$2.95

AUGUST 2021

Corporate Landlords Must Explain Evictions *Page 4*

Apartment Jobs Strong in Q2 2021 *Page 9*

Better Times Ahead? Don't Stop Believin' *Page 10*

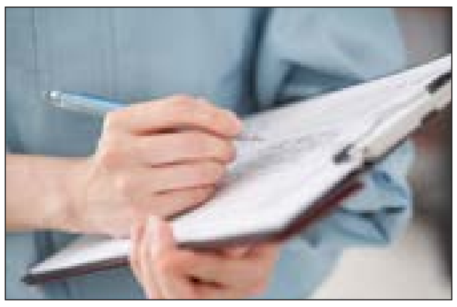
RENTAL HOUSING JOURNAL
INSIGHT FOR RENTAL HOUSING PROFESSIONALS

METRO

rentalhousingjournal.com • Rental Housing Journal, LLC

PORTLAND • VANCOUVER

Published in association with Multifamily NW, Rental Housing Alliance Oregon, IREM & Clark County Association



What to Ask When Hiring for Property Management

By Justin Becker

If you own residential real estate, one of your main aims is probably to earn the highest possible profits with the least possible hassle. After all, no landlord or owner can be there to supervise all their real estate all the time.

That's where a reliable property-management company comes in, and it's important to have a vetting system in place.

When you hire an employee for any task, he or she must go through at least one interview. The same goes for a property management company; of course, the questions might be more detailed, since there's so much at stake. Here some of the top questions to keep in mind.

No. 1: How Familiar is Your Team with Current Trends?

Real estate investment is a fickle

See '11 Questions' on Page 12

PRSRT STD
US Postage
P A I D
ALBANY, OR
PERMIT NO. 188

Rental Housing Journal, LLC
4500 S. Lakeshore Drive, Suite 300
Tempe, Arizona 85282

Multifamily Rent Growth Reaching Unprecedented Levels

Rental Housing Journal

People moving around due to the pandemic and job changes or losses, government stimulus, and a hot housing market have all contributed to unprecedented levels of multifamily rent growth, Yardi Matrix says in its latest report.

"A slew of factors has pushed asking-rent growth across the country to levels not seen in decades," Yardi Matrix says in the multifamily report.

"Rent growth will not be able to continue at these levels indefinitely, but conditions for above-average growth are likely to persist for months," the report says.

Highlights of the multifamily rent-growth report include:

- Multifamily asking rents increased by 6.3 percent on a year-over-year basis in June. "This is the largest year-over-year national increase in the history of our data set," the report says.
- Rents grew an amazing $23 in June to $1,482—another record-breaking increase. Lifestyle rents are growing at a faster pace than Renter-by-Necessity rents, "something we have not seen since 2011 and another sign of a hot market."
- Single-family (Built-to-Rent) rents grew even faster, at an 11 percent year-over-year pace.
- "To be clear, the increases

See 'Migration' on Page 14

Portland Rated One of Top 4 Best Cities with Least Environmental Risk for Investors

Rental Housing Journal

Four metro areas stand out as having the least overall environmental risk for commercial real estate and multifamily investors, according to a new rating from Yardi Matrix.

The company said they did the study because events over the past year "have brought environmental, social and governance (ESG) front of mind for investors and experts in commercial real estate." Yardi Matrix said more and more weather-related disasters "that produce billions of dollars of property damage, changes in work practices spurred by the COVID-19 pandemic, and recognition of the need for equity and diversity have created an urgency for businesses to act" on environmental, social and governmental criteria.

The report also cites the 2020 Urban Land Institute report on Climate Risk and Real Estate: Emerging Practices for Market Assessment. That study by real-estate investment-management firm Heitman and the Urban Land Institute said, "Leading real-estate investment managers and institutional investors are increasingly recognizing climate risk as a core real-estate issue that is beginning to affect their decisions at the market level as well as at the asset level. As this market-

See 'Portland' on Page 11


If You're
Considering A
1031 Exchange
It's Time To
Set Sail!
SIGN UP FOR FREE At kayrhj.com
Or Call 1 (855) 875-2781
DELAWARE STATUTORY TRUST PROPERTIES
Get FREE Delaware Statutory Trust (DST) 1031 Exchange Listings Delivered To Your Inbox! PLUS
CALL TODAY FOR A FREE BOOK ON 1031 EXCHANGES AND DELAWARE STATUTORY TRUSTS
+
YOU WILL ALSO GET FREE 1031 EXCHANGE LISTINGS!
FREE LISTINGS
KAY PROPERTIES & INVESTMENTS LLC
Find Out How To Avoid Capital Gains Taxes, And More!
✔ Management Free - No More Tenants, Toilets And Trash!
✔ Cash Out Refinance - Defer Your Taxes And Receive Liquidity Potential
✔ Monthly Income Potential
✔ Close Your 1031 Exchange In 2-3 Days
✔ All-Cash/Debt-Free Offerings
✔ Multifamily, Net Lease, Self Storage, Industrial And Mobile Homes
✔ Tenants include Amazon, FedEx, Dollar General, Walgreens, CVS, Fresenius And More
✔ Non-Recourse Financing From 40-85% Loan To Value
Securities offered through Growth Capital Services, member FINRA, SIPC, Office of Supervisory Jurisdiction located at 582 Market Street, Suite 300, San Francisco, CA 94104. Potential returns and appreciation are never guaranteed and loss of principal is possible. Please speak with your CPA and attorney for tax and legal advice.

Sponsored Content

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.

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

Securities offered through Growth Capital Services, member FINRA, SIPC, Office of Supervisory Jurisdiction located at 582 Market Street, Suite 300, San Francisco, CA 94104.

RHJ Rental Housing Journal METRO
Insight for Rental Housing Professionals

Publisher/General Manager
John Triplett

Editor-in-Chief
Linda Wienandt

Associate Editor
Diane Porter

Vice President/Sales
Terry Hokenson

Accounting Manager
Patricia Schluter

Rental Housing Journal is a monthly publication of Rental Housing Journal, LLC.

Mailing Address
4500 S. Lakeshore Drive, Suite 300
Tempe, AZ 85282

Website
www.RentalHousingJournal.com

Email
info@rentalhousingjournal.com

Phone
(480) 454-2728 - main
(480) 720-4385 - ad sales

Corporate Landlords Must Explain Evictions During Moratorium

Rental Housing Journal

A House panel studying evictions during the COVID-19 moratorium has asked four large corporate landlords to explain and provide documentation on 5,000 evictions they filed, according to *The Washington Post*.

