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**Situations You May Encounter** With Emotional-Support Animals Page 4



Can Rental-Property Owner Sue **Tenant Over Oil-Stained Driveway?** Page 7



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### 10 Property Maintenance **Items to Check Right Now**

Maintaining your rental property on a seasonal basis allows you to charge the maximum rent from your tenants, maintain a safe property and ensure that your vacancy rates stay low.

Checking for inexpensive maintenance issues also allows you to identify any potential problems and damages before they lead to expensive repairs.

During your fall and ore-winter season maintenance check-in, prioritize these maintenance duties to ensure your property is in tip-top shape.

#### No. 1 - Inspect heating AND VENTILATION

Avoid expensive repairs by inspecting your HVAC systems at least twice a year. Replace filters in ventilation systems, remove debris from airways and exam heating elements for leaks to ensure safe operation. Additionally, you should cover the exterior HVAC units to prevent snow and cold from coming in.

See '10 Rental' on Page 4

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## Rents Surge Again in September, **But Less Than Previous Months**

RENTAL HOUSING JOURNAL

Multifamily asking rents surged again in September as rents rose \$16 to an alltime high of \$1,558 and are up a record 11.4 percent year-over-year, according to the latest Yardi Matrix national multifamily

The U.S. apartment market continues to set record growth rates and one panelist at a recent National Multifamily Housing Council (NMHC) event said "In 40 years, I've never seen rent increases like we've seen these last few months. Never."

However, there was caution in the report about rates continuing to rise at the yearover-year pace.

"We may be seeing the early stages of moderation," Yardi Matrix said in the

"Rents rose \$16, or 1.0 percent in See 'Sun-Belt' on Page 6



### 'Renter-Protection' Policies Not Working

(I Hate to Say I Told You So, But...)

EDITOR'S NOTE This article, from Seattle property management professional Cory Brewer, carries a powerful message on an issue with implications across the entire country.

#### By Cory Brewer

I have spent a lot of my time this year trying to get an important message across: Legal regulation is killing rental-housing supply in Seattle.

Whether it is via written article, calls and emails to elected officials and meetings with their staffs, or TV and radio interviews with news media, the message has been consistent. I've laid out facts and offered carefully reasoned predictions. I've partnered with my colleagues from around Washington State to compare data and

One thing is abundantly clear: Lawmakers have put targets on the backs of corporate landlords, and their crusade



against this existential bogeyman has resulted in nothing but collateral damage.

Over the course of countless state legislature, city, and county council meetings I have heard testimony from local mom-and-pop housing providers about concerns over "renter-protection" policies aimed at "profiteering" corporate landlords

... but you know who never calls in to voice

opposition? Corporate landlords.

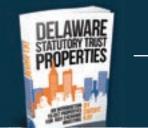
Why? I propose to you that in the end, the only group that stands to gain from "renterprotection" policies are, ironically, the corporate landlords that they are intended to harm. These corporations are often not local, and in many cases may not even oppose the legislation because – even while anti-landlord by definition - the policies do little more than to drive out the mom-andpop competition. Large corporations built on the economy of scale can absorb shortterm losses and come out the other end way ahead when renters have fewer choices.

Some will say that the loss of singlefamily rental homes is no problem because so many new housing units are being added to the Seattle market. The problem is that three+ bedroom houses are being "replaced" by one-bedroom apartment units, which are not suitable replacements at all. The city of Seattle runs the RRIO

See 'Renter-Protection' on Page 5



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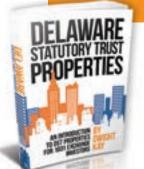
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### What is a Delaware Statutory Trust Sponsor Company?

#### By ALEX MADDEN, VICE PRESIDENT, KAY PROPERTIES AND INVESTMENTS, LLC

Many 1031 exchange investors have never heard of a DST Sponsor, what they are, or what they do. It is important for investors considering DST properties to understand the role of a DST sponsor and what they do. After reading this article, a 1031 exchange investor should have a better understanding of what a DST sponsor company is and does, and why they play a critical role in the DST 1031 investment picture.

#### WHAT IS A DST SPONSOR?

As with other real estate investments, the term "sponsor" is used to identify the person or firm that basically "quarterbacks" the DST investment from start to finish, including structuring the investment to make it available for accredited investors including those in a 1031 exchange as well as cash investors. Whether it is an entire portfolio of net-leased retail buildings located across multiple geographic areas or a single multifamily building located in a single neighborhood, the role of the DST Sponsor is to find viable real estate deals in which accredited investors will be interested in investing for their DST 1031 exchange process.

