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Best Cities for Renting Apartments in 2022 *Page 4*

No Wonder Small Landlords Just Want to Call it Quits *Page 5*

'Steering' is Against Fair Housing Laws *Page 7*

RENTAL HOUSING JOURNAL
INSIGHT FOR RENTAL HOUSING PROFESSIONALS

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Circulated Monthly To Thousands Of Local Apartment Owners, Property Managers, On-Site & Maintenance Personnel

Rent Growth 'Continues to Defy Gravity,' Yardi Matrix Reports

Rental Housing Journal

Multifamily performance continued its strong run in May even as year-over-year rent growth decelerated slightly to 13.9 percent. However, demand remains robust and regionally broad-based, according to Yardi Matrix in its May multifamily report.

"Multifamily rents continue to defy gravity, increasing a robust $19 in May to a U.S. average of $1,680," the report said. "Decelerating economic growth and concerns about gas prices and inflation have not eroded multifamily demand much, nor slowed down the upward climb of rents."

Some highlights of the report:

- Multifamily performance continues to outpace every year other than 2021. The average U.S. asking rent rose $19 in May to an all-time high of $1,680.
- Year-over-year growth decelerated by 40 basis points to 13.9 percent. That's 130 basis points off the peak last summer, but still exceptional performance.
- Demand and rent growth continue to increase throughout the country. Rent growth rose at least 10 percent year-over-year in 26 of Yardi's top 30 metros.

The average single-family asking rent increased by $19 in May to $2,038, as year-over-year growth dropped by 70 basis points to 12.7 percent. Although the national occupancy rate fell 0.2 percent, the sector will continue to ride strong demand, especially as home sales wane due to higher interest rates.

The report also points out the continued growth of metros in the Sun Belt – especially Florida, Texas, and Arizona – which are benefiting from migration due to the inflow of population and jobs. Gateway metros continue to rebound from the pandemic slump, backfilling the renters who moved

See 'Rent' on Page 5

Ask an Attorney

How Can Landlord Prove Tenant Smoking Pot, Against Rules?

By Bradley S. Kraus

Dear Attorney Brad: I have a tenant who smokes marijuana, and the lease states no smoking at all. How can I prove that she is smoking to prove it to the judge in court? Thanks. -Romy

Dear Romy: Thank you for your email. Smoking issues can prove challenging when it comes to proof.

If no one sees the tenant smoking, how can you prove it's occurring?

Well, there's a couple different methods you may be able to employ.

First, the complaints of smoke smell

See 'How' on Page 5

Landlords: Don't Be Easy Target of Fraud

By David Pickron

Just last week I received an email that promised me the easy life. King Jeremiah from Zimbabwe had $45 million that he needed my help with to get out of his country. Imagine that… little ole me being contacted to help royalty in another country. And for my troubles, I'd get half of the money. I was blown away, even overwhelmed, by this amazing turn of fate that had come my way.

Most of us can clearly see through offers like this a mile away, but they keep coming. Someone must be falling for these types of scams, or they would not continue month after month, year after year. Though fraud schemes like these are easy to see, scammers are getting better and better at using your information against you. One slip and you could lose your identity or thousands of

See 'Landlords' on Page 8

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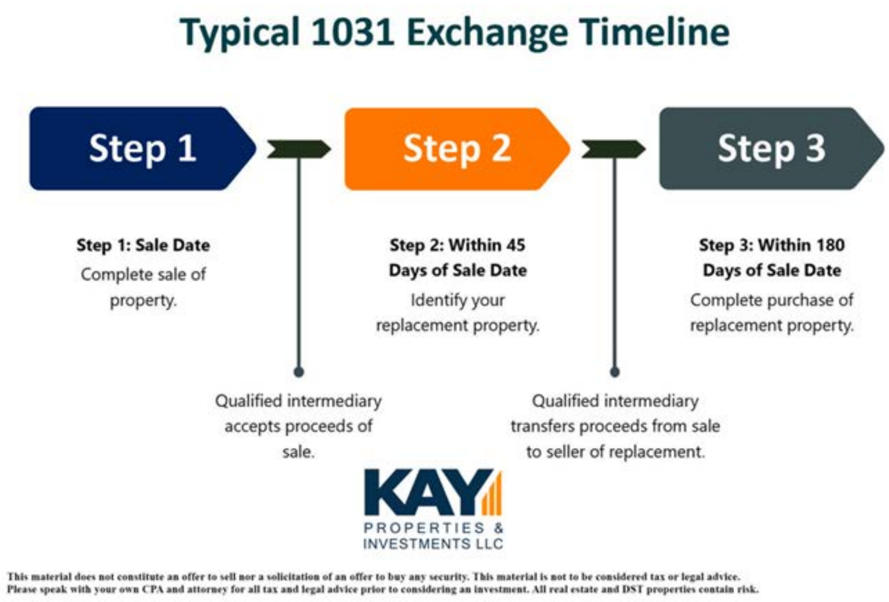
Picking the Right Delaware Statutory Trust Companies

Investors often must juggle multiple investment options, like where to invest and with whom. When it comes to evaluating a Delaware Statutory Trust or DST investment, real estate investors should look for a firm that specializes in DST investments to help ensure their 1031 Exchange is executed, with no detail being dropped.

