

# **A Guide to OPERATIONS and RECORD KEEPING**

---

Prepared by the Urban Homesteading Assistance Board (UHAB) and the Department of Housing Preservation and Development of the City of New York (HPD)

## **TABLE OF CONTENTS**

- Welcome
- About TIL
- About UHAB
- About the *Homesteader's Handbook* Series
- How to Use this Book
  
- Introduction to Management

### **KEEPING RECORDS**

- The Importance of Record Keeping
- Setting Up Your Filing System
- File Categories
- Maintaining the Files

### **GETTING THINGS DONE**

- Creating a Management Plan: Tasks
- Sample Management Task Sheets
- Creating a Management Plan: Job Descriptions
- Work Plans
- Managing for the Long Term
- Management Survey

### **MAKING THE MOST OF EMPLOYEES AND CONSULTANTS**

- Employees vs. Consultants

- The Hiring Process
- Conducting Interviews and Checking References
- Negotiating a Contract
- Different Types of Contracts
- Supervising the Work
- Conclusion

## How To Use This Book

---

This manual begins with an introduction to management, and then is divided into three sections:

### **SECTION 1 • *Keeping Records***

(pages 10–14) This section deals with how to maintain complete, accurate and up-to-date books and records. The section begins with a discussion of why good record keeping is so important for the smooth operation and long-term health and well being of TIL buildings and HDFC cooperatives. It concludes with a detailed overview of how to set up, organize and maintain the TA's filing system.

### **SECTION 2 • *Getting Things Done***

(pages 15–28) This section focuses on the day-to-day management and operation of the TA as well as how to develop and implement an effective management plan. This includes a discussion of the management tasks that need to be accomplished for the TA to operate smoothly, how to develop and effectively implement both short and long term plans. This section concludes with a sample work plan and management survey.

### **SECTION 3 • *Making the Most of Employees & Consultants***

(pages 29–35) This section begins with a discussion of the difference between employees and consultants and the TA's legal obligations with regards to both. The rest of the section focuses on how to hire and supervise employees and consultants including a discussion on how to develop and negotiate employee or consultant contracts.

Finally, if you are at all confused or have any questions, contact HPD or your UHAB representative. Good luck!

For more information call:  
UHAB (212) 479-3300  
or HPD (212) 863-7317

## Introduction to Management

---

As you have probably already discovered, the work of running a building is never done. There are dozens of tasks that your tenant association or co-op must keep track of, from collecting rent and paying bills to hiring a plumber or fixing a leaky pipe. Running a TIL building or co-op means operating a business (although the purpose of the business is to provide affordable housing for you and your neighbors, rather than to make a profit). Like any business, your building will run much better if you have a well-organized management system in place.

*Management* can be divided into two basic categories: *operations* and *record keeping*.

***Record-keeping***—organizing and maintaining the association’s filing system—is an essential ingredient of good management and makes all other management tasks easier. You will need complete and accurate records in order to carry out many management tasks, such as taking a tenant to court or planning next year’s budget. It can be tempting to dismiss record-keeping as a boring or unimportant activity—don’t! A building with a good record-keeping system is usually a well-managed building.

### MANAGEMENT AND GOVERNANCE

Your tenant association is responsible for making sure that your building is well-managed. But being responsible for the management of your building and actually performing and recording day-to-day management tasks are two different things. That is the distinction between governance and management.

**GOVERNANCE** Governance involves making decisions about how the association will run and how management should be carried out. Often these decisions take the form of policies or procedural guidelines. Setting new rent levels, for example, is a matter of governance. The tenant association officers are the main body responsible for governance and are guided by the “governing documents” of the association, which include the TIL Lease and the Bylaws.

**MANAGEMENT** Management involves carrying out or “implementing” governance decisions by performing and tracking the ongoing tasks necessary for the maintenance and upkeep of the building. Sending notices about a rent increase, for example, is a management task. Different people can be responsible for management—sometimes several officers share management tasks, sometimes the association contracts with an “outside” manager— but they should always carry out the policies developed by the officers and be accountable to the officers at all times.

*Operations* involves the actual day-to-day tasks that need to be performed for the building and the tenant association to run smoothly. These fall into several categories: financial management tasks such as collecting and depositing the monthly rent, writing checks to pay bills, completing the monthly accounting reports, and monitoring the annual budget; maintenance and repair tasks such as surveying the building and apartments for repair needs, supervising the superintendent, and getting contractors’ bids for large repair jobs; tenant selection tasks such as showing apartments and checking references; and many other tasks from filing necessary permits with city agencies to communicating with the building’s lawyer.

Many management tasks —such as tenant selection, budgeting, and maintenance and repairs—are discussed in greater detail in other volumes of the *Homesteader’s Handbook* series. The focus of this manual is on how to integrate all these tasks into a workable management system in order to get everything done without becoming overwhelmed. A key skill is knowing how to break down what seem like large and difficult tasks into more manageable pieces. Equally important is clearly defining the roles and responsibilities of the different parties who are involved in management. These include the

manager and officers (if these are not the same people) and committees such as the maintenance and repair and tenant selection committees. Even if you don't have an outside manager (and few TIL buildings do), you'll be depending on other employees and consultants (like your superintendent or your lawyer) to carry out ongoing work for the tenant association. It's important to know how to make the most of them and to maintain productive working relationships with all hired professionals.

For more information on management and governance see Volume 1 of the *Homesteader's Handbook* series:  
**"A Guide to Organization and Governance".**

## Section 1

### KEEPING RECORDS

#### The Importance of Record Keeping

---

#### RECORDS AS "MEMORY"

Think of your record-keeping system as the "memory" of your association. Just as a person's memories become richer with age and experience, your association's records become more and more valuable over time.

They contain accumulated knowledge about technical assistance providers and local community resources, as well as contractors, lawyers, and other professionals you may have used.