#### THE ROLE OF A DST SPONSOR?

A DST Sponsor's role starts early on in a real estate investment. Many times, the DST Sponsor is actively involved with negotiations or plans months before investors or 1031 advisors even hear about a potential investment property. Typically, a DST Sponsor company will evaluate hundreds of properties across a vast swath of geographic territory for purchase, until they eventually make offers on a few of them. Sometimes the DST Sponsor finds these properties via on-market opportunities and other times off-market opportunities. Once a property is identified as a potential investment opportunity, they will then negotiate the purchase agreement and assemble the necessary equity capital and

debt financing needed to acquire the property. The DST Sponsor then negotiates the terms of the purchase and sale agreement, and prepares all the investor marketing materials. The DST Sponsor also oversees all pre-acquisition activities, including all due diligence (such as engaging specialists to provide third-party reports and reviewing existing financial information, among other things.).

As mentioned, DST Sponsor companies will often handle most of the financing aspects related to acquiring properties offered for a DST investment. This can include combining the combining the firm's own capital with some kind of bridge loan for the acquisition, and then arranging any long-term debt that will be included in the transaction. This long-term debt can be an extremely important element from an investor's perspective, as many DST investors need to replace debt as part of their DST 1031 exchange, and a property that has existing leverage can be helpful to these clients.

#### How We Evaluate Our Sponsors

Clearly DST Sponsors play an important role in a DST real estate investment, and therefore it is critical that the sponsor be highly qualified. Kay Properties & Investments works with 25-30 different DST Sponsors who, along with their property offerings, are always carefully vetted. A good DST Sponsor brings specific expertise to the project like intimate knowledge of the market or a deep understanding of the asset class - or both!

Not all sponsors are created equally. Some are much more qualified than others. So we ask the following questions for any prospective DST Sponsor.

- How much experience do you have with the local market and with that asset class?
- Have any of your prior real estate investment offerings failed to meet expectations?
- How good are you at evaluating risk?

 What systems do you have in place to ensure proper management of the project?

In short, the DST Sponsor is an important element in a DST investment's success, so it's important to work with a DST Sponsor that's highly-qualified. When investing in DST investments, be sure to understand who you're working with, what they're responsible for and how they plan to execute on the project's business plan.

Kay Properties provides a complete platform for real estate investors including providing access to a market-place of DSTs from more than 25 DST sponsor companies, custom DSTs only available to Kay Properties clients, A DST secondary market - for those wanting to sell their DST interests prior to the property selling, the largest selection of debt free DSTs in the industry and leveraged DSTs for a 1031 debt replacement. For more information, please call Kay Properties today at 1-855-899-4597 or visit www.kpi1031.com to register for one of our exclusive DST 1031 events.

#### **A**BOUT THE **A**UTHOR:

Alex Madden joined Kay Properties and Investments as a vice president and DST 1031 expert, helping clients navigate the nuances and rules surrounding this unique investment universe. Prior to joining Kay Properties, Alex was a specialist at KPMG's Management Consult-



ing Federal Advisory practice where he consulted for the Department of Housing and Urban Development (HUD) and Federal Housing Authority (FHA), specifically in the Multi-Family, and Single-Family space.

Alex is a former US Army Ranger with multiple deployments to where he attained a rank of Chief of Staff in an elite Special Operations Task Force. Alex graduated from Salve Regina University, in Newport Rhode Island, with a degree in European History.

#### About Kay Properties and www.kpi1031.com

Kay Properties & Investments 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.

There are material risks associated with investing in real estate, Delaware Statutory Trust (DST) properties and real estate securities including illiquidity, tenant

vacancies, general market conditions and competition, lack of operating history, interest rate risks, the risk of new supply coming to market and softening rental rates, general risks of owning/operating commercial and multifamily properties, short term leases associated with multifamily properties, financing risks, potential adverse tax consequences, general economic risks, development risks and long hold periods. All offerings discussed are Regulation D, Rule 506c offerings. There is a risk of loss of the entire investment principal. Past performance is not a guarantee of future results. Potential distributions, potential returns and potential appreciation are not guaranteed. For an investor to qualify for any type of investment, there are both financial requirements and suitability requirements that must match specific objectives, goals, and risk tolerances. Securities offered through Growth Capital Services, member FINRA, SIPC Office of Supervisory Jurisdiction located at 2093 Philadelphia Pike Suite 4196 Claymont, DE 19703.

