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RHJ RENTAL HOUSING JOURNAL
INSIGHT FOR RENTAL HOUSING PROFESSIONALS

ARIZONA

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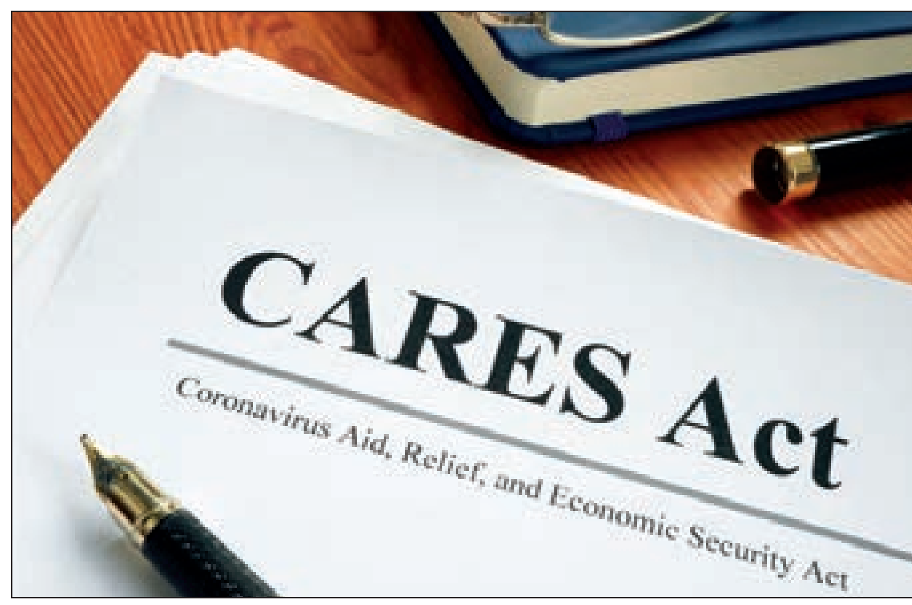
Circulated Monthly To Thousands Of Apartment Owners, Property Managers, On-Site & Maintenance Personnel

Why Does the CARES Act Seem So Uncaring Toward Landlords?

By David Pickron



Landlords, it's time we all pay very close attention.

A second devastating wave of trouble is thundering towards us, and it is imperative that you know how to protect yourselves and your investments.

On July 26, 2020, the 120 days of eviction relief provided by the CARES Act expired. With that, landlords across the United States were given the green light to start the eviction process for non-payment of rent, with the caveat of having to use a special 30-day notice as required by the act.

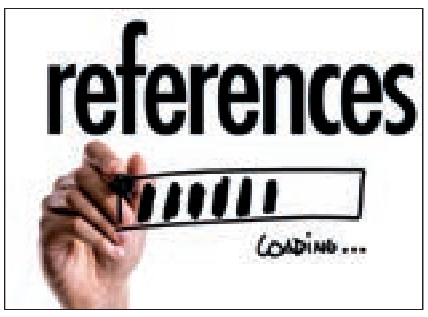
We are seeing that landlords are generating notices with $4,000-$8,000 demands for the last several months of unpaid rent, begging the question that if these renters couldn't afford $1,000-a-month rent, what makes us think they can come up with $4,000 to make the landlord whole? It appears that tenants interpreted the eviction moratorium as "we do not have to pay rent," which could not be further from the truth.

So, what happens now?

Over the next 30 days, if the CARES Act is not extended, thousands of people in your area face being evicted and receiving a judgment against them for thousands of dollars.

These costly judgments had to come from somewhere, to help the landlords who have carried their loans and their

See 'Why' on Page 6



How to Spot Landlord References That are Fake

Rental Housing Journal

One of the most crucial aspects in tenant screening is that of checking your prospective tenant's landlord references.

Unfortunately, some tenants have been known to make up references or list friends or family members as previous landlords.

There are even companies that hire themselves out to pose as landlords.

As a property manager, you are bound to receive landlord references day in and day out.

Some are beautifully written testaments to the incredible nature of these individuals looking to rent, while others are simply fake, with bogus testimonials about the tenants.

Here are five ways in which you can spot fake references.

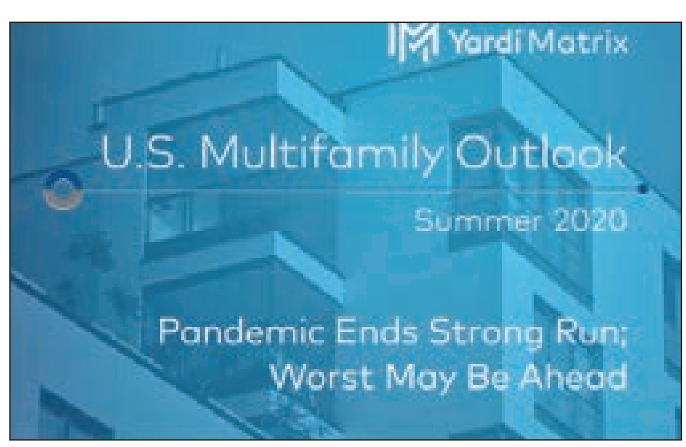
No. 1 - Call the references yourself

For starters, on most landlord references, they will provide a phone number.

See '5 Ways' on Page 8

More Pain Ahead for the Rental Industry

Rental Housing Journal



With the pandemic continuing to spread and additional federal funds to help uncertain, the second half of the year could mean pain ahead for rental housing and a challenging time for apartments, Yardi Matrix says in their summer multifamily outlook.

Rents are falling as COVID-19 weighs on the multifamily rental housing industry, and "more pain" is coming, the report says.

While the pandemic ended the long run of multifamily rent growth, expectations of widespread non-payment of rent did not materialize immediately. Federal unemployment and stimulus payments helped tenants make rent payments. The second half of the year, however, is more of an unknown.

