

Suburbs Where Renters
Became the Majority
Page 5

Consumer Agency Cautions as
Relief for Renters is Ending
Page 7

6 Lessons for Landlords
from COVID-19 Pandemic
Page 10



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10 Property Maintenance Items to Check During Fall

KEEPE

Maintaining your rental prp erty on a seasonal b sis allows you to charge the maximum rent from your tenants, maintain a safe prp erty and ensure thaty ourv acancy atess tay ow.

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

During your fall season maintenance check-in, prioritize these maintenance duties to ensure your prp erty is in tip-top hape.

No. 1 – INSPECT HEATING AND VENTILATION

Avoid expensive repairs by inspecting your HVAC sy tems at least twice a year. Replace filters in ventilation sy tems, remove debris

See ‘Rental’ on Page 4

Rents Continue Rising But at Slightly Slower Pace

RENTAL HOUSING JOURNAL

Nationwide rents continued rising from August to September but at a slightly slower pace – 2.1 percent – than in previous months, according to the latest report from Apartment List.

“Although month-over-month growth has slowed slightly from its July peak, rents are still growing much faster than the pre-pandemic trend,” Apartment List said n her eport.



“Since January of this year, the national median rent has increased by a staggering 16.4 percent. To put that in context, rent growth from January to September averaged just 3.4 percent in the pre-pandemic years from 2017-2019,” the reports ay .

This is the time of year when rents typically begin declining due to seasonality, but that has not yet showed up in reports. So no signs yet of a seasonal dip n ents.

See ‘Rents’ on Page 15

Online Rent Payment a Game Changer



By DAVID PICKRON

History is littered with what at the time were considered “game changers.” Those game changers have become commop lace in our current world; when was the last time you marveled at the technological breakthrough we know as the wheel? Or the lightbulb? Or even the fact that we fly in airplanes all around the world? The likelihood is we dismiss or overlook these incredible technologies and innovations because we have become so familiar with them. We d n’t see just how amazing these everyday conveniences are andl owo url ivesa reb etterf ort hem.

In the world of landlords and prp erty
See ‘Are You’ on Page 11

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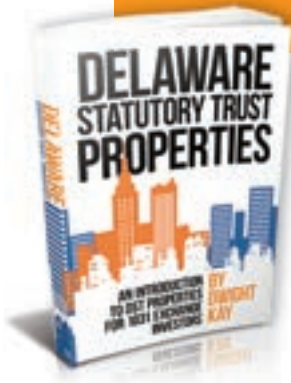
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Why the Delaware Statutory Trust Specialist Can be a Real Estate Broker’s Best Friend

By CHAY LAPIN
PRESIDENT KAY PROPERTIES & INVESTMENTS

Today’s multifamily market is bustling with activity as the number of owners and investors from Maine to California are executing thousands of sell/buy transactions every single day. According to a recent multifamily market report by CBRE Real Estate Group, this frothy deal velocity can be attributed in part to favorable economic conditions and reduced negative impacts from COVID-19. So far in 2021, the multifamily market saw \$148 billion in transactional activity, a 33 percent total increase over the previous year. Owners of appreciated rental properties may have potential equity “locked up” in their investment real estate. Selling in this bustling market can unlock this trapped equity. Finding replacement properties to 1031 exchange into that provide passive income and potential for diversification is a challenge many sellers face. DST specialists can advise on a potential solution to this challenge. That’s why more and more brokers are turning to Delaware Statutory Trust (DST) 1031 experts to help advise their clients on how to avoid being hit with a large capital gains tax following the sale of their multifamily investment property.

In a nutshell, DST 1031 exchanges allow multifamily sellers to defer the income from the sale of their property by investing in a co-ownership real estate portfolio as outlined in the Internal Revenue Service Revenue Ruling 2004-86. The DST 1031 structure allows a trust to be set up that consists of multiple investors who share passive ownership of a designated building or entire portfolio. This strategy allows investors to create customized and diversified portfolios, alleviate the daily landlord duties, reduce the financial burden by spreading costs across multiple investors, provide investors the potential for monthly income potential, and offers significant tax advantages. DST properties are typically institutional-grade real estate assets like net lease buildings, self-storage facilities, logistics and transportation centers, and multi-family apartments, offering investors the opportunity to own assets that would normally be financially out of reach for them.

BROKERS NEED A DELAWARE STATUTORY TRUST 1031 SPECIALIST TO HELP THEM ADVISE THEIR CLIENTS

1031 exchanges are often the “preferred solution” for investors who have sold their investment property. Because no matter who the investor is or what type of investment asset that has been sold, they will always face the same challenge at the end of disposition: a big tax bill. This tax event is called “capital gains” and is calculated by taking the difference between a property’s cost basis and the sale price, typically at a rate of somewhere between 15 percent and 28 percent. Add to that depreciation recapture rate of 25 percent state sales tax, and medicare surcharge and the tax consequences could be devastating. In fact, many potential multifamily investment owners decide not to sell because of the significant tax implications.

A DST 1031 OVER A STRAIGHT 1031 EXCHANGE?

At this point, the real estate broker will most likely recommend the seller enter a “1031 exchange”. This strategy is named after section 1031 of the Internal Revenue Code and allows a property owner to defer capital gains taxes on a profitable sale by reinvesting the proceeds into another property of “like kind,” and there is no limit to how many times it can be done. In theory, there could be a successive series of exchanges that defer capital gains taxes indefinitely, which allows an investor’s income to grow tax-free over a long period of time.

However, the rules of a 1031 exchange can be complicated and incredibly difficult

KEY TAKEAWAYS:

- Why should real estate brokers present a DST 1031 Expert to their clients?
- Why is a DST 1031 perfect for a multifamily investor who is ready to sell their asset?
- What is “mortgage boot” and why should it be avoided?
- What do DST 1031 experts bring to the table for both the seller and real estate broker?

