HOMEE

THE ULTIMATE GUIDE TO
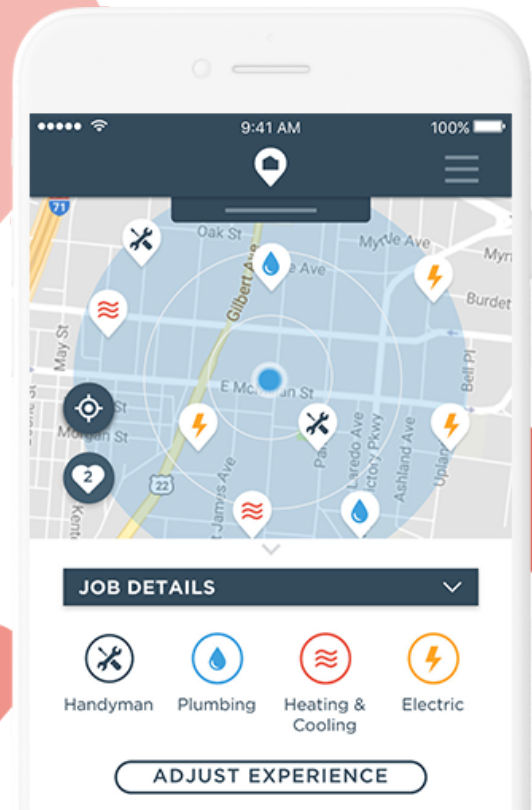
PROPERTY MANAGEMENT SOFTWARE

FOR RESIDENTIAL & COMMERICAL APPLICATIONS

Property Management Software

Many property managers (PMs) need to keep up with a variety of tasks across numerous residential and/or commercial properties to keep their renters happy and willing to renew their leases. Property management software can help a PM overcome these challenges and increase efficiency and profitability.

What are the challenges that property managers face? And, how do commercial and residential property management software programs help PMs overcome these challenges?

Note: HOMEE is not associated with any particular property management software company. We are a property maintenance solution provider. Our solution gives property managers immediate access to thousands of vetted and background-checked property maintenance professionals (handymen, plumbers, electricians, and HVAC techs) at the tap of the button, which is not offered by any property management software.

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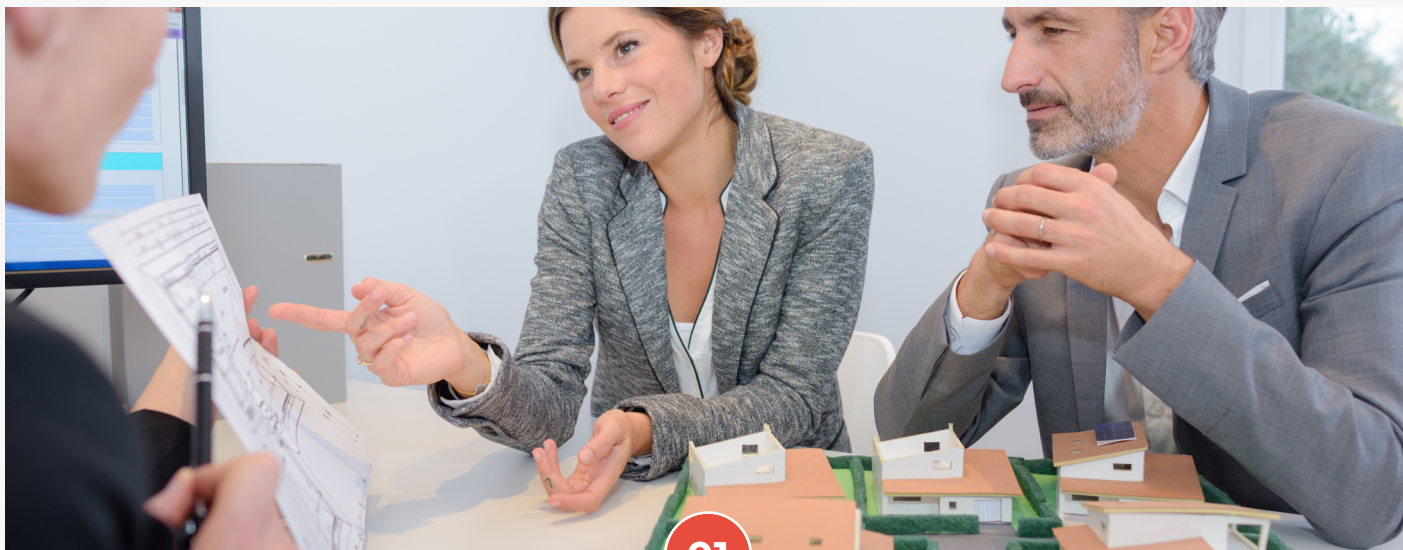**07** Comparing Three Residential Property Management Software Programs

