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UPCOMING EVENTS:

General Membership Meetings —9 a.m. Aug. 17, 2021 — Virtual Meeting via Zoom: Security Deposits with Utah Eviction Law; 7 p.m. Aug. 26, 2021 — Live Meeting: Insurance and Liability Protection with Brewster Insurance Group


C.A.M. Certification Classes — Virtual Courses via Zoom— 9 a.m. Aug. 24, 2021 — Industry Essentials. (www.uaahq.org/cam)


UPRO Certification Classes — 9 a.m. Aug. 26, 2021 — Tenant Screening; 11 a.m. Aug. 26, 2021 — Fair Housing (www.uaahq.org/upro)

Good Landlord Classes — 9 a.m. Sept. 10, 2021 — Live Classes: Full/Refresher Class



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CDC Issues New Eviction Moratorium

As you may have heard, the CDC recently issued a new eviction moratorium effective immediately and running through October 3, 2021. This new moratorium is in effect for any county not covered under a moratorium with the same or greater protection as the CDC moratorium and that is determine to have high or substantial levels of community transmission.

To be covered under the moratorium, a renter must meet the following criteria:

- The individual has used best efforts to obtain all available governmental assistance for rent or housing;
- The individual either (i) earned no more than \$99,000 (or \$198,000 if filing jointly) in Calendar Year 2020 or expects to earn no more

See ‘CDC’ on Page 8

Multifamily Performance Expected to Stay Strong in Second Half of 2021

RENTAL HOUSING JOURNAL

The first half of this year saw outstanding rent growth in multifamily rental properties and while that is probably not going to be sustained, strong multifamily performance will continue in the second half of 2021, according to Yardi Matrix.

In its summer report for 2021 entitled “Multifamily Emerges Strong from the Pandemic,” the company says that while rent growth seen in the first half of 2021 cannot continue indefinitely, “conditions for above-average growth in these metros (southwest and southeast) are likely to persist for months. With rents increasing by almost double digits in many markets on a year-over-year basis, the cost-of-living gap between what have been considered ‘lower-cost cities and gateway markets is starting to narrow.”

The rapidly growing tech hubs of Phoenix, Las Vegas, Atlanta and Tampa show that, “People migrating into these cities



can afford the large price increases. But in the report. The reasons for predicted continued strong
See ‘Multifamily’ on Page 10

How to Stop Tenant From Smoking in a Unit Designated as Non-Smoking



By HANK ROSSI

Dear Landlord Hank: I am a property manager for two complexes, and we are having issues with tenant smoking. I saw your article in RHJ last year about tenants smoking and hope you can help me.



At one of my properties we have an elderly lady who has been said to be smoking in her unit. The complex has only four units per building, and from this building we haven’t had complaints before until this tenant moved in four months ago.

When my maintenance supervisor and my leasing agent performed our annual inspections one month ago, they did mention it smelled like cigarettes, but there were also a fair amount of plug-

See ‘Some’ on Page 4

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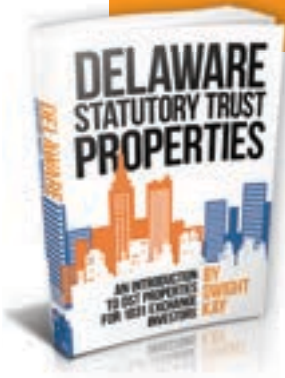
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The Case Study of a 1031 DST Specialist

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.

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.

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Chair’s Message

The 4 Values of the Utah Apartment Association



HOLLY SANFORD
Chair,
Utah Apartment Association

As the UAA Board Chair, I am grateful for the continued opportunity to serve, and to the other board members, volunteers, staff and members who make the association work.

The UAA follows the following four values as the ideals that inspire and animate the association.

I feel like it important to share these values so that the members can understand how we intend to serve their interests.

1 - PASSIONATE ABOUT RENTAL HOUSING SUCCESS

We are high energy, passionate about serving people and doing our best work. We aren’t apathetic, low energy, or negative people – we want passion, channeled to serve the rental housing industry.

2 – CONNECTING & ENGAGING PEOPLE

We like people and want to connect and engage with others and help them to connect and engage with each other. We enjoy meeting and working with others and facilitating connections.

