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JULY 2022

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RHJ RENTAL HOUSING JOURNAL

INSIGHT FOR RENTAL HOUSING PROFESSIONALS

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Which Market is Most Competitive?

RENTAL HOUSING JOURNAL

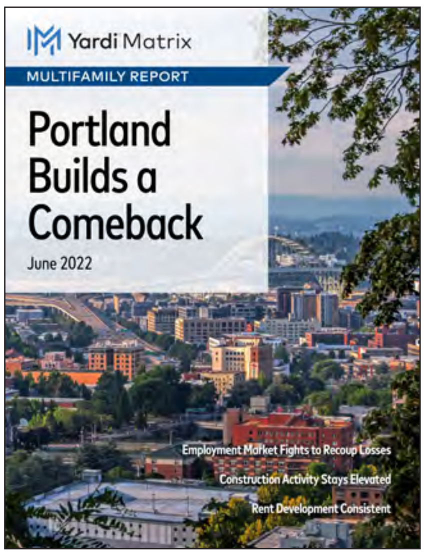
A look at the 100 largest markets in the United States shows where the most competitive rental markets are and what is driving the competition, according to research from RentCafé.

Using Yardi proprietary data, RentCafé looked at how many days rentals were vacant in the first part of 2022, occupancy rates, the number of renters competing for an apartment, the share of renters who renewed their leases, and how much the apartment inventory increased.

HERE'S WHAT RENTCAFÉ FOUND:

- Competition intensifies as more renters opt to stay put. Nationwide, almost two-thirds of renters renewed their leases. Amid a soaring 95.5 percent occupancy and a modest

See 'Where' on Page 7



Portland Multifamily Building Comeback

RENTAL HOUSING JOURNAL

Portland's multifamily sector is building a comeback as construction activity stays elevated, rent development is consistent and the employment market is recouping losses, according to the Yardi Matrix June 2022 Portland report.

"Going into summer, Portland rentals are on a sound footing," Yardi Matrix says in a release, with rents barely trailing the national average. "Improvement is driven by strong demand, keeping both occupancy and development activity high."

"Rental demand continues to provide a boost to Portland's construction sector, as continued inventory expansion has been absorbed consistently, keeping

See 'Portland' on Page 5

Tough Times Ahead: Analyze More Than Just an Applicant's Income

BY SCOT AUBREY

Everyone loves a good survivor story. Whether it is a group of 12 boys rescued from a cave in Thailand or the indomitable spirit of a soldier who endured more than two and a half years as a prisoner of war during World War II, these stories strike a chord with all of us. Naturally we put ourselves into the shoes of the survivors and wonder if we would have what it takes to make it through such an ordeal.

For the vast majority of us, we will never experience anything even close to the life-or-death battles that these people have undergone, but we do face challenges in an industry that is ever-changing and bringing new challenges on what feels like a monthly basis.

If I were to build a survivor's guidebook for investors in today's challenging market, near the top of the list would be these three questions about employment:

1. WHAT TYPE OF EMPLOYMENT DOES MY APPLICANT HAVE?

For most of your applicants, no job means that within a few months no rent will be paid. So while it is critical that they are employed, it is also important to look at what type of employment they have.

I was reading recently about the types of employment that are most recession-resistant. As expected, at the top of the

See 'Analyze' on Page 9

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How This Investor Closed 15 DST 1031 Exchanges in 30 Days — Without a Hitch!

High net-worth investor decides to relinquish a portion of his rental property portfolio in a succession of sales before entering into multiple DST 1031 exchanges to help achieve diversification, non-active management, and potential monthly income

KEY TAKEAWAYS:

- Kay Properties registered representatives spent more than one year educating the client on DST investments.
- Kay Properties worked closely with client's CPA and real estate attorneys to create a custom investment strategy that fit perfectly with the client's specific goals.
- Kay Properties created a workflow plan that achieved the closing of 15 DST investments in 30 days without a hitch.

BACKGROUND:

A high-net worth accredited investor spent more than 40 years building a substantial rental property portfolio of nearly 20 different multifamily buildings. In addition, he managed all the property management challenges himself.

When he decided it was time to start selling some of his real estate holdings, he approached Kay Properties because he wanted to learn more about how he could deploy the Delaware Statutory Trusts for future 1031 Exchanges. For more than a year, Kay Properties worked closely with the investor, utilized the firm's robust educational platform to help the client fully understand the potential benefits and risks of DSTs. He eventually sold one of his properties and reinvested the proceeds into a DST.

Because he was so pleased with the results of the initial DST investment, he decided to liquidate multiple assets within his portfolio in successive sales and reinvest in multiple DSTs.He once again came to Kay Properties to help coordinate the 1031 exchanges and DST investment strategies.

To learn more about the Kay Properties DST offering, please visit kayrhj.com or call 855-875-2781.

CHALLENGE:

The initial challenge was creating an extensive, multi-year, customized educational program that included lots of reading material, one-on-one consultations, and a custom menu of diversified DST investment options that fit his goals and investment objectives. However, the next challenge was how to coordinate 15 different sales and DST investments within a short period of time.


KAY PROPERTIES & INVESTMENTS LLC

Delaware Statutory Trust CASE STUDY

Kay Properties Helps Investor Complete 15 DSTs in 30 Days without a Hitch

Key Takeaways

Kay Properties helped client:
- Defer Capital Gains
- Create detailed workflow that coordinated all necessary paperwork and signatures
- Access diversified portfolio with passive management structure
- Create more free time to enjoy life.

PROBLEM

Client had spent 40 years creating a substantial investment portfolio of multifamily buildings. He wanted to step away from active management, and invest in Delaware Statutory Trust investments.

SOLUTION

Kay Properties worked closely with the client, his CPA and tax attorneys to create a diversified DST investment portfolio that fit the client's goals and investment objectives.

RESULTS & BENEFITS

Client invested in 15 different DSTs that included distribution, net-lease, self-storage, medical, and multifamily assets that were spread across multiple geographic regions. The client continues to utililzed Kay Properties platform and DST experts.

The above example is a hypothetical example. All investor situations are different. Please speak with your CPA regarding your particular situation considering a sale of 1031 Exchange. Securities offered through FNEX Capital, member FINRA, SIPC.

SOLUTION:

Together with his CPA and real estate attorneys, Kay Properties representatives to create a very detailed plan that included anticipated closing times on the relinquished properties, timelines for finding and vetting replacement properties that fit within the investors very specific parameters and creating a custom workflow that coordinated all the necessary paperwork and signatures so that everything was organized, and every closing went smoothly.