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01

Common Commercial and Residential Property Management Challenges

Property managers may face different challenges depending on whether they're managing commercial or residential properties. However, there are a number of issues that are common to both types of property management, including:

Screening Potential Renters

In both residential and commercial property management, PMs have to carefully screen lease applicants to ensure they're renting to tenants who can afford the space, will not cause damage to the property, or create disturbances for which the property manager will be held accountable. This often involves conducting background and credit checks on applicants prior to presenting them with the lease.

> Property managers are responsible for knowing and following all local and federal property management regulations that apply to the properties they manage.

Adhering to Local and Federal Property Management Regulations

Property managers are responsible for knowing and following all local and federal property management regulations that apply to the properties they manage. However, these regulations may change frequently, so PMs have to periodically check with their local regulatory bodies for important updates. Some online resources, such as the Landlordology Landlord-Tenant State Laws & Regulations map, can help property managers get pertinent information, but these resources may take time to reflect the latest changes. Additionally, there may even be county- or city-specific ordinances that apply, which are not reflected in state regulations.

Maintaining Properties in Good Condition

Property maintenance is a critical issue for all types of properties. Renters demand well-maintained facilities, and a lack of maintenance is a leading cause of renters deciding not to renew. Regular and emergency property maintenance is a critical issue that contributes to the renter's "tenant experience" and overall satisfaction—as well as their safety and health.

Handling Renter Turnover

Even the best property managers will have to deal with renters moving out sooner or later. The renter's needs might change, or they may find new employment in a new region, or they may simply not get along with their neighbors. When tenants leave, property managers need to be able to fill the vacant property as soon as possible to minimize their financial losses. There are many questions when handling turnover. For example, if a tenant leaves unannounced, can the property manager levy a penalty (such as withholding the security deposit), or do they simply have to absorb the loss until they find a new renter? The answers to these questions may change depending on the lease agreement and local regulations.

Collecting Rent

In both residential and commercial property management, PMs need to be able to collect rent from their tenants easily. This collection process should be simple for the property manager to control and convenient for the renter to help avoid missed or late rent payments.

Inspecting Managed Properties

Routine inspections are often necessary to ensure that renters are using the property in an appropriate manner that complies with the lease agreement. These routine inspections can help property managers identify critical issues that could cause damage to the property and affect its rental value. For most properties, these inspections need to be announced well in advance to avoid ambushing renters.

Generating Notices for Inspections and Other Issues

Communication with renters is a key issue for both commercial and residential property management. This includes sending renters notices for various events, including:

- Ø Impending inspections.

- Ø Changes in rental rates (if rate changes are allowed).

- Ø Upcoming maintenance visits.

- Ø Eviction notices.

Marketing Properties to Potential Tenants

Every property manager needs to market their properties to potential renters. This frequently involves creating listings for vacant properties in online property search sites, placing ads on websites frequented by their target audience, and emailing existing renters about opportunities to upgrade to better properties.

Each of the above issues are nearly universal for both residential and commercial property management. However, there are a few issues that are more specific (or at least common) to one type of property management or the other.

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Issues Specific to Commercial Property Management

Some issues that are more common or specific to commercial property management include:

Charging and Reconciling for Common Area Maintenance (CAM)

In many commercial properties, individual spaces may be separately owned or leased, but feature shared common areas—such as the lobby of a large office building—that consume utilities, need insurance, and accrue property taxes. These common areas require frequent maintenance, which results in maintenance charges that are shared amongst all of the properties in the facility. These charges are known as common area maintenance charges, and are typically billed to tenants in addition to their base rental costs. These charges are sometimes encountered in residential property management as well—usually in conjunction with homeowners' associations or condominiums.

