

FUNDAMENTALS

Doing It Right

*Alliance Residential shares
its strategies used
when executing
renovation projects.*





Paint, hardware and new fixtures can go a long way toward updating an apartment and can easily be handled by in-house service teams.



Alliance Residential's Vista Catalina, Rancho Palos Verdes, Calif. (above)

Investing in renovation and repositioning communities requires forethought, strategy and day-to-day business and operational decisions. Additionally, no two projects are alike.

Given that Alliance Residential has built a successful track record with its approach to these efforts, *units* Magazine asked Director of Asset Engineering Forrest White to share his perspectives.

Q *What does Alliance do when assessing a potential take-over community?*

A When Alliance assesses a property to renovate or reposition, we focus on identifying the target market and key demographics for that market, to include:

- Where do these people work?
- What do these people do for fun/to socialize and, in general, how will they want to spend their time?
- What are they looking for in their home in terms of its style and features?

Q *Once the process begins, what is the first thing to attend to?*

A Assessing deferred maintenance items that must be addressed. Having a great amenity space at the community isn't so great if the common area's roof is leaking all the time.

Q *What tips can you provide on how to "turn" or reposition a newly acquired property from a maintenance-team perspective?*

A Paint, hardware and new fixtures can go a long way toward updating a residence and can easily be handled by in-house service teams. Residents love new flooring—having brand-new carpet in an apartment home can mean a lot to a prospective resident.

Q *What are the biggest challenges?*

A At the end of the day, all renovations come down to being on schedule and on budget. Therein lay the challenges. Acquisition models are often based on aggressive schedules for bringing additional income



“Residents love new flooring—having brand-new carpet in an apartment home can mean a lot.”

—Forrest White, Alliance Residential



Alliance Residential's Hollywood Tower, Los Angeles

in as quickly as possible, and cost estimates are fraught with unknowns and rough assumptions.

Being disciplined with regard to proper planning, programming and design eases these issues but often conflicts with the “need to know the numbers today” mentality.

With the “need-to-know-the-numbers-today” mentality, a budget is set before the vision of the project is fully established. By backing into a project this way, what can be accomplished is limited, or projects face the risk of exceeding budget. For example, a simple change in countertop material can impact the budget and limit the funds available for other aspects of the renovation.

Q *Describe a horror story—something that was much more difficult to execute than anticipated.*

A Contractors who fail to perform obligations or duties have been the source of most of our heartache and exasperation. Replacing a non-performing contractor is costly, incurs delays and is inevitably messy.

Q *What are some tips on how and where to price materials, equipment, contractors?*

A Stick to the basics: Solicit three or more bids, be ready to review pricing in detail, call references and check prior installs and work. Then, when you are satisfied, remember to plan and prepare for a potential downside.

Potential downsides include product shortages, material price increases and underperforming contract labor. Contemplating these items in advance can help keep projects on schedule and on budget.

Q *What one piece of advice would you give to a group that is buying existing property about how to execute the plan successfully?*

A Successful projects involve many different talents and areas of expertise. Find a group that has those talents. Trying to be (or find) an all-in-one lead designer, graphic artist, roof consultant and purchaser can lead to frustration, missed opportunities and missing the mark overall.

Q *Please describe your company and its portfolio.*

A Alliance is one of the largest private U.S. multifamily companies with offices throughout the West, Southwest, South-Central, Southeast, Mid-Atlantic and Northeast. We have invested in more than \$3 billion of real estate and manage a \$9 billion portfolio with a focus toward superior local leadership and a comprehensive national support infrastructure. Our headquarters are in Phoenix, and we have 26 regional offices nationwide. We are an active buyer, builder and manager across 15 states and 24 metropolitan markets. —P.B.