(and potentially expensive) to accomplish without the advice of a true 1031 expert. For example, all 1031 exchanges must follow these parameters:

- The new property must be “of the same nature or character” as the old one.
- The new property must be “identified” within 45 days of the close of the sale, and the purchase transaction must be completed within 180 days of the sale.
- The amount of money invested into the new property must be the same as the sale proceeds from the old property. If there is a difference, it is known as “boot,” and it becomes taxable.
- Exchangers must hold title to replacement property in the same way as the relinquished property.
- Any errors in the transaction or violations of the rules can cause the transaction to become a failed exchange.

Many brokers confess that identifying a replacement property and then successfully completing the exchange is exceedingly difficult to accomplish in the required timeline. That’s why brokers sometimes can only present their clients with properties that are not turnkey deals and that have a lot of moving parts. In addition, very few brokers can find appropriate property options for their investors that fit their client’s specific required debt replacement parameters.

ENTER THE DELAWARE STATUTORY TRUST SPECIALIST

This is where a Delaware Statutory Trust specialty firm can be of real value to a real estate broker who is representing a multifamily investor who just sold a property. One of the potential advantages of a DST is that it provides beneficial interest in a property that has non-recourse debt that is already “pre-packaged” for a 1031 exchange. Effectively, what that means is that it is relatively simple to make the 1031 exchange math work – almost down to the penny. Investors also have greater flexibility in putting their investment dollars into multiple DSTs in a variety of real estate combinations and still achieve their desired equity and debt targets.

A hypothetical investor named Alison T. needs to replace \$200,000 in equity and \$100,000 in debt. Now she could put \$100,000 into one DST with no debt (an all-cash debt free DST) and the remaining \$100,000 into a DST that has a loan on the property at 50% Offering Loan to Value (LTV). Another option would be to put \$50,000 into a DST with no

debt and \$75,000 each into two additional DSTs that both have 40% LTV.

In comparison, an investor conducting an exchange with a single property, such as a rental home, would have to find a property they want to buy at the desired \$300,000 price. They would then have to bring their own money to the table for an all-cash purchase or secure a \$100,000 mortgage. Effectively, investors are working in a much narrower box with fewer alternatives – all while the clock is winding down on the 180-day timeframe allowed to complete an exchange. Including a DST 1031 property option creates a reliable backup plan for investors like Alison T. in case her original property exchange falls through. That’s why DST specialists are a great resource for real estate brokers because they can help ensure the client has a reliable backup plan ready to go.

Smart brokers who represent investment property owners should always have a relationship with a DST 1031 specialist advisory firm like Kay Properties and Investments. They can present the DST 1031 strategy to their clients as an added benefit that they bring to the table, while also providing an expert resource for creating a back-up 1031 identification tool and creating a safe tactic to avoid a mortgage “boot”.

(*Every investor’s tax situation is different, and this article is not tax or legal advice. Investors should inquire with their CPA/Accountant to verify their 1031 requirements)

“When brokers are getting close to listing a property, it is important that they contact Kay Properties in an ample amount of time before their client’s deadline. This will give them enough time to understand the risk and business plan of each offering. We are always available for conference calls and or in-person meetings with your clients,” said Dwight Kay, founder and CEO of Kay Properties & Investments.

ABOUT THE AUTHOR

Chay Lapin is President of Kay Properties & Investments where he helps advise clients nationwide about Delaware Statutory Trust 1031 exchange investments including multifamily, commercial, and fractional NNN properties. Additionally, Chay has sponsored and co-sponsored the syndication of over two million square feet of DST properties in the multifamily, net lease, industrial and office sectors as well as invested in and operated multiple net lease assets and residential properties throughout the United States.



A graduate of the University of California at Los Angeles, Chay was a four-time Academic All-American water polo athlete and recipient of the prestigious UCLA Athletic Department Most Courageous and Character Award. Chay was a top-ranked United States performer and represented the USA in the 2012 London Olympic Games on the U.S. Men’s National Water Polo Team.

An Example of How a DST 1031 Exchange Can Replace Both Equity and Debt			
1031 Debt & Equity Replacement Amounts	Option One	Option Two	Option Three
Need to Replace \$100,000 in Debt	Invest \$100,000 into one all cash DST	Invest \$50,000 into an all cash DST	\$67,000 with a 60% LTV
Need to Replace \$200,000 in Equity	Invest \$100,000 into a DST with a loan at 50% Offering Loan to Value	Invest \$75,000 into two DSTs that have a 40% LTV each.	\$133,000 All-Cash/Debt-Free DST Investment

About Kay Properties and www.kpi1031.com

Kay Properties is a national Delaware Statutory Trust (DST) investment firm. The www.kpi1031.com platform provides access to the marketplace of DSTs from over 25 different sponsor companies, custom DSTs only available to Kay clients, independent advice on DST sponsor companies, full due diligence and vetting on each DST (typically 20-40 DSTs) and a DST secondary market. Kay Properties team members collectively have over 115 years of real estate experience, are licensed in all 50 states, and have participated in over \$21 Billion of DST 1031 investments.



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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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Rental Property Maintenance Items to Check

Continued from Page 1

from airway and examine heating elements for leaks to ensure safe operation. Additionally, you should cover the exterior HVAC units to prevent snow and cold from coming in.

No. 2 – INSPECT THE MACHINES IN YOUR 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 our 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 blockups during the fall and winter season. Treating water systems and drainage are always much easier to take care of before issues occur.

No. 5 – UPGRADE COMMON AREAS

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

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 our 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 by our 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 at 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 with her aid.

Keepe is an on-demand maintenance solution for property managers and independent landlords. The company makes a network of hundreds of independent contractors and handymen available for maintenance projects at rental properties. 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>.