One of the most important reasons investors need to carefully research any Delaware Statutory Trust company is because 1031 Exchange investment decisions need to be made within a tight timeframe, and within strict IRS requirements. These are not easy decisions to make within the timeframe, as they require careful assessment and specialized know-how of both the 1031 Exchange and DST industries.



1031 Exchange Timeline Considerations

The IRS timeline on a 1031 exchange can be extremely challenging, including completing the following steps within the specified timeframe as outlined under Section 1031 of the United States Internal Revenue Code:

1. Investors must purchase another “like-kind” investment property
2. The replacement property must be of equal or greater value
3. Investors must invest all the proceeds from the sale (i.e. the sale cannot receive any “boot”.) NOTE: A boot is a portion of the sales proceeds you receive from a 1031 exchange that isn’t re-invested in a replacement property. For example, if you sell a property for $200,000 but only re-invest $180,000, the $20K difference is known as boot.
4. The investor must be the same title holder and taxpayer
5. Investors must identify new property within 45 days
6. Investors must purchase new property within 180 days

How Knowledgeable is your Delaware Statutory Trust Company?

One of the greatest benefits of working with a specialized and skilled Delaware Statutory Trust company is that they can provide investors not only expert advice and insight into the various property options, but also provide advice on building a conservative, customized, and diversified portfolio for their investor’s. Some firms advise investors to select risky businesses like hospitality, senior care, and oil & gas industries for 1031 exchange property options. Firms like Kay Properties & Investments is focused on building conservative, customized, diversified portfolios for their clients, doing everything possible to minimize risk.

Another important investment criterion investors should consider when a DST 1031 exchange, is does the firm provide 1031 Exchange investors a diversified menu of real estate assets from which they may choose, rather than forcing them to pick from limited options.

Kay Properties has access to the marketplace of DSTs from working closely with more than 25 DST sponsor companies. This allows investors to close their 1031 Exchange in little as 2-3 days, and invest in quality assets within the multifamily, net-lease, self-storage, industrial and manufactured housing sectors. In addition, Kay Properties offers the industry the largest inventory of custom debt-free DSTs while other firms only have 1 or 2 available. In addition, Kay Properties provides its clients a cash-out refinance option for those investors seeking potential liquidity.

Are They Offering a Breadth of Investment Options?

One of the concerns with having limited investment options is that investors may choose to invest their money in a particular investment not because it is necessarily the most suitable available in the market, but simply because it is the best option amongst those presented to them. For example, Apple and Microsoft are often considered by some to be well managed and profitable companies, but if those were the only options presented to a stock investor by their financial advisor, that investor would not necessarily know about other companies sometimes considered by others to also be well managed and profitable in which they could diversify their holdings, such as Amazon, Google, Netflix, etc… The same is true in the world of Delaware Statutory Trust brokers.

Many 1031-exchange investors are sometimes introduced to DST 1031-exchanges by someone that only has access to one or two DST properties and/or who has very little experience/knowledge in completing and evaluating 1031 DST exchanges.

What About the Education Process for DST 1031 Investors?

Because the Delaware Statutory Trust 1031 IRS laws can be confusing, the best Delaware Statutory Trust broker should offer investors educational tools to help them find the right DST investment vehicle. In addition, a good DST 1031 firm should also possess extensive knowledge about the different types of DST options, and be able to share this knowledge so that their client can pick the right property that meets their goals and objectives, be it in terms of tax deferrals or benefits and of course potential returns. And – depending on your unique goals and objectives – an excellent DST broker may help you select DST investments as you consider all three: potential income, potential capital preservation, and capital appreciation potential.

Kay Properties has one of the most (if not the most) robust 1031 Delaware Statutory Trust educational platforms in the nation. Some of these educational tools include:

- DST 1031 Conference Calls
- 1031 Exchange Delaware Statutory Trust Seminars and Workshops
- Vast Library of DST blog articles where investors can learn about DST trends, transactions, and insights
- A Regularly Updated Library of Podcast Episodes dedicated to DST 1031 exchanges

What Does their Track Record Say?

Another good idea for investors who are looking for the right Delaware Statutory Trust company should do is to examine the track record of any firm you are thinking of working with to determine whether they have extensive experience with DST 1031 investments. A long track record suggests they have acquired the necessary financial skill set and industry expertise which can help them evaluate several options to help you pick the right one. Plus, with years of experience in the DST sector, the best DST companies boast of a broad network of DST sponsors, offering you many options to choose from.

Kay Properties & Investments is considered one of the most experienced and knowledgeable investment firms in the country specializing in Delaware Statutory Trust (DST) and private equity real estate investments. The firm was established in 2010 with the emphasis on providing real estate investment options to high-net-worth clients looking for passive real estate ownership. In addition, Kay Properties believes it has created one of the largest 1031 exchange and real estate investment online marketplaces in the country that generates some of the largest DST 1031 investment volume in the United States. In 2021, for example, Kay Properties clients participated in thousands of transactions, and the $610 million of equity invested through the Kay Properties platform was invested in more than $8 billion of real estate offerings totaling approximately 50 million square feet of multifamily, manufactured housing, single tenant net lease, industrial, self-storage and medical properties nationwide.

