

From crisis to confidence:

The incredible transformation of 3525 Sage

When Carmen Torres joined the board of 3525 Sage, a 290-unit high-rise condominium in Houston built in 1985, she inherited decades of deferred maintenance, financial mismanagement, and a building on the brink of being shut down. Four and a half years later, with FirstService Residential as their management partner, the building has been transformed. This is the story of how the right property management company can make all the difference in a community's future.

A building in crisis

Like many aging condominiums across America, 3525 Sage faced a perfect storm of challenges. After cycling through various incarnations—from condo to apartment back to condo—the building had endured 20 years of board leadership primarily composed of investor-owners, who weren't focused on long-term sustainability.

"By the time I got on the board, which was 20 years into mismanagement, poor management companies, and self-serving board members, we had a building with a very low HOA fee that was in desperate need of repairs – a new water tank, a new trash compactor, and major exterior maintenance," Torres explains. "I watched those board members just defer maintenance, year after year."

The situation was dire. The building operated for eight years without a valid operating permit!



Safety systems failed inspections. A lawsuit for unpaid restoration work from two years prior had resulted in a lien against the building that prevented residents from selling their units. Financial reserves were practically non-existent. "We were in terrible shape," Torres admits. "We were so close to getting shut down."

The turning point

After struggling with an ineffective management company during her first year on the board, Torres and her fellow board members made the decision to partner with FirstService Residential. The difference, she says, was immediate and profound.

“I had been a board member for about a year before we switched over to FirstService. We had learned about community leadership from a subpar management company. FirstService came in and taught us how to be an effective board that could move our building forward. They are committed to making their board members better.”

The transition marked the beginning of a complete operational overhaul for 3525 Sage. Where the previous management company had “no plan” and “let board members run amok,” FirstService brought structure, expertise, and most importantly, a vision for the future.

One of the first major challenges the new management team tackled was bringing the building into compliance with safety regulations. FirstService discovered that the building had been operating without a valid permit since 2014, explaining why it hadn't been properly inspected for fire safety in years.



Implementing professional management

“I never knew we needed an operating permit. How would I know that? Well, FirstService knew,” Torres explains. “When it comes to safety, you need to pay attention immediately. And fire safety issues are no joke.”

The FirstService team immediately began addressing the building's numerous violations, ultimately spending hundreds of thousands of dollars over two years to bring the building up to code. This investment, while substantial, was necessary to ensure resident safety and the building's continued operation. Simultaneously, FirstService initiated a comprehensive financial assessment. They developed a realistic budget that included adequate reserves, something the building had never had before. This necessitated a 50% increase in HOA fees, a move that caused initial resistance but was essential for the building's long-term viability.

“FirstService showed us what we needed to do, where we should be with our assessments, what our future could look like, how much money we need to bring in, how much we need to spend, how much we need to reserve, and a plan,” Torres says.



Building a strong foundation

Beyond addressing immediate crises, FirstService helped 3525 Sage establish proper governance structures. When Torres and her allies encountered resistance from problematic board members, FirstService provided guidance on how to communicate with homeowners. The management company also helped the association update their bylaws, which hadn't been revised since 1986. These updates included implementing electronic voting to replace paper proxies, reducing opportunities for election manipulation.

"FirstService keeps you on track," Torres notes. "They will tell you when something is not part of your declaration and how we need to proceed." The company also helped recruit qualified staff, including what Torres describes as "the best engineer in Houston," whose expertise has been instrumental in properly maintaining the building. The property's general manager has successfully addressed delinquencies, improving the association's financial position.



Education and partnership

For Torres, one of the most valuable aspects of working with FirstService has been the educational component. As a professional photographer with no prior experience managing a building, she appreciates having access to experts who can guide her through complex decisions. "Having this plan, and having this educated group of people, relieves you of the pressure of having to run a building when you don't really know how to run a building," she says. "The expectation of board members not having to know it all, that you are in good hands, because we are not the experts here. FirstService is."

This partnership extends to all levels of the company. Torres notes that their regional director attends board meetings, and she has access to FirstService's vice president and president when needed. "The company's national presence provides a wealth of knowledge and best practices that a single building could never develop on its own. 3525 Sage benefits from the knowledge that FirstService has—and not just in Houston or even Texas, but all-over North America. Their resources and their communication are stellar. FirstService offers our building a level of support we've never had."



Looking to the future

After four and a half years of hard work, 3525 Sage has been stabilized and is now looking toward a sustainable future. While Torres acknowledges that raising fees and enforcing rules has sometimes made her unpopular with neighbors, she remains focused on her goal: setting the building up for the next 20 years.

"I could not have done it without the FirstService team, really, because they are always engaged and really hands-on," Torres says. "I mean, leaders were in our building from the start. And they were so determined to make this work and to turn it around."

For board members considering a management change, Torres offers simple advice: "Just trust them. It's putting your trust into the people who are the experts." With proper management, adequate funding, and a forward-thinking board, 3525 Sage has transformed from a building on the verge of failure to a community with a bright future.

This article was developed from an interview with Carmen Torres, board member at 3525 Sage, conducted by Lillian Guerrero of FirstService Residential.



Photo credit: Al Torres Photography

About FirstService Residential

FirstService Residential is simplifying property management. Its hospitality-minded teams serve residential communities across the United States and Canada. The organization partners with boards, owners, and developers to enhance the value of every property and the life of every resident. Boards and developers select FirstService Residential to realize their vision and drive positive change for residents in the communities in their trusted care. FirstService Residential is a subsidiary of FirstService Corporation (NASDAQ and TSX: FSV), a North American leader in providing essential property services to a wide range of residential and commercial clients. www.fsresidential.com.

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