Some summary points Yardi Matrix makes in the summer multifamily outlook report:

• Tenants were subsidized by emergency unemployment aid, which ended in July with an unknown future. At the same time, initial hopes for a "V-shaped" recovery were too optimistic, and the effects of the pandemic will linger until the population is confident about

See 'More' on Page 7

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Can I Cash-Out a Portion of My 1031 Exchange Proceeds? The Ins-and-Outs of a Partial 1031 Exchange

By Orrin Barrow
Vice President, Kay Properties and Investments, LLC

Many investors that come to Kay Properties are looking for a full tax deferment utilizing a like kind exchange. A full tax deferment under IRC Section 1031 consists of buying a replacement property for equal or greater value than that of your relinquished value of the property. For example, if an investor sells their property for a net sales price of $1,000,000 in order to have full tax deferment under Section 1031, the investor has to buy at least $1,000,000 worth of total real estate as replacement property.

However, many investors are unaware that they are not fully obligated to use 100 percent of their proceeds in order to still do a 1031 exchange. For example, if an investor sold for $1,000,000 they can actually take $200,000 out of their exchange to increase their liquidity and only pay capital gains and depreciation recapture taxes on that portion of their exchange, the $200,000 that they peeled off. The $200,000 is then deducted from what the investor has to replace, leaving the investor with needing to purchase only $800,000 of replacement property to defer the bulk of their taxes due.

The liquid cash that the investor has available is now taxable but can be used for a variety of different reasons. Many investors have a large part of their net worth captured inside of their real estate holdings. They understand the value of a 1031 exchange but still want the option of having cash set aside for a rainy day.

During the Covid-19 pandemic, we saw certain investors decided to complete a partial exchange rather than a full exchange so that they could have some additional liquid funds to possibly weather a more severe economic downturn.

It is prudent for investors to understand 1031 exchange rules to complete a partial exchange.

When engaging in a 1031 exchange an investor has 45 days from the date of the recorded closing to identify properties and 180 days from the date of a recorded closing to close on their replacement property. Once an investor's 1031 proceeds are transferred to their accommodator/qualified intermediary account they have the 45-day identification timeline to remove the proceeds that they want to liquidate from the accommodator account. If the funds remain in the accommodator account past the 45th day, the investors proceeds will remain with the accommodator until the 180th day.

Investors need to be aware of when to remove their funds from their accommodator account in order to complete a partial 1031 exchange and how much their estimated tax obligation will be before considering completing a partial exchange. Remember, if your tax obligation from a partial exchange outweighs the proceeds you are left with, it may be prudent to do a full exchange.

It is always advised for investors to speak with their CPA and attorney for all tax and legal advice prior to deciding to complete any 1031 or partial 1031 exchange

About Kay Properties and www.kpi1031.com

Kay Properties is a national Delaware Statutory Trust (DST) investment firm. The www.kpi1031.com platform provides access to the marketplace of DSTs from over 25 different sponsor companies, custom DSTs only available to Kay clients, independent advice on DST sponsor companies, full due diligence and vetting on each DST (typically 20-40 DSTs) and a DST secondary market. Kay Properties team members collectively have over 115 years of real estate experience, are licensed in all 50 states, and have participated in over 15 Billion of DST 1031 investments.

This material does not constitute an offer to sell nor a solicitation of an offer to buy any security. Such offers can be made only by the confidential Private Placement Memorandum (the "Memorandum"). Please read the entire Memorandum paying special attention to the risk section prior investing. IRC Section 1031, IRC Section 1033 and IRC Section 721 are complex tax codes therefore you should consult your tax or legal professional for details regarding your situation. There are material risks associated with investing in real estate securities including illiquidity, vacancies, general market conditions and competition, lack of operating history, interest rate risks, general risks of owning/operating commercial and multifamily properties, financing risks, potential adverse tax consequences, general economic risks, development risks and long hold periods. There is a risk of loss of the entire investment principal. Past performance is not a guarantee of future results. Potential cash flow, potential returns and potential appreciation are not guaranteed. Securities offered through Growth Capital Services member FINRA, SIPC Office of Supervisory Jurisdiction located at 582 Market Street, Suite 300, San Francisco, CA 94104.

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3 Solutions Toward Safeguarding Nation's Affordable Housing Supply

By Matthew Davies

In the coming weeks, the affordable-housing industry will be hit with the perfect storm.

President Trump's recent memorandum extended federal unemployment benefits through December 27. Yet, those out of work will still receive a lesser benefit per week compared with the federal employment benefits provided under the CARES Act. Some are questioning the legality of the memorandum, leaving an industry in flux and 24 percent of Americans uncertain as to whether they will be able to make their next rent payment.

At the same time, federal eviction moratoriums that went into place following the COVID-19 pandemic have been lifted. Trump's recent executive order doesn't clearly extend the moratoriums, but instead directs Health and Human Services and the Centers for Disease Control to evaluate whether stopping evictions is necessary, leaving low-income families subject to eviction proceedings after August 24.

Across the country, many states have, or are considering, extending the eviction moratoriums, which offers a welcome reprieve to renters in those states.

But rent forgiveness only passes the burden to the landlords who manage these properties, who have mortgages and property taxes of their own. With little to no rental income and no moratorium for paying mortgages and property taxes, owners and operators of affordable housing face a difficult choice: fight these eviction moratoriums in court or – unable to sustain their businesses – cut their losses and walk away altogether. The result is a devastating impact on an affordable housing stock that is already in short supply, at a time when increasing numbers of people need affordable housing.

Why are owners and operators of affordable housing more deeply affected than other property owners?

Affordable housing presents an array of challenges for property owners.

First, owners and operators of affordable housing operate on thinner margins than market-rate apartments, especially upper-end apartments. Second, a much higher proportion of affordable housing residents work in the "informal" economy, making them ineligible for unemployment benefits, much less the expanded benefits that were offered under the CARES Act. For these residents, help has come instead in the form of local jurisdiction ordinances that delay payment of rent and forestall evictions.