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Balancing of Commercial Business Types in a Property

Commercial property managers need to be mindful of the types of businesses they form lease agreements with in any given commercial property. Putting competing businesses (such as two hibachi restaurants) next door to each other could affect both of their bottom lines—making it more difficult to meet rent payments. Additionally, certain businesses have to be placed in properly-zoned commercial properties. For example, it wouldn't be appropriate to put a manufacturing company in a space zoned for retail.

Managing Amenities for Different Industries

Commercial businesses can have vastly different needs depending on their industry and the nature of their business. For example, grocery stores, restaurants, and the like may need large cold storage equipment (such as walk-in freezers); manufacturing businesses may need reinforced power grids; and doctors' clinics may need sterile rooms and used medical equipment disposal areas. These different amenities can complicate property maintenance or increase the rate of utility consumption.

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Issues Specific to Residential Property Management

Numerous issues are specific to residential and multi-family property management, and are less common in the management of commercial properties. Some examples of common residential property management issues include:

Subleasing Rental Properties

Sometimes, tenants may decide to supplement their own income by subleasing the property they're renting. Others may innocently decide to provide a room to family or friends for a prolonged period of time. This places tenants who are not on the lease into the property—opening the property manager to additional liability. Most property managers try to address this concern in the lease agreement by adding a clause that makes the lease an exclusive agreement—meaning that only the individuals specified in the lease are permitted to reside on the property.

Setting Rules for Pet Ownership

Having a pet-friendly residential property can be a major selling point, but it can also create new liabilities and maintenance issues. Multi-family property management is often complicated by this issue. PMs have to carefully consider how to address pet ownership in their lease agreements (such as what types of pets are allowed, how many pets are allowed per unit, and how to verify service animals). These rules need to be clear-cut and uniformly enforced for a rental property to avoid confusion and accusations of favoritism.

Evicting Residential Tenants

Eviction is a touchy subject in multi-family property management, and one that is often handled inappropriately. When evicting a tenant, it needs to be for a valid reason that does not violate the lease agreement or any applicable local and federal regulations. Evictions need to be properly processed. For example, according to the Hillsborough County Clerk of Court & Comptroller's office, the eviction process must be filed in court after the tenant is issued an eviction notice (and fails to address the cause of the eviction, such as nonpayment of rent), and the final eviction needs to be carried out by the Sheriff's office—the landlord/property manager cannot evict the tenant. This process may vary from one county/state to the next or because of certain circumstances—which is why it may be important to contact a lawyer specializing in rental law for the area where the eviction is being considered before moving forward with this type of process.

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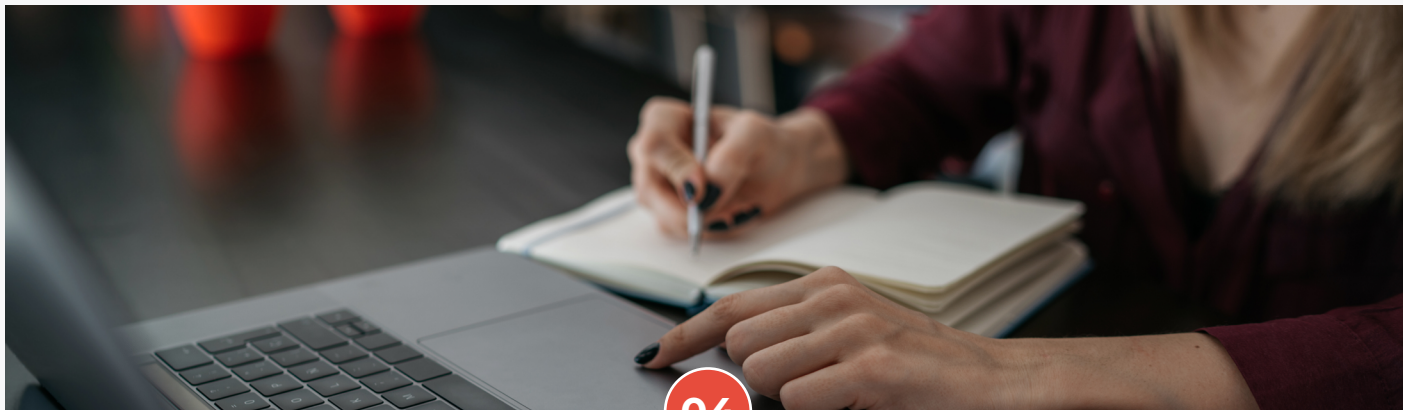
How Does Property Management Software Address These Issues?