3 – ADAPTING QUICKLY IN A CHANGING WORLD

We can adapt, accommodate, move quickly and embrace and not resist constant change. We contribute ideas but ultimately move in the direction chosen by the organization. We also need to be able to let go and move forward.

4 – WORLD CLASS RESOURCES & PROGRAMS

We take pride in developing and maintaining the highest quality and most relevant resources and programs in a timely manner. We recognize our mission to advocate, educate and connect in the advancement of the industry.

MOVING FORWARD FROM THE PANDEMIC INTO 2022

As we look to the future, we anticipate that we will continue to face numerous challenges and opportunities. If we have learned anything from 2020 and the COVID-19 pandemic, it that things change and they can change quickly and often. But whatever may come, you can rest assured that working together, we will continue to fulfill our mission to be “Utah’s leading advocate and resource for the owners, real estate professionals, developers, management teams, suppliers and service providers dedicated to quality rental housing.”

Visit our new website to learn more about all of the education programs, legislation efforts and events the UAA provides to our members. We appreciate your continued support and look forward to a bright future.

Ask the Attorney

What Happens After Tenant Files Discrimination Complaint?



JEREMY SHORTS, Esq.
Utah Eviction Law

Q: I just received a letter saying my tenant filed a discrimination complaint against me, what happens next?

A: In today’s world, it’s not “if” you will be sued, but “when”. Most discrimination complaints come from the state (UALD – Utah Antidiscrimination and Labor Division) or federal government (HUD – Housing and



Urban Development). Once a complaint is filed, the parties are usually asked to participate in voluntary mediation (a “conciliation conference”). If the case is settled in mediation, the case is closed. Second, if mediation is unsuccessful, you need to respond to the complaint to tell your side of the story

and participate in an investigation. The investigator (from the UALD or HUD) may interview witnesses, subpoena documents, etc. in order to fulfill their investigation. At the end of their investigation they will issue a decision to determine whether discrimination occurred and may impose penalties. Finally, no matter what the decision is, either side can pursue a review or appeal of the case. Knowing what the decision is will determine whether you want to appeal the case. Sometimes it may make more sense to accept the decision and fines instead of going forward with the expense and risk of additional litigation.

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Some People Just Don’t Want to Abide by Rules

Continued from Page 1

in citrus air fresheners.

This tenant doesn’t respond to my messages about not smoking in her unit. (She is not my biggest fan, because I enforce lease-agreement rules.)

What can I do to prove she is smoking in her unit and stop tenant smoking when she denies it Please help. — Melissa

Dear Melissa: Some folks just don’t want to abide by the rules even though they agreed, in writing, that they would. So you aren’t popular with this smoking tenant because you enforce the lease that forbids smoking!

And you’re looking for some proof that you could take to court to prove this tenant is smoking.

I wish we could bottle the air for the judge to smell, but that’s not possible right now. You will have to rely on witness testimony, and photographic proof. I would inspect the unit again with your maintenance supervisor and leasing agent, and have cameras ready and take photos of any evidence.

I’d look for ashtrays, as well as stains on walls, furniture, lamp shades, counters, curtains or blinds, and take photos. I’d also look for cigarette butts, burns in flooring, counters, tubs, etc., and any visible residue or color change in paint on walls.

The biggest clue is the smell. Someone may be able to take a photo of her smoking on her balcony and maintenance can check the hallway in the evening to see if any smoke smell is coming from her door.

I would put a three-day notice on her door that says she

is in violation of the no-smoking terms of the lease. If she continues to smoke, then it’s time to file eviction.

She is damaging your property, in addition to violating the lease. If you do nothing, other tenants may complain or move out due to the air pollution – or others may start to smoke in their units too. Don’t delay, get on this right away and stop tenant smoking.

WHO’S RESPONSIBLE FOR SMOKE-DETECTOR BATTERIES IN RENTALS?

Dear Landlord Hank: Whose responsibility is it to replace batteries in smoke detectors? The landlord or the tenant? — Robert

Dear Robert: That would depend on the lease.

In my lease I make it very clear that the tenants are responsible for the smoke detectors and the battery replacement, as well as batteries in the thermostat and any other remotes for the property.

If it’s not specifically spelled out in the lease I would think it is the tenant’s responsibility as part of the upkeep of the property.

How Do You Tell A ROUTINE MAINTENANCE REQUEST FROM A REAL EMERGENCY?