On the West Coast, these ordinances have been overly broad, allowing people to stop paying rent for any reason, regardless of whether their jobs were affected by COVID-19. At the same time, local governments are making delayed property tax payments hard for property owners to obtain. Local utility companies are offering no deferrals and GSO debt forbearance creates its own sets of undue hardship. The housing providers are bearing the brunt from all sides.

A Complex Problem Requires a Multi-Faceted Solution

The United States has a shortage of more than 7 million affordable homes and apartments for extremely low-income families, according to the National Low Income Housing Coalition (NLIHC). As housing production costs rise faster than incomes – particularly in light of the COVID-19 pandemic and its impact on jobs, this disparity is only poised to widen.

While a second coronavirus stimulus bill, if passed, will help citizens in the short term, bailouts like these are economically unsustainable for our country and they don't solve the underlying issue: the shortage of affordable homes in the nation.

Increasing the number of affordable homes available to renters requires a three-pronged approach that includes short-term rental assistance for those in need, longer-term financial assistance to the developers, owners, and operators of affordable housing communities, and fewer burdens and zoning restrictions to encourage – rather than stifle – development.

Landlords: Negotiate payment plans with tenants

Landlords should be willing to negotiate rent payments with their tenants when necessary.

Discuss what tenants can afford and then offer an alternative such as rental assistance, temporary rent subsidies, or a rent payback plan that is acceptable to both parties.

Banks, Lenders, Municipalities, and Utilities: Provide Assistance for Owners and Operators of Affordable Housing

Private and government lenders can help lessen the burden on the affordable housing industry by granting zero-interest bridge loans for property owners with a timeline that coincides with the government-mandated rental freezes. This type of assistance could help ensure the properties could remain operational until such time that renters are back to work and able to pay their rent.

For landlords who have a mortgage, the CARES act assisted by waiving late fees on mortgage payments or suspending foreclosures, and some lenders extended those moratoriums. To qualify, landlords must show proof of rental income losses to their lender. Finally, the Economic Injury Disaster Loan (EIDL) offers emergency grants up to $10K to small businesses impacted by the coronavirus.

State and Local Government Leaders: Adopt Policies that Encourage the Development of Affordable Housing

As previously mentioned, our nation has a shortage of affordable homes, which can be alleviated – at least in part – by increasing the supply. This means building affordable housing closer to population centers and closer to jobs, and doing so requires more permissive zoning and less red tape.

Further, we need to get creative with how we use the available land to accommodate more families. Tiny home communities are one option for providing homes for more families in less space, often accommodating 25-30 residencies per acre. High-rise apartment buildings also provide greater density, giving housing to about 300 people per acre, on average.

To protect the businesses that provide and maintain affordable housing requires safeguarding rental income, deferring at least some management costs, and cutting down barriers that preclude housing development in the areas where they are needed most. This is vital if we are to ensure the continuation of affordable housing that society relies on.

Matthew Davies is the founder of Stockton, CA-based Harmony Communities, which currently owns and operates thirty-three manufactured housing communities in the western United States. An investor and community development professional working for affordable housing solutions, Davies' goal is to help bring the opportunity for homeownership to people in his home state who otherwise could not afford to buy a home.

Monthly Meeting Schedule for the Arizona Real Estate Investors Association

PHOENIX MEETING
MONDAY, SEPT. 14, 2020

GENERAL MEETING INFORMATION:

The Phoenix-area group of the Arizona Real Estate Investors Association (AZREIA) meets the second Monday of every month, either live or virtually.

The live meetings (when applicable) are held at the Celebrity Theatre at 440 N. 32nd Street, Phoenix, AZ. Registration begins at 5:15 p.m.

AGENDA

Each month's meeting generally includes the following:

- Market Trends & Outlook: Your up-to-date analysis on the trends in National, Regional, and Local areas. Come find out where our market is heading – valuable information no real estate investor should do without.
- Market News: Current news, information and events crucial to your real estate investing business.
- Association Update: Find out about what's happening at AZREIA, how to best leverage your membership benefits, and get the best prices on upcoming events!
- Market Update for Fix & Flip and Rentals: Full analysis of Fix & Flip and Rental markets. Plus, the latest Market News affecting your business.
- Main Presentation: A local or national speaker delivers an educational, entertaining and informative presentation on an area of interest to the real estate investor.

TUCSON MEETING
TUESDAY, SEPT. 15, 2020

GENERAL MEETING INFORMATION:

The Tucson-area group of the Arizona Real Estate Investors Association (AZREIA) meets the Tuesday following the second Monday of every month, either live or virtually.

The live meetings (when applicable) are held at Tucson Association of Realtors, 2445 N Tucson Blvd, Tucson, AZ 85716. Registration begins at 5:15 p.m.

AGENDA

Each month's meeting generally includes the following:

- Open Networking: The perfect time to get checked-in to the event and chat with other local real estate investors in attendance.
- Investor-to-Investor Networking and Dynamic Haves & Wants: This is an important part of the Tucson AZREIA meeting. This is your chance to meet local investors, ask for what you need, and share what you have. Deal of the Month is your chance to find out what your local investors are doing and how they are doing it. Don't miss this opportunity!
- Local Area Update: The latest in trend analysis for the Greater Tucson area including existing homes, new homes, foreclosures, REO, short sales and traditional sales. What investment strategies are working and why. This is must know information for the serious real estate investor.
- Main Presentation: National or local expert speaker or an expert panel.

PRESCOTT MEETING
TUESDAY, SEPT. 1, 2020

GENERAL MEETING INFORMATION:

The Prescott-area group of the Arizona Real Estate Investors Association (AZREIA) meets the first Tuesday of every month, either live or virtually.

The live meetings (when applicable) are held at the Yavapai Title Conference Room, 1235 E. Gurley St., Prescott AZ, from 5:15 to 7:15 p.m.