Property management software helps PMs manage their properties and address these issues in various ways. Not all property management software programs are created the same, so there are differences in how individual programs address common issues (if they address them at all). Here are a few of the benefits of property management software:

Providing Online Rental Payment Portals

Some property management software programs have built-in rental collection features that allow tenants to post rent payments online. This often comes in the form of a renter-facing mobile app that tenants can download to their smartphones and use to make payments directly in the app.

Such applications help to greatly simplify the process of paying rent—some even include text message alerts that remind renters when their payments are due or to set up automatic bill pay to prevent tardy rent payments. Also, these applications may be safer for tenants than mailing cash, checks, or money orders.

Additionally, some property management software programs let PMs automate the debt collection process—filing delinquent renters with the appropriate collections agency, reporting them to a credit bureau, and documenting the unpaid rent for potential use in the eviction process.

Improving Property Manager and Renter Communications

Communication between a property manager and his or her tenants can be significantly enhanced by using certain property management software programs. Depending on the program, property managers may be able to send their renters notifications about upcoming maintenance visits, property inspections, or potential alterations to the lease agreement mandated by changes in local or federal regulations.

This can help to improve the tenant's renting experience, prompting them to renew their leases at the end of their contract term.

Tracking Income and Expenses for Each Managed Property

Another benefit common to property management software is the ability to track income and expenses for each individual rental property. This helps property managers assess whether individual properties are performing well financially or are a drain on resources. From there, property managers can evaluate the causes of increases or decreases in profitability—such as a high rate of emergency maintenance expenses, abnormal utility expenses, or high turnover at a given property.

Having a greater degree of visibility into the properties they manage helps PMs enhance their management practices to eliminate wasteful spending.

Improving Efficiency and Scalability for Property Management

The improved communication and operational visibility granted by certain property management software help PMs react more quickly to changing situations. Some property management software programs give PMs the ability to:

Ø   Manage and market their property listings.

Ø   Check on the status of their rent collections.

Ø   Create or adjust automated workflows that reduce their workload.

Tracking Important Tenant Data

For commercial property managers, maintaining a good balance of business types in a retail commercial property can be crucial for keeping tenants. Avoiding putting too many businesses with identical target customers into a single shared commercial space can be essential for ensuring that each one is able to perform (and, thus, earn the money they need to pay rent).

Some property management software programs track key tenant data so property managers can avoid accidentally placing direct competitors too close to one another.

Furthermore, some of these programs can display data about tenant credit information and other factors that are used to screen potential renters prior to signing a lease.

Tracking Common Area Maintenance Charges for Commercial Properties

Several commercial property maintenance programs offer the ability to track common area maintenance (CAM) expenses for commercial structures so they can be fairly reconciled between all of the tenants in a given structure. This helps ensure that renters are neither over- nor under-billed for CAM expenses needed to keep the structure's shared areas in good repair, and that such maintenance stays properly funded.

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Selecting the Right Property Management Platform

Managing real estate, whether commercial or residential, is a capital-intensive and highly transactional business. Investing in the right real estate management technologies can help property managers achieve significant improvements in efficiency—increasing profits and reducing expenses.

However, not all property management software will be right for a particular property manager.

With scores of competing commercial and residential property management software programs to choose from, it can be difficult to find the best solution.

Comparing key aspects of each property management software can help property managers find the best software to meet their needs. Key elements to compare between different property management solutions include:

Property Management Platform Costs (Implementation, Hardware, and Software)

For any business acquisition, budget is a major concern. The cost of a property management solution can vary significantly—ranging from a few hundred dollars per year to thousands of dollars per month.

