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Declining Multifamily Occupancy Seen as an Urban Phenomenon

Rental Housing Journal

Multifamily performance has rebounded quickly from the pandemic slowdown, with the exception of occupancy declines in properties in urban gateway metro submarkets, Yardi Matrix says in a recent report.

"According to a study of 78,000 properties in Yardi Matrix's database, large occupancy declines in the last year have been concentrated in a handful of cities that may take years to recover," the report says.

However, the multifamily industry overall "is surviving COVID-19 without too much disruption," the report says. "Nationally, rent and occupancy levels fell only slightly in 2020 before turning positive again in the first quarter of 2021, while acquisition yields barely budged." However, problems in the struggling urban submarkets show "problems that must be addressed in the wake of the pandemic."

Some key points in the report:

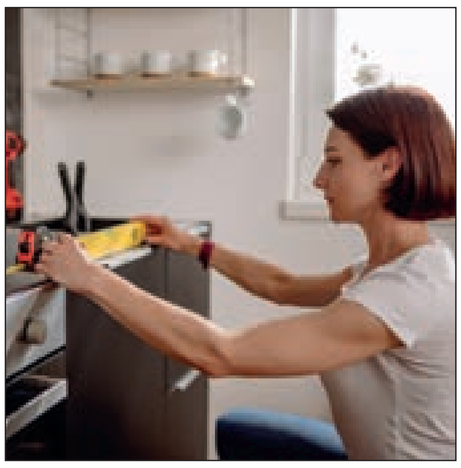
- Roughly one out of every 14 multifamily properties in the United States has seen occupancy rates drop by five percent or more over the last 12 months.
- However, the loss is concentrated in urban assets in gateway metros, which limits the potential for distress. The study shows a large split in market performance and recovery period. Some markets are back to pre-pandemic performance levels already, while it could take five years or more for rents to recover in the most affected urban submarkets.

"While the data demonstrates the troubles some segments of the market face, the industry can take solace in the finding that the poor performance in demand and occupancy is limited.

"The results show that the amount of distress anticipated by some is likely to remain limited, and whatever does occur will almost certainly be concentrated in high-cost gateway centers that will have a much bigger hill to climb to get back to pre-pandemic revenue levels when normality returns," Yardi Matrix says in the report.

"We forecast that it will take at least five years to return to first-quarter 2020 occupancy levels in gateway cities such as New York, San Francisco (and San Jose), Los Angeles and Chicago, and in secondary metros such as Orlando, Miami and the Twin Cities," the report says.

"The upshot is that the pandemic has created a list of challenges and changes that the industry will wrestle with for some time. Our review of property-level performance indicates that potential distress might not be as widespread as first imagined, and that it might be an urban phenomenon."



7 Maintenance Tips to Keep Tenants Happy

By Justin Becker

As a landlord or building manager, there are several responsibilities that will take you on the path to success. It's not just about collecting rent from tenants, being firm, and making sure the rules are always followed. If you want your business of being a landlord and property manager to be lucrative and thriving, it's only logical to hold on to great tenants when you find them.

Good tenants are great to work with; they'll call you up for any issue, pay the rent on time, and respect the rental property. These might come around only once in a blue moon. So, you should be proactive in order to retain these good residents.

Whether you're thinking about considering mobile homes for lease or renting out apartments, keeping your property tenants happy should be on the list of priorities. Not sure how to

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Will You Be Ready for Moratorium End?

By David Pickron

Recently I was at a birthday party where young children were participating in some old-fashioned games. One that struck me particularly was musical chairs.

As an adult, I now realize the anxiety that was generated by that game; will I get a seat or will I be the last one standing?

As each round progressed and more players and chairs were removed, I could see that unique mixture of fear and fun fill the faces of these children as they competed to be the last person with a chair to call home.

Over the past year in meeting with landlords across the country, I have come to know that look all too well as we have tried to navigate the eviction moratoriums that have affected our industry. You may have even seen that face in your mirror this morning.

As March 2021 ended, once again the eviction moratorium was continued to June 30. For most of us, I don't think this came as any great surprise. Even though the legislature approved rental relief for affected landlords, there just wasn't enough time to get that money out to landlords (these are the same people who were able to get PPP business loans out and funded within weeks).

I predict that this will be the last extension and I'm already prepared for

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The Case Study of a 1031 DST Specialist

By Steve Haskell, Vice President at Kay Properties and Investments

There are various strategies when using DSTs (Delaware Statutory Trusts) in a 1031 exchange. Some investments are as easy as a simple exchange from one property into a single DST. Other times DST's are used to invest leftover equity from an exchange so the investor is not taxed on leftover funds, called "boot". Investors will routinely use DSTs as a backup ID in case their target replacement property doesn't work out. And occasionally, Kay Properties will assist an exchanger to utilize all said strategies in one sophisticated effort to mitigate risk and defer as much tax as possible. Read on for the experience of a highly skilled 1031 DST specialist.

A real estate investor sold an investment property for approximately $2M. Roughly 25% of his property was leveraged. Therefore, $1.5M was sitting in his qualified intermediary account. He then contacted Kay Properties to pursue a partial 1031 DST exchange. The exchanger wanted to purchase a property on his own, but something smaller and easier to manage than the property he recently sold. He wanted to put part of his exchange into a completely passive DST option that would require no management on his part. The DST part was relatively easy. However, he was having a hard time finding a replacement property to own outright, and the 45-day clock was ticking. Kay Properties created a multifaceted strategy that supported the investor from a variety of angles.

First, the exchanger used the debt built into the DST to replace his mortgage. The Kay Properties representative created a DST portfolio for the investor with a loan-to-value of approximately 50% to match the exact debt required to satisfy the 1031 exchange regulation. The debt was non-recourse, meaning the investor did not need to apply or sign for the loan, nor did it show up on his personal balance sheet. This freed him up to purchase a smaller property to own outright without taking out a mortgage, which increased his probability of closing.

Next, the exchanger used a DST as a backup ID in case the target property did not work out. The due diligence period on the replacement property extended past the 45-day period. If inspections exposed an issue that compromised the deal, the exchanger would be vulnerable to over hundreds of thousands of dollars in taxes. However, since the Kay Properties representative advised the client to use a DST as a backup ID, the exchangers risk of a failed exchange was significantly mitigated.

Finally, Kay Properties assisted the investor to ensure there was no leftover equity by using the DST to invest the leftover boot. After the exchanger and the seller agreed on a price, he realized there was approximately $50,300 of exchange funds left over. Kay Properties found a DST to invest that exact amount to finish up the exchange.

When one has the knowledge and the assistance of a skilled DST 1031 specialist, an investor can mitigate risk and protect themselves from a failed exchange in a variety of ways. Through the assistance and guidance of Kay Properties, the exchanger in this case split funds into both DSTs and his own property, replaced his debt with a non-recourse loan, protected his exchange with a backup ID, and took care of the leftover boot. These high level DST skills often are not available to investors who choose to work with unaware financial planners with little-to-no understanding of real estate, 1031 exchange strategies and DST investments. Fortunately, the client was working with Kay Properties. If you are interested in learning more on how to use a DST to mitigate risk and defer taxes in your 1031 exchange, contact Kay Properties by registering at 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 $21 Billion of DST 1031 investments.