RESULTS:

The client ultimately invested in 15 different DST investments that included distribution facilities, net-lease properties, self-storage, medical, and multi-family assets that were spread across multiple geographic regions. The client continues to utilize Kay Properties best-in-class kayrhj.com and customized advice by DST experts with more than 150 years of combined experience.

ABOUT KAY PROPERTIES

Kay Properties is a national Delaware Statutory Trust (DST) investment firm. The Kay Properties 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.

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With Traditional Multifamily Rent Drivers Disrupted, What's in Store for the Future?

Rental Housing Journal

Traditional drivers of multifamily rent growth were upended during the pandemic, first as shelter-in-place policies led to massive job losses and migration, and then as the employment rebound and loosening of restrictions caused demand to skyrocket, Yardi Matrix writes in a June bulletin.

Paul Fiorilla, director of research, Yardi Matrix, and Casey Cobb, senior analyst, in the bulletin examine the implications for multifamily rent and growth going forward, especially employment and rent increases.

The report points out that traditional rent drivers have been disrupted twice due to the pandemic. First came the massive jobs losses, sheltering in home and a migration toward Sun Belt cities. Then came booming pent-up demand and rent increases across the country.

"A question facing the industry is what this means going forward. The pandemic created circumstances that are unlikely to be repeated, especially since the 15 percent year-over-year growth in asking rents nationally (and upwards of 25 percent in some metros) cannot be sustained for very long," Fiorilla and Cobb write.

How will rent drivers evolve?

The report points out that with the pandemic impact, "We found a huge shift between the first year (April 2020 to March 2021) and second year (April 2021 to March 2022). Some of the difference can be attributed to the short-term dynamics of the pandemic—i.e. large gateway metros were locked down more tightly than metros in the Sun Belt, and economic activity suffered."

However, they point out that some of the changes of the last two years may have started out as pandemic-related "but are likely to remain as part of the landscape for years or even decades into the future. Migration is an example. The Sun Belt has been growing more rapidly than the Northeast or Midwest for decades, but the flow of households from coastal/urban downtowns to suburbs and smaller warm-weather markets was exacerbated by COVID-19 and the growing work-from-home paradigm."

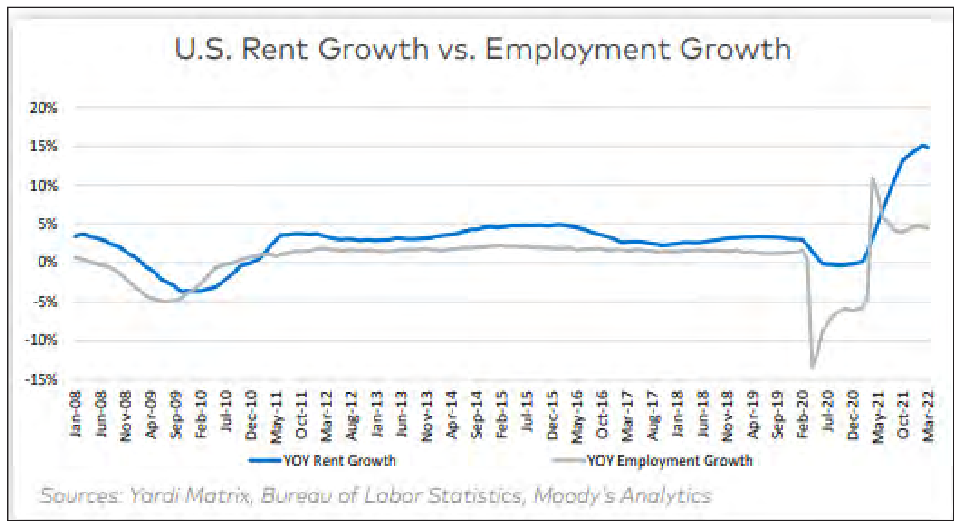
Driving factors of rent growth and regional demand

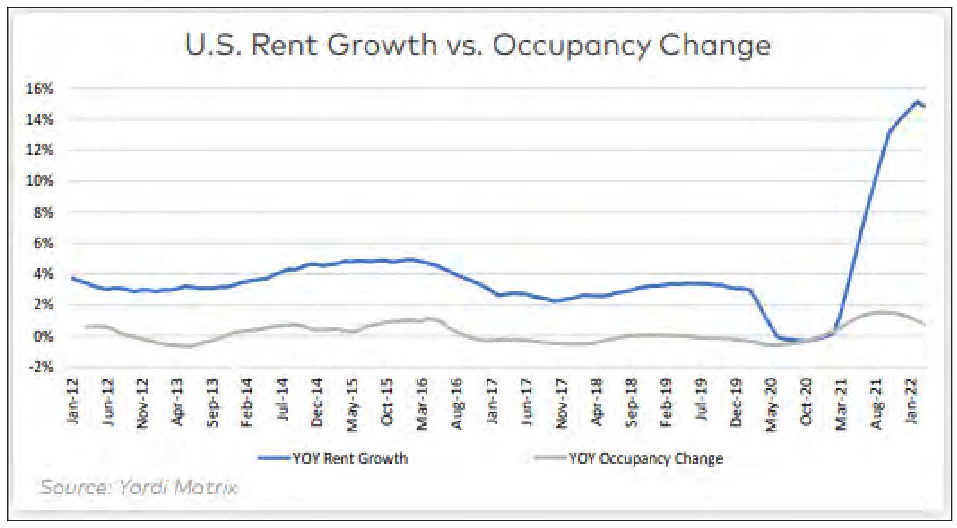
Among the many factors are:

- Will office workers continue to have the flexibility to work from home?
- What does it mean for employers to locate where employees want to be?
- Will wage growth support rising rents?
- Can municipalities fight NIMBYism to increase supply growth?
- How many metros will fight back against record-high rent growth by implementing counterproductive rent control or other regulatory measures?

"Currently rents are growing about 10 percentage points faster than wages, which means that rent growth is all but certain to moderate. When and how much the moderation occurs, and how that plays out among metros, will be determined by the performance of the economy, migration and regulation," Fiorilla and Cobb write.

Get the full report and more details at www.yardimatrix.com/publications.





Yardi Matrix researches and reports on multifamily, office and self-storage properties across the United States, serving the needs of a variety of industry professionals. Yardi Matrix Multifamily provides accurate data on 18+ million units, covering more than 90 percent of the U.S. population. Contact the company at (480) 663-1149.

Portland Multifamily Sector Building a Comeback

Continued from Page 1

occupancy elevated," Yardi Matrix says in the report.

