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UPCOMING EVENTS:

General Membership Meetings — Virtual Meeting via Zoom — 7 p.m. April 22, 2021: Security Deposits—Calculating Final Charge or Refunds, with Jeremy Shorts / Utah Eviction Law.

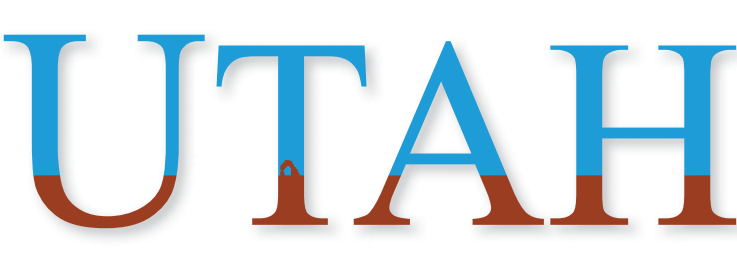
C.A.M. Certification Classes — Virtual — April 27: Marketing. (www.uaahq.org/cam)


UPRO Certification Classes — Virtual — April 8: Maintenance: Turnover, HVAC & Appliances. Preventative Maintenance and Asset Management.

April 22: Risk Protection, Insurance and Ownership Entities. Liability and Lawsuits. (www.uaahq.org/upro)



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CDC Extends Moratorium on Evictions

RENTAL HOUSING JOURNAL

CDC Director Dr. Rochelle Walensky has signed an extension to the federal eviction moratorium, further preventing the eviction of tenants who are unable to make rental payments and extending the moratorium through June 30, 2021, according to a release.

“The COVID-19 pandemic has presented a historic threat to the nation’s public health. Keeping people in their homes and out of crowded or congregate settings — like homeless shelters — by preventing evictions is a key step in helping to stop the spread of COVID-19,” she said in the release.

The original moratorium was set
See ‘Ban’ on Page 7

Criminal History and Fair Housing

April is Fair Housing Month and we want to make sure everyone is in the know on all ways the rental housing industry is impacted by fair housing.

On April 4, 2016, HUD issued a Guidance relating to using criminal history on applicants for rental housing. This Guidance was based upon a recent Supreme Court decision on disparate impact. The government says such criteria may have a disparate impact upon minorities and thus, violate the Fair Housing Act when a landlord utilizes criminal history to deny an applicant.

The Guidance suggests that:

- Arrests cannot be the sole basis for excluding an applicant.
- Landlords must have an important and verifiable

See ‘Know’ on Page 3



Are Airbnbs in Utah Feasible or Advisable?



Recently a member reached out to ask about short-term rentals in Utah. The member had been approached about renting a home and then making it a short-term rental; the individual would not live locally and would have the member manage the property. They reached out to the association to make sure they fully understood all possibilities of this type of situation. There are between 10,000 and 15,000 short-term rentals in Utah.

First of all, the UAA lease prohibits a renter from doing short-term rentals in your property. If you decide to allow that, you will have to create a lease addendum authorizing it and making

See ‘Airbnbs’ on Page 11

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Do DSTs Work for a 1033 Exchange Due to Eminent Domain or Involuntary Conversion?

Understanding the Rules of a 1033 Exchange aka Involuntary Conversion DSTs Provide Replacement Options for a Property Sold Under Eminent Domain

By DWIGHT KAY, CEO of KAY PROPERTIES AND INVESTMENTS AND THE KAY PROPERTIES TEAM

Property owners initiating a 1031 Exchange often end up in that situation by choice after deciding to sell an investment property or business. But what happens when that decision to sell is out of your hands? That is the case when the government steps in to acquire a property by exercising its power of eminent domain.

WHAT IS EMINENT DOMAIN?

Eminent domain applies to situations where the federal, state or local government uses its authority to acquire private property for a public use or the greater good. Eminent domain has been around for decades with cases dating as far back as the late 1800s. It is commonly used by government entities to assemble land to build infrastructure, such as roads, interchanges or airport expansion. The government also has been known to step in and utilize its powers of eminent domain to acquire property to pave the way for private-sector development that will in some way potentially serve the community or help raise the tax base, such as a new convention center, hotel, or hospital. Eminent domain or condemnation also can come into play when a property has been destroyed by a natural disaster, such as flooding, hurricanes, or wildfires.

Although eminent domain sounds a bit onerous, property owners are entitled to fair compensation for that property. Once that eminent-domain transaction is complete, the question is: What to do with that pile of cash? Just as with any property sale where the transaction generates a profit, any income recognized from that eminent-domain ac-

quisition is subject to capital-gains tax. One way to potentially defer that tax bill is to roll the proceeds from the sale into a tax-deferred like-kind exchange. Whereas the 1031 Exchange is used for tax-deferred reinvestment in most property sales, eminent domain has its own separate category that falls under a 1033 Exchange.

