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Mailed Monthly To Puget Sound Apartment Owners, Property Managers & Maintenance Personnel  
Published in association with Washington Association, IREM & Washington Multifamily Housing Association



# Assistance Cat Denial Leads to HUD Charge

## RENTAL HOUSING JOURNAL

Landlords who refused to allow a single mother with a daughter who needs an assistance animal to rent a townhome has been charged with housing discrimination, according to a release. The woman had already signed a lease and explained to the landlords that her oldest daughter, who has mental disabilities, needed the assistance cat – which was recommended by her daughter’s therapist – to live in the townhome in Minnesota.

“For individuals with mental disabilities, assistance animals provide the support they need to perform life’s daily tasks,” said Anna María Fariás, HUD’s Assistant Secretary for Fair Housing and Equal Opportunity, in the release. She said the action “demonstrates HUD’s ongoing commitment to taking appropriate action when housing providers fail to meet their obligations to comply with the Fair Housing Act.”

The U.S. Department of Housing and Urban Development (HUD) said the

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# Seattle Rents Increase Again

## APARTMENT LIST

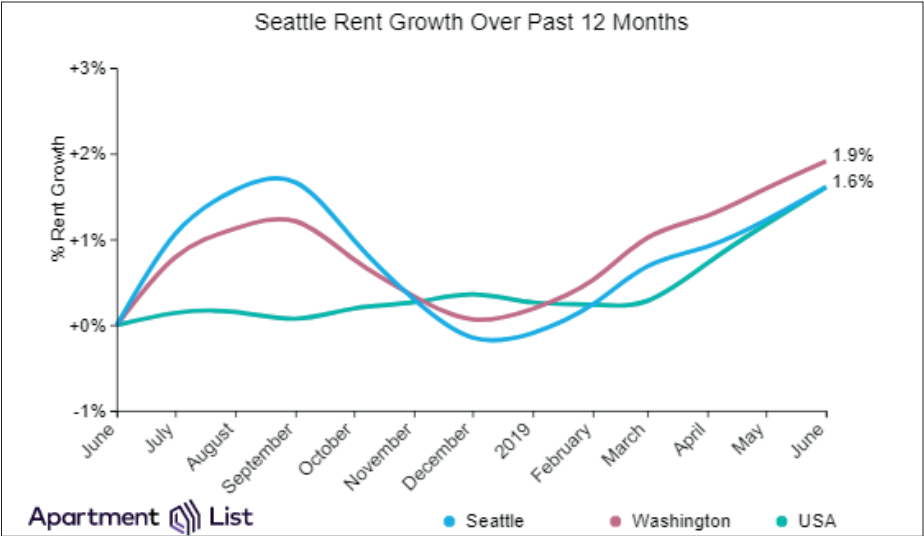
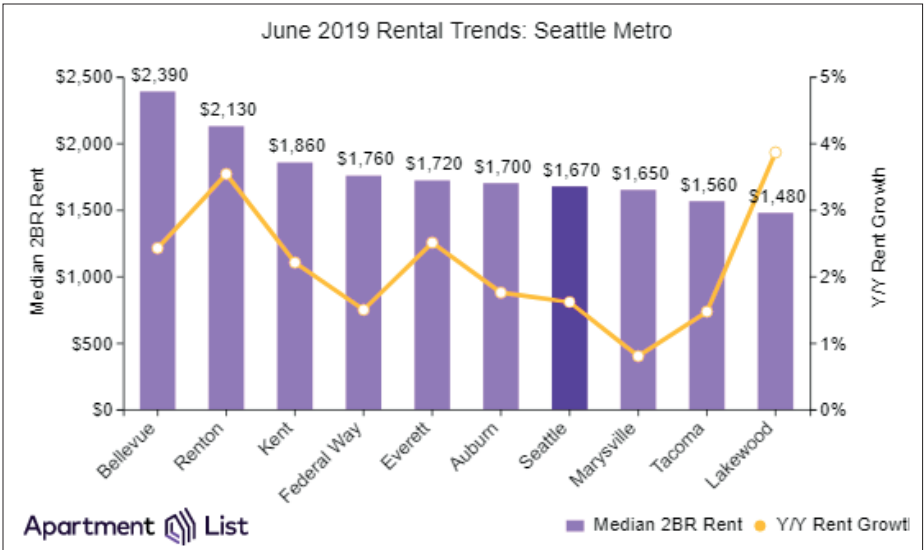
Seattle rents have increased 0.4% over the past month, and are up slightly by 1.6% in comparison to the same time last year, according to the most recent monthly report from Apartment List.