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Suburbs Where Renters Became the Majority

RENTAL HOUSING JOURNAL

Renters are now “the majority in 103 suburbs that were previously homeowner territory 10 years ago, and 57 other suburbs are expected to follow suit in the next five years,” according to research from RentCafé.

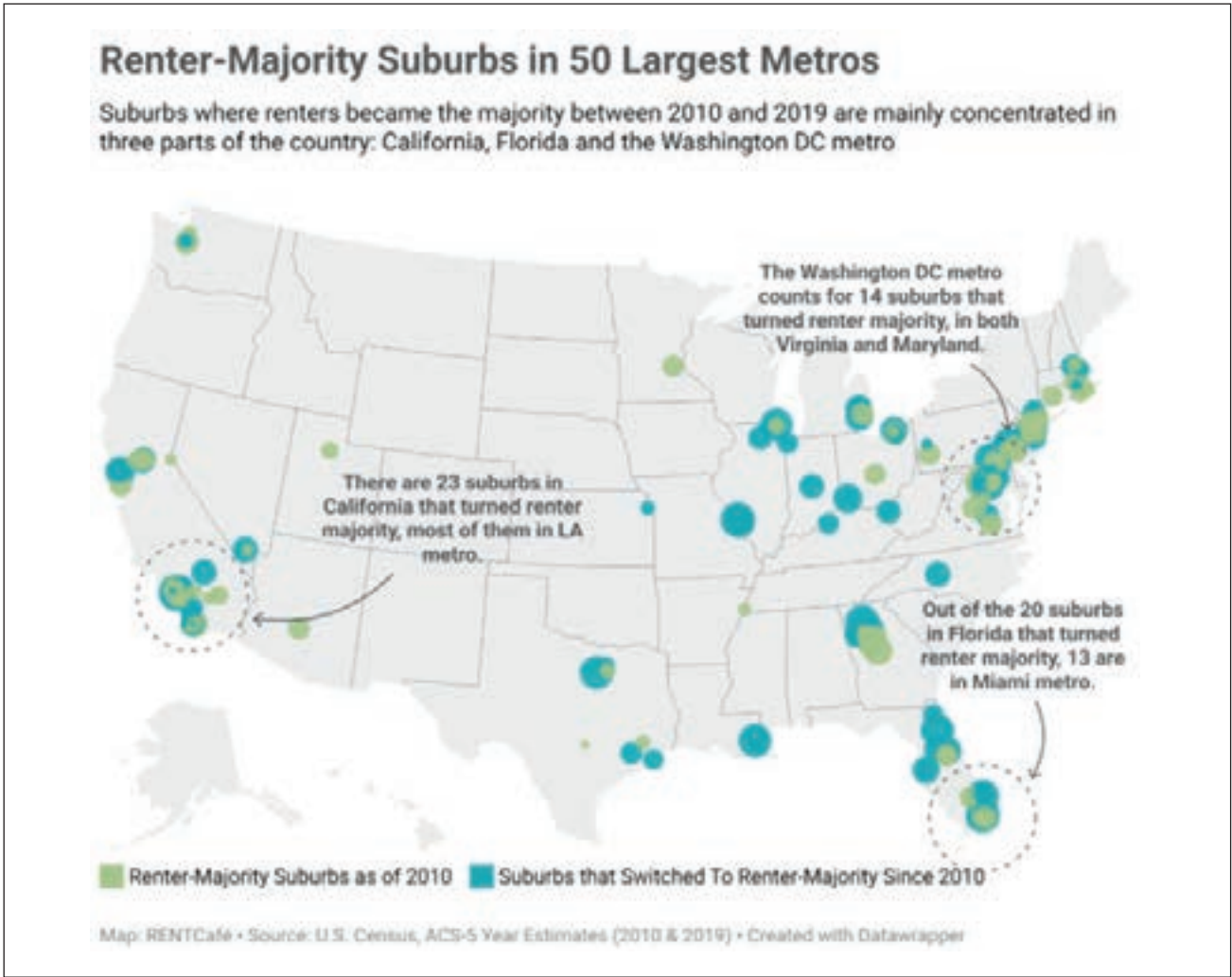
Renters became the majority in many suburbs in the nation’s 50 largest metros, which gained a total of 4.7 million people since 2010 — and of these, 79 percent were renters, according to the latest U.S. Census data.

Nearly 40 of the suburbs that transitioned to renter-majority in the last decade belong to just three metros: Washington, D.C. (14); Miami (13); and Los Angeles (12).

“We have reimagined the American dream for a modern, more diverse society where people are having fewer children and getting married much later in life (if at all), and where most good job/career opportunities require one to be flexible,” said Dr. Kenneth Landra, associate professor of sociology at Millikin University. He said today’s suburbia is far different from the “b by boomer fantasyland” it used to be.

According to Landra, many people will take advantage of the flexibility that remote work offers in the post-COVID-19 era — to the benefit of the suburbs closest to urban areas.

“With the increase in remote work, short-term projects and ‘side hustles,’ there’s every reason to believe that the future will be a more transitory, migratory existence. Most of this migration will be toward cities and urban landscapes, where even the suburbs will cluster most closely to urban areas,” he said.



The RentCafé report points out that, “During the past decade, the migration toward the suburbs developed fast: The number of suburban areas where renters are the majority grew by a staggering 69 percent. Now, following the switch to renter majority of these 103 suburbs, there are a total of 242 renter-dominated suburbs out of 1,105 suburbs analyzed in our 50 largest metros.”

Since 2010, the rental market has been building up in places previously dominated by homeowners. Specifically, the largest increases in renter share took place in a number of suburbs in the Midwest and were led by Maple Heights, Ohio, where the share of renters grew

by 87 percent. Second was Eastpointe, MI — a bedroom community located within a short drive of Detroit that registered a record percentage increase in renters here.

