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## E-commerce Can Teach You a Thing or Two

By Rachel Richardson

What can you learn from e-commerce giants like Amazon? Owners and operators can deliver an exceptional experience for the renter by following principles that have transformed the online shopping landscape. Apartment hunting has three factors of success that are also critical in other types of online shopping: customer service, availability and ease of access, and community engagement.

“Everyone wants the Amazon experience online,” said Max Morales, director of marketing at Cornerstone group. In a webinar on how to optimize marketing for a variety of properties, Max shared a fundamental truth about modern living and leasing: “People like simple.” Renters want to easily find and live in their ideal apartments. Much like successful e-commerce businesses, exceptional experiences in leasing require rental property managers to make it easy for renters to find what they’re

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## U.S. Rents Decline in November

RENTAL HOUSING JOURNAL

The national index fell by 1 percent over the course of November, marking the third straight month-over-month decline, and the largest single-month dip in the history of the Apartment List index, going back to 2017, according to the December report from Apartment List.

The report says rents are likely to continue to dip in the coming winter months as well.

“The timing of the recent cooldown in the rental market is consistent with the typical seasonal trend, but its magnitude has been notably sharper than what we’ve seen in the past, suggesting that the recent swing to falling rents is reflective of a broader shift in market conditions beyond seasonality alone,” the research team writes in the report.

Year-over-year rent growth has slowed considerably since the first of the year and is close to matching pre-pandemic levels.

Rents decreased in 93 of the nation’s 100 largest cities that Apartment List measured.

Among large metros nationwide, Seattle saw the sharpest decline in November, with prices down by 2.6 percent month-over-month.



“And over a longer horizon, we are continuing to see an ongoing cooldown in many of the recently booming Sun Belt markets. Las Vegas, Phoenix, Jacksonville (Fla.), and Riverside (Calif.) have all seen rent growth of 30 percent or more since March 2020, but none of these metros has seen rents increase by more than 1 percent over the past twelve months,” the report says.

“This year’s dip has so far been sharper than what we typically see. Prices have now fallen by a total of 2.2 percent since August, which is the sharpest three-month decline in the history of our index.

“The recent dip suggests that we may be entering a new phase of the rental-market rollercoaster, with changing economic conditions now driving a cooldown rental demand just as supply constraints are easing. It’s likely that rents will decline further in the months ahead, as rental market activity

continues to slow during the winter months,” the research team writes.

### VACANCY RATE CONTINUES TO CLIMB

The report says the pace at which the vacancy rate is easing has been picking up a bit of steam in recent months, as rent growth has turned negative.

From April through August, the vacancy index ticked up by a total of just 0.2 percentage points, from 5.1 percent to 5.3 percent. But from August through November, it has increased by 0.6 percentage points, reaching 5.7 percent this month.

The report summarizes that the recent rent declines are “still quite modest in comparison to the skyrocketing growth of last year, and the national median rent is still 23 percent higher than it was in January 2021.”

## Suit Challenges Cap on Screening Fees



RENTAL HOUSING JOURNAL

Two property management groups have sued the city of Eugene over a city-imposed \$10 cap on rental-applicant screening fees.

Thorin Properties and Jennings Group, Inc. charge in the lawsuit that Oregon law grants landlords the right to collect applicant-screening charges sufficient “to cover the costs of obtaining information about an applicant.”

The property management groups say they told Eugene officials that application screening “typically costs four to five times more”

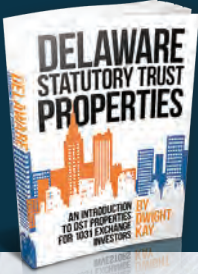
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# 10 Reasons Investors Should Consider FedEx as a Tenant for DST 1031 Exchange Investment in 2023

By DWIGHT KAY, FOUNDER & CEO OF KAY PROPERTIES & INVESTMENTS

When investors evaluate potential opportunities for their 1031 Exchanges, they should not only consider Delaware Statutory Trust offerings, but also those DST offerings that feature one major distribution and logistics tenant: FedEx. While no one has a crystal ball and can predict the performance of any real estate asset, we are encouraged by one corporation that leases thousands of locations across the country: FedEx.

According to the American Association of Independent Investors (AII) FedEx Corporation (FedEx) provides a robust portfolio of transportation, e-commerce and business services and operational units under the FedEx brand umbrella, including:

- **FedEx EXPRESS** — The FedEx Express segment offers a range of United States domestic and international shipping services for delivery of packages and freight.
- **FedEx GROUND** — The FedEx Ground segment provides small-package ground delivery services, which includes day-certain service to any business address in the United States and Canada, as well as residential delivery services through its FedEx Home Delivery service.
- **FedEx FREIGHT** — The FedEx Freight segment offers less-than-truckload (LTL) freight services.
- **FedEx SERVICES** — The FedEx Services segment provides sales, marketing, information technology, communications, customer service, technical support, billing and collection services, and certain back-office functions that support the Company's operating segments.

