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Published in association with Multifamily NW and Rental Housing Association of Oregon



Building Up Multifamily Communities

HOLLY WELLES

Running an apartment complex is a gift and a challenge all wrapped in one box. On one hand, you get to interact with different people every day. You provide them with a sense of home and safety in what may be an entirely new city. Tenants trust you and your skills to make your community the best in your area. It’s a big responsibility, and one every property manager should feel honored to provide.

On the other hand, property managers are responsible for the feeling of community in their apartment complex. People may live side by side, but that doesn’t mean they get the chance to know each other outside of regular work or school hours. It’s difficult for people to break their routine when they’re busy, which is where the property manager can step in.

Read on to learn some easy ways you can build a sense of community in your apartment building. Tenants will appreciate getting to know their neighbors while also being cared for by the management team. You can go *See ‘7 Suggested’ on Page 4*

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Passed and Pending Legislation Turns States More Tenant-Friendly

RENTCAFE

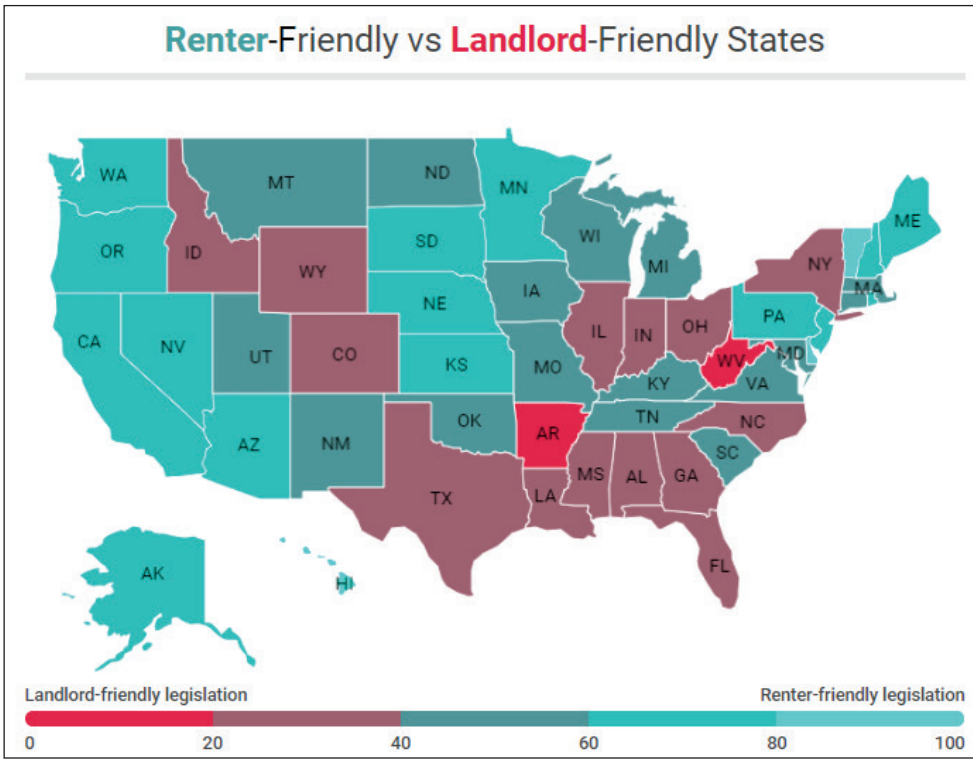
Legislation recently passed or pending in many states is making them more tenant-friendly and less landlord-friendly, according to some new research by RentCafe.

With Oregon passing a first-in-the nation rent-control bill, and Washington State considering extending the amount of time before a landlord can evict a tenant, it is clear landlord-tenant laws are evolving in many places in the United States.

In a recent study, RentCafe compared and contrasted landlord-tenant laws in 50 states and the District of Columbia. The study focused on 10 common aspects of the landlord-tenant relationship, which includes security deposits, rent increases, the warranty of habitability and eviction notices. It also created a ranking system based on the best and worst scenarios for renters and landlords.