Currently, median rents in Seattle stand at \$1,340 for a one-bedroom apartment and \$1,670 for a two-bedroom.

This is the sixth straight month that the city has seen rent increases after a decline in December of last year.

- Seattle’s year-over-year rent growth lags the state average of 1.9%, but is in line with the national average of 1.6%.
- Throughout the past year, rent increases have been occurring not just in the city of Seattle, but across the entire metro. Of the largest 10 cities that we have data for in the Seattle metro, all of them have seen prices rise. Here’s a look at how rents compare across some of the largest cities in the metro.
- Lakewood has the least expensive rents in the Seattle metro, with a two-bedroom median of \$1,480; the city has also experienced the fastest rent growth in the metro, with a year-over-year increase of 3.9%.
  - Bellevue has the most expensive rents of the largest cities in the Seattle metro, with a two-bedroom median of \$2,390; rents were up 0.6% over the past month and 2.4% over the past year.

See ‘Rents’ on Page 12



# Rent Control and Multifamily Valuation

## BY GABE JOHANSEN

Over the last few months, you have undoubtedly read numerous articles about rent control.

With the passage of SB 608, Oregon has become the first state in the nation to introduce a form of statewide rent control, passed under the guise of rent “stabilization.” While the new changes for landlords are many, there is one question on a lot of minds that has not been answered:

How does rent control affect the value of multifamily property?

The answer to this question is multifaceted. There are many factors that weigh on the value of real estate, especially when considering the income-generating nature of multifamily real estate. With rent control now in place for 2019, rent increases can no longer exceed 7% plus the West

Region Consumer Pricing Index (currently 3.1%). For the average property owner, this is not an onerous restriction.

In most cases, managers do not increase rents by more than 10% in any given year because landlords prefer to keep their current tenancy in place and avoid costly turnover expense and vacancy loss. But what happens if one decides to sell or refinance their property?

Let’s take a look at three factors that affect the value of rental property:

**INCOME APPROACH**

Prior to the passage of SB 608 in February 2019, the common practice of listing brokers was to price properties based on pro forma rents.

In a seller’s market when rents are on

See ‘Rent Control’ on Page 18



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# Housing Affordability Solutions

The subject of housing affordability is front and center in the national conversation. The causes of rising housing costs and available and effective solutions are just now getting their much-deserved spotlight.

Congressman Denny Heck from Washington's 10th District made his viewpoint very clear at a recent housing forum when he told the audience that the cause of rising housing costs in our state was a supply issue, plain and simple.

The supply of housing is not keeping up with the demand for housing, pushing up costs. The focus of solutions to this problem needs to be dedicated to increasing housing supply, Heck insisted.

Congressman Heck co-chaired the New Democrat Coalition Housing Task Force, which published research findings titled, "Missing Millions of Homes."

The coalition's findings are summed up succinctly:

*"Housing is increasingly unaffordable because prices and rents are rising faster than wages because construction is not keeping up with demand."*

The solution is more incentives and less government regulation, which will lead to more housing construction at all building levels, for all kinds of people at all income levels.

## BARRIERS TO HOUSING CONSTRUCTION

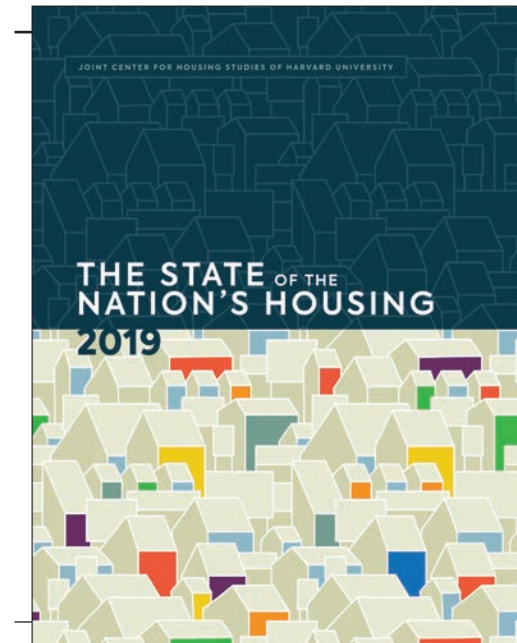
The National Multifamily Housing Council (NMHC) recently published their Housing Affordability Toolkit, which highlights tools designed to guide discussions regarding specific housing affordability policies and incentives.