As a corporate backed-net lease tenant, Kay Properties likes FedEx for a number of fundamental reasons, including FedEx has a market capitalization of \$58.40 Billion making them a very well capitalized tenant to help investors sleep well at night that they have a tenant on a long-term lease that will likely be able to pay rent each month\*. Again, while all real estate investments contain no guarantees of monthly distributions and investors should read each PPM paying special attention to the risk section prior to considering an investment, Kay Properties likes FedEx as a tenant for DST properties, especially during turbulent times that need an anchor tenant like FedEx.

Here are 10 reasons Key Properties likes FedEx for DST 1031 investments in 2023.

## 1. UP, UP AND UP

According to a recent article in MarketWatch, FedEx stock continues to soar, reaching its biggest one day gain in 29 years on June 14, 2022, resulting in a 14.4% increase in share price. This type of growth occurring during a bear market and at a time when many public companies' share prices are plummeting, is worth taking note.

## 2. SHAREHOLDER HEAVEN

FedEx also just raised its shareholder dividend by 53%.... Again, this occurred during a bear market when the broader stock market is taking a beating.

## 3. DST ESSENTIAL

Over the years, Kay Properties has provided several FedEx DST investments for our investors. While past performance does not guarantee or indicate the likelihood of future results, each FedEx DST investment provided regular monthly rental distributions for our client each and every month - even during COVID-19 pandemic. The essential nature of the FedEx business makes it a popular choice for DST investments.

## 4. JUST ORDER IT ONLINE

E-Commerce Logistics Market Is Booming Worldwide and FedEx is a recipient of this growth trajectory. An article in Digitaljournal reports that this hyper-growth is being

fueled by the increased consumer adoption using e-commerce as a convenient and viable purchasing practice. Additionally, the internet continues to penetrate pockets of consumers worldwide which allows cross-border e-commerce activities, and a growing number of e-commerce business models being developed worldwide. All of this feeds into the need for a reliable, logistics company as FedEx.

## 5. MORE TRUCKS, PLEASE!

Parcel volumes continue to grow. According to Pitney Bowes, a technology company that is known for its postage meters and other mailing equipment, FedEx saw its revenue swell to \$62 billion in 2021 while growing its market share. The Pitney Bowes survey also found that 23% of American shoppers are shopping more online than ever in their lives, and that nearly 40% of all purchases are now being conducted online.

## 6. EXPENSE INFLATION PROTECTION POTENTIAL

DST investments with long-term leases to tenants like FedEx are often Net Leased whereby the tenant and not the landlord is responsible for the majority, if not all of, the property level maintenance, taxes and insurance costs. This can be a very nice thing in an inflationary environment when your tenant is responsible for increased costs due to inflation and not you as the landlord. This is not the case with many DST investment asset classes such as multifamily, self storage and others whereby the landlord is responsible for all maintenance, taxes and insurance cost increases due to rising inflation.

## 7. A HIGH-MARGIN BUSINESS MODEL

FedEx has done a remarkable job leveraging its reliable and growing pick-up and delivery (P&D) routes, its linehaul run routes, and its efficient expense management practices. As a result, FedEx continues to deliver higher than average profit margins within the logistics and delivery industries, and presents a real challenge for any competitor to attempt to penetrate its business model.

## 8. ROOM TO GROW

FedEx has a "lucrative backdoor" that can grow into a larger role in e-commerce. According to a Citigroup analyst, FedEx can boost its profits by \$1 billion annually just by leveraging its recent takeover of ShopRunner and the technology prowess of Microsoft. By doing this, explained the Citigroup analyst, FedEx could become e-commerce's universal shipping cart that would attract a base of millions of subscribers that would receive free expedited shipping.

## 9. THE ANCHOR TO A DST 1031 INVESTORS PORTFOLIO

A DST with a long-term lease to a company like FedEx can be a potential anchor to an investors DST 1031 portfolio in turbulent times. With a pending recession and uncertainty throughout the world, having a long-term net lease with one of the world's largest companies can be an anchor for an investors DST 1031 portfolio. Although all investments have risks and investors should read each Private Placement Memorandum (PPM) carefully, investors are deciding that a piece of their DST 1031 investments in a debt-free FedEx DST property makes a lot of sense in today's uncertain economic climate.

## 10. DEMAND FOR INDUSTRIAL LAND SURGES

The exponential growth of e-commerce has created a huge need for warehouse and data center space. According to a recent Wall Street Journal article, the e-commerce boom has already turned warehouses and fulfillment centers into one of the hottest property types on the planet. This lack of available space suitable for logistics operations has also meant that rents are surging while vacancy rates are some of the lowest in history.



### About Kay Properties and [www.kpi1031.com](http://www.kpi1031.com)

Kay Properties & Investments is a national Delaware Statutory Trust (DST) investment firm. The [www.kpi1031.com](http://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.

\* Past performance does not guarantee or indicate the likelihood of future results.

\* No representation is made that any DST investment will or is likely to achieve profits or losses similar to those achieved in the past or that losses will not be incurred on future offerings.