MOST TENANT-FRIENDLY STATES

Vermont ranked first among the renter-friendly states, followed closely by Delaware and Hawaii. Rhode Island,

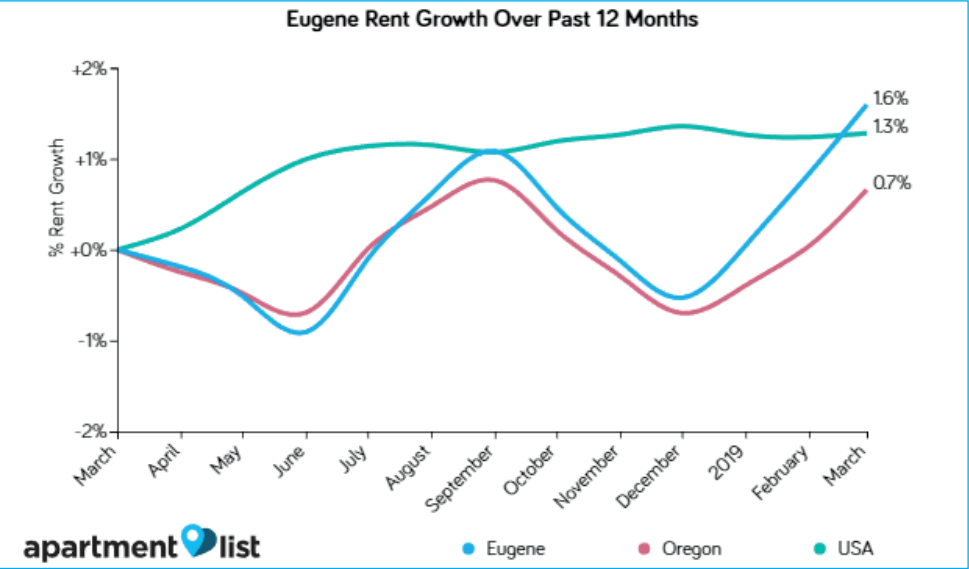


Arizona, D.C., Maine and Alaska statutes also seem to favor tenants over landlords, according to the analysis.

On the other end of the spectrum, the laws in Arkansas and West Virginia were the least friendly to their renters, with

Louisiana, Georgia, Wyoming, North Carolina, Idaho, Ohio, Mississippi and Colorado following. Arkansas and West Virginia registered the same score on the scale, but since Arkansas is the only state where tenants can face criminal charges *See ‘Legislation’ on Page 3*

Eugene Rents Up Month-Over-Month



APARTMENT LIST

Eugene rents have increased 0.7% over the past month, and are up slightly by 1.6% in comparison to the same time last year.

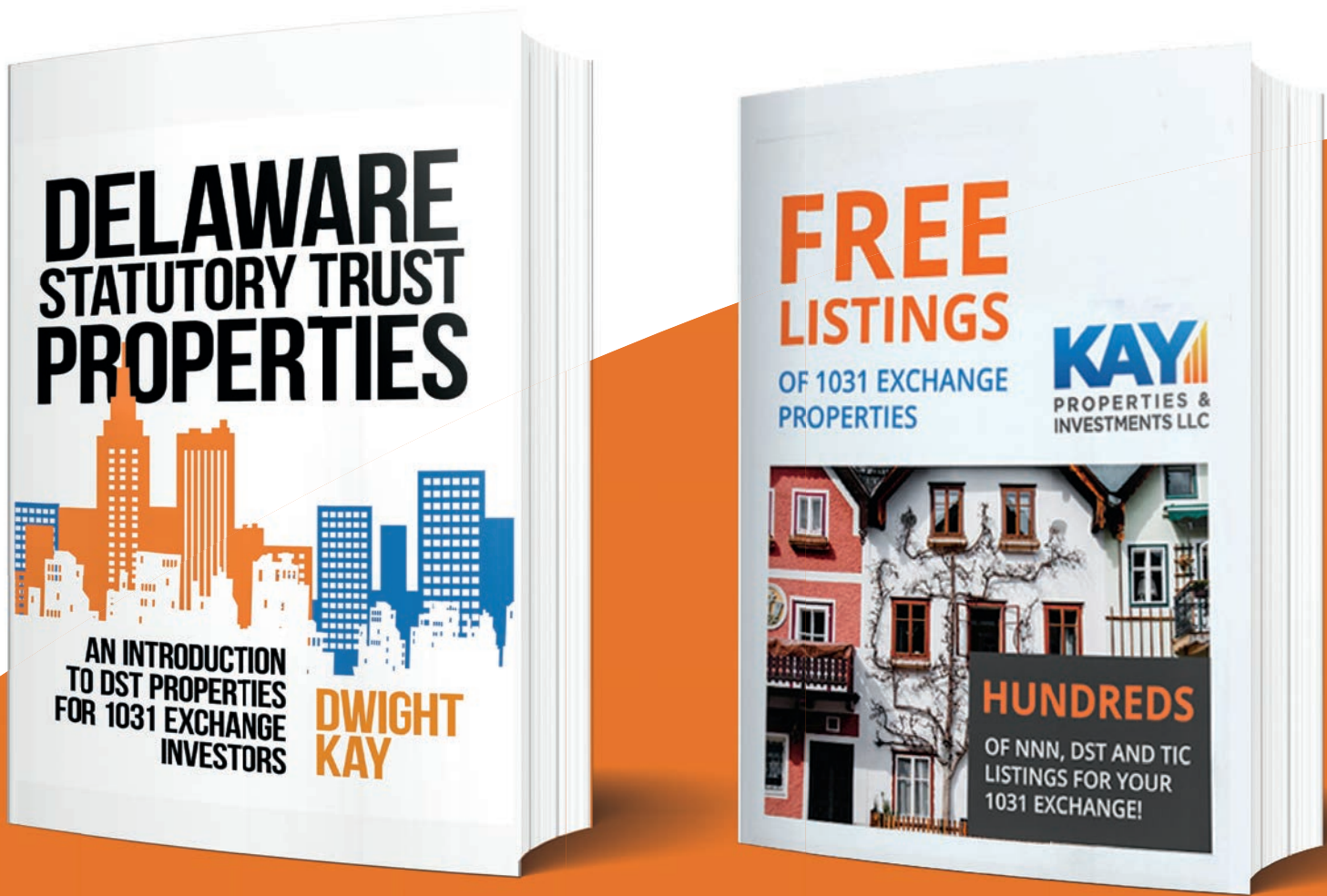
Currently, median rents in Eugene stand at \$830 for a one-bedroom apartment and \$1,100 for a two-bedroom.