Besides a deep network, what accredited investors deserve is an experienced and knowledgeable 1031 Delaware Statutory Trust broker that can provide them with valuable insight, guidance, and access to a large amount of diverse DST properties from many different DST sponsor companies. Kay Properties, a national Delaware Statutory Trust (DST) investment firm, is such a DST broker.

What Kay Properties Can Do for You?

One of the tremendous resources offered to investors by Kay Properties is the kpi1031.com online marketplace. The www.kpi1031.com platform provides access to the marketplace of DSTs from over 25 different DST 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 150 years of real estate experience, are licensed in all 50 states, and are 1031 exchange DST brokers who have participated in over $30 Billion of DST 1031 investments.

Sophisticated real estate investors know that choosing the right DST broker is critical when looking to place their 1031-exchange or cash-investment dollars into a DST.

What to Look for When Searching for a Delaware Statutory Trust Company

WHAT TO LOOK FOR	WHAT DOES IT MEAN?	WHAT QUESTIONS TO ASK
Make sure the firm is hyper-specialized in DST 1031 Investments.	A true DST specialist firm will have participated in billions of dollars of DST investments and be able to provide clients custom options to satisfy their specific, unique needs.	Key Takeaway: Ask how many DST 1031 deals the firm has successfully completed.
Make sure you use a firm that has an entire team of DST 1031 professionals.	It’s important to understand how the concepts of debt replacement, lease structuring, diversifying real estate portfolios, etc. are relevant to any 1031 exchange. A true DST 1031 expert will be able to explain these and other terms in great detail.	Key Takeaway: Ask very specific questions and demand very specific answers.
Make sure you use a firm that is very particular with their DST properties.	Many firms that don’t specialize in DST properties encourage investors to look at assets that have higher risk, overly priced, and little performance data.	Key Takeaways: Ask where the advisory firm sources their properties for 1031 exchanges, and what type of due diligence they have performed on the properties
Make sure to use a firm that has some of its own skin in the game.	Smart investors work with DST 1031 advisory firms who invest their own money in the investments they are selling.	Key Takeaways: Ask if your advisory firm personally invests in the specific properties they are advising other people to invest in.

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 150 years of real estate experience, are licensed in all 50 states, and have participated in over $30 Billion of DST 1031 investments. This material does not constitute an offer to sell nor a solicitation of an offer to buy any security. Such offers can be made only by the confidential Private Placement Memorandum (the “Memorandum”). Please read the entire Memorandum paying special attention to the risk section prior investing. IRC Section 1031, IRC Section 1033 and IRC Section 721 are complex tax codes therefore you should consult your tax or legal professional for details regarding your situation. There are material risks associated with investing in real estate securities including illiquidity, vacancies, general market conditions and competition, lack of operating history, interest rate risks, general risks of owning/operating commercial and multifamily properties, financing risks, potential adverse tax consequences, general economic risks, development risks and long hold periods. There is a risk of loss of the entire investment principal. Past performance is not a guarantee of future results. Potential cash flow, potential returns and potential appreciation are not guaranteed. Nothing contained herein constitutes tax, legal, insurance or investment advice, nor does it constitute a solicitation or an offer to buy or sell any security or other financial instrument. Securities offered through FNEX Capital, member FINRA, SIPC.

BEST CITIES FOR RENTERS RANKED — Rent Cafe

Overall Rank	City	Population	Cost of Living & Housing Rank (Weight: 50%)	Cost of Living	Avg. Apt SqFt	Occupancy	Share of New Apt.	Share of High End Apt.
1	Round Rock, TX	128,812	13	94	912	95.8%	20.2%	75.6%
2	Raleigh, NC	469,698	16	96	958	95.2%	14.4%	64.5%
3	Conroe, TX	88,369	3	93	920	94.3%	26.7%	70.4%
4	Greenville, SC	69,648	2	91	947	94.8%	19.6%	43.7%
5	Orlando, FL	284,817	22	97	958	95.8%	14.7%	60.9%
6	Jacksonville, FL	902,488	8	93	966	95.1%	13.9%	51.2%
7	Charlotte, NC	873,570	24	97	943	94.9%	20.9%	68.4%
8	Charleston, SC	137,041	32	100	967	94.4%	29.3%	52.6%
9	Atlanta, GA	497,642	39	103	974	94.3%	17.0%	66.8%
10	Austin, TX	965,872	55	102	863	95.1%	17.6%	63.0%
11	Sarasota, FL	57,787	44	101	952	97.4%	37.8%	67.4%
12	Savannah, GA	145,492	1	88	968	95.5%	17.0%	33.1%
13	Plano, TX	288,870	66	111	936	95.4%	12.2%	78.0%
14	Knoxville, TN	187,487	4	84	974	97.7%	11.0%	28.8%
15	Tampa, FL	395,912	40	96	929	95.8%	11.7%	48.1%
16	Columbia, SC	134,057	10	93	1,006	93.0%	7.9%	35.1%
17	Lincoln, NE	286,388	19	93	942	97.4%	11.4%	39.2%
18	San Antonio, TX	1,529,133	27	94	859	94.5%	14.1%	46.6%
19	Houston, TX	2,313,238	33	95	882	93.0%	9.0%	42.4%
20	Fort Worth, TX	892,221	37	96	872	94.5%	19.5%	46.2%
21	Lubbock, TX	257,013	13	93	920	93.3%	10.4%	40.1%
22	Columbus, OH	889,079	17	92	884	94.2%	13.8%	23.3%
23	Amarillo, TX	199,225	29	81	824	92.7%	5.6%	18.2%
24	Nashville, TN	667,070	41	97	885	94.8%	24.5%	49.6%
25	Huntsville, AL	199,845	12	90	939	94.7%	5.2%	38.8%