Invitation Homes, Pretium Partners, Ventron Management, and the Siegel Group were all asked to provide documentation on evictions filed while the federal eviction moratorium was place, in letters sent from Rep. James E. Clyburn (D-S.C.), the Select Subcommittee on Coronavirus Crisis panel's chairman to the landlords.

Some of these companies "refused to accept rental-assistance funds" as an alternative to eviction, the letters stated, while others have accepted funds and moved to evict families anyway. As a result, such practices have had a "substantial negative impact" on struggling American families, the letters said, according to The Washington Post.

The Federal Trade Commission (FTC) and Consumer Financial Protection Bureau (CFPB) on March 29 announced they would investigate evictions by "private equity firms" and "major multistate landlords," amid "reports that major multistate landlords are forcing people out of their homes despite the government prohibitions or before tenants are aware of their rights."

The Las Vegas Review–Journal in June reported on The Siegel Group. *The Review-Journal* investigation found The Siegel Group had evicted hundreds of tenants at its Siegel Suites and Siegel Select during the pandemic last year. The Siegel Group declined comment. The House panel cited the newspaper's reporting in letters from Clyburn to company CEO Stephen Siegel, informing him of the inquiry.

The Private Equity Stakeholder Project (PESP) published a report in April detailing how Progress Residential and Front Yard Residential, owned by the private equity firm Pretium Partners, have filed to evict more than 1,300 residents during the COVID-19 pandemic, with the companies filing most evictions after the Centers for Disease Control and Prevention (CDC) Eviction Moratorium went into effect in September 2020.

In "Pandemic Evictor: Don Mullen's Pretium Partners Files to Evict Black Renters, Collects Billions From Investors," PESP writes that despite the CDC Eviction Moratorium that took effect on September 4, 2020 and was later extended, Progress Residential and Front Yard Residential have filed to evict growing numbers of residents. Pretium Partners is the top evictor since the beginning of the year within the seven states that the Private Equity Stakeholder Project has been tracking.

The companies filed more than 500 eviction actions in the first 10 weeks of 2021. Almost half (246) of these filings were in two Georgia counties – DeKalb and Clayton – which have majority Black populations.

Also, Sen. Sherrod Brown (D-OH) has asked for answers from a corporate landlord according to an NPR report after the report by PESP found the firm has been filing for eviction much more often in predominantly Black neighborhoods during the pandemic.

"While evictions can have long-lasting, damaging effects on renters in normal times, they are especially troubling during a pandemic where safe, stable housing can literally mean the difference between life and death," Brown wrote in his letter to Don Mullen, a former Goldman Sachs partner and founder and CEO of Pretium Partners, NPR reported.

In response to Brown's letter, a spokesperson for Pretium Partners said in a statement that the company can "unequivocally confirm that no individual covered by a valid CDC declaration has been evicted from our properties."

Investments Growing in Homes Built for Rental

Rental Housing Journal

Many investment groups are getting into the growing single-family rental market with build-to-rent communities, a segment rejuvenated due to COVID-19, Yardi Matrix reports in a special bulletin.

"Increasingly, the way institutions are growing their presence is to build their own communities. Some 12 percent of new single-family construction in 2021 is being done for rentals," according to John Burns Real Estate Consulting.

"With so much capital looking to invest in the sector and the demand for rentals rising, we would expect build-to-rents to increase rapidly for at least the next several years," the report says.

The trend of build-to-rent by large institutional investors started after the housing bubble and crash in the early 2000s. The pandemic has revived this niche segment, as homebuilders are now working to develop the single-family homes-to-rent market.

The pandemic created this growing niche, the report says, because "Families wanted more space and the privacy of a detached home, but without the inherent limitations of a mortgage and homeownership."

Yardi Matrix says this desire by families for more space and privacy without a mortgage "has prompted many institutional players to jump into the niche, with more than $10 billion allocated to the sector by institutions over the last few years, according to corporate announcements and news reports."

While there are challenges to build-to-rent, such as finding enough available land to put together a large group of homes, there are also advantages, such as:

- Ease of managing properties close together
- Renters preferring a new home and willing to pay more for it
- Control of the construction and quality of homes

Yardi Matrix says this niche of build-to-rent "does offer a more stable environment in which to grow. Although much can still go wrong and space to build remains limited, there are advantages.

"It enables investors to control the product from start to finish, to create a 'brand' as opposed to a random pool of assets, to concentrate a larger number of holdings in fewer locations, and possibly to improve liquidity by adding to the potential number of market participants.

"As such, build-to-rent is likely to flourish in the next economic cycle," write Paul Fiorilla, director of research, and Casey Cobb, senior analyst, with Yardi Matrix.

Yardi Matrix is a business development and asset management tool for investment professionals, equity investors, lenders, and property managers who underwrite and manage investments in commercial real estate. Email matrix@yardi.com, call 480-663-1149 or visit yardimatrix.com to learn more.

Average National Monthly Rent Tops $1,500 for 1st Time

Rental Housing Journal

The average monthly rent hit $1,513, topping the $1,500 mark for the first time in 150 metros that were reviewed, according to the National Apartment Association (NAA).

In addition to rents, occupancy and demand are also at all-time highs.

"According to separate reports from RealPage, all three have surged forward to levels last recorded in at least the early 2000s," the NAA says in the report.

"I think we're going to see increases for the next 12 to 18 months," said Robert Pinnegar, president of the National Apartment Association, in an interview with *The Washington Post*.

"We've never had three generations in the rental housing space, at least not in the numbers we're seeing now," Pinnegar said.

Here is what is going on with those three indicators:

- NAA reported that nationally, asking rents increased 2 percent in June and are up 6.3 percent year over year—the largest 12-month growth since 2001.
- Occupancy is at 96.5 percent, the highest it has been since the later part of 2000.
- Demand also skyrocketed in the second quarter from the same time last year, with the biggest quarterly jump in RealPage's database dating back to the early 1990s.

The RealPage report says of the 150 largest metros reviewed, 113 saw an annual rent growth increase of least 5 percent. Larger locations with at least 100,000 apartment homes—Phoenix, Las Vegas and Atlanta, among others—witnessed double-digit annual rent growth.