This is the third straight month that the city has seen rent increases after a decline in December of last year. Eugene’s year-over-year rent growth leads the state average of 0.7%, as well as the national average of 1.3%.

See ‘Salem’ on Page 6



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info@rhaoregon.com
www.rhaoregon.org

Fair Housing Compliance Matters

Legislation Turns States More Tenant-Friendly

Learn more about this study's methodology on RentCafe.com.

VALLEY

Publisher/General Manager

John Triplett

Editor-in-Chief

Linda Wienandt

Associate Editor

Diane Porter

Sales Manager

Terry Hokenson

Website

www.RentalHousingJournal.com

Mailing Address

4500 S. Lakeshore Drive, Suite 300

Tempe, AZ 85282

info@rentalhousingjournal.com

(480) 454-2728 - main

(480) 720-4386 - ad sales

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all-out or start with baby steps, depending on your budget, but there's always something you can do to encourage a sense of community.

If your complex doesn't have one already, find a way to designate an outdoor space for your tenants to use as a community center. This could look like a pool, a garden or even a plot of grass with some picnic tables. Many apartment communities are also building dog parks, if they have the infrastructure.

Consider the average life experiences of your tenants to determine what outdoor space they would enjoy best. You don't want to spend your money on an amenity that tenants will likely ignore. It's more important to build the right outdoor space than to jump to provide anything at all.

A great way to get tenants to interact with each other is to set up regular events that will make them want to step out of their possible comfort zones and meet new people. Events can be centered around fun holidays, like the Fourth of July or Halloween, so everyone can participate. Encourage tenants to come out and have fun at a cookout or networking event, for example.

When your tenants get to know each other, your business benefits. Not only will familiarity make them more considerate of each other's space and quality of life, but you're likely to reduce tenant turnover in the long run.

Creating community events doesn't have to be resource-intensive, and it results in connections that will help you and your tenants enjoy the rental experience more.

If you have the budget, you may want to try engaging with tenants through fun contests. Contests can range from food-drive competitions to costume contests to even who can get the most likes on a pet picture on social media.

Think about what your tenants might like and pitch ideas with the management team to come up with ideas. Your community will love the interactive side of contests without necessarily having to carve out time from their schedule to participate.

Most businesses automatically get social-network profiles to represent themselves online. After all, people want the online experience of seeing 3D models, floor plans and pictures. In addition to your main profiles, create a unique community page where only residents are allowed into the group.

This is a great way to encourage residents to establish neighborly ties. If you manage a city rental, post local activities every week or so to see if your tenants want to form a get-together. For more suburban regions, where commutes are often 30 minutes or more, set up carpooling threads to help tenants save on driving costs. Social media is a powerful tool for helping residents feel like they have a community they can rely on.

People need a place to live, so tenants may feel like they're taken for granted by property managers. One way to get around this feeling and continue building a sense of community is to always remember to say thanks.

Tenants will be pleasantly surprised to have an interactive and caring management team, leading to feelings of community and worth.

People will only admit so much to management staff. You may send out emails with surveys, asking for people to give their honest opinions about what they like and what they think should change. That doesn't mean tenants will feel comfortable enough to be totally honest. That's where the maintenance team comes in.

The maintenance crew has the advantage of getting one-on-one interactions with tenants. They get to hear what people like and don't like about their apartment in very honest conversations. They'll be able to feel out the mood of tenants regarding community upgrades or apartment changes more than office staff could. Meet with your maintenance workers and keep the line of communication open with them. They'll provide valuable feedback you can use to keep your community tight-knit and happy.