KEY DIFFERENCES AND SIMILARITIES IN 1031 AND 1033 EXCHANGES

A 1031 Exchange and a 1033 Exchange were designed for exactly the same purpose. Each is sanctioned by the IRS as a means to defer capital-gains taxes. However, there are some key differences that an owner should be aware of when conducting a 1033 Exchange. One notable item is that similar to a 1031 Exchange, a 1033 Exchange allows the taxpayer to fully defer both capital gains and any potential depreciation to recapture taxes that may be incurred from the government acquisition. In other words, 1033 Exchanges have the potential for the taxpayer to avoid an even bigger tax bill. In addition, the rules on a 1033 are considered by many to be a bit more relaxed, giving property owners more time and flexibility to successfully execute the exchange. Some of those key differences are:

- More time to execute. The IRS gives taxpayers two years from the date the sale closes to complete a 1033 Exchange (three years if granted a further one-year extension) compared to 180 days for a 1031 Exchange.
- No limit on replacement IDs. The taxpayer has no restrictions on the number or dollar value of potential replacement properties they can identify for their exchange. In contrast, 1031 Exchanges have reporting rules that require

- that a limited number of replacement properties be identified within a 45-day window.
- No need for a qualified intermediary. In a 1033 Exchange, funds do not need to be handled by a qualified intermediary (also known as an exchange accommodator or facilitator), as is the case with a 1031 Exchange. In fact, funds can even be placed into shorter-term investments, such as a bond or CD, until they are needed to close on the purchase of 1033 Exchange replacement assets.

DO INVESTORS UTILIZE DSTS FOR 1033 EXCHANGE REPLACEMENT PROPERTY?

Yes, DSTs are commonly used in 1033 Exchanges. DSTs work just like other investment real estate, the difference being that it is fractional ownership. All of the same reasons why a DST work well for a 1031 Exchange also apply to cases of eminent domain where an owner is conducting a 1033 Exchange. For example, DSTs provide a solution that allows for portfolio diversification and passive ownership in real estate as well as income potential.

Despite the longer timeline to complete a 1033 Exchange, the clock winds down quicker than many people realize. Some simply put off identifying replacement properties because they don't know what to buy, or perhaps they are waiting out the market for better opportunities or pricing. So, it is not unusual for clients to focus on DSTs as replacement properties for their 1033 Exchange at the eleventh hour, knowing they can reinvest proceeds in one or more DSTs in as little as a week's time. For a free list of available DST investments for your 1033 Exchange please visit www.kpi1031.com.

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.

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placement memorandum (the "Memorandum"). Please read the entire memorandum, paying special attention to the risk section prior to 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.



Can You Charge Support-Animal Non-Refundable Pet Deposit?

By HANK ROSSI

Dear Landlord Hank: Can a landlord charge a non-refundable pet deposit if the animal in question is not classified as a pet, but as a support animal? -Frank

Dear Landlord Frank: In Florida, n o - p e t rules don't apply to legitimate emotional-support animals. A tenant or applicant must have real documentation stating that



an applicant is disabled, that the disability affects a major life function (and what that function is), and how the animal reduces the effects of the disability. If an applicant or tenant provides fraudulent information or documentation, he or she is committing a 2nd degree misdemeanor with consequences. Also, even if the animal has been classified as a support animal, the animal must be required by the tenant. Lastly, the provider producing the documentation for you must have personal knowledge of the tenant (this means an online certificate won't work) and be knowledgeable in

the area of the tenant's disability. In other words, a podiatrist can't say you need an emotional support animal for psychological issues.

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 side-line. 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>

Chair’s Message

Keep the FAIR in Fair Housing!



HOLLY SANFORD
Chair, Utah
Apartment
Association

April is National Fair Housing month. As we dedicate ourselves to maintaining the regulations and practicing the rules of fair housing, let’s remember the best aspect of this national act: it’s FAIR!

Everyone longs for fairness. From a very young age children sense what is right and wrong and will often shout out, “That’s not fair!” As adults we learn that one of the most important characteristics we bring to our relationships is the capacity and desire to treat others right. In the business world our reputation is based on our ability to treat others with impartiality and objectivity. Treating others fair is not just a nice idea...it is the basis of successful human interactions in all facets of life.

So let’s keep the FAIR in Fair Housing! Sure, the rules are critical and you have to know how to apply them in every aspect of apartment leasing, maintenance, and management! If you mess up, it can cost you and your company hundreds of thousands in fines and punitive damages. Remember these basics.

“No Discrimination” means we treat all people of the 7 protected classes fair and equal in all leasing, maintenance, renewal, and management activities. Every person on your property must play by these rules including vendors, apartment locators, owners, and investors!

Don’t FREAK OUT about fair housing! Rather, as you follow all the rules, embrace the spirit of fair housing. It’s FAIR! This national act is one of the most important advantages and tools we have as multi-family management professionals. Everyone wants to be treated fair and properly applying the law will create a leasing environment that will actually enhance your success

in leasing and keeping residents.

Here are just a few of the advantages to being FAIR.

- **Makes Sense** – The fastest way to productive leasing and positive resident relations is to treat people fair and equal. Everyone responds positively to fairness!
- **Evens the Playing Field** – As we all follow the rules and practice the spirit of Fair Housing, we also compete with one another on a uniform and even basis. And our entire industry is seen as one that applies equality and fairness in principle and actions.
- **Enhances Leasing and Resident Relations** – If you want a better closing ratio and better resident retention, just try being fair. It is no-brainer...fair housing means better treatment or prospects and residents. Check the apartment reviews sites to see what residents say who feel like they are mistreated. It’s not pretty!

- **Takes Away the Guess Work** – Knowing and playing by the Fair Housing Act rules means less stress and confusion for the onsite team. Everyone knows what is FAIR and acts equally.
- **Fair Housing is FAIR!** – Get it? Why see fair housing as some sort of government mandated burden when it simply reflects the right way to treat people.