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## Managing Common Situations You May Encounter With Emotional Support Animals

BY THE FAIR HOUSING INSTITUTE

Emotional support animals can come in all shapes and sizes, making it difficult to know how to properly handle accommodation requests and avoid possible fair-housing complaints. This article will discuss the proper verification process for emotional support animals based on the Fair Housing Act and how to manage some common situations that may arise.

### EMOTIONAL SUPPORT ANIMALS - PROPER VERIFICATION

How do you handle an applicant who states they have an emotional support animal and presents you with an ESA letter? This can be tricky, as many of these letters can be obtained from the Internet without much of a professional relationship between the resident and the verifier.

To help with these situations, you should have a verification process in place based on the Fair Housing Act that includes the following:

#### QUESTIONS TO ASK THE RESIDENT:

- Did you contact the verifier for the sole purpose of obtaining an ESA letter?
- Have you had more than one or two brief contacts with the verifier for the purpose of providing a verification?
- Does the verifier have personal knowledge of your disability and need for an animal?
- Has the verifier provided you with medical or mental health services?

#### QUESTIONS TO ASK THE VERIFIER:

- Did the resident contact you for the purpose of obtaining a verification?
- Other than providing a verification for an assistance animal, do you have an ongoing professional relationship with the resident by providing medical or mental health services beyond providing a verification?
- Do you have adequate personal knowledge of the resident to be able to make a diagnosis of a



disability? Please note: We are not requesting that you provide the diagnosis.

As you can see, the above questions will establish whether or not the resident has an ongoing relationship with the verifier and meets the criteria of having a disability that requires the aid of the animal.

#### BREED AND SIZE RESTRICTIONS

Can you restrict an ESA (emotional support animal) based on breed or size? The short answer is no. If the need for the animal has been verified, the Fair Housing Act states that accommodations must be made. Your job is to now welcome Muffy the 100-pound Rottweiler, or Wilbur the pot-bellied pig, to the family.

### Undisclosed or Multiple Emotional Support Animals

You just received a notification from a maintenance

staff member that a resident has multiple animals. Further investigation shows that the pets were not disclosed on their rental application. The resident states that they are all emotional support animals. What now?

Whether it's one or multiple animals, you need to follow the same verification procedures. The only difference here is that each animal would have to provide a different service. If each animal can be verified, then accommodations need to be made.

In conclusion, we can see that the Fair Housing Act protects the need for emotional support animals under certain circumstances. A verification process along with fair housing training will ensure everyone's needs and rights are met.

In 2005, The Fair Housing Institute was founded as a company with one goal: to provide educational and entertaining fair housing compliance training at an affordable price, all at the click of a button.

### 10 Rental Property Maintenance Items to Check

Continued from Page 1

### No. 2 – Inspect machines in Building

Ensure that your gym equipment, laundry machines, service elevators and other systems are running safely and efficiently within your building. Maintaining these systems also greatly improves your tenants experience at your property.

### No. 3 – Maintain curb appeal

Clean the windows and clean and/or repaint the exteriors of your property. Invest in your landscape to ensure your property is looking its best by incorporating visually pleasing plants and vegetation around your property.

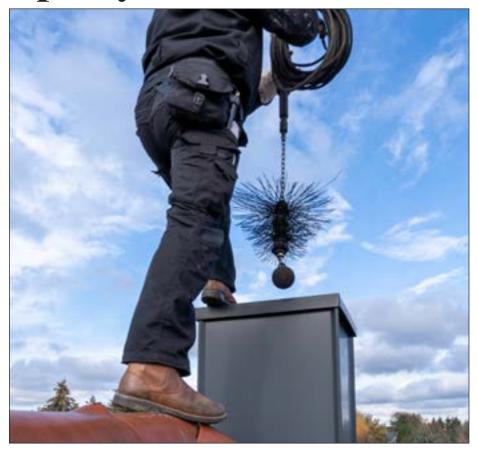
### No. 4 – CLEAN AND INSPECT WATER-RELATED FEATURES

To avoid issues with your downspouts and gutters, clean debris to avoid backups during the fall and winter season. Treating water systems and drainage are always much easier take care of before issues occur.

### No. 5 – Upgrade common

Every five to seven years, upgrade features such as the flooring, carpets and paint on the walls that are in the common areas and hallways of your building to maintain a clean and modern ambiance.