New apartment construction continues in many parts of the country. It is unclear what the impact of new apartments coming online will be on demand in the future.

Greg Willett, RealPage economist, said in the report that annual growth in effective asking rents comes in at more than 10 percent in 53 of the country's 150 largest metros, including 13 spots where year-over-year price increases are at 15 percent or more.

Willett said Boise, Idaho posts the most aggressive annual rent growth in that 150-metro group of markets, with pricing there up 21.2 percent. In larger cities with at least 100,000 apartment units, Phoenix registers 19.2 percent annual rent growth, and Las Vegas rents are up 16.7 percent. Other big markets recording yearly price increases that top 15 percent are West Palm Beach, Riverside/San Bernardino and Tampa.

President: Melinda McClelland • **Vice President:** Phil Owen
President Elect: Jerad Goughnour • **Executive Director:** Ron Garcia
Secretary: Lynne Whitney • **Treasurer:** Sandra Landis • **Office Manager:** Cari Pierce

10520 NE Weidler, Portland, OR 97220
503-254-4723 • Fax 503-254-4821
info@rhaoregon.org
www.rhaoregon.org

From the Desk of the Executive Director

For the 100th Time, You Can't Terminate a Tenancy in Order to Sell Your Property

It seems like the most common question I am hearing from smaller landlords these days goes something like this: "How can I terminate my tenants if I want to sell my rental?"

When I hear it, I wonder to myself, where have these folks been for the last two years?

The answer is (for the hundredth time), "You cannot terminate your tenants in order to sell your rental."

In 2019, SB 608 was passed, specifically eliminating the option of terminating a tenancy after the tenant's first year of occupancy for anything other than a for-cause eviction (or by proving there were three documented violations during the current lease); and there are only four landlord-based exclusions to this law. The exclusion for the sale of a property requires that the owner provide written evidence to the tenant that the property has already been sold to a purchaser who intends to owner-occupy the unit. The tenant then has 90 days, or the lease- termination date (whichever is longer) to move out. When serving that notice, the owner must show the tenant the purchase contract and pay any applicable relocation fees to the tenant, as required by the state and/or locality.

"So," the landlords ask, "we can't get into the property to fix it up to help us get top dollar?" No.

"And we have to list the property for sale while the tenants still live there?" Yes.

"Then we can only have it shown to prospective buyers by posting a 24-hour notice of entry?" Yes.

"But isn't it common that a tenant-occupied listing is harder to sell and that it doesn't show as well because they don't really want to move?" That is the historically based stereotype, yes.

"And after all that, we still have to pay them a relocation fee to move out?" In Portland, yes. In the rest of the state, yes if you own five or more units.

"Why is the government making it so hard on landlords these days?!" I have no good answer for that.

The logic behind SB 608 was to keep tenants housed by preventing no-cause terminations and capping the amount of rent increases per year. The eviction moratorium during the pandemic added a host of additional burdens and regulations, and it heightened owner anxieties. Consequently, even while most tenants continued to pay rent during this time, many landlords have become ever more worried about the increasing risks of owning rental properties. Thus, they are considering whether to just get out of the business, and that's when they call, and that's when we keep having this same conversation over and over.

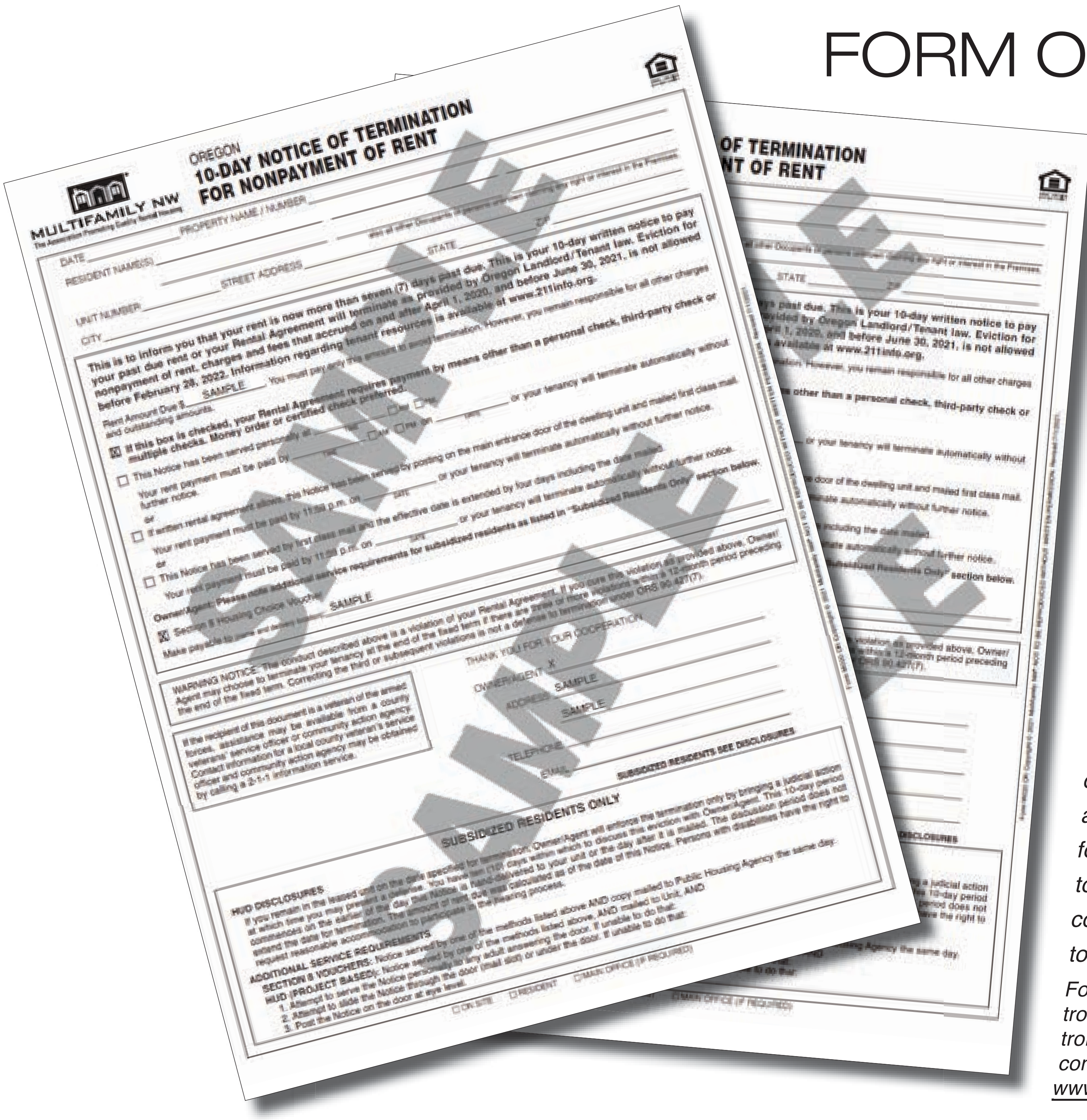
With all this discussion, what seems to be the outcome of all these calls and concerns?