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There are material risks associated with investing in real estate, Delaware Statutory Trust (DST) properties and real estate securities including illiquidity, tenant vacancies, general market conditions and competition, lack of operating history, interest rate risks, the risk of new supply coming to market and softening rental rates, general risks of owning/operating commercial and multifamily properties, short term leases associated with multifamily properties, financing risks, potential adverse tax consequences, general economic risks, development risks and long hold periods. All offerings discussed are Regulation D, Rule 506c offerings. There is a risk of loss of the entire investment principal. Past performance is not a guarantee of future results. Potential distributions, potential returns and potential appreciation are not guaranteed. For an investor to qualify for any type of investment, there are both financial requirements and suitability requirements that must match specific objectives, goals, and risk tolerances. Securities offered through FNEC Capital, member FINRA, SIPC.



# Office-to-Apartment Conversions Hit Record

## RENTAL HOUSING JOURNAL

Conversions from office buildings to apartments are at an all-time high, having made way for 11,000 apartments in just the last two years, according to a report from RentCafé.

The report also says there are 77,000 apartments under conversion, setting up the stage for a boom in adaptive reuse in the upcoming years.

“This increasingly popular real estate niche brought a total of 28,000 new rentals in 2020-2021, well above the pre-pandemic years of 2018-2019 when 22,300 apartments were brought to life through adaptive reuse. Amid an ever-growing need for housing, adaptive reuse picked up speed in America’s largest cities, according to the latest data from Yardi Matrix,” the report says.

“Existing building architecture is the critical starting point. Not all buildings are equally threatened by the work-from-home revolution. Larger office buildings in abandoned central business districts are better suited to conversion than the often-smaller office complexes distributed around the suburbs,” said Doug Ressler, manager of business intelligence at Yardi Matrix.

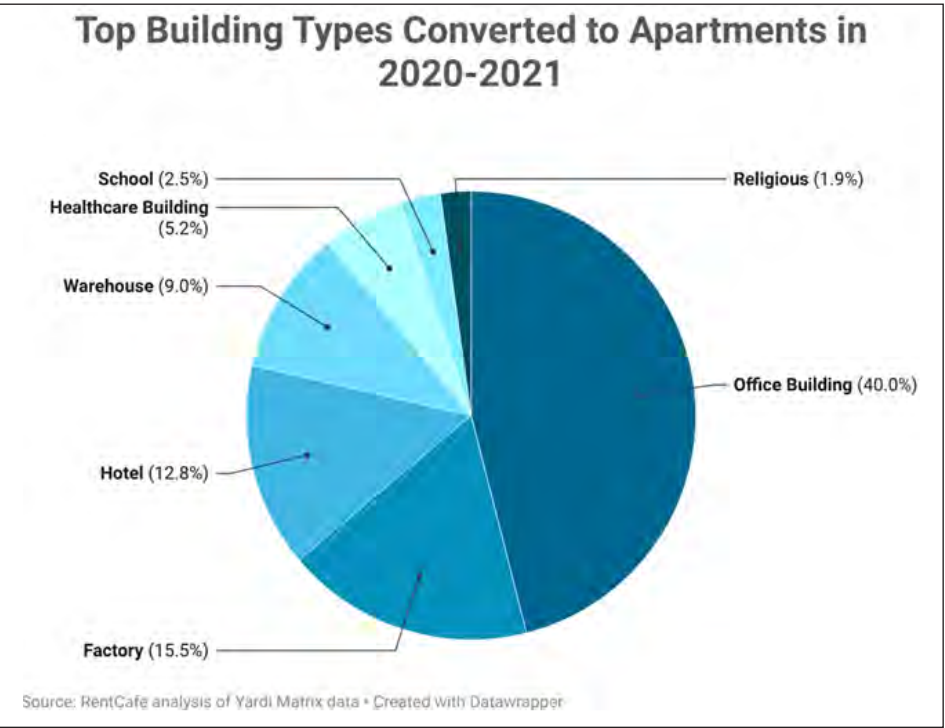
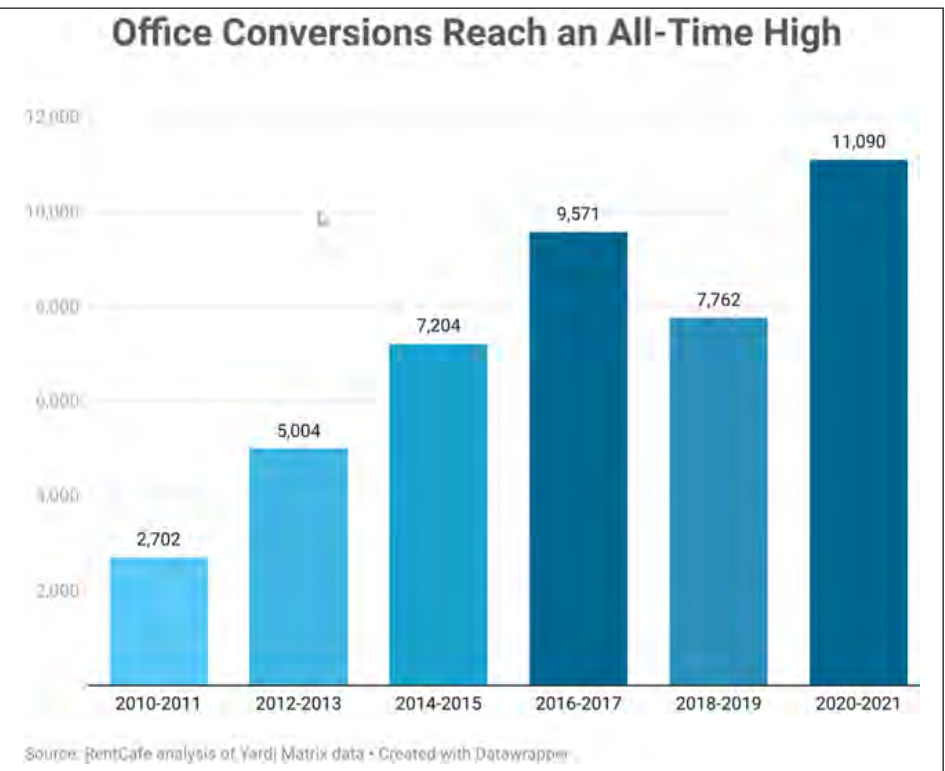
Here are the main findings:

- The 25 percent jump in converted apartments compared to pre-pandemic years roughly translates into 28,000 new rentals delivered nationwide in 2020 and 2021 combined. Washington, D.C., Philadelphia, and Chicago are the leaders when it comes to repurposed buildings during the pandemic, boasting a combined 15 percent of all apartment conversions in the United States.
- Adaptive-reuse apartments grew faster than new apartments — 25 percent versus 10 percent — during the same timeframe. After maintaining a steady pace of growth of around 35 percent each year between 2012 and 2017, adaptive reuse saw a dramatic decrease of 24

percent between 2018-2019. By the start of 2020, conversions picked up speed again.

- Conversions from office to apartment hit a record high, with 11,090 apartments delivered in 2020 and 2021 alone. That’s a 43 percent uptick compared to the previous two-year interval (2018-2019). Washington, D.C., Philadelphia and Chicago lead the way in this category as well.
- Office buildings are the most popular type post-pandemic, making up 40 percent of all adaptive-reuse apartments. However, smaller niches such as former healthcare buildings are growing at a staggering pace. The number of apartments converted from healthcare buildings more than tripled during the pandemic compared to the 2018-2019 period, increasing by 212 percent. Next up come the religious buildings, with a 73 percent increase, followed by hotel conversions, which grew by 65.6 percent. The next conversion niches are former factories, warehouses and school buildings.
- 77,000 converted apartments are expected to be opened over the next several years. As a matter of fact, nowhere is the future development of adaptive reuse more evident than in Los Angeles, where a total of 4,130 apartments resulting from conversions are expected. As many as 1,242 apartments came online between January and June in Los Angeles, making this year the best one in the last decade.

*RentCafe.com is a nationwide apartment-search website featuring apartments and houses for rent throughout the United States. To compile this report, RentCafe’s research team analyzed rental data from the 260 largest cities in the United States. The data on average rents comes directly from competitively-rented (market-rate) large-scale multifamily properties (50+ units in size), via telephone survey.*



# Investigation Urged Regarding RealPage Rent-Setting Software

## RENTAL HOUSING JOURNAL

Seventeen Democratic members of the U.S. House of Representatives have sent a letter to the Department of Justice and the Federal Trade Commission asking the agencies to investigate RealPage’s rent-setting software, according to ProPublica.

The Justice Department and Federal Trade Commission have not responded to the request.

ProPublica is reporting that RealPage, a Texas-based real estate tech company, is facing a new barrage of questions about whether its software is helping landlords coordinate rental pricing in violation of antitrust laws.

In an Oct. 15, 2022, story, ProPublica detailed how RealPage’s pricing algorithm uses competitor data to suggest new prices daily for available apartments. ProPublica raised concerns that the software, sold by RealPage, is potentially pushing rent prices above competitive levels, facilitating price fixing or both.

In the letter, Reps. Jesús “Chuy” García and Jan Schakowsky, both from Illinois, and other Democratic leaders alleged that if big property managers and RealPage formed a “cartel” to artificially inflate rents

and decrease the supply of apartments, they could face “potential criminal prosecution.”

“Our constituents cannot afford to have anticompetitive — and potentially per se illegal — practices drive up prices for essential goods and services at a time when a full-time, minimum-wage salary does not provide a worker enough money to rent a two-bedroom apartment in any city across this country,” they told ProPublica.

RealPage’s algorithm-based price optimization software, YieldStar, is being used by a growing number of property managers and landlords.

RealPage’s software applies a complex set of mathematical rules to a vast trove of data collected by the company from landlords who are its clients. That data includes the otherwise private data of nearby competitors.

## CLASS-ACTION PRESSURE GROWING WITH MORE LAWSUITS FILED

The representatives’ letter adds to growing legal and regulatory pressure on RealPage. Sen. Sherrod Brown (D-Ohio) recently sent a similar request to the FTC calling for a review of the company’s practices.

“Renters should have the power to negotiate fairly priced housing, free from illicit



collusion and deceptive pricing techniques,” Brown said in his letter. “Troublingly, ProPublica reported that a former RealPage executive stated that the data could give insight into how competitors within a half-mile or mile radius are pricing their units,” said the letter, which was addressed to FTC chair Lina Khan.