According to their research, the combination of a shortage in rental housing, rising development costs and stagnant incomes are driving the growing housing affordability crisis affecting U.S. cities. Growing rental demand, limited new construction, and rising development costs have caused rents to rise.

"Rental demand is outpacing supply, leading to growing affordability challenges that are spreading beyond low-income households," the report states clearly.

Onerous local zoning and development processes add to the costs of development, which adds to the price of rent that renters incur. These local government-imposed costs have a significant impact on rents and need to be reduced.

"Over the past three decades, local barriers to housing development have intensified, particularly in the high-growth metropolitan areas increasingly fueling the national economy. The accumulation of



*According to 'The State of the Nation's Housing 2019':*

*"The shortfall in new homes is keeping the pressure on house prices and rents, eroding affordability—particularly for modest-income households in high-cost markets."*

such barriers – including zoning, other land use regulations, and lengthy development approval processes – has reduced the ability of many housing markets to respond to growing demand." This statement was taken from an Obama White House report in 2016.

The cumulative impact of state and local government policies, when layered together, can significantly raise the rent for new apartments. And yet, we continue to see

elected officials propose new regulations which discourage housing production by adding costs, risks or uncertainty to the market. These policies substantially reduce the affordability of new apartments, despite their stated intentions otherwise.

## STATE OF THE NATION'S HOUSING

The Joint Center for Housing Studies at  
*See 'The Search' on Page 6*

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# What if Tenant Says ‘No’ to Showing Property?

**Dear Landlord Hank:** Have you made an inquiry into the new Oregon Rent Control? My question is a tenant has lived in a place 12 years and the landlord wants to sell and gave the tenant a 90-day notice but now the tenant does not want the property shown. I realize there is a 24-hour notice law that has to be done in writing. But what if the tenant says NO??? Would the landlord then give a 30-day eviction notice? Failure to comply with rental documents? I have not seen the rental documents to know what if sale or for rent clause. I am a real estate broker asking for the tenant. Thank you. — **Karen**

**Dear Karen:** Yes, I read about Oregon’s statewide rent control and limiting rent increase to 7% per year + inflation.

Is there a current lease in place?  
What does the lease stipulate about showings?

Many leases allow the unit to be shown at any time, with notice to the tenant. So if the tenant refuses to allow entry, the tenant is violating the lease.

Best to consult an attorney, in your area, conversant with landlord-tenant law.

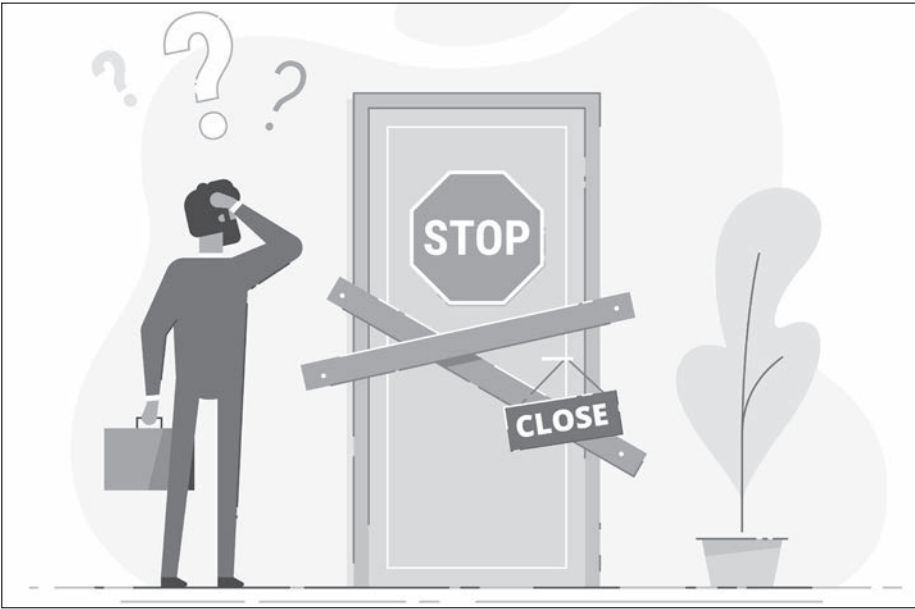
**Dear Landlord Hank:** My tenant gave notice that they are ending the lease four months early. I know I can charge for expenses to rent the property again and any months it’s not rented, but I manage it myself so there are not any real expenses. Only my time and energy and I have already found a new tenant so there is only a few days of missed rent. However, I would like to charge a “breaking-the-lease fee” for my time and the inconvenience. How much can I charge if the lease doesn’t specifically say how much a charge would be for breaking the lease? The house is in Peoria, Arizona, and I’m thinking of just charging the security deposit as the fee. Thanks for your help! — **Mike**

