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Circulated Monthly To Thousands Of Apartment Owners, Property Managers, On-Site & Maintenance Personnel



6 Signs Your AC Needs Repair Now

KEEPE

Air conditioner repair is not a surprise you want when tenants call so this month’s maintenance tip from Keepe focuses on 6 signs you may need a repair.

The summer heat is here already, in many places, so are the air conditioning systems in your rental properties ready for the heat?

If the answer to that question is a cautious, “I don’t know,” then you might want to call your local air conditioner repair company for an inspection.

When the heat arrives in full force, those rusty appliances could cost you thousands in emergency repairs and lead to miserable, sweat-filled days come July. But how do you know when it’s time to call your local AC repair guy?

Here is a short list of warning

See ‘6 Signs’ on Page 3

Successful Landlords Know Screening Firms Not All the Same

By DAVID PICKRON

When you’re shopping for a shirt, it’s easy to compare the quality of two options by looking at them side by side. You ask yourself questions like: Do I like the style? How is the stitching? Is the material going to last after one wash? How does it fit my build? This physical, tactile data gives you the necessary information to purchase the right shirt for your particular need.

Unfortunately, when it comes to backgrounds and screening your prospective tenants, you don’t have the same luxury. As a landlord, the tenant-background research process and results are invisible, seeming like smoke and mirrors. You’ve probably asked yourself, “How do I quickly get a reliable background on an applicant that allows me to make an intelligent and informed decision, and protects my investment?” This is THE essential question for you, because the wrong background will cost you time, money, headache, and heartache.



As a licensed private investigator, I’ve had a front-row seat to the deterioration of reliable information generated through tenant screening/background check processes, and the resulting misguided decisions by landlords over the years.

In the past, investigators went to the courts in the jurisdictions where rental applicants lived and worked to obtain current and accurate data, at the source. Contrast that with today’s “high-speed” approach to everything, where quickly

See ‘Not’ on Page 4

It’s Vital to Adapt to Renter Changes

5 Amenities Renters Want Most in Their Unit

6 in 10

Washer and dryer

6 in 10

Central air

5 in 10

Dishwasher

5 in 10

Having a pet

5 in 10

Balcony, porch, or private patio

RENTAL HOUSING JOURNAL

Renters are changing, and the properties and property managers of the future are going to have to be increasingly flexible to adapt to the evolving needs of renters, says Buildium in its 2020 Renters’ Report.

Property managers are already starting to see the trends: They must adapt to more roommates, different household types, pets, and other changes.

Also, higher-income renters who are professionals have become more common, along with seniors.

“Renters also have higher expectations than ever—though not in the areas you might expect,” Buildium writes in the report.

“Property managers have been feeling pressured to offer the latest amenities as luxury developments pop up in neighborhoods across the country. But attracting renters in 2020 is less about the flashy appeal of pools and granite countertops—particularly in the current economy.

“Instead, it’s more about delivering a level of customer service that makes

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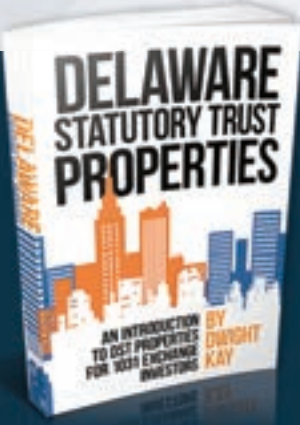
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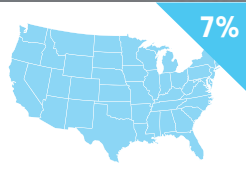
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Kay Properties Online Real Estate Marketplace Platform

By DWIGHT KAY,
CEO AND FOUNDER, KAY PROPERTIES AND INVESTMENTS, LLC
AND CHAY LAPIN,
SENIOR VICE PRESIDENT, KAY PROPERTIES AND INVESTMENTS, LLC

At Kay Properties we have created an online real estate platform and marketplace at www.kpi1031.com that provides investors the opportunity to explore various 1031 exchange investment opportunities across the entire country and across multiple real estate asset classes.

More importantly, we have created an extensive real estate and 1031 exchange educational platform. Over the years, investors from across the world have used the Kay Properties Platform to educate themselves and learn about the various categories within the 1031 exchange and real estate investing industry.

Every investor learns in their own way and we have been able to accommodate various options for people within our educational platform, a few examples are: a published book, live updated blog, case studies, press center, video content, podcasts, weekly educational conference calls, an audiobook, free Subscription to the DST industry magazine and a free subscription to the 1031 Exchange Times newspaper (Sign up for free at www.kpi1031.com or email info@kpi1031.com to sign up for your free subscriptions).

The Kay Properties Marketplace Platform has provided investors access to over 25 different real estate sponsor companies that put together various opportunities for investors primarily within the asset classes such as Multifamily/Residential, various Commercial Assets, Net Lease Properties, Industrial, Medical and Self-Storage.

Within the marketplace, investors can review offering documents that include the business plan, due diligence materials and the risk factors of each 1031 investment. This is where the www.kpi1031.com marketplace

platform really sets itself apart from others.

If an investor were to go out on their own to purchase real estate, they may have to potentially spend thousands of dollars on legal fees and due diligence reports (property condition report, appraisal, environmental report, survey, zoning report, etc) in order to confirm that there are no major issues with the property, and these due diligence reports can take weeks to be completed as well as are very costly. On the Kay Properties marketplace, this information has already been completed and provided for investors to review.

The typical investor that has invested in the Kay Properties Marketplace has looked to complete a 1031 exchange, diversify their real estate holdings by making cash investments, or utilizing various other investment options such as Opportunity Zone Fund investments.

These investment options can be great for investors who have very real capital gains tax problems due to selling appreciated assets, for those investors who no longer want to manage their property and deal with tenant headaches, as well as for investors who have a full-time job and dont have time to manage real estate on top of their full schedule.

One potential advantage that the Kay Properties Platform provides to investors is access to nationwide data; we work and partner with some of the largest real estate companies in the country that provide us with their research and give an overview of their assets and performance. This can potentially help to set investors on the www.kpi1031.com marketplace ahead of others.

The Kay Properties Platform has had clients from across the country invest into over \$20 billion worth of real estate offerings that were both for 1031 exchange investors via Delaware Statutory Trust - DST offerings, Opportunity Zone Fund investors and direct cash investors seeking a way to diversify away from stock market volatility.

About Kay Properties and www.kpi1031.com

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6 Signs Your AC System May Need Repair Now

Continued from Page 1

signs to watch for that signal your air conditioning system may be in need of quick repair.

No. 1- Odd Noises

While humming and rushing air are usually not a concern, any knocking, growling, squealing or rattling could indicate serious trouble with the compressor or the condenser.

It is advisable that you get a professional air conditioner repair company to assess your system before your tenants start calling.

No. 2 – Unusual Odor or Smell

An air conditioner should never give off peculiar smells.

If yours does, it could be a sign of mold, damaged ductwork or malfunctioning components. All these issues require immediate repair if you do not want to

end up replacing the unit.

No. 3 – Decreased Airflow

The primary sign of an air conditioning system that is working well is air flow.

Airflow can become restricted in several ways; there can be a problem with the duct work or fan, or a blockage or leak elsewhere in the system. Air ducts blocked by debris can pose a health risk, especially if the debris includes decomposing insects or the droppings of small animals. Polluted air flow can cause the onset of respiratory disease or worsen an existing breathing problem.

No. 4 – Excessive Cycling

Does your air conditioner turn on and off in short intervals?