AGENDA

Each meeting includes networking, a market overview, and a main presentation.

5:15 – 6:00 pm: Networking, "Haves & Wants," & Market Overview

6:00 – 7:15 pm: Main Meeting with guest speaker

For questions, email Allan Woodruff, Director, AZREIA Prescott, at awoodruff@ccim.net, or call (928) 830-2599.

The meeting is $10 for AZREIA Members and $20 for Guests.
PLUS members can attend free of charge.

Please refer to the website www.azreia.org closer to the meeting time for up-to-date information on meeting place/format and detailed agenda.

REGISTER ONLINE AT www.azreia.org

Why the CARES Act Seems So Uncaring Toward Landlords

Coninued from Page 1

unpaying tenants for months. For many landlords, the burden was too great, and they did not survive carrying these unexpected costs.

The CARES Act gave businesses large PPP loans to cover employee pay, and some individuals who were unemployed collected more than they would have if they worked, all to help people cover their expenses. What did the struggling landlord get from the CARES Act? Nothing but their properties "seized" by the federal government if they had a loan backed by Fannie Mae or other government-backed loan (something the landlord did not ask for) and told they could not make decisions for properties they own. This has resulted in landlords who are financially stretched and a pool of potential tenants that are not all that dependable.

COVID-19 has had a significant impact on our society but it is by no means the first time that people have endured challenging situations.

People deal every day with illness, cancer, and other diseases and disabilities that are terribly unfortunate. In the past, tenants who have struggled with these types of issues have leaned on family, savings, or churches to help them make ends meet. With the CARES Act, the landlords were the ones forced to carry the bill. We have been beat up enough and the struggle is not over. The current pool of potential applicants in the next 30 days will have evictions and judgments against them that can hurt you. Here is how to protect yourselves:

1. Call your screening company and make sure they search for eviction records in your local jurisdiction and in the jurisdictions your applicant has lived. Credit bureaus removed eviction and judgment data from their reports last year, so the only way you can find a civil eviction record is for your screening company to go right to the court. Keep in mind, since these are off the credit bureaus, these evictions will not affect credit scores.
2. Ask for proof of payment of rent for the last four months, through bank statements or canceled checks. Do not fall for "they were living with family and did not have to pay rent."
3. Give good landlord verifications. What that means is when you are asked about a current or former tenant, stick to fact-based answers, and stay away from sharing your personal, biased opinion of the people. A factual question you can answer and provide backup for is "Has your current tenant paid his or her last few months of rent?" It's a simple question with a simple answer of yes or no. We need to protect each other so no one gets hurt again, and that can happen when we ask for and provide good landlord verifications.

Right now, the collection companies are salivating over these new, large judgments to collect on. If you rent to a person who has a judgment, chances are they will be garnished at every job to which they apply, leaving them with less money to pay you rent. With the "free-money" mentality and the ability to obtain a residence after their first eviction, they might consider making their smaller car payment over their larger rent payment and take a chance that a second eviction won't hurt them either. As a landlord, you don't want to experience the pain all over again.

I do not want to see any fellow landlord be victimized again. We are good people who have been responsible enough to be able to provide housing across this country to millions of people. For the most part we are all not rich, but rather are living simple responsible lives, trying to get ahead a little and raise our families. More than ever we must band together to survive in an environment that has been stacked against us by our legislatures and tenants. Together we can weather the storm and come out of this a stronger and more unified group.

The secret to being successful in this business is finding the right tenant, or what I call "business partner," and proper screening is one way to beat the challenges ahead.

David Pickron is President of Rent Perfect and a fellow landlord who manages several short- and long-term rentals. He is a private investigator and teaches organizations across the country the importance of proper screening. His platform, Rent Perfect, was built to help the small landlord find success.

Missed Housing Payments Reach 33% in Early August

Rental Housing Journal

In the first week of August, 33 percent of renters missed housing payments and failed to make their full housing payments on time, according to Apartment List. It's the highest non-payment rate since this survey began in April.

"Now that the protections and benefits provided by the CARES Act have expired, we find that renters are actively renegotiating leases with their landlords to remain in their homes," said Chris Salviati, Housing Economist at Apartment List, about the survey.

Highlights of the survey include:

- Late and unpaid housing bills are accumulating, putting financial strain on many families and deepening concerns of near-term evictions and foreclosures.
- As federal and local eviction bans continue expiring across the nation, 32 percent of renters (and homeowners) entered August with unpaid bills. Over 20 percent owe more than $1,000.
- Landlords are showing a willingness to negotiate payment plans with their tenants in order to keep their properties occupied. Among renters with unpaid housing bills, 49 percent have either negotiated, or are in the process of negotiating, an arrangement with their landlord.

"Given that we have witnessed consistently elevated rates of non-payment for months, it is unsurprising that 32 percent of Americans entered August with outstanding housing debt from prior months. This is creating a deep sense of housing insecurity for those struggling to keep up financially," the report says.

"Among those with unpaid housing bills, 66 percent of renters and 65 percent of homeowners are worried about facing an eviction or foreclosure within the next six months. Moreover, two-thirds of the renters in this group have not made a complete August payment. With the recent expiration of most federal eviction and foreclosure protections and a lapse in expanded unemployment benefits, this insecurity is sure to deepen over the coming weeks," the report says.

Some statewide moratoriums have already expired, with others set to expire in coming months. And the majority of federal CARES Act protections have expired.

"Against this backdrop, respondents to our survey are expressing significant concern about their short-term housing security. In August, 37 percent of renters say that they are at least somewhat concerned about facing an eviction within the next six months, while 26 percent of homeowners are concerned about foreclosure," the report says.

"Evictions are not just a threat to renters, but potentially costly for landlords as well. Given the current circumstances, landlords have to decide whether an eviction makes sense financially, even if their tenants are behind on rent," the report says.

More Pain Ahead for Rental Industry, According to Report

Continued from Page 1

health measures.