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5 Trends Shaping Rental Housing After Pandemic

Rental Housing Journal

There are five trends witnessed during the pandemic that will continue to shape apartments for years to come, according to National Apartment Association (NAA) President and CEI Bob Pinnegar.

"The world continues to change as vaccines roll out. During the past year, businesses have adapted, consumers have altered purchasing habits and industries are adjusting to a new normal. The rental housing industry is no different, and apartments will continue evolving in response to the pandemic," Pinnegar said in a release.

Here is what Pinnegar said about the five trends he sees, in a recent *Washington Post* column.

No. 1: A new outlook on amenities

"There has been a shift in the amenity world—shareable areas to individual spaces. Shared spaces such as fitness centers and pools are still important, but communities have shifted their focus to in-home amenities like larger kitchens and high-speed Wi-Fi."

No. 2: Virtual tours & decision making

"For obvious reasons, there's now a larger number of prospective residents virtually searching for new homes."

While it was previously only part of the process of selecting a new community, virtual touring has been a catalyst to "invest in new technology, high-quality videos and specialized training to give prospects a more complete picture of the community."

No. 3: Changing relationship between property managers and residents

"Communication between community managers and residents is vital, and could impact resident retention and even new apartment searches."

Interactions between the two parties has "significantly increased" compared to pre-pandemic relationships.

No. 4: New perspective on location

"Remote work has caused residents to re-think where and how they live."

Residents who don't need to be close to the office can now search for other options—a two-bedroom in the suburbs vs. a one-bedroom in the city—to accommodate the work-from-home lifestyle.

No. 5: A new generation. New values

"The younger generations—millennials and Generation Z—favor renting, which leads to higher demand for apartments, more competition and new development.

"One of the greatest hallmarks of the apartment industry is its propensity for choice, flexibility and adaptability," Pinnegar says.

"This means that the current demand for apartments is only going to increase, creating steeper competition, prompting innovations and spurring new development."

Pinnegar writes in his column that, "One of the greatest hallmarks of the apartment industry is its propensity for choice, flexibility and adaptability. As we witness a seismic shift in our society and economy, the apartment industry is racing to identify and respond to its residents' changing lifestyles.

"For residents, it's a critical time to communicate your needs to your property manager or leasing agent. In this way, housing providers and residents can come together to shape and influence the apartment market of the future," Pinnegar says.

Multifamily Growth Overall Starts Strong

Rental Housing Journal

While some weakness remains, the multifamily market is coming out of one of the strongest first quarters in years with rents nationally up 0.8 percent for the quarter, according to the March Yardi Matrix National Multifamily Report.

The report says affordable metros in the West continued to thrive in March, with these areas leading the way in the year-over-year rent growth:

- California Inland Empire — 8.3 percent
- Sacramento — 7.3 percent
- Phoenix — 6.9 percent

"The strong demand for housing in these metros has enabled this trend. Even expensive coastal markets and gateway cities are beginning to bounce back, albeit slowly," Yardi Matrix says in the report.

On a year-over-year basis, multifamily market rents increased by 0.6 percent year-over-year in March, "a sign that the multifamily market has turned a corner."

- Overall rents increased by $6 in March to $1,407. Nationally, multifamily rents had one of the strongest first quarters in a few years, with rents up 0.8 percent from the previous quarter. In the first quarter of 2020, the effects of the pandemic were just beginning to set in, and rents were up only 0.1 percent.
- Outside of the gateways and a select few other top 30 markets, most other metros had positive year-over-year rent growth. Out of our 134 markets surveyed this month, 114 had flat or positive year-over-year rent growth.

"As the pace of vaccinations continues to ramp up and cities continue to reopen, the multifamily market is poised for a strong 2021," Yardi Matrix says. "As the spring leasing season picks up, most metros will likely continue to enjoy strong short-term rent growth."

"Jobless claims fell to 684,000 in the week ending March 20, the fewest since the beginning of the pandemic, the report says. "As the recovery gains momentum, the number of jobless claims will likely continue to recede.

"As the labor market recovers, one metric we will be following is the labor-force participation rate. The rate dropped when the pandemic hit, especially among older workers who were forced into retirement. Some economists are projecting that labor force participation won't recover until the end of 2022."

Yardi Matrix also points out in the report that the supply of new apartments in some metros coming online will make rent recovery challenging.

For more information, email Yardi Matrix at matrix@yardi.com, call 480-663-1149 or visit yardimatrix.com.

Ask The Attorney:

Does a 90-Day No-Cause Notice Apply if Tenant is OK With Landlord's Plans to Move Mobile-Home Rental?

By Bradley S. Kraus

Dear Brad: My tenant has been in my rental for a couple of years. It's a mobile home and I'd like to move it to another property that is within a mile. The tenant is aware that the home may move and he is OK with relocating to the same house, once it's moved. How might the 90-day notice figure into this arrangement? With our verbal agreement and the house simply going to another lot, it's a unique situation. — Gary

Hello, Gary: Quite a unique situation indeed!

The good thing about your particular situation is that (a) you don't seem to want to get rid of your tenant, and (b) he's okay moving to the new location.

Because of that, it may be as easy as working something out with the tenant in the form of a hotel stay or compensation for couch surfing while the mobile home is being moved. The particulars of this situation may not be fully apparent in your question, so if I'm missing something, let me know.

A 90-day no-cause notice for a qualifying landlord exemption (assuming that's what you meant) is really only necessary if you want to remove the tenant. That doesn't seem to be the case here.

So, a simple conversation with your tenant (and a well-crafted document reflecting the parties' arrangement) will likely go a long way.

As adversarial as the landlord/tenant relationship has become recently, sometimes we forget that's still an option.

Bradley S. Kraus is an attorney at Warren Allen LLP. His primary practice area is landlord/tenant law, but he also assists clients with various litigation matters, probate matters, real estate disputes, and family law matters. You can reach him at kraus@warrenallen.com or at 503-255-8795.

Senate Bill 282 – Oregon's Newest COVID-19 Landlord/Tenant Changes

By Bradley S. Kraus

As the old saying goes, the more things change, the more they stay the same. As we continue into year two of COVID-19 related rules, restrictions, and issues, landlords and tenants are still struggling. Unpaid mortgages, rent, and bills continue to accumulate. Assistance is still lagging, failing to reach those landlords and tenants who felt the most impact. As of this writing, the Landlord Compensation Fund still has not commenced round two of its funding application process. Even still, the Oregon legislature is in the process of passing new legislation that will affect landlord/tenant relations—this time in the form of Senate Bill 282.

While SB 282 has yet to pass, in its current form—and much in line with the statement above—SB 282 contains more of the same. It extends the grace period for the repayment of amounts that accrued during the applicable grace period of April 1, 2020 through June 30, 2021 until February 28, 2022. This means that unpaid amounts that accrued over the past year will not be actionable until next year.

SB 282 further restricts a prospective landlord's ability to screen applicants for these unpaid amounts. It states that when considering an applicant, landlords cannot consider an applicant's unpaid rent, including rent reflected in judgments or referrals of debt to a collection agency that accrued on or after April 1, 2020 and before March 1, 2022. It also contains the vague and concerning language that landlords cannot consider eviction actions if they are based on "claims" that arose on or after April 1, 2020 and before March 1, 2022. The reason that this is concerning is because even evictions related to violent conduct are technically "claims" that would fall subject to this broad standard. To suggest that a landlord could not consider the fact that an applicant stabbed someone within the above timeframe would be absurd.