Whatever kind of community outreach you decide to do, make sure to encourage

feedback from those who participate. A contest or event might seem like a fantastic idea to you, but would it really be enjoyable for the tenants it was created for? The only way to know that is to be open to feedback.

At physical events, provide slips of paper that residents can fill out anonymously and drop in a locked box. Online events or emails can include a survey link that people can take online in just minutes. The key is to make these surveys quick and anonymous. You can always include a note that people are welcome to visit the management office during regular business hours to speak about an issue or concern more in-depth, too.

Never forget that the community is why you're looking to do these things. Whatever event you put together, your tenants should be just as excited about it as you are. A younger generation won't enjoy a potato-salad cookout as much as an older generation would, much like older tenants may not participate in social-media outreaches.

Consider your tenants, think about their needs and get feedback. Feedback may come from the tenants themselves or people like the maintenance crew, but it will all be valuable. You'll quickly be able to find what your community enjoys and continue to build that sense of family between everyone in the future.


Holly Welles writes about real estate market trends from a millennial perspective. She is the editor behind The Estate Update, a residential real estate blog, and keeps up with the industry over on Twitter @HollyAWelles.

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MULTIFAMILY NW
The Association Promoting Quality Rental Housing

FORM OF THE MONTH
M083 OR Oregon Termination For Cause: 90-Day
Notice of Non-Renewal/Termination of Fixed-Term
Tenancy for Repeated Violations of Rental Agreement



MULTIFAMILY NW
The Association Promoting Quality Rental Housing

OREGON
90-DAY NOTICE OF NON-RENEWAL/TERMINATION OF FIXED-TERM
TENANCY FOR REPEATED VIOLATIONS OF RENTAL AGREEMENT
TERMINATION FOR CAUSE



DATE _____ PROPERTY NAME / NUMBER _____
RESIDENT NAME(S) _____
UNIT NUMBER _____ STREET ADDRESS _____ also all other Occupants or persons unknown claiming any right or interest in the Premises:
CITY _____ STATE _____ ZIP _____

Pursuant to the Oregon landlord/tenant law, THIS IS YOUR 90-DAY NOTICE OF THE OWNER/AGENT'S INTENT TO TERMINATE YOUR TENANCY AT OR AFTER THE END OF THE CURRENT FIXED TERM. This termination notice is served because you have committed three or more violations of your rental agreement within the twelve-month period preceding the end of the fixed term and the Owner/Agent has given written warning notices at the time of the violations. The facts supporting the reason for termination are described below.

Specify the date of violation, describe the violation and specify the date of the written warning notice:

Violation #1:
Date of Violation: _____ Date of Warning: _____ ☐ Copy of notice attached (optional)
Describe Violation: _____

Violation #2:
Date of Violation: _____ Date of Warning: _____ ☐ Copy of notice attached (optional)
Describe Violation: _____

Violation #3:
Date of Violation: _____ Date of Warning: _____ ☐ Copy of notice attached (optional)
Describe Violation: _____

Additional Violations (if applicable):
Date of Violation: _____ Date of Warning: _____ ☐ Copy of notice attached (optional)
Describe Violation: _____

Date of Violation: _____ Date of Warning: _____ ☐ Copy of notice attached (optional)
Describe Violation: _____

THE TERMINATION DATE MUST BE THE LATER OF THE END OF THE FIXED TERM OR AT LEAST 90 DAYS AFTER THE DATE OF THIS NOTICE.

☐ This notice has been served personally. Your tenancy will terminate at least 91 days later at 11:59 p.m. on _____ DATE _____.

or

☐ If written rental agreement allows, this notice has been served by posting on the main entrance door of the dwelling unit and mailed first class mail. Your tenancy will terminate at least 91 days later at 11:59 p.m. on _____ DATE _____.

or

☐ This notice has been served by first class mail only and the termination date is extended by four days including the date mailed. Your tenancy will terminate at least 94 days later at 11:59 p.m. on _____ DATE _____.

Owner/Agent: Please note additional service requirements for subsidized residents as listed in "Subsidized Residents Only" section.

☐ Section 8 Housing Choice Voucher: Notice served by one of the methods listed above and copy mailed to Public Housing Agency the same day.

SUBSIDIZED RESIDENTS SEE DISCLOSURES

OWNER/AGENT ☒ _____
ADDRESS _____
TELEPHONE _____
EMAIL _____

This is a new form created out of the changes from SB 608 being signed into law on February 28, 2019. The law now allows for a fixed-term tenancy to be terminated (non-renewal) when three or more violations notices have been served in the last 12 months. This form finalizes that termination/nonrenewal citing the pattern of violations. The termination date on this form must the later of the end of the fixed-term, or at least 90 days after the date of this notice.