If this information is all written down in well-organized file drawers and rolodexes, you won't have to worry about individual officers or executive committee members

No matter how hard-working or well-intentioned your management is, it won't be very effective without a well-organized and up-to-date record-keeping system. Your association's records are made up of all papers, letters, contracts, receipts, etc., that document how you have been carrying out the business of running your building. This includes old bills and monthly financial reports, tenants' leases, correspondence with HPD and other city agencies, names and telephone numbers of contractors, meeting minutes and attendance sheets, decisions made by the TA and much, much more.

Complete records help your association keep track of what it has been doing and prioritize what needs to be done next. When leadership in the tenant association changes, good records help to ensure that the transition from the old leadership to the new is a smooth one. **Having good records is also vital to carrying out many routine management tasks.** You cannot take tenants to court for nonpayment of rent unless you have complete and accurate records of their rent-paying histories. You cannot prepare an annual budget without detailed records showing what the building's past expenses have been. Good record-keeping supports and reinforces the "operations" side of management, and makes virtually all management tasks easier.

Your tenant association or co-op also has certain legal obligations that make complete and organized records a necessity. Tenants (in TIL) and shareholders (after you become a co-op) have the right to inspect the books and records for the building—particularly those associated with finances. Government agencies, such as HPD and the Internal Revenue Service, may conduct audits of your building, and have the right to review your records in order to do so.

There are two key things to remember about your record-keeping system in order to keep it useful and effective:

1. Be well-organized, and maintain the files so that you can easily find what you're looking for.
2. Make sure that you are preserving all the records you may need in the future. All communication the association has—with tenants, HPD and other city agencies, or with contractors and employees—should be put in writing, and copies of all correspondence should be kept. If any dispute should develop in the future, the association will have written documentation of the instructions it issued, and agreements made.

## Setting Up Your Filing System

---

### COMPUTERS AND RECORD KEEPING

Computers are valuable tools in management. They can help you prepare financial reports, compose correspondence, print out meeting notices, keep minutes, and much more.

*However*, they are not a replacement for paper files. A print out (“hard copy”) of everything important done on the computer should still be put into your paper files. An exception may be phone numbers, but it is a good idea to print these out from time to time as well.

Mountains of paper or computerized records representing the “life history” of your building will not do you any good unless they are stored in an organized way. Important documents need to be easily found and referred back to. As soon as you

enter TIL, you should set up a filing system, and get into the habit of adding documents to it as they are created. Some documents are relevant to more than one category—in that case it's always best to make a copy and put one in each folder.

### **SUPPLIES FOR SETTING UP A FILING SYSTEM**

- Metal filing cabinet
- Hanging Files
- File Folders
- File Folder Labels
- Rolodex and cards for address and phone numbers (or computer)
- Adding machine with printing functions and tape (or computer)

#### **Three Stamps:**

- one with the association name and address
- one for endorsing checks—usually provided by your bank
- one marked “PAID” for stamping paid bills

Most associations start off by dividing their files into seven general categories, each represented by a hanging file. Each category file then contains file folders for specific records relating to that category (see next page). As you progress through TIL, you'll want to add new categories and file folders; just make sure your additions are clear and easy to use for any officers, board members, or committee members who may need to use the filing system.

## **File Categories**

---

### **Apartment Files**

Make one folder for each apartment containing each of the following documents:

- TIL apartment lease or HDFC proprietary lease, signed by the tenant or shareholder (there should be two originals: one for the association, and one for the tenant or shareholder)
- Copies of late rent notices
- Rent repayment agreements
- Section 8, DSS, or other tenant related correspondence
- Repair request forms (after repair is completed and recorded in the building's repair chart)
- Apartment repair log, listing all repairs done and the dates of completion
- Complaints, warning letters, or other case-building documents such as notices regarding excessive noise, drug trafficking, or non-payment

### **TA/HDFC Organization Files**

Make one or more folders containing:

- Meeting attendance sheets
- Meeting minutes
- Adopted policies
- By-laws
- Phone numbers and addresses of resources including:
  - TIL coordinator; UHAB coordinator
  - The association lawyer, accountant, insurance broker and other consultants
  - HPD Rental Assistance Unit (for Section 8 assistance) [also keep a copy under code violations, for inspection purposes.]
  - HPDs Tenant Legal Action Unit (TLAU)
  - HPD Narcotics Control Unit (NCU)
  - Police Dept. Community policing officer, Local Precinct, Fire Dept., Poison Control Center, Emergency Numbers
  - Housing/Neighborhood organizations you work with
  - Community Board Office and City Council Representatives
  - Contractors
  - Neighborhood services, community centers, daycare, hospitals, etc.

### **Management Files**

A permanent records folder containing the following documents:

- TIL building lease
- Copies of the bank signature card with officers' signatures, the associations bank resolution, and HPD's rider to the bank resolution
- All TIL/HPD policies, including TIL financial policies
- Completed tenant association occupancy survey
- The associations management plan

- Federal Tax ID#
- Correspondence Folder containing any general letters sent or received by the association

A commercial units folder containing any documents relating to commercial tenants, including:

- Leases
- Copies of permits and insurance,
- Complaints
- A copy of the TIL Guide to Commercial Units

Contracts/agreements folder

### **Co-ops only**

Make the following sets of folders:

- Tax folder(s) containing the building's: Federal Tax ID#, tax assessments, tax returns, block and lot numbers, correspondence with the IRS, and other correspondence with the New York Department of Finance
- Insurance policies folder containing policies, contact information, and correspondences with the building's insurance carriers
- City correspondence folder for communications with the Departments of Environmental Protection (DEP), Buildings (DOB) and Housing Preservation and Development (HPD)
- HDFC legal documents folder including the deed to the property, certificate of incorporation, signed proprietary leases, and share records.