The average rent in Portland was $1,690 per month in April, only $31 above the national average as Portland continues to have a lower cost of living than most West Coast metros such as Seattle and San Francisco.

However, Yardi Matrix warns there could be "some moderation" in Portland rent growth as inflation and other economic concerns play out.

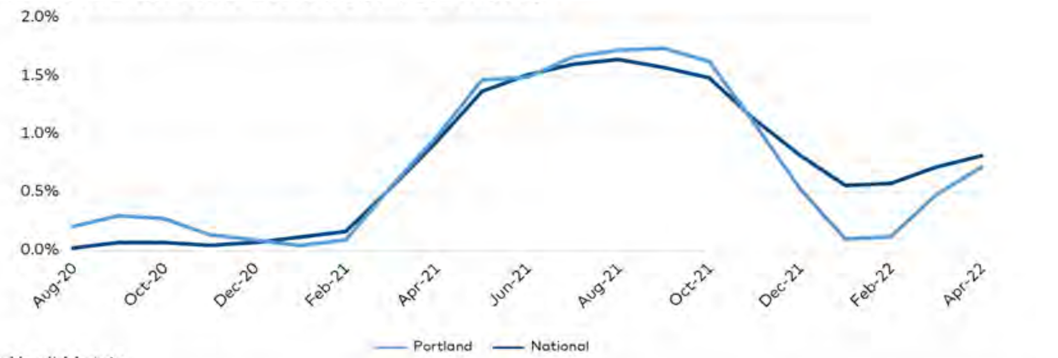
Occupancy rate strong in Portland

"The average occupancy rate in stabilized assets stood at 96 percent as of March, as demand has pushed continued rent development, keeping occupancy elevated over the past 12 months." The report points out that the "renter by necessity" category was even stronger, where occupancy was 96.7 percent. "Upscale assets had a lower figure, but still recorded solid performance, at 95.4 percent as of March."

No Portland submarkets recorded rent decreases in the 12 months ending in April, with most areas actually seeing growth in the double digits. On a year-over-year basis, rent expansion was highest in:

- Rock Creek: 20.7 percent
- Creswell Heights: 18.1 percent
- Beaverton: 17.7 percent.
- Hillsboro: 17.4 percent.

Portland vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Portland Rent Growth by Asset Class (Trailing 3 Months)

Source: Yardi Matrix

Employment Growth Continues To Be Solid

Portland added 68,000 jobs in the 12 months ending in February, for a 5.4 percent rate of improvement year over-year.

"The local economy is fighting back after a tough go during the pandemic, but however elevated job gains are now, there's still work to do to make up for the losses in 2020 and 2021, when decreases were in the double digits.

"On a high note, all employment sectors recorded gains through the interval, with the most severely affected, leisure and hospitality, benefiting from the bulk of improvement: The sector added 31,000 jobs, for a 39.9 percent jump. Improvement in the sector comes as a result of hospitality establishments reopening at full capacity across the metro," the report says.

The Housing Supply Growth

"Projects under way, such as the Ritz-Carlton anchored tower developed by BPM Real Estate Group in downtown Portland, indicate that confidence in the resurgence of the sector and the local economy is still reasonably high. Following a slowdown in 2020, sales activity saw a bounce-back in 2021, as more than $2.8 billion in assets traded since the beginning of last year. Development has been high in Portland in the past five years, and the 10,677 units under construction point to further expansion in 2022 and beyond."

Yardi Matrix expect rents to improve 7.6 percent by year-end.

Yardi Matrix researches and reports on multifamily, office and self-storage properties across the United States, serving the needs of a variety of industry professionals. Yardi Matrix Multifamily provides accurate data on 18+ million units, covering more than 90 percent of the U.S. population. Contact the company at (480) 663-1149.

Observations on Rental Assistance, Problems, and Pending Procedural Changes in SB 891

By Bradley S. Kraus
Warren Allen, LLP

As we drift further away from COVID-19 moratoriums and the laws associated with the same, normalcy continues to get closer and closer. Over the last year, landlords have grown accustomed to dealing with the deluge of laws related to pausing their rights under the Oregon Residential Landlord Tenant Act (ORLTA) and related unlawful detainer statutes. Phases like "Declaration of Hardship" under prior laws, and "documentation" of "pending rental assistance application" under the current legal framework, have worked their way into the lingo of landlord/tenant law.

As of July 1, the current legal framework shifts again. Senate Bill 891, the current eviction framework in place, allowed tenants to provide landlords with documentation that they applied for rental assistance, which caused an indefinite pause on a landlord's termination rights or pursuit of the same. The pause existed until the application was no longer pending, or until October 1, whichever was earlier. However, as of July 1, that provision sunsets, taking the law back closer to its normal framework.

Tenants will still have the right to apply for rental assistance, and every opportunity should be made for them to do so. However, landlords will no longer be required to pause their termination rights or eviction cases simply because documentation of rental assistance is provided to them. While other technical requirements remain in place—i.e., the requirement that landlords provide the disclosures required under SB 891 with their notices—these requirements are less burdensome and place more importance on rental assistance providers to speed up their processing time, something that has been sorely lacking.

One of the fundamental issues with SB 891 was the lack of incentive or requirement for rental assistance providers to follow through with the process. More to the point, there was no requirement, incentive, or obligation to provide landlords with information about the status of the tenant's rental assistance application. In other words, if certain workers within the Oregon Emergency Rental Assistance Program (OERAP) desired to stall landlords when they inquired about the status of their tenants' rental assistance application—or even to confirm whether it existed—landlords had little ability to force a response. Often, the inability to procure information about what is happening is the most frustrating part, and OERAP's unwillingness to answer simple questions exacerbates that issue frequently.

The above is but one problem with OERAP's role in the rent assistance setup. Other issues remain unresolved—and in fact, do not cause OERAP any concern—related to payments being made directly to tenants. At some point, OERAP decided to transition from paying all landlords directly, to cutting checks directly to tenants. This is, was, and always will be, a recipe for disaster that results in tenants receiving a windfall if they choose to abscond with that money. Unfortunately, it happens with alarming frequency. Yet when alerted to that issue, what amounts to fraud appears to go unpunished.

For those landlords with eviction cases that have been paused due to SB 891, your pause remains in effect. However, landlords with active cases who are being stonewalled by OERAP do have some options. With an active case, attorneys know how to subpoena information, which cannot in most circumstances be ignored or quashed.

Senate Bill 891, the final COVID-19-era moratorium, is winding down. It is scheduled to sunset on October 1, 2022. Hopefully, we can all move back to normal again from there.

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.

Where Are the Most Competitive Rental Markets?

