

COVID-19 response:

Houston's HI-REIT focuses on tenant success

BY BRANDI SMITH



Editor's note: This article was written in early April and reflects Hartman Income REIT'S (HI-REIT) response plan at that time, which company managers say will evolve as needed. Please read it as a snapshot in time and as an example how one Texas property management company responded to the COVID-19 pandemic.

From hurricanes to tornadoes, the staff of Houston-based Hartman Income REIT (HI-REIT) has learned to weather just about any storm. But the one that hit in early 2020 was unlike anything the company had seen in its 35 years. As covid-19 spread from one part of the world to another, Hartman leadership kept an eye on the headlines.

“We knew stay-at-home orders could take a toll on our tenant businesses, so we started assessing which businesses could be hit hardest,” says Shane Cawood, the company’s Director of Operations of Asset Services. “We began

the conversations about what their needs could be and how we could add value as partners to help get their people and the businesses through all this.”

“... reaching out ...”

With about 60 properties located in the greater Houston, San Antonio and Dallas areas filled with approximately 1500 tenants, that is no easy feat. Still, it was a priority for Hartman, which is built on “Exceptional Service + Inspired Values.”

“There’s a saying that character is not created by crisis, but it is revealed. Honestly, I’ve never been prouder of the company for which I work,” says Mark Torok, COO, Secretary & General Counsel. “We are trying to go above and beyond what other companies may be doing for the benefit of our tenants.”



Angel Gonzales



Dan Jones



Kacie Skeen



Mark Torok



Shane Cawood

Early on, the company focused on awareness of the issue, which involved educational posters and extra hand-sanitizer stations throughout its properties. As the situation escalated, so did Hartman’s response for its tenants.

“We want to keep them in business,” Torok says.

As Congress began working on a relief bill to help Americans and the economy, he says the staff reviewed the multiple versions up until it was eventually passed as the CARES Act. When President Trump signed it into law, Hartman developed a fact sheet for tenants, breaking down the 880-page document down and highlighting key portions, such as the Paycheck Protection Program and Economic Injury Disaster Loans. Additionally, the company established a board of experts that tenants can call with questions.

“We instituted a program that involves reaching out to all of our tenants to make sure they know about this. We want them to know what’s available to help them,” says Torok. “We’ve gone a couple of steps further. We’re willing to help them with the application.”

Throughout all this, Hartman hasn’t closed a single property because each one has at least one essential business, ranging from grocery stores to doctors to oil companies. That means it’s had to tighten access to buildings and amp up cleaning efforts. Custodial crews now work through buildings three times a day.

In the case that someone in a building tested positive for covid-19, Hartman has extensive protocols that include hospital-grade sanitization.

“We inform the other tenants on that floor or in that building. We vacate the space. That same day, one of our EPA-certified deep-cleaning vendors, for which we have a short list, goes through and does a full, thorough cleaning of the space, the rest of the floor and all of the common areas, such as kitchens, break rooms, restrooms, elevators, lobbies and walkways,” explains Dan Jones, Senior Executive Vice President of Asset Management and Construction.

“... white glove service ...”

It’s a lot of work that, in business-as-usual circumstances, might not be the focus for other companies, but Hartman has always prided itself on its commitment to exceptional service.

“We provide what’s called ‘white glove service’ to the tenants themselves, so we wanted to provide additional resource information for their employees,” Cawood adds.

“We do everything we can to make the tenants happy and retain the tenants that we have,” founder and CEO Al Hartman told *REDNews* in a 2019 interview.

That core belief is what is driving the company’s response to the covid-19 pandemic.

“I deal with our tenants on a day-to-day basis. They have my cell phone number. We have a personal relationship,” explains Angel Gonzales, Hartman’s Director of Operations of Property Management. “The last thing that we want to tell them is, ‘Sorry, this is your problem. We can’t help you.’ That’s not acceptable.”

In what he calls an unprecedented time, Gonzales acknowledges that there can be some measure of apprehension and fear for tenants impacted by stay-at-home directives. Hartman staff, he says, wants to ease that burden as best it can.

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Just as Hartman worked to get information to its tenants, staff knew employees would be looking for information about whether they would receive stimulus checks, what would be included with unemployment benefits and if mortgage or renter relief was available.

“We wanted them to say, ‘OK. We have some certainty now about what’s going to be available economically for the next couple of months. Now let’s just worry about staying healthy,’” says Cawood.

The company took its support to the next level when it started feeding its teams and tenants with food and treats purchased from its own food service tenants.

“We wanted to support the tenant and employee family,” Cawood says.

“The feedback has been positive. Our tenants are just so excited about what we’re doing. So many of them have just flat out thanked us,” says Jones.

“... No. 1 asset ...”

As focused as Hartman is on those it serves, the company also prioritized those providing the service: its Hartman family.

“We can actually have tenants come back to buildings even better than they left and new tenants would be ready to hit the ground running as people start looking more actively for leases,” says Cawood.