If so, it may be short-cycling. If your unit seems to cycle on and off more than typical, it could mean that your thermostat is malfunctioning. It could also mean that cold air is escaping; check for leaks and add some weather stripping if needed.

No. 5 – Increase in Energy Bill

A power bill that suddenly shoots up, especially if the unit is not running that often, could be another strong indicator that your system is in need of repair or replacement.

There are multiple causes for this particular issue, including leaks in your AC’s ductwork, a broken thermostat switch, or the advanced age of the unit. Regardless of the source of the trouble, the AC will need to be repaired.

No. 6 – Leaking Water

If you notice that your air conditioning system is leaking water, you need to contact your local air conditioning repair company sooner rather than later.

Not only is this a sign that the AC unit is malfunctioning, but it may also lead to damage to your rental unit. AC systems naturally create moisture and condensation, but in a properly

functioning system this moisture should be flushed out through drain lines.

In Conclusion

These are just some of the common warning signs to look for when checking on the condition of your AC in your rental properties. If you notice these or any other issues, contact a reputable HVAC repair company before the tenants start calling and the dog days of summer finally arrive.

Keepe is an on-demand maintenance solution for property managers and independent landlords. The company makes a network of hundreds of independent contractors and handymen available for maintenance projects at rental properties. Keepe is available in the Greater Seattle area, Greater Phoenix area, San Francisco Bay area, Portland, San Diego and is coming soon to an area near you. Learn more about Keepe at <https://www.keepe.com>.

Not All Screening Firms Are the Same

Continued from Page 1

delivered results are king, regardless of whether they are backed by inferior and useless data.

A New York Times article titled, “How Automated Background Checks Freeze Out Renters” does a fantastic job explaining how the growth in data-mining in relation to tenant screening has become such a lucrative market over the last 10 years; all to the detriment of the tenant. Most of the biggest players in the industry are sourcing their tenant applications through these well-known, large data providers. As noted in the article, these large companies often employ rogue screening techniques that saddle landlords with maintaining their investment while also trying to sort through a list of applicants with limited, often inaccurate data as their source material.

AVOID THE PITFALLS

To add to all of this, the government requires landlords and screening companies to have systems in place to report accurate Fair Credit Reporting Act (FCRA)-compliant records. In other words, false or misleading records can result in a FCRA violation, which can lead to lawsuits. Denny Dobbins, attorney for Rent Perfect, reminds us that the top three pitfalls to look out for with screening-company instant results are:

1) **RECORDS ARE THOSE OF MY APPLICANT.** Do the records on the report represent the right applicant, and how does the screening company know? Being correct about the data you are using to determine an applicant’s status is critical. Recent case law shows evidence that many background companies simply do not have good or adequate processes in place to ensure that a criminal history really belongs to the applicant. Consider all the information that is needed to make sure your screening company is reporting accurate results for your applicant: date of birth, Social Security number (if it can be found), full address history of the applicant since age 18, maiden names, alias names, etc. Most screening companies that provide instant products do not obtain all this vital information, or lack the experienced personnel to analyze it properly for clues and anomalies.

2) **RECORDS MATCH EXACTLY WITH THE COURT:** Are the records reported to the landlord identical to what is in court records? Landlords are expected to make informed, professional decisions and, without court-verified and matched records, you may be subjected to making unskilled interpretations and conclusions. Every time data is transferred from one source to another, it loses its original integrity, similar to a copy machine. The more copies of copies you make, the less quality you have versus the original. So, a case in an instant database might show as dismissed – as if they never created the crime – but the actual court file will show a guilty plea that was dismissed two years later because of good behavior. One says the person was guilty, the other infers he or she was not.

3) **RECORDS ARE COMPLETE AND UPDATED:** Are all the records complete and up to date? As a landlord, you deserve to see the case in its entirety. Things to look for are (a) do the records show the actual final disposition of the case, i.e. did the record start as a felony but was later reduced to a misdemeanor; (b) was the case dismissed after the applicant successfully completed probation, or did the matter go through some kind of a diversion process as opposed to ending in a conviction? Keep in mind that criminal records are



constantly being updated at the court, and it is critical to the have most recently updated records in your report. Also, of note, states deal with these issues differently and there is no standard by which they all report or update records. Please note, information typically found in instant-database searches is not always complete and/or updated.

Instant searches often provide faulty data, which, when used by a landlord, can result in getting sued by applicants. There is both greater safety and protection for you and your investments using a licensed private investigator to perform your tenant screening. Although this sounds expensive and possibly time-consuming, the exact opposite is true. Over the years, court data has become more accessible, and trained private investigators have paid-subscription access that allows them to quickly gather court data at a minimal cost to you. When an investigator accesses court records at their original source, whether it is for evictions or criminal history, they get current, accurate, and complete results, which protects all parties involved in the transaction.

CUSTOMER SERVICE IS KEY

Having the correct data is the first step in finding the right person, but you should also look to lean on your screening company for additional policies, procedures, and simple answers to questions you might have.

Large companies who want to get into the screening business might offer an online application or background check, but when you pick up the phone to call them, the line keeps ringing. Technology can only get us so far, but it cannot replace a human being on the other end of the line.

An application and background check are nice and convenient, but there is so much more to providing you the service and protection you deserve.

“Landlords get in trouble when they do not follow the Fair Credit Reporting Act,” Denny Dobbins continues. “One of the biggest, and most easily corrected, mistakes

landlords seem to make is the complying with sending the required Adverse Action letter to the applicant. This letter is required if the applicant does not qualify for or meet the landlord’s rental criteria. It is very easy to do, but landlords must make it a habit. A good screening company should have a procedure/process in place to help you meet your obligations for this requirement and consult you through this process, but the landlord has to send the actual letter.”

Another area many landlords do not realize they have to comply with is to perform a HUD-type of “individualized assessment” for any report that comes back with negative information resulting in the landlord deciding not to rent to the applicant, based in part or in whole on information found in the background report.

Dobbins indicates that the way to perform this individualized assessment is to ask yourself these questions:

1. Looking at the nature and gravity of the criminal history, does the particular criminal history in the report constitute a risk that I am not willing to take based on my substantial, legitimate, and non-discriminatory interests to protect my property, my staff and other residents? In other words, what kind of criminal history is it and how bad was it? Is it an unacceptable risk to take?
2. How long has it been since the applicant was involved with the criminal activity?
3. How long has it been since the applicant has been released from prison or parole for that criminal activity?
4. Have I analyzed all information that the applicant has provided me about mitigating factors regarding the criminal activity and rehabilitation for the criminal activity?

To help guide the analysis above, Fair Housing suggests investigating back o more than seven years, and determining if any prior crimes cause a threat to your property or other people. However, some felonies may create enough risk that you may want to include a longer research period, such as sex crimes, crimes against children, and violent crimes. These should be discussed with your attorney.

Landlords have a duty to properly screen tenants as outlined above, and may be held liable for the criminal acts of a bad tenant upon others. What might seem like a “no-win” situation can easily be remedied by having a legally sound rental criteria that is strictly enforced, fair and respectful treatment of tenant applicants, employing a quality background-check company that ensures they are delivering accurate and complete results, and giving you the proper tools and resources to manage applicants that do not meet your criteria.

So, compare your current tenant applicant background process with the actions that are prescribed above. If you find them lacking in one or more areas, you owe it to yourself and your investments to find a screening company that understands your needs for quick (less than 6 hours), accurate, and up-to-date information on your applicants while supporting you every step of the way. With the right questions and diligent comparisons, you will soon find out that not all screening companies are the same.