No. 6 - CHIMNEY SWEEP



If your property has a functional fireplace, now is the best time to conduct a chimney sweep and ensure that any obstructions are cleared. Make sure smoke can get out and cold air can't flow in.

### No. 7 – LANDSCAPE MAINTENANCE

Maintain the shrubs, trees and fertilization surrounding your property while also removing any plants or vegetation

that may interfere with your curb appeal. Removing large objects and unnecessary tree vegetation will also reduce the likelihood of extreme wind related damage to your property.

### No. 8 – Inspect for cracks and leaks

Replace the stripping on windows, seal any cracks, and prevent drafts and leaks from entering at the bottom of the doors by correcting them with a door piece. This simple inspection can decrease your reoccurring electric bill – or your tenants' complaints about their high bills.

#### No. 9 - Fire safety

Replace the batteries in all of the smoke detectors within your property. Home fires are more common during the winter than any other time of the year so ensure that you practice your fire evacuation plan for your tenants during the fall season as well.

### No. 10 – GET RESIDENTS INVOLVED

Let your tenants check for property maintenance services that they are responsible for – such as checking their own smoke detectors, windows, etc. If everyone helps out, your fall maintenance will go more efficiently.

#### SUMMARY

Preserve your property with these preventative maintenance tips and find that your property will be in better shape in the short-term and long-term. Schedule routine proactive inspections and you will save much time and money down the road.

Keepe is an on-demand maintenance solution for property managers and independent landlords.with a network of hundreds of independent contractors and handymen. Keepe is available in the Greater Seattle area, Greater Phoenix area, San Francisco Bay area, Portland, and San Diego Learn more about Keepe at https://www.keepe.com.

### 3 Best Practices for Communicating with Residents

BY DUSTIN LACEY

In every relationship, effective communication is critical to a positive experience. This remains true when it comes to a property manager's relationship with their residents.

We provide exceptional places that feel like home where people can feel safe and secure to enjoy time with their loved ones at Mark-Taylor. Thoughtful communication with our residents has proven to make an incredible impact in creating that feeling of home.

Here are three of our best practices for communicating with residents:

#### 1. THE SIMPLER, THE BETTER

Strive to save residents' valuable time by making living simple. To respect their busy schedules, the simpler we can make communications for them, the better. Therefore, before we press "send" on a communication to our residents, we thoroughly consider our residents' perspective, keeping in mind that simplicity is always key.

It helps to put ourselves in a new resident's shoes. Without context, would a new resident understand what is being communicated? If it is an action-oriented communication, could a new resident read it and walk away knowing exactly what they need to do?

This exercise is guaranteed to generate enhancements, every time. After considering the new-resident perspective, we revisit the communication to ensure the information

included has the simplicity and clarity it needs to answer any potential questions.

#### 2. TRANSPARENCY CREATES TRUST

From our residents and guests to our team members and business partners, we are committed to creating trusting relationships. An essential part of inspiring and building trust is through transparent communication over time.

That is why we approach resident communications with as much transparency as possible. That is why you should also consider approaching resident communications with as much transparency as possible. At times, there may be an occurrence, such as a building repair, that is inconvenient for your residents. It is far better to acknowledge the inconvenience and communicate openly about why it is happening, rather than to brush over it. Not only does this show that you are proactively fixing the situation, it also shows that you respect our residents, building upon that trusting relationship.

#### 3. PEOPLE FIRST, BUSINESS SECOND

Everything we do, we do with a people-first mindset. It is who we are as a company and brand, and it is important to us to show that in every communication.

In resident communications, our people-first approach is of utmost importance. People choose to live at our communities because of many factors: our modern luxury designs, high-quality standards, but most importantly, because we put them first. Our home-like atmosphere can only be created when we stay true to that approach in the way we communicate.

As an example, when navigating the change management of a community project, lead and focus communication on how it benefits the resident. Because our business decisions keep people first, it is a genuine and important reminder, especially in times of change.

Seemingly simple day-to-day exchanges of communications between property teams and residents may seem small but they add up to shape a resident's living experience. Approaching communication in an intentional way for every email, phone and in-person conversation combines to create the exceptional living experience that residents deserve.

Dustin Lacey is the vice president of brand and mar-

keting for Mark-Taylor Companies. He provides strategic direction for Mark-Taylor's marketing, communications and technology, which reaches more than 20,000 units of residents across Arizona and Nevada. Lacey utilizes his expertise to embrace innovation and take a data-driven approach to



advancing the Mark-Taylor brand while overseeing a talented team.