After the initial confusion and the frustration subsides, it ironically motivates owners even more to want to sell.

I once heard that "confusion leads to doubt; doubt leads to fear; and fear leads to the desire to escape" (the flight-or-fight response). It is hard to fight an invisible enemy, and a new "housing pandemic" is being stimulated. The deadly symptoms of this disease are fewer rentals due to sales and more tenants with higher rents. With the current legislative trends, there is no immunity in sight. Maybe we need a new vaccination — one that prevents the spread of greater state regulations against landlords — in order to actually balance tenants' rights.

Is there any way to fight this virus instead of giving up? I think we lived through that model last year, with social distancing, self-quarantines and wearing masks. In housing we can translate that to staying up-to-date with new laws, avoiding conflict with tenants and keeping your properties well-maintained. As for a shot in the arm — maybe it's time to just go out and buy another rental and save the system!

MULTIFAMILY NW
The Association Promoting Quality Rental Housing


OREGON
10-DAY NOTICE OF TERMINATION FOR NONPAYMENT OF RENT
MULTIFAMILY NW
SAMPLE

FORM OF THE MONTH

M020 OR 10-Day Notice of Termination for Nonpayment of Rent

The M020 OR 10-Day Notice of Termination for Nonpayment of Rent form, was previously know as the "72-Hour Notice." It was changed to a 10-day timeline early in 2020, and is set to sunset and revert to 72-hours in 2022. Until then, the 10-Day of Termination for Nonpayment of Rent form remains the standard to communicate a current nonpayment status to a resident. Recent disclosures mandated by the Legislature have been added to this form. As we transition away from the COVID-19 Pandemic eviction moratorium rules, this form may again be used to prompt payment of the current rent due. Keep in mind there are still scenarios that don't allow use of this form. Double check with your legal counsel to ensure your resident communication is in compliance with federal, state and local laws to avoid fines and penalties. 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

AUGUST 2	WEBINAR: LANDLORD TENANT LAW 1-PART A	10:00 AM - 12:00 PM
AUGUST 4	WEBINAR: AUGUSTUST LANDLORD STUDY HALL - HOARDING AND THE LANDLORD'S ROLE	6:30 PM - 8:00 PM
AUGUST 9	WEBINAR: LANDLORD TENANT LAW 1-PART B	10:00 AM - 12:00 PM
AUGUST 16	WEBINAR: LANDLORD TENANT LAW 2-PART A	10:00 AM - 12:00 PM
AUGUST 19	UNWIND WITH MULTIFAMILY NW: COMEDY IMPROV WORKSHOP	5:00 PM - 6:00 PM
AUGUST 23	WEBINAR: LANDLORD TENANT LAW 2-PART B	10:00 AM - 12:00 PM
AUGUST 26	2021 SWV CHARITY GOLF TOURNAMENT	11:00 AM - 6:00 PM
AUGUST 30	WEBINAR: ADVANCED LANDLORD/TENANT LAW	10:00 AM - 12:00 PM
SEPTEMBER 23	SPECTRUM 2021 EDUCATIONAL CONFERENCE & TRADE SHOW	8:00 AM - 4:00 PM
OCTOBER 7	VIRTUAL SPECTRUM 2021 EDUCATIONAL CONFERENCE	8:00 AM - 4:00 PM
OCTOBER 14	FALL 2021 APARTMENT REPORT BREAKFAST	7:30 AM - 9:00 AM

Apartment Jobs Strong in Second Quarter 2021

NAA Educational Institute

The number of real estate jobs in the apartment sector continues to grow, as more than 37 percent of vacant real estate openings in the United States were in the multifamily sector during the second quarter of 2021, exceeding the five-year average of 33.2 percent, according to the latest report from the National Apartment Association (NAA).