SB 282 also contains additional required disclosures that will require landlords to update their forms. More specifically, notices for non-payment of rent will need a disclosure related to the extended grace period and an additional disclosure related to a website containing information on tenant resources. Balance-due notices will also need an update due to the changing grace period. Should SB 282 pass in its current form, landlords should review their materials and procure updates where needed.

Finally, SB 282 also contains prohibitions on a landlord's enforcement of rules related to unauthorized guests. SB 282 states that a landlord may not enforce a restriction by any means, including terminating the tenancy, if the restriction is based on "the maximum duration of a guest's stay in the tenancy." The bill does allow a landlord to screen the guest, if the guest resides in the premises more than 15 days in any 12-month period. The screening may not be based on credit reports or income. Finally, landlords can enter into temporary occupancy agreements with the guests, but that agreement cannot have an ending date earlier than February 28, 2022.

As the calendar turns every month, landlords and tenants continue to fall behind on rent, mortgages, and other payments they have not been able to make due to COVID-related shutdowns. The Landlord Compensation Fund is/was intended to resolve those issues, but it remains shuttered due to numerous issues. Rather than address those issues head-on, the legislature hastily crafted—and will likely pass—this bill. SB 282 does not solve the issues brought on by COVID-19; it further kicks those cans down the road. As the saying goes, the more things change, the more they stay the same.

Bradley S. Kraus is an attorney at Warren Allen LLP. His primary practice area is landlord/tenant law, but he also assists clients with various litigation matters, probate matters, real estate disputes, and family law matters. You can reach him at kraus@warrenallen.com or at 503-255-8795.

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From the Desk of the Executive Director

A Renewed Commitment to Our Industry

By Ron Garcia

Over the course of the last few years, I have been one among a growing number of voices who have challenged landlords in particular, and legislators and housing organizations in general, on what changes need to take place for us as a community to stay on top of the housing industry and remain relevant and become more proactively engaged in this fast-evolving market. Everybody wants safe, affordable housing. But the question is: Are we using the best building blocks to create and maintain this infrastructure, either metaphorically or with actual construction plans?

Anyone who has been a rental-housing provider in this decade has seen and felt how dramatically our business has shifted. These days, it seems that all too often landlords show up at the party way too late to have much of a presence. Housing policy decisions with huge economic impact are now routinely made even before the "invitations get sent out." Rental-property owners vie for limited space at the table: not included as part of the A-list of attendees, at times unrecognized as true stakeholders in the business that they themselves fund with their personal liabilities and ownership.

This last decade we watched as tenants' rights activists found tenants' rights advocates who founded tenants' rights groups. They found housing-policy legislators who now craft housing-policy bills that have become the foundation fora new era of tenant-protection policy. Much of the spirit of these policies is laudable, with reasonable goals. But at the end of the day, as the newest regulations pile onto the previous newer ones, we are left with laws that we do not like; laws that compound the problems instead of fixing them.

Yet if we choose not to comply with these new laws, we will pay substantial penalties. Or if we attempt to challenge them in court to prove our case, we will be left with substantial legal costs. So, if we decide to accept and adapt to them, they must then become our new reality by which to navigate. Oregon landlords are justifiably asking, "Where can we turn for leadership and guidance?"

To address these dynamic times, Rental Housing Alliance Oregon has made a remarkable commitment to landlords and opted to change its structure for the first time in 92 years! On April 1, 2021 the organization hired its first executive director, in recognition of the urgent need to address the process of providing the best services to assist, educate, motivate, and advocate for Oregon Rental Property Owners.

Here is the premise: No matter what happens legislatively, rental property owners will not be put out of business. As cynical as one may get, rental housing in Oregon will not become a socialized government product. Tenants need landlords to succeed, and landlords need tenants to succeed. Our state, county and local governments need the rental industry to succeed.

The goal for Rental Housing Alliance Oregon is to be there for its membership. Landlords need them to be provided with the most up-to-date forms, the highest quality industry training, the easiest accessible helpdesk, the strongest legislative advocacy, and the most robust vendor referral directory available in today's marketplace. So it is with great enthusiasm and a hefty dose of humility to say that I have been selected to this position of responsibility as your new executive director for the Rental Housing Alliance Oregon.

I believe that a renewed commitment to our industry matters. We cannot keep doing the same things the same way. As an illustration, I sat in a friend's new Tesla the other day. I had no idea how to drive it. I assumed there would be no gas gauge, but was not prepared for the fact that there was no dashboard at all! (Just something that looked like an iPad fastened to a bare counter). Can it really steer itself?!

Change is everywhere. It can cause us old-timers to become disoriented. Thankfully, we have younger generations who are optimistically focused ahead, and I look forward to how they will help us re-imagine our own industry. As we proceed to re-boot through this decade, Rental Housing Alliance Oregon will begin to re-tool for another century of "landlords helping landlords." But I plan on keeping our tag line: "Since 1927, Rental Housing Alliance Oregon has set the standard for community participation by landlords providing affordable and fair housing."

Ron Garcia is the Executive Director of RHAOregon and can be reached by phone at 503-254-4723 Ext 4 or email at ron@rhahoregon.org

Will You Be Ready When Moratorium Ends?

Continued from Page 1

many of you to let me have it if I am wrong. I hope and pray I am right. Let's assume that I am right, and that the eviction moratorium completes its run at the end of June. The rental-housing market will immediately be thrust into an unforgiving version of adult musical chairs.

Whether you have been paid every month, getting partial payments here and there, or have had absolutely have no communication with your tenant, there are things you should plan for now to protect your investments. I believe it is easiest to break down the grouping of landlords into three buckets as follows.

Bucket 1: Retain

You are in bucket 1 if you have received all your rent and the pandemic did not hurt you personally. Congratulations, many of us are jealous. Your tenants weathered the storm and made you a priority. I would caution you to not take them for granted.

A lot of things can change over the course of a year (new job, new child, new pet) and those changes may prompt a move by this valuable tenant. These tenants know their value and will have the power to move wherever they want because their credit and residential history is perfect. Whether looking for a bigger home or a shorter commute, when this game of musical chairs starts, they may be tempted to vacate your property. These are "dream" renters, and you cannot afford to let them go.

I suggest a couple of ideas to help them recommit and sign a new lease with you:

1. Give them a discount in rent this year. $100 a month is cheaper than a turn. Do you really want to play "renter roulette" with an up-and-coming rental pool filled with bucket-3 type applicants?
2. Offer to upgrade your home. I am putting new flooring in one of my homes. It's a win-win, as my property value will increase and the tenants will love it. Consider new countertops, appliances, or landscaping as an incentive for them to stay.
3. Giving them a monthly gift card or buying them an annual pass to the local zoo or theme park might be a better option depending on the renter.

By helping this group, you only help yourself. They helped keep you afloat for a year…it's time to say thank you!

Bucket 2: Manage

If you have been working with your tenants and have gotten partial payments here and there, then you are in bucket 2, the "manage" bucket. I don't need to tell you, but you have been working hard, performing a high level of management just trying to get paid. The only reason you are managing like this is because the government forced you into it.