### 'Renter-Protection' Policies Simply Aren't Working

#### Continued from Page 1

program (Rental Registration & Inspection Ordinance) as a way to, among other things, attempt to establish a database of the rental-housing stock in the city. Their 2020 report indicates a loss of 4,858 property registrations compared to the previous year (a drop-off of 14.4 percent). During the same time period the *unit* count only decreased by 0.65 percent. So what is going on here? Clearly single-family houses are going away, and apartment units are "replacing" them. Apartment units don't work for everyone, especially in this new age of working and schooling from home.

This is becoming, as I predicted, increasingly difficult for those that the "renter-protection" policies are supposedly meant to help: low-income renters. I recently spoke with Chris Klaeysen, an adviser with the Seattle Housing Authority, which administers Section 8 housing assistance vouchers to low-income renters. Here is what he had to say: "Generally we do find that Seattle has a shortage of larger (3+ bedroom) units. This obviously creates a difficult situation for the families we serve. Many of the new buildings coming online have primarily studios and one-bedroom units."

Let's look at some year-to-date numbers through the third quarter of 2021 to prove this theory:

The availability of a three+ bedroom rental home in Seattle is down 5 percent this year compared to the previous five-year average. Pricing of such a home is concurrently up 3.5 percent, the largest year-over-year increase going back five years (according to NWMLS data). It's getting increasingly more difficult and increasingly more expensive to find a suitable family rental home in the city of Seattle.

At my brokerage we saw a 48 percent spike in the number of our Seattle clients selling off their rental homes in 2020, compared to 2019. Here at the end of Q3 2021 we have officially surpassed the 2020 total. That's right, more clients have sold this year with three months left to go than all of last year. At this pace we'll be looking at another 35 percent increase *on top of* last year's 48 percent increase. These numbers are tracking very similarly to data I collected at the end of June from a dozen other property managers around the state,

at which time we projected a 38 percent increase by year's end.

And I do want to be very clear about something, which I pointed out in my first Seattle Times article back in June of this year: As a property management firm, while we have clients selling off their properties, our client roster continues to grow each year. I can very easily make the argument that increased legislation makes the market more difficult for mom-and-pop housing providers to self-navigate and so they make the decision to hire a property management firm like ours. This increases their operating-cost basis and ultimately increases rents. I could argue that these "renter-protection" policies are actually good for business! Even then, I oppose them because they are just flat-out bad

#### WHAT CAN WE DO ABOUT THIS?

We can vote. While it may be accelerated here in Seattle due to radical city council ideologies, this problem is not unique to Seattle. We need to take a good, hard look at the candidates running for office – wherever any given reader may be from – and understand their approaches to housing policy.

We can offer up legal challenges to these policies as well, and that is the approach we should take when opportunities present themselves in the short-term. There is a strong argument that some of these policies amount to a government "taking" of private property without due compensation. But in the long run, we need to stop these things before they happen, and that begins with our elected officials.

We can press our elected officials to refocus on things that will actually help, such as getting COVID-19 relief money distributed properly, preserving the existing housing supply, and fostering the development of more new housing to complement what already exists. We can press our elected officials to take the target off the back of the "evil landlord" and take a hard look at the other reasons the homelessness problem continues to escalate. The data is clear, as presented in my Seattle Times article in July, that homelessness has grown in recent years despite a waning number of evictions (and this was pre-moratorium). We can press elected officials to work on their own solutions to provide low-income

To advertise in Rental Housing Journal, call Vice President/Sales Terry Hokenson at 480-720-4385 or email him at Terry@rentalhousingjournal.com housing rather than trying to force it upon the private sector (while operating costs such as maintenance and property tax are ever on the rise).

For anyone who thinks they are helping the rental housing market by trying to make it tough on corporate landlords, well, what you're really doing is putting small local business owners (your constituents!) out of business and removing critical housing supply from the community. I hate to say I told you so: What you're trying to do is not

working

Cory Brewer is vice president of residential operations for Lori Gill & Associates and Windermere Property Management in Bellevue, WA. He oversees a team of property managers in the greater Seattle area who manage approximately 1,500 rental properties. Brewer can be reached via www.wpmnorthwest.com or coryb@windermere. com and 425-623-1330.