### **Accounting Files**

- 12 monthly bills/records folders (one for each month of the year), each containing paid bills, bank statements, deposit slips, canceled checks, and the monthly accounting report to HPD for that month
- Unpaid bills folder containing bills that have not yet been paid
- Security deposits folder containing receipts for any deposits paid to open an account with a store or service company (for example, Con Ed)
- General tax information folder containing any general tax information from the IRS and other government agencies

### **Payroll Files**

One folder for each employee containing:

- Employee's tax information (W-4 and individual earnings sheet)
- Employee's contract, job description, correspondence, and warning letters

- Quarterly and annual payroll tax forms

Blank payroll forms folder

### **Maintenance and Repair Files**

- Blank forms folder
- Building and apartment surveys folder
- Repair chart folder containing the repair chart showing the cost, date of completion, work that was done, and location of each repair in the building
- Pending work orders folder
- Completed work orders folder
- TIL/TA repair plan folder containing any repair plans and information
- Heating System/Boiler Folder containing “Certificate” of operation for the boiler (from the Dept. of Environmental Protection) updated every three years, annual heating plant inspection certificate (post original in boiler room, fuel tank certificate from Fire Department, and certificate of fitness for #6 fuel.
- Code Violations And Safety Records Folder containing the following documents:
  - Elevator inspection certificates
  - Smoke alarm, window guard and fire safety forms
  - Records for HPD Rental Assistance Unit (for Section 8 assistance)
  - Lead paint notices
  - Code violation printouts
  - Fire safety plan (original first page posted at each stairway or in the lobby)

### **Blank Forms Files**

One folder for each of the blanks forms your association uses on a regular basis including:

- Applications and leases for vacant units
- Meeting notices and agenda forms
- Attendance sheets
- Late rent notices
- Arrears payment agreements
- HPD rent arrears write-off forms
- Section 8 applications
- Apartment surveys
- Building surveys
- Smoke alarm, window guard, and lead paint forms
- Reimbursement request forms

## **Maintaining the Files**

---

Your tenant association should designate one person as the **primary file-keeper**. Often this will

be the Secretary, although the Treasurer usually plays an important role in maintaining the financial files. Whoever it is, he or she should be well-organized, and understand the importance of good record-keeping. The files should be kept in a secure location; ideally the filing cabinet itself should have a lock. While a number of officers and committee members may need periodic access to the file cabinet, access to some files—particularly those containing personal information about individual tenants—should be kept limited. It is important for everyone to understand that **the files are the property of the tenant association, not of any individual**. If new officers are elected, the outgoing leadership (including the file-keeper) must turn over all files and records to the new board.

If your tenant association has an office it makes sense to keep the files there. If not, it may be easiest for the primary file-keeper to keep current files in his or her apartment. Older files that are not needed day-to-day should be “archived” in a secure location in the basement.

If your association employs a building manager, you may want to allow the manager to maintain current building files in his or her office. If you do this, however, you should also maintain your own filing system in the building with copies of important documents. Periodically (about once a year), you will want to collect older files from the manager for storage in the building. Certain documents, such as your banking resolution and signature card, your TIL building lease, apartment leases, and contracts should always be retained by the association in original form. If you give your manager custody of important original documents, you run the risk of not getting them back should your relationship with your manager end.

Some HDFC co-ops opt to have their corporate attorney keep their original corporate documents, including the corporate seal, the building deed, originals of stock certificates and proprietary leases, etc. This is only recommended if you have a good and ongoing relationship with your attorney; don't

turn over your documents if you even think you might be changing attorneys next year. If you do not want your attorney to keep your corporate documents, another “safekeeping” option is to store them in a safety deposit box at your bank.

When you graduate from TIL and purchase your building as a co-op, you will want to keep your TIL records on hand for a while. Legal and financial records should be kept a minimum of five years. As certain files become dated and you no longer need to refer to them on a regular basis, you should transfer them to an “old files” storage space.

## Section 2

# GETTING THINGS DONE

## Creating a Management Plan: Tasks

---

### CALENDERS

A helpful tool for getting and staying organized is a monthly planner calendar, with routine tasks and meetings scheduled in.

Now that your filing system is in order, you need to develop a system for accomplishing the many tasks associated with day-to-day management. For maximum efficiency and minimum confusion, it’s important to clearly define the roles and responsibilities of all parties involved. Creating a management plan can help you do this.

A management plan outlines the different areas of management and describes who has responsibility for doing what. You can think of it as a “road map” that helps guide your association toward its management goals.

When management responsibilities are split between several people (often the case in “self-managed” buildings), a management plan is especially important. If your tenant association has opted to hire one person as a “full service” manager (whether this is a tenant in the building or an “outside” manager), then the management plan created by the tenant association or co-op board tells the manager what to do and should be summarized in his or her contract.

As soon as you enter TIL, you should develop an over-all management plan for your building. The first step is identifying everything that needs to be done. Start by reviewing your governing documents: the TIL Lease and the association By-laws. They list many of the responsibilities of the association and the officers. You should also refer to any policies and committee job descriptions developed for maintenance and repair, finance, tenant selection , and any other committees you may have. These documents should contain a lot of information about who is responsible for doing what, as well as outline the proper procedures are for getting things done. Use the charts on the following pages as guides, but make sure you make them relevant to your building. You will need to change and add to the sample list as you discover what works best in your building.

Your management plan should pull this information together and summarize it in a single document.

## Sample Management Task Sheets

---

The task sheets on the following pages are *samples*. You should make your own that include all the recurring tasks for your building and who is responsible for each (name and title). You can also add whatever columns you find useful, such as frequency, if a bid is necessary, or other specifics. Anytime several people ask a question about a task and the answer is hard to find, consider adding it to your task sheet.