“We estimate that 57 more suburbs will be dominated by renters during the next five years if their share of renters continues to grow at the same rate. Notably, the pandemic has further extended this trend, having triggered an acute need for more living and breathing space — which the suburbs traditionally offer — as more Americans try to make the most of the new work-from-home trend,” her reports say.

THINGS AREN'T ALWAYS AS THEY APPEAR



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Understanding a Landlord’s Rights, Obligations in Situations Involving Domestic Violence

By **BRADLEY S. KRAUS**
ATTORNEY AT LAW/WARREN ALLEN, LLP

Contrary to the narrative you often hear from our local elected officials, landlords empathize with tenants who are in bad situations. This is most true when landlords receive knowledge that their tenant has been a victim of domestic violence. Landlords want to help but may not be aware of what rights they have, what rights the tenant has, and/or what it means for the tenancy of the DV perpetrator. In each of these areas, the law provides an answer.

Within the Oregon Residential Landlord and Tenant Act, ORS 90.453 provides a detailed discussion of the rights of a DV victim to terminate their tenancy. If the tenant has been a victim of domestic violence, they must provide the landlord 14 days’ written notice requesting that they be released from the rental agreement. The notice must specify termination date and must be accompanied by “verification” from the tenant regarding the domestic violence. This verification can be a copy of a court protection order, a copy of a conviction related to DV against the victim, or a form statement as laid out within the statute.

If the victim provides the requisite information, the landlord must release that DV victim and any immediate family member from the rental agreement. These individuals are not liable for rent or damages to the dwelling that occurred



after the termination date, nor can they be charged a fee of any kind. However, they remain liable for rent and damages that occurred prior. Assuming the DV perpetrator is a tenant in the same dwelling unit, that person remains liable for all the rent and damages to the unit as well.

A separate issue occurs when DV victim and DV perpetrator live together. Many landlords receive requests for lock changes against one tenant but are concerned about ouster claims. ORS 90.459 provides that a DV victim can request a lock change to effectively oust the perpetrator from their shared dwelling unit. However, before the landlord or tenant change the locks on that individual, the DV victim must provide the landlord with a copy of a protection order from a

court that orders the perpetrator to move out of the dwelling unit. That important item can usually be found buried within the protection order. A judge will usually write the address of the premises from which the DV perpetrator must move.

Provided the landlord has received the above, a valid lock change may occur, and the DV perpetrator may be ousted from the dwelling. The landlord is under no duty to provide the DV perpetrator access to the unit or their personal property, or to provide key to the dwelling. Once the protection order becomes a final order, the DV perpetrator’s tenancy terminates by operation of law. A final order usually results (a) if the order is not contested for a period of time, or (b) when it is contested, and the order is upheld. With the perpetrator’s tenancy terminated due

to the order, their name can be removed from the rental agreement by the landlord, and no further paperwork is needed.

There are many areas where landlords and tenants disagree. However, domestic violence is not one of them. Domestic violence of any kind has no place in any relationship. Using the DV statutes in the ORLTA, I have seen landlords and tenants work together to keep victims, and the communities in which they live, safe. It proves that the landlord/tenant relationship does not have to be as contentious as our local elected officials conjure it to be.

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.

Correction

Due to an editing error in Bradley Kraus’ most recent column, a Supreme Court decision was misstated. The court enjoined enforcement of a provision in a New York law. The article as published used the word instructed instead of enjoined, which is incorrect.



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Consumer Agency Cautions as Relief Ends for Renters

RENTAL HOUSING JOURNAL

As pandemic relief ends for renters, a new Consumer Financial Protection Bureau (CFPB) report is cautioning that renters and their families will face higher risks.

The report, a follow-up to 2020’s “Making Ends Meet” survey, warns that “millions of renters and their families may suffer previously avoided economic harms of the COVID-19 pandemic as federal and state relief programs end.”

Some government relief efforts likely helped maintain the financial stability of renters and their families, suggesting that many may be at risk as those programs expire.

“Despite improvements relative to the early pandemic, financial conditions for many renters are still tenuous relative to those of owners. Renters’ finances are more sensitive to public-policy interventions than those of homeowners, and pandemic-related supports that may have helped renters are slowly going away,” the report said.

The report, which compared homeowners and renters, found that, on average, renters’ economic conditions were significantly more responsive to relief measures such as stimulus payments and changes in unemployment benefits. When these programs end, renters and their families may each face heightened risk.

MANY RENTERS STILL BEHIND IN PAYMENTS

According to the U.S. Census Bureau, 16 percent of renters said that their household is not current on their rent payments as of June 2021.

And as of May 2021, renters owed an estimated \$29.7 billion in back rent. Rental assistance from more recent relief bills has been low to arrive.

HOW RENTERS COMPARE TO HOMEOWNERS

- Compared to homeowners, renters are more likely to be Black or Hispanic, are younger, and have lower incomes. Prior to the pandemic, average credit scores among renters were 86 points lower than those of homeowners with a mortgage, and 106 points lower than those homeowners who reported paying no mortgage. Renters’ Financial Well-Being Scores were nearly eight points lower than those of homeowners with a mortgage, and more than 13 points lower than homeowners who reported paying no mortgage.
- Renters’ debt obligations also differed considerably from those of homeowners before the pandemic. In June 2019, renters were more likely than homeowners to have student debt and to have used some form of alternative financial service, such as payday loans, home equity title loans.
- During the pandemic, despite poor labor-market conditions, renters’ financial conditions on average appeared to improve as much as or more than those of homeowners. Renters’ credit scores grew by 16 points during the pandemic, compared to 10 points for mortgagors and seven points for other homeowners, for example. However, renters’ credit scores, though improved, remained substantially below those of homeowners, even accounting for the modest improvements of renters’ credit scores.
- Renters’ financial conditions throughout the pandemic have been more responsive to changes in government financial assistance than those of homeowners. Delinquency, credit-card use, and credit-card debt among renters rose and fell in conjunction with stimulus payments and



changes in federal unemployment benefits, while homeowners’ delinquency, credit-card use, and credit-card debt remained comparatively stable.