Continued from Page 1

0.7 percent increase in inventory, a vacant apartment was filled within 35 days on average, with 14 renters competing for it.

- Whole regions across Florida are red hot with competition. In Miami-Dade County, three quarters of all leases got renewed, and 31 renters competed for each vacant apartment, in a market that is 97.6 percent occupied. While the apartment supply grew by almost 2 percent, this was not enough to stem the tide of renters moving here. What's more, Orlando and Southwest Florida are facing the same situation.
- In the Northeast, Harrisburg, Penn., ranks second nationally, as no new apartments were built in the first half of the year. Other highly competitive locations in the area are Rochester, N.Y., and some of the best alternatives to renting in New York City: North and Central Jersey.
- Certain locations in the Midwest are in the top 20. The hottest markets here include Grand Rapids, Mich.; Milwaukee, Wisc.; Omaha, Neb.; and suburban Chicago. Securing an apartment in the fast-growing Grand Rapids will require some effort. With only a few units built in the first part of 2022, almost all rentals are occupied. The average vacant unit was filled in 32 days, and 18 prospective renters competed for each apartment here.
- Orange County became California's most sought-after market as Los Angeles renters on tight budgets went searching for better options. The area boasts a more relaxed lifestyle, cheaper entertainment, and a thriving economy with better job opportunities, as Orange County is home to many Fortune 500 & 1000 companies that are on the lookout for skilled professionals. No less than 20 renters compete here for one apartment, while the occupancy rate is a sky-high 97.5 percent.

The wave of migration to Florida during and after the pandemic is one reason for the big jump in Florida lease competition. Good weather, low taxes and good employment opportunities also are reasons.

Also in some markets, the lack of any new apartment availability has led to the competition.

For example, in Harrisburg no new apartments were opened between January and April, prompting about 75 percent of renters to stay in their existing apartments, creating a highly competitive environment for anyone seeking to find one to rent. As a consequence, the average rental unit was filled in just 36 days, and as many as 19 renters competed for an apartment here.

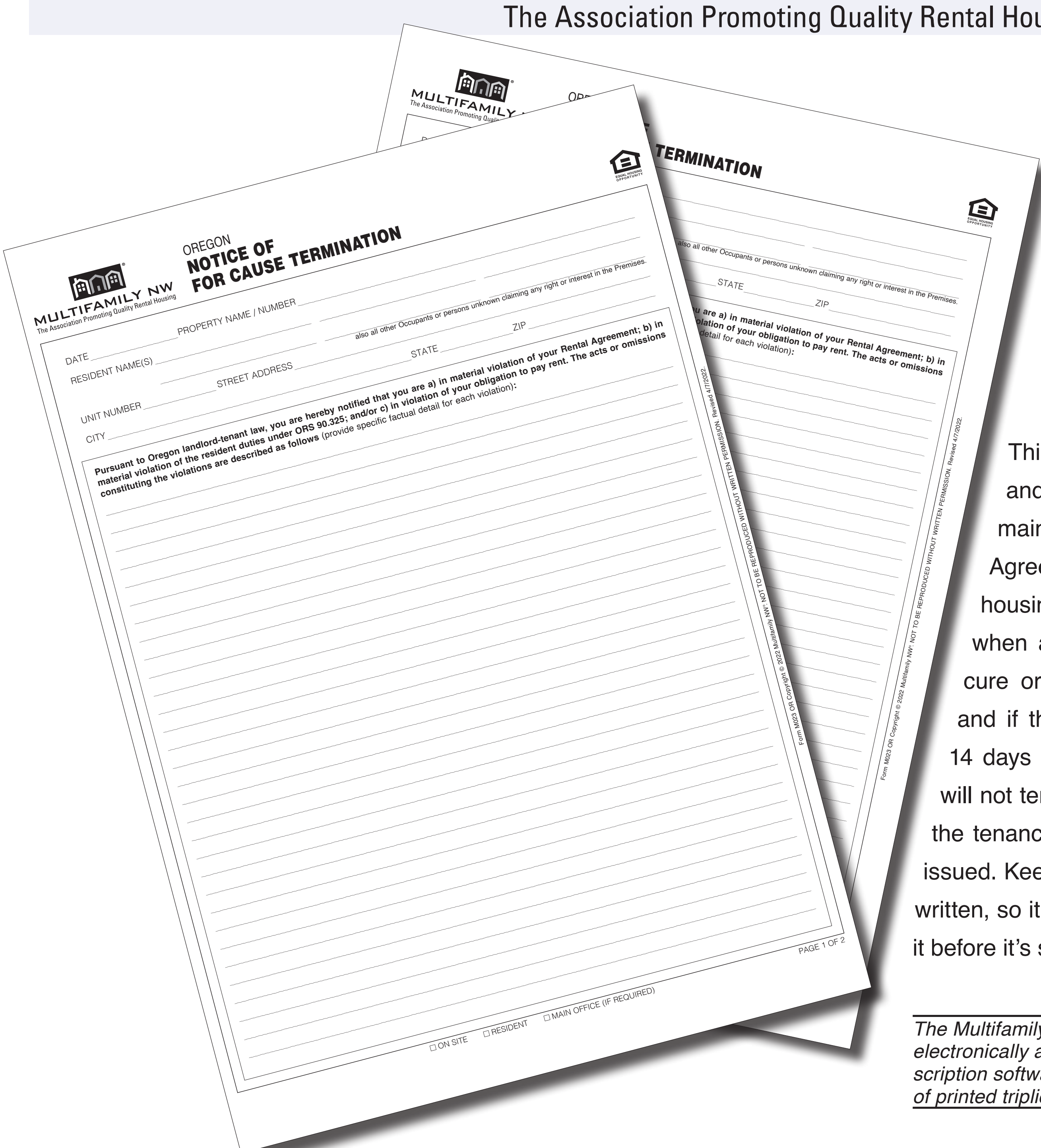
"More and more house hunters are starting to feel the strain of surging inflation and mortgage rates. As a result, they are delaying or completely giving up on their dream to become homeowners, which puts even more pressure on the apartment market," RentCafé writes in the report.

