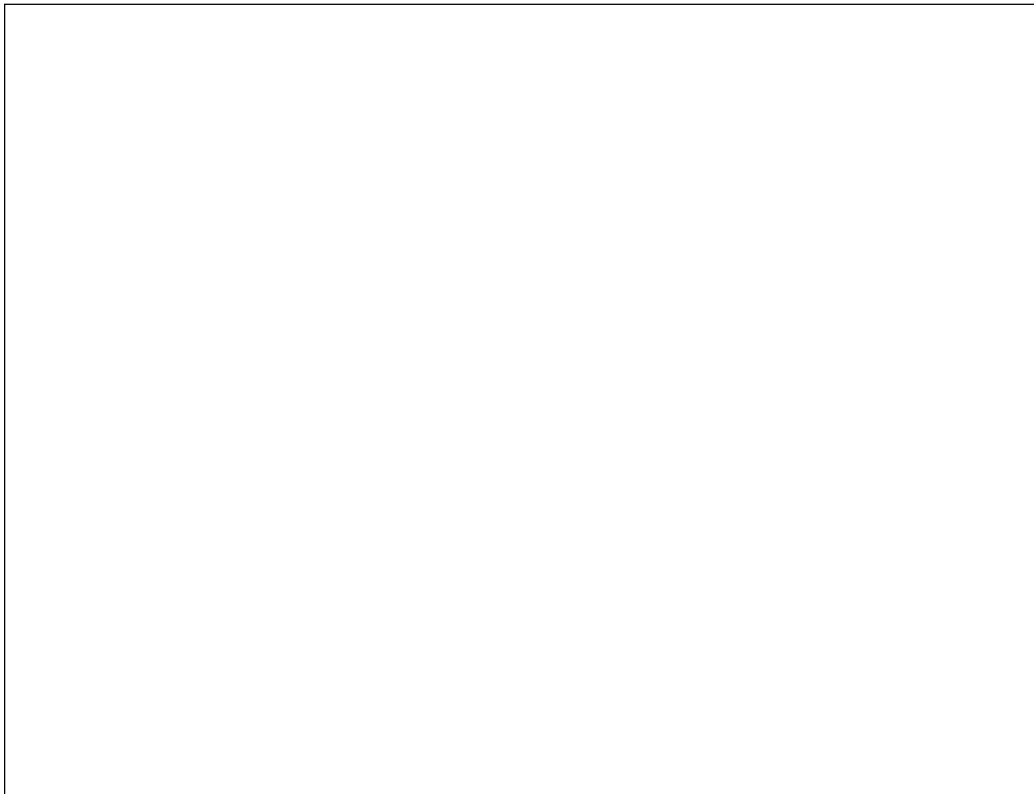
The database should also contain repair or maintenance expenses. Maintenance expenses should be broken into routine expenses and non-routine expenses.

Routine maintenance expenses include furnace filter replacement, carpet cleaning, catch basin cleaning, rodding of sewer lines, landscape maintenance, and snow removal.

Non-routine expenses are the replacement of carpeting and appliances, extraordinary structural repairs, equipment purchases (such as a lawn mower, snow blower or power rodder). Many of the non-routine expenses may be additions to the property or the equipment inventory

and are not absolutely essential. These can be categorized as “wish list” items that will be purchased if adequate cash flow is available. Some non-routine items cannot be deferred. If a refrigerator breaks beyond repair, you must replace it. The same is true of a roof leak. Once it develops, you have to take care of it, or further damage will occur.

The following sample budget can be adapted for use at your property. While certain categories may not apply to your particular property, other categories will. It is important to take the time to review your past experiences and the needs of your property and develop a workable budget plan.