Dear Landlord Hank: What the tenant thinks is an emergency needing repair and the landlord considers an

emergency repair are often two different things. How do you as a landlord decide what is a real emergency vs. just a pesky tenant request? — Sam

Dear Sam: In the beginning of the landlord/tenant relationship, when I’m giving tenants their keys, I explain what is an emergency and who to call (not text or email).

An emergency is an issue that can cause damage or injury to human life or the property, like a fire, flood, loss of air conditioning in Florida in the summer, sparking electrical outlets or circuit breakers, etc.

If there is a fire, call 911 and then me.

If there is a flood (meaning water running outside the area it is supposed to be in, like a toilet-supply line leaking on the floor, not a toilet “running,” or a tub with water coming out around it, not a drip from the faucet), then CALL ME, not text or email as I’m usually driving, so I can walk the tenant through turning off the water to the property to limit damage to the building and its contents.

We take tenant maintenance requests seriously and the requests are handled as quickly as possible.

As a child, Hank Rossi watched his father take care of the family rental-maintenance business, and sometimes became his assistant. In the mid-’90s he got into the rental business for himself. After he retired, Hank managed only his own investments for the next 10 years, but then started a real-estate brokerage business with his sister that focuses on property management and leasing. He continues to manage his portfolio in Florida and Atlanta. Visit Landlord Hank’s website: <https://rentsrq.com>.

Director’s Messsage

Avoiding Self-Inflicted Damage



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

In my interactions with UAA members and landlords across Utah, most recognize what a wonderful state we live in when it comes to property rights and landlord tenant law. They recognize that Utah is one of the best states in the country to be a landlord. We have a quick eviction process. We are a collection friendly state. The fees we pay for rental properties are relatively low and the regulation, in most cases, is fair and reasonable. And yet, we are a state where there are fair laws for renters too.

From time to time I landlords call who are very frustrated. They rail on how terrible our laws are – how tenant-friendly our laws are and how landlords have no rights. They say they have been a landlord for years and the laws, judges, police, or <insert your preferred villain here> are all working against landlords.

In a recent class, a gentlemen kept reiterating how awful our laws are and how tenants can get away with just about anything. As we discussed it, I expressed my opinion that if tenants are getting away with anything, it is probably because the landlord is letting them! The landlord either does not understand the law or, if they do, they hesitate to jump through the minimal hoops it takes to address issues. It became clear as



we continued through the class that most problems landlords cause are “self-inflicted” and can be avoided. The problems we have are quickly dealt with if we know how to proceed. I wanted this month to talk about five common “self-inflicted” damages and how we can avoid them.

PROBLEM 1: RENTING TO SOMEONE WE SHOULDN’T.

There are several renters in Utah with more than seven evictions on their record,

yet they have no problem finding landlords to rent to them that they then stiff and become a pain for. The solution is background checks and having professional rental criteria to limit risk.

PROBLEM 2: TENANTS CONTINUALLY PAYING LATE.

The solution is to not let tenants pay late. Either we train our tenant or they train us. It is a self-inflicted wound to have a chronic late payer. They do this because you let them

get away with it. STOP IT. Require on-time payment, late fees when they pay late, and evict immediately if they don’t pay. Evictions take an average of 25 days and about \$500, if done right. It is that easy.

PROBLEM 3: TENANTS VIOLATING YOUR RULES.

They move in extra people, unauthorized pets, they smoke where it’s prohibited, etc. Solution – Get to know the “Three Day Comply or Vacate” notice and serve it the minute tenants violate the first rule. Either we train them or they train us.


PROBLEM 4: OUTRAGEOUS DAMAGES CAUSED BY TENANT.