Top 20 Most Competitive Rental Markets in 2022

Rank	Market	Competitive Score	Average Vacant Days	Occupied Apartments
1	Miami-Dade County, FL	114.5	27	97.6%
2	Harrisburg, PA	106.3	36	96.7%
3	Orlando, FL	104.9	30	97.0%
4	Southwest Florida, FL	103.7	30	96.8%
5	North Jersey, NJ	102.9	35	97.1%
6	Grand Rapids, MI	100.7	32	96.8%
7	Rochester, NY	96.0	39	96.5%
8	Central Jersey, NJ	95.3	45	97.1%
9	Milwaukee, WI	93.7	34	96.3%
10	Broward County, FL	92.1	36	96.4%
11	Orange County, CA	91.4	31	97.5%
12	Tampa, FL	89.8	34	96.1%
13	Omaha, NE	85.2	29	96.7%
14	Central Valley, CA	79.7	33	97.6%
15	Suburban Chicago, IL	78.9	39	95.8%
16	San Diego, CA	78.8	31	97.2%
17	Suburban Philadelphia, PA	78.1	42	95.8%
18	Eastern Virginia, VA	77.3	30	96.0%
19	Inland Empire, CA	71.8	37	97.0%
20	Eastern Los Angeles County, CA	70.7	35	97.5%

To calculate the competitive score, each metric was assigned a weight: average vacant days (15%), occupied apartments (30%), prospective renters (15%), lease renewal rate (30%), share of new apartments (10%).

Table: RentCafe • Source: Yardi Systems, Inc. • Created with Datawrapper



FORM OF THE MONTH

Notice of For Cause Termination – M023 OR

This 30-day notice is perhaps the most versatile and powerful form in the Forms Collection for maintaining basic compliance with the Rental Agreement. It's essentially a blank form that the housing provider completes, detailing the who, what, when and where of the violation. On page two, the cure or remedy of the violation must be described, and if the renter cures the violation as it is stated in 14 days (half the notice period) the Rental Agreement will not terminate. If the violation is not cured in 14 days, the tenancy will termination 30 days from the day it was issued. Keep in mind this form is only as successful as it's written, so it's a good idea to have your legal counsel proof it before it's sent to better ensure you will prevail.

The Multifamily NW Forms Collection is available immediately and electronically at www.RentalFormsCenter.com, via electronic subscription software through www.tenanttech.com & by mail or pick-up of printed triplicate forms at www.multifamilynw.org.

Multifamily NW Schedule

JULY 7	WEBINAR: HR ANSWERS - EMPLOYEE ONBOARDING	8:00 AM - 9:00 AM
JULY 7	MAINTENANCE TIME MANAGEMENT	10:00 AM - 12:00 PM
JULY 7	WEBINAR: CITY OF PORTLAND FAIR - SECURITY DEPOSITS	1:00 PM - 2:30 PM
JULY 8	WEBINAR: IT'S THE LAW: THE TENANT'S GONE, NOW WHAT	12:00 PM - 1:00 PM
JULY 12	PDX CHARITY GOLF TOURNAMENT 2022	7:00 AM - 4:00 PM
JULY 19	WEBINAR: LANDLORD TENANT LAW 1-PART A	10:00 AM - 12:00 PM
JULY 20-21	NSPF CPO 2 DAY CERTIFICATION CLASS	
JULY 20	BLOOD DRIVE PRESENTED BY THE SERVICE COMMITTEE	11:00 AM - 4:00 PM
JULY 21	WEBINAR: FAIR HOUSING, DISABILITY, AND REASONABLE ACCOMMODATIONS	10:00 AM - 11:00 AM
JULY 26	AFFORDABLE AFTERNOONS-TSPS, AFHMPS, AND TRANSFER POLICIES, OH MY!	12:00 PM - 1:00 PM
JULY 26	WEBINAR: LANDLORD TENANT LAW 2-PART B	10:00 AM - 12:00 PM
JULY 27	MOLD REMEDIATION	9:00 AM - 12:00 PM
JULY 28	LEADERSHIP SERIES-ADDRESS ISSUES. RESOLVE CONFLICT. LEAD EFFECTIVELY	12:00 PM - 1:30 PM
AUGUST 2	WEBINAR: LANDLORD TENANT LAW 2-PART A	10:00 AM - 12:00 PM
AUGUST 3	WEBINAR: LANDLORD STUDY HALL - FED FILINGS	6:30 PM - 8:00 PM
AUGUST 8	WEBINAR: CITY OF PORTLAND FAIR - SECURITY DEPOSITS	10:00 AM - 11:30 AM
AUGUST 9	WEBINAR: LANDLORD TENANT LAW 2-PART B	10:00 AM - 12:00 PM
AUGUST 11	WEBINAR: HR ANSWERS - BUILDING ACCOUNTABILITY	3:30 PM - 4:30 PM

Analyze More Than Just an Applicant's Income

Continued from Page 1

list were medical professionals and those who have specialized skills in care, therapy and counseling. No real surprise there, as the economy doesn't care about our health, but it definitely can affect it both physically and mentally.

Next would be individuals employed in law enforcement and public utilities, both essential in our communities. The top six were rounded out by those in financial services and education. The bottom of the list is pretty diverse, with jobs in the construction industry, vehicle sales, and vacation travel.

When reviewing applicants for your property it is vital to analyze not only income, but also the likelihood that their income will survive and economic downturn.

2. How long have they been with their current employer?

Employee turnover is at an all-time high and this can directly affect your tenant's ability to pay rent. Job statistics state that 31 percent of employees quit their jobs within the first six months of starting. And even for the employees who make it past those first six months, employee-loyalty statistics show the average tenure of an employee is only 4.2 years. Gone are the days of the past where someone worked for the same company their entire life.

When reviewing a tenant application, make sure to verify how long they have been with their current employer. A conversation with the prospective tenant may shed even more light on this important area, where you can get a feel for how much they enjoy their current employment and if there are any plans to change while they are in your property.

3. How does the rest of their employment history stack up?

Let's say an applicant would like to rent your property but they just started a new job or are waiting to start in the next few days. What are your options?

You can ask for a more extensive employment history covering the last 12-24 months. Is their new job in the same industry? Were they with their former employer for a long period? Are there any major gaps in their employment history, and if so, can they be explained?

If they don't want to share this information or if they were employed in a less consistent paying job (sales, commission-based, piecemeal work, self-employed service provider), you can always ask for the last 12 months' worth of bank statements that show money coming into their account. Seeing the past 12 months' statements lets you average their monthly income and is valuable in determining if they might qualify for your property.

Tough times may lie ahead, and having the right tools and asking the right questions are just as important as food and shelter are for the triumphant survivor. While most of us won't qualify for the "Hollywood treatment" of our life stories, it doesn't mean our survival story is less important. After all, to those who depend on your success as a landlord and investor, the results will directly affect their lives.

Knowing that your tenant will be able to pay you every month is the key to you being the hero and survivor that you deserve to be.