David Pickron is a private investigator licensed in Arizona. He owns and manages residential and commercial properties and is the founder and president of Rent Perfect, an investigative screening company. He wants landlords to find the right renter the first time.



Being a property manager is one of the most demanding careers in the real-estate industry. Meeting the high expectations of tenants, landlords, colleagues, and contractors is no small task.

A rental property manager may need to handle the tasks of finding and screening new tenants, maintenance issues, handling renters' complaints, and leases. This means that for a property manager to be successful, they need to possess excellent management skills.

With the property-management industry being a lucrative career in recent years, there is a massive influx of individuals seeking to take up property management as a career. According to a report by Statista, there are approximately 80,000 property managers in the United States.

Considering that level of competition, it's important that property managers learn strategies to stand out from the crowd.

Successful property management entails being available and responsive.

You have to be available to respond to your tenants, landlord, and even contractor messages or requests. Today, tenants want a property manager to whom they can easily communicate their fears and desires about their apartments. Responding to your tenant's request or complaint in a timely manner will help you build trust with your tenants and clients. On the other hand, being unavailable will only earn you negative reviews or ratings, and will hurt your chances of scoring new clients.

To be ahead of your competition, you need to have a complete understanding of the properties and neighborhood(s) you manage.



Start by learning all their unique features and selling points. Learn more about the neighborhood, entertainment areas, relaxation spots, education facilities, social amenities, and business areas. Such information will make it easier for potential renters to decide whether this is a place they would want to live. The more knowledge you have about your rental properties and neighborhood, the higher your chances of attracting and retaining tenants.

When it comes to finding a rental, price is one of the most important considerations for most renters.


If the rent is set too high, potential tenants are likely to overlook it and go to the competition. Therefore, do


your due diligence before setting the price. A property manager could consult an experienced real estate agent to find out what others in the neighborhood are charging for similar properties. Finding the right price will help lower your vacancy rate and boost your occupancy rate.

In addition to setting the best rental rate to make both tenants and clients happy and to keep your property management business running, you need to think about how much you should charge your clients. In addition, try to offer unique services that allow you to charge more and help to attract property management clients as well.

If you want to stand out from the crowd, you're going to have to do things a little differently. Just be sure to keep an eye on the growing competition!

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Monthly Meeting Schedule for the Arizona Real Estate Investors Association

AZREIA Phoenix-Tucson-Prescott
5:15-8:45 pm Monday, July 13, 2020
Virtual Meeting (EVERYONE WILL NEED TO REGISTER TO RECEIVE THE LINK TO JOIN THE MEETING)

Phoenix: Current Market Trends and Activity
Experts representing Market Analysis, Legal and the Rental Market provide the absolute latest information essential to your real estate investing business. Tina Tamboer of the Cromford Report, Mark Zinman from Zona Law and Barbara Habbeshaw from AZ Residential Management are expected to participate.

Market Update & Market News with Alan Langston
The complete Market Update and Market News will be delivered just as it is every month. It is the main feature of this month’s meeting and will comprise the majority of the meeting time. You will see all the trends and current events information. We will be adding additional charts with national data and some different categories, too. If you normally attend the Tucson or Prescott meeting, you will be exposed to very different content including Market News. You will hear Alan Langston’s analysis of what it all means to you as a real estate investor. It will be the exactly the same as if you are in the Celebrity Theatre. This is must-know information for the serious real estate investor and we are making sure you get it timely.

Networking – Haves & Wants!
This is a staple of AZREIA Tucson, Prescott and the Phoenix Real Estate Club and we will provide it virtually this month. Imagine being able to share with hundreds of other investors just like you what your wants are and what you have for them. Face it, we all have wants and needs as investors. If we don’t then we aren’t very active. Maybe you are looking for a specific type of property; maybe you need partners or training or a referral for a good plumber. Whatever it is, you get to ask for it. Also, maybe you have something other investors need. Maybe you have a property to wholesale or money to lend or appliances to sell. If another investor could use it, you get to tell them about what you have.

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Cities That Keep the Most Jobs During Downturns

RENTAL HOUSING JOURNAL
Keeping jobs during downturns, often called “durable employment,” shows up much more in some cities than in others, according to new research from Yardi Matrix.
Job stability is key to tenants being able to pay rent in the multifamily industry, as well as to landlords who are struggling to collect rent during the pandemic.

Employment losses caused by the COVID-19 pandemic have been unevenly spread across the economy, so Yardi Matrix studied which metros have the highest concentration of jobs in finance, professional and technical services, and government—sectors that have lost the lowest proportion of jobs.

“Metros with the highest percentage of durable jobs generally are home to a government capital, state university and/or strong presence of knowledge-based industries,” the report says.

- Metros with the most durable jobs:
- Lansing, Mich. – 44 percent

- Washington, D.C. – 41 percent
 - Sacramento – 34.5 percent
- “All of which include federal or state government capitals. The Lansing/ Ann Arbor metro also is home to the University of Michigan and Michigan State University.

“Washington has for decades been among the most consistently performing U.S. metro for commercial real estate because of the stability afforded by being the capital of the U.S. government. The presence of government-related industries that include lobbying, legal, trade groups, founda-tions, think tanks, etc., gives the metro an employment base that is extremely stable,” the report says.

Jobs in banking, insurance and real estate also help with “durable” jobs.

Roughly two-thirds (33) of the Yardi Matrix top 50 metros are above the national average, which reflects the concentration of financial jobs in urban centers.

Metros with the highest percentage of jobs in this

- sector are:
- New Haven, Conn. – 9.5 percent
 - Dallas – 9.3 percent
 - Jacksonville – 9.3 percent
 - Phoenix – 9.2 percent
 - Tampa – 8.8 percent
- “The goal of this study was to determine metros’ exposure to the job segments that have performed the best at the outset of the pandemic. The upshot is that having a base of government jobs (including state universities) and/or concentrations of knowledge-based industries including (but not limited to) finance and technology should help metros weather the downturn,” the report says.
- “Questions remain about the economy in coming quarters. Our study was based on jobs lost through April, and the composition of job losses may evolve. For example, government has lost relatively few jobs so far, but we could see massive layoffs of state employees if the federal government doesn’t provide aid to states.”

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Apartment Jobs Snapshot

May 2020

Apartment-Complex Jobs Prove Durable in Pandemic

NATIONAL APARTMENT ASSOCIATION
EDUCATION INSTITUTE

Positions in apartment complexes, often called multifamily careers, continued to remain durable jobs amidst the pandemic, according to the latest report from the National Apartment Association’s Jobs Snapshot.

The number of available positions in the apartment industry this period amounted to nearly 13,000 job openings, in-line with recent years.

Metros with the highest concentration of job postings included:

- Houston
- Austin
- Minneapolis
- Portland
- Dallas

May’s spotlight highlights maintenance managers and supervisors.

In Seattle, the demand for these positions was more than three times the U.S average, and market salaries also exceeded the national median.

The top specialized skills employers are seeking included repair, plumbing, HVAC, property management, and carpentry skills.

The top metros for manager and supervisor jobs were:

- Seattle
- Denver
- Dallas
- Washington, D.C.
- Atlanta

In Seattle for example, the median market salary for these jobs was \$41,925 per year.