<b>FINANCIAL MANAGEMENT TASK SHEET</b>
--

<b>Financial Management Tasks</b>	<b>Who is Responsible</b>
Collecting rent and issuing rent receipts	
Depositing rent in TA/HDFC account	
Completing monthly financial reports	
Paying Bills	
Maintaining checkbook and financial records	
Filing quarterly payroll taxes for employees	

<b>MAINTENANCE AND REPAIR TASK SHEET</b>		
<b>Recurring Maintenance and Repair Tasks</b>	<b>Who is Responsible</b>	<b>Frequency</b>
Set Recycling Out	Super	Every Thursday
Clean out Boiler	Boiler Company (Repair committee to schedule)	Once a year in December
<b>One-Time Maintenance and Repair Tasks</b>	<b>Who is Responsible</b>	<b>Start and End Dates</b>
Repair Elevator	ACME Elevator Maintenance (Repair committee chair to follow up)	12/1/02–12/5/02
Replace sink in 2A	Super (President to follow up)	2/3/03–2/3/03

<b>One-Time Maintenance and Repair Tasks</b>	<b>Who is Responsible</b>	<b>Start and End Dates</b>
Clean out vacant unit	Porter (Super to follow up)	2/5/03–2/5/03

<b>OTHER ADMINISTRATIVE TASKS SHEET</b>		
<b>Recurring Administrative Tasks</b>	<b>Who is Responsible</b>	<b>Frequency</b>
Check in with management company	Management committee or designated officer	Once/month
Schedule and hold board meetings	Officers	Once/month
Schedule and hold annual shareholder meeting	President	Once/year, in November
Fundraiser (bake sale, car wash, etc.)	Fundraising Committee	Three times a year
Shareholder meetings	Board organizes, all shareholders attend	Every two or three months
Pay maintenance fee	Shareholders	Once/month
Evaluate and raise maintenance fees	Officers	Once/year
Annual budgeting	Officers, Treasurer oversees	Once/year
UHAB HDFC trainings & shareholder seminars	Shareholders	Approximately monthly (see calendar)
<b>One-Time Administrative Tasks</b>	<b>Who is Responsible</b>	<b>To Be Completed By:</b>
Hire new super	Hiring Committee (President to follow up.)	4/10/05
Renew income restrictions provision in by-laws	President, with board support	6/1/05
Fill vacant apartment	Tenant Selection Committee	[A few months after one becomes vacant.]

## **Creating a Management Plan: Job Descriptions**

---

Using the completed task forms, you should now develop job descriptions summarizing the tasks for:

**each officer**

**the manager or each co-manager**

**each committee**, and a description of how regular tasks are to be delegated among committee members

For each person or committee responsible for management tasks, there should be a designated “supervisor” (could be a person or a group, such as the officers) to follow up and make sure tasks are carried out properly.

Finally, include a description of how the different parties above work together to make decisions. For example, the maintenance and repair committee make receive bids for major repairs and make recommendations, but the board must make the final decision. Or an outside manager may accept applications and call references for new residents, but will provide the results to the executive committee, who will present recommendations to the board to vote on.

Once you have developed an initial management plan, the entire tenant association should have a chance to review and approve it. As you gain experience, and learn what does and does not work well for you, you’ll want to revise it and add to it. As the association confronts particular problems (such as poor rent collection), you may want to develop special strategies for dealing with them (like establishing a special rent committee). You can then integrate these strategies into your overall management system.

**USING COMMITTEES EFFECTIVELY**

Committees can help the officers and/or manager accomplish many routine tasks, making management less burdensome for them by developing policies, overseeing implementation, and communicating with tenants. Active committees also allow for the participation of members who are not officers, and serve as a “training ground” for future building leaders. For committees to function effectively, their roles and responsibilities must be clearly defined, and good communication must be maintained with the officers.

## Work Plans

---

Your management plan covers categories of tasks and the overall system of management. This should make routine tasks flow smoothly. But when your association is confronted with a new or complex task, special attention is required to make sure it is accomplished.

First ask yourselves how this task fits into your current policies. Are there clear guidelines or policies that describe how to carry out the task? Or does a policy need to be developed? Let’s say the task at hand is renting a vacant apartment. If the association has not yet developed a tenant selection policy, then it will need to do so before the tenant selection committee and/or the officers can move forward.

Second, ask yourselves how this task fits into your management plan. Does the management plan say who is responsible for this sort of task? Is it part of the existing job description of one of the officers? If so, can it be done by that officer alone, or will he or she need assistance? Is it the job of a committee? Does the committee exist, or does it need to be established/re-convened? If the task is going to be on-going does the management plan need to be added to?

Once you have identified the person or committee that is responsible for carrying out the overall task at hand and any relevant policies/guidelines are in place, **develop a work**

**plan.** This will help you to break down complicated tasks into simpler, more manageable steps.

- First, make a list of the steps involved in completing the task.
- Then delegate responsibility for each step among the people (i.e., officers, committee members, etc.) who are involved in carrying out the task. Remember that it is better to delegate work to willing volunteers, rather than trying to “draft” someone who really doesn’t want to get involved.
- Establish a time line for accomplishing each step, with specific dates/times by which the steps are to be completed.
- Finally, you will need to build in follow-up mechanisms to make sure that each step is completed, and the process moves forward until the overall task is done.

You may find the form used in the example on page 21 helpful.

## **Sample Work Plan: Renting a Vacant Apartment**

---

In this example, renting a vacant apartment is the overall task faced by the tenant association. The tenant selection committee has primary responsibility for this task, and is guided by the tenant association’s tenant selection policy. In their initial meeting on Sept. 14th, the committee came up with the following plan for accomplishing their task. Remember that this is a sample—it may look different for your building. The important thing is to make it specific, be sure no steps are left out, and make sure every task has someone who is responsible for it.

<b>700 ANGEL AVENUE’S WORK PLAN TO RENT VACANT APARTMENT</b>		
<b>Task</b>	<b>Who is Responsible?</b>	<b>Date</b>
Make Repairs	Maintenance and Repair Committee (Tenant Selection Chair will follow up)	By October 14th
Advertise Vacancy	Tenant Selection Committee (Mr. Jones will coordinate)	October 15– November 15

<b>700 ANGEL AVENUE'S WORK PLAN TO RENT VACANT APARTMENT</b>		
<b>Task</b>	<b>Who is Responsible?</b>	<b>Date</b>
Collect and evaluate applications	Tenant Selection Committee (Committee Chair)	October 15– November 25
Interview Candidates	Tenant Selection Committee (all, times set up by Chair)	November 1– December 1
Make recommendations based on tenant selection policy	Tenant Selection Committee	December 1–5th
Present to TA/ TA approval	Tenant Selection Committee/ TA	December 5th
Invitation to new tenant	Tenant Selection Committee/ President of TA	December 7th

## **Managing for the Long Term**

---

Running a successful TIL building or co-op involves carrying out dozens of routine management tasks every day. But it also involves anticipating what the needs of the building and association will be a month, six months, even years down the line. Your real estate tax bill is due in several months; you need to make sure you are budgeting enough to pay it. Heating season starts in October, but the time to check and repair the heating system is during the summer. Your roof is already ten years old; now is the time to assess how much longer it will last, and plan to replace it when the time comes.