If this moratorium ends in June, I suggest these as your next steps:

1. Sit down (face-to-face if possible) with your tenants and lay out your future expectations.
2. Let them know that the behaviors they have shown in the last year will not be acceptable in the future.
3. Contact your local government to see if there is any stimulus money to offset past-due rent.
4. Negotiate any past-due rent and then renew the lease with a new mindset. Get creative and say you will waive the past due if they sign a new lease with a small increase in rent. This will allow you to recoup your past-due rent over time and take the burden off your tenant.

Bucket 3: Replace

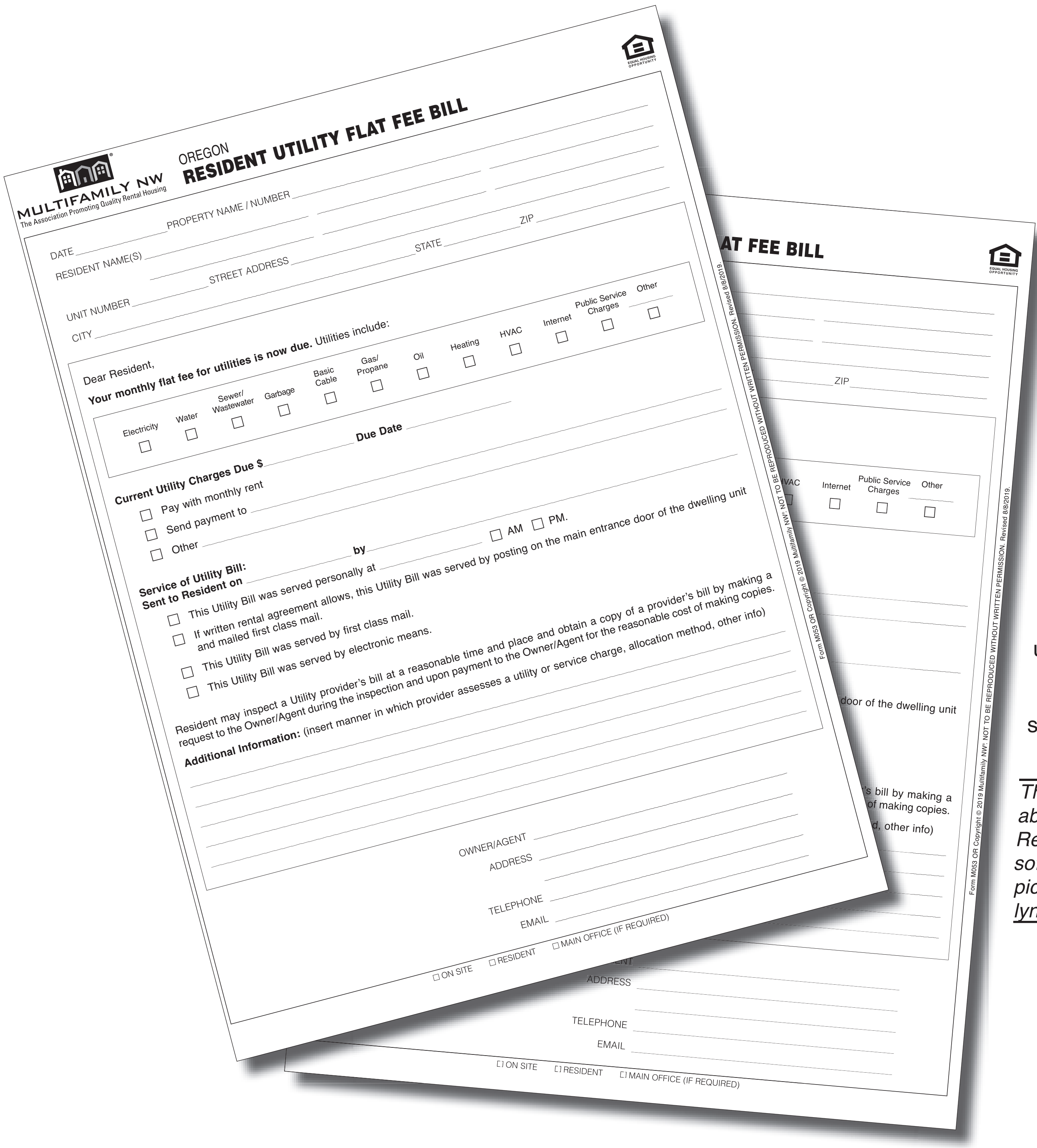
If your tenant ignores you, won't take your calls and refuses to pay rent because of a COVID-related reason, you, my friend, are drowning in bucket 3. We feel for you, as covering someone's rent when they are not cooperating or communicating is not fun or easy. Cutting the cord and cutting it quickly may be your best decision.

If you are in bucket 3, please consider these suggestions:

1. If you fail to receive any rental-assistance money, you should contact an attorney immediately. Some states have lengthy eviction processes and by starting the process today, you might be in a better situation come the end of June. Establishing and maintaining that relationship with legal counsel is well worth the money.
2. You could offer the tenant money to move if your property is given back to you in great shape. Once they are out and the property is inspected and meets your standards, you can send them their money.

As the world prepares to get back to normal, let's make a commitment and not just return to our normal way of managing. This pandemic has afforded us the perfect opportunity to review and update our processes, policies, criteria, applications, and onboarding process. The key to your success in this world is finding and retaining the right tenants. In a time where It will only be harder and harder to find the right tenants, it is paramount to be ready to hold on to or grab the best of the best when the music finally stops.

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.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Resident may inspect a Utility provider's bill at a reasonable time and place and obtain a copy of a provider's bill by making a request to the Owner/Agent during the inspection and upon payment to the Owner/Agent for the reasonable cost of making copies.
Additional Information: (insert manner in which provider assesses a utility or service charge, allocation method, other info)
OWNER/AGENT
ADDRESS
TELEPHONE
EMAIL
☐ ON SITE ☐ RESIDENT ☐ MAIN OFFICE (IF REQUIRED)
Form M053 OR Copyright © 2019 Multifamily NW. NOT TO BE REPRODUCED WITHOUT WRITTEN PERMISSION. Revised 8/8/2019.

FORM OF THE MONTH

Oregon Resident Utility Flat Fee Bill – M053 OR

When a rental housing provider is billing-back a utility charge to the resident, a monthly bill needs to be sent to the resident.

This form allows for easy compliance with that utility bill-back requirement.

The required legal disclosures, due dates and service method options are included.

The Multifamily NW Forms Collection is available immediately and electronically at www.RentalFormsCenter.com, via electronic subscription software through www.tenanttech.com & by mail or pick-up of printed triplicate forms at www.multifamilynw.org.