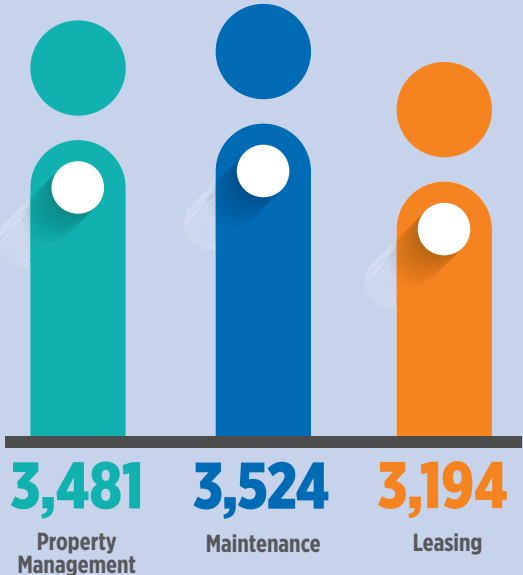
The NAA jobs report is produced each month in association with Burning Glass Technologies.



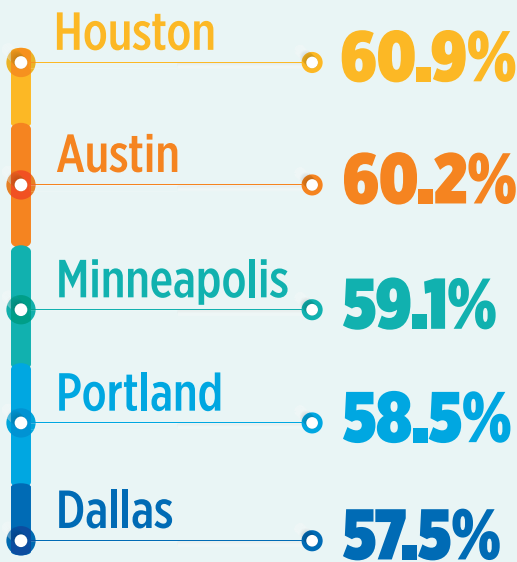
12,934 Total Job Postings in Apartment Industry in May 2020 (% of Real Estate Sector: 45.3)



10,199 Job Postings by Major Category



% % Apartment Jobs of Total Real Estate Jobs in Top MSAs*



*MSAs with 100 or more apartment job postings

Time to Fill
For Top MSAs**

**Based on historical information; weighted average based on positions with 100 or more postings

Minneapolis	34.1 Days	Dallas	35.1 Days
Austin	34.4 Days	Portland	N/A
Houston	34.8 Days		



Spotlight
Last 6 Months

Maintenance Manager/Supervisor

Top MSAs
(Highest Location Quotients)



Location Quotient***

3.7
2.5
2.3
1.9
1.8

Median Market Salaries****

\$41,925
\$39,236
\$37,525
\$39,993
\$40,601

***Location quotients display concentrations of demand within MSAs. U.S-wide average demand equals 1.0; a location quotient of 1.5 indicates 50% higher demand than the US average.

Top Skills

Specialized/Required	Baseline
Repair	Preventive Maintenance
Plumbing	Communication Skills
HVAC	Computer Literacy
Property Management	Detail-Oriented
Carpentry	English

Earnings

Median Market Salary****

\$38,362

****Market salary is calculated using a machine learning model built off of millions of job postings every year, and accounting for adjustments based on locations, industry, skills, experience, education requirements, among other variables.

Source: NAA Research; Burning Glass Technologies; Data as of May 31, 2020; Not Seasonally Adjusted

Unexpected Costs When Tenants Move Out

KEEPE

It is common knowledge that tenants cannot live in a single rental property all their lives. They may move out because they got a new job or bought their own home, or they may have been evicted due to one issue or the other.

The big question is, what are the hidden costs you may face as a landlord or property manager when your tenants move out?

Some landlords have false hope that the rental deposit will be enough to cover upgrade costs and cleaning needs. But rarely do tenant deposits provide enough money to pay for everything needed to get a property ready for a new tenant.

Below is a list of unexpected costs you may face as a landlord when your tenants move out.

VACANCY LOSS

Vacancy loss is the amount of rental income or cash flow that a property is losing as a unit sits unoccupied.

Without money coming in, but with money going out to upgrade and repair the property, it won't be long before landlords are struggling to make their own mortgage payments. Working with a property-management company is one of the best ways to reduce the risk of tenant turnover and to help find new tenants on time.

When your tenants show signs that they



are going to leave and not renew their lease, you could respond by offering free utilities for two months, reducing rent slightly, or freezing it at current rental rates. You might also offer to enhance some aspect of the apartment/condo to increase their comfort. People don't like to leave their comfort zone.

PROPERTY DAMAGE

One of the biggest worries you might have as a landlord is that tenants may do

significant damage to your rental property before they move out.

When a tenant packs up and moves out, and there is no way to get a hold of him or her, you run the risk of walking into a damaged unit. Some tenants will leave before the rent is paid or at night, and they leave behind a lot of damage. Having an effective tenant-screening process is the best way to find tenants who will care for the property.

STOLEN APPLIANCES AND OTHER PROPERTY

Theft by tenants moving out of rental properties is very common.

In fact, “a poll of 2,000 adults by landlord insurer Direct Line for Business found tenants have removed items such as fridges, freezers, light fittings, televisions, and even sinks. Tenants estimate that the overall value of items they had taken from a property stands at more than \$500.” It can feel devastating when a tenant steals your property upon moving out of the rental.

However, to avoid issues such as this, you must obtain a FULL tenant reference check before you go ahead with a tenancy.

This will provide you with detailed information on their financial security and place of work, which will assist in giving you peace of mind that you have selected a suitable tenant.

Keepe is an on-demand maintenance solution for property managers and independent landlords. The company makes a network of hundreds of independent contractors and handymen available for maintenance projects at rental properties. Keepe is available in the Greater Seattle area, Greater Phoenix area, San Francisco Bay area, Portland, San Diego and is coming soon to an area near you. Learn more about Keepe at <https://www.keepe.com>.

Is There a Shifting Demand for Rental Housing?

BY CORY BREWER

As the COVID-19 pandemic has continued to take hold of not only the rental housing market, but virtually every facet of our “normal” lives, it is worth taking a look at the potential shift in demand for the type of housing that renters will seek.

A couple of months ago I heard some early data from the CEO of a well-known national real estate brokerage brand; he was discussing the number of searches for various types of housing on his website. The growing trend was a reduction in searches for in-city multi-family properties, and an increase in searches for larger suburban properties.

It appears to me that there are three main factors contributing to this developing trend:

- First: Personal health and safety concerns have become top-of-mind for most people, even moreso than usual, these past few months. High-density housing can accelerate these concerns when you consider shared spaces such as entryways, mail rooms, hallways, elevators, etc. There is an increasing desire for residents to get some breathing room between themselves and their neighbors.
- Second: Square footage and private outdoor spaces can be hard to come by in multifamily housing, and have become even more desirable in the wake of stay-at-home orders that prevent visiting or gathering in spaces outside of one's home, such as restaurants, concerts, sporting events, and so on. Being “stuck” at home is a little bit easier to handle if there is a basement or a bonus room to retreat to, or certainly a deck or back yard.
- Third: Working remotely appears that it may become the new normal for many companies and industries. Some of the appeal to

living in a downtown apartment may be proximity to one's office in order to avoid commuting. If commuting is no longer a concern, then living in a location that is a bit further out from the city center may not be much of a concern, either.

SO WHAT IS LIKELY TO HAPPEN?

I don't have a crystal ball, by any means, but in talking with my team and learning what they are hearing out in the field, I predict that landlords should be prepared to (depending on demand) adjust their tenancy criteria to some degree.

Where some landlords may have limits or restrictions related to a prospective tenant's income, I would not be surprised to see more and more households that are larger in size (number of adults) looking to pool their incomes to get into a larger house together. Not everyone can afford to move from a small in-city apartment to a spacious suburban home, but perhaps two or three people who had been living solo might want to move in together and enjoy, for example, their back yard – together. We are preparing our property managers to have this conversation with our clients.