Scot Aubrey is vice-president of Rent Perfect, a private investigator, and fellow landlord who manages short-term rentals. Subscribe to the 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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Rental Housing Journal is a monthly publication of Rental Housing Journal, LLC.

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www.RentalHousingJournal.com

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Why Customer Service is an Important Part of Fair Housing

By The Fair Housing Institute

It's easy to get hyper-focused on fair housing rules and regulations when it comes to property management. But we need to remember that an integral part of what we do is steeped in customer service. Our residents and prospects are customers and need to be treated accordingly. In addition, it stands to reason that when our customers or residents feel well-cared-for, they are less likely to file a complaint. Let's discuss three aspects that can lead to an exceptional customer or resident experience.

1. Effective Communication

Your resident is speaking, but are you truly listening? An effective communicator will listen intently. Listening intently requires that you are focused on what's being said, not how you are going to reply. By doing this, not only do you get a better understanding of what's needed, the resident will feel valued and understood.

Follow-up is another part of effective communication. Many issues raised by residents are seldom resolved in one visit or phone call. Make sure that you continue communicating with your residents until the situation is resolved.

Effective communication can come easily when everyone involved is in a good place or state of mind, but it may be particularly challenging when emotions are running high. What can you do? The next aspect we will consider is imperative to handling these types of situations.

2. Respect While Being Disrespected

There is a saying that respect is a two-way street. We naturally want to be treated with the same dignity and respect we show our residents. Unfortunately, this may not always be the case.

A common situation we see is when a maintenance request has not been handled in a timely manner, at least as far as the resident is concerned. Remember that it is imperative that you always stay calm. Reassure your resident that they have been heard, and you will take appropriate action to try and find a resolution. Hopefully, by showing them respect and maintaining your patience, you can defuse the situation and create an environment that encourages the resident to do the same.

Part of effective communication and being respectful is having a thorough knowledge and training of your company's policies and procedures. It stands to reason that in order to help your resident, you need to know how to answer their questions. The final part of this article will detail why this is important.

3. Know Your Policies and Procedures, so You Know How to Answer

Imagine you are the resident, and you need information. Would you be happy if the person behind the desk or on the grounds gave you a vague or confusing response? Probably not. Being well-versed in your company's policies and procedures allows you to answer quickly and efficiently, which can go a long way if the person is already agitated. It can also help us avoid giving out misinformation.

To that point, every person who has contact with your residents should be trained in your policies and procedures so that the information disbursed is the same and will help you avoid a potential fair housing complaint or accusation of discrimination.

Property management companies face many different and challenging situations every day. Training and role-playing can help you develop the skills of effective communication, respect, and a thorough knowledge of policies and procedures, which in turn will help you deliver the exceptional customer experience you want to give.

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.

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From the Desk of the Executive Director

Ah, Those Were the Good Old Days...

By Ron Garcia

I am writing this month's letter today, June 28th, on my 68th birthday. Instead of opening presents, blowing up balloons or blowing out candles, I'm in a more reflective mood; opening memories, lighting votives and offering up some reflections of times gone by…

It's been said that our culture often overestimates how much we can change or accomplish in a single year, yet we vastly underestimate how much change can take place over a decade.

As housing providers, we only remember how things were a few years ago, in contrast to the situation today; see the adjacent chart for a very clear picture of what I'm talking about.

Our memories sound familiar, yet seem so distant as we contrast them to today.

Over the past 35 years that I have been licensed in real estate, I have not seen as many transitions as I have witnessed in this last decade, let alone in the last couple of years.

Interestingly, one year ago today the temperature in Portland hit a record 116 degrees. Whether it's called global warming or climate change, or just stinking hot, it became another new reality that we need to confront and adapt to because, well, everything changes in time… right?

So, thanks for allowing me to share my birthday with you this month.

Hoping you had a great happy Fourth of July and happy Juneteenth!

Ron Garcia is the Executive Director of Rental Housing Alliance Oregon and can be reached at ron@rhaoregon.org.

THIS IS HOW IT USED TO BE:	TODAY'S REALITY FOR LANDLORDS:
Rental property providers used to (proudly) be called landlords.	Providing rental property still takes money and risk and it should be incentivized and profitable.
30-day Notices to Terminate were normal and not called illegal evictions.	Tenants are allowed to move out, when they want, with just a 30 days' notice to the owner.
Rental rates were based on the market, not on an arbitrary number + an index.	Landlords used to brag about keeping their rents lower, in order to keep their tenants longer.
Leases had an end date because they were a bilateral contract.	Tenants can terminate and move out at the end of any lease if they want - without penalty.
Rent was expected to be paid every month on the 1st, not legally held back for months at a time.	Do taxpayers want Oregon to continue to be the largest residential tenant in the state?
Pets in the unit could be denied at an owner's discretion.	Don't most animals offer emotional support?
Security deposits were forfeited for damages to the unit, not restricted to a convoluted and arbitrary government depreciation schedule.	If a tenant leaves a 30-inch stain on the carpet, would the next tenant accept a 30-inch patch?
Screening guidelines covered rent history, credit, income of three times rent, and no criminal records.	Shouldn't tenants be able to afford the rent, and shouldn't neighbors feel safe?
Utilities were defined as services that were used and paid for by the tenants.	Utilities are not rent; why would they be factored into annual rental increases?
Owners could take their property back, fix it up and sell it if they wanted.	Do tenants feel more secure living in a home that's for sale as real estate agents show it to buyers?
Older properties reflect stable neighborhoods but cost more money in renovation and repairs.	Properties that are less than 11 years old are not rent-controlled. Does that make sense?

Using Technology to Solve the Shortage of Labor in Multifamily

By Morgan Dzak

The multifamily industry has been hesitant to discuss automation in previous years, fearing backlash from onsite teams. Automation was viewed as a replacement to human associates, and not necessarily as a supplement. But in the wake of the pandemic, the industry has become faced with new challenges – notably The Great Resignation.

The Great Resignation refers to the post-pandemic era in which millions of American workers either left their jobs or switched careers. According to data from the Society for Human Resource Management, 47.8 million workers quit their jobs last year – an average of nearly 4 million each month – for the highest average on record. It created a massive labor shortage for multifamily, as most of the workers who left jobs were in onsite roles.

"When the shutdown occurred in 2020, many individuals were forced into different careers, having to learn different trades and skill sets," said Lindsay Duffy, director of marketing and training at Western Wealth Communities. "Many employees became conditioned to the flexibility of remote positions, making it harder to retain workers when businesses opened and needed them to come back to work. This gave job searchers a competitive advantage on salary and work-life balance negotiations when accepting an offer."