“Early on, I asked very candidly, ‘We’ve stated that our people are our No. 1 asset. We’re supposed to be a beacon of light to others. So how are we going to then be a beacon of light to our employees?’” says Kacie Skeen-Kinnamon, Vice President of Leasing for West Houston and San Antonio. Skeen-Kinnamon’s passion led to Hartman to tap her as a spokesperson and leader for a program the company re-activated for just such a purpose.

As it has in the aftermath of major disasters like Hurricane Harvey, in the weeks before the stay-at-home orders, the company quickly formed a committee that brainstormed what kind of needs its employees would have through this process. Immediately, it stressed unified messaging and developed the Hartman C.A.R.E (Christians in Action with Real Empathy) Team Resource Guide, which outlines “resources available to all employees and their families during the outbreak of coronavirus.”

“In a time of uncertainty, the most important thing you can do is communicate with the team and tell them exactly where we stand and give them the encouragement that is needed,” Skeen-Kinnamon says.

One of the first directives, what Torok called an “immediate response,” was to let any employee who wanted to work from home do so.

“That evolved into a more comprehensive plan. We asked at-risk employees, someone with a compromised immune system for example, to work from home. We also encouraged employees who cared for someone in their household, such as a grandparent or newborn, to work at home,” he says.

That wasn’t an option for every employee. After all, Hartman is a property management company, so some frontline employees are needed to service the tenants that are still operational. Alternatives include alternating days and weeks on site.

Property managers have also seen their role shift from visiting properties to calling tenants daily to make sure that touchpoint is still there.

“They’re calling just to say, ‘How are you doing? How are your employees doing? What’s going on with your families? What’s going on with your relationship? What’s going on with your staff inside your buildings? Is

there anything we can help with the stimulus program?” says Torok. “If you’re working from home, your job 100 percent of the time is to make outgoing calls so that way the rest of the team can take care of the action.”

With so much of the team working remotely, it became more important than ever for Hartman to find a way to keep its staff united.

“We felt like we were on the front lines battling a fire together,” Skeen-Kinnamon explains. “We

gave managers the authority to order lunch or breakfast or bring in coffee for their team. Just to give them a little bit of extra initiative. Something extra each week.”

Hartman also amped up efforts to publicly recognize team members who apply the company’s core values, extending it to building service providers. Any employee can issue another employee a gift card, what Hartman refers to as “coins,” then share what that employee did in a company-wide email.

“That’s been a longstanding practice, but challenges like the pandemic are creating plenty of opportunities to publicly recognize our team members,” says Cawood.

In addition, the company is surprising each department and property management office with C.A.R.E. baskets. It also organized a food committee

to feed anyone who tests positive for covid-19, as an education committee to help working parents develop a homeschooling schedule. That's all on top of Hartman's benevolence fund.

"If an employee falls into hardship, they are able to apply for these funds," Skeen-Kinnamon says. "They get a response within 72 hours and they get those funds within a week."

"... turning over every stone ..."

While adapting to its new (and temporary) normal, Hartman sees some measure of opportunity as so many tenants send employees home. The steep decline in building occupants means the company can work through a list of "honey-do projects" that are typically disruptive for tenants.

"Projects such as remodeling lobbies or upgrading restrooms are usually a big headache. Tenants have to work around that," says Jones. "Now we're moving those forward."

He adds that he's reached out to a vendor about new air filtration systems for Hartman's buildings. The company is also moving forward with making all of the common restrooms hands-free.

"We can actually have tenants come back to buildings even better than they left and new tenants would be ready to hit the ground running as people start looking more actively for leases," says Cawood.

Tenants who continue to operate out of Hartman properties are benefiting from efficiencies, such as lighting and HVAC controls.

"We want to reduce the operating expenses for our tenants and we're turning over every stone," Gonzales says.

"... already seeing the benefits ..."

Noticeable improvements to their building likely won't be the only change for tenants and their employees in the months to come. Stay-at-home orders proved how many workers can work beyond the confines of a traditional office.

That trend was already starting to emerge along with the introduction of coworking space, but Hartman anticipated a different environment. It already implemented its "shared amenity workplace" at one of its properties in Dallas. The floor plan includes smaller office spaces for individual tenants with conference rooms and break rooms shared by all tenants on the floor.

"It shrinks the space needed to accommodate the people who need to be there on a daily basis. Then maybe you have a staff meeting on Friday, you bring in your work-from-home folks and meet in one of several conference rooms that

are available," explains Jones. "We're already seeing the benefits of it. It's really been very popular."

Hartman plans to roll out the design at three other buildings in the near future. It will also continue to offer its traditional leases, which Skeen-Kinnamon predicts will be in demand as ever.

"People are eager to get back to an office. Everybody who wanted to work from home before is now saying, 'I can't wait to get back in the office,'" she says.

When they do, Hartman's leadership team will be there to welcome them back, just as they were to help tenants through this crisis, always leading the industry with exceptional service and inspired values.

"We're all in this together," Torok says in summary, "And we have really great people."

For more information about HI-REIT, contact 713-467-2222. ■

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