By planning ahead, the TIL officers or co-op board of directors can better prepare to meet all of the building's needs. Repairs and systems replacements must be planned in order to keep the building in good physical condition. Careful financial planning is needed to ensure that the building has the financial resources it needs. Just as important, but often overlooked, is the need to maintain the association or co-op as a dynamic organization, with active participation by its members. Without an active participatory organization, tenants and shareholders have no way

of ensuring that their building continues to be well-managed, and in good shape.

Review your management plan to be sure that someone has specific responsibility for keeping track of organization building and longer term planning issues like these and that they report on them to the board regularly.

<b>EXAMPLES OF SHORT AND LONG-TERM PLANS</b>						
	<b>Short Term/ Long Term</b>	<b>Secured Bids?</b>	<b>Is loan needed?</b>	<b>Hired Contractors?</b>	<b>Start and End Dates</b>	<b>Who's responsible?</b>
Painting	SHORT TERM	YES	YES	YES	4/15/02–5/15/02	[NAME]
Build office in basement	LONG TERM	NO	YES	NO	1/5/04–3/15/04	[NAME]
Roof Repair						
Sell 4 vacancies						
Commence 5 non-payment actions						
Lease comm. space						

It may be helpful to think of “planning ahead” in terms of short- term and long-term planning. Short-term goals include tasks that, while they don’t come up every day, need attention fairly regularly. Your planning “horizon” for such goals will probably be weeks or months ahead, depending on the task. By breaking down each task into steps, and delegating responsibility for each step, as described on page 20, you can plan to accomplish these goals without any one person becoming overwhelmed.

Your planning horizon for long-term goals will be years, rather than weeks or months. You are probably not planning to be an officer or board member forever (and if your co-op is a healthy one, there will be a regular turnover of leadership). Nevertheless, the actions you take (or don't take) today will determine whether the co-op will be able to replace the roof in ten years, or whether the contingency reserve will be adequate to cover the cost of an emergency repair. If you haven't already done so, now is the time to:

- evaluate the life expectancy of all the major building systems, so you know when replacement will be necessary;
- establish reserve accounts; and
- develop a budget that allows for adequate contributions to reserves.

## PLANNING FOR ORGANIZATIONAL HEALTH

If the tenant association or co-op is to grow and develop as an organization over the long-term, the officers and board need to work consistently towards this goal. It is all too easy to get caught up in the “day-to-day” management tasks required to maintain the building, and forget about educating the membership, increasing participation, developing new leadership, and mentoring new officers. But forgetting about organization-building only increases the burden on the original building leaders over time, as fewer and fewer new tenants and shareholders take on the responsibility of board or committee membership. For this reason, you should consider these organizational development tasks every bit as important as maintaining the boiler properly or keeping the building clean.

## Management Survey

---

Periodically, you will want to stop and evaluate how you are doing in meeting your building's and association's short-term and long-term needs. The Management Survey below can be used as a tool to help you do this. Don't be discouraged if you don't answer “yes” to every question. Keep working to turn that “NO” into a “YES”.

### ADMINISTRATION

YES NO

1. If you have an outside manager: Do you have a written contract that clearly outlines his/her responsibilities?
2. If you self-manage (that is, if the officers divide management responsibilities): Do you have a written management plan?
3. Are management contracts and/or management plans reviewed at least on an annual basis by the TA?
4. When working with professionals (lawyers, accountants, contractors, managers): Do you have a written agreement that clearly defines this person's responsibilities?
5. Does every tenant (both commercial and residential) have a month to month HPD approved lease?
6. Do you have one person who communicates with your lawyer about court cases?
7. Do at least 90% of the tenants pay rent every month?
8. When a tenant falls into arrears:
  - - Do you contact the tenant to find out what is wrong?
  - - Do you try to establish a written payment agreement?
  - - Failing a successful payment agreement, do you take legal action promptly (at 2 months arrears)?
9. Do you document all issues/activities which might end up in court (illegal activities, destructive tenants, etc.)?
10. Do you have tenants who represent the TA in court?

### ORGANIZATION

1. Do you have monthly TA meetings?
2. Are tenants given adequate notice of meetings?
3. At your meetings:
  - - Are discussions brought to a conclusion?
  - - Are decisions made?
  - - Are minutes taken which include decisions taken and tasks

## ORGANIZATION

delegated?

- |   |     |     |
|---|-----|-----|
| 4. Have you ever amended your by-laws?  | ___ | ___ |
| 5. Do you refer to your by-laws as a guide for making decisions and solving problems?                               | ___ | ___ |
| 6. Does your TA have:   |     |     |
| • - A rent collection and eviction policy?  | ___ | ___ |
| • - A repair policy?  | ___ | ___ |
| • - A tenant selection policy?  | ___ | ___ |
| 7. Are all TA policies and amendments clearly recorded in written form?   | ___ | ___ |
| 8. Do you have a comfortable place where you can hold your meetings?  | ___ | ___ |
| 9. Do you usually get a quorum at TA meetings?  | ___ | ___ |
| 10. Do you follow a pre-set agenda in your meetings?  | ___ | ___ |
| 11. Are minutes posted or distributed to all tenants?   | ___ | ___ |
| 12. Is every tenant familiar with the by-laws?  | ___ | ___ |
| 13. Does every tenant have a copy of the by-laws?   | ___ | ___ |
| 14. Are TA policies enforced and applied equally and fairly to all tenants?   | ___ | ___ |
| 15. Do officers share tasks with other officers and committees (rather than one person doing everything)?           | ___ | ___ |
| 16. Are officers and committee members able to avoid personal disputes which get in the way of conducting business? | ___ | ___ |
| 17. Do you have a regular, healthy change of leadership in your TA?   | ___ | ___ |
| 18. Do committees give reports at TA meetings so that other tenants are kept informed?                              | ___ | ___ |