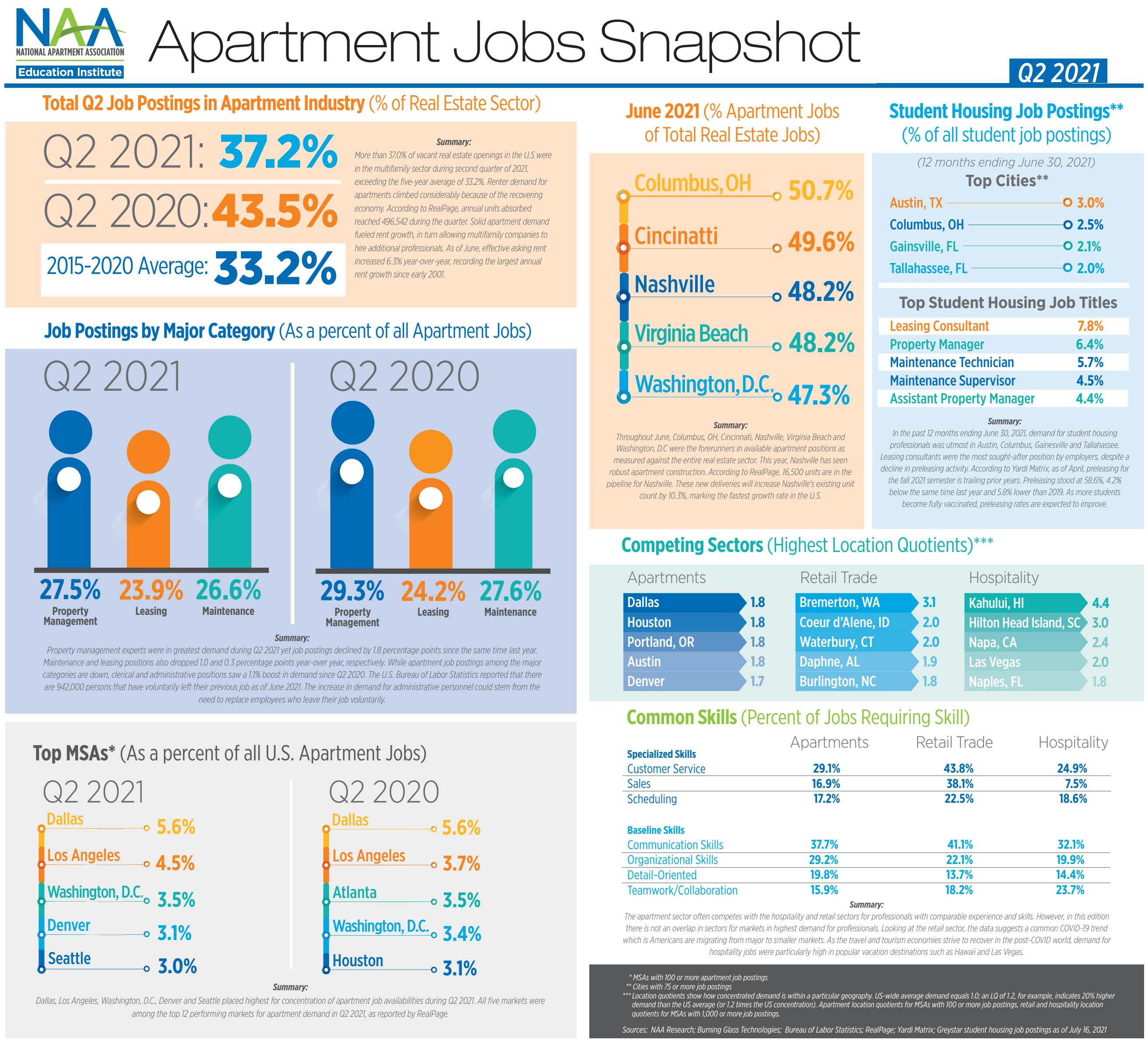
"As the apartment market continued its recovery during the second quarter with surging rental rates and occupancy high, the demand for multifamily professionals stood strong," the NAA's Educational Institute said in the quarterly jobs report.

"Renter demand for apartments climbed considerably because of the recovering economy," the report said. "According to RealPage, annual units absorbed reached 496,542 during the quarter. Solid apartment demand fueled rent growth, in turn allowing multifamily companies to hire additional professionals. As of June, effective asking rent increased 6.3 percent year-over-year, recording the largest annual rent growth since early 2001."

Property management, leasing, and maintenance job openings declined year-over-year, yet administrative positions increased by 1.1 percent. Dallas; Los Angeles; Washington, D.C.; Denver; and Seattle ranked highest for apartment job demand.

For the student-housing sector, job openings were most prevalent in Austin, Columbus, Gainesville and Tallahassee.

Leasing consultants were the most sought-after position by employers, despite a decline in preleasing activity. According to Yardi Matrix, as of April, "preleasing for the fall 2021 semester is trailing prior years. Preleasing stood at 58.6 percent, 4.2 percent below the same time last year and 5.8 percent lower than 2019. As more students become fully vaccinated, preleasing rates are expected to improve," the report said.



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.

Better Times Ahead for Landlords? Don't Stop Believin'

By David Pickron

Like many of you, I was blessed to experience the '80s as a teenager. The hair, the movies, and most of all the music, were iconic. One of my favorite bands was Journey, and I knew all their lyrics (and air-guitar solos) by heart. Just hearing Steve Perry hit the notes that only he could reach brings the memories flooding back. Unfortunately, he left the band in 1987 and through changes and challenges, things were never really the same for the band.

Similarly, our own industry was riding high in 2019, when we all looked like rock-star investors with a solid, proven rental base. Then COVID-19 hit (a real low note) and things just haven't been the same.

Hoping to return to form, here is what we have seen over the last month:

- The CDC extended the eviction moratorium to July 31, 2021 and alluded to the fact that there was no intention to renew it.
- A few days later the Supreme Court refused to take a case involving the moratorium, stating it would be expiring within 30 days and therefore there was no need to rule.
- The Consumer Financial Protection Bureau let all the credit-reporting agencies know that they better report evictions and delinquencies correctly or they will get sued. This was seen as a "shot across the bow" letting us know they will be watching closely; a scare tactic often used by Fair Housing and other government agencies.
- Several states passed legislation saying companies like ours cannot report evictions through 2022.
- Recently a congressional House panel went after four large corporate-housing providers, asking them to produce documentation on how they were able to evict 5,000 residents while there was an active eviction moratorium.

While we may be seeing the light at the end of the tunnel for the eviction moratorium, we are far from "business as usual." Our industry, and landlords specifically, will continue to be a target as this so called "housing crisis" is figured out. Notice I intentionally did not say until COVID is figured out. It's no longer about COVID-19, it's about a bigger problem that is not going away anytime soon.

Within this ever-changing landscape, every landlord can and must protect themselves by utilizing these five critical resources:

1. Turn to and trust professional attorneys for any issues between you and your tenants.

As investors we like to save money and handle situations by ourselves. While that is fine most of the time, in today's environment an attorney could save you money, time and aggravation. Their knowledge of federal, state, and local laws is something we can't possibly keep up with. City councils and state legislatures are passing laws to protect the tenant at breakneck speeds. For example, in Chicago, you cannot ask about criminal history until you have made a conditional offer of approval. Asking about criminal history on the initial application is a violation of a Cook County law and could cost you thousands of dollars. Your local landlord attorney will help you navigate these types of changes and save you money.

2. Take a fair-housing class.

The industry has seen more protected classes added this year around the country than any other year in the past. Know what you can and can't say in your online ads, over the phone, and in person. Make sure you understand the importance of a detailed written criteria and how to properly use an adverse-action letter. (We can provide you a sample if you email info@rentperfect.com). Some states now protect "source of income," so landlords now are required to take Section 8 housing and inherit the government as a business partner whether they like it or not.