Sample Six-unit Building Budget

line	INCOME	Annual Amount	PUPA (per unit per annum)	
1	Apartment Gross Possible Income	\$44,234	\$7,372	assumes all units are leased out for the entire budget year (see attached rent schedule)
2	Vacancy Loss (5%)	\$2,212	\$369	projected loss to vacant units
3	Rent Free Employee	\$0	\$0	expenses of rent free employee unit(s)
4	Rent Free Models	\$0	\$0	expense of rent free model unit(s)
5	Rent Free Office	\$0	\$0	expense of rent free office unit(s)
6	Total Vacancy & Rent Free	\$2,212	\$369	
7	Net Apartment Rental Income	\$42,022	\$7,004	line 1 minus lines 2, 3, 4 & 5
8	Parking Income	\$1,800	\$300	net annual income from parking
9	Laundry Income	\$1,170	\$195	net annual income from laundry
10	Credit Check Income	\$125	\$21	net annual income from credit check fees to applicants
11	Late Fees	\$120	\$20	net annual income from late fees to tenants
12	Interest Income	\$134	\$22	net interest earned on invested funds
13	Misc. Income	\$0	\$0	misc. income from sources other than above
14	Total Income from Operations	\$45,371	\$7,562	line 7 plus lines 8, 9, 10, 11 12, & 13
EXPENSES				
Payroll				
15	Site Manager	\$0	\$0	salary of the building manager
16	Asst. Site Manager	\$0	\$0	salary of the assistant manager
17	Leasing Agent	\$0	\$0	salary of the leasing agent
18	Maintenance	\$0	\$0	salary of the maintenance person
19	Custodian	\$0	\$0	salary of the custodian
20	Benefits & Payroll Taxes	\$0	\$0	benefits
21	Total Payroll Expenses	\$0	\$0	add lines 15 through 20
Advertising				
22	Newspaper	\$150	\$25	cost of rental ads placed in newspapers
23	Brochures	\$42	\$7	cost to develop and /or print brochures
24	Commissions	\$150	\$25	fees paid to brokers, residents. etc. who assist in leasing units
25	Misc.	\$30	\$5	cost not covered above
26	Total Advertising Expenses	\$372	\$62	add lines 22 through 25

line	INCOME <i>(continued)</i>	Annual Amount	PUPA (per unit per annum)	
Administrative Expenses				
27	Office Supplies	\$90	\$15	application forms, leases, pens, paper, postage, etc.
28	Printing & Copying	\$30	\$5	cost to copy or print forms, handbooks, newsletter, etc.
29	Dues & Subscriptions	\$30	\$5	Cost of memberships to organizations or subscriptions
30	Leased Equipment & Furniture	\$60	\$10	leased equipment i.e. copy machine, computer, etc.
31	Management Fee	\$1,815	\$302	typically a percentage of Income line 14
32	Legal Expenses	\$300	\$50	expense of evictions, collections, etc.
33	Bookkeeping/Audit Expense	\$300	\$50	costs of bookkeeping service or audit expenses
34	Telephones & Pagers	\$600	\$100	phones and pagers utilized in the management of the property
35	Security Deposit Interest	\$134	\$22	interest paid on security deposit
36	Misc.	\$60	\$10	items not covered above
37	Total Administrative Expenses	\$3,419	\$570	add lines 27 through 35
Operating Expenses				
38	Janitor Supplies	\$132	\$22	soap, wax, light bulbs, mops, buckets, trash bags, etc.
39	Janitorial Contract	\$1,200	\$200	cost of janitorial service or maid service
40	Vehicle & Equipment Maint.	\$150	\$25	gas and repairs for mower, snow blower and other equipment
41	Exterminating	\$210	\$35	cost to exterminate the building
42	Rubbish Removal	\$780	\$130	cost for a scavenger service to haul away trash
43	Parking Area Expense	\$150	\$25	repairs and restripping
44	Misc.	\$60	\$10	items not covered above
45	Total Operating Expenses	\$2,682	\$447	add lines 38 through 44
Maintenance Expenses				
46	Intercom Repairs	\$60	\$10	costs of door bells, buzzers, and intercom repairs
47	Fire Systems & Equipment	\$90	\$15	costs of batteries for smoke detectors, recharging fire extinguishers
48	Maintenance Supplies	\$150	\$25	costs of locks, towel bars, weather stripping, fasteners, etc.
49	Air & Heat Supplies	\$30	\$5	costs of filters, thermal couples, valves, etc.
50	Plumbing Supplies	\$48	\$8	cost of sink traps, faucets, washers, etc.
51	Electrical Supplies	\$48	\$8	cost of switches, outlets, plates, fixtures, etc.
52	Appliance Parts & Supplies	\$48	\$8	cost of ice cube trays, drip pans, thermostats, timers, etc.
53	Snow Removal	\$120	\$20	ice melt, shovels, etc.
54	Ground Supplies	\$120	\$20	flowers, grass seed, fertilizer, etc.
55	Grounds Contract	\$300	\$50	costs of a service to maintain landscaping
56	Window Washing	\$0	\$0	cost of a service to wash windows
57	Roof Repairs	\$300	\$50	patching on an annual basis
58	Structural Repairs	\$300	\$50	rear porch repairs, lintel replacement, etc.
59	Glass Repairs	\$60	\$10	repairs to broken or faulty glass
60	Plastering & Drywall Repairs	\$60	\$10	repairs to walls and ceiling beyond those normally covered by routine painting
61	Floor Repairs	\$90	\$15	repairs to tile floors or hardwood floors
62	Carpet Cleaning	\$120	\$20	for common areas and unit turnover
63	Carpet Repairs & Replacement	\$120	\$20	for common areas and unit turnover
64	HVAC Repairs	\$180	\$30	repairs performed by an outside contractor to the HVAC system
65	Plumbing Repairs	\$180	\$30	cleaning catch basins, repairs of broken pipes, etc. performed by a contractor