- Rents turned negative in the second quarter for the first time since the aftermath of the global financial crisis. Property owners concerned with maintaining occupancy renewed leases with no rent increases. New luxury units are taking longer to lease up, as demand is concentrated on less expensive product. Rents are likely to drop further in the second half of 2020 before rebounding in 2021.
- Multifamily capital remains abundant, but deal flow has slowed as underwriting future growth has become more difficult. Fannie Mae and Freddie Mac remain active, though with more conservative terms and higher reserve requirements. Investment activity dropped sharply, but opportunistic capital is circling, waiting for signs of distressed assets.

The pandemic will weaken the supply pipeline and delay projects that have not yet started construction.

"The rent situation is uneven at the metro level. Those that have had the largest decreases in rent growth include large coastal markets such as New York, Los Angeles, San Francisco and Silicon Valley, where rents were extremely high to begin with. Some residents are leaving (temporarily, for now) to avoid crowds and to get more space," the report says.

"Other markets with rent declines in the second quarter include fast-growing locations such as Austin, Seattle, Miami and Denver. Those markets have had large amounts of deliveries of luxury product in recent years, and thousands of new units are coming online just as demand was diminishing due to the pandemic.

"With millions furloughed and employment less certain, demand is being concentrated in lower-cost apartments, which is showing up clearly in the rent numbers. At the end of the first half, rents of luxury lifestyle units fell 1.8 percent year-over-year, while working-class Renter-by-Necessity units were up 1.4 percent," Yardi Matrix says.

4 Steps to Help Extend the Life of Your Carpet

Keepe

Flooring experts believe carpets should be changed every seven years, but not many carpets make it to that timeline, especially in a rental home. Here are some suggestions on how to make carpet last longer in your rentals.

From all manner of trampling, dust, children and pet accidents, carpet is arguably the most heavily used item in the home and requires frequent replacing.

If you hope to keep your rental-home carpeting for more than a few years, here are some steps that will make rental-home carpet last longer and help keep your expensive carpeting looking new.

While carpet is not built to last forever, you can extend its lifespan by a couple of years by understanding the common causes of carpet destruction.

- Lack of consistent cleaning: In most cases, carpet depreciation is usually a result of a lack of consistent vacuuming, or allowing liquid stains to soak in. Poor cleaning habits can turn your rental-home carpet to ruins.
- Pet-related issues: Pets can be a disaster for rental-home carpets if not properly monitored. They can easily urinate, defecate, spread mud, or chew the carpet. It is important that you have a strict pet policy in place.
- Lack of house rules: The lack of dedicated house rules can lead to rental-home carpet deterioration. Tenants who don't leave their shoes at the door or clean regularly can cause premature destruction of your rental-property carpet.

No. 1: Regular Vacuuming

Vacuuming is important because there are a lot of dry soil and stains that your carpet can hold even though it isn't obvious. When this happens, the dirt breaks up the carpet fiber, destroying your carpet in no time.

Vacuuming once or twice a week will help you extend your carpet lifespan. Today, many property managers provide renters with a low-budget vacuum cleaner to help with this.

No. 2: Do A Yearly Deep Carpet Cleaning

Since stored dirt can destroy your carpet (or distort its color), getting your rental-property carpets deep-cleaned regularly is important. Annual or bi-annual cleanings will keep the carpet in good shape.

No. 3: Set a strict pet policy

The importance of having a pet policy cannot be stressed nearly enough. While you may allow pets, you need to have a firm stance on what kind of pets they are, whether they're allowed indoors, and who is responsible for accidents or cleanings.

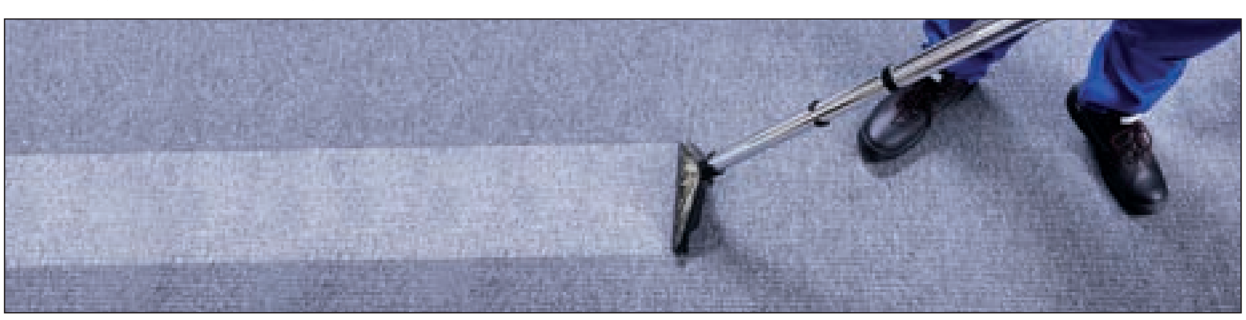
No. 4: Do Spot Cleaning

The earlier you get to the spill the better!

Even if your rental-home carpet comes with a stain blocker, that doesn't mean it will block the spill. It only helps you prevent the stain from getting set in and makes it easier to clean. Always blot to clean, never rub or scrub, and don't over wet the carpet.

In conclusion

By adhering to the above tips, you're sure to prolong the lifespan of your rental-home carpets, save money on regular carpet replacement, and give your carpet an appealing look.



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.

5 Ways You Can Spot Fake Landlord References

Continued from Page 1

One of the first things you can do to tell if the reference is a fake is to call the number inquiring about a rental. If it is fake, the number either won't work or will lead to a completely different person or place.

In rare instances, a fake number does lead to an individual, but they may seem to be either untruthful or not detailed in their answers.

No. 2 - Check up on the reference's name

Go online and Google the reference's name and look them up on social-media platforms.