Fair Housing is not something to despise or fear. It is a mindset that all of us would most likely want to embrace. It creates the welcoming and friendly atmosphere our customers want and demand. Fair Housing is the law and we must follow it to the letter, but as important, fairness is good business and will reflect in an apartment community’s bottom line.

How do you define fair housing in one quick phrase?

Treat People Right!

Ask the Attorney

ESA Permanent Necessary?



JEREMY SHORTS, Esq.
Utah Eviction Law

Q: My tenant gave me paperwork for an emotional support animal, but the therapist is not a medical doctor, has only been treating the tenant for a few days, and cannot verify

that there is a permanent need for a support animal. Can I deny the request for an ESA?

A: Under the Fair Housing Act, there is no requirement concerning the length of time a health care professional has been treating a tenant to diagnose a disability.

A disability could, depending on the circumstances, be diagnosed in a few minutes under certain situations. But once the health care provider establishes

(1) a disability exists and (2) that there is a disability related need for the emotional support animal, the tenant probably qualifies for a reasonable accommodation. Also, the disability need not be permanent as long as it is a current disability.

The primary standards for evaluating a reasonable accommodation request is:

1. Whether the tenant currently is disabled (temporary or permanent shouldn’t matter), and

2. Whether the animal is necessary to assist them with their disability

If the tenant has provided the landlord with information that establishes these two factors, the emotional support animal will probably need to be approved.

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Director’s Messsage

April is Fair Housing Month



L. PAUL SMITH, CAE
Executive Director,
Utah Apartment
Association

The protected classes in Utah are

- Race
- Color
- Sex
- Religion
- National Origin
- Disability
- Familial Status (kids in household)
- Source of Income (government housing)
- Sexual Orientation (some cities)
- Gender Identity (some cities)

Remember not to treat anyone differently or charge higher rents fees or deposits based on membership in ANY of these protected classes.

The single biggest problem, however, is with disability. The UAA has built relationship with all sorts of organizations that work in housing, including the Disability Law Center (DLC).

They recently procured \$700,000 to do fair housing testing over the next three years.

Now, while they seem to be a fair organization and we have a great relationship with them, the best way to avoid problems is to remind yourself of a few rules when answering the phone (most of their screening will be over the phone, followed up by personal visits in some cases).

1 – UNDERSTAND DISABILITY ISSUES

For instance, if someone asks for an assistive animal remember you CANNOT CHARGE EXTRA DEPOSIT OR FEES. An assistive animal is like a wheelchair. It helps someone with a disability adapt to society. If it does damage to the place you charge them at the time, not before.

2 – DON’T PRE-SCREEN ON THE PHONE AND TREAT EVERYONE THE SAME.

While you can answer questions about your policies (such as do you allow smokers, how many people are allowed in the place, etc) don’t ask questions that could be construed to discourage or pre-screen people.

For instance, don’t ask if they have

assistive animals, children, their race or religion, etc.

3 – IF YOU GET ASKED A QUESTION YOU AREN’T SURE ABOUT CALL US.

Last year a woman received a phone call asking if she charged deposits for service animals. She said yes - \$500. A month later she got the same call. Though she doubted her answer a little, she again, gave the same answer - \$500.

A week later she attended a UAA class where she learned she shouldn’t say that. But it was too late.

Within a few days a letter came from the anti-discrimination division opening an investigation. Those two calls had been from a DLC tester.

If you ever have a question, contact the UAA or Michelle Hutchins with HUD 801-524-6097.

Know Rules on Screening Applicants

Continued from Page 1

legitimate business interest to deny an applicant for a prior conviction.

- Applicants should have the ability to appeal for a review of a denial and provide mitigating circumstances and information.

This means that you cannot deny somebody just because they have a criminal history (after all, if they get fined for fishing without a license, is that really going to make them a bad tenant?).

However, you can deny somebody who:

- Has a high likelihood of re-offending, going to jail and failing to finish out their lease.
- Has a history of violent crimes or property crimes that present a risk to your property, your other tenants or the neighborhood.
- Is listed on the Sex Offender Registry and impacts your ability to rent out other units as well as hurts your reputation in the neighborhood.

If you are asked if you use criminal history as part of your screening process (which you should be doing!) you might want to say something like this:

Criminal history is evaluated as part of the application process. Since each applicant has differing history, only after an application is completed can a determination be made. Denials will only be made for people who present a real risk of being unable to live up to the rental agreement or of damaging the reputation of the property.

If you deny somebody only based on their criminal history, you should give them the chance to appeal the denial and maybe negotiate a “less discriminatory alternative to denial” if that is reasonable.



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Don't Let Rental Criteria Be Your Kryptonite

By DAVID PICKRON

Hypothetically, let's say that last week an individual named Javier applied at one of your properties.