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## **Challenges Facing Rental-Housing Property Managers**

RENTAL HOUSING JOURNAL

A new survey by the National Apartment Association (NAA) shows the top seven challenges facing rental housing property managers today, with the No. 1 challenge – not unlike many other businesses – being recruitment, staffing, and human resources issues.

Property management professionals were asked to select the topics that are most challenging right now, and 74 percent answered with issues surrounding hiring and staff.

That's not surprising, said Paula Munger, assistant vice president of industry research and analysis for the NAA.

"If you were on another planet and dropped in right now and missed the pandemic, you would look at this report and say, 'Wow, something weird must have happened last year,' because you can really see the effects of the pandemic in a lot of the responses and in a lot of their issues. Every industry right now, every single one, is having issues with the labor market. So, you know about the great resignation. There's near-record amount of jobs available. People are quitting, they're feeling empowered to do other things," she said

Munger said the data shows that in big companies with more than 20,000 units, more than 80 percent cited human resources as their top challenge. She said it's a mind-boggling number "that really blew me away."

Operational efficiencies came in second, with 63 percent listing it as a top challenge.

The survey of property managers, sponsored by AppFolio, received a total of 1,048 online responses in July and August of 2021 and was conducted by the NAA and ndp | analytics.

"The past year and a half have brought unprecedented change to the real estate industry," the report says. "From transitioning to remote work, to the adoption of technology, property managers have had to pivot to stay successful, make the most of demand, and continue to serve residents, owners, investors and teams," the report says.

The biggest concerns weighing on the minds of property owners and executives, including hiring and training new employees but also government regulations, eviction moratoriums, rent collections and COVID-19-related issues.

The greatest challenges facing property managers also was hiring and retaining employees, but included finding qualified maintenance talent, delinquency rates, and eviction moratoriums. Maintenance positions are notorious for having high turnover rates and property management companies are struggling to fill essential maintenance positions.

# No. 1: THE MOST URGENT CHALLENGE IN THE PROPERTY-MANAGEMENT BUSINESS

Human resources issues, staffing and recruitment were the top challenge, and while those issues have always played a large role in property management, the pandemic exacerbated them. The inability to backfill positions plus the influx of inexperienced new hires created a training backlog, a "doing more with less" situation creating inefficient property management operations. Staffing issues are forcing an increase in wage and benefit packages to attract and retain talent. These increases are not being offset by increased revenue.

"The report talks about what they're doing, and what they need to do right now,

which is offering signing bonuses and higher pay, using recruiters and I think one of the quotes that was really telling was, 'We need to focus on retention as well as recruitment'," Munger said.

"There's so many jobs available. There's so much demand right now in multifamily. The labor market is so competitive. So, if you don't offer your employees (a) good benefit package, training, professional development and really have them involved in the operation, I think you're going to lose out to a competitor," Munger said.

### No. 2: OPERATIONAL EFFICIENCIES

Finding high-quality vendors, reducing labor-intensive processes and reducing costs were cited in the report as the most challenging tasks. Getting out of the "constant fire drill" mentality was also cited as a big issue in operational efficiency.

### No. 3: MAXIMIZING REVENUE AND PROFITS

Increasing net operating income (NOI) to maximize revenue was a top-rated challenge and major pain point by many in the survey. On top of that, mitigating bad debt loss and trying to return performance to pre-pandemic levels were extra stressful and big issues.

"The specific analysis looked at the entire pool of under 1,500 units, where maximizing revenue and profits was their second greatest challenge," Munger said. "We know a lot of those owners and operators lost revenue during the pandemic, and as an aside, we just released our income and expenses survey that we do every year and it covers 2020 financials ... for the first time, since a great recession, we saw revenue, losses and expense increases."

### No. 4: RISK, COMPLIANCE AND REGULATION

Keeping up with constant new regulations, a particularly difficult issue in the Pacific Northwest, along with staying compliant was cited in the report as a this year that, that will happen.

major challenge for property managers. Fraudulent applications and cyber threats also fell in this category.

### No. 5: IMPLEMENTING NEW TECHNOLOGY AND INNOVATION

Training teams on new technology and working it into the daily routine is an ongoing challenge for many. Vetting new technology also is an issue. Too, there is resistance by some to learning new technology.

### No. 6: Investment and DEVELOPMENT DECISIONS

The need to grow rental portfolios in a sellers' market was cited as a top concern. Also, forecasting the impact of renovations on a rental unit and its value.