RealPage has said the data fed into its pricing tool is anonymized and aggregated. It said the company “uses aggregated market data from a variety of sources in a legally compliant manner.”

In a statement, the company said it had not seen the Brown letter, “but we are always willing to engage with policy stakeholders to ensure they have the facts about the competitive dynamics of the housing market

and the value and benefits that RealPage creates for renters and housing providers.”

A lawsuit filed on behalf of two Seattle renters alleges a broad pattern of collusive behavior by RealPage and a group of 10 large property managers.

In one neighborhood in Seattle, ProPublica found, 70 percent of apartments were overseen by just 10 property managers, all of which used pricing software sold by RealPage in at least some of their buildings.

The lawsuit says that in addition to using RealPage software to inflate rents in downtown Seattle, property managers had employees call competitors regularly seeking detailed nonpublic information on what they were charging — which the employees would change their prices to match.



# What You Can Learn From E-commerce

*Continued from Page 1*

looking for.

While this is simple in principle, it can be challenging to implement without clear guidelines. We'll get into each of these and how property technology comes into play.

## REDUCE FRICTION IN THE LEASING PROCESS

“Customer obsession rather than competitor focus,” is one of the four principles guiding Amazon’s mission. And this reveals why many of the company’s most sophisticated tech innovations deliver convenience, personalization, and speed. Properties that champion the renter experience find out where there is friction in the renter journey. They then can use technology to remove the roadblocks and make leasing more effortless.

For rental property managers and teams, the challenge is getting all of the tools they manage to seamlessly work together. Single-point solutions have flooded the market to guide leasing teams through specific steps. But the next phase of multifamily is in operational efficiency. Seek automated communications, integrated solutions and FHA-compliant resources that are renter-centric.

## AUTOMATE WHEN POSSIBLE, AND WITH INTENTION

Digital shopping allows us to take action, uninterrupted. Automated-tour scheduling and email confirmations show renters that your property can swiftly lead them into the leasing process.

Ensure that your automated

communications provide clear next steps for the renter and options to continue exploring in the meantime. For example, your follow-up email may include appointment date and time. But also providing a virtual video of the apartment they will be touring or a link to the website for further details – ties back to the whole experience and keeps them engaged.

Renters are also often under time constraints. Make responding easy with two-way email or text communications, simple rescheduling options and clear directions for onsite tours.

## ANTICIPATE COMMON QUESTIONS AND NEEDS OF RENTERS

Exceptional digital experiences answer common questions that shoppers are trying to solve for. Your property can answer frequently asked questions from your renters in a variety of engaging ways – from property photos and maps to reviews. Here are a few ways to develop digital experiences with common questions in mind:

- **“What’s the neighborhood like?”** — Renters can quickly get a feel for your community if you have “Places nearby” enabled on your listings. Photos and videos of events, partnerships with local vendors and welcome kits with local recommendations also showcase your property location in a fun and experiential way.
- **“Can I trust that it will be this good once I start living there?”** — Ratings, reviews and social media are powerful word-of-mouth indicators of what it’s like for residents at the community. Ensuring that they are

available, recent, and responded to will help you build trust early and get ahead of renters’ remorse down the line.

- **“Is this property pet-friendly?”** — Clear pet policies in listings and the website, fun photos of community pets, and other examples of your community (dog-park photos, pet-washing stations, etc.) are all ways to effortlessly address this
- **“What shape is the apartment in?”** — The key question most properties answer can inspire a variety of digital content. Think about how your 3D tours, videos, photos, floor plans and other visual guides reflect the onsite experience.

## WORK WITH NEW BROWSING BEHAVIORS WITHOUT WORKING AGAINST YOUR BUSY SCHEDULE

Touring schedules have changed post-pandemic. The rise in remote work has prompted many renters to research apartments on their own time – during what used to be off-hours.

In a panel at the 2022 Apartmentize conference, “What do Post-Pandemic Renters Need? Data & Industry Expert Perspectives,” speakers shared how this has affected leasing schedules. In the past, days surrounding the weekend, Fridays, Saturdays and Mondays, used to be the most popular times to tour. But Tuesdays have recently become a popular tour day as workers make time to quickly explore a new apartment.

The digital evolution of leasing has also made late-night browsing easier. Instead

of overextending leasing teams, properties use automated communication channels and support to fill in outside of office hours.

To provide a high-quality renter experience, also ensure outside support teams understand your team’s priorities and can interact with renters as an extension of your team. Virtual leasing solutions, text and email communication, web chat, and other digital messaging services can fulfill this need. Important to look for here are services that integrate with your PMS (property management system) or other platforms and FHA-compliant vendors.

## CAN YOUR LEASING PROCESS PASS THE ULTIMATE TEST?

The best way to fully understand the renter journey is by taking it. Test out the leasing process for yourself and with your team. Fill out a lead form on your listings and property website to see firsthand what automated communications you receive. Test out booking, rescheduling, and canceling a tour to see how simple or difficult moving through each process is. Write down any questions that came up (where could I call the leasing team from this page?), natural responses you had (I want to see more but am not sure where to find the website) and wish-list items for where you want to see improvement. Then, use your findings to make tweaks to the current process.

