

## Sustain and Maintain

written by DANIEL CAVINESS

Craig Lipton of Maven Maintenance, Inc., talks about his 28 years in San Francisco real estate, the market crash of 2008, and branching out into the food and wine industry.

San Francisco's real estate sales market is often described as a headache, owing to the ever-escalating prices and the fierce competition for any new listing, but Craig Lipton remains a strong believer in the California dream. He first arrived in the Bay Area in 1989, shortly after completing his undergraduate work at the University of Michigan, and by his own admission, was long on hope and short on experience. Nevertheless, he managed to find a job as the resident manager of a 31-unit residential apartment building in North Beach. That experience was formative, helping him recognize both the opportunities that were available to an enterprising individual, and the perils that could accompany such opportunities. With too much real estate and too few resources, even the best apartments could lose their charm.

This insight—together with his ambition—encouraged him to look for ways to take more control over this paradigm. After securing a position selling San Francisco apartment buildings with Arroyo & Coates (a commercial brokerage company), he began to form partnerships to acquire and manage buildings of his own, with an eye on the Tenderloin in particular. At this point he's owned property all over the city, but his first purchase was a 16-unit building on Geary and Hyde. He was 27 years old, and with that purchase came the responsibility for the building and the satisfaction of its residents. And that was where he was confident he could make his mark. Four years later, he owned and managed over 200 units and formed Maven Maintenance, Inc., with the primary purpose of establishing an in-house construction crew to

maintain and upgrade his own properties. Things would get done better and they would get done faster, and if they didn't, he would know why. This approach, he felt sure, would lead to better residences and happier tenants, and the results have borne this view out.

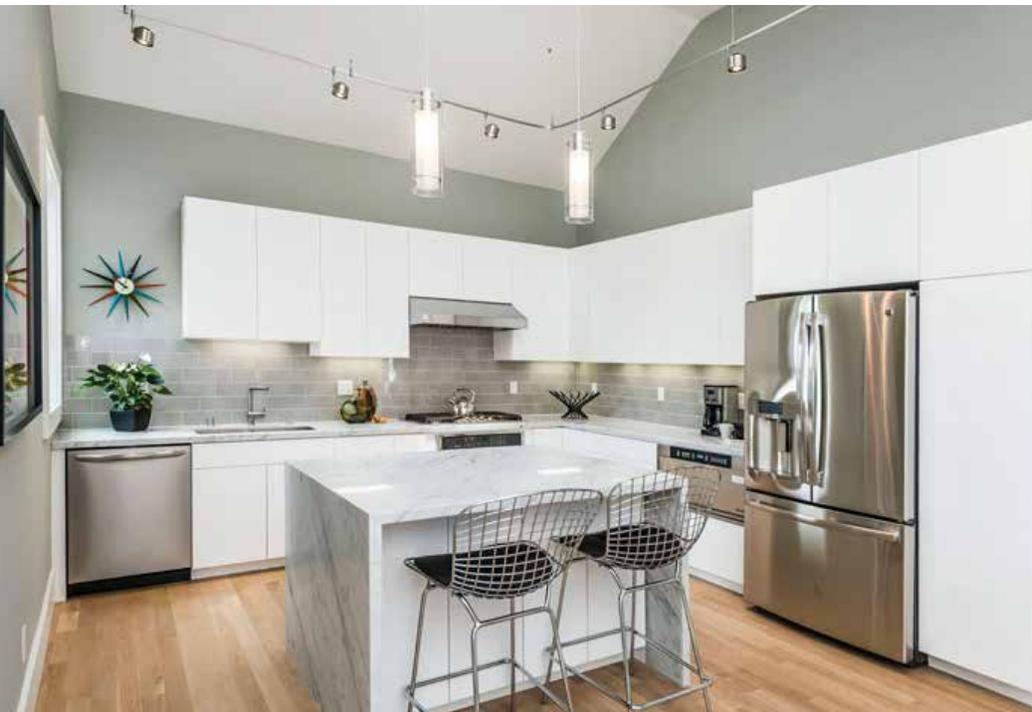
That direct, personal approach to real estate ownership and maintenance has been a constant in Lipton's business operations. He now runs his business from his home in Nob Hill, and takes the time to meet with all tenants, approve all new applications, and inspect any vacant units. This is a matter of personal care for him; he wants to keep both his residents and his buildings in good health, so to speak. Each new building is an opportunity for growth, of course, but it's also something of a passion project. Because each new home has its own personality, Lipton seeks to retain that while also ensuring that these homes are built to last. He's now purchased and renovated over 100 homes in the city, but he still knows each one as well as if they were family, and like any good family, he's always working to improve them.