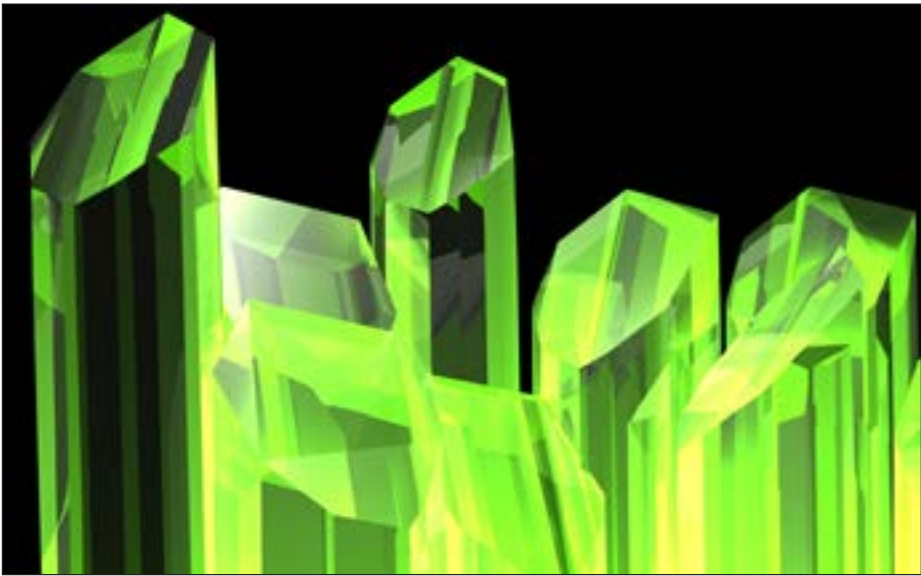
His credit score was low and payment history showed a lengthy history of difficulty in keeping current with his obligations. The results of the criminal background check showed various drug and theft charges. Your call to his previous landlord alerted you to the fact that he was currently being evicted even as he was applying for your property. Like most landlords, you would analyze the situation and reasonably conclude that "there is no way he is living in my rental." You decide to provide an adverse action letter to Javier and move on to the next applicant.

In the week that follows, you receive a phone call from an attorney with Fair Housing asking why you denied the applicant.

Was it because of his ethnicity? "No," but you explain all the negative history you found relating to the applicant and the risk he would be to your property and investment.

The attorney then asks a series of questions:

- Did you tell the applicant that you did not accept people with evictions? "No."
- Did you tell him he needed a certain credit score to qualify? "No."
- Did you lay out your requirements in relation to criminal history? "No."
- Can you provide a copy of your



rental criteria that details how you treat every applicant the same? "I don't have one."

The attorney then drops the hammer with the final question:

- Is possible that you treat every applicant differently as a result of not having a written, base-qualifying criteria?

Javier believes he was disqualified based on his ethnicity and subsequently reported a potential violation.

Imagine how different this scenario looks for you as a landlord if prior to showing the property to Javier, you handed him a criteria sheet with crystal-clear information about credit, criminal, collection, and eviction history qualifying parameters. It also had income and residential history requirements as well as your policies regarding no smoking or pets on the property. If after seeing the property

and performing your due diligence there was disqualifying information, it is easy to indicate to your applicant exactly which part of the criteria was not met. If the phone call then comes from Fair Housing or the attorney general's office, you have the ability to clearly show the reason for denial based on behavioral history alone.

Simply said, if you do not have a written criteria, then everyone qualifies. That's right, everyone qualifies. As a landlord, you know that is a recipe for disaster.

The graphic below has some examples of criteria that have been strategically written to protect you, broken down by category. These should be reviewed and modified by your local attorney to represent what is legal in your specific jurisdiction.

(Email info@rentperfect.com if you would like an all-inclusive criteria sample.)

In addition to a well-explained criteria, I recommend having a tenant-advisory section that tells applicants what they need to do to find success in renting with you. For example:

- Review the residential lease prior to signing it.
- Review the residential-lease owner's property-disclosure form.
- If the property is in an HOA, have the tenant review the CCRs of the development.
- If the property was built prior

to 1978, a lead-paint disclosure form will be provided.

- A move-in checklist should be provided by the landlord and returned to the property manager within (5) five days of move-in.

This may seem obvious, but if you ever find yourself in court as "the big bad landlord" versus "the victim tenant," you can show the judge how you tried to educate the applicant on what he or she could do to protect themselves. When a judge sees the steps you have taken, they will know you are a quality housing provider who has the tenant's interest in mind.

Just like every applicant is unique, so is every property. Each property should have its own criteria based on the risk of the investment. If a property commands higher rent, then you should consider upping the income ratios or requiring higher credit scores. On the other hand, a property in an economically challenged part of town might have a lower criteria due to the average applicants that apply. As landlords, filling our properties with the best applicants helps us accomplish our financial goals.

The Final Word: Never, ever depart from your criteria. You might find you really like some applicants; they say all the right things, have money in their pockets, and are ready to move in today. Do not let your feelings override your criteria. Subjectivity is out the window as they qualify, or they do not. Overriding your criteria puts you in a position of treating people differently, and that pushes you into lawsuit territory at an alarming rate. If it's time to update or create a criteria that matches your property, reach out to us at info@rentperfect.com for assistance or a sample criteria.

David Pickron is president of Rent Perfect, a private investigator, and fellow landlord who manages several short- and long-term rentals. Subscribe to his weekly Rent Perfect Podcast (available on YouTube, Spotify, and Apple Podcasts) to stay up to date on the latest industry news and for expert tips on how to manage your properties.

Sample Criteria

CRIMINAL HISTORY

Any felony relating to or regarding a person, property or drug-related criminal activity in the past seven years from the date of the investigative report to the date of the conviction, release from custody or parole, whichever occurs last.