- Among renters, some credit outcomes among groups who qualified for targeted pandemic relief appeared to be more responsive to policy changes than those among other groups. For example, credit scores among renters with student debt rose 40 points during the first months of the pandemic. Additionally, delinquency rates among renters with children saw a considerable decline following stimulus payments during the pandemic (dropping from 42.1 percent to 34.4 percent), perhaps reflecting that stimulus payments could be larger depending on the presence of children in the family.

SUMMARY

Without the pandemic-relief efforts of the government, “many renters may have experienced more financial difficulty than they did during the pandemic. As pandemic-related recovery continues and these programs phase out, our results suggest that renters’ finances may begin to deteriorate, as they did after the cessation of previous pandemic policy interventions.

“They also suggest that, while the financial status of renters may be sensitive to the recent or upcoming termination of various supports, they may also respond favorably to the availability of new assistance from Child Tax Credits and rental assistance,” the report said.

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RESIDENT NAME(S) _____ STREET ADDRESS _____ UNIT NUMBER _____

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As presently adopted, subsequently amended or modified, these House Rules & Regulations are incorporated into the Rental Agreement executed or renewed this date and apply to all residents, their family, temporary residents and/or guests. Each Resident is responsible for ensuring that his/her family and guests know and follow the House Rules & Regulations. "Management" means the Owner or Owner's Agent.

GENERAL POLICIES

- Unit entry areas, balconies, decks, patios and yards are not storage areas. Areas visible to the outside must be kept neat and free of clutter; no trash, laundry, furniture (except that specifically designed for outdoor use), dead plants, empty boxes, storage items or unsightly objects are allowed in these areas. No trampolines, bounce houses, pools, hot tubs, sandboxes, etc. are allowed on decks, patios or yards.
- To avoid injuries and damage to persons, property and the building structure, no objects or liquids may be thrown or allowed to fall from balconies, decks, windows or walkways. When watering plants, use appropriate containers under pots and ensure the water does not overflow the pots and/or their containers.
- No pet food or other food outside the unit, as this may attract wildlife.
- No part of the unit will be used for commercial activities of any kind that includes visits by customers or clients or storing inventory or supplies. Computer based and similar home businesses are allowed to the extent permitted by law.
- No structure of a temporary character, such as trailer, tent, shack, barn or other building, trampoline, bounce house, pool, hot tub, sandbox, etc. will be allowed in the common areas or on decks, patios, or yards, at any time. Owner/Agent may remove any such temporary structure without Resident consent and Resident will pay all costs involved.
- Modifications to the unit are prohibited without Management's prior written approval.
- To request maintenance and repair request form from Management, which may be available online. This form must be completed and signed by Resident.

I have read, understand and agree to comply with both pages of these House Rules & Regulations, including any future changes of which I receive written notice. (Must be signed by each adult resident.)

☒ SAMPLE RESIDENT DATE _____
☒ SAMPLE RESIDENT DATE _____
☒ SAMPLE RESIDENT DATE _____
☒ MAIN OFFICE (IF REQUIRED)

☐ ON SITE ☐ RESIDENT

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8. Residents are responsible for the conduct of their guests, who are expected to follow these House Rules & Regulations.

9. Nothing shall be done in any unit, or in any common areas, which will impair the structural integrity of the building.

10. No resident shall cause or permit anything, including but not limited to, signs, awnings, canopies, shutters, radio or television antennas, wires or cables, satellite dishes or air conditioners, to be displayed, installed or affixed to the unit unless allowed by law or written approval is granted by Management. Owner/Agent may remove any such items which are installed on the exterior of a unit without Resident consent and Resident will pay all costs involved.

11. Storage pods are not permitted anywhere on the Premises except as provided in this paragraph. Resident must comply with any applicable HOA rules regarding storage pods. If there are no applicable HOA rules, for single family homes, duplexes or other dwelling units that have a driveway for the sole use of Resident, storage pods may be placed only on the driveway and for no longer than five (5) days, then the pod must be removed. Any damage caused by a storage pod is the Resident's responsibility.

12. No resident shall keep or do anything in any unit or common area which will increase the rate of insurance on the buildings beyond that customarily applicable for residential rental housing use.

13. No resident shall permit anything to be done or kept in any unit or common area which will result in the cancellation of insurance on any building, or its contents, or which would be in violation of any federal, state, county, or city regulatory authority.

14. Owner/Agent is not responsible for personal property left in the common area and facilities or any other location on the Premises.

15. INSURANCE REMINDER: OWNER/AGENT'S INSURANCE DOES NOT COVER THE CONTENTS OF RESIDENT'S UNIT OR PERSONAL LIABILITY. IF THE RENTAL AGREEMENT DOES NOT REQUIRE A RENTER'S INSURANCE, THAT RESIDENT OBTAINS A RENTER'S INSURANCE, POLICY IF RESIDENT DOES NOT HAVE THIS INSURANCE.

16. Insurance Reminder: OWNER/AGENT'S INSURANCE DOES NOT COVER THE CONTENTS OF RESIDENT'S UNIT OR PERSONAL LIABILITY. IF THE RENTAL AGREEMENT DOES NOT REQUIRE A RENTER'S INSURANCE, THAT RESIDENT OBTAINS A RENTER'S INSURANCE, POLICY IF RESIDENT DOES NOT HAVE THIS INSURANCE.