ON THAT SAME NOTE, WHERE WILL THE DEMAND COME FROM FOR IN-CITY MULTIFAMILY HOUSING?

I would not be surprised to see a back-fill in demand from college students who may elect to move away from crowded dorms (if the dorm buildings are even open and available to begin with when schools re-open). To my earlier point, this would likely increase the frequency of demand for a guarantor to sign the lease ... another change that landlords should be prepared for.

I've read several articles recently about increased investment in single-



family rental-housing construction. This is difficult to achieve in a market like the Seattle area where our properties are located and where buildable land is scarce between our lakes and mountains. However, in other markets where sprawl continues to, well, sprawl, expect to see more of this. Demand for rental housing will be there, perhaps not always in the exact same form.

AND FINALLY, WHAT ABOUT DEMAND?

Which leads me to my final point: Expect the demand for (and construction of) accessory dwelling units (ADUs) to increase.

The ADU is sort of a hybrid housing unit (not quite truly single-family, not quite truly multifamily) and as cities look to alter zoning rules to increase housing density, expect to see more and more ADUs coming online. An ADU can take multiple forms – detached, in the basement, above the garage, etc.

This would appear to be an attractive and affordable option for city-dwellers to move to more suburban neighborhoods and enjoy private entry, outdoor space, and potentially more square footage.

There has been, still is, and will continue to be resistance against ADU construction from neighbors who are concerned about altering the character of their neighborhoods, but from a zoning standpoint, the tide seems to be turning as cities like Seattle are making a push to encourage this type of housing.

The ADU is also something that can allow multiple-generation families to live together while still having personal space, and can become a fantastic source of supplementary income for homeowners, especially if they decide to move into the ADU themselves and rent out the primary home.

In closing, to quote the Greek philosopher, Heraclitus: “The only constant in life is change.”

Cory Brewer is the General Manager at Windermere Property Management / Lori Gill & Associates. Cory oversees a team of property managers in the Greater Seattle Area with a portfolio of approximately 1,500 rental properties. Active in the local real estate community since 2003, he has held his current position since 2011. Cory may be reached via www.wpmnorthwest.com or coryb@windermere.com

Property Management Company to Pay Tenants \$350,000 to Settle Moratorium Suit

RENTAL HOUSING JOURNAL

JRK Residential Group violated the Washington eviction moratorium by threatening tenants and starting to evict 14 of them, and will pay \$350,000 to settle a lawsuit, according to a release from Washington Attorney General Bob Ferguson.

JRK, a Nevada corporation headquartered in Los Angeles, will pay almost \$300,000 directly to tenants in the form of refunds, payments and rent forgiveness.

Ferguson filed suit in April, charging JRK violated Gov. Jay Inslee's Emergency "Evictions" Proclamation. Inslee's proclamation establishes a temporary moratorium on evictions for the inability to pay rent. The proclamation specifically prohibits landlords from issuing notices to pay or vacate during the effective period.

Ferguson said in the complaint that JRK Residential violated the proclamation by issuing Notices to Pay or Vacate in April to at least 14 tenants of The Boulders at Puget Sound, a multi-building Tacoma apartment complex containing more than 700 units. The lawsuit also asserted that JRK sent unfair, deceptive and harassing communications to approximately 1,400 Washington state tenants.

The Boulders at Puget Sound tenants discovered the notices to pay or vacate at their front doors. The notice instructed tenants to pay all rent due within 14 days or be “subject to eviction as provided by law.” The notice stated that it was “unconditional,” and threatened tenants that if they failed to “surrender the premises,” they would “be guilty of unlawful

detainer and subject to eviction.”

In addition, beginning on April 1, JRK sent multiple emails to tenants reminding them that rent was due, and stating that they would “not waive any late fees.” This notice and later notices pressuring tenants to pay April 2020 rent did not mention the governor’s proclamation prohibiting evictions for non-payment of rent.

JRK Residential is a Nevada-based for-profit real-estate investment firm and property-management company that operates at least four apartment complexes in Pierce, Snohomish, and Kitsap counties. JRK Residential manages property in 20 states with an investment portfolio of \$6 billion.

JRK said in a statement it had taken steps after the pandemic began to “ease the resulting burdens” on its tenants but recognized that more could have been done.

“To that end, we have worked with the state to further improve our policies and procedures and to offer our residents financial compensation to ease their burden during this time,” the statement said.

JRK Residential unfairly and deceptively pressured residents to pay outstanding rent by sending numerous threatening emails and notices, sometimes multiple times per day, and making harassing phone calls to tenants or tenants' workplaces, according to the release.

Ferguson's lawsuit was the first state lawsuit filed to enforce Inslee's emergency proclamations.

“JRK Residential is a large, sophisticated corporation that knew about the governor’s emergency evictions proclamation and ignored it anyway,” Ferguson said in the release. “Their conduct is cruel and unlawful – and we will hold them accountable.”

As part of the consent decree, filed in Pierce County Superior Court, JRK will be required to:

- Forgive April 2020 rent, or offer refunds to those who paid, for 14 tenants at The Boulders at Puget Sound complex who received 14-day Notices to Pay or Vacate in violation of the governor's proclamation;
- Once the consent decree is approved by the court, JRK will also be required to pay \$246,900 to 1,441 tenants who received unfair, deceptive or harassing communications from JRK;
- Waive or refund fees for tenants who need or choose to move out before their lease is up while the governor's proclamation is in effect.

JRK Residential will pay approximately \$344,646 to resolve the lawsuit, with almost \$300,000 going directly to tenants in the form of refunds, rent forgiveness, or direct payments, including:

- Full rent forgiveness or refunds of April 2020 rent for the 14 tenants of Boulders at Puget Sound who received 14-day Notices to Pay or

Vacate — a total of \$26,877.69;

- \$500 payments to 257 JRK tenants who were behind on April rent at the time that JRK sent letters that attempted to shame or harass tenants who had been unable to pay full April rent — a total of \$128,500; and
- \$100 payments to 1,184 JRK tenants who received the unfair and deceptive letters but were not behind on April rent — a total of \$118,400.

“During this time of hardship and uncertainty, the moratorium on evictions is intended to help families and individuals keep a roof over their heads,” Inslee said in the release. “Any property owners who attempt to remove people from their homes and skirt this order are breaking the law. I thank AG Ferguson and his team for enforcing the eviction moratorium.”

Ferguson's civil-rights division began receiving complaints from tenants shortly after Inslee issued his evictions proclamation. The attorney general's office launched an eviction-complaint form on April 1. Since then, more than 650 Washingtonians have filed complaints. The attorney general's office has contacted 469 tenants and 284 landlords in response to complaints.

More than a dozen assistant attorneys general from other divisions in the office are volunteering their time to assist the Civil Rights Division in responding to these complaints.

How Can a Landlord Prove Tenants Have Been Smoking?

BY HANK ROSSI

Dear Landlord Hank: My lease specifies no smoking in the unit and even goes so far as to state that tenants may be responsible for all costs to repaint/clean if they do smoke in the unit, but I am struggling with how to enforce this clause because it's difficult to prove.



When my latest tenants moved out I found the entire inside of the unit had a grey haze on everything (walls, ceiling, doors, and cabinets). They insist they didn't smoke in the unit and suggested that it may have been caused by candles.

I've had tenants who used candles regularly before and have never seen this kind of thick haze. I'm certain they were smoking in the unit, but don't have any evidence other than photos of how bad the haze was and my receipts for painting the walls/ceiling.