**Dear Landlord Mike:** I’m not able to give legal advice, so please don’t construe this as such.

Does your lease address default? Usually there is a paragraph devoted to this issue, since it happens frequently.

Some leases indicate that if the tenant doesn’t fulfill the lease, the owner is entitled to the deposit.

Other leases indicate the deposit is for



damage only and any unpaid rent, future rent, attorney fees, etc.

Sounds like you have a few days rent coming to you, for sure. I know you feel like the tenant owes you something for breaking the lease, but it sounds like you haven’t really lost anything, other than a few days’ rent.

If the tenant were to take you to court over the security deposit, and it comes to light that your only real claim of loss is a few days’ rent, you could potentially owe the tenant for legal fees and at least the entire deposit. (I don’t know Arizona state law).

I’d consider myself very lucky to have been able to re-rent almost immediately, and give the tenant an official accounting of the few days deduction of rent from the deposit, and refund the balance by certified mail, in the time frame you have to work in.

You may want to amend your next lease to address this issue.

**Dear Landlord Hank:** Should tenants tell you when they go on vacation? Do you require it? Do you worry about your rentals being vacant for a couple of weeks? — **Landlord Will**

**Dear Landlord Will:** I let my tenants know when they move into a property, that they are responsible for the unit as if it were their own personal home. And, they have to be smart about living in the property.

They have been shown where the main water cut off is to the property. If they are

going to be away for any length of time, they have been instructed to turn this off.

If you live in a cold climate and it’s winter, hopefully you would have instructed them on avoiding freezing water pipes.

I let my tenants know that the air conditioner must be on in the summer time whether they are in residence or not, to avoid mold/mildew growth. That is in the lease too.

Also, make sure your home owners’ insurance is up to date and fully covers your property.

I also strongly suggest tenants get “renter insurance” and it is strongly suggested in my lease, too.

I don’t ask tenants to tell me they are going on vacation and I don’t worry about it. I’ve never had a problem related to this situation.

If you feel uneasy about your current tenants, talk to them and tell they you’d like to know if they are leaving for vacation so you can keep an eye on “their place” to make sure all is well in their absence.

**Dear Landlord Hank:** With the current water restriction in Los Angeles how do I motivate my tenants to conserve water when I’m paying the bill? — **Landlady Lynn**

**Dear Landlady Lynn:** You can’t use economics to have tenants conserve since your wallet will be the one suffering from



high water usage.

I’m assuming you have one water meter that handles every unit at your property?

What I’ve done at my properties where I have only one water meter for many units is to determine the highest bill, divide by the number of units and all NEW tenants are now going to be paying for the water.

You can’t change your current rental agreement but you could talk to tenants and make sure they are aware of the water crisis, also make sure you have no leaks anywhere.

You could also install conserving shower heads and toilets.

Make sure all new tenants, per your lease, know they are paying for water based upon consumption if you think the rate is likely to increase.

*About Landlord Hank: “I started in real estate as a child watching my father take care of our family rentals- maintenance, tenant relations, etc. in small town Ohio. As I grew, I was occasionally Dad’s assistant. In the mid-90s I decided to get into the rental business on my own, as a sideline. In 2001, I retired from my profession and only managed my own investments, for the next 10 years. Six years ago, my sister, working as a rental agent/property manager in Sarasota, Florida convinced me to try the Florida lifestyle. I gave it a try and never looked back. A few years ago, we started our own real estate brokerage. We focus on property management and leasing. I continue to manage my real estate portfolio here in Florida and Atlanta. Visit Hank’s website: <https://rentsrq.com>*



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# How You Treat Those With Limited English Proficiency Could be Source of Discrimination

By ELLEN CLARK

How you treat people with limited English proficiency, which could be a potential source of discrimination, is the topic of this Grace Hill training tip.