PAGE 1 OF 2

PAGE 1 OF 2

OCTOBER 6	WEBINAR: LANDLORD STUDY HALL - FAIR HOUSING INDIVIDUALIZED ASSESSMENTS	6:30 PM - 8:00 PM
OCTOBER 7	VIRTUAL SPECTRUM 2021	8:00 AM - 4:00 PM
OCTOBER 14	FALL 2021 APARTMENT REPORT VIRTUAL PANEL	7:30 AM - 9:00 AM
OCTOBER 20	2021 REVERSE TRADE SHOW - TRICK OR TREAT	1:00 PM - 6:00 PM
OCTOBER 22	WEBINAR: LEASING WITH CONFIDENCE ONLINE MARKETING	10:00 AM - 12:00 PM



Diane Porter

Patricia Schluter

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The go-to periodical for property management professionals and multifamily investors doing business in Portland and Oregon

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Is Now a Good Time to Renovate the Exterior of My Rental Property in the Northwest?



By PACIFIC EXTERIORS

We have noticed a growing number of investment property owners are now taking the time to address their building's curb appeal to help maximize their rental potential, as well as add overall value to the property, while also addressing much-needed repairs.

As the rental market has rebounded since the housing crash in 2008, we saw many landlords asking for major interior renovations as a way to maximize rent potential for those units. Now as revenues have continued to climb, many landlords have again turned their attention to fixing and upgrading the building exteriors.

Buildings in the Northwest are prone to moisture damage in areas often unseen by the owner. The longer a building sits with unaddressed moisture issues, the more structural damages will occur overtime, resulting in a much higher repair costs.

Our multifamily property clients have had great success in increasing revenues upon completion of exterior renovations. By changing the color and adding some new details, one can really transform the entire community, making it easier to retain tenants as well as attract new ones while achieving the highest rents possible.





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Six Lessons from the Pandemic for Landlords

By **CHERRIE TAN / McMANIS FAULKER**

COVID-19 created a perfect storm for landlords, many of whom were thrown curveball after curveball, requiring them to adjust on the fly for their renters. The most challenging part for a landlord during the pandemic has not been the inability to collect rent, but the ongoing duty to maintain the property and to control emotions brought on by the pandemic.

Landlords' obligations were not put on hold during the pandemic, but COVID made it more difficult to fulfill them. Even if tenants are unable to, or refuse to pay rent, landlords are still required to manage tenant disputes, assure tenants' ordinary safety – and extraordinary safety when and if a tenant contracted the virus – and maintain the property when many building-maintenance services were closed or limited.

Landlords are not relieved of their duties until the landlord-tenant relationship ends, either by agreement with the tenant or by order of the court. For landlords who ignored their duties during the pandemic, their inaction could have serious legal implications, including the ability to recover costs and to profit. We did not know when another disaster will appear, but landlords can learn important business lessons from the COVID-19 crisis.

1. THE IMPORTANCE OF CASH RESERVES

During this pandemic, property owners paying federally backed mortgages were allowed to forbear their required

payments. That may not be the case next time. Even without the forbearance, landlords must understand that the mortgage is not their only expense. They are required to maintain the leasehold in a habitable condition, including but not limited to maintaining a clean building free from pests, with properly functioning plumbing, heating and electricity.

2. IMPORTANCE OF PROPER TENANT SCREENING

Preventing litigation is better than litigating. So, although it seems easier to choose tenants who agree to pay a higher price, can pay immediately, will move in quickly, and claim to hold a steady job, it is vital to conduct a thorough background check to review their credit history. It can help you in understanding the tenant better. Some tenants are financially solvent, but have poor money management skills. A high credit score generally indicates a person who cares about their credit. They may have a habit of paying their debts on time and in full. They may be less likely to believe the misconception surrounding COVID-19 that they are excused from paying rent, without a reason, and so.

3. COMMUNICATING WITH TENANTS

Tenants are human, and they interact with one another. During a high-stress event, including the pandemic, conflict between tenants may be heightened. A landlord has a duty to keep the property safe and habitable. It is important to have

a pulse on the situation, be diligent and thorough when faced with an issue, and to be fair with all tenants. The best way to manage and minimize problems is to keep open communication with all tenants. As a bonus, open communications help you maintain the property and resolve minor issues before they become major.

4. MAINTAINING PROPERTIES

A landlord has a duty to keep their rental habitable and, in some instances, to repair and replace damaged items. A well-maintained property keeps both the landlord and the tenant safe. During the pandemic, it was difficult for landlords to enter their property, especially when people were told to isolate and remain at home. However, landlords still were required to obtain the necessary materials and find service providers to make repairs. Planning and tending to the property's needs on an ongoing basis will benefit the landlord and the tenant in the future.

5. THE PAIN OF AN EVICTION

"The cost of evictions varies a lot, but it could be for landlords an expensive process as well. Among the costs for landlords as well is the emotional cost of an eviction."-Matthew Desmond

It is no secret that evictions are expensive. In normal times, evictions take months to complete. The pandemic only lengthened the time for evictions to conclude. Even when an eviction has concluded, and the court has granted possession of the property and holdover rent, a legal judgment may need to be enforced. Landlords can ask the local

sheriff to remove former tenants and commence their collection efforts through a garnishment or levy. Landlords, however, cannot physically remove the tenant from the property.

When a landlord asks the sheriff to remove tenants from the property, the sheriff must provide written notice to the tenants, explaining when they will appear on the property to remove the tenant. The notice will state a date after a tenant is instructed to leave the property pursuant to the court judgment. Tenants may confuse the date the sheriff provides and believe it is a government-sanctioned extension for them to stay in the property. When tenants vacate the property, they sometimes commit waste by leaving old furniture and trash on the property. The landlord may be required to store the furniture for 15 days before the tenant legally abandons the property.

Evictions are tiring and stressful. If a tenant files an answer to a lawsuit, they often check a litany of defenses on the court's form. The landlord must respond to each defense, often requiring an in-depth review of past communications and repair records. Even if landlords receive a judgment from the court, they must analyze their resources and determine whether the extra effort is worth enforcing the judgment. Ultimately, the landlord must have sufficient cash reserves to withstand an eviction.