City	Share of Renters	Local Economy Rank (Weight: 30%)	Unemployment Rate	Share of High Educated	Renter Income	Job growth	No. of Business Applications
Round Rock, TX	41.4%	10	4.9%	41.3%	$67,740	9.1%	0.023
Raleigh, NC	48.5%	12	4.3%	51.4%	$52,871	5.4%	0.022
Conroe, TX	45.5%	36	4.0%	27.9%	$48,871	6.5%	0.019
Greenville, SC	56.9%	25	3.3%	50.8%	$46,138	3.1%	0.019
Orlando, FL	62.7%	17	5.0%	39.9%	$50,679	9.2%	0.036
Jacksonville, FL	43.6%	47	5.5%	29.3%	$45,677	5.4%	0.030
Charlotte, NC	47.2%	19	4.9%	44.8%	$54,602	3.7%	0.031
Charleston, SC	44.6%	8	3.4%	54.4%	$54,381	4.6%	0.024
Atlanta, GA	55.2%	21	6.6%	53.4%	$47,180	6.3%	0.061
Austin, TX	54.5%	7	4.4%	53.4%	$61,972	9.1%	0.023
Sarasota, FL	42.0%	26	3.7%	37.2%	$46,274	7.9%	0.019
Savannah, GA	56.0%	73	8.4%	29.1%	$39,597	7.2%	0.030
Plano, TX	41.1%	1	4.0%	57.6%	$78,706	7.4%	0.025
Knoxville, TN	53.1%	82	5.5%	33.5%	$33,731	4.1%	0.011
Tampa, FL	50.7%	35	5.8%	39.9%	$44,559	5.5%	0.029
Columbia, SC	53.0%	78	6.8%	43.4%	$33,473	1.3%	0.025
Lincoln, NE	43.8%	42	3.5%	39.9%	$42,920	2.2%	0.009
San Antonio, TX	46.2%	62	5.9%	26.4%	$42,941	6.8%	0.014
Houston, TX	57.1%	41	6.2%	34.3%	$46,071	6.5%	0.023
Fort Worth, TX	43.0%	38	5.7%	30.1%	$49,272	7.4%	0.020
Lubbock, TX	48.2%	65	4.2%	33.7%	$36,642	4.9%	0.012
Columbus, OH	55.1%	43	5.4%	36.8%	$46,365	2.4%	0.021
Amarillo, TX	40.9%	69	3.8%	23.3%	$40,848	3.6%	0.010
Nashville, TN	46.0%	20	4.7%	42.8%	$50,643	6.5%	0.023
Huntsville, AL	43.3%	55	5.0%	44.0%	$37,193	2.7%	0.017

City	Quality of Life Rank (Weight: 20%)	Apt. in Top Locations	Avg. School Quality	Annual Delay per Car Commuter (h)	Share of Car Users	Natural Amenity Rank	Days with Good Air Quality
Round Rock, TX	12	46.4%	6.3	41	75.7%	3.24	146
Raleigh, NC	9	51.6%	4.8	17	75.3%	0.23	196
Conroe, TX	24	29.0%	5.7	21	82.0%	1.58	168
Greenville, SC	45	7.9%	5.9	16	78.4%	1.83	189
Orlando, FL	21	25.8%	4.9	22	77.0%	2.96	151
Jacksonville, FL	25	35.8%	4.6	21	78.7%	2.31	131
Charlotte, NC	30	24.2%	4.8	24	72.6%	0.82	187
Charleston, SC	38	13.8%	5.0	26	76.3%	1.45	228
Atlanta, GA	17	44.7%	4.7	37	63.0%	-0.24	182
Austin, TX	10	45.5%	5.6	41	70.1%	3.24	146
Sarasota, FL	13	24.7%	6.1	12	75.5%	4.78	153
Savannah, GA	58	0.0%	3.8	14	71.3%	1.76	223
Plano, TX	5	69.9%	6.8	40	76.9%	1.01	201
Knoxville, TN	39	17.3%	5.1	23	78.1%	0.62	201
Tampa, FL	23	25.1%	4.5	18	74.0%	4.32	126
Columbia, SC	35	15.0%	4.4	19	63.4%	0.56	191
Lincoln, NE	68	13.8%	5.1	7	79.7%	-2.55	189
San Antonio, TX	28	25.6%	4.8	32	76.3%	2.63	156
Houston, TX	47	31.3%	5.0	49	75.9%	-0.04	120
Fort Worth, TX	43	29.5%	4.5	40	79.1%	1.02	151
Lubbock, TX	72	2.8%	4.8	13	79.8%	1.14	187
Columbus, OH	96	4.4%	3.9	27	77.7%	-2.43	189
Amarillo, TX	28	17.8%	5.5	10	82.8%	2.36	189
Nashville, TN	74	9.0%	4.7	28	75.3%	0.33	123
Huntsville, AL	95	5.4%	5.6	14	84.1%	-1.25	139

The Best Cities for Renting Apartments in 2022

Rental Housing Journal

RentCafe has ranked the best U.S. cities for renting an apartment in 2022, using a unique combination of 17 metrics and proprietary data, according to a release.