Is this sufficient if they challenge my deductions from their security deposit or is there a better way to prove this in the future? — **Gordon**

Dear Landlord Gordon: Usually, smoking is easy to detect by the distinctive smell on walls, in carpeting and furniture, signs of ash or cigarette butts, and yellow or brown discoloration on walls, counters, cabinets, doors and trim.

Even with camouflage, you can usually find enough signs to prove indoor smoking.


If you want to know for sure if the haze you are finding is related to smoking, there are air-quality detection companies and devices that can confirm the presence of smoke residue from cigarettes.

You may also try a home air-quality test, but the accuracy is not as high as with a professional assessment. The Bosch Macurco D381 Air Quality Detector can detect cigarette smoke.

There are also smoke detectors available to alert you to someone smoking in your property, and a new “smoke sensor” should be coming to market this year.

Detection may be tougher to do now though since you've tried to erase all signs of this issue, including painting your property. Have you checked your vents and ducting for signs of smoking?

We deal with companies that have “ozone” machines that will be attached to your ducting and clean ducting and air handler as well as your unit to get rid of the smoke smell, and this is a great and cost-effective way to take care of the issue.



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Properties, Property Managers Must Adapt to Renter Changes

Continued from Page 1

renters feel as though their needs have been taken into consideration in the place they call home,” the report says.

SOME HIGHLIGHTS OF THE RENTERS’ REPORT:

- Among the 1,188 renters who took the Buildium survey, two in five definitely plan on renewing their lease for another year—a number that stayed constant from 2018 to 2019. Only 27 percent say they are definitely moving.
- Reasons for renting vary by generation. Some simply cannot afford to buy where they are and have to rent because it is more affordable. Others, such as seniors, want the convenience of not having to maintain a home.

“Renters’ desire to own a home of their own varies logically by age,” the report says. “Gen Z residents are happy renting for now, but assume that they’ll want to become homeowners down the road. Millennials and Gen X renters are highly interested in homeownership, but are waiting for the right time to buy. Baby boomer residents are largely former homeowners who either prefer to rent or have financial reasons for doing so at this time in their lives.”

TECHNOLOGY RENTERS WANT IS NOT FANCY THERMOSTATS

The report says that while technology interest has grown by 7 points over the past year, it is not about fancy gadgets like thermostats or door locks.

“The biggest gains in interest among renters were in applying for rentals online (+15 points), communicating with their property manager via text or email (+11 points), and signing leases and other documents electronically (+8 points),” Buildium says. “Baby boomers are far more interested in technology than they were just a year ago. On average, interest in rental technologies has grown by eight points among Gen Xers and 10 points among baby boomers.”

Also, most renters want to pay their rent with a credit card, debit card, or electronic payment of some type, instead of paying with a check.

“Residents of all ages appreciate having the option to pay their rent online, and their expectation to be able to handle this and other tasks digitally increases with every year,” the report says.

THE MOST POPULAR BUILDING AMENITY IS HIGH-SPEED INTERNET

When it comes to technology, nothing is more important than high-speed internet, especially now that more people are working from home.

“High-speed internet has remained the most popular building amenity for the last three years,” the report says.

THE MOST POPULAR IN-UNIT AMENITIES

In-unit laundry and central air conditioning have topped the list of residents’ most-wanted amenities for three years in a row.

Charts provided courtesy of Buildium



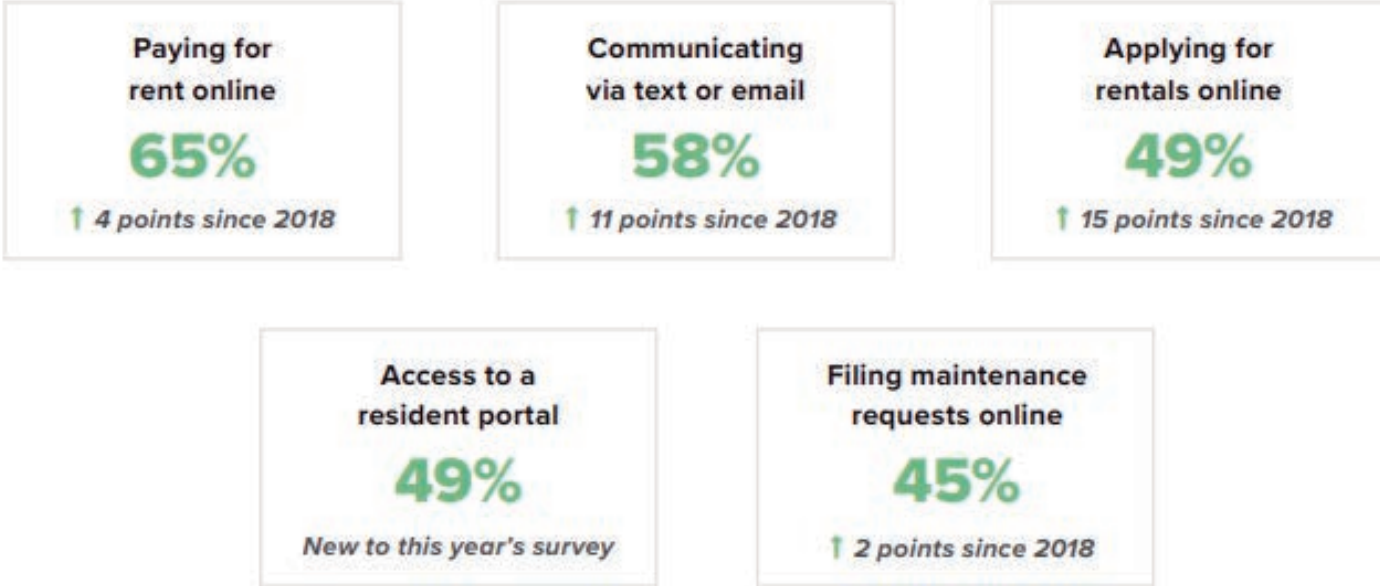
The 4 Generations of Residents

- > **Generation Z:**
Born in 1997 or later
- > **Millennials:**
Born between 1981 and 1996
- > **Generation X:**
Born between 1965 and 1980
- > **Baby Boomers:**
Born between 1946 and 1964

5 Most Desirable Building Amenities

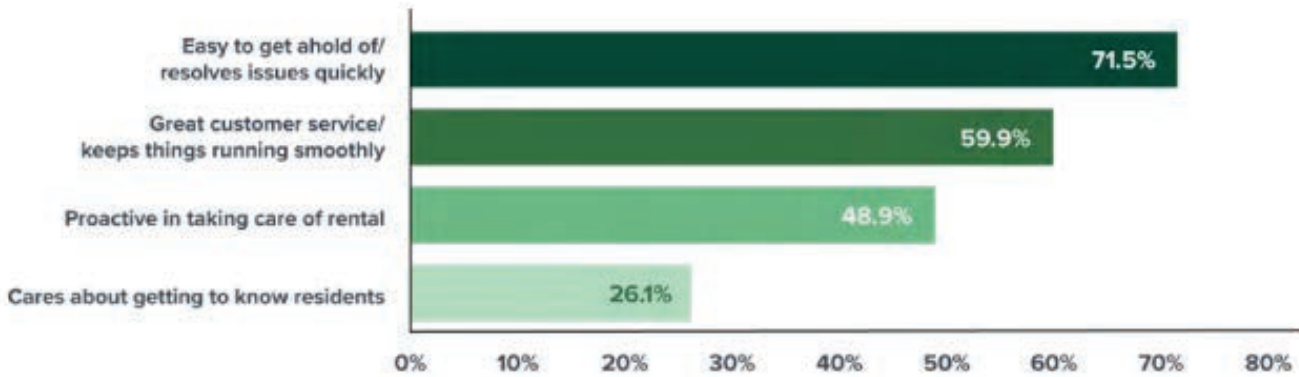
- | | |
|---------------------------------------|------------------------------------|
| 5 in 10
High-speed internet | 5 in 10
Garbage pick-up |
| 5 in 10
Laundry room | 4 in 10
Reserved parking |
| 4 in 10
Backyard | |