Check to see if this person is tied to the potential tenant through tagged pictures and/or posts. If there is a lot of overlap in the people's profiles, these individuals may have a personal relationship and not a tenant/landlord relationship.

No. 3 - Look at tax records

The tax records for all property owners are in the public domain. All you have to do is look up the records for the address where the applicant claims to have lived.

The name on the tax record should match the name you've been given. Double-check that the property hasn't been sold, but otherwise this is a great way to spot a fake.

No. 4 - Analyze a reference's answers

It's best to always fall back on your knowledge as a landlord and analyze the answers that the potentially fake landlord reference has given you.

If their answers are vague and don't have details then it's likely that they aren't a real landlord and are instead a friend or family member of the person who is trying to rent from you.

No. 5 - Ask for advice from the reference

Landlords tend to have the same frustrations, interests, and problems.

It wouldn't be at all unusual for you as a property manager to ask for some advice from another landlord while calling for a reference. Ask for their procedure for getting rid of a tenant who doesn't pay, for instance.

A real landlord will have an actual answer, even if they're not interested in spending much time on the phone with you. A fake, on the other hand, will likely have nothing specific to say. This can help you further determine whether the person on the other line is a real landlord, or someone just posing as such.

In conclusion

As a property manager, a significant part of your job involves filling properties with quality, long-term tenants. Including thorough reference verification as part of your screening process, such as the strategies above, can help you avoid costly mistakes and keep you a few steps ahead of the game.

NATIONAL APARTMENT ASSOCIATION
Education Institute

Apartment Jobs Snapshot

July 2020

15,198 Total Job Postings in Apartment Industry in July 2020 (% of Real Estate Sector: 46.3)

- 2,167 Leasing Consultant
- 1,677 Property Manager
- 2,087 Maintenance Technician
- 798 Assistant Property Manager
- 642 Community Manager

11,805 Job Postings by Major Category

Property Management	Maintenance	Leasing
3,820	4,591	3,394

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

Houston	61.3%
Dallas	59.5%
San Antonio	59.4%
Austin	59.2%
Kansas City	57.7%

*MSAs with 100 or more apartment job postings

Time to Fill For Top MSAs**

Kansas City	33.3 Days
San Antonio	33.8 Days
Austin	34.4 Days
Houston	34.8 Days
Dallas	35.0 Days

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

Spotlight Last 6 Months: Maintenance Technician

Top MSAs (Highest Location Quotients)

	Location Quotient***	Median Market Salaries****
Denver	3.1	$32,846
Austin	2.9	$31,319
Seattle	2.5	$34,318
Columbus	2.5	$31,811
Nashville	2.5	$30,012

***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
Plumbing	Preventive Maintenance
Repair	Communication Skills
HVAC	Troubleshooting
Carpentry	Physical Abilities
Painting	Organizational Skills

Earnings

Median Market Salary ****

$31,544

****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 July 31, 2020; Not Seasonally Adjusted

More Than 15,000 Apartment-Industry Jobs Open in July

National Apartment Association Education Institute

Apartment jobs continued to show strength despite the pandemic, with more than 15,000 jobs available in apartments during July, according to the National Apartment Association.

The National Apartment Association Education Institute's Apartment Jobs Snapshot for July showed that multifamily job opportunities comprised over 46 percent of the real-estate sector jobs during July, exceeding the 2019 monthly average of 39 percent.

Maintenance jobs were in high demand, accounting for about 30 percent of the job openings.

Major Texas markets such as Houston, Dallas, San Antonio, and Austin led the nation with the highest concentration of job postings.

In Denver, the demand for maintenance technicians was more than three times the U.S average, and median market salaries also exceeded the national median.

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

NAAEI's mission is to provide broad-based education, training and recruitment programs that attract, nurture and retain high-quality professionals and develop tomorrow's apartment industry leaders.

4 Vital Questions You Should Answer Before Tenant Asks

Rental Housing Journal

Here are four important questions to answer before your tenant asks, and before you both enter into a rental or lease agreement, as the rental agreement is a legal document that protects you.

Obviously the lease is designed to hold you and your tenant to all the conditions of tenancy, which may protect either party during a dispute. As a property manager, it is your duty to make sure all the conditions regarding living or renting an apartment or single-family home you manage are expressly stated in the agreement to prevent future dispute.

One great way to prevent future disputes with your tenants is to answer all the questions they may have in the actual agreement even before they ask you.

Below is a list of four questions your prospective tenants are most likely to ask before signing a lease agreement with you.

No. 1 - How is Rent Paid?

It's likely that nearly every property management company or landlord in charge of a rental home employs a different strategy for dealing with rent-related issues, especially in this time of COVID-19.

It is important that you clearly state in the lease agreement your position on how rent should be collected and any other related matter. Below are ideas for clarifying the rent-collection process in your rental agreements:

- State whether you allow for a grace period, and the terms for it;
- Specify penalties for late payments or late-rent policies
- Specify the acceptable method(s) of rent payment:
- Spell out the consequences of not paying rent.

No. 2 - What Utilities are Tenants Accountable for?

In most rental homes, this is one of the major causes of disputes between renters and property managers.

In many cases, landlords cover some utility bills as a form of incentive or bonus to tenants. Other times, the utilities are in the landlord's name and will require a change to the tenant's billing. Be sure to state when and how this is supposed to happen so you as the manager do not get stuck with tenants' bills.

When drafting your rental agreements, it is advisable that you clearly itemize the utility bills that rentals are expected to handle on their own.

Below is a list of utilities that property managers are likely responsible for:

- Water/sewer/trash
- Garbage collection
- Parking permits
- Cable and/or internet connections

No. 3 - What If I Need to Break My Lease Before Its Expiration?

Sometimes your tenants may need to break their lease before the agreed termination date.

You cannot force a tenant to continue to live in your property against their wishes. It is a hassle every property manager must deal with.

It is important that you include the early-lease-termination procedure in your lease agreement. This alerts your tenants of what to expect if such a situation arises in the future.