### No. 7: STAKEHOLDER EXPERIENCE

Improving customer and resident satisfaction was tops in this area of concern, along with keeping staff and residents safe during the pandemic.

Munger added, "I think there's still some difficulties to get through. Especially with the labor market."

However, she said the report also showed some optimism.

"We did get a good mix of respondents here, and when you look at those rental numbers, they're typically larger buildings, professionally managed and maintained buildings, and they tell a different story than with some of our smaller, mom-and-pop owners," Munger said.

"The survey was done in late July, early August and rents were definitely starting to head up then, but certainly not as much as we've seen over the last quarter or so."

Munger said her advice to property owners and managers out there is: "Hang on, as we want to get back to pre-pandemic levels." She said with what they are seeing in revenue increases and enhanced demand this year that, that will happen.

### **Sun-Belt States Leading the Nation in Rent Growth**

#### Continued from Page 1

September, certainly robust growth by historical standards but the lowest rate of increase in six months. The rent growth is fueled by robust demand combined with the long-term supply shortage, which has produced extremely high occupancy levels."

#### SOME REPORT HIGHLIGHTS:

- The market shows signs of deceleration.
- Sun Belt tech hubs are still leading the nation in rent growth, as markets in the Southeast and Southwest benefit from rapid domestic migration and job growth.
- The migration story has been playing out for a number of years, but accelerated quickly during the pandemic.
- Single-family (built-to-rent) rents continue to grow at an even faster pace than multifamily, with national rents up 14.3 percent year-over-year. Occupancy keeps rising as well, up 1.2 percent year-over-year.

Rent growth in September did not happen in all markets.

Seasonality is "beginning to show up in certain markets, as Seattle, Boston, the Twin Cities and Chicago posted negative month-over-month growth," the report says.

It points out that September has historically been the month when rent growth begins to soften before winter. "However, the one percentage point increase this year represents a significant slowdown in rent gains."

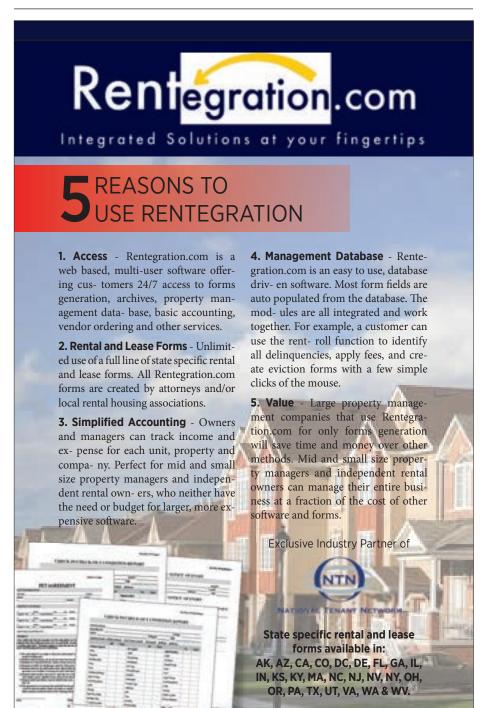
Before the pandemic, fundamental longterm multifamily concerns focused on affordability, aging millennials and the lack for affordable housing development.

Those issues remain long-term, the report said.

"Looking at the short term, the year-end 2021 forecasts are incredibly high, but they are supported by strong growth. Although growth will slow in 2022, rent gains will remain strong by historical levels.

"The job market will continue to grow, even if the Federal Reserve begins to taper asset purchases and eventually raises interest rates. Barring rapid and drastic monetary tightening, which is highly unlikely, the actions of the Fed will not significantly slow down the multifamily momentum. The multifamily industry is well-positioned and enjoying historically strong performance today.

"However, as we move into a new real estate cycle, the long-term fundamental concerns of affordability and geographic preference for working and living will remain," the Yardi Matrix multifamily report said.



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# Monthly Meeting Schedule for the Arizona Real Estate Investors Association

PHOENIX MEETING MONDAY, NOV. 8, 2021 5:45 P.M.

VENUE 8600 8600 E. ANDERSON DR. SCOTTSDALE, AZ 85008 The Phoenix meeting is held on the second Monday of the month. These meetings are full of education, information, and networking. **Open Networking:** The perfect time to get checked in to the event and chat with other local real estate investors in attendance.

Market Trends and Outlook: Your up-to-date analysis on the trends in national, regional, and local areas. Come find out where the market is heading – valuable information no real estate investor should do without.