## INTER/INTRA-BUILDING COMMUNITY

- |  |     |     |
|--|-----|-----|
| 1. Does your TA have written House Rules to deal with issues such as noise control and cleanliness?          | ___ | ___ |
| 2. Are you aware of your responsibility to avoid discrimination when selecting new tenants?                  | ___ | ___ |
| 3. Does your Tenant Selection Committee's application and interview questions comply with fair housing laws? | ___ | ___ |

**INTER/INTRA-BUILDING COMMUNITY**

- 4. Do tenants in your building get together for social functions?
- 5. If more than one language is spoken in your building: Do you always translate notices and have bilingual meetings?
- 6. Do you provide orientation and training for new members?
- 7. Has the executive committee addressed the issue of tenant participation?
- 8. Do you think that tenants in your building feel that they are in control of management?
- 9. Do you know of other TIL buildings in your neighborhood?
- 10. Do you have regular contact with other TIL buildings in your neighborhood?
- 11. Does anyone in the building attend:
  - - TIL coalition meetings?
  - - Community Board meetings?
  - - Police precinct meetings?
- 12. Does your TA have special programs for youth, elderly, after school, daycare, or recreation?
- 13. Are your officers or manager able to refer tenants with problems to the appropriate agency, community group, or program to get help?
- 14. Does your TA send its members to training classes, conferences, and seminars to gain skills and knowledge, and to develop new leaders?

**MAINTENANCE & REPAIR**

**YES NO**

- 1. Do you have a copy of your building's code violations?
- 2. Have you provided window-guards for all families with children under ten years old?
- 3. Does every apartment have smoke detector(s)?
- 4. Have you informed tenants about the hazards of lead paint, and what to do if lead poisoning is suspected?
- 5. Do all fire escape exits (including fire escape window gates) open freely without a key?
- 6. Does your building have fire extinguishers and emergency lighting?

**MAINTENANCE & REPAIR**

**YES NO**

- 7. Do you have a repair plan that covers all major repair problems/needs including the following:
  - - Systems (electric, plumbing, heating, etc.)?
  - - Removal of code violations?
  - - Energy conservation/weatherization measures?
  - - Building security/safety measures?
  - - Effective use of community space in bldg?
- 8. Does your building have a repair policy?
- 9. Does your repair policy include a procedure for:
  - - Tenants making repair requests?
  - - Recording (in writing) repair requests?
  - - Prioritizing repairs?
  - - Tracking the completion of repairs?
- 10. Are requested repairs completed in a timely manner?
- 11. Do you have a repair and maintenance committee that meets on a regular basis?
- 12. Does anyone supervise contractors while they're working in the building?
- 13. Do you have a designated person to supervise the Super?
- 14. Does your Super (and any other maintenance employees) have a written contract and job description?
- 15. Are tenants who have repair or construction skills encouraged to get involved with the M&R committee?
- 16. Has repair planning made rent collection easier?
- 17. Do you know which tenants in your building have repair or construction skills?
- 18. Has the person in charge of operating and maintaining your boiler taken a training class?

**FINANCIAL MANAGEMENT**

- 1. Does your TA have a filing cabinet?
- 2. Do you have files for each month's financial information/records?
- 3. Do you have an "unpaid bills" file?

## FINANCIAL MANAGEMENT

- |  |     |     |
|--|-----|-----|
| 4. Do your bills get paid on time?   | ___ | ___ |
| 5. Do you keep a file for each apartment?  | ___ | ___ |
| 6. Do you keep copies of all correspondence with HPD and other agencies?                           | ___ | ___ |
| 7. Do you know how much you have in the bank?  | ___ | ___ |
| 8. Does your TA have a separate reserve (saving) account?  | ___ | ___ |
| 9. Do you prepare an annual budget?  | ___ | ___ |
| 10. Do you spend within your budget?   | ___ | ___ |
| 11. Do you get your financial reports in on time?  | ___ | ___ |
| 12. Are your financial reports done correctly?   | ___ | ___ |
| 13. Do you keep a separate interest-bearing security deposit account?                              | ___ | ___ |
| 14. Do you withhold payroll taxes and complete quarterly/annual reporting forms for all employees? | ___ | ___ |
| 15. Do you provide financial reports to tenants, either at meetings, or by posting/distributing?   | ___ | ___ |
| 16. Do you make the books and records open and available to tenants who want to see them?          | ___ | ___ |

### Section 3

## MAKING THE MOST OF EMPLOYEES AND CONSULTANTS

### Employees vs. Consultants

---

#### **What is the Difference Between an Employee and a Consultant?**

One big difference between employees and consultants is that the association is required to pay payroll taxes for employees but not for consultants. In addition to withholding federal, state, and city income taxes from an employee, payroll taxes also include unemployment insurance, workers compensation, disability, social security, and

medicare. If these payroll taxes are not paid, the association could face hefty late charges and penalties and open itself up to legal liability when, for example, an employee gets hurt on the job.

### **How do you Know if Someone is an Employee or a Consultant?**

In general, employees are individuals that work for you on a regular basis and whom you supervise directly and provide with the tools and supplies they need to do their job. Consultants are individuals or companies that you hire from time to time to perform a specific task and they supply their own tools and supplies. A super is therefore an employee of the association whereas a cleaning company that you hire to come into the building once a week to clean the hallways (and that supplies its own mops, sponges, buckets, garbage bags, vacuum, etc.,) would be a consultant. A bookkeeper that works part time in the building to maintain the monthly financial records using the tenant association's equipment and supplies (computer, adding machines, calculators, pens, paper, etc.,) is an employee. An accountant that is hired once a year to prepare the co-op's annual financial statement is a consultant.

If you are not sure whether someone should be hired as an employee or consultant, or for more information on payroll taxes, contact HPD, UHAB, or your local technical assistance provider.