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.

STAY INFORMED

With rental housing regulations changing all the time, it can be difficult to know when your business practice might violate a new law. Multifamily NW is here to help!

We offer the most comprehensive industry training in Oregon and offer only the most up-to-date forms. We're also your steadfast representative, advocating for fairness in state and local government.

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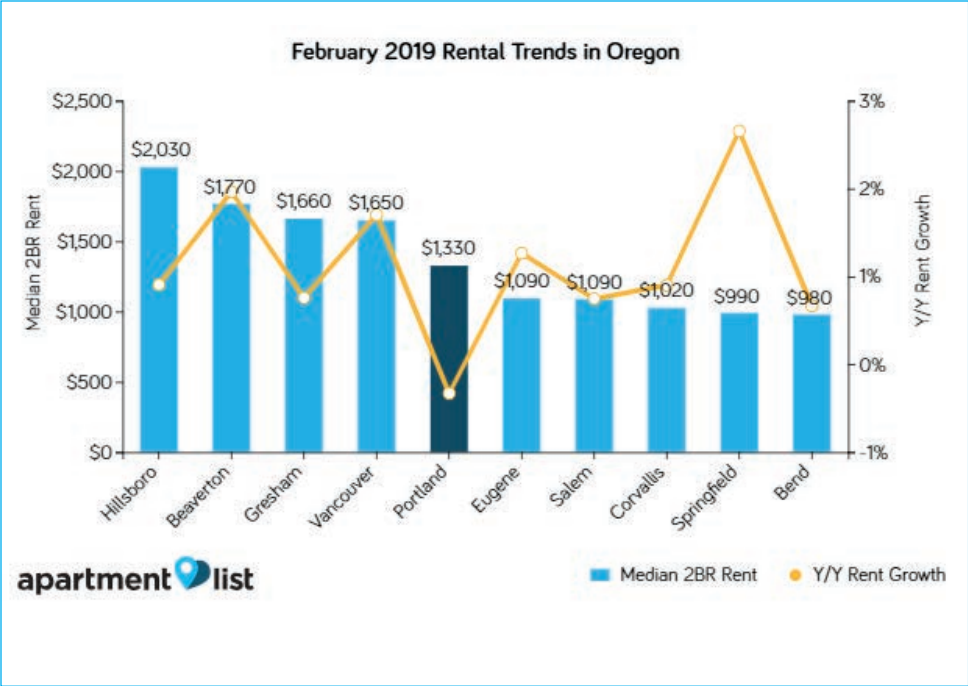
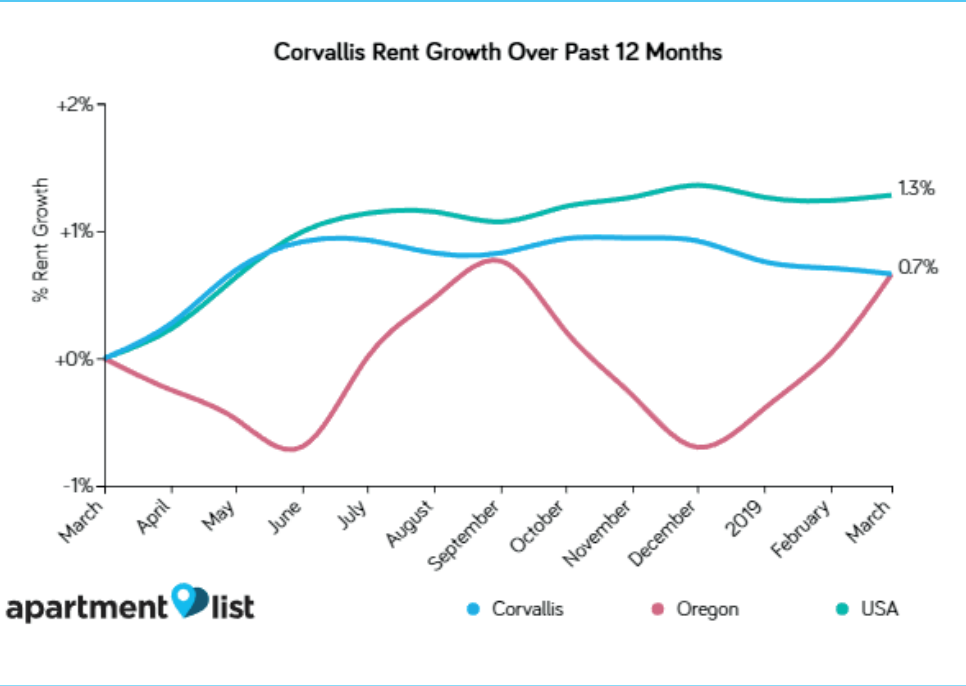
Want to make a difference at the State Capitol? Support the Multifamily NW Defense Fund that funds our Advocacy efforts.