6. SEEK GOOD LEGAL ADVICE

Courts were closed during the pandemic. See 'Lessons' on Page 12



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Are You 10-for-10 in Collecting the Rent?

Continued from Page 1

management, game-changing circumstances might be even harder to identify, as many perpetuate by the “If it’s not broke, don’t fix it” rule.

Having nearly 30 years of experience in this field, I have seen a lot of ideas come and go, but nothing has struck me as a game changer more directly than the introduction of online rent payments. After all, if I’m not collecting rent, then I have no business being in this business.

The following are the three main reasons I view online rental payment programs as a true game changer.

THE SYSTEM COLLECTS RENT FOR YOU

For far too many years, I had a renter who consistently paid rent on the fifth of each month (or later) and was never charged a late fee, even though they should have incurred one every month.

Why didn’t it happen?

First, I allowed it to. Second, I was always busy with other things and was genuinely happy when the check finally did appear.

With the advent of rental payment programs, I was able to take back control of who is in my property and get paid on time every time.

Imagine your tenant receives an email from the rental collection system prior to the due date indicating that rent is due in 5 days, then 4, then 3, etc. If they don’t pay, the system automatically reminds them that rent is due. If rent becomes past due, the system automatically begins calculating and assessing late fees starting on the date indicated by your lease. If a tenant calls, seeking permission to make a partial payment or waive fees, you simply tell them there is no way to do that because the system won’t allow it; the system will only let them pay the full amount including late fees.



It’s an easy way to play “good landlord, bad landlord” without getting our hands dirty.

RENT COLLECTION CONSISTENCY

As with all things in our industry, consistency is the name of the game when it comes to anything that can be regulated or overseen. This is especially true in regard to all interactions with your tenant, including collecting rent.

In my early years I had multiple properties and each tenant paid differently. One would bring a check to my home, another would mail theirs, and I even had one that would go directly to my bank and deposit directly into my account (with my bank account numbers, which I provided).

I was scoring a 0/10 when it came to rent-collection efficiency and consistency.

With my current rental-payments system I now have the ability to look at an online ledger and easily see the payment status of every property at a glance. Knowing who has paid, who is outstanding and who owes late fees puts me squarely in control of my business.

Having the ability to effectively “set it and forget it”

when it comes to collecting rent will allow you to be consistently on our practices and get paid consistently.

BENEFIT TO THE TENANT

Unlike the heartless, greedy persona that many use to describe their landlords, the overwhelming majority of us truly do want to provide some benefit to our tenants. Online rental-payment programs allow our tenants to 1) stop writing checks, which no one wants to do anymore, 2) set up automatic payments so you get your money at the same time every month, and 3) reports successful payments to the credit bureaus, helping to boost their credit.

Strangely enough, the things that benefit your tenant also benefit you. I challenge you to show me a landlord who doesn’t benefit from getting paid on time on a more consistent basis; it’s a win-win for both parties.

Recently Rent Perfect had our own game-changing moment with the launch of our own online rental-payment system. Regardless of whether you use Rent Perfect for tenant billing, round checks or to create your own custom leases, rent pay is available to all landlords and tenants. All landlords now have the ability to use the exact same process I use to manage the oft-challenging tenant lifecycle.

Designed with input from seasoned landlords across the country, this program was built to help you collect rent in a consistent manner to the benefit of every tenant... and yourself. When you are ready for a game changer for your business, we invite you make your life easier with Rent Perfect.

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

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SPECTRUM SCRAPBOOK

A return to the in-person event for 2021 last month was enjoyed by many vendors and attendees. Thanks to Multifamily Northwest for a great time, and we look forward to seeing you all again next year!

Lessons from the Pandemic for Landlords

Continued from Page 10

pandemic, and when they re opened, many landlords were unable to evict tenants for non-payment of rent. While landlords were able to evict tenants during the pandemic, courts could not hear cases predicated n on-payment to fr ent.

Some landlords sought eviction based on a breach-of-contract claim. Unfortunately, contract claims are not as straightforward and easy to prove as non-payment of rent.

The pandemic was and is a challenging time for landlords and their tenants. Landlords should remember that they provide the necessity of a home to tenants, and have a duty to maintain that prp erty. They invested in real estate because it seemed like a less risky business than other investment p portunities, but no businessi sw ithout risk.

The tips outlined above will hp efully help landlords understand their duties, minimize their risks, and keep their investments profitable. Communicating with and keeping good tenants will help the community and the landlord survive difficult times.

Cherrie Tan is an associate with McManis Faulkner in Silicon Valley, with a background in intellectual property and tech law. Cherrie is also a landlord and keenly aware of the issues facing property owners. She may be reached at (408) 279-8700 or ctan@mcmanislaw.com. McManis Faulkner is a Silicon Valley trial firm, providing a full range of services representing both corporations and individuals through trial and appeal. The firm handles a wide range of litigation, including business, civil rights, class actions, construction, criminal, employment (management), environmental, family, general civil, intellectual property, personal injury, probate, professional negligence and real estate.

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RENTAL HOUSING JOURNAL METRO OCTOBER 2021

Fair Housing and Sexual Harassment — Staff and Resident Relationships

By The Fair Housing Institute

What is sexual harassment in fair housing? Sexual harassment in fair housing focuses on staff or vendor interactions with residents as well as interaction between residents. Just as your staff is trained about sexual harassment between fellow employees, there needs to be training that focuses on how the staff interacts with residents – with clear policies that define what is and isn’t acceptable behavior. This article will discuss different scenarios that could affect staff/resident relationships and what needs to be done to avoid fair housing sexual harassment complaints.

Courteous or Too Friendly?

Of course, we always want our staff members to be courteous and respectful, but when can that cross the line? Consider, for example, an employee who pays a resident a compliment, perhaps on an article of clothing. This may seem totally acceptable. But what if this staff member continues on with compliments, or is noted to pay certain residents more attention than others?