## **The Hiring Process**

---

The association and its elected officers are the backbone of your building's operations. But they are probably not the only people who "get things done" in your building in the course of day-to-day management. Both in TIL and later, when you become a co-op, you will often need to depend on hired professionals to provide different types of services. Tenant association or co-op employees might include a superintendent or janitor, and a building manager. Consultants who can provide some types of services could include lawyers,

accountants, contractors (plumbers, electricians, boiler maintenance companies, etc.), and insurance brokers.

Pay attention to the following steps as you go about the hiring process:

If you are hiring a lawyer or a manager, refer to the UHAB publications “**Managing Your Lawyer**” and “**Managing Your Manager**” before you begin.

**Write out a job description.** Write up the job description or the “scope of work” (a list of what you want a consultant to do) before seeking out candidates. In the case of a sizeable repair job, you may need to have a professional review the scope of work, or even write it for you. This way, when you get contractors to bid on the job, they will all base their price on the same scope of work, and you will be assured that you get what you need.

**Identify candidates.** Once you know what you need, one of the best ways to find potential candidates is to ask other TIL buildings and HDFC co-ops in your neighborhood for referrals. You should also consult HPD, UHAB, and/or your local technical assistance provider; they may be able to supply you with the names of contractors, lawyers, and other professionals that other TIL buildings and HDFC co-ops have used with good results. It is also a good idea to check the phone book to identify professionals located in your neighborhood. UHAB’s *Resources For Co-ops* can also provide you with a list.

## FIRST DISCUSS WHAT YOU WANT

Before beginning the hiring process, you will want to think carefully about what the association is looking for. What services do you need performed? If you are hiring a super - do you need someone full-time or part-time? Do you need someone to clean the building and do basic maintenance tasks, or someone with more technical knowledge, who has the ability to do complex repairs? The answers to these questions will depend on a number of factors, including the size of your building, the level of maintenance and repair

expertise within the association, and the willingness of tenants to do “self-help” work.

## Conduct Interviews and Check References

---

### LOOK FOR A LICENSE

If you are hiring contractors for electric or plumbing work (or other work that requires a license), make sure you get proof that they have the necessary licenses.

When you have identified potential candidates, you will want to conduct thorough interviews, and carefully check references. Ideally, any professional you hire should have some familiarity with the TIL program, and be accustomed to working with tenant-managed and -owned buildings. This is especially important when you are hiring a lawyer or a managing agent (and somewhat less important, but still a good thing, when you are hiring a super or a contractor). A lawyer cannot represent you effectively without basic knowledge of TIL and the rules governing the program. Similarly, a managing agent that has only worked for traditional landlords will most likely not do well with a TIL building or co-op, where the tenants are in charge.

### Compare Prices

Take the time to “shop around” and compare prices; this is how you will get the best value for the association’s money. However, you should never automatically select the lowest bidder. Your highest priority should be getting someone qualified, who can satisfactorily perform the services you are contracting for. Getting the job done right the first time will save you money in the long run. If one contractor gives you an estimate that is significantly

lower than those of the other three or four contractors bidding on the job, this may be a warning sign that he or she is “under-bidding,” and will later skimp on time or materials in order to make up for the low price.

Also see a “**A Guide to Building Maintenance and Repair**” in the *Homesteader’s Handbook* series.

### **LOOK FOR INSURANCE**

Contractors carry insurance to protect themselves as well as you if there is an accident and something is damaged or someone is injured in the building. If the contractor does not have insurance, your building could be liable. When you are a co-op and borrow money to have work done, the contractor will be required by the lender to show proof of insurance. Ask the contractors for proof of insurance.

## **Negotiating a Contract**

---

Once you have selected the candidate you feel is best for the job, based on interviews, references, and price, your next task is to negotiate and sign a

contract. The contract is a legal agreement between the professional (contractor, manager, lawyer, etc.) and your association, describing the services to be performed, and the fee to be paid for these services. The contract is your primary tool for holding your employee or consultant accountable, so it is important that it be clear and complete.

### ***ELEMENTS OF THE CONTRACT***

#### **USE A LAWYER**

Since the contract is a legal document, it is a good idea to have your attorney review it **before** it is signed by the parties

**A detailed job description:** For a one-time service, the contract should explain exactly what you are hiring the person to do. In the case of employees (like a superintendent or a managing agent), the contract should list all the tasks they are expected to perform on an ongoing basis.

**A work schedule or estimated date of completion:** For a regular employee, such as a super, the contract should specify when regular tasks are to be performed. A consultant (such as a contractor or lawyer) hired to perform a specific, one-time service should give you an estimate of when the job will be completed.

**The salary or fee to be paid:** Different types of employees and consultants charge for their services in different ways (see box on page 33).

**A cancellation provision:** All contracts for ongoing services should contain a cancellation provision, stating that either party may terminate the contract by giving a certain amount of notice (30 days is common). It should be clearly stated that any tools, files, or other materials belonging to the association must be turned over by the employee upon termination of the contract.

**Enforcement mechanisms:** The threat of termination is your main enforcement mechanism for any employee. But sometimes contracts can provide other, additional enforcement mechanisms. For example, you might want to include in your manager's contract a provision stating that 5% of the management fee will be deducted for each day that the manager's monthly financial report to the officers is late. A contract for repair work should specify that the tenant association will hold back at least 10% of the total payment (called a retainer) until after all work has been completed to satisfaction.

## Different Types of Contracts

---

### Lawyer

A contract with a lawyer is called a "retainer agreement." Since different lawyers can charge for their services in different ways, it is important that you understand your lawyer's billing system. Some attorneys charge strictly by the hour. Others charge a flat fee for a specific procedure (such as preparing a dispossess notice). And, some attorneys charge a combination of flat fees for certain procedures, with additional work billed on an hourly basis. In the course of a court case, you will need to communicate periodically with your lawyer on the phone. Find out if you will be billed for the time your lawyer spends on the phone with you.