As the labor shortage from The Great Resignation persists, the use of automation has become more prevalent and operators are not only implementing new technologies, but also centralizing functions that used to stay solely onsite. Automation and other technologies are reducing pain points for thinner onsite teams, increasing efficiencies and maximizing lease-conversion ratios, all while improving prospect, resident and associate experiences.

Here are some of the impacts of the labor shortage on multifamily and how automation technologies are alleviating the burden by creating a new caliber of modern apartment leasing and living:

Automation: Doing More with Less

Multifamily is most feeling the effects of the labor shortage in maintenance and leasing roles. Both of these roles have historically high turnover, and the Great Resignation has further fueled the turnover trend.

One of the most helpful technologies during the labor shortage has been automation. Automating tasks like aggregating guest cards, following up with prospects and residents, and scheduling tours have had big impacts on onsite team workload. It has also created better customer experiences for both prospects and residents, and allows onsite teams to do more with less.

According to internal data from Nurture Boss, a lease- and renewal-conversion automation provider, 45 percent of prospects who reach out to a community say they never hear back. With a lease-conversion automation tool, it takes an hour on average to respond to all leads – which is particularly helpful considering that renters almost always sign a lease with the first community that gets back to them.

In a digital leasing environment, following up with prospects has become critical to community success and increasing lease conversions. Apartment operators are finding that consistent, timely and personalized follow-ups with prospects are not only increasing tour conversions and applications, but also boosting overall lead-to-lease conversions.

"When reviewing reports, we learned that many leads were not being followed up on and calls were being missed due to limited staff," Duffy said. "Like most companies at this time, we run with lean teams where individuals wear multiple hats and need to multitask throughout the day. We saw a huge gap in customer satisfaction and poor communication, and knew we needed a partner that would provide a better prospect experience and allow teams to focus on resident satisfaction. In leveraging technology and partnerships with supplier partners, we have increased lead-to-lease conversion rates while improving overall prospect and resident satisfaction and increasing employee morale."

Based on Nurture Boss' clients' CRMs,

See 'Solving' on Page 13

Solving Multifamily Labor Shortage With Technology

Continued from Page 12

the overall lead-to-lease conversion rate without automation is 19 percent, but with it, the conversion rate is 30 percent.

"Prospective residents are all looking for something different, and some may need to move in 30 days while others are looking to move months down the road," said Jacob Carter, CEO of Nurture Boss. "Nurturing all types of leads can be extremely taxing on onsite teams, especially when the onsite teams of today are working with more leads than ever before from multiple platforms, and there aren't as many people onsite to handle that type of volume."

Operators have started automating the entire resident lifecycle, from the initial apartment search all the way to becoming a resident, and even when it's time for a renewal.

Aside from automation, some other technologies have proven to be invaluable for operators during the labor shortage. Ubiquitous WiFi, for example, has completely transformed modern maintenance workflows and paved the way for more streamlined self-guided tour methods.

"Community-wide Wi-Fi allows maintenance technicians to respond to and fulfill work orders faster," said Shawn Mahoney, senior advisor at RET Ventures. "If the entire community is connected, it eliminates the onsite team from playing middleman when it comes to work orders. Maintenance technicians can directly receive the work order and have a credential dynamically assigned to them that allows access to the apartment for a certain period of time, and the resident can also be notified every step of the way."

Connected communities also set the foundation for self-service options, which the industry unanimously agrees are here to stay. Prospective residents can enter and tour a community without a dropped connection, and they can also tour communities beyond standard office hours.

"This benefits apartment operators because the onsite teams can process more tours with less people while providing the self-service options that many modern residents want," Mahoney said. "If you can lower costs with technology, it's going to increase your NOI. Operators already have less staff because of the labor shortage, but existing teams are able to do more and they can also extend their hours of operation with self-guided touring."

Morgan Dzak is an account manager for LinnellTaylor Marketing, which focuses exclusively on the multifamily industry and its technology space. She previously spent time as a digital content and marketing specialist for Cornerstone Apartment Services in Denver.

Building Stronger Communities by Welcoming More Pets, Thoughtfully and Responsibly

By Judy Bellack

Lifting breed and weight restrictions for our four-legged friends and generally becoming more pet-inclusive can create significant financial gain for multifamily communities, such as increased NOI and higher resident-retention rates.

However, opening your doors to more pets requires planning in order to manage a larger pet population, and rental-housing operators may need to make an investment in pet-focused amenities, services and events to best accommodate their pet residents. But don't fret – even with these steps, the financial benefits of happier, longer-tenured residents have been shown to far outweigh the costs, since pet-friendliness not only means an increase in pet-related revenue but also helps mitigate the costs associated with bringing in new residents.

Below are a few steps apartment communities should consider in conjunction with lifting or easing breed and weight restrictions.

Establish clear pet policies and communicate to owners

While most communities already have some form of pet policies in place, broadening your pet community may necessitate adjustments. Establishing comprehensive guidelines as well as onboarding third-party resources to manage more pets responsibly are a few things to consider.

All of a community's policies, along with any rent or fees associated with pets, should be clearly spelled out in the resident's lease. Even better is a separate pet lease or contract that provides all the pertinent information and is easy for the resident to understand and access. Documentation, guidelines, rules and expectations should be easy to locate electronically and posted throughout the community.

Provide tools and amenities for responsible pet ownership

Some pet tools and amenities – such as pet-waste stations – may be deployed immediately when additional pets are on site, while others can be rolled out over time depending on resident preferences. While it's not required to provide all of the items below, implementing as many as possible will increase the chances of success by mitigating a community's risk and increasing resident responsibility. Certain amenities, such as dog parks, also give residents and their pets the chance to meet and bond, boosting the connection residents feel with their property and increasing the chances they will renew their leases.