Maven Maintenance Inc. is a natural outgrowth of that care and concern. It was initially formed in response to the growing renovation requirements. As Lipton's portfolio grew, he hired more men to help him renovate the buildings and units, and eventually secured his own general contractor's license. The contracting and management businesses were eventually separated, but Lipton's been very happy with the efficiency of his 20-man crew over the past 20 years.

That's not to say that the past two decades have passed without hiccups. As the real estate market heated up in the early 2000s, Lipton started subdividing buildings into TICs. He worked with Bank of Marin and the DRE to set up a program that allowed institutional fraction financing for TICs, and was the



first developer in the city to sell TICs with individual bank loans. A few years later, he renovated and sold the largest TIC project in the city: 17 units in the marina district. But in 2008, when the real estate market crashed, the demand for TICs plummeted and financing became harder to secure. At the point where Lipton was unable to provide enough work to sustain his maintenance crews (he pledges them a 40-hour work-week, and ran the company at a loss in 2009, with no salary to himself, in order to keep the crew together), he moved his focus to maintenance, and looked to expand by providing third-party maintenance and construction services.



The Maven Maintenance crew is a one-stop shop for all apartment maintenance and renovation work. The crew includes carpenters, plumbers, electricians, tile layers, dry-wall installers, painters, cleaners, and more. Lipton's been renovating apartments, condominiums, homes, and commercial spaces in San Francisco since 1995. Half of his employees have worked for him for more than a decade, so he knows his employees as well as they know him, and trusts them accordingly.

His foreman, Jerry Gora, has been with him since 1999. Prior to that, he worked as a foreman for Rich Manfredonia's company, On-Site Maintenance, overseeing the renovation of apartments for the Lembi family. "I respond to all inquires and my foreman Jerry meets with our clients and oversees all of our jobs. It's a partnership that works for everybody"—especially since Craig is a self-acknowledged night owl, and does much of his emailing work after midnight.



In addition to managing the construction company, Craig recently opened Matador, a Mexican restaurant and bar near Union Square, and Tender, a wine bar in the Tenderloin. He is also active in the urban, contemporary, and modern art scene, as a buyer, seller, and trader. That wouldn't seem to leave much time for the real estate business, but old passions die hard.

Maven Maintenance remains rooted in the areas where Lipton has the most experience. After managing his own properties for two decades, and having served two terms on the executive board of the San Francisco Apartment Association, there's not much that Lipton hasn't seen. Thus, in addition to providing maintenance work, he often finds himself giving advice, guidance, and referrals to clients. He thinks his "owner's approach" to questions of maintenance and improvement to be of special value to his clients.

Full apartment remodels are still the sweet spot for Maven Maintenance. They have now done hundreds of such renovations, and take special pride in the quality of their work and their efficiency. Lipton cites his company's five-star rating on Yelp as an especially validating achievement (something that his role as a restaurateur probably makes easier to appreciate).

Maven recently renovated a 26-unit apartment building in the Tenderloin that had some of the most deplorable conditions Lipton had ever seen. There were over 25 abatements, many serious, and the city attorney had to finally sue the landlord before he agreed to sell. But the resulting change has been one of Lipton's proudest achievements, and he believes the entire complexion of the block has changed as a result of the improvements.

Lipton's crews still spend about a third of their time on Lipton's own projects. He's currently developing condominiums in the Bayview, and commutes to the neighborhood to keep an eye on those projects and look for new opportunities as well. He says that the Bayview reminds him of the Tenderloin from when he was younger in terms of both its energy and its potential. "The city's entitlement process and housing policies have created an environment where demand has continued to outpace supply, which pushed buyers and tenants to expand to different neighborhoods. The Bayview has benefited from this expansion," he explains. Over the last five years, he has bought and sold over a dozen projects in



the neighborhood. He also has four condominium sites in the works.

With his children now in high school and a career in the food industry decidedly taking shape, Lipton has plenty of new challenges ahead. At the moment, he has to like where he sits, with too much to work on (but the right crew to handle things), too many emails to answer (but an hour or two after midnight to handle them), and enough confidence in himself to know that with clear communication, realistic expectations, and a good sense of value, everything's more than likely to work out in the end.

And with that, it's back to the laptop.

*Daniel Harmon is a Los Angeles based writer and editor.*