CREDIT SCORES

- Approved = 700 and above
- Conditional = 550 to 699
- Denied = 549 and below

EVICTIION RECORDS

Any open eviction. Any unsatisfied eviction judgment in the past (7) seven years. Any satisfied eviction judgment in the past (5) five years.

BANKRUPTCY

Any bankruptcy filed or discharged in the last (1) year. Any open bankruptcy will be automatically denied.

RESIDENTIAL HISTORY

Two (2) years verifiable (non-family) history is required. Co-signers considered for lack of rental history. 12 months proof of rental payments.

EMPLOYMENT HISTORY

Last four (4) paycheck stubs or proof of income. Two (2) years verifiable employment.

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Ban on Evictions Extended

Continued from Page 1

to expire on March 31.

The order says, “a landlord or owner of a residential property or other person with legal right to pursue eviction or possessory action, shall not evict any covered person from any residential property in any jurisdiction in which this order applies during the effective period of the order.”

The CDC said “evictions threaten to increase the spread of COVID-19 as they force people to move often into close quarters in new shared housing with friends or family, or congregate in settings such as homeless shelters. The ability of these settings to adhere to best practices such as social distancing and other infectious disease-control measures decreases as populations increase.”

The order does not prohibit evictions for criminal activity on the leased premises. The declaration forms are still required, and the CDC added that “a tenant, lessee or resident of a rental property must provide a completed and signed copy of a declaration with the elements listed in the definition” of who is a covered person under the order “to their landlord, owner of the residential property where they live or other person who has a right to have them evicted or removed.”

FTC Warns Landlords Not to Evict in Violation of Moratoriums

RENTAL HOUSING JOURNAL

The Federal Trade Commission has issued a warning to landlords to not evict, or threaten to evict, tenants in violation of the Centers for Disease Control and Prevention (CDC) moratorium or any other applicable state or local measures, according to a release.

“Evicting tenants in violation of the CDC, state, or local moratoria, or threatening to evict them without apprising them of their legal rights under such moratoria, may violate prohibitions against deceptive and unfair practices, including under the Fair Debt Collection Practices Act and the Federal Trade Commission Act,” said Federal Trade Commission Acting Chairwoman Rebecca Kelly Slaughter and Consumer Financial Protection Bureau (CFPB) Acting Director Dave Uejio in the release.

“We will not tolerate illegal practices that displace families and expose them—and by extension all of us—to grave health risks.

“In the ongoing economic and public health crisis, millions of American families are at risk of losing their




homes. A recent CFPB report found that renters are particularly endangered, with over 8.8 million tenants behind on rent. These tenants at risk of homelessness are disproportionately people of color, primarily Black and Hispanic families.

“Federal, state, and local governments have put in place protections against evictions to keep people in their homes and to stop the spread of COVID-19. Research has shown that eviction moratoriums save lives.”

The CDC on March 29 extended the federal moratorium on evictions by three months.

“Unfortunately, there are reports that major multistate landlords are forcing people out of their homes despite the government prohibitions or before tenants are aware of their rights. Depriving tenants of their rights is unacceptable. Many of the tenants at risk of eviction are older,” the release says.

“Staff at both agencies will be monitoring and investigating eviction practices, particularly by major multistate landlords, eviction-management services, and private equity firms, to ensure that they are complying with the law.”



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6 Factors Involved in Lease Renewals Post-Pandemic

By Justin Becker

There is no doubt that COVID-19 has changed the way people occupy space and interact, which, as a result, has caused a decline in demand for space and property. The unprecedented crisis is expected to have lasting effects, depending on how long the virus persists.

In order to respond to the crisis, it is important that property managers and owners take action now rather than later. In the post-pandemic era, landlords should review some strategies regarding property leases.

COVID-19 has seen the closure of many retail locations, not just in the United States but across the globe. Since the duration of the pandemic is uncertain, landlords, tenants and lenders are all trying to figure out their next steps involving real estate inter-parties.

While the relationship between property owners and tenants depends on individual lease agreements, regarding leases to private and commercial properties, the post-pandemic era will require some changes that property owners can make to address the unique challenges brought about by COVID-19.

Below are some of the possible steps that property owners should consider during the post-COVID-19 period.

1. RENT DEFERRAL

Considering rent deferral is one of the steps that landlords can take to address the challenges that most tenants, especially those occupying homes, apartments and townhomes for rent, are currently facing. The world has witnessed massive job losses, which means that people and businesses are facing financial difficulties.

An agreement to defer a portion, or the entirety, of the rent for a defined period of time would be most effective to address the situation.

Deferred rent would then be paid after the agreed period lapses or over the duration of time, depending on how the situation resumes to normalcy.

Ideally, the issue of rent deferral is subject to several factors that guide the property owner’s decision to set the terms of such an agreement. For example, deferral on commercial property should be based on the tenant’s business operations.

There are certain businesses that are not self-sustaining, which means that there is no guarantee that you will be paid at the end of the deferral period. You need to set the terms in such a way that while the aim is to provide the tenant with financial relief, you are also able to maintain your cash flow under the lease.

2. RENT REDUCTION

Rent reduction might be perceived as unfavorable to landlords, but it works towards building a good relationship with the tenants. As a property owner or property manager, rent reduction should be one of



the options, provided that it does not take place at the expense of the landlord’s cash flow.