3. Join a local REIA to learn about changes in law.

Most Real Estate Investment Associations (REIA) have attorneys and professionals that educate the association to ensure its members are up to date in their practices. If you do not have a local REIA in your area, search for investing or property-management podcasts. There are many professionals around the country who publish something weekly to help keep landlords up to date. Our Rent Perfect podcast drops every Tuesday and covers topics from top attorneys, tricks of the trade, solutions to current problems, and general management topics. You can find us wherever you get your podcasts.

4. Review your onboarding processes.

Are you getting the information you need to identify the tenant who will stay there for the next five years or longer?

- With so few evictions last year, consider requiring your potential tenants to provide 12 months' worth of bank statements to prove rent was paid to the current landlord, and look for deposits that match the check stubs and income amounts on the application.
- Always talk to the previous landlord (or two if possible). Sadly, some current landlords will lie to get a bad tenant out, so talking to another prior landlord is beneficial.
- Review your move-in procedure and ensure that it allows you to document the condition of the property at time of possession so you can prove whether damage was already existing or was caused by your tenant.
- Determine if it is time to accept rent online and have it deposited directly into your bank account. No more waiting for a check in the mail or partial payments.
- Explore new industry technology to see if you can eliminate any of those time-consuming tasks.

5. Take care of your current tenants who have paid you over the last year; they are worth keeping.

The tenant pool after the eviction moratorium ends will be teeming with risks you would rather avoid. A big game of musical chairs, or better yet, musical homes, is about to start. Retaining good tenants might mean upgrading your rental with new countertops or discounting the rent for a year. In the end, this strategy will pay for itself. Congratulations on having that great tenant, not everyone had that luxury.

Every investor is asking this question right now: Will we ever get back to normal?

In those immortal lyrics from Journey, "Don't Stop Believin'." Believe that it might be a while. Believe that we might need to create and accept a "new" normal. Believe that even with new COVID variants you will survive. Believe that you are still working in the greatest business in the world and controlling your destiny. Believe and focus on what you have and what you know. Believe that there will be more surprises through 2021 and moving forward. Most of all, believe that together we can weather any storm.

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) to stay up to date on the latest industry news and for expert tips on how to manage your properties.

Portland Among Cities with Least Environmental Risk for Investors

Continued from Page 1

scale analysis of climate risks and cities' resilience strategies advances, investors will better assess both the economic impact of climate-related events and the cost and ability of cities to mitigate the impact of climate change through their resilience strategies."

Ranking of risk factors for investors

Yardi Matrix graded and ranked 21 top metros for risk for commercial real estate investing using natural disasters, pollution, water quality and state and local government investment.

Combing these four risk factors, Yardi Matrix said the top four metros with the least risk were Boston, Indianapolis, Minneapolis and Portland.

"The commonality for all was being in states that are taking environmental risk seriously. Boston and Indianapolis received the highest grades in three categories and the lowest grade in one, while Minneapolis and Portland received high marks for government action and propensity for natural disasters and middle grades for pollution and water quality," Yardi Matrix said in the report.

The 5 bottom-ranked metros for environmental risk

The Yardi Matrix report said the bottom five metros "include three in Texas: Houston, Austin, and Dallas, along with Tampa and Los Angeles. The Texas metros' grades were dragged down by low scores in the "natural disasters" and "government-response" categories.

The severe winter storm that hit Texas causing massive power outages was a key factor in the ranking, including lack of government response.

"The Texas storms are a demonstration of the stakes. Texas has reaped the benefits of deregulation and low taxes/utility costs, but utility providers' lack of investment to winterize the power grid left the state unprepared to handle extreme weather. Without collective action to mitigate environmental risk, such disasters with high damages will recur," Yardi Matrix said in the report.

Metro Rankings: Overall Environmental Risk Grades

Market	State	OVERALL RATING– NAT. DISASTERS	OVERALL RATING– POLLUTION	OVERALL RATING– WATER QUALITY	OVERALL RATING– STATE & LOCAL GOV.	OVERALL RATING– ALL 4 CATEGORIES
Boston	MA	1	3	3	3	2.5
Indianapolis	IN	3	1	3	3	2.5
Minneapolis	MN	3	2	2	3	2.5
Portland	OR	3	2	2	3	2.5
Chicago	IL	3	2	2	2	2.3
Denver	CO	2	2	3	2	2.3
Salt Lake City	UT	3	1	2	3	2.3
Washington DC		2	2	2	3	2.3
Atlanta	GA	3	2	1	2	2.0
Charlotte	NC	2	2	2	2	2.0
Nashville	TN	2	2	2	2	2.0
New York	NY	1	2	3	2	2.0
Orlando	FL	2	3	1	2	2.0
Raleigh-Durham	NC	2	2	2	2	2.0
San Francisco	CA	1	3	1	3	2.0
Seattle	WA	2	2	2	2	2.0
Dallas	TX	2	2	2	1	1.8
Los Angeles	CA	1	2	1	3	1.8
Tampa	FL	1	3	2	1	1.8
Austin	TX	1	3	1	1	1.5
Houston	TX	1	1	1	1	1.0

Source: Yardi Matrix ■ Above Average Environmental Risk ■ Average Environmental Risk ■ Below Average Environmental Risk

Conclusion

"Some will no doubt question the categories we chose, the methods we used to grade metros, or what constitutes a proper response to environmental risk. This is our intention," the report noted.

"Our rankings are not meant as a final word on the topic, but rather, a first attempt to understand the issues and develop a model for how to approach the topic—which is of increasing importance for commercial real estate.

"We encourage all to develop their own views about which metrics will have the most impact on the property sector and the appropriate response" in regards to environmental, social and governance factors, wrote Paul Fiorilla, director of research, and Claire Anhalt and Maddie Harper, senior analysts, for Yardi Matrix.

11 Questions to Ask When Hiring for Property Management

Continued from Page 1

game. So, you want to make sure to ask your potential property managers about the trends in place right now. This will show you how much market knowledge they have. That's important for managing and maintaining your real estate in the best way. Your potential property manager should be able to reach out and find reputable tenants to fill your property. This is an easier task than it was in the early 2000s, as the number of people renting property within the United States has gone up in various cities.

No. 2: How Do You Stand Apart from the Competition?