Multifamily NW Schedule

MAY 3	WEBINAR: LANDLORD TENANT LAW 1-PART A	10:00 AM - 12:00 PM
MAY 4	SUPPLIER HOUR - HANDLING CHALLENGES WITH YOUR CLIENTS	12:00 PM - 1:00 PM
MAY 5	UNWIND WITH MULTIFAMILY NW: CINCO DE MAYO MARGARITAS	5:00 PM - 6:00 PM
MAY 5	WEBINAR: MAY LANDLORD STUDY HALL - CASH FOR KEYS AGREEMENTS	6:30 PM - 8:00 PM
MAY 6	APPLES TO APPLES BIDS AND ESTIMATING	10:00 AM - 11:00 AM
MAY 10	WEBINAR: LANDLORD TENANT LAW 1-PART B	10:00 AM - 12:00 PM
MAY 12	WEBINAR: GIVING PERFORMANCE FEEDBACK	8:00 AM - 9:00 AM
MAY 12	WEBINAR: UNDERSTANDING ADA	10:00 AM - 12:00 PM
MAY 14	WEBINAR: IT'S THE LAW: HABITABILITY ISSUES	12:00 PM - 1:00 PM
MAY 17	WEBINAR: LANDLORD TENANT LAW 2-PART A	10:00 AM - 12:00 PM
MAY 18	WA IT'S THE LAW: HABITABILITY ISSUES	12:00 PM - 1:00 PM
MAY 24	WEBINAR: LANDLORD TENANT LAW 2-PART B	10:00 AM - 12:00 PM
MAY 25	AFFORDABLE AFTERNOONS WITH ADAM - AFFORDABLE HOUSING 101	12:00 PM - 1:00 PM
JUNE 7	WEBINAR: ADVANCED LANDLORD/TENANT LAW	10:00 AM - 12:00 PM

Urban Living Still Holds Strong Pull for Renters

Rental Housing Journal

High earners and renters living in big cities are less likely to relocate to suburbs, according to a new study from StorageCafé.

Despite the pandemic and many renters moving for reasons related to COVID-19, the "exodus towards suburban or smaller towns that many anticipated on a grand scale actually materialized for a smaller fraction of the renter cohort," the study says.

While about 32 percent of renters who wanted to move did choose the suburbs in the last year, that number is close to pre-pandemic renter patterns.

Highlights of the report:

- More renters moved in 2020 vs. 2019, with most upgrading to bigger homes.
- Los Angeles saw the most renter applications in 2020, with 60 percent of the people who moved staying in the state.
- 77 percent of the renters moving to New York City and 72 percent of those relocating to Philadelphia came from a different state.
- Millennials make up 48 percent of renters who relocated last year, followed by members of Gen Z.
- Only 21 percent of renters moving out of big cities relocated to suburbs.
- Columbus, Ohio, attracted the most renters relocating from suburbs – 77 percent, and Phoenix the fewest – 23 percent.

Renters thinking of leaving cities with a population of over a million are more inclined to relocate to other urban areas instead of the suburbs.

Only 21 percent of big-city dwellers applied to homes in a suburb in 2020, similar to 2019 trends. However, a bigger proportion of renters moving out of cities with a population between 500,000 and one million – roughly 35 percent – decided to go suburban.

Income plays a role, as only 25 percent of the renters with incomes between $100,000 and $2 million who planned to relocate in 2020 picked a new rental home in a suburb.

However, 40 percent of the renters with an annual income of under $30,000 who moved last year preferred a suburban area.

Urban living expected to hold strong

The study says younger Americans' preference for urban living will most likely hold strong in the coming years, as they are generally driven by the promise of professional and social fulfillment traditionally associated with big-city life.

"The big-city lifestyle will represent a momentarily larger share of the metro economy post-pandemic, due to the pent-up unexpressed demand for those services and experiences which have accumulated during the COVID-19 era," said Larry Rosenthal, Senior Lecturer of Public Policy, Richard & Rhoda Goldman School of Public Policy, University of California, Berkeley, in the study.

"The magnetism of cities – and their irresistible allure socially – will reemerge and thrive. Young post-higher-ed movers will flock in the same or greater numbers. To the extent that job location will transform given the waning appeal of proximity and specificity, one might expect that many transformed addresses will flood the market, making city living more affordable compared to elsewhere," Rosenthal said.

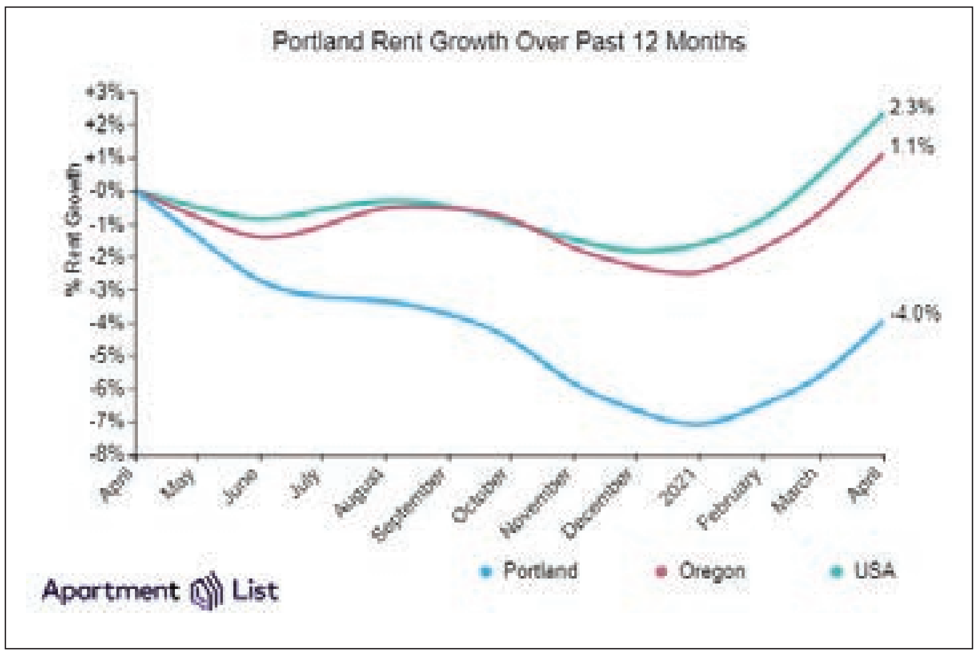
Impact of working from home versus in the office

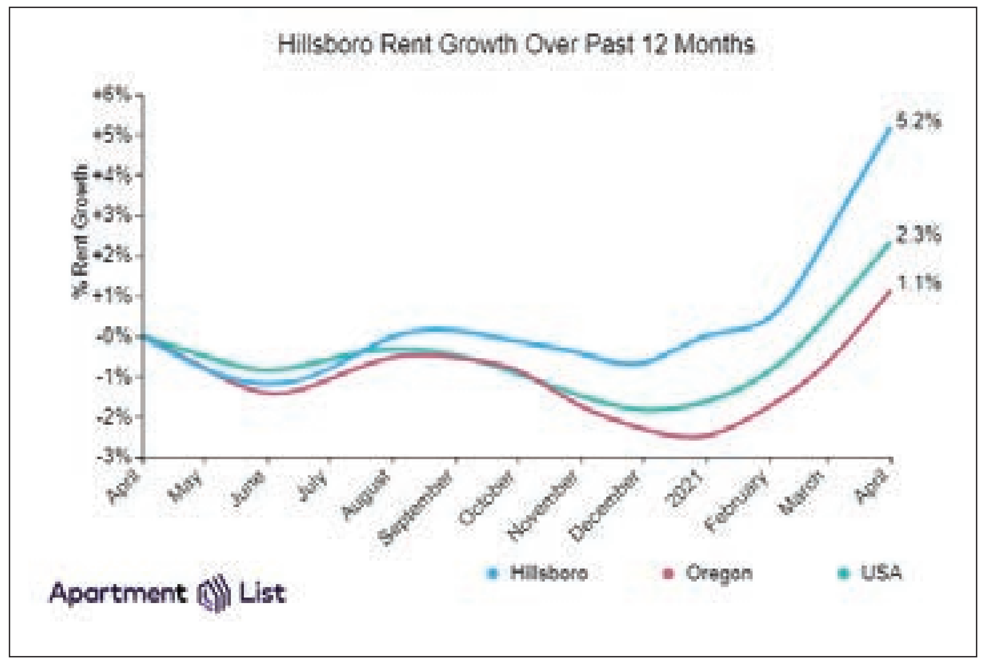
Janice Madden, a professor at the University of Pennsylvania who teaches regional science, sociology, urban studies, and real estate, said in the report that "to the extent that workplaces are in cities and workers commute to them, work leads to greater centralization of residences, both owned and rented.