**Association Update:** Find out about what's happening at AZREIA, how to best leverage your membership benefits, and get the best prices on upcoming events!

Trade Show, Networking and Guest Orientation: Spend time meeting AZREIA business associates and other investors and build your team. (Live meetings)

Market Update for Fix ands Flip and Rentals: Full analysis of fix & flip and rental markets. Plus, the latest market news affecting your business.

Main Presentation: (see details at right)

TUCSON MEETING TUESDAY, NOV. 9, 2021 5:45 P.M.

TUCSON ASSOCIATION OF REALTORS® 2445 N. TUCSON BLVD, TUCSON, AZ 85716 The Tucson meeting is held the Tuesday after the Phoenix monthly meeting each month. These meetings are full of education, information, and networking.

Investor to Investor Networking and Dynamic Haves and Wants are an important part of the Tucson AZREIA meeting. This is your chance to meet local investors, ask for what you need, and share what you have. Deal of the Month is your chance to find out what your local investors are doing and how they are doing it. Don't miss this opportunity!

**Open Networking:** The perfect time to get checked in to the event and chat with other local real estate investors in attendance. (Live meetings)

Local Market Update: The latest in trend analysis for the U.S., Arizona and Greater Tucson area, including existing homes, new homes, foreclosures, REO, short sales and traditional sales. What investment strategies are working and why? This is must-know information for the serious real estate investor.

**Main Presentation**: National or local expert speaker or an expert panel.

#### **Main Presentation for Phoenix Meeting:**

"The 4 Steps to Building an Insanely Profitable Real Estate Business (that You'll Also Fall in Love With)" with Shaun McCloskey

So much of what we learn about real estate is strategic: HOW do I [find deals, get money, manage tenants, do renovations].

And that's all important, but if you want to build a profitable, sustainable, and FUN real estate career, it's JUST as important to step back and ask bigger questions, like:

- "Am I sure that I'm focusing my time and efforts on the right things?"
- "Is the strategy I'm pursuing the right fit for me, in the long run?"
- "Am I building a business that supports my bigger vision for my life, or one that's going to consume all of my time and energy?"
- "Am I loving what I'm doing, or do I do it for the money?"\*

Here's a big secret that goes against the grain of what you may believe about real estate success: it's not about who you are, or where you came from, or how hard you hustle. It's about doing what most people don't: thoughtfully, intentionally designing a business that fits your vision, your lifestyle, your passions, and your personality.

Shaun McCloskey has been helping some of the highest-level real estate investors and gurus in the country do exactly that for over a decade, and now he's making a very rare association appearance to help US have a more prosperous AND joyful future. You'll leave this meeting knowing:

- Why goal setting alone doesn't work. Not for ANYONE.
- Why making business plans based on financial considerations alone is the certain death of your business
- Why working more hours in your business probably makes you LESS productive
- How to create a strategic game plan for your business that will ACTUALLY get you from where you are now to where you want to be in just 6-12 months—not years or decades, like it takes most people

Start investing with the tools you need to envision and build not just the business, but the LIFE that creates the meaning, impact, fulfillment, and prosperity you've always dreamed of.

The cost for meetings is \$10 for AZREIA Members and \$20 for guests. PLUS members can attend free of charge. Please refer to the website www.azreia.org closer to the meeting time for up-to-date information on meeting place/format and agenda.

REGISTER ONLINE AT: www.azreia.org

### Ask an Attorney

### Can Rental-Property Owner Sue Tenant Over Oil Stains?

BY BRADLEY S. KRAUS

Hello Brad,

Through a property-management company, our two-year tenant stained the garage and driveway with oil leaks from their car. The home is 2 years old, new construction. A power-wash company can't get the large stains removed.

We charged the tenant for cleaning; can we charge additional for the permanent damage? Thank you. – Bruce

#### Hello Bruce,

Thank you for reaching out. Much like the internal area of the premises, your tenants can cause damage to the exterior of the premises as well.

The key is whether such a charge is beyond "normal wear and tear," an amorphous standard which depends on

the facts. Assuming your facts meet that standard, then yes, you could technically pursue your tenants for the damages.

The question becomes what amount you could pursue.

Again, this would depend on a number of factors that can't be properly covered in this answer. However, if the stains cannot be removed, or if the amount of money it requires to do so is high enough, it may make sense to pursue your damages civilly.

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.