Of course, rent-restructuring is more economically viable to the tenants, which is why many property owners would consider it as unfavorable to them. However, there is no actual telling how long the effects of COVID-19 will last.

This means that the financial burden on the tenants might extend for an unknown period. Considering rent reduction, no matter how unfavorable it might seem, is not entirely a bad option.

An alternative to rent reduction to landlords is tolling the rent.

An agreement can simply be drafted detailing the abatement period that provides some rent relief to the tenant. However, property owners and managers should understand that rent abatement does not provide any relief on the part of the landlord in terms of cash flow, operating costs and other ongoing obligations.

3. SETTING REALISTIC EXPECTATIONS

One thing that COVID-19 has taught the world is that you can never be too sure about the future. For this reason, it is important for parties involved in property leases to set out realistic goals that address the unique nature of the current situation that they find themselves in.

Going forward, it is expected that it will take some time before the situation resumes to normalcy, especially in terms of income challenges.

The current economic hardships are already difficult for both landlords and tenants, hence the need to establish workable goals that are practical and discernible. This way, you won’t lose your tenants as a property owner due to financial constraints, as the challenges being experienced are not permanent.

The mutually acceptable solutions, in the short term, should leave you in a better position post-COVID when the harsh economic times change for the better.

4. THE NEED FOR TRANSPARENCY

Transparency is one of the key things that will be needed in real-estate deals during the post COVID-19 era. While leases are meant to guarantee that transparency is upheld in rental agreements, there are instances where certain clauses are left out by the property owners only for the tenant to be subjected to these clauses after signing the lease agreement.

Tenants also have a tendency of leaving out crucial information that can affect the tenancy agreement in the long run.

It is such disputes that tend to escalate, especially when one party involved in the lease feels aggrieved. To avoid such disputes, full disclosure is important, especially on the parts of the tenants that are struggling with financial difficulties. Of course COVID-19 has affected property owners and their tenants alike. This is an issue that landlords understand too well.

In the event that the lease can be altered to factor in emerging issues brought about by the pandemic,

then such an eventuality would work to the benefit of the parties involved. Non-disclosure on either of the parties only causes unnecessary disputes that can easily be solved through consensus.

5. CONSIDER THIRD-PARTY-LENDER APPROVALS

With the demand for apartments and mobile homes for lease constantly changing, it is important that you consider third-party lenders as part of your plan to maintain a steady cash flow. With tenants yet to recover financially, post-COVID will require that you consider getting funds from alternative lenders to stay afloat.

For property owners and managers, such real estate requires a lot of maintenance. Even if the demand for apartments has been on the decline, the tenants residing there require basic services and repairs, in case of damage to the property. As outlined in most leases, it is the responsibility of the tenant to cover damages to the property they are residing in.

With that said, there are unique situations where the damage may be as a result of other causes other than the tenant. This means that the tenant cannot be charged for such damages. Availability of funds ensures that possible repairs are done fast, meaning the tenant is not affected in any way that would be in violation of the tenancy agreement.

6. WHAT TO EXPECT POST-COVID

IN THE REAL ESTATE MARKET

The current crisis has led to significant stress on both landlords and their tenants. Both parties have experienced a decline in cash flow, business interruption and overall suspension to some. To address the unprecedented challenges brought about by COVID-19, landlord-tenant agreements should be mutually beneficial. Landlords can offer some waivers, but tenants too should strive to fulfil their rent obligations.

This calls for a change in the way property owners and tenants interact post-COVID. With competent planning, the situation is likely to change sooner than expected. This means that every decision has to be accompanied by a shared goal between landlords and tenants.

Future leases will need to factor in the need to have a plan regarding how both parties intend to address these types of issues. However, there is every need to be prudent regarding how the issues brought by COVID-19 are leveraged to address the current crisis.

The post-COVID era promises a lot of uncertainties to both landlords and tenants. With that said, it is better to deal with the crisis now through the strategies outlined above before focusing towards the future. This is how property owners can address the current crisis and also ensure that they do not lose their tenants.

Justin Becker is a property owner in the state of Michigan and has a passion for managing communities. He owns apartment complexes and mobile home communities, and has been writing his own blogs for his properties for several years.



Renters Prioritize Space Over Lower Cost

RENTAL HOUSING JOURNAL

Renters’ priorities have shifted, and now “more space” beats “cheaper.” Prospective renters are looking for better apartment deals with open-air amenities and more living space, preferably in the city in which they already live, according to a new survey from RentCafe.

How the pandemic has affected renters’ priorities in the rental-housing and apartment-selection process was the topic of the survey. It showed the move to larger apartments from price and safety.

“It seems as though renters are coping with the monotony of spending most of their time at home by looking for a change in scenery, more space, open-air amenities and better local deals,” RentCafé said in the survey results.

More than 10,000 people participated in the survey while looking for an apartment on the company’s website. “In particular, respondents shared how their preferences had changed after a year of staying at home, what their main concern was while moving, or how the pandemic had affected their rental-selection process.

“The survey showed that lifestyle improvement was the main motivator for those looking to rent now, as the top features people search for in an apartment after one year of living in a pandemic are open-air amenities (21 percent) and more space (20 percent).

