



Question of the Month: What are some important steps to consider when evaluating your real estate properties? - by Bill Gati

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Five Steps to Evaluating Your Real Estate Properties

Using an architect to do a pre-purchase, yearly or upgrade evaluation is a great idea. You need to get your car inspected, medical check-up, or financial report done yearly. Why not do the same for your real-estate portfolio. There are many things that can go wrong and unless you are on top of it, they can lead to a disaster. There are many structural failures in the news lately, with needless loss of life, financial catastrophes, and poor real estate management. I want to highlight five things you must do to avoid these pitfalls.

1) You must evaluate your buildings for public safety. This includes removing all written and non-written violations issued by the Building Department, HPD, or any city agency. Not dealing with violations in a timely basis is dangerous and can lead to very harsh fines, lawsuits, and danger to the public. Architects are very experienced in spotting violations and correcting them in a timely manner. We can also advise clients of potential violations, structural issues, and serious gas leaks. We are trained to remediate threats to public safety before they become life-threatening. One of our clients had a structural failure on their property and we advised them that they needed to provide temporary support or evacuate their property. Another client had a gas leak, and after the utility turned off their gas, we were able to spot where the gas was leaking, filed plans to correct it, and fought hard to have the city turn on their gas again.

2) You must evaluate your buildings for material loss, warrantees, and wear and tear. Through the life a property, building materials get old, fail, and need to be repaired or replaced. This is inevitable, so having a trained professional evaluate your exterior façade, site, structural system, mechanical system, and interior on a yearly basis is very useful in keeping repair costs down. A well maintained property is not only beautiful, but is healthy and safe. Local Law 11 requires yearly inspections of buildings taller than six stories, but you should do the same for all your properties, albeit informally. One of my clients neglected a parapet leak on his roof, and now he needs to replace the entire parapet, brick veneer, and lintels. A minor repair is now a major project.

3) You must evaluate your tenant, and public needs. Most property owners are responsive to their tenants and address issues as they come up. I believe you must be proactive, and send your tenants a mandatory survey upon lease renewals, or yearly, asking them if their needs have changed, what their future goals are, and more importantly, do a walk-through of their spaces to

determine non-compliance. The law still holds landlords responsible for everything that goes on in their buildings, so it is imperative that you know what is happening and can take preemptive action. One of my clients leased his warehouse in Long Island City to artists, and they started using the storage rooms as art studios. The Building Department issued a violation and they had a major expense on their hands. Had they stopped the use of art studios in the storage area and obtained all permits ahead of time, they would not have received the violation.

4) You must evaluate the structure, walls, and foundation. Your architect can see if columns are failing, walls are buckling, and foundation walls are cracking. An annual report and follow up remediation is critical to negate any serious structural failure. A stitch in time saves nine. Architects can tell you what is compromising your structure and how to fix it before it becomes a nightmare. One of my clients who owned many apartment buildings throughout the city, failed to address cracks in a retaining wall that was 300 ft. long and 20 ft. tall. One day, the entire wall collapsed, the Building Department issued a violation, and it had to be removed and replaced. A minor repair could have prevented a major construction project.

5) You must evaluate vacant, used, and expansion space needs. Space is always at a premium in New York City, and knowing that you have vacant space, and filling it is critical. Also, knowing that tenants are storing too much, hazardous or too heavy items in their space is important. Evaluating all your space each year, taking an inventory, and taking corrective action is crucial with keeping up with your control of your properties. Renting vacant apartments, office space, and retail space is essential for maximizing returns. Also, evicting non-paying, non-complying, and unruly tenants, is important to keep the property functioning at its best potential. One of my clients' main tenants subleased to other tenants and violated the terms of the lease. The landlord let that go too long, and now has a major court case to try and evict the tenant.

Make an appointment with your architect for your annual, pre-purchase or alteration inspection. They would be glad to help you manage your architectural needs.

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