Multifamily NW Schedule

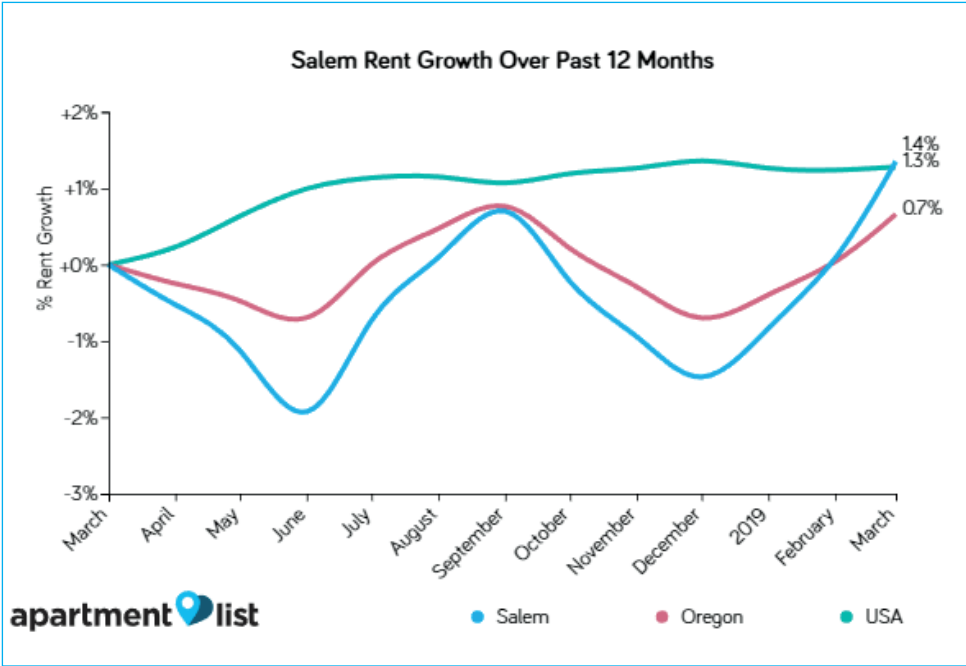
| Date | Course | Time |
|----------|---|---------------------|
| APRIL 3 | LANDLORD STUDY HALL: WAIVER: WHAT IT IS AND HOW TO PREVENT IT | 6:30 PM - 8:00 PM |
| APRIL 5 | CONFESSIONS OF A MILLENNIAL MIND: EXPOSING GENERATIONAL DYNAMIC | 10:00 AM - 12:00 PM |
| APRIL 8 | LANDLORD/TENANT PART II | 1:00 PM - 5:00 PM |
| APRIL 9 | OSHA/SAFETY PREP | 9:00 AM - 12:00 PM |
| APRIL 10 | CAM: LEGAL RESPONSIBILITIES | 12:00 PM - 1:00 PM |
| | HR ISSUES: DRUG TESTING | 8:00 AM - 4:00 PM |
| APRIL 12 | IT'S THE LAW: CRAZY BUT TRUE | 12:00 PM - 1:00 PM |
| APRIL 17 | CAM: FINANCIAL MANAGEMENT & INDUSTRY ESSENTIALS | 8:00 AM - 5:00 PM |
| APRIL 18 | MAINTENANCE FAIR 2019 | 7:00 AM - 4:00 PM |
| APRIL 22 | SPRING APARTMENT REPORT BREAKFAST | 7:30 AM - 9:00 AM |
| APRIL 23 | LAW AND RULE REQUIRED COURSE (LARRC) | 1:00 PM - 4:00 PM |
| MAY 1 | LANDLORD STUDY HALL: SCREENING RULES & SECURITY DEPOSITS | 6:30 PM - 8:00 PM |
| MAY 7 | CAM: RESIDENT EXPERIENCE | 10:00 AM - 12:30 PM |

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Salem Rents Up, While Corvallis Stays Flat



LIGHTING UPGRADES ARE JUST SMART BUSINESS

Lighting upgrades are often the best and easiest way to improve comfort and reduce energy use at your property.

“Owens Adair took advantage of multiple upgrades including lighting, which reduced the building’s annual energy costs by \$8,400. Plus Energy Trust of Oregon gave us over \$14,000 in cash incentives for upgrading.”