There are several factors that influence the cost of a property management solution:

The Base Cost of the Software - Developing software is a costly and time-intensive process. To recoup these costs, property management software developers may use different pricing models, such as per user, per unit, or a flat monthly rate. This variance in pricing models makes it hard to generalize about software costs, as a software that costs $1,000 per month for one organization might cost half as much for another property manager because of the pricing model.

Hardware/Operating Environment Costs - Another major portion of the cost of a property management platform is the hardware or cloud-based computing environment needed to run the software. Most modern property management platforms use cloud-based environments to run their software instead of making users install the software on a local computer—a service for which the vendor may charge an "infrastructure" or "platform access" fee separate from the cost of the software. For locally-installed software programs, the cost of the hardware needed to run the program should be accounted for in the cost.

Implementation, Training, and Support - Some property management software providers have additional services for helping their customers implement and learn the software, as well as providing post-sale support. These services may be billed separately as needed, included in a one-time "onboarding" package, or simply included in the monthly software fees. For many property managers, these services can be invaluable for getting the most out of the software in the shortest possible time.

When checking the cost of a property management software solution, it's important to check to see how each of the above items are billed—including whether they're bundled in one fee or charged separately.

Features and Modules of the Property Management Platform

Modern property management software programs are so varied in their features/modules that it is almost impossible to go into detail about the different combinations in a succinct manner. To save time while providing valuable information, here is a set of generalized categories of features/modules to consider:

Tenant-Focused Features - The specific types of properties being managed impacts what kind of tenants they will attract (private versus commercial) as well as if and how they will interact with the property management solution. Common tenant-facing features include:

Ø Online payment and account systems. These online portals help tenants process payments to the property manager securely.

Ø Maintenance request systems. These allow renters to submit requests for property maintenance as needed.

Ø Tenant-to-property manager communications. Having a communication channel to property managers helps put renters at ease and helps build a relationship that increases the likelihood of renters renewing their leases.

Ø Tenant documentation systems. These allow property managers to generate and share important rental agreement documents with tenants.

Leasing Features - These tools frequently aid in the marketing and leasing of properties. Some examples of leasing features include:

- Ø Property-specific websites. Some management software programs allow property managers to build custom websites/webpages for specific rental properties to help market them.

- Ø Marketing support for vacancies. This includes tracking of vacancies on property management dashboards as well as publication features to promote vacant properties on real estate listing sites.

- Ø Processing tools for applications/leases. This covers a variety of features designed to help track, vet, and process rental applicants.

- Ø Maintenance and vendor management tools. These are the tools that property managers can use to schedule maintenance work for the properties they manage. This can include both internal and external vendors.

Accounting Features - Most property management software solutions should have some form of accounting feature, such as financial reports dashboards. These accounting features help property managers project their expected income and expenses so they can adjust their operations as needed to avoid losing money.

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Comparing Three Commercial Property Management Software Programs

There are many different commercial property management software programs available on the market today—far too many to cover all of them in detail here. With this in mind, here is a high-level comparison of three different commercial property management software programs:

| Product	Tenant Portal	Integrated Online Payments	Vendor Portal	Mobile App	CRE- Specific	CAM Mgmt & Recs
Yardi Voyager	Yes	Yes	Yes	Yes	Yes	Good
MRI Commercial Management	Yes	Yes	Yes	Yes	Yes	Very Good
AppFolio	Yes	Yes	Yes	Yes	No	Has a Solution

Based on the table above, these commercial property management software programs appear to be nearly equal. However, there are some significant differences in cost and benefits provided, which may affect which one is the best choice for a given commercial property manage.

For example, AppFolio's commercial property management solution is the least costly of the three, with costs ranging from a few hundred dollars to a few thousand for licensing and support based on the number of units being managed.

MRI Commercial Management, on the other hand, is a "mid-tier" option, ranging from a few thousand to $10,000 or more in licensing and support costs.

The extra cost comes with the ability to meet more commercial property management requirements. Additionally, this software was purpose-built for commercial property management, whereas AppFolio was adapted from a residential property management solution.