The renter experience is constantly evolving. With simplicity in mind, rental property managers and owners can make adjustments or shift strategies according to a time that works for your team, your budget and your current processes.

*Rachel Richardson is a content manager for Rent. a leading rental marketplace.*

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# Fair-Chance Housing Should Be Fair for All

By SCOT AUBREY

If you are like most people, you bristle at the thought of having other people tell you what to do in an effort to control you. It’s human nature that we like to be the author of our own destiny, that our fortunes are ours and ours alone to create and manage.

As a property owner over the last few years you have likely felt the increasing pressures that have been placed upon you by local, state, and federal rules and laws that have slowly, but consistently, chipped away at your freedom to manage your privately-owned property in the way you see fit.

After being defeated last year at the New York City council level, the Fair Chance for Housing Act has been reintroduced this year and there is a more than likely chance it will be passed and put into effect in the coming months. This is important to you as a property owner as other cities across the country have implemented similar policies that could be coming to a city where you own property very soon.

The Fair Chance for Housing Act targets the elimination of the use of criminal background information as a qualifying factor at any point during the application process and prohibits you from denying housing or taking any adverse action based on any arrest or conviction record related to your tenant applicant. The language put forth by the Act’s proponents state that “The Act would cover any person having the right to sell, rent, or lease or approve the sale, rental or lease of a housing accommodation.”

That’s pretty far-reaching and if brought to your town, would affect each of you significantly.

The issues set forth in the language of the New York Act are often confusing and inaccurate, as they use broad-brush strokes



to make their argument that background checks are evil and can never be trusted. Similar acts in cities like San Francisco, nearby Richmond, Calif., and Seattle have enacted varying policies that are similar in nature as they are forcing rental property owners to eliminate the use of background data in their decisioning. A close look at any of these cities since enacting these policies tells the real story and impact they have had.

Let’s look at Seattle as an example of a city that has been turned from one of the “crown jewel” cities on the West Coast to one struggling with homeless people, violent crime, and drugs.

The Seattle City Council has made several moves over the past years to address the city’s housing issues, aiming to prevent housing discrimination against applicants with conviction or arrest records. What effect has that had on property owners? They moved!

Yes, rather than being forced to operate their income-producing properties in a way that put them at risk, many sold their properties inside the geographic borders of the city and bought property in areas that provided them the freedom to manage their way.

In no way am I saying that an individual with a criminal history should never be allowed to lease a property ever. In fact, I feel the exact opposite. As an income-producing property owner I recognize the necessity of having a good, qualified, and trustworthy tenant in my property. That is why I have a criteria that addresses criminal history in a very specific manner; no misdemeanor convictions in the past three years and no felony convictions in the past five years.

Where property owners get into trouble is when they use the word “ever” in relation to criminal records or anything else, for that matter. It is my responsibility to protect

the value of my property and the safety of the community where it is located. That can be accomplished by allowing each property owner to set their own standards when it comes to criminal backgrounds. Just like these cities don’t like us to lump all individuals with criminal histories together, we in turn don’t want to be grouped together as villainous landlords.

Ask yourself this, would the city of New York ever stop doing criminal backgrounds on its own employees? Imagine if it did and now you had known criminals with access to your private, personal information running all city services. What if the NYPD was made up of individuals with a criminal past? Take it a step further, let’s have them run the jails and prisons. It would never happen because they will always protect their own.

I always advocate for getting a criminal background check on your applicants. While the Fair Chance Housing movement makes all background companies out to be bad, there are experienced companies that follow all the rules, provide current and accurate data, and give you the best look at who your applicant is and was in the past.

We must band together as property owners to protect our interests and not let special interests take over the best industry in the world.

*Scot Aubrey is vice president of Rent Perfect, a private investigator, and fellow landlord who manages short-term rentals. Subscribe to their 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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# How to Identify Knob-and-Tube Wiring

By PHIL SCHALLER

Knob-and-tube wiring is common in older homes and was used heavily between 1880 and 1930; if your property was built within that time frame it may have some knob-and-tube. Knob-and-tube wiring is outdated technology. When knob-and-tube was being installed in homes, people didn’t have a washer and dryer, dishwasher, air conditioner, hair dryer, etc. — in other words, the electrical load wasn’t nearly as heavy. With so much demand on a dated electrical system, the wiring can overheat and create a fire hazard. It is best to install updated wiring systems.

### How to ID Knob-and-Tube

Generally speaking, knob-and-tube is easy to spot. The best place to check for knob-and-tube is in your basement or in the attic — in these areas knob-and-tube wiring will hang freely from the ceiling. White, ceramic tubes and knobs that the wiring snakes through are trademarks of this system. Look for a rubber cloth that wraps around the wires as well — more on this below.

Knob-and-tube can also exist in the walls — this requires a little more digging (and drywall work). In order to properly identify knob-and-tube in the walls (also called spider-webbing) we recommend bringing in an electrician to diagnose.