While it might be a bit awkward mentioning competitors to any potential property manager, this is a good way to filter out the really good companies. If you're interviewing a genuine professional, he or she will mention the competition respectfully and display knowledge of the local market trends. Asking about the competitors will also bring the conversation to how this potential property-management company is unique in its pricing and services. The company representative should be able to explain what makes the company different and better than the rest. Ideally, they should also provide some client references so you can be sure about going ahead.

No. 3: What's Your Company's Record?

If you interview a relatively new company, chances are that they won't have relevant experience in the real estate industry. Their prices might seem affordable, but it's just not worth taking the risk. The questions you ask will tell you if the company is efficient and reliable enough to run everything properly. Even an expert can find it difficult to maintain real estate these days. So, you should ask to get in touch with previous clients as well. You can also ask why and after how long precious contracts ended, whether there's a record of unethical practices, etc. Such details are critical. So, don't feel strange about asking.

No. 4: What Kind of Technology Do You Use?

Keeping up with real estate trends also means that modern property managers should stay updated on the most important digital tools. Almost every industry has made changes to incorporate software and other forms of technology to make its process easier and smoother. Ideally, your potential property-management company should have software solutions that make its system easy to work for you. You should also be comfortable with the setup the company has, since this is what will be used to maintain your real estate. The communication software the company uses is also important. This is how the company will get in touch with you. So, make sure that it fits your requirements.

No. 5: What Will the Income Structure Be Like?

One of the most essential questions to ask a potential property manager is about the income from your real estate. This usually means determining what the rent will be from the tenants. The answer to this concern lies in knowing how real estate works within your state, city, and specific area. Make sure you know about the details of the rent formula from the property manager. This is also the point where you give your own views about the rent and how it's set. That way, both parties will remain on the same page and can move forward without much confusion or resentment.

No. 6: How Will Rent Collection Be Handled?

Rent collection is usually the responsibility of property-management companies. This is why it's best to hire one that has been working with the latest solutions. With automated payments and online systems, you can be sure of quick, convenient collection on all sides. If your potential property manager has a quality software solution in place, you should consider hiring him or her. With updated decent software, you can also rely on the accuracy of your transactions. There's also the fact that some tenants might want to pay cash or make payment through some other method. Question the company about any alternative solutions for such cases.

No. 7: Do You Have Credible Licensing?

Whether you're interviewing family-owned property management companies or those with a more corporate structure, make sure their license is up to speed. Keep in mind that the different states will have varying licensing rules and regulations. In addition to simply asking this question, you'd also have to conduct research on your own. See what qualifications are required for your region and ask the potential manager if he or she has the needed licensing. To be on the safe side, ask for licensing proof as well. Certain states might require a more direct link to a known real estate organization. Others might require a real estate broker license before one becomes a property manager.

No. 8: Who Will Handle Maintenance Issues & How?

One of the main concerns related to residential property management is that of repairs and maintenance. When a tenant experiences leaks, breakages, infestations, or any other problem, the issue must get proper and prompt attention. A homeowner in the United States can expect to spend one to four percent of their real estate's value on its maintenance. Keep this in mind so that you're not thrown off by sudden repairs. Property-management companies will usually be dealing with these issues. Be sure to ask about them during an interview. A manager's way of dealing with work orders and experience will count for a lot.

No. 9: How Will Financial Responsibilities Be Divided?

Financial transactions are often a tricky business, but that's why you have to be clear-cut in this area. Remember to inquire about the fees of the property managers or the property-management company. Both parties need to properly understand the financial section of the mutual agreement before moving forward. One of the first details to sort out is the rent percentage that will go to the property manager or management company. If you do some research about the trends for paying such services, you can negotiate the fees in an informed manner. It's also logical to ask whether there are hidden fees anywhere. Make sure to read the fine print before signing anything!

No. 10: What Are the Compensation Plans?

Any potential property manager should know about repairs and maintenance issues. However, it's also very important to clarify which party is going to be held responsible for handling costs associated with repairs or any damages. Make sure to have everything covered through a written policy.When you ask a property manager about such a policy, you're covering your own bases. No matter how careful a manager or managerial team is, damages to the property can still happen.So, when you're thinking about what questions to ask rental property-management companies, make sure that the detailed compensation plan is near the top of the list.

No. 11: What About Late Payments or Evictions?

The most difficult side of property management usually entails dealing with late payments by tenants or having to evict them for some reason. The property managers you end up hiring should be responsible and tactful enough to deal with such issues without incurring much damage. Such tasks can be complex, especially if the tenant is part of an HOA or some other influential group. Nevertheless, you need to ensure that any manager under you should be getting those payments and evicting when necessary. In either case, they should also stay respectful and within legal limits.

The Takeaway

If you're looking for a property manager to handle your condo, apartment complex, or any other form of real estate, there are probably many choices out there. Several new property-management companies will be glad to get the chance of serving you in exchange for a reasonable fee. Once you know what questions to ask the property manager, the way forward will be a bit clearer. There are still several steps to take. But you'll be able to make the important decision of hiring a company without any worries. Start searching for a reputable potential property-management company now. You'll hopefully have the best one for your needs soon.

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.

Sponsored Content

Three Reasons Investors Target Real Estate

By Evan Polaski
Investor Relations Manager / Ashcroft Capital

Two common forms of investment strategies that smart investors use to grow their wealth with passive income include creating a diversified portfolio of stocks and investing in real estate. While investing in the stock market is beneficial for numerous reasons, investing in private market properties like multifamily provides several advantages. Here are three important reasons why some investors prefer multifamily private placement investments over stock market investments.

No. 1 - Lower Volatility

Stocks can have a volatility that's not found with most private placement offerings. Real estate provides a long-term cash flow provides passive income and the promise of appreciation[1].

The stock market is particularly vulnerable to several different forms of risk, which include economic, inflationary, and market risks. This volatility can occur because of company-specific or geopolitical events. The real estate market across the U.S. has been strong for more than a decade. Since 2010, the national housing market added $11.3 trillion in value – a more than 50% increase[2].

No. 2 - Your Gains Can Be Deferred

If you sell a property that you've invested in and put the proceeds towards purchasing a similar property, your capital gains taxes can be deferred to a later date, which is called a 1031 tax-deferred exchange[3]. During this process, a qualified intermediary will hold the proceeds from the sale until the money can be transferred to the other property's seller. Engaging in a 1031 allows you to avoid the 15-20% long term capital gains tax rate[4].