- Do you only let tenants submit maintenance tickets in English?
- Do you prioritize requests from those who speak English over those who do not because it is easier and quicker?
- Do you provide poor translations of leases because it is easy and cheap?

Suddenly, whether you meant to or not, you’ve essentially discriminated based on national origin, which is illegal under the Fair Housing Act.

It is estimated that more than 25 million people in the United States have limited English proficiency or LEP.

A person with limited English proficiency may not speak, read, write, or understand English as well as a person who grew up with English as their first language.

About 80% of LEP people in the United States in 2013 were born in a foreign country. Being from another country does not automatically mean a person has LEP, of course, but there is a strong connection between LEP and national origin.

Why is this important?

Imagine you have a policy or practice that treats limited English proficiency people differently.

Maybe you only let residents submit maintenance tickets in English to make things easier on your maintenance staff

Perhaps you translate leases and other documents with Google translate because it is free and you can’t afford a good translator

Maybe you take resident maintenance requests out of order so someone who speaks the same language can help an LEP customer

Remember the statistic mentioned earlier that about 80% of LEP people in the United



grace hill

TRAINING TIP  
OF THE MONTH

States in 2013 were born in a foreign country? This means four out of five people affected by the policy or practice that treats LEP people differently will be people born in other countries.

So how can you avoid policies and practices that have a disparate impact on people who are LEP? Here’s what HUD recommends:

- Never refuse to work with people who are not fluent in English. Claiming you don’t have the resources won’t hold up as a justification for your actions.
- Treat everyone the same, regardless

of whether they have difficulty speaking English or speak with an accent.

- Allow enough time for prospects to review leases and other documents, particularly those who may need to translate them for proper review.
- Don’t provide poor translations. Your intentions might be good, but a poor translation can be confusing and misleading.
- Don’t restrict the languages that can be spoken in your community. An “English Only” mandate is unnecessary, unwelcoming, and discriminatory.

For more information about working with LEP customers, see Grace Hill’s Fair Housing and Limited English Proficiency mini-course.

About the author: Ellen Clark is the Director of Assessment at Grace Hill. Her work has spanned the entire learner lifecycle, from elementary school

through professional education. She spent over 10 years working with K12 Inc.’s network of online charter schools – measuring learning, developing learning improvement plans using evidence-based strategies, and conducting learning studies. Later, at Kaplan Inc., she worked in the vocational education and job training divisions, improving online, blended and face-to-face training programs, and working directly with business leadership and trainers to improve learner outcomes and job performance. Ellen lives and works in Maryland, where she was born and raised. About Grace Hill: For nearly two decades, Grace Hill has been developing best-in-class online training courseware and administration solely for the Property Management Industry, designed to help people, teams and companies improve performance and reduce risk. Contact Grace Hill at 866-472-2344 to learn more.

# The Search for Housing Affordability Solutions

Continued from Page 3

Harvard University recently published its State of the Nation’s Housing 2019 report.

The report’s executive summary states: “With the economy on sound footing and incomes ticking up, household growth has finally returned to a more normal pace. Housing production, however, has not. The shortfall in new homes is keeping the pressure on house prices and rents, eroding affordability—particularly for modest-income households in high-cost markets.”

Low vacancy rates across the board are pushing up the prices of multifamily properties while also keeping the pressure on rents, according to the report. Conditions at the lower end of the market are especially tight, with high demand for a shrinking supply of low-cost units adding to affordability concerns.

“This report details broad advances in the apartment industry’s mission to tackle the housing affordability crisis while simultaneously illustrating just how far we all have yet to go to succeed,” said National Apartment Association (NAA) President and CEO Robert Pinnegar, CAE. “The finding that numbers of high-income renters continue to rise confirms what we have been observing operationally: that apartment living continues to grow in popularity and desirability as a housing choice, rather than a necessity.”

“The apartment industry must, however, have the ability to build housing at a broad

range of price points to meet the diverse economic spectrum of housing demand growing quickly all over America,” said Pinnegar. “To achieve that future, the public and private sectors must work closely together at every level of government to remove barriers to apartment construction. These barriers persist in many parts of our country, as recent NAA research has confirmed.”