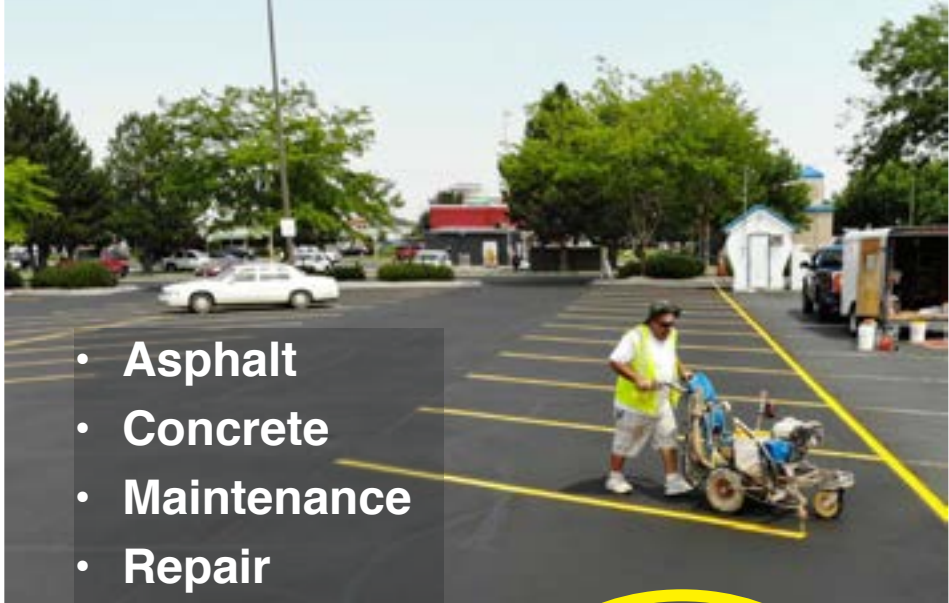
The solution is quarterly inspections. Look for damage. Fix it now and bill the tenant. If we make them fix the first damage they do, they are likely to be more careful later on. Either we train them or they train us.

PROBLEM 5: TENANTS LEAVE WHILE OWING LOTS OF MONEY.

The solution is higher deposits, enforce your rules, make people pay rent as they go, regular inspections, etc. The things we all know we are supposed to do, but let slide all to easily.

Almost all of our problems as landlords are self-inflicted. Reduce them by applying basic principles of management such as good screening, enforce your rents and rules, deal quickly and professionally (by serving notices) with problems, and do regular inspections.





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9:05 AM	Dan Hemmert
9:50 AM	Robert Spendlove
10:30 AM	Break
10:45 AM	Christine Cooper
11:20 AM	James Wood
11:45 AM	Patrick Bodnar
12:30 PM	Adjourn

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Better Times Ahead? 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.

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CDC Eviction Moratorium Now Runs Through Oct. 3

CARES Act is Still in Effect, So Be Sure to File Necessary Paperwork

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- than \$99,000 in annual income for Calendar Year 2021 (or no more than \$198,000 if filing a joint tax return),⁵
- (ii) was not required to report any income in 2020 to the U.S. Internal Revenue Service, or (iii) received an Economic Impact Payment (stimulus check).
- The individual is unable to pay the full rent or make a full housing payment due to substantial loss of household income, loss of compensable hours of work or wages, a layoff, or extraordinary out-of-pocket medical expenses;
- The individual is using best efforts to make timely partial rent payments that are as close to the full rent payment as the individual’s circumstances may permit, taking into account other nondiscretionary expenses;
- Eviction would likely render the individual homeless—or force the individual to move into and reside in close quarters in a new congregate or shared living setting—because the individual has no other available housing options; and
- The individual resides in a U.S. county experiencing substantial or high rates of community transmission levels of SARS-CoV-2 as defined by CDC.

Renters who are eligible to be covered under this new moratorium who have already provided their landlord with a declaration under the previous order are still covered. They are not required to file another declaration. Renters who have not previously filed a declaration would be required to do so. The order does provide that, “This Order does not preclude a landlord challenging the truthfulness of a tenant’s, lessee’s, or resident’s declaration in court, as permitted under state or local law.”

When serving any 3 Day Pay or Vacate Notices you will need to continue to use the updated forms with the CDC language section at least until October 3rd, 2021. The CARES act is still in effect, so if you have a CARES covered property you will still need to serve the 30 day CARES notice at the expiration of the 3 days on the pay or vacate notice.

We had hoped that with the expiration of the original order, business could return to normal for pay or vacate evictions. We have made it through nearly a year of confusion and some changes to practice caused by the CDC Moratorium but in Utah, we should consider ourselves very fortunate. Property owners and managers in other states around the country face state-specific moratoriums still in effect – through the end of the year in some cases.