Yardi Voyager is the most robust of the three solutions. However, it is also significantly more expensive than the others. There are no publicly-available prices listed on the Yardi website—all pricing is via quotes. However, the quote for a small, two-partner investment firm managing eight commercial properties totaling 624,100 sq. ft. estimated $22,000 for the implementation, and another $20,000 in licensing fees each year.*

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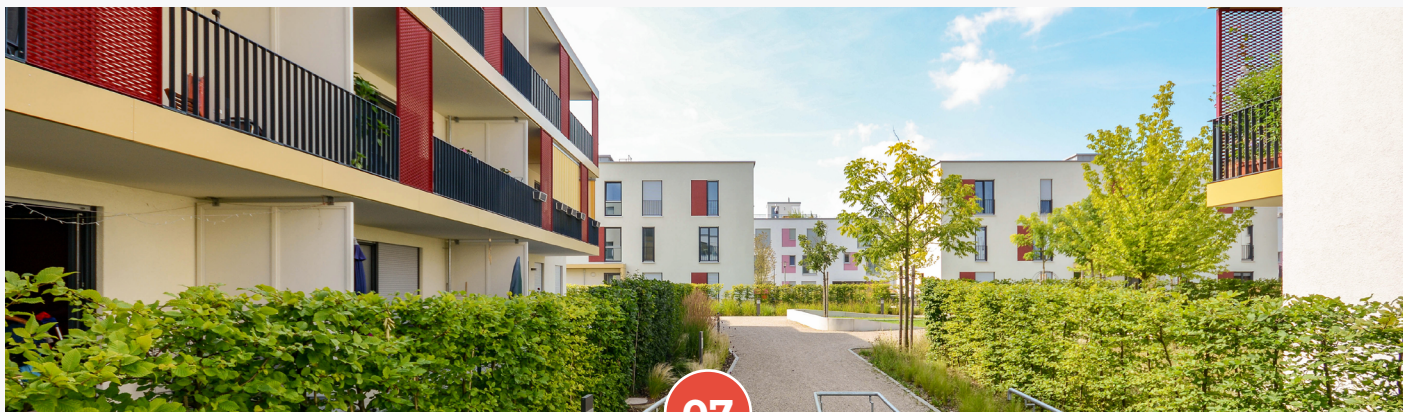
Comparing Three Residential Property Management Software Programs

Like with commercial property management software programs, there are a wide variety of residential property management software programs from which to choose. Here is a comparison of three different residential property management software applications:

Product	Online Rent Payments	Listing Management	Application & Screening	Resident Portal	Customized Reports	Pricing Method
AppFolio	Yes	Yes	Yes	Yes	Flexible Reporting	$1.25 Per Unit ($250 minimum)
Rent Manager	Add-on Available	Integrates with Other Solutions	Yes	Yes	Customized Dashboards and Reports	Flexible (Per unit and unlimited)
Buildium	Yes, with Fees	Yes	Yes	Yes	Has a Reports Dashboard	Per Unit and Per Payment Transaction

AppFolio is a long-standing and popular option for property managers who need a robust residential property management software that has a broad feature set built in. The licensing fees are relatively low depending on how many units are being managed. Because the software was designed from the ground up to be a residential management solution, it is reliable and well-regarded.

Rent Manager is a highly customizable solution, and actively encourages users to create their own websites for managing their residential properties. The functionality of this solution and its pricing are exceedingly flexible depending on what integrations the user decides to employ.

Buildium offers a wide variety of financial, operational, and lease management features for their users—including 1099 E-filing forms, online payments, and reporting dashboards. It addresses a variety of needs, though the fact that the basic version of the software charges on both a per-unit and a per-transaction basis (up to 150 managed units—after that, the pricing changes to the "Pro" model, which has no incoming transaction fees).*

08

Balancing Benefits vs. Costs for Property Management Software

When choosing a property management software, it's important to consider what features the software has, and to balance those benefits against the up-front and ongoing costs of managing that software. A property management software might appear perfect on paper, but if the cost of maintaining it is too high, then it could end up being more of a burden than an asset.

Take a look at your monthly cash flow to see what you can reasonably expect to earn each month. Assess how much room there is in the budget for property management software on a month-to-month basis and match that to the licensing fees for the software.