"In addition to what it costs to live in America's cities, we also looked at the selection and quality of apartments, the quality of their neighborhoods, occupancy rates, local economy growth, air quality, job opportunities and much more," the company said in the release

The report ranks the suburb north of Austin, Round Rock, as the best city for renters in 2022, followed by North Carolina's fastest-growing city, Raleigh.

Here is the ranking across the three main categories of cost of living and housing, local economy and quality of life:

Round Rock, Texas

Round Rock leads other Southern cities, small and large, which confirms not only Texas' appeal for renters, but the South's as an entire region.

Round Rock stands out especially due to its highly rated schools, having one of the best job growths in the country: 9.1 percent, and a large stock of high-end apartments: 75 percent.

Raleigh, N.C.

Raleigh takes the second spot due to its great quality of life metrics, as well as its high-end apartments in quality neighborhoods, low unemployment rate – 4.3 percent, and access to high-quality education.

Conroe, Texas

Conroe ranks third, thanks to its great cost of living and housing, followed by Greenville, S.C., and Orlando, Fla., which rounds up the top 5.

Jacksonville, Florida

Jacksonville, Fla., takes the title of best large city for renters, at No. 6 overall. What made it stand out were its large apartments, high number of new business applications – one of the highest in the country, good job growth – 5.4 percent, and low unemployment rate– 5.5 percent.

Smaller Cities

Small cities dominate the cost of living & housing section, with Savannah, Ga., in the lead. Its large floorplans and lower overall cost of living helped the city rank high up in the general chart as well, at No. 12. Plano, Texas ranks best for local economy, with a low unemployment rate of 4 percent, one of the highest average incomes: $78,700, and a healthy job growth of 7.4 percent.

RentCafe analyzed data for hundreds of cities across the nation and narrowed them down to 115 candidates for the best cities to live as a renter in 2022, using a unique combination of 17 metrics based on proprietary data that covers not just affordability, but also the selection and quality of apartments available in each city, the quality of the neighborhoods where rentals are located, occupancy rates, opportunities for job growth, air quality; and much more.

No Wonder Small Landlords Want to Call It Quits

By Ron Garcia

June is here. The Rose Festival is happening at Waterfront Park. The NBA playoffs, Stanley Cup finals, and Indy Car races are all running at full speed. Golf courses and hiking trails are packed, and rush hour traffic is at a standstill, exaggerated by summer roadwork and detours. Google calendars are jammed with happy-hour events and networking groups and business coffees and lunch appointments. Zoom meetings are now arranged only for their convenience rather than their necessity. Everyone seems to be making vacation plans despite higher gas prices, while real estate values continue to rise.

It could easily lead us to forget that the COVID-19 pandemic ever happened. Except that it did, and it is still threatening, and there are reminders everywhere we turn. Its negative effects linger in cautious handshakes and arise every time someone sneezes in public or stands apart while cloaked in a mask.

As a landlord, you may still be feeling the throbbing headache of your tenants' unpaid rent as they continue to be protected under Oregon's Safe Harbor regulations. Today it's not uncommon for tenants who had been approved for Emergency Rental Assistance, and who were already paid thousands of dollars for back-owed rent by the state, to still be delinquent either for recent months or for some gap that occurred in 2020 or 2021 that remained uncovered and unpaid by any assistance dollars.

It is frustrating especially to smaller landlords who are straddled with mortgage payments and burdened by a lack of income from their investment properties. They are unable to terminate the tenancy to either sell or re-rent the unit and they can't do much about raising old, below-market rents beyond small percentages now prescribed by state law.

Many tenants are equally distressed because they have been incentivized by the state to not pay rent. They have fallen behind beyond any amount they might qualify for, even if their applications for assistance get approved. Those dollars are drying up and OHCS announced that the portal has closed. Meantime, the market has tightened up with very few vacancies and higher rents, so tenants are now left with limited alternatives for replacement housing when that day finally comes, and they are forced to pay up.

How did we get here? The more the market is regulated, the more "unintended consequences" arise, creating more problems. The pandemic was not the only catalyst creating bad regulations, but it sure piled a lot more of them on! Hello – is anybody home?

One example is an Oregon law passed last year called SB 291. It's a requirement to lower screening guidelines stating that criminal backgrounds should rarely be used as they do not indicate an applicant's ability to pay rent. Consider this: When an existing tenant feels threatened by a newer neighbor's behavior, they are also generally too intimidated to testify against it, thus providing the landlord with little or no ability to terminate the bad actor for cause. So, what happens? The existing neighbor moves out and is now forced to pay a much higher rent for a new unit. Then, what happens to that vacancy? The landlord renovates it and raises its rent, of course, to cover their losses. Is this any way to solve affordable housing issues? Are lawmakers so far removed that they don't see what is actually happening at home? And even though both the landlord and the existing tenant were each negatively affected by this forced arrangement brought on by a convoluted regulation, some advocates try to use these optics to "prove" that discrimination exists and the only thing that matters to landlords are higher returns.