Renters’ priorities in the apartment-search process included the following highlights:

- Lifestyle improvement is the main motivator for those looking to rent after a year of pandemic living; 41 percent of renters picked open-air amenities and more space as their most essential apartment features in 2021, far outranking work-from-home amenities such as “home office” (five percent) or “good internet connection” (10 percent).
- The reasons for moving are within the same spectrum; “looking for better deals” was the top answer for 29 percent of renters, followed by “the need for a change of scenery” (25 percent).
- When asked how the pandemic affected their apartment-selection process, 28 percent of renters said they prefer a place to live by themselves. “Something cheaper” (25 percent) and “something larger” (19 percent) were next on the priority list.
- Ninety percent of renters look for long-term rentals. Moreover, 48 percent wish to remain in the same city they are currently in, which once again shows that improving housing conditions is the goal, not necessarily a drastic change like moving to a different city.
- Many of those who moved in the spring of 2020 seemed to have done so out of need, not because they wanted to. “Expiring lease” was the main reason for moving (26 percent), while a significant share of renters was concerned



whether they’d be “able to pay rent during this time” (32 percent).

Last year, the renter survey showed the top renter preference was price and the top concern was safety.

“And, while plans and preferences may have changed since last March and the first stay-at-home orders, one thing has remained the same – the optimistic, carry-on attitude of the average renter.

“Twelve months apart, both RentCafé surveys have shown that, whether by choice or necessity, people keep on moving. And, as we enter the second year of the pandemic, spending time at home has become the norm – prompting increasing numbers of renters to look for better deals and amenities that make it more pleasant to be there,” the company said.



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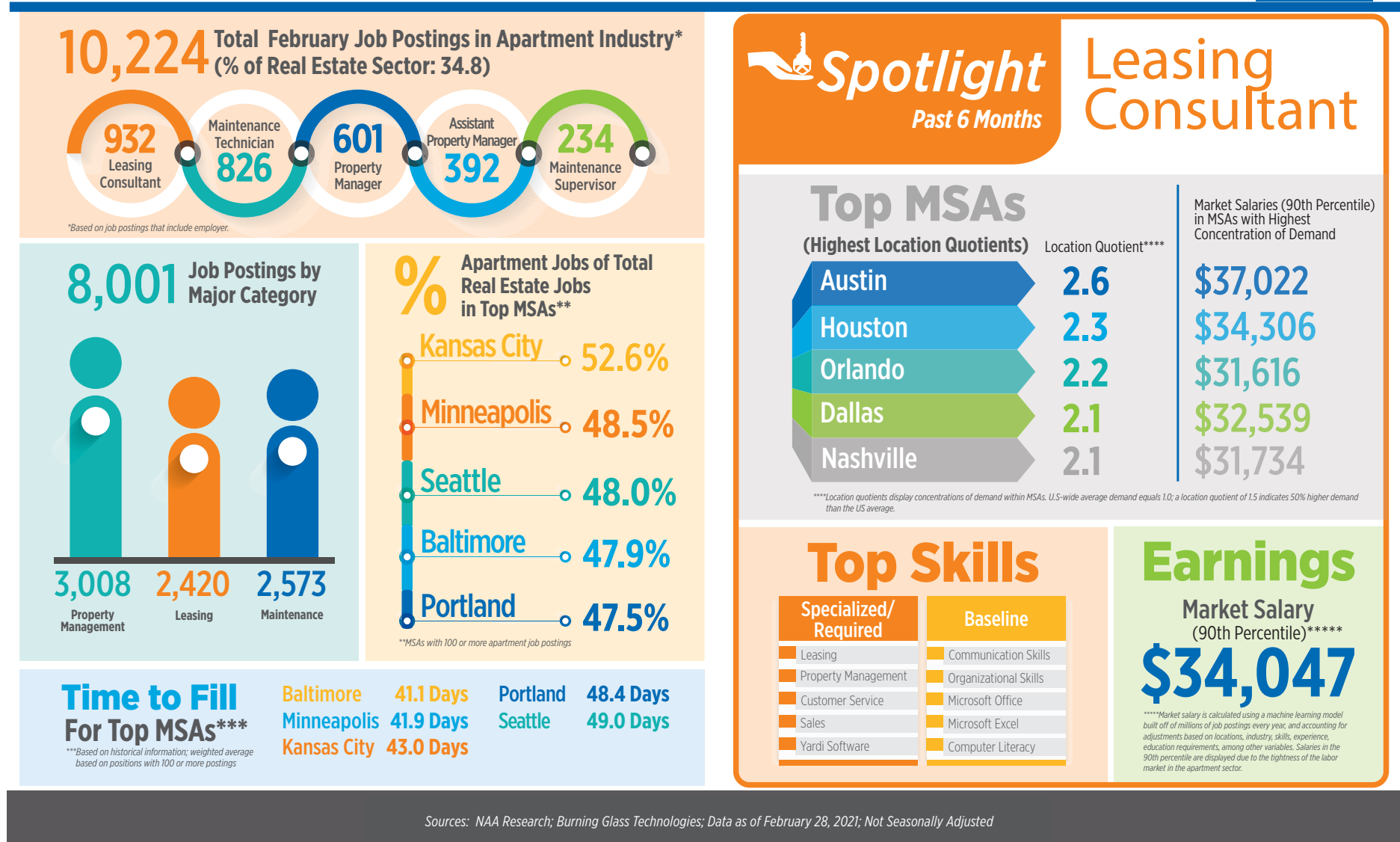
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Apartment Job Openings Strong in Seattle, Portland

**NATIONAL APARTMENT
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Apartment job openings in Seattle and Portland were strong in the most recent report from the National Apartment Association's Education Institute.