"I believe that fewer workers will be traveling to their workplaces each day after the pandemic ends because the pandemic has shown us what can be done from home. People living in cities rather than suburbs to decrease their commutes will be motivated to suburbanize.

"People also live in cities rather than suburbs, however, for lifestyle or consumption reasons. The pandemic has substantially reduced the lifestyle reason for city living. Fewer restaurants and arts venues being open make the city less attractive. I believe, however, that these closures are short-term and that arts and restaurants will be revived after the pandemic.

"So, the effects of living in cities versus suburbs ultimately depend on how strong the workplace pull versus the lifestyle pull is. Obviously, the workplace effect must decrease the desirability of city living, just not clear whether that effect will be very big," she said.





Portland Rents Up Sharply Over Past Month

Apartment List

Portland rents have increased 1.8 percent over the past month, according to the latest report from Apartment List. While still down year-over-year, this is the third straight month Portland rents have increased.

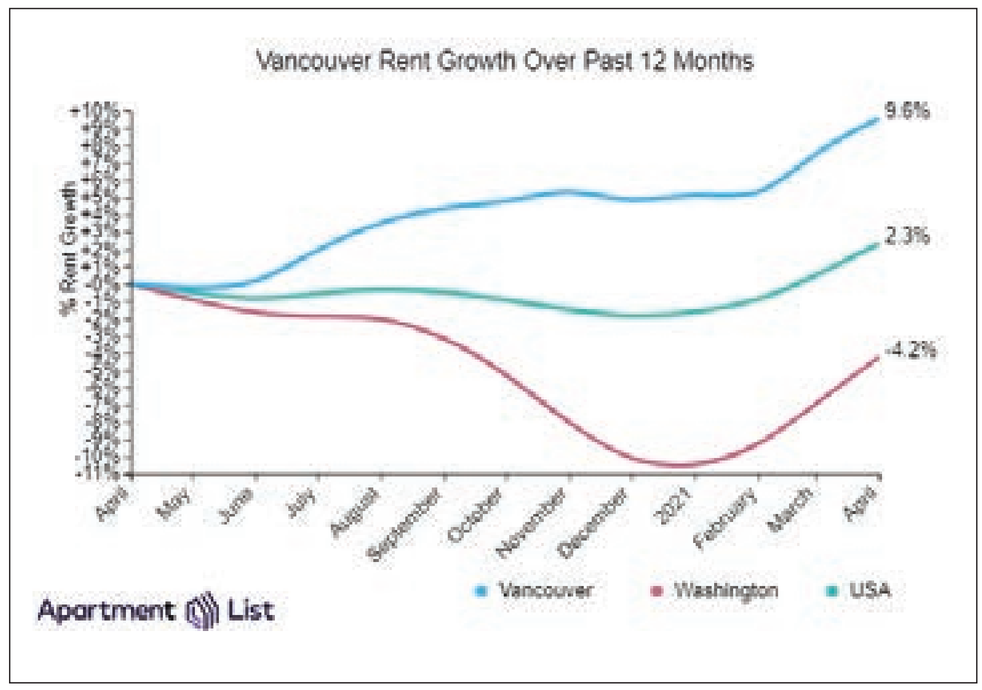
Median rents in Portland are $1,153 for a one-bedroom apartment and $1,344 for a two-bedroom. Portland's year-over-year rent growth lags the state average of 1.1 percent, as well as the national average of 2.3 percent. Portland rents are down 4 percent year-over-year.

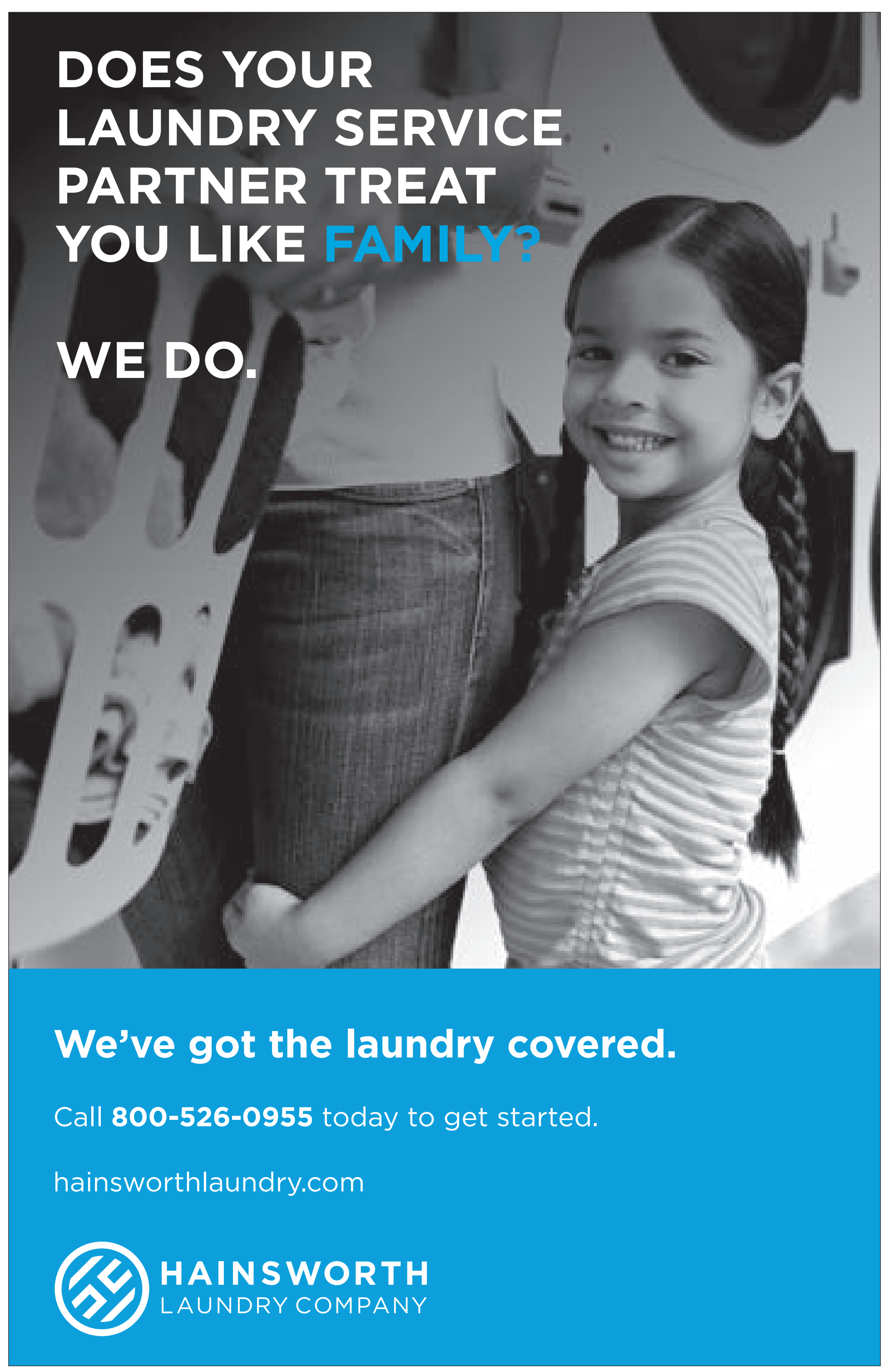
Vancouver has experienced the largest increase in the metro over the past year, with rents up 1.9 percent over the past month, and up 9.6 percent in comparison to the same time last year.