Many affordable housing advocates are now using the homeless crisis to demand even more regulation. As they re-brand the problem as "houselessness," it's easy to see where they expect to find solutions. Wide-ranging all-encompassing statutes that claim to defend and protect classes of people who are disproportionality affected and who are rent-burdened due to long standing social injustices are having the exact opposite effect on the people they claim to be defending.

No wonder so many small landlords are compelled to call it quits and get out of town. We need a break!

Affordable and safe housing is paramount to a thriving community. We elect lawmakers to help create solutions to improve the well being of us all. As we collectively relax this summer in our re-opened social endeavors, let's all agree to write a postcard to our representatives at the state house and tell them our stories of frustration. Maybe let them know that "we wish they were here" to protect us too.

Ron Garcia is Executive Director of Public Policy at Rental Housing Alliance Oregon. He can be reached at ron@rhaoregon.org.

Rent Growth Continues

Continued from Page 1

during the pandemic. Now there are a new set of households that want an urban experience.

Interest rates are affecting transactions

The increase in interest rates shows that transaction activity is slowing.

"Buyers using leverage of 70 percent or more are finding that financing is drying up, and deals with aggressive bids have fallen through. Property values—which rose around 20 percent in 2021—are down 10-15 percent, based on reports from investors and sellers.

"However, the change in pricing has been slow to be recorded because many sellers are holding out rather than accepting lower bids," the report says.

"The expectations for solid rent growth in coming years should prevent acquisition yields from ballooning, even if rates keep increasing.

"Even taking the bullish expectations into account, however, investors and lenders must heed the lesson of the Global Financial Crisis and maintain discipline, avoiding underwriting unrealistic assumptions into transactions," Yardi Matrix says.

How to Prove Tenant Smoking Pot, in Violation of the Lease

Continued from Page 1

likely came from neighbors. Try to "box" the smoke in, which will assist you with pointing the finger at this tenant. In essence, if the neighbor above, the neighbor below, and the neighbors on both the left and right sides of the tenant smells smoke, and that smell is strongest towards the alleged smoker, then there's certainly favorable circumstantial evidence to suggest that particular tenant is smoking.

Second, marijuana smoke can leave a particular odor in an enclosed area. If you inspect the property, and the place stinks of marijuana (but none of the surrounding neighbors' premises smell like marijuana), again, there's a favorable inference to be had there.

Finally, if you have an onsite manager, it may be appropriate to have that individual walk through the hallway (assuming it's a multifamily building) when there's a smoking complaint. If the manager walks by the tenant's door, and can smell marijuana from the outside, that's solid proof.

Ultimately, the best proof is what you can see, and have someone testify to. If you don't have that type of proof, there's always risk . . . but that risk must be weighed against the headaches your other tenants are currently experiencing.

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Workplace Culture No Longer Enough to Attract, Retain Organization's Associates

By Maritza Riquelmy-Romero

Culture is incredibly important to an organization. But as the multifamily industry is rapidly discovering as it emerges from the pandemic, culture can no longer compensate for foundational needs when it comes to hiring and associate retention in the workplace.

While a relaxed dress code and a ping-pong table in the break room may have once indicated a fun and edgy corporate culture worth signing up for despite a slightly lower salary and lesser benefits, prospective employees now want it all. And they're getting it.

With the hiring and retention challenges currently faced by nearly all industries, apartment companies included, job seekers are firmly in the driver's seat. They don't have to settle or sacrifice their work/life balance. They want an enjoyable workplace culture, as well as all the tangibles that serve as the cornerstones of a positive and fruitful employment situation. Now, it's up to multifamily owner/operators to deliver.

As multifamily companies compete for a limited pool of candidates, here are seven best practices to create a competitive advantage:

1. Competitive Compensation

As competitive as multifamily has become in terms of recruitment, operators can't afford to offer anything less than top of market wages and compensation. Whether hourly or salaried, associates know their value and have a baseline expectation for pay. While job seekers still seek out top companies and fun workplace environments, they aren't willing to join an organization that doesn't also meet their income requirements.

2. Bolstered Benefits

When pay is equal across the industry, operators can create a competitive advantage through their benefits packages. Especially for entry-level associates, comprehensive health benefits can be a huge enticement. Scaled company contributions, where associates earning less also pay less for health benefits, can help to recruit new associates because less of their earnings will go toward insurance coverage.

Increased vacation time, an extensive list of paid holidays and creatively structured time-off opportunities can also tilt the scales when a prospective hire is weighing job offers. Organizations are also going a step further, offering education reimbursement, rent discounts, pet insurance and sabbatical leave for tenured associates.

3. Comprehensive Training

New hires who enter their roles prepared to hit the ground running typically express increased job satisfaction in the early stages of their employment. Training programs that position new associates to contribute immediately and feel competent in their work can prove invaluable, both in terms of associate satisfaction and property performance.