line	INCOME <i>(continued)</i>	Annual Amount	PUPA (per unit per annum)	
Maintenance Expenses <i>(continued)</i>				
66	Electrical Repairs	\$90	\$15	cost of repairing faulty electrical components performed by a contractor
67	Paint Supplies Apartments	\$60	\$10	material for repainting apartments
68	Paint Contract Apartments	\$180	\$30	labor for repainting apartments
69	Paint Supplies Common Areas	\$60	\$10	material for repainting common areas
70	Paint Contract Common Areas	\$180	\$30	labor for repainting common areas
71	Appliance Repairs	\$60	\$10	repairs performed by outside contractor
72	Misc.	\$30	\$5	items not covered above
73	Total Maintenance Expenses	\$3,084	\$514	add lines 46 through 72
Utility Expenses				
74	Electric	\$600	\$100	cost of electrical service to building
75	Water & Sewer	\$810	\$135	cost of water & sewer service to building
76	Gas	\$3,450	\$575	cost of natural gas for building
77	Total Utility Expenses	\$4,860	\$810	add lines 74 through 76
Tax & Insurance Expense				
78	Real Estate Taxes	\$5,100	\$850	property tax expense
79	Property & Liability Insurance	\$1,800	\$300	property insurance expenses
80	Workers Compensation Insurance	\$0	\$0	required if you have employees
81	Fidelity Bond	\$0	\$0	insurance that protects you against theft by employees
82	Misc. Taxes & Insurance	\$150	\$25	cost of building registration & other permits and fees
83	Total Tax & Insurance Expense	\$7,050	\$1,175	add lines 77 through 81
84	Total Expenses	\$21,467	\$3,578	add lines 21, 26, 37, 45, 73, 77 & 83
85	Net Operating Income	\$23,904	\$3,984	line 14 minus line 84
Debt Service				
83	Mortgage Interest			annual expense of mortgage interest
84	Mortgage Principle			annual expense of mortgage principle
85	Service Fee			annual expense of any service fees
86	Replacement Reserve (@ 5% of GPI)	\$2,212	\$369	funding of reserve for replacement
87	Misc.			other debt service expenses not covered above
88	Total Debt Service	\$2,212	\$369	add lines 83 through 87
89	Net Income (Loss)	\$21,693	\$3,615	line 85 minus line 88