For the fourth straight month, Hillsboro rents increased and were up 2.6 percent in April. Hillsboro rents are up 5.2 percent year-over-year. Hillsboro median rents are $1,447 for a one-bedroom apartment and $1,589 for a two-bedroom.

Beaverton rents have increased 2.3 percent over the past month, and are up moderately by 2.5 percent in comparison to the same time last year. Median rents in Beaverton are $1,334 for a one-bedroom apartment and $1,620 for a two-bedroom.

In Gresham, rents were up 1.8 percent over the past month, and have increased sharply by 6.2 percent in comparison to the same time last year. Median rents in Gresham are $1,125 for a one-bedroom apartment and $1,396 for a two-bedroom, according to the Apartment List report.





7 Maintenance Tips to Keep Tenants Happy

Continued from Page 1

achieve this in the long run? Take care to follow these tips:

How to Keep Tenants Happy

A major chunk of property management includes finding ways to enhance the appeal of your property for good tenants. Hopefully, the following tips will help in keeping your tenants happy. You'll be more likely to keep good tenants for the long run in this manner.

What's even better is that not every property maintenance idea for your tenants will cost an arm and leg. As long as you find something that will appeal to tenants about the property, go ahead and invest in it. There are also non-monetary and inexpensive options.

1. Address All Concerns as Soon as Possible

Every decent landlord wants to keep their tenants happy, especially if the aim is to extend the lease agreement on the property. Staying on top of property maintenance and responsibly performing inspection are just two great tips to retain and keep your tenants for the long run.

While you take care of the tenants, you should place yourself in their shoes; there's probably nothing more frustrating in everyday life than having to deal with maintenance delays. No tenants want to live on a property with a leaking roof, dripping pipe, or broken toilet. While a landlord is a busy person, maintenance is one of the main forms of property management that makes tenants happy.

In addition to property management, landlords can also go for incentives such as offering tenants carpet cleaning, deep cleaning every year, and other services that won't cost too much. They'd still be appreciated by the tenants and be an influential factor when they're thinking about extending the lease.

What's more, routinely checking up on the property's maintenance issues and fixing problems when they're still small has an additional advantage. This way, you'll avoid having the tenants' issues develop into something difficult and expensive to fix. Property management costs will then go down in the long run if you take care in keeping your tenants happy.

2. Never Forget the Human Factor

A landlord might sometimes forget that their tenants are human and liable to make errors. If you really want to keep tenants happy, try to empathize with them more often. Tenants are more likely to stay on when the landlord of the property is cooperative with them.

One way to be cooperative is to make it easy for tenants to have access to you to talk about the property. This doesn't mean giving them permission to call you at all hours, but to have some form of open communication. This will solve misunderstandings and make for a better relationship with the tenants on the property.

Additionally, keep the needs and comfort of the tenants in mind as well as the property issues. If you're hiring a team to come for repairs on the property, have them over when most of the tenants have gone to school or work. This way, you won't be ruining their downtime or naps on the property.

3. Stay Updated on What Your Tenants Want

The younger, modern generations require certain things from the places they're living in. High-speed Wi-Fi is one of them, while beautiful outdoor spaces and open floor plans are also very welcome. If required, you might want to fit these in your property-management budget to keep your tenants happy.

As a landlord in the current times, you need to prepare for the long run. Take care of these requirements so that the lifestyle quality of your tenants is a good one. This will go a long way in keeping your tenants happy.

For instance, you might offer features like study rooms or bike racks if most of your tenants are students. For families, upgrading to stainless steel appliances or providing a laundry room might be great ideas.

Thinking like this might also help with your mobile homes for sale as well as other types of property. In fact, most of these tips are useful for anyone looking to rent to tenants or sell property.

4. Stay Proactive about All the Lease Renewals

Among the top tips for keeping your tenants happy is to let them know well before you offer to renew their lease on the property. Don't wait until they've paid the last month's rent; consider informing them around three months before the lease expiry date.

Even if your good tenants decide to

See 'Be Proactive' on Page 13

Be Proactive in Addressing Maintenance Issues

Continued from Page 12

move out of the property, you'll have the chance to advertise that space for rent well in time. This way, you won't have to worry about the lost months of rent.

If the good tenants seem a bit hesitant, ask them if they want a decrease in rent. Communication and honesty are key. So, don't underestimate these concepts when you're dealing with property management.

5. Aim for Longer Leases

See if your good tenants will agree to sign a lease for a longer term in exchange for a reduced rent. Renewing every six months can be extended to a year if the tenants are agreeable. Tenants who extend after a year might be convinced to go for two years if they're satisfied with the property.

These tips might mean that the landlord of the property loses out on some profit. However, such tips will also make sure that reliable, decent tenants stay on.

6. Treat All Tenants the Same

There might be some tenants on the property that you get along with more than others. But don't show that to everyone so clearly. Every landlord needs to know the federal and local housing laws. So, there's no room for discrimination between tenants on the basis of race, physical abilities, religion, body size, etc. Sometimes, keeping your tenants happy simply means seeing them as people instead of income sources on a property.

7. Stay Firm about Rules but Know When to be Flexible

There are several rules to follow when it comes to rental property, but there's still room to be flexible when it's appropriate. The regulations might not allow pets or waterbeds, for instance, while things like closed toilets might elicit fines.

While most of these rules are for the tenants' own safety, there are times when you might want to make an exception. For instance, you can waive the fine for tenants who are really having financial difficulty.

Communication is the best way to deal with rental property. If the people next door are complaining about the noise coming from a rental unit at night, talk to the tenants first. Don't be so quick to blame; you might find that the problem isn't so big after all, and you could even end up helping someone out.

The Takeaway

The National Center for Housing Management has reported that around 54 percent of apartments will go to new tenants every year. This is not good news for landlords, as it means they have to bear the cleaning and repair expenses after the tenants leave. The rent is also lost which means that paying the advertising fees, mortgage installments, and utilities will become even harder.

By following the tips above, though, you can learn how to keep your tenants happy and satisfied on your property. This will reduce the turnover expenses by a mile. So, take care of this practice in order to maintain your property better.

Justin Becker is a property owner in Michigan with 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.

Judge Halts Enforcement of Renter-Protection Law

Rental Housing Journal

A federal judge in Minnesota has sided with landlords and stopped the City of St. Paul from enforcing a new renter-protection law he says is likely unconstitutional while a lawsuit filed by a group of landlords is pending, according to reports.

U.S. District Judge Paul Magnuson granted the injunction, writing that it's likely the landlords ultimately will win the case.

The ordinance likely is unconstitutional, the judge wrote.

The landlords argued that the ordinance violates the 5th Amendment, which prohibits government from taking private property for public use without fair compensation.