But training shouldn't cease after the onboarding process. Ongoing training platforms that keep associates up-to-speed with new technology implementations, renter preferences and company objectives also serve to increase associate retention. Employees who feel like they are evolving in their roles and provided with career development opportunities are more engaged with their work. And engaged employees are loyal employees.

4. Emphasize Retention

Recruitment and hiring often receive an inordinate amount of attention when it comes to maintaining a multifamily workforce. The real challenge in maintaining teams is not attracting new associates but keeping current employees in place.

Operators need to be cognizant of rising starting salaries compared to current employee compensation. By taking care of existing team members first, and not offering new hire benefits that aren't first extended to active associates, companies can demonstrate a commitment to employee retention.

People don't leave companies. People leave people. When operators can curb associate turnover, they create more cohesive and productive teams and forge deeper interpersonal connections. Associates working in an environment of continuous turnover don't form the same connections with their coworkers, making it easier to leave. In contrast, when coworkers have been side-by-side for years, the workplace develops more of a family feel.

5. Solicit Associate Feedback

Culture and interpersonal connections are significant factors in associate retention. Operators can take employee engagement a step further by regularly soliciting associate feedback. When employees have a valued and respected voice in the company, it builds loyalty and grows associate tenure. Companies that poll associate sentiment and satisfaction through periodic surveys or other platforms for direct feedback develop more involved and invested teams.

It is equally important for associates to know that their feedback is received and incorporated into company decision-making processes. Two-way communication between associates and upper tiers of the company is vital to establishing an environment of trust and respect.

6. Maintain Flexibility

Associates at all levels of multifamily operations have grown accustomed to remote work environments in recent years and maintaining a flexible business model will go a long way toward attracting and retaining associates in the current job market. Operators who view the fading pandemic as a chance to revert to traditional methods of property management will only encourage employee turnover and hamper hiring efforts.

Operators who embrace opportunities for remote work or even introduce options for increased flexibility will find themselves in the favor of both current and prospective associates. Some companies have started rolling out hybrid staffing models and four-day work weeks to boost employee satisfaction.

7. Celebrate Associates

Company successes are built on the backs of associates. Taking the time to recognize the people who helped the organization reach a milestone or surpass previous performance levels validates their hard work.

Tangible rewards – bonuses, gift cards, an extra day of PTO – for significant achievements demonstrate appreciation and incentivize continued productivity. Direct recognition from the executive team confirms the visibility of individual or team efforts and promotes unity across the company. The gesture doesn't need to be extravagant, but opportunities to recognize associates and celebrate their achievements must be seized.

While corporate culture remains a differentiator for multifamily organizations, it's not the panacea it once was for hiring and retention. People seeking employment in the multifamily sector now demand a complete workplace package that includes peak compensation and benefits, as well as career development and engagement opportunities. Without that foundation to attract and retain associates, corporate culture begins to crumble.

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Attempting to Influence Where a Prospective Tenant Lives is Against Fair Housing Laws

By The Fair Housing Institute

The Fair Housing Act makes it illegal for a housing provider to attempt to influence or steer where a prospect lives due to the prospect's race, color, religion, national origin, sex, familial status, or disabilities—otherwise known as protected categories.

An important point to remember is while the Fair Housing Act is applicable in all states, some states have additional protected categories. For example, in addition to the seven categories listed above, California's fair housing law also protects prospects on the basis of their citizenship, immigration status, primary language, age, sexual orientation, gender identity and expression, genetic information, marital status, source of income, and military or veteran status.

Not being knowledgeable of your state's particular laws or additional protected categories can leave you open to complaints and violations.

What is Steering?

The two elements of a steering violation are:

1. An effort to influence a prospect's choice of a house or apartment
2. The housing provider's effort is related to the prospect's protected category.

Notably, this "effort to influence" does not have to be malicious or result in injury to the prospect in order to establish illegal steering. In other words, all steering is illegal even when it is well-intentioned.

There are many fair housing cases involving a housing provider who had the best of intentions and was just "looking out," so to speak, for the prospect's best interests. The general rule is that it is up to the applicants to determine where they want to live. Any efforts by a housing provider to encourage, discourage, or redirect a prospect based on any of the protected categories will be viewed as illegal acts of steering and are prohibited by the Fair Housing Act.

Examples of steering:

- "Since you have several children, our experience has shown that we will have fewer complaints from neighbors if you live on the first floor."
- "That area of the property is viewed as our 'quiet' area, so you should choose an apartment in a different area closer to other young families."
- "This property has a lot of Latino residents, so you should fit right in."
- "I assume from the last name you are Jewish, like me. I have a vacant apartment that is next door to another Jewish family. Would you like to see it?"
- "The only available unit we have is on the second floor, so since I see you use a wheelchair, I can put you on a waitlist for a first-floor unit."

How To Handle Questions That Could Lead To Steering

It is common and helpful when a prospect shares what they are looking for in a home and their specific preferences with the leasing agent. However, if a prospect starts asking questions regarding the property, such as "What kind of people live here?" (looking for a breakdown of race), or "My church is close by, are there many of my denomination living here?" these types of questions should not be answered!