Our rental assistance program allows landlords to apply for tenants and many requests are being processed in days and funds are paid out quickly to landlords for up to 3 months at a time. Many other states do not allow landlords to apply or their systems are so inefficient they have only disbursed a fraction of federal rental assistance funds that Utah has. New York State, for instance, hasn’t paid out any, not even a penny, of these funds and are arguing for their state moratorium to be extended until years end so the government has time to distribute their rental assistance funds.

It has been a rough 18 months for the rental housing industry but we should be proud of ourselves for how we’ve been able to help our renters and keep our businesses on track by accessing the programs and assistance available to us and our renters.

As always, if you have any questions, or if you need any assistance please contact our office at 801-487-5619 or info@uaahq.org and we are happy to help!



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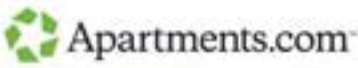
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Investments Growing in Homes Built for Rental

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.

New Online Tool to Help With Access to Federal Assistance

RENTAL HOUSING JOURNAL

The Consumer Financial Protection Bureau has released a new online tool to help renters and landlords find state and local programs distributing federal rental assistance funds, according to a release.

The Rental Assistance Finder, available at www.consumerfinance.gov/renthelp, connects renters and landlords with the state and local programs that are distributing billions of dollars in federal assistance nationwide to help renters stay housed during the pandemic.

According to a CFPB analysis of Census Household Pulse Survey data from June 23–July 5, 16 percent of adults living in households who rent said they are currently behind on their payments. Of adults living in households behind on rent, 49 percent, or approximately 3.6 million, say that eviction in the next two months is somewhat or very likely.

“Millions of people are behind on their rent and at risk of eviction as a result of the pandemic,” said CFPB Acting Director Dave Uejio in the release.

“The Rental Assistance Finder will make it easier for renters and landlords to locate the financial assistance available in their area. People across the country are already receiving billions

of dollars in assistance, and with this new tool we hope even more renters and landlords will take advantage of this emergency relief. This money is a win-win for both landlords and renters and a better outcome for all than costly, needless evictions.”

As part of an unprecedented economic recovery effort, the federal government has allocated more than \$46 billion to assist households unable to pay rent, utilities, and other housing costs. All 50 states and hundreds of local, tribal, and other programs are distributing funds. The CFPB’s Rental Assistance Finder tool will make it easier for renters and landlords to connect with rental-assistance programs in their area, and take the first steps toward accessing available funds, according to the release.

The CFPB has taken other actions to support renters during COVID-19, including promising with the FTC to monitor illegal evictions, monitoring illegal debt-collection practices related to evictions during the pandemic, and monitoring Fair Credit Reporting Act obligations about reporting consumer rental and eviction information during the pandemic, including how rental assistance payments are reported.

Go to <https://www.consumerfinance.gov/coronavirus> to access the Rental Assistance Finder.



Landlords Gave Renters Aid During Pandemic, Survey Says

RENTAL HOUSING JOURNAL

Property owners and landlords worked with tenants on eviction-mitigation efforts and offered solutions for residents facing financial hardships during the COVID-19 pandemic, according to a new survey from the National Multifamily Housing Council (NMHC).

The NMHC Pulse Survey on Eviction Mitigation Practices ran from July 19 to July 26, with 74 leading multifamily firms responding. The most widely offered assistance options and percentage of landlords offering them included:

- Payment plans – 100 percent
- Waived late fees – 96 percent
- Deferred payments – 78 percent
- Extended, shortened or other changes to lease terms – 58 percent
- Cash for keys – 54 percent
- Fee-free ability to charge rent on credit card – 50 percent

The survey also asked what additional steps firms took to support residents during the pandemic:

- Increased cleaning and sanitation – 95 percent
- Connecting residents with food banks, charities, and other local support resources – 86 percent
- Informing residents of healthcare protocols and best practices – 86 percent
- Hosting virtual social or exercise events – 57 percent
- Creating on-site services at communities to support residents – 50 percent
- Made it easier to work from home – 49 percent

“At the onset of the pandemic we issued a call to our industry to halt evictions, create payment plans and work with residents as they faced this unprecedented hardship. The new data demonstrate how both the multifamily industry and residents alike made monumental sacrifices to meet their obligations during this crisis,” said NMHC President Doug Bibby in a release.

The full survey results are available at <https://www.nmhc.org>.