### What Makes Knob-and-Tube Wiring Dangerous?

First of all, there is no electrical ground with knob-and-tube wiring — there’s just a hot and neutral wire. Running large appliances without a grounding wire is dangerous because of the amount of energy required to power these systems. Another safety



concern with knob-and-tube is that it doesn’t age particularly well. As we mentioned above, knob-and-tube is wrapped with a rubber cloth that can deteriorate over time (especially after 90-140 years). This deterioration can present exposed electrical wiring that can be a fire and electrocution hazard.

Insulation and water damage can create a larger issue when your knob-and-tube cloth protection has worn down. Exposure to newly installed insulation can be a major fire hazard and unnoticed water leaks do not mix well with unprotected wiring.

### Insurance and Home Value Issues

Obtaining or renewing insurance on a property knob-and-tube can be difficult. Insurance companies don’t want to cover properties with knob-and-tube because of the additional liability. At the least, you’ll have to pay extra for proper coverage.

On top of that, the demand for a house with knob-and-tube wiring will go down. As more and more homes are upgraded and new homes come on the market, knob-and-tube will become a bigger concern for potential home buyers. This will translate to lower prices for sellers of knob-and-tube properties.

Here at RentalRiff, we’ve worked with knob-and-tube extensively in our customers’ rental properties. Let us know how we can help!

*Founded in 2020 by Phil Schaller, an experienced startup operator and landlord, and Pete Hanks, a Seattle-based general contractor, RentalRiff’s mission is to change the way small rental properties are managed. Their solution allows landlords to be hands-off while knowing the property is well-*



*cared for - it also provides tenants with a tremendous support system, all for a fraction of the cost of hiring a property manager. The service is based on a*

*system developed by the founders to manage their own rental properties.*

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The holiday season is upon us, and we should all be preparing to ensure an inclusive and diverse environment for our communities.

This article will share some fantastic tips to help you and your community get ready and have a happy fair housing-friendly holiday season!

Many of us have personal opinions about what is and is not acceptable concerning holiday decorations; it's best to take a step back and see what the law says and then consider some best practices based on that.

On Jan. 9, 1995, a memorandum was released by HUD (Housing and Urban Development) that in part addressed Fair Housing holiday decorations. The subject was “Guidance Regarding Advertisements Under 804(c) of the Fair Housing Act.” Here is a direct quote from that document:

“The use of secularized terms or symbols relating to religious holidays such as Santa Claus, Easter Bunny, or St. Valentine's Day images, or phrases such as Merry Christmas, Happy Easter, or the like does not constitute a violation of the Act.”

So does this mean we can throw caution to the wind? As a professional in the housing industry, you may be faced with holiday-related items that are simply viewed as potentially offensive or insensitive but that are not against Fair Housing laws.

While using these secular terms and items may not be a direct violation, they are related to the protected class of religion. So discretion is needed to make certain that no one person feels discriminated against.

To help, ask yourself these questions if you are going to decorate your leasing office:

- Will everyone be comfortable in this space?
- Are the choice of decorations inclusive, or do they only represent certain religions?
- Do the decorations promote a sense of equality and community?



# How To Have a ***Fair Housing- Friendly*** Holiday Season



Having neutral policies and procedures in place regarding the use of community common areas ahead of time is a must. In other words, if your policies allow for religious activities, make sure your policy covers all religions. If someone wants to reserve the common area for an activity, it should not be limited because it is not appropriate for the rest of the residents. The limits should only be for disturbing activities, for example, being too loud. All the limits should be equal for every resident.

Here again, is where your community policies and procedures come into play. If you do allow residents to hang things on their doors or perhaps decorate the patios or balconies of their apartments, there should be house rules to cover all decorations. This will keep it from being viewed

as discrimination against religious or cultural decorations.

By focusing on building an environment focused on inclusivity and diversity, we can help everyone feel welcome and appreciated. However, sometimes despite our best efforts, someone may still complain. Do not dismiss this as holiday stress or burnout. Take every complaint seriously and document everything!

Now would be a great time to add some additional fair housing training for your staff that focuses on the holidays to help make sure everyone is on the same page and ready to spread some holiday cheer!

*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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# Must-Know Property Management Trends

By John R. Triplett

Three must-know property management trends for 2023 include portfolio expansion as a top item, according to Buildium’s 2023 Property Management Industry Report.

Here are three of the property management industry trends that the report says will exert major influence over the way in which small and mid-sized companies do business in 2023 and beyond.

## No. 1 – PROPERTY MANAGEMENT PORTFOLIO GROWTH

The report says, “Looking specifically at small property management companies who manage rental properties owned by third parties, 92 percent plan to add new doors to their portfolios in 2023 and 2024.”

A majority of respondents “said their companies plan to grow by a significant

amount” — a term that most respondents defined as an increase in the size of their portfolios by between 26 percent and 50 percent.

These portfolio expansion growth plans represent a more normal return to business seen pre-pandemic.

While portfolio expansion took the top spot in Buildium’s report, “efficiency and profitability took second and third place—two priorities that had fallen down the list during the pandemic as issues related to rental owners and renters took priority.”

## No. 2 – DEMAND FOR PROPERTY MANAGEMENT SERVICES

The industry report says rental owners’ demand for property managers’ expertise remains elevated above the pre-pandemic period.