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>
> However, it is important to remember that different software vendors may assess their licensing fees differently.

However, it is important to remember that different software vendors may assess their licensing fees differently. For example, does the software bill on a per-user, per-property, or total square footage managed basis? This variation can affect how cost-effective a property management software may be.

In addition to their base licenses, some property management software programs also offer special add-ons that expand the software's features and performance. The cost of these add-ons may alter the cost-effectiveness of a property management software.

Product prices reflect rates at time of publication and are subject to change.

09

Enhancing Property Management with a Property Maintenance Solution

While many property management software programs have a "maintenance" feature, few of them provide a complete solution. In many cases, the list of available property maintenance professionals is limited, or the property management maintenance software does not handle the sourcing of service—instead, it simply tracks the expenses involved.

A property management maintenance solution should go beyond simply tracking expenses—it should help a property manager ensure that their maintenance services are responsive, reliable, and maximize the useful life of their properties.

Some things to look out for when contracting property maintenance services include:

The Service Provider's Ability to Handle Both Regular and Emergency Maintenance

Property maintenance frequently comes in two forms—regular maintenance that is designed to prevent major issues, and emergency maintenance meant to fix an immediate problem. In either case, a specialized and licensed repair technician may be required depending on the work being done.

For example, to complete electrical repairs according to code, it is necessary for a state-licensed electrician to do the work. On the other hand, regular maintenance such as cleaning can often be done by in-house staff.
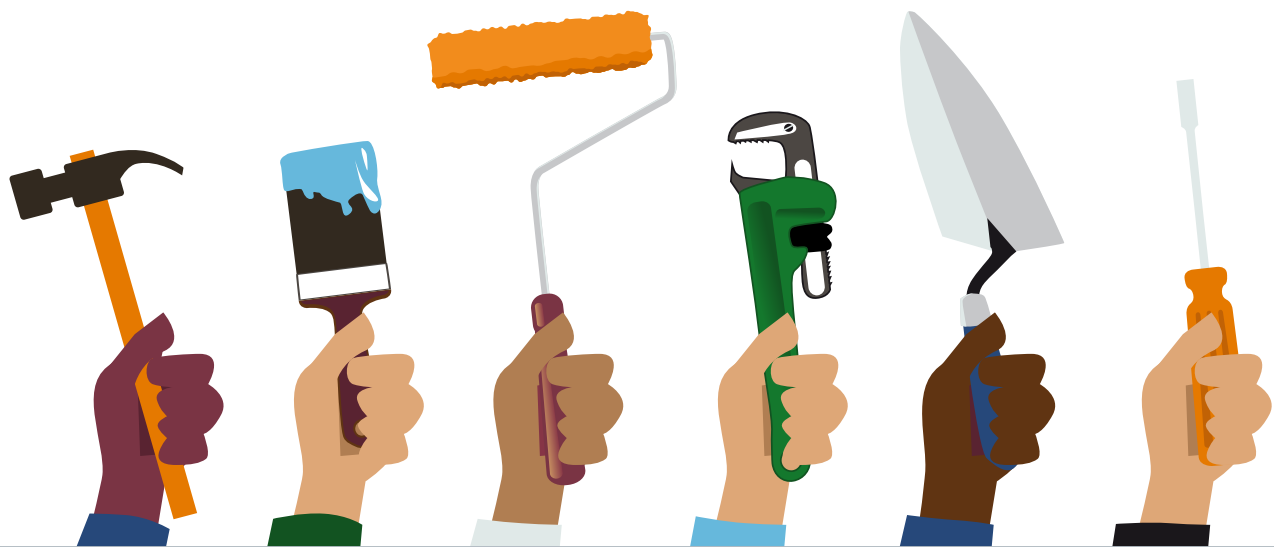
Whether You Need Commercial and/or Residential Property Maintenance

Commercial and residential properties will often have different maintenance priorities. Because of this, a property maintenance solution needs to provide access to an array of experts who are available on a moment's notice.

A minor leak in a residential structure may be classified as an inconvenience, even if it creates a small puddle of water. In a commercial building, however, that could create a slip and fall hazard that may result in Workers' Compensation claims or negligent injury lawsuits.