NAA Sues to Recover Money Lost During Eviction Moratorium

RENTAL HOUSING JOURNAL

The National Apartment Association has filed suit in U.S. Court of Federal Claims to recover damages on behalf of rental housing providers who have suffered severe economic losses under the U.S. Centers for Disease Control and Prevention’s (CDC) federal eviction moratorium, according to a release.

Though the federal government has allocated roughly \$47 billion in federal rent relief in combined December 2020 and March 2021 legislation, “it took more than nine months for Congress to do it. This prolonged inaction, paired with a sluggish rollout and the CDC eviction moratorium, has allowed rent debt to continue to balloon – devastating the industry in the short-term and fueling the housing affordability crisis,

to the detriment of the broader economy, in the long-term.”

Saying the eviction moratorium has “saddled renters with crippling debt,” Bob Pinnegar, NAA President and CEO, said in the release that the eviction ban “has jeopardized not only the availability, but also the future cost of rental housing. NAA is standing up for an industry – and its residents – that are left holding the bag on \$26.6 billion in rental debt after operating under extreme conditions for 16 months.

“The government has intruded into private property and constitutional freedoms, and we are proudly fighting to make owners whole and ensure residents’ debt is wiped from their record,” Pinnegar said.

Apartment owners and operators “have continued good-faith operations throughout

the COVID-19 pandemic and are now left to shoulder \$26.6 billion* in debt not covered by federal rental assistance.”

The suit, NAA et al. v. The United States of America, argues that the CDC order has curbed several rights under the U.S. Constitution, including: the right to access the courts, the freedom to contract with others absent government interference, the right to demand compensation when property is taken by government action, and the limits of federal government power.

“With little hope of receiving additional federal assistance, NAA is seeking to limit the loss borne by rental housing providers and, ultimately, clear the debt records of their residents. Doing so will help secure the long-term health of the rental housing industry and ensures households across the

income spectrum have continued access to rental housing,” the release says.

NAA is represented by two firms, Dorsey & Whitney and the law office of John McDermott.

This lawsuit is open to all rental housing providers who operated under the federal moratorium and who have been damaged by the CDC eviction moratorium. For more information about the lawsuit, go to: <https://www.naahq.org/CDC-eviction-moratorium-lawsuit>.

**\$57.3 billion in rent debt at the end of 2020 (Urban Institute) + \$8 billion in Q1 2021 (Mortgage Bankers Association) + estimated \$8 billion in Q2 2021 (MBA, Q2 numbers expected soon) - just under \$47 billion in allocated rental assistance = \$26.6 billion in unfunded rent debt (and climbing).*

Corporate Landlords Told They Must Explain Evictions

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.”



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Mulifamily Performance Expected to Stay Strong

Continued from Page 1

growth include:

- Pent-up demand and the recovering economy have produced robust rent growth this spring.
- The U.S. economy is growing at its fastest rate in decades, as progress with the COVID-19 vaccine has allowed people to resume normal activities.
- Potential headwinds include rising inflation and whether employees can find enough workers.
- Many secondary markets continued to post dazzling increases, and gateway markets such as New York and San Francisco are rapidly rebounding from the pandemic.
- New apartment supply, which dipped only moderately during the pandemic, is expected to bounce back to about 334,000 units in 2021.
- Capital markets remain one of the strongest aspects of the multifamily business.

While the economy is coming back, employment and labor participation are still lagging, especially in the service sectors that were hit hard by the pandemic, the report says.

New apartment construction is particularly affected by supply-chain issues and challenged with dramatically rising steel, lumber and copper prices; copper and lumber prices have more than doubled from this time last year. “Not only is demand for building materials coming back in full force but pandemic restrictions are making it more difficult to obtain them,” the report says.

“Volatility is likely to continue for a few years as the world fights to contain the virus, until global vaccine implementation allows economies to fully recover and return to pre-pandemic stability. However, that does not mean there won’t be strong economic growth in certain sectors and geographies in the short term,” Yardi Matrix says in the report.

To get the full report, visit : www.yardimatrix.com/Publications

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RENTAL HOUSING JOURNAL UTAH · AUGUST 2021

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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 appreciation¹.

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% increase².

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 exchange³. 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 rate⁴.


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 estate⁵. 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.

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- 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.



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