Todd Johnston, executive director,
Northwest Oregon Housing Authority



To learn more about lighting incentives, call 1.877.510.2130 or visit www.energytrust.org/multifamilylighting.

Serving customers of Portland General Electric, Pacific Power, NW Natural, Cascade Natural Gas and Avista.



Continued from Page 1

SALEM RENTS ALSO UP

Salem rents have increased 1.3% over the past month, and have increased slightly by 1.4% in comparison to the same time last year. Currently, median rents in Salem stand at \$840 for a one-bedroom apartment and \$1,100 for a two-bedroom. This is the third straight month that the city has seen rent increases after a decline in December of last year. Salem’s year-over-year rent growth leads the state average of 0.7%, as well as the national average of 1.3%.

CORVALLIS RENTS REMAIN FLAT

Corvallis rents have remained flat over the past month, however, they are up marginally by 0.7% year-over-year. Currently, median rents in Corvallis stand at \$820 for a one-bedroom apartment and \$1,020 for a two-bedroom. Corvallis’ year-over-year rent growth is level with the state average of 0.7%, but lags the national average of 1.3%.

PORTLAND RENTS INCREASE MONTH-OVER-MONTH

Portland rents have increased 0.5% over the past month, but are down slightly by 0.1% in comparison to the same time last year, according to the April report from Apartment List.

Currently, median rents in Portland stand at \$1,130 for a one-bedroom apartment and \$1,330 for a two-bedroom.

This is the third straight month that the city has seen rent increases after a decline in December of last year. Portland’s year-over-year rent growth lags the state average of 0.7%, as well as the national average of 1.3%.

RENTS RISING FASTER IN CITIES OUTSIDE PORTLAND

While rent decreases have been occurring in the city of Portland over the past year, cities in the rest of the metro are seeing the opposite trend, according to Apartment List data.

“Rents have risen in 9 of the largest 10 cities in the Portland metro for which we have data. Oregon as a whole logged rent growth of 0.7% over the past year,” the report says.

HOW RENTS COMPARE ACROSS SOME OF THE LARGEST CITIES IN THE METRO

• Looking throughout the metro, Hillsboro is the most expensive of all Portland metro’s major cities, with a median two-bedroom rent of \$2,060; of the 10 largest Oregon metro cities that we have data for, 9 have seen rents rise year-over-year, with Beaverton experiencing the fastest growth (+2.1%).

• Hillsboro, Springfield, and Gresham have all experienced year-over-year growth above the state average (2.0%, 1.8%, and 1.7%, respectively).

As rents have fallen slightly in Portland, many other large cities nationwide have seen prices increase, in some cases substantially. Portland is also more affordable than most comparable cities across the country.

• Portland’s median two-bedroom rent of \$1,330 is above the national average of \$1,170. Nationwide, rents have grown by 1.3% over the past year compared to the 0.1% decline in Portland.

• While rents in Portland fell slightly over the past year, many cities nationwide saw increases, including Phoenix (+3.7%), Austin (+3.1%), and Las Vegas (+2.9%).

• Renters will find more reasonable prices in Portland than most similar cities. For example, San Francisco has a median 2BR rent of \$3,110, which is more than twice the price in Portland.

Methodology: Data from private listing sites, including [Apartment List], tends to skew toward luxury apartments, introducing sample bias when estimates are calculated directly from these listings. To address these limitations, we’ve recently made major updates to our methodology, which we believe have greatly improved the accuracy and reliability of our estimates. We start with reliable median rent statistics from the Census Bureau, then extrapolate them forward to the current month using a growth rate calculated from our listing data...using a same-unit analysis similar to Case-Shiller’s approach, comparing only units that are available across both time periods to provide an accurate picture of rent growth in cities across the country. Our approach corrects for the sample bias inherent in other private sources, producing results that are much closer to statistics published by the Census Bureau and HUD and allows us to construct a picture of rent growth over an extended period of time, with estimates that are updated each month.”

Sponsored Content

1031 Exchange Investors Are Choosing DST Properties for Passive Real Estate Ownership

By Jason Salmon



Over the course of the past several years, Kay Properties has observed incremental growth in the number of investors choosing Delaware Statutory Trusts (DSTs) as a preferred means of passive real estate investing for like-kind, tax-deferred 1031 exchanges.

1031 EXCHANGE BASICS

Per section 1031 of the Internal Revenue Code, real estate investors—under specific guidelines— may potentially defer their capital gains tax, depreciation recapture tax, and other taxes (each investor should consult their own CPA/attorney since every situation is unique). Upon the sale of investment real estate, the proceeds would go to a Qualified Intermediary, then the investor must purchase real estate of equal or greater value and has 45 days to “identify” replacement property with a concurrent 180-day timeline to close.