## NATIONAL SOLUTIONS SOUGHT

Recently, President Trump signed an Executive Order Creating a White House Council on Eliminating Regulatory Barriers to Affordable Housing.

NAA and NMHC applaud the administration for its focus on housing affordability – a critical issue facing millions of Americans nationwide. Communities across the country are facing a housing affordability crisis. Rising costs, labor shortages and growing demand are all resulting in decreased housing supply.

“We must address the regulatory barriers and costs associated with creating housing that is affordable,” said Doug Bibby, President of NMHC. “Dealing with this crisis will take a partnership between all levels of government and the private sector. Working together, we can make real progress towards reducing the housing burdens so many families face.”

NMHC Executive Committee Member and WMFHA member, Clyde Holland from Holland Partner Group joined President

Trump as he signed the Executive Order creating the White House Council. The council will look into approaches to reduce the regulatory burdens that drive up housing costs and worsen affordability challenges.

Washington apartments and their residents contribute more than \$56.7 million to the state economy every day. Many levels of state and local taxes rely on the development and renovation of quality rental housing. More and more people are choosing multifamily housing living as a lifestyle choice. Our industry needs to work harder to meet that growing demand.

## RENT CONTROL IS NOT THE ANSWER

Disastrous policies such as rent control will not only drive away new housing development, as is now being seen in Oregon, but will also exacerbate the demand-supply imbalance responsible for rising pricing. It will also result in millions of lost dollars in state and local tax revenue needed for public benefit.

As with many ill-conceived policies recently proposed to address housing affordability, the result of policies like rent control is a reduction in housing supply and a worsening of affordability.

Short-term solutions to address housing affordability include, but are not limited to:

- Promoting local public-private partnerships
- Direct resident-based rental assistant

- programs
- Housing grants for rental assistance to low-income residents
- Emergency rental assistance to aid income-eligible residents facing housing emergencies.
- Property tax credits to cover the difference between the actual rent amount and what the renter is responsible for paying
- Property tax abatement for the development of new rental housing, or rehabilitation of existing rental housing that is occupied by low and moderate-income individuals
- State tax credits for those who contribute to a dedicated fund for the development of low to moderate-income housing
- Reduce regulatory impediments at the state and local level that stifle the development of affordable rental housing

WMFHA supports the rental housing industry, housing advocates and elected officials in creating effective policy solutions for our housing challenges. To learn more about membership in this leading organization, simply call us at 425.656.9077 or visit our website at [www.wmfha.org](http://www.wmfha.org). Follow us on Facebook and our other social channels for up to date information on association activities.



# 5 Tips on Marketing Your Rental Property

By **Alexander Hassoulas**

The work of a landlord isn't just to collect rent at the end of the month. It's much more than that. As a landlord, you also have to be a supervisor, a salesperson, a maintenance person and – you guessed it – a marketer!

In this article, you'll learn the 5 essential tips to marketing rental properties.

## Tip #1: Make Sure Your Property is Rent-Ready

It goes without saying that a clean, neat, and orderly home will rent faster and for a higher amount than one that looks unappealing. So before you begin marketing your rental property, ask yourself the following questions:

• **Does my property need a little curb appeal?**

First impressions matter. Make a lasting one by taking care of your yard. Some things you could do for your yard include trimming bushes and trees, spreading mulch, pulling weeds, and mowing your lawn.

• **Do the carpets look clean and inviting?**

Your home isn't rent-ready if the carpet is dingy, smelly, or stained. Get a professional to restore and clean your carpets.

• **Are there signs of pest infestation?**

Pests are unwanted guests that no tenant wants to deal with. Take care of these unwanted problems before marketing your property.

• **Are there safety concerns?**

Make sure to repair anything that poses a safety risk. Check decks, stairs and handrails to ensure nothing is loose or otherwise may be dangerous to your future tenants.

• **Does paint look curled, chipped or**

**otherwise unappealing?**

If so, then you need to give the home a new paint job.

• **Does the home look clean?**

This one is a no-brainer. Give the place a good scrubbing and once-over.

## Tip #2: Take High-Quality Photos of the Property

With most prospective tenants browsing the internet for apartments before attending a property showing, it makes having quality photos even more important.