The Apartment Jobs Snapshot showed 10,224 apartment jobs were available, accounting for 34.8 percent

of the broader real estate sector.

Seattle and Portland, along with Kansas City, Minneapolis, and Baltimore, had the highest share of apartment job openings.

This edition highlights leasing consultants, with market salaries in the 90th percentile reaching \$34,047.

The demand for skilled leasing consultants was more than twice the U.S. average in Austin, Houston, Orlando, Dallas and Nashville.

In addition to requiring typical leasing skills, employers are seeking experience with Yardi Software, Microsoft Office, Microsoft Excel, and computer literacy skills.

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.



How \$1 of Rent Sends Billions Back to Communities

RENTAL HOUSING JOURNAL

Up to 90 cents of each dollar paid for rent go towards taxes, wages, mortgage payments, and maintenance and improvements, while only 10 cents belong to owners and investors, according to the Yardi Matrix Covid-19 Rental Housing Support Initiative.

In their blog, RentCafé says the American Rescue Plan signed by President Biden on March 11 “brings much-anticipated relief to millions of American families, both renters and housing providers.”

Rent debt estimated at almost \$60 billion has built up since the start of the pandemic and RentCafé says the new stimulus package “may trigger a butterfly effect across local communities. Since many housing providers operate on thin margins, the recently approved stimulus package will help fill the gap in cash flow and keep afloat an industry that provides housing for 40 million Americans.”

According to the Urban Institute and Moody's Analytics estimations, the average resident who's behind on rent already owes \$6,000. With approximately 10.25 million renters in debt as of January 2021, the back rent reached an estimated \$57.3 billion.

The report from RentCafé includes a chart showing the largest part of every dollar of rent is used to keep rental housing operational, as 90 cents of it go towards state and local taxes, which support essential services in the community, employee wages, maintenance and



improvements, and mortgage payments. Just 10 cents go to property owners and investors.

“This means that each dollar paid as rent, besides keeping renters safely housed, is also a contribution to the local economy. Rent checks are reinvested in the community in the form of taxes, worker salaries and maintenance for buildings,” the report says.

Mortgage payments take up the largest chunk of rent, 38 cents.

“The majority of small owners depend on this money, according to data from the COVID-19 Rental Housing Initiative, as 59 percent of them carry a mortgage, and many of them operate on thin margins,” the report says. “Rents in properties owned by mom-and-pop landlords are typically lower than in larger, amenity-rich communities. So, by helping families pay the rent, the federal assistance fund would in fact support these owners, who otherwise might default on loans.”

Due to the potential economic impact of the outstanding rent debt, rental industry associations “believe that more needs to be done to avoid turning the public health crisis into a housing crisis, especially now, with so much uncertainty around the economic recovery.

“A robust rental-assistance program will keep people safely housed and ensure that apartment communities remain operational long into the future,” the report says. “Renters and landlords alike depend on the health of the rental housing sector. This is why Yardi committed \$1 million to the COVID-19 Rental Housing Support initiative, a newly launched platform backed by four major associations serving the rental housing industry: Institute of Real Estate Management (REM), National Apartment Association (NAA), National Multifamily Housing Council (NMHC) and National Association of Residential Property Managers (NARPM).”

Airbnbs in Utah: Are They Feasible or Advisable?

Continued from Page 1

certain requirements of the tenant such as complying with state and local law it.

If you allow renters to use the property as short-term rentals or do it yourself in one of your properties, here are the things you should be aware of:

1 – MAKE SURE THE CITY YOU SELECT ALLOWS THEM

Some cities don’t, others have strict rules

licensing and guidelines, and others don’t care. Do you research first. Budget in costs of licensing which can be thousands of dollars a year.

2 – FIND A COMPETENT MANAGER


If that is you fine, but short-term rentals are more complicated and labor-intensive.


The companies that manage these charge a higher management fee (one-third to half, typically) and have the ability to get a cleaning crew in their by 11 a.m. on moveout date and have it ready for move

in by 3 or 4 p.m. That requires serious systems and processes.

3 – MAKE SURE YOU UNDERSTAND CITIES CHANGE RULES FROM TIME TO TIME

HOAs do as well, so you are vulnerable to buy a property expecting a certain business use and revenue stream if someone later can change it. Have a Plan B, for sure. Short-term rentals can be a profitable use of your rental property. Just make sure you know and follow the rules!





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Good Landlord Classes Now Available Online!

The Good Landlord Class is the base legal class the UAA offers on landlord laws in the state of Utah. Some cities require you to take this class in order to receive a "good landlord discount" on your business license fees. This class is good for all cities in the state and is a wealth of broad knowledge on landlord law. In these times of social distancing, we are now offering our GLL Class Online so you can still renew your business licenses in compliance with cities Good Landlord Program requirements.

The online class will cover:

- Basic guidelines to being a landlord
- Best practices and policies in property management
- Fair Housing basics and landlord/tenant discrimination (including ESA/comfort animals)
- Tenant screening and background checks
- Evictions and dealing with tenant issues
- Abandoned property and abandoned premises
- Deposits and dealing with damage to property
- As well as a few other rules and guidelines to being a landlord in Utah

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