Additionally, some types of maintenance may be required more frequently for commercial properties than residential ones, and vice versa. Case in point: A manufacturing business puts a heavy load on a structure's electrical system—so it may require more frequent electrical maintenance than a typical multi-family property.

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A property management maintenance solution should go beyond simply tracking expenses—it should help a property manager ensure that their maintenance services are responsive, reliable, and maximize the useful life of their properties.

How the Property Maintenance Provider Handles Parts and Labor

When looking at a property maintenance provider, it's important to check how they track the time of the expert they send and the materials they use to complete the job. Normally, most repair techs round their time billed to the next hour—and don't have a means of verifying the exact amount of time spent on site in any case.

For example, if a technician spends an hour and five minutes onsite and working, the property manager may receive a bill for two hours of labor.

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How a Property Maintenance Solution Enhances Property Management Software

[Homee On Demand](#) is a property maintenance solution that complements property management software by providing an end-to-end solution for managing property maintenance needs—both commercial and residential.

The advantages of using a complete property maintenance solution such as Homee On Demand include:

|				
Immediate, on-demand access to thousands of property maintenance pros (or "Homees")	Peace of mind knowing that every pro is background-checked and all work is guaranteed	Increased efficiency and productivity of turns and property maintenance services	Down-to-the-minute time-tracking of costs	Project tracking in real time.

Being able to acquire licensed, background-checked professionals on a moment's notice is a powerful advantage for enhancing property maintenance to keep a property safe and tenants happy. Because every Homee has been thoroughly background-checked to ensure trustworthiness and competence, property managers can rest easy knowing their maintenance will be done right the first time—avoiding extra costs for repeat maintenance visits to fix the same issue.

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Each job is backed by a $1,000 Homee Quality Guarantee and protected by $2 million in insurance coverage.
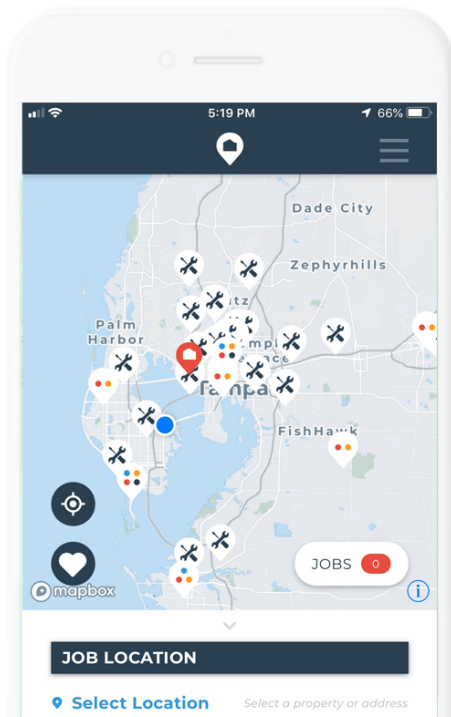
Additionally, the Homee On Demand property maintenance solution tracks each Homee so renters and property managers alike know when the Homee is on the way or on site and working. Homees track their work on site by the minute so property managers don't have to pay for idle time. Also, because renters upload a description of the issue complete with images when placing an order, Homees are more prepared for the job before heading over—helping to save even more time and frustration.

For property managers, the Homee On Demand solution provides the ability to review, approve, or deny renter maintenance requests, as well as set caps on how much can be billed for a given maintenance request. This helps property managers track and control their maintenance expenditures—enhancing their visibility into property maintenance operations. Post-maintenance reports from the Homee and reviews from the renter help provide a complete picture of the maintenance issue.

Visit the How It Works page to learn more about the benefits of Homee On Demand.

Property management software can be an incredibly useful tool for property managers. However, it's not the only tool they need to maximize renter experience, property value, and occupancy rates. Having a comprehensive solution to manage all aspects of property maintenance is crucial for supporting your property management efforts.

If you have any questions about how you can use the Homee On Demand property maintenance solution to improve your property management, please reach out to our team as soon as possible. We will be happy to answer your questions.

Request a Demo

Download on the App Store

GET IT ON Google Play

⭐ *Special thanks to Darren Wilson with Kennedy Investments for his contributions to this article.*