Here are some key things to include in this clause of the contract:

- The notice required to vacate the property (including time-frame and form the notice must be given in).
- Charges associated with early termination.
- The cancellation process, should you choose to allow certain instances of early lease termination.

No. 4 - What is Your Pet Policy?

Pets are great friends to live with, but what happens when your garden or rental-home carpets are destroyed by these same friends?

Before renting your home to a tenant, you should include the type/number of pets allowed and the deposits tenants are required to pay.

Also, clearly state the penalty for destruction caused by a tenant's pet(s) or the presence of an unapproved pet on the property.

Also remember that therapy dogs, assistance animals, and companion animals approved by a medical professional are not pets and thus not subject to a no-pet policy.

Final Thoughts

Renting your property to a tenant can be a lot to handle if your rental agreement doesn't explicitly state your position on these important issues.

It's also a good idea, before drafting your agreement, to talk with a local property lawyer. It's important to be on the right side of your state and city laws. It's critical that you stay on the right side of your state laws.

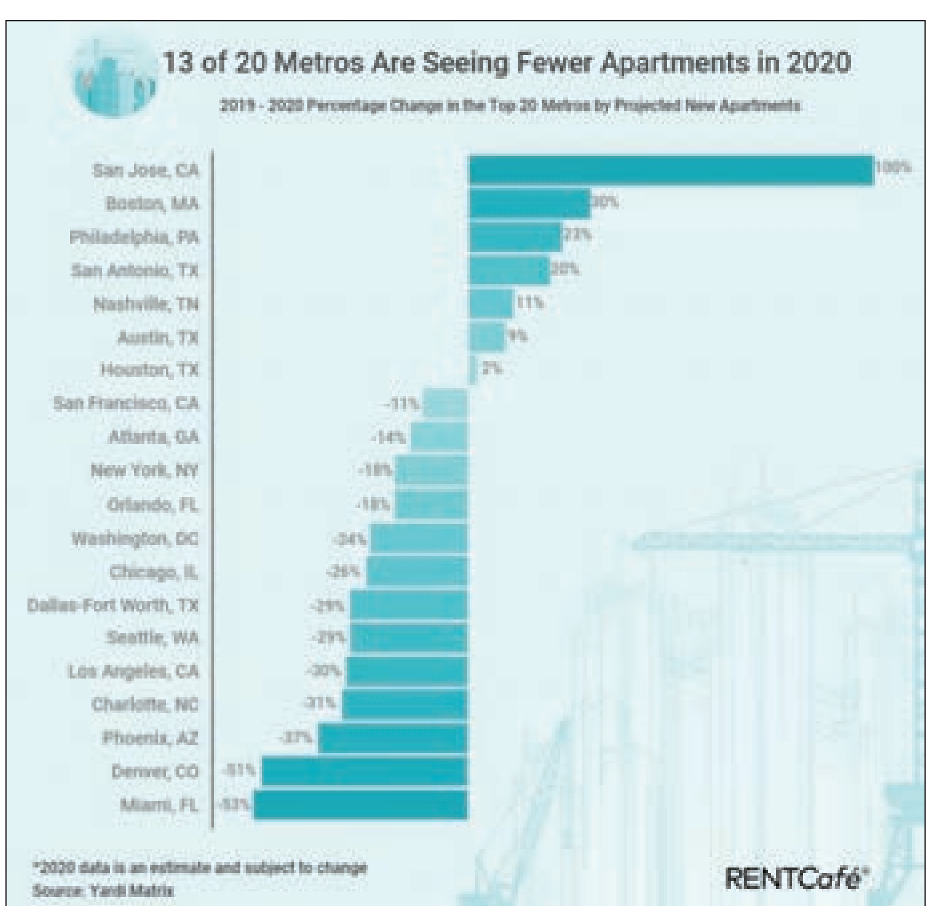
Apartment Construction Down to 5-Year National Low

Rental Housing Journal

New apartment construction across the country is starting to mirror the downward trend following the 2008 crisis, down 12 percent and hitting a five-year low for buildings of 50 units or more, according to a report from Rent Café.

The COVID-19 pandemic is further complicating an already-visible slowdown in apartment construction since its 2018 peak. The report says:

- Apartment construction is down, with around 283,000 new units expected to hit the market this year, considerably fewer than the 2018 peak.
- The San Jose metro is expected to double the number of projected units added last year, while Miami sees the biggest drop in new apartments year-over-year. Despite doubling its apartment construction, Silicon Valley is adding a relatively low number for a giant tech hub, 5,800 units.
- Overshadowing the New York metro for the third consecutive year, the Dallas-Fort Worth area is first in the nation in terms of apartment construction, set to complete 19,300 new units by the end of 2020.
- Thirteen of the 20 most active large metros are expected to complete fewer units compared to last year.



Miami metro is experiencing the biggest drop, 53 percent, down from a whopping 12,500 deliveries in 2019.

- At the city level, Austin leads nationwide with the most apartment completions at 3,800 apartments, followed by San Antonio, Denver, and Charlotte. Brooklyn rounds out the top five, having delivered around 2,100 units, on par with Chicago.

"The down trend is mainly due to the slower pace of construction, as a result of a shortage of available construction crews, funding and permits, along with some temporary bans on construction projects in certain states," the Rent Café report says. "With projects dragging and some new projects hitting pause, many U.S. metros are likely to see fewer new apartments in the coming years."

"As the United States begins to recover from its steepest economic downturn in history, the construction industry is faced with unprecedented levels of uncertainty," said Doug Ressler, manager of business intelligence at Yardi Matrix.

"How that uncertainty and broader macroeconomic conditions will affect the industry to date, and the shape of the recovery to come, depends on multiple factors.

"Around the U.S., we have seen a variety of states, counties, and cities choose to close nonessential businesses, or stay-at-home or shelter-in-place orders. For the most part, construction activity has been included as an essential activity that can continue with business as usual during these orders.