No. 3 - Can Be Used As Hedge Against Inflation

Over time, the value of a dollar increases as a result of inflation. While the value of currency will invariably increase over time, the rate of inflation isn't always consistent. As inflation rises, the cost of everything goes up, including real estate[5]. When property values increase, the property owner can charge more for rent, which ensures a higher revenue stream. By keeping pace with inflation, you gain an advantage that is difficult to obtain with stock market investments.

It's never too early to start generating passive income. Placing some of your money into multifamily private placements could help you balance your portfolio and reduce the potential for losses. To assist you on this journey, download this free 20-page guide to Understanding Real Estate Private Placements.

DISCLAIMER: Ashcroft Capital LLC is not an investment adviser or a broker-dealer and is not registered with the U.S. Securities and Exchange Commission. The information presented in this email should not be used as the sole basis of any investment decisions, nor is it intended to be used as advice with respect to the advisability of investing in, purchasing or selling securities, nor should it be construed as advice designed to meet the investment needs of any particular person or entity or any specific investment situation. Nothing in this advertisement constitutes legal, accounting or tax advice or individually tailored investment advice. The reader assumes responsibility for conducting its own due diligence and assumes full responsibility of any investment decisions.

For more information, contact Evan@AshcroftCapital.com or visit the website at www.AshcroftCapital.com/nreia.

1 Investopedia. "Reasons to Invest in Real Estate vs. Stocks"

2 Zillow. "Recovery Added $11.3 Trillion to U.S. Housing Value in the 2010s."

3 Internal Revenue Service. "IRS 1031 Exchange."

4 Investopedia. "1031 Exchange Rules: What You Need to Know."

5 Forbes. "How Buying a House Can Hedge Against Inflation.

Migration, Stimulus, Hot Market Driving Growth

Continued from Page 1

represent growth in what landlords are asking for (in) unleased apartments. Increases are smaller for tenants that are rolling over existing leases."

Three big factors are pushing rent growth:

1. Migration: Job loss during the pandemic plus the ability to work from home meant lots of people moving around. Rents are growing rapidly in both the Southwest and Southeast. Phoenix is up 17 percent, Tampa and the Inland Empire in California are up 15.1 percent. Not far behind are Las Vegas at 14.6 percent and Atlanta at 13.3 percent. "These metros were lower cost compared to larger gateway metros, but with double-digit rent increases the affordability of these metros has begun to decline," Yardi Matrix said in the report.
2. Government stimulus: Government stimulus checks, enhanced unemployment benefits and more than $45 billion of direct renter payments have all helped to prop up the multifamily industry. "All of this stimulus led to consistent levels of collections across the country," the report says.
3. Hot housing market: The S&P Case-Shiller Index shows home prices are up 14 percent year-over-year through June. "Many potential home buyers have been forced out of the market, and in turn, decided to rent an apartment for another year. Another pressure on the cost of housing is the lack of new supply. The U.S. is on track to build 1.5 million units in 2021, according to the Census Bureau, but that will not be enough to satisfy the demand for housing," Yardi Matrix said in the report.

Layers of Laws: Don't Forget about Local Rules in the Landlord/Tenant Relationship

By Bradley S. Kraus,
Attorney at Law / Warren Allen LLP

When COVID-19 began to take hold in the spring of 2020, many rights that landlords had were put on hold by way of executive orders. The legislature took its time to craft laws which would shape the landlord/tenant relationship. Before that occurred, many local jurisdictions acted swiftly, enacting their own COVID-related rules and prohibitions. Having multiple layers of rules and laws posed significant challenges. As we come out of COVID-19-related moratoriums, these challenges continue to exist.

Analyzing how to comply with both local and state rules can be challenging. Many lay people understand somewhat the concept of federal supremacy—i.e., how federal law can have supremacy over state laws that conflict with same. Thinking that a similar rule would hold true from a state/local law relationship makes sense, but it is unfortunately much more complicated. While this article won't dive into the legal issues there, there are a couple common landlord/tenant that can differ from a local perspective and should receive your attention.

First, some localities have differing requirements regarding their leases. Portland is the obvious example, as their FAIR Ordinance imposes a variety of rules and obligations that are not found in state law. Others, like Gresham, have obligations snuck into their city codes regarding forms that should be included with the rental agreement executed by the tenant. The above examples are a reminder that the laws can and do change, so updating your landlord/tenant documents from time to time is important.

Next, it's important to remember that prerequisites for utilizing your rights may differ from jurisdiction to jurisdiction. For example, while Oregon law requires landlords to pay relocation assistance to tenants for utilizing a Qualifying Landlord Exemption only if the landlords own more than four rental properties, local rules in Portland differ. The Portland jurisdiction has no safe-harbor number for small landlords. Portland does provide the ability to avoid paying Portland-specific relocation if the landlord obtains the required Relocation Assistance Exemption form prior to entering into a fixed-term tenancy with their tenant. Further, the landlord must provide that document to the tenant prior to entering into a fixed-term rental agreement with that tenant. The failure to take these steps can result in a required relocation payment to your tenant, which could have potentially been avoided.

Timelines can also differ depending on local jurisdictions. For example, under state law, landlords with tenants in their first year of occupancy are allowed to serve 30-day no-cause notices. Some local laws, as in Portland and Milwaukie, have extended these to 90 days. While the state legislature extended the first year of occupancy under Senate Bill 282 through August 31, 2021, landlords exploring their no-cause/non-renewal rights should seek counsel to ensure compliance.

The foregoing examples are a few of many. However, they illuminate the importance of both staying up to date on the laws that govern your landlord/tenant relationship and seeking counsel from someone knowledgeable in this area. With the flurry of legal changes recently, missteps can prove expensive.

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.


Need Staffing?
Don't take chances with staffing! Our temps are tested, trained, experienced, and fully insured!
Apartment Advantage®
Serving The Pacific Northwest
Since 2003
Hiring, Training, and Placing the Property Management Leaders of Tomorrow
Daily • Weekly • Monthly • Permanent
Temporary On-Site Staff
Managers • Leasing Agents • Maintenance • Grounds Keepers
Greater Portland-Vancouver Area
(503) 644-8233
Greater Seattle-Tacoma Area
(425) 456-3663
www.apartmentadvantage.com