When we talk about sexual harassment, it may be difficult to make distinctions about what’s legal and illegal, because there are broader definitions that include the culture or environment.

The legal definition of sexual harassment is asking for sexual favors and doing it in a manner that suggests there will be a benefit to the person: they’ll get their rent reduced, they’ll get better services, and so on. Does this mean we are free to say anything as long as we aren’t getting something in return?

A casual conversation or compliment dropped one time is probably not going to end in a sexual harassment complaint. However, the concern comes in when there is an environment that makes it OK to say things on an increasing basis, or that it becomes personal.

We need to remember that what one person thinks is OK may not be acceptable for another. The point being that to avoid a possible fair housing/sexual harassment complaint, there needs to be clear policies that ensure no lines are crossed and things are always kept on a professional level.

Personal Relationships

What is your company policy regarding staff and residents dating? This can lead to all sorts of problems. If your company does not have a strict “no-dating” policy, you will need at the very least policies and procedures that outline clear action that will be taken if a complaint is ever made.

Some companies have a general policy that personal relationships need to be reported so that the company is aware of them. If this is the case, there needs to be an exact reporting protocol that is well-known, and should include specifically to whom these types of relationships need to be disclosed.

What if the relationship is between two residents? What responsibility does management have then? Under the

Fair Housing Act, you are required to investigate if one resident makes a claim that another resident is sexually harassing them. Suppose the investigation finds the claim to be true; in that case, the offending party needs to be notified that the behavior should stop immediately and that sexual harassment in housing is not permitted. It will be viewed as a violation of the lease and they may lose their residence.

Vendors and Residents – Who Is Responsible?

While vendors are not technically employees, you are still responsible if a claim is made. Perhaps a resident tells you that the pest-control technician made them feel uncomfortable or made an inappropriate joke. What is your responsibility in this situation?

Ignoring this kind of complaint can lead to litigation and a fair housing complaint. The best way to mitigate this liability is to have a fair housing clause in your contract or agreement explaining that the vendor and its staff cannot discriminate against anybody and list all the reasons, including sexual harassment. And if you don’t have that kind of fair housing clause, you can always write a letter to each vendor that includes these same information.

This sets clear guidelines that have to be followed. If a sexual harassment claim is made, your policies can be referenced and action can be taken accordingly, with everything being documented as per fair housing best practices.

A Sexual Harassment Claim Has Been Filed – Now What?

Despite your best efforts, a claim still may be made. Here are five recommendations on how to properly handle sexual harassment claim:

No. 1 - Contact person(s)

All employees and residents should be informed of the name of the person to contact with any allegations of harassment, sexual or otherwise. There should be a second person also named, in case the allegation is against the first contact person.

No. 2 - Conduct an investigation

If a resident complaint is made that the statements or actions of another are offensive (even if the term “sexual harassment” is not used), regardless of the expected outcome, management should immediately conduct an investigation of the matter.

No. 3 - Document interviews

An investigation includes interviewing all relevant parties, documenting the interviews, and responding to the complainant writing.

No. 4 - Take appropriate action

If the investigation shows that the conduct was offensive or a violation of company policy, appropriate action should be taken with the employee, resident, or vendor, and documented. The definition of “appropriate action” will depend upon



the seriousness of the conduct and who is involved (employee, resident, or vendor).

No. 5 - Document the file

If the investigation does not substantiate the allegations of the complainant, the file should be documented with a statement by the supervisor of why it appears the allegations were without merit, and an appropriate letter should be sent to the person who made the complaint.

Best Practices to Find Balance and Avoid a Sexual Harassment Claim

As stated before, determining a clear line that is not to be crossed can be difficult. We want our staff members to be friendly with our residents, but we need them to be keenly aware of what is considered unacceptable behavior as well as how to respond if a claim is made.

One of the best ways to teach balance is through role-playing. Have your staff brainstorm scenarios that they think are relevant and then practice how to properly handle them. Doing this also shows

people’s differing tolerance levels. What one staff member may feel is acceptable, another may feel meets the definition of sexual harassment. This will open up the opportunity to have some great dialogue and drill down on specifics.

Along with regular training and practice sessions, it is a best practice that each employee annually sign a statement that sexual harassment is illegal and the employee understands that sexual harassment is a violation of company policy that will likely result in termination.

The takeaway is this: Fair housing training, policies, and documentation are all an absolute must to avoid a sexual harassment claim; or in the event one is made despite best efforts, the ability to handle it properly and legally.

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. Visit their website at www.fair-housinginstitute.com

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3 Reasons Investors Prefer Real Estate

CONTRIBUTED BY 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

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.”



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. 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 multifam-
4 Investopedia. “1031 Exchange Rules: What You Need to Know.”
5 Forbes. “How Buying a House Can Hedge Against Inflation.”

ily 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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Rents Rise, But Pace is Slower

Continued from Page 1

“As we’ve explored in detail, much of this year’s boom in rent prices can be attributed to a tight market in which more and more households are competing for fewer and fewer vacant units. Our vacancy index spiked from 6.2 percent to 7.1 percent last April, as many Americans moved in with family or friends amid the uncertainty and economic disruption of the pandemic’s onset.

“Since then, however, vacancies have been steadily declining. For the past several months, our vacancy index has been hovering just below 4 percent, significantly lower than the 6 percent rate that was typical pre-pandemic,” the reports say .

As prices rebound rapidly even in the cities that saw the sharpest declines last year, there are now just five cities remaining where rents have yet to surpass pre-pandemic levels.

That said, certain markets, such as Boise, Idaho and Spokane, Wash., appear to be cooling off.

“While the market remains extremely tight, we’re now seeing the first signals of that pressure beginning to ease,” the reports say .

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