Top 5 Technologies Renters Want

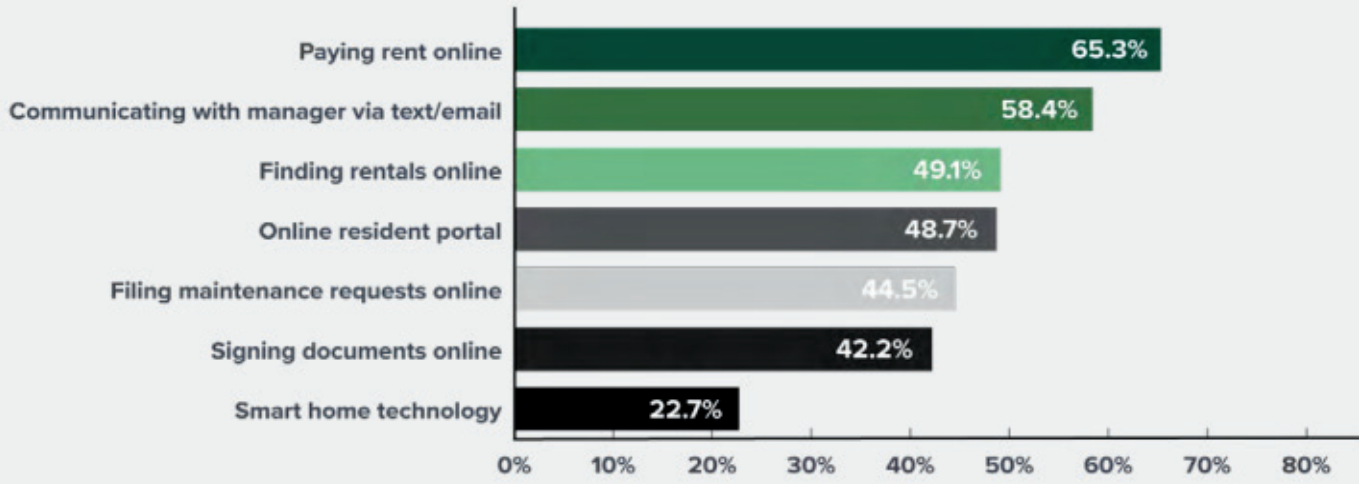


Residents’ Relationships with Their Property Managers

Which qualities do you feel it is very important for your property manager to exemplify?



Which technological capabilities are important to you as a renter?



Pandemic Leads to Decline in Phoenix Rents

RENTAL HOUSING JOURNAL

Phoenix rents declined 0.2 percent over the past month, as rents in many places have started to dip during the pandemic, according to the latest report from Apartment List.

Other cities nationwide are also feeling the decline. Both Seattle and Portland rents have declined 0.3 percent over the past month, and Denver declined 0.4 percent.

“It’s important to note that the magnitudes of these rent decreases are all quite modest, but on the other hand, this may just be the beginning of a prolonged trend,” said Chris Salviati, housing economist at Apartment List.

“I would note that the areas where we’re seeing the most significant rent dips are in local economies that are heavily dependent on tourism, such as Las Vegas, Orlando, and Miami. Compared to those cities, Phoenix, Portland, Seattle, and Denver all have notably higher shares of workers employed in knowledge occupations that can be done from home, so they’re a bit more protected from the harshest economic impacts,” Salviati said.

IMPACT ON RENT WILL DEPEND ON ECONOMIC RECOVERY

Salviati said as far as longer-term impact, the pandemic’s effect on rent prices will depend heavily on how quickly the economy is able to recover.

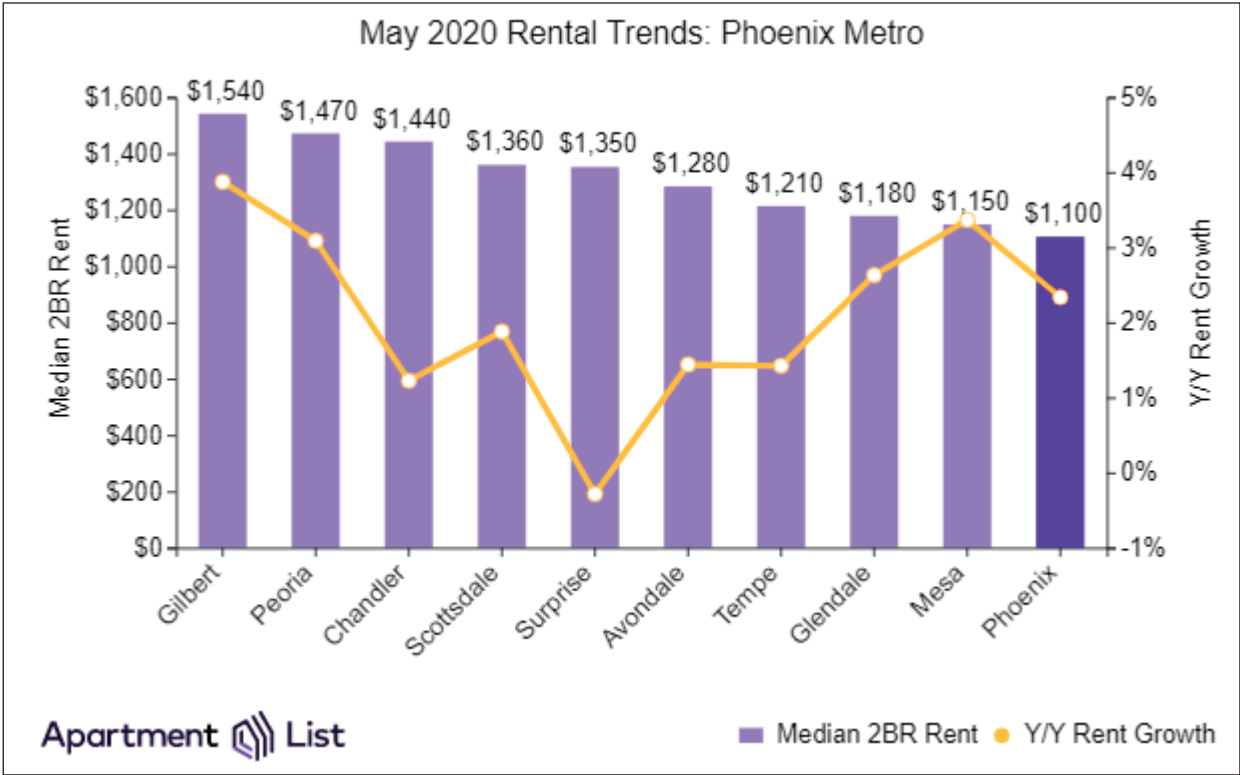
Salviati noted that even in the best-case scenario, it is very possible that there will be many more people seeking lower-cost rentals.

“We may also see a significant slowdown in new-household formation, as more Americans move in with family or friends to save on housing costs. These trends could lead to tighter competition for rental units at the middle and lower ends of the market, while luxury vacancies get harder to fill.