Here are some amenities and services that result in well-managed pet populations and responsible pet owners:

- **Pet-waste stations:** This is a feature that would be considered a must-have for any community with pets. Not only does it encourage responsible behavior, but it also helps to reduce risk. Pet waste is detrimental to the health of your community, and its presence can have consequences on resident retention and curb appeal.
- **Dog parks or runs:** According to a 2021 study from Michelson Found Animals Foundation and the Human Animal Bond Research Institute (HABRI), fewer than 10 percent of animals cause any damage to units, but a bored pet is more likely to exhibit destructive behavior. Dogs need to be active, so providing them with a convenient place for exercise can further reduce the risk of property damage. Parks are one of the primary areas where the pet community will bond. Creating this space should not be cost-prohibitive, and is sometimes as simple as repurposing a seldom-used area.
- **Dog-washing stations or services:** Washing a pet in a home can be a hassle, especially for medium- to large-size dogs, and not everyone can afford or wants to use a grooming service. This amenity can be a factor for anyone considering a renewal. If an installation is not an option, consider partnering with a mobile service that provides self-washing or grooming for your residents' pets.
- **Dog-training services:** During the pandemic, many residents became first-time pet owners. Pet parents don't become experts overnight, and improperly trained pets can increase risk. Providing dog-training resources and services gives an opportunity to pet owners to become the best stewards they can be.
- **Pet background checks:** Third-party services are available to screen prospective pets, making sure that no incidents have occurred that might indicate potential future risk to residents or other pets. These services allow for onsite teams to feel confident that the pets in their community will be assets and not liabilities.
- **DNA analysis of pet waste:** Even in a community with ample waste stations, there's a chance that some pet owners won't pick up after their dogs. Communities can request residents submit a sample of their pet's DNA, which can be submitted to a service that uses the sample to identify any culprits of unattended waste. Communities can implement penalties to discourage future incidents and help offset costs.
- **Pet events:** This is another opportunity for pet owners and pets to gather and meet each other, as well as a chance for non-pet owners to meet the furry residents of a community. Not all people are in a position to own a pet, so this is an avenue for them to experience the joy that pets bring. These can be handled by onsite teams if staffing permits, or communities can turn to third-party services that will handle set-up and promotion.
- **Pet adoption:** There are millions of dogs and cats nationwide that are looking for good homes. Communities can do their part to reduce this problem by offering to connect residents with pet-adoption services.
- **A pet concierge:** Third-party services that manage pet events may also offer concierge services that can provide information on local veterinary services, pet services and pet policies in a community.

Prepare your residents for the upcoming changes

After completing the preparation work, current residents will need to be informed of any upcoming changes in breed and weight restrictions. To help this go more smoothly, it's important to point out to residents the positives to the community that will result. Highlight how the removal of restrictions will strengthen the community and share all the steps being taken to help this be a wonderful experience for all residents.

Notices should include office contact information for any residents to ask questions and express concerns. Community managers should educate their leasing teams on all preparations, as well as information that will help answer any questions and dispel misinformation surrounding pets and breeds. Recent studies, including a recent study appearing in Science.org, have shown that pet breed has very little influence on behavior, which is primarily guided by owners and training.

This information can alleviate fears or concerns that other residents may have. Plus, it's a chance to share with non-pet owners how to be courteous and safe around pets on the property, such as the best way to approach a dog.

Build resident and community connections

Having more pets in residential communities can be a great way to create ties between residents and onsite teams. Pet amenities provide the opportunity to interact and get better acquainted with staff. The opportunity to reward outstanding and responsible pet ownership is an excellent way to send a message of appreciation to residents, and also to set an example for all pet owners and foster retention. There are a variety of options for rental housing operators to reward responsible pet owners when renewing, including reduced pet rent, the forgiveness of two to three months of pet rent, discounts or gift cards to local pet businesses and pet-centric gift baskets.

As an added bonus, offering referrals and discounted pet services can build neighborhood connections that increase retention and build a strong sense of community. Local businesses are usually happy to offer discounts to residents in exchange for the exposure and potential future business.

In the end, an increased acceptance of pets can be a boon to net operating income, open a community to a wider pool of applicants and help increase the possibility that residents will stay. However, the path to success in this endeavor includes planning, preparing and executing in a way that maximizes the benefits and the investment.

Judy Bellack is the multifamily housing industry principal for Michelson Found Animals, a non-profit focused on improving the lives of pets and their owners. Judy is a 30-year veteran of multifamily, most recently as an advisor to many of the industry's foremost new tech companies. She spearheads Michelson's Pet-Inclusive Housing Initiative to provide data and resources to create more pet-inclusive communities in ways that make good business sense for owners and operators.

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How to Waterproof Your Basement

By Phil Schaller

The basement is an important part of your property to protect. Aside from providing additional living space (or storage), many critical systems and structures live in the basement (think plumbing, the foundation, electrical panel, etc.).

One of the most damaging things to any property is water. If a pipe bursts in the basement, the foundation leaks, or the washer malfunctions, you want to make sure the basement can handle the water damage. Enter: waterproofing.

There are several ways you can waterproof the basement. We'll take a quick look at each so you can determine what solution is best for your property. But first, let's take a look at why basements are especially susceptible to water damage:

Drainage

If water naturally runs towards your property, this puts you at an increased risk of water damage. Water should run away from the foundation when possible (we'll explore a solution below if that's not the case).

Foundation

Cracks or deterioration in the foundation can be a source of moisture build-up in the basement (especially if the drainage isn't dialed in). Water can seep through the foundation after heavy rain and cause foundation and wall damage.

Plumbing failure

If a pipe bursts or even if there's a small plumbing leak, water can pool in the basement. Because many basements have a lot of plumbing infrastructure,

they have a bit higher probability of water damage.

Waterproofing is important in the event of flooding or moisture damage to negate any mold, flooring damage, or drywall damage, and the list goes on. Here are three methods for waterproofing the basement:

French drain

This can be a more costly way to combat water buildup, but a French drain is a great solution. You can run a French drain along the side of the property where the natural slope of the land pushes water towards the foundation. A French drain will capture much of the water that would otherwise seep into the foundation and carry it away from the property.

Interior sealant

Sealing up the floors and walls is a pretty cost-effective way to prevent structural damage (mainly to floors and walls). The process involves applying waterproofing sealant to the walls and floors. You'll want to wash the walls/floors first, seal any cracks with epoxy, and then apply the sealant. Paint or any flooring would need to be removed before the sealant is added.

Exterior waterproofing

Waterproofing the exterior of your property can take many forms (installing a French drain being one). It's helpful to check and clean the gutters, make sure downspouts are aimed away from the foundation and working properly, and ensure foliage is at a proper distance from the foundation (one foot for plants and at least 3 feet for trees). Finally, where possible, make sure the soil and earth are sloped away from the foundation.

Some properties may require just one waterproofing solution while others may warrant all three. If you have any questions about your basement or how to prevent water damage, please feel free to reach out anytime.

Phil Schaller is an experienced landlord and the founder/CEO of RentalRiff, an alternative service to traditional property management that provides ongoing oversight and upkeep of rental properties, while serving as the main point of contact for tenants. Maintenance and repair costs are included and property specialists are licensed/insured. Phil is a Pacific Northwest native, father of two, and fly-fishing addict. If you are interested in learning more about RentalRiff's rental property maintenance service, give us a call at 541-600-3200.

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