IRS/DSTs

Through what’s known as the Internal Revenue Service’s Revenue Ruling 2004-86, DSTs have been recognized as vehicles for investors looking for like-kind real estate as 1031 exchange replacement property with the ability to conduct another 1031 exchange upon the sale of the DST property.

PASSIVE REAL ESTATE INVESTING

For many real estate investors that have had their lives consumed with being pinned to real estate property management and/or asset management responsibilities, DSTs offer the opportunity to be passive and diversified—via the 1031 exchange into multiple DSTs/multiple geographic areas/multiple property types. Diversification does not guarantee profits or protect against losses.

As of the time of writing this article, Kay Properties has over 35 DST offerings available to our clients from over 20 companies that most would consider sophisticated real estate asset managers. As such, real estate sectors represented include, but are not limited to healthcare, multifamily, netleased real estate (NNN), industrial/distribution, office, student housing and self-storage.

It is important to note that these real estate management companies do not call for investors’ funds, then go out to buy properties. Rather, they’ll typically acquire the real estate first—thereby helping to reduce investor 1031 exchange closing risk—and the DST can be comprised of multiple properties or just a single asset. DSTs come either with or without debt, so investors conducting a 1031 exchange may find the nonrecourse financing already in place useful for the purposes of their transaction. Others

might seek out debt-free DSTs as 1031 replacement property if they sold real estate that was unencumbered by debt and do not want the added risks of using financing with real estate investing.

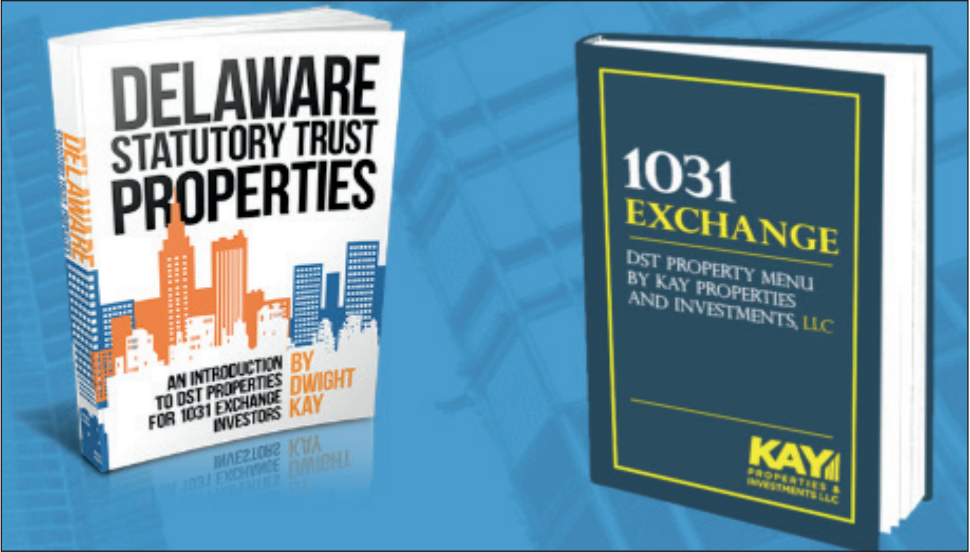
Several factors have contributed to the industry’s growing popularity, including the passive nature of the DST structure in conjunction with the real estate portfolio strategy and the ability to close quickly.

The minimum investment size for 1031 exchange investors is typically \$100,000, so in many cases investors can diversify into multiple DST offerings—depending on the size of their transaction.

Several factors have contributed to the industry’s growing popularity, including the passive nature of the DST structure in conjunction with the real estate portfolio strategy (by investing with varied DST sponsor companies/asset-managers, locations and property types), and the ability to close quickly. Accredited investors find DSTs to be quite accessible compared to the search for high-quality real estate, negotiating with sellers and having to potentially put all their eggs in one basket. We’re pleased to be able to offer DSTs to our clients with the goal to streamline their 1031 exchange process.

Jason Salmon is Senior Vice President, Managing Director of Real Estate Analytics for Kay Properties & Investments, LLC. Kay Properties and Investments, LLC is a national Delaware Statutory Trust (DST) investment firm with offices in Los Angeles, San Diego, San Francisco, Seattle, New York City and Washington DC. Kay Properties team members collectively have over 114 years of real estate experience, are licensed in all 50 states, and have participated in over \$9 billion of DST real estate. Our clients have the ability to participate in private, exclusively available, DST properties as well as those presented to the wider DST marketplace; with the exception of those that fail our due-diligence process. To learn more about Kay Properties please visit: www.kpi1031.com.

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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 multi-family 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. 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.

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Santa Monica,
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A Forum for Small & Mid-Sized Apartment Owners & Developers



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