Up-and-Coming Property Management Technologies for 2023	
➤ Maintenance contact center	➤ Automated/bulk invoice processing
➤ Customer relationship management software	➤ Self-service showings coordinator
➤ Utility management/billing	➤ Business analytics
➤ Lead generation services	➤ Virtual/360-degree tours

The number of rental owners who reported that they currently had a property manager jumped from 55 percent in 2019 to 64 percent in 2020, and held steady at 63 percent throughout 2021 and 2022.

“The good news is that our surveys have found that for small real estate investors, enlisting an expert’s help in these areas dramatically reduces their stress levels. So, in spite of the temptation to keep costs low by managing their properties themselves, small-portfolio investors and accidental landlords alike continue to see the value in professional property management services,” Buildium says in the report.

“Our survey found that this is particularly true when it comes to collections, maintenance, leasing, regulatory compliance, financial reporting, and local market expertise.”

## No. 3 – COMPETITION IN THE PROPERTY MANAGEMENT INDUSTRY

One of the keys to staying competitive is technology, which is helping small property management companies stay competitive and profitable during the labor shortage.

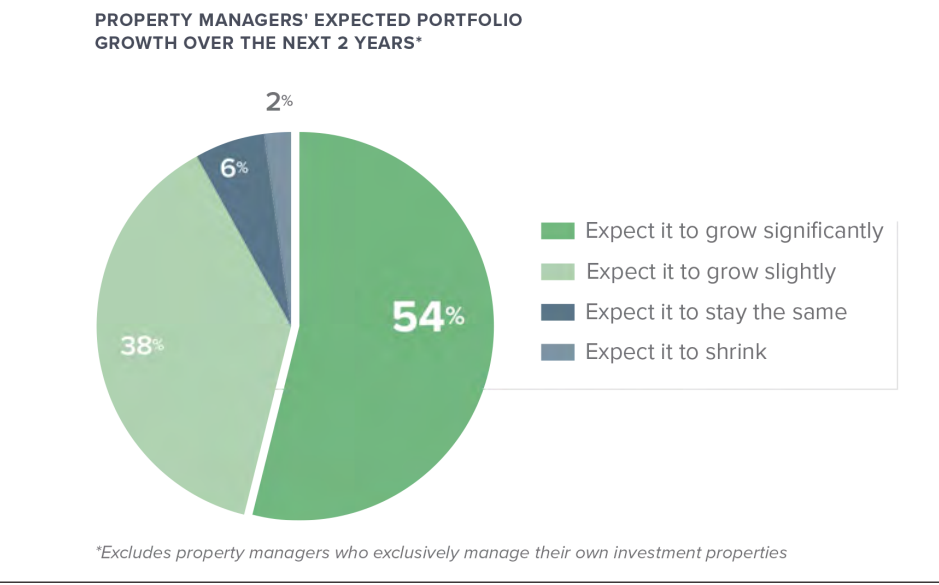
National firms and institutional investors have expanded into popular markets—particularly in the Sun Belt—to seize the

opportunity that those appealing cities present, often acquiring local property management companies for their portfolios, the report says. “This has been particularly stressful for small property management companies, who have less room to compete on price than larger firms do,” Buildium says in the report.

So, one of the key elements of competition can be embracing more technology, such as:

- Take on more properties than they otherwise would have been able to.
- Focus more of their energy on relationships, helping them to attract higher-quality, longer-term clients and tenants.
- Get rid of their offices, allowing them to reduce their costs significantly while increasing their organization, efficiency, and consistency.
- Improve team members’ enjoyment of their jobs, allowing them to spend less time on repetitive tasks so they can focus on more effective and fulfilling work.

*John R. Triplett is the publisher of Rental Housing Journal and a veteran journalist who has worked for Cox, Gannett and Belo. He and his business partners also own a digital marketing company, Desert Path Consulting LLC.*



Charts Courtesy of Buildium

# City of Eugene, OR Sued Over \$10 Screening-Fee Cap

Continued from Page 1

than the \$10 cap, according to the Eugene Register-Guard.

The city can’t preempt state law by requiring housing providers to charge less than the cost of screenings, said Gary Fisher, deputy executive director of Multifamily NW, the state’s largest association of housing providers and a strong supporter of the lawsuit.

“These regulations are essentially a tax on housing providers and will only cause housing costs to rise throughout the city,” Fisher said in a statement.

Fisher added that housing providers have felt left out as the city considers renter protections, and saw the legal system as a “last resort” after putting out ideas and compromises and being ignored.

The city is unable to comment on the lawsuit, a spokesperson said.

Thorin Properties is an Oregon Limited Partnership. It owns 16 properties in Eugene, Oregon, consisting of 82 apartment units and six stand-alone rental homes.

Jennings Group, Inc., is an Oregon corporation licensed

as a property management firm. It manages 1,595 residential department units in the city of Eugene.

Eugene passed the rental-applicant screening fees ordinance in July.

“Plaintiffs are adversely affected by the enactment and enforcement of the amendments contained (in) the ordinance, which restricts the amount they are allowed to charge tenants in the screening process and prevents them from recovering their actual screening costs,” the lawsuit says.

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