Regardless of the prospect's motivation, answering questions like these could have either an encouraging or discouraging effect and are based on protected categories, making it illegal steering. Another point to keep in mind is that it is also considered steering if a housing provider attempts to protect the prospect from one or more of the neighbors who are known to be prejudiced against people in the prospect's protected category. Housing should be determined based only upon availability and any preferences provided by the applicant, unless those preferences are based on protected categories.

Another more subtle pitfall can be in discussing local schools. For families with school-age children, the local schools are often a topic of discussion. The National Association of Realtors recommends that agents use caution when answering questions about the local schools, as this can be a method for describing the surrounding community's racial and national origin characteristics. To avoid inadvertently steering prospects, housing providers should only discuss the schools' known facts, not include their personal opinions. It may be helpful to maintain a list of resources containing factual information about the local schools. When the topic of local schools is raised, you can refer the prospect to your list of websites instead of offering your personal opinions.

Policies and Best Practices When Showing Vacancies

Having a clear policy as to the way vacancies are shown can help avoid any appearance of steering. One best practice is to show the units that have been vacant the longest.

If your policy is to show units based on the prospect's answers to interview questions, it is a good idea to keep notes or guest cards describing the areas of the community the prospect requested and the reasons for their preferences. This way, if a claim of steering is ever made, you have documentation to prove exactly what happened.

Steering - The Final Takeaway

It is part of every property's job to lease vacant units. Using sales techniques like showcasing amenities or brand-new appliances is the right way to encourage a prospect to lease an apartment or house. The efforts to influence a prospect's choice of a home should never include consideration of either the prospects' or the existing residents' protected categories. Proper training is essential for every employee to understand what steering is and how to avoid it.

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 at the click of a button.

Landlords: Don't Be an Easy Target for Fraud

Continued from Page 1

dollars. Recent statistics provided by a Federal Trade Commission (FTC) report that there are more than 6,000 reports of fraud on average every single day. And that's just those that are reported. I would guess that the actual number of acts of fraud committed daily are three or four times as many, but they go unreported. These acts include check, credit card, bank account, email, and/or mail fraud; they are all around us. As an investor/landlord you have to ask yourself are you at risk, and if so, how?

Investors have their information literally everywhere online as it is stored in several databases. The simple act of buying a home opens you up to people seeing and eventually stealing your data. Think of the places you provide personal information during this process: application forms, down payments for escrow, public websites like the county recorder and assessor, landlord registration, corporation commission, Zillow, and other data harvesters. In fact you've probably experienced our very own investing industry grabbing this data and soliciting you directly to buy, sell or manage your properties. How many unsolicited texts, phone calls or emails have you received from people who want to buy your home? Ever wonder how they are getting your number? Your personal information is more accessible than ever.

As a private investigator with the click of just a few buttons, I could tell you everywhere you lived, what you owned, who your neighbors were, names of your family members, cell phones, Social Security number, date of birth, extended relatives, cars, employment, etc. When you set up your last online profile, wherever it may be, did you answer a new security question? Boom, that is one more piece of data collected on you. It used to be as simple as asking for your mother's maiden name, but that has now extended to things like your high school best friend, sister's date of birth, name of first pet or any other crazy question. Unknowingly we are all sharing information that may be used against us.

We rely on great relationships with our bankers, who have seen a large increase in bank fraud over the last several months. While they may seem safe, wire and money transfers have become targets for fraudsters, and they do not have the protection credit cards have. Wire transfers are immediate and clear banks quickly and before you know it, your money is gone.

Our personal and business accounts are at risk, too. It is crazy to me that we will diligently protect our Social Security number but then give anyone a check with our routing number and bank account number printed right on it, leaving us massively exposed to online check fraud. It's time to protect our bank account numbers like just like we do our Social Security number.

I suggest that you do these three things immediately:

1. **Put a freeze on your credit.** Experian has made it easy to freeze and unfreeze. Freezing your data stops anyone other than you from accessing your information and receiving new credit. If you are at a car dealership and looking to finance, you simply go to the Experian portal and remove the freeze for the day. It automatically freezes again the next day. Create your freeze today at: https://www.experian.com/freeze/center.html

2. **Use an online rent payment system to manage your rental payments.** This system allows rent to be paid from bank account to bank account, without giving out your personal bank account numbers to your tenants. This will protect you from one more person having your personal information.

3. **Watch what you post online.** When you search your name, what do you see? I personally write many articles, do podcasts, record videos, and have my information everywhere…I am toast! In helping others, I expose myself and, in an attempt, to be personal, tell many stories that give data about my family, properties, hobbies etc. Social media is also the perfect medium for people to grab pictures or personal information. If you find yourself in a similar situation with a growing online presence or increased exposure, go back to number 1 above and make sure you freeze your credit. You don't want to be one of those 6,000 reports a day going to the FTC.

In reality, we aren't ever going to be able to entirely get away from those who want to use our good information for bad purposes. But we can take steps to protect ourselves that will at least limit the damages. The good news for me is that King Jeremiah is going to make me mega rich, so I'll just find a quiet home in a sleepy town, own a Dairy Queen, and be set for life.

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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