“As I mentioned above, Denver, Phoenix, Seattle, and Portland are not among the areas that I would consider to have the most at-risk local economies, but there’s still a lot of uncertainty in how this will all play out,” Salviati said.

SCOTTSDALE SEES BIGGEST RENT DROP IN THE EAST VALLEY

Scottsdale rents dropped 0.9 percent in May. As rents dropped for a second month, Scottsdale now



sees only a 1.9 percent year-over-year rent increase.

Scottsdale rents are \$1,091 for a one-bedroom apartment and \$1,359 for a two-bedroom

CHANDLER, TEMPE, GILBERT RENTS SHOW SHARP DECLINE

For the second straight month, Chandler rents have gone down. Rents in May declined 0.8 percent. Rents are now \$1,157 for a one-bedroom apartment and \$1,442 for a two-bedroom.

Along with Chandler, Tempe saw a second month of decline with rents also dropping 0.8 percent in May. Tempe rents are \$974 for a one-bedroom apartment and \$1,213 for a two-bedroom.

High-flying Gilbert, which did have the highest rents in the metro, saw a rent decline of 0.4 percent. While rents are up 3.4 percent year-over-year, they have now declined for the last two months. Gilbert rents are \$1,237 for a one-bedroom apartment and \$1,541 for a two-bedroom.

Across the rest of the East Valley, Mesa rents were only down 0.1 percent.

WEST VALLEY SEES SLOWER RENT DECLINE

While rents declined for a second month, Glendale rents dropped only 0.2 percent in May. Rents are \$946 for a one-bedroom apartment and \$1,178 for a two-bedroom.

Peoria rents dropped 0.5 percent in May, but still up 3.1 percent year over year. Rents are \$1,181 for a one-bedroom apartment and \$1,471 for a two-bedroom.

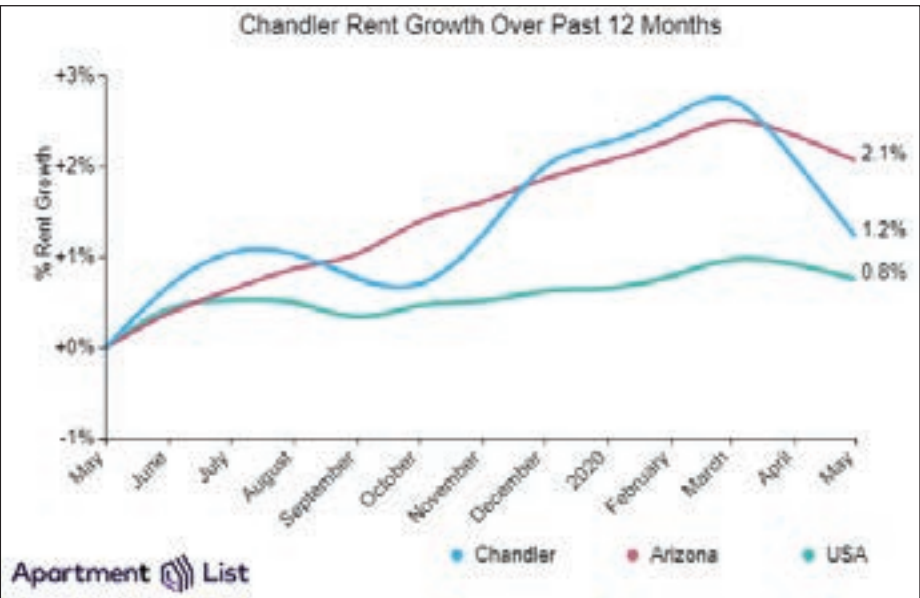
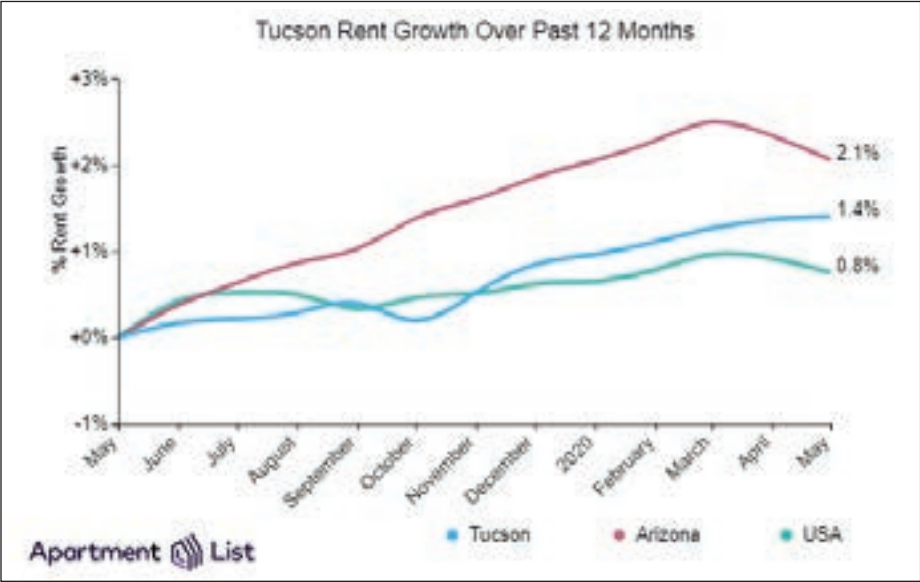
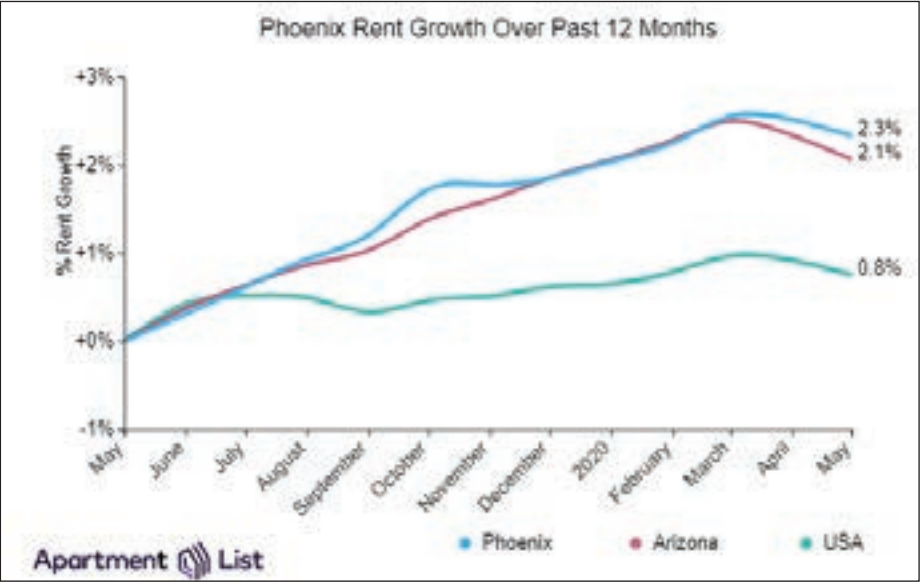
MARANA RENTS TAKE SHARP DECLINE WHILE TUCSON RENTS REMAIN FLAT

For the second month also, Marana rents took a sharp drop in May, down 0.7 percent.

Marana rents are \$1,159 for a one-bedroom apartment and \$1,488 for a two-bedroom. Rents in Marana are almost flat year-over-year, up only 0.2 percent while the Arizona state average year-over-year is 2.1 percent

Tucson rents did not decline in May and remained flat.

However, Tucson rents are up only 1.4 percent year-over-year and are currently \$719 for a one-bedroom apartment and \$955 for a two-bedroom.





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