"Plaintiffs (landlords) claim that the ordinance operates as a per se taking because it singles out private landlords to 'address a perceived, though vaguely identified, societal problem' related to housing needs. The court agrees," Magnuson wrote.

The landlords' suit alleges that the new housing protections amount to violations of due process rights, illegal takings and mandated forms of speech, all while making it harder to screen out unreliable tenants or force them to move.

The ordinance, branded as the S.A.F.E. Housing Tenant Protections, limits the ability of landlords to consider evictions, credit histories and criminal histories when screening applicants for housing.

It also limits how much money they can require of new tenants and forces landlords to give a written explanation when they decide not to renew a lease.

"The ordinance forces plaintiffs (landlords) to bear society's burden related to housing needs," the judge said in the ruling.

A spokesman said the city "will abide by the court's preliminary injunction while the legal claims are addressed by the courts."

The Minnesota Multi Housing Association, which is not a party to the lawsuit, said in a statement the ruling affirms many of the objections it has raised both in St. Paul and in Minneapolis, which has similar renter protections.

"The shared view of the Minnesota Multi Housing Association and other advocates is that we need more housing. These types of regulations do not solve that problem, but discourage investment in additional housing in our communities. We call on leaders in St. Paul to work with our members, particularly the plaintiffs, to find effective solutions," it said in a statement.

NAA NATIONAL APARTMENT ASSOCIATION Education Institute

Apartment Jobs Snapshot

Q1 2021

Property-Management Jobs Most in Demand in Quarter 1

National Apartment Association Education Institute

Property-management professionals were the most sought-after jobs during the first quarter of 2021, according to the latest jobs report from the National Apartment Association.

The National Apartment Association Education Institute (NAAEI) report also said that maintenance openings had the largest growth in demand since 2020, with a year-over-year increase of 2.1 percent.

"Nearly 37 percent of available real estate jobs in the U.S were in the apartment sector during first quarter of 2021, well above the five-year average of 28.6 percent," the NAAEI said in the report.

"Multifamily talent was in high demand, likely due to increased leasing activity. According to RealPage, annual apartment absorption reached an outstanding 353,453 units during the first quarter of 2021.

"In gateway markets such as New York City, existing renters are signing new leases at historically high levels, although occupancy rates continue to weaken. This indicates that concessions and reduced rental rates are attracting existing renters instead of prospective renters," the report says.

Dallas, Los Angeles, Washington, D.C., Seattle, and New York City ranked highest in concentration of apartment-job availabilities.

Demand for student-housing property-management professionals was greatest in Austin, Tex., Columbus, Ohio., College Station, Tex., Tucson, Ariz., and Tallahassee, Fla.

According to Entrata, student-housing occupancy rates held steady through February at 89.1 percent, down just one percent since the same time last year.

Leasing consultants were the most sought-after position by employers. In February, the average number of new leads per unit reached 1.78, 48 percent higher than in January 2021 and 91 percent higher than February 2020.

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.

Total Q1 Job Postings in Apartment Industry (% of Real Estate Sector)

Q1 2021: 36.6%

Q1 2020: 33.2%

2015-2020 Average: 28.6%

Summary:
Nearly 37.0% of available real estate jobs in the U.S were in the apartment sector during first quarter of 2021, well above the five-year average of 28.6%. Multifamily talent was in high demand likely due to increased leasing activity. According to RealPage, annual apartment absorption reached an outstanding 353,453 units during Q1 2021.

Job Postings by Major Category (As a percent of all Apartment Jobs)

	Property Management	Leasing	Maintenance
Q1 2021	29.0%	23.8%	25.6%
Q1 2020	29.5%	24.7%	23.5%

Summary:
Property management professionals were the most sought after during Q1 2021. Maintenance positions had the largest growth in demand year-over-year with an increase of 2.1 percentage points. Leasing job vacancies fell nearly 1.0 percentage point.

Top MSAs* (As a percent of all U.S. Apartment Jobs)

Q1 2021		Q1 2020	
Dallas	5.5%	Dallas	6.0%
Los Angeles	4.5%	Los Angeles	4.9%
Washington, D.C.	3.3%	Washington, D.C.	4.4%
Seattle	3.3%	Seattle	3.4%
New York City	3.2%	Houston	3.2%

Summary:
Dallas, Los Angeles, Washington, D.C. and Seattle continued to rank highest for concentration of apartment job availabilities during Q1 2021. RealPage reports that Dallas and Seattle were among the leading markets for apartment demand during the first quarter. In Gateway markets such as New York City, existing renters are signing new leases at historically high levels, although occupancy rates continue to weaken. This indicates that concessions and reduced rental rates are attracting existing renters instead of prospective renters.

March 2021 (% Apartment Jobs of Total Real Estate Jobs)

Kansas City	57.7%
Seattle	48.4%
Dallas	47.4%
Houston	45.5%
Virginia Beach	45.1%

Summary:
During March, Kansas City, Seattle, Dallas, Houston and Virginia Beach led the nation in available apartment positions as measured against the entire real estate sector. According to RealPage, Dallas (36,380 units), Houston (21,466 units) and Seattle (19,858 units) are among the nation's top markets for units under construction during 2021.

Student Housing Job Postings** (% of all student job postings)

(12 months ending March 31, 2021)

Top Cities**

Austin, TX	2.9%
Columbus, OH	2.7%
College Station, TX	2.0%
Tucson, AZ	1.8%
Tallahassee, FL	1.7%

Top Student Housing Job Titles

Leasing Consultant	7.3%
Property Manager	6.0%
Maintenance Technician	5.6%
Maintenance Supervisor	4.5%
Leasing Manager	3.9%

Summary:
During the past 12 months ending March 31, 2021, demand for student housing management talent was highest in Austin, Columbus, College Station, Tucson and Tallahassee. According to Entrata, student housing occupancy rates held steady through February at 89.1%, down just 1% since the same time last year. Leasing consultants were the most sought-after position by employers. In February, the average number of new leads per unit reached 1.78, 48% higher than January 2021 and 91% higher than February 2020.

Competing Sectors (Highest Location Quotients)***

Apartments		Retail Trade		Hospitality	
Austin	1.9	Worcester, MA	1.8	Hilton Head Island, SC	3.5
Dallas	1.8	Bremerton, WA	1.7	Naples, FL	2.8
Houston	1.8	Seattle	1.5	Miami	1.9
Seattle	1.7	Providence, RI	1.5	Orlando	1.8
Portland, OR	1.7	McAllen, TX	1.5	Charleston, SC	1.8

Common Skills (Percent of Jobs Requiring Skill)

	Apartments	Retail Trade	Hospitality
Specialized Skills			
Customer Service	29.9%	43.0%	24.3%
Sales	17.2%	38.5%	7.1%
Scheduling	16.8%	20.5%	17.8%
Baseline Skills			
Communication Skills	39.7%	41.9%	28.9%
Organizational Skills	29.9%	21.8%	19.2%
Detail-Oriented	21.9%	14.4%	14.9%
Teamwork/Collaboration	15.7%	18.2%	23.5%

Summary:
The apartment sector often competes with the hospitality and retail sectors for talent with similar experience and skills. Customer service, communication, and organizational skills were among the most desired skills across all three sectors. Seattle experienced a tight labor market with an unemployment rate of 5.8%, well below the national rate of 6.6%.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