"Construction starts have begun to increase from their April lows and there is cautious optimism that as the year progresses, construction markets around the country will begin a modest recovery," Ressler said.

Can You Evict a Tenant for Firing a Pistol?

By Hank Rossi

Dear Landlord Hank: Can a tenant get evicted for discharging a pistol and injuring a guest? They wanted to keep the incident quiet. No police showed up. **-Margie**

Dear Landlord Margie,

Check your lease first – normally there is a section entitled "Use of Premises," which goes on to detail that tenants must maintain the property in a clean and sanitary condition and not disturb the surrounding residents or the peaceful and quiet enjoyment of the premises, etc.

There should also be a section about illegal activity being prohibited.

You don't want to tolerate this kind of dangerous behavior, and your other tenants will be moving and neighbors will be complaining loudly too, and rightfully.

Do you know any details of the shooting?

Could it have been a legitimate accident?

Move quickly to take care of this.

***

Dear Landlord Hank: I have a gated driveway to a triplex. I'm concerned about tenants possibly abusing the gate. I would welcome your thoughts. **-Tom**

Dear Landlord Tom:

Is there a way for you to install a discrete camera to observe?

If there is some abuse and you have no proof of which person caused the damage to the gate, you won't be able to bill the proper party for repairs.

I'd hook the camera up to a monitoring system so you can check footage if something happens.

It would be nice if the camera would work at night as well.

***

Dear Landlord Hank: I am in the process of re-renting a home in Puyallup.

There is a no-pet policy in place at this property, as previous tenants with a dog destroyed some areas. Now that the house has been upgraded, no pets. What are my rights regarding the "therapy or service dog?" Can I ask for paperwork and/or anything else??? **- Lois**

Dear Landlord Lois:

I am not able to give legal advice. Here is my understanding of the situation.

The federal Fair Housing Act requires landlords to make reasonable accommodations for tenants with disabilities, and allowing an assistive animal in a no-pet building can be such an accommodation. (See Fair Housing Amendments Act, 42 U.S.C. -3601-3619.)

There are service animals that provide assistance to disabled people, like Seeing Eye dog, for instance, and there are emotional-support animals that have not been trained to perform a service, but are a companion animal. In this case, a letter from a medical doctor or therapist is all that is needed to classify the animal as an assistance animal.

My understanding is that when a person's disability is not readily apparent, the landlord can request information to support the claim of a disability. This proof could be state disability benefits or a letter from a treating health provider stating that this person does indeed have a disability.

OK, so once it's determined the applicant has a disability, they need to establish the need for an emotional-support animal.

If the need is not apparent, you can ask for supporting documentation that the person has a need for an emotional-support animal. The information or proof that the animal provides assistance should come from a qualified health care provider who is licensed or certified, is in good standing with their professional regulatory board, and has personal knowledge of the individual. Under the new law in Florida, a certificate or online registration from the internet, by itself, does not establish a disability or the need for an emotional=support animal.

What you can't do is ask for a pet deposit, as the animal is not classified as a pet but as a medical device. You also cannot require information disclosing the actual diagnosis of the person, nor any medical records relating to that diagnosis. If the applicant is willing to provide that information, it would be at the applicant's discretion.

I suggest, as always, that you do an in-depth background screening of all individuals, at their expense. If you have a good rental history, and prior landlords have said that the tenants were good tenants and that they would re rent to them, I'm normally satisfied with that portion of the screening. I like a 5-year residential history. If a tenant can't control their service animal or emotional support animal or they damage property or are a nuisance, this is not something you have to put up with. Be very careful here though.

Hank Rossi started in real estate as a child watching his father take care of the family rental maintenance business and was occasionally his assistant. In the mid-'90s he got into the rental business on his own, as a sideline. After he retired, Hank only managed his own investments, for the next 10 years. A few years ago Hank and his sister started their own real estate brokerage focusing on property management and leasing, and he continues to manage his real estate portfolio in Florida and Atlanta. Visit Landlord Hank's website: https://rentsrq.com.

Do Your Gutters Need Cleaning Before Fall?

Keepe

With the fall leaf season fast approaching, we have been receiving calls from single-family and multifamily rental homeowners concerned about overflowing gutters. The majority of these calls are coming from the Pacific Northwest, including Seattle and Portland.

Here are four signs that your gutters need cleaning, and several tips on how to properly accomplish the task before fall.

1. Rainwater is overflowing

One of the major reasons to have gutters is to drain water from the roof and channel it away from the foundation. This also helps prevent your roof from holding excessive moisture that could lead to the rotting of its wooden parts.

However, when your gutter is filled with debris or wooden particles, it becomes difficult for it to control the water and even channel it away from your property.

2. Presence of algae, debris

Algae, debris, and dirt are most likely to find their way to your gutter one way or the other.

If you notice the presence of birds and critters, you may want to check if there is debris in your gutter.

Failure to clean your gutter of algae and debris may lead to mold growth, which can damage the exterior area of your home.

3. Stagnant water around the foundation

Your foundation is the anchor that holds your home to the ground and prevents moisture or even flood water from getting in.

But a clogged gutter can cause severe damage to your foundation if not cleaned properly and early.

If you notice a pool of standing water around your foundation, it could be caused by gutters not working property.

4. Stains on your siding

If you notice any form of stains or streaks on your siding, it may be time to get your gutters checked and cleaned.

This is because when your gutter is clogged with debris and leaves, water is not able to flow properly, causing it to seep into the siding.

Conclusion

Should you hire a professional to clean your gutter amid the COVID-19 pandemic?

While you may be able to handle minor gutter cleaning, you should consider hiring a professional company to handle bigger jobs.

This will help you get the job done on time and correctly the first time.

Most importantly, with the coronavirus pandemic and social distancing ruled, a professional will adhere to local health rules. Our professionals do not need to set foot inside your property to handle gutter cleaning.

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.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