### Repair

A contract for repair work should always contain a "payout schedule," specifying that the contractor will be paid in installments as the work is completed. You should retain at least 10% of the total fee until after all the work has been completed to satisfaction. Make sure the contract also contains a detailed "scope of work"—a description of the work, including the materials to be used, permits required, and other relevant information. For a very large job, you may need to include "specifications," which are even more detailed than a scope of work.

### Super

The super's contract should state the amount of the base salary, the payment period, and should list any other compensation that the super may receive, such as a rent-free apartment, or paid vacation. If you want to reserve an apartment permanently for use as a rent-free super's apartment, then the contract should specify that he or she may only occupy the apartment as long as he or she continues to be employed as super.

### **Manager**

A managing agent's fee is typically calculated as a percentage of the total rent collected each month (in TIL, the maximum allowable management fee is 8%). This is so the manager will have an incentive to collect as close as possible to 100% of the rent due. The fee is used to cover management-related expenses incurred by the manager, such as office supplies and postage, in addition to his or her salary.

See "Scopes of Work and Specifications" in *A Guide to Building Maintenance and Repair* for more information.

## **Supervising the Work**

---

For every employee/consultant employed by the association, designate one person as his or her supervisor or liaison. This will help keep the lines of communication clear, and prevent the employee or consultant from getting conflicting instructions from different members of the association. Tenants should direct any complaints or comments regarding the employee/consultant's job performance to the designated supervisor, preferably in writing. In turn, the designated supervisor/liaison is responsible for reporting to the TIL officers or co-op directors and keeping them abreast of any problems that develop.

The supervisor should be equipped with a copy of the contract, work schedule, or retainer agreement, and be familiar with its contents. He or she should keep any correspondence to or from the employee in a permanent file. It is a good idea to

document in writing all instructions and agreements between the employee/consultant.

For salaried employees, such as a super, you will want to set up a schedule of regular, periodic meetings with the supervisor and the officers in order to discuss long-term plans, and any new issues or policy changes that may have come up. For your lawyer, accountant, or repair contractors, it is probably sufficient if the supervisor keeps in touch periodically by phone, following up in writing when appropriate.

If problems develop with an employee/consultant's job performance, it is best to respond promptly. Schedule a meeting with the employee to discuss the problem, and develop a solution. Write a follow-up letter summarizing what was agreed to in the meeting. If the employee's job performance still does not improve, the supervisor should write a formal warning letter, clearly describing what the problems are, and the steps the employee must take to address them. If all else fails, you may have to fire the employee.

## **SUPERVISING CONTRACTORS IN THE BUILDING**

When contractors are doing work in your building, it is important that someone from the tenant association be on site to greet them as they arrive, and to check up on them periodically in the course of the day. This way, they will understand that there is someone paying attention to what they are doing. The on-site monitor should have a copy of the scope of work that describes what the workers are supposed to be doing.

If the workers' boss (i.e., the contractor or construction manager you hired) is not in the building doing the actual work, make sure you have a phone number where you can reach him or her. If questions arise about work during progress, or the workers seem to be doing something wrong, the on-site monitor should contact the head contractor immediately.

## **Conclusion**

---

Because you, the tenants, are in control of your building in TIL, you have the great advantage of being able to develop a management system that works for you. Whoever manages the building, you get to make the ultimate decision about how things will run. At the same time, however, achieving a smooth management system requires that the officers and committees be well-organized and able to communicate clearly with each other. The officers must also learn how to delegate responsibility—and then follow up to make sure that delegated tasks are being carried out. An active and informed tenant body is your greatest asset, and will make building management much easier. So don't forget to nurture the tenant association and its members as you go about the daily routine of rent collection and repairs.

Volumes 1 and 2 in the *Homesteader's Handbook* series, “**A Guide to Organization and Governance**” and “**A Guide to Communication, Problem Solving and Decision-Making**” offer useful advice about how to grow and develop your organization for maximum satisfaction of the membership, as well as maximum efficiency in management.

## **Resources from the Urban Homesteading Assistance Board**

UHAB has many resources beyond the *Homesteader's Handbook* Series. Check out [www.uhab.coop](http://www.uhab.coop) for a wide range of publications, discussions, tools, and answers about managing an affordable co-op. You can also order paper copies of the publications below by calling 212-479-3300.

\* *A Guide to Cooperative Ownership* — \$14.00

This guide helps new owners meet the responsibilities of owning a housing cooperative. It complements UHAB's seminars on cooperative support in management, accounting, financing capital improvements, and working with government and quasi-government agencies.

\* *Managing Money and Keeping Records* — \$5.75

This manual covers all aspects of a bookkeeping system developed by UHAB and implemented successfully by over 1,000 tenant-managed buildings in New York City and around the country.

\* *Becoming a Cooperative* — \$5.00

This guide, used by UHAB in working with participants in New York City's Division of Alternative Management Programs, outlines the steps involved in buying city-owned buildings and making them tenant-managed. It gives information on transferring title, definitions of cooperative terms, and help in determining how much it will cost the cooperative corporation to run the building once it has been purchased from the city. It can be easily modified for use outside of New York City.

\* *A Guide to Maintenance and Repair* — \$10.75

This guide provides information that will help tenants take care of their building's regular maintenance and repairs, handle emergencies, and make the best possible use of tenant association or cooperative resources. It explains a building's basic systems and how they work, and includes discussions about forming a maintenance policy, general maintenance procedures, what to do when you cannot do something yourself, and how to look for and hire a contractor.

*A Guide to Rehab Feasibility* — \$5.00

This guide introduces the elements of doing a preliminary feasibility analysis for rehabilitation projects. It covers building selection, scope of work, construction and development costs, maintenance and operating costs, and—leading to the bottom-line—the rent or monthly carrying costs. If the project proves infeasible, the guide goes on to explore various ways of achieving feasibility.

**UHAB Pamphlets**

- \* The A, B, C's of Code Violation — \$3.00
- \* Inside TIL—A Guide to the Tenant Interim Lease Program — \$3.00
- Managing Your Lawyer — \$3.00
- \* Managing Your Manager — \$3.00

- \* Where You Stand: A Shareholder's Guide to Cooperative Ownership — \$3.00

(\* = Available in Spanish)