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WEDNESDAY, MARCH 03, 2010

## Q&A: Mark Segal of the Habitat Company

by Illinois Real Estate Journal Reports  
Chicago

*The Habitat Company was founded in 1971 and has created more than 17,000 apartments, condominiums and townhomes. The developments range from public and affordable housing, to market rate and luxury condos. Its latest luxury condo development is Kingsbury Plaza. The firm also has more than 23,000 units under management, making it one of the largest private residential property managers in Chicago and the Midwest. Habitat has a presence in six different states. The firm is also the court-appointed receiver for the Chicago Housing Authority (CHA).*



*Illinois Real Estate Journal recently sat down with Mark Segal, president and CEO of Habitat.*

**Q:** The residential market has obviously been hit hard. What do you see for residential product in the near future?

**A:** In Chicago proper we are still seeing people move into the area. The suburban areas are harder hit than the urban core. The real challenge right now is job growth or the lack of it. With the job loss that we have had, you have people who aren't looking for houses. People are moving back home. There is a lot of product and there is no real demand. It will all hinge on job growth. The challenge moving forward will be how we look at the breakdown of homeowners and renters in our market. At the peak, we had about 69 percent of people who were homeowners, which was about 9 percent higher than historical trends for ownership. Everyone was building to that. One of the issues for me is the decline in affordable housing for this country. Creating affordable housing is going to be an area where we believe their needs to be growth.

**Q:** How does Chicago perform currently with affordable housing?

**A:** We are the court appointed receiver for CHA overseeing the redevelopment of public housing. If you drive down Division where Cabrini Green used to be, you see a lot of new housing. What a lot of people don't realize is that we have lower density communities that have market-rate units, affordable housing, as well as public housing and you really can't tell where one starts and one ends. We are doing the types of things that you see in Atlanta. Atlanta used the Olympics as a jumping off point of redevelopment.

**Q:** Are there differences in how the products are being accepted?

**A:** You have different drivers for each market component. Right now, to the extent that there is a for sale element in all the segments of the housing, it has been impacted by the market. That is the same of anyone who has residential for sale. The market rate acceptance and absorption has been strong. It was slower at the beginning, but people have seen that this is a great opportunity. The sense that people were unsure of what they were moving into has moved away as they are more aware of how strong these communities are.

**Q:** Are you looking for receivership options for Habitat in the private sector as you move forward?

**A:** There was an expectation that there would be a significant number of multifamily assets that would go in to receivership. I think that most people have been surprised that there has not been as much product following that path as projected. I think you are seeing a little more of it in the southwest and the southeast, but not as much here in Chicago unless you are looking at smaller properties. For large assets you have seen refinancing and lenders extending loan terms.

**Q:** What are some ways you are implementing technology to improve property management business?

**A:** There are technological innovations and non technological innovations we bring to the table. Our focus

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is customer service. We try and focus on people-to-people interactions and streamline our transactions and processing. We try and create efficiencies that allow our on-site team to work with clients personally. One of the things we have introduced is an on-line tool where people can explore if they want to lease at one of our facilities and what availability there is. They can calculate rental rates. If you have a work order that needs to be addressed, you can enter it on-line and it will be processed and delivered to our on-site team the next day. People can also make on-line payments to us. We have also automated our preventative maintenance system. For each community we manage we have a customized preventative maintenance system. The system automatically generates work orders for our on-site team. It lets our teams know in advance and if they need to have any supplies ready. It gives us a way to track what is going on at each community. It balances consistency of delivery with creativity. We don't limit ourselves to a specific type of product. These processes are used across all of our product types.

Q: You stress the community aspect of your properties. How important is this to your business model?

A: Daniel Levin, our founder, said "No development is only an investment in real estate. It is also an investment in the community and the lives of the people who live and work there." That is how we try and approach everything that we do. Whether it is at a luxury building or public housing, we try and take a holistic approach. We are in the people business. If you can do well by doing good, it makes it much nicer.

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