Unsure how to take amazing photos of your rental property? Here are some few tips to help you:

• Use a digital camera. The high resolution it offers will be able to do your property some justice.

• Switch off the flash. You want your photos to look real.

• Take the pictures during the day. However, for the best quality photos, remember to keep the main source of light behind you.

• Experiment, experiment, experiment! Try as many angles as possible.

• If necessary, touch up the photos.

Before taking any photos, ensure your property is clutter-free and staged. This way, prospective tenants will be able to picture themselves residing there.

## Tip #3: Include Social Media in Your Marketing Strategy

Social media can be a great marketing tool. If you know how to use it, that is.

• **YouTube**

Do you plan to create a video of your rental property? If so, then YouTube can be a great platform to use. Just make sure

to include your contact info and keywords when describing your property.

• **LinkedIn**

LinkedIn is generally full of working professionals. When used the right way, it can become a source of reliable tenants.

• **Twitter**

Twitter can be a great way to find referrals who might be interested in renting your property. Just remember to include an image when tweeting about your rental property.

• **Facebook:**

Facebook is another way to get referrals. Simply post your listing and ask your friends to share it.

Remember, though, no one likes to get spammed. It'll only make your connections to become annoyed and then possibly disconnect from you.

## Tip #4: Create the Best Ad Possible

A well-written ad can make the difference between attracting high-quality tenants and attracting low-quality tenants. So take the time to create an ad that is detailed and interesting. The following are some elements that you should include in your rental ad:

• **Keywords:** Include keywords that prospective tenants interested in your property could be searching for on search engines.

• **Include high-quality photos:** Remember the tips we mentioned earlier? This is your chance to use them!

• **Include directions:** You could write the directions yourself or you could just include a Google map on your site that includes a pin dropped at the property's address.

• **Be specific:** Make sure you explain



your property in great detail. At the same time, ensure that you are as comprehensive as possible.

## Tip #5: Consider Multiple Marketing Trends

Property owners who want to maximize rentals need to use a combination of marketing techniques. Aside from social media, make sure to also use:

• **Rental listing sites:** Popular rental listing sites include Craigslist, Hotpads, Realtor.com, and Zillow.com.

• **Yard signs:** While no longer as effective as they used to be, yard signs are still a great way to advertise vacant properties.

• **Word of mouth:** Do you have a strong landlord-tenant relationship with your current tenants? If so, it's likely they would want to spread the word among co-workers, friends, and family.

For more information, email: [alexander.hassoulas@upkeepmedia.net](mailto:alexander.hassoulas@upkeepmedia.net)

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# Portland OKs Tenant-Screening Ordinance

**RENTAL HOUSING JOURNAL**

The Portland City Council has approved a controversial tenant-screening ordinance by a vote of 3-1, with one councilmember and former landlord dissenting from the group saying the ordinance will drive up housing costs for both renters and landlords.

The approval of the controversial ordinance led by Commissioner Chloe Eudaly and supported by tenants’ rights groups, would restrict the way landlords may screen tenants before they sign a lease, with the aim of addressing discrimination and requiring more consideration for people who have criminal records. It also places “first-in-time” rules for landlords to accept applications. It is scheduled to take effect next year.

Each councilmember spoke about why they supported or did not support the ordinance except Commissioner Jo Ann Hardesty, who did not attend the session. While Eudaly thanked those who had worked on the ordinance, Commissioner Amanda Fritz, a former landlord herself, said the ordinance would only make it more difficult for all concerned.

“When I moved to the United States, I lived in a Salvation Army, single-room occupancy residence for two months before subletting an attic room in an apartment close to the hospital where I trained. I lived below the poverty level for seven years, moving apartments four times. I’ve also been a landlord who rented out our first house in Portland,” she said, after her family grew too large, but “now my parents-in-law are retiring to it.

“So I have lived and have experience on both sides of this issue.”

“There are elements in the fair housing policy that are great, such as improving the process for people experiencing disabilities and making sure that application fees are returned,” Fritz said. “ I can’t support the screening criteria as a whole. One of the fundamental flaws of the ordinance is the 72-hour waiting period followed by first-come- first-served,” she said. The 72-hour element could actually increase bias instead of helping, she said, because those with means would be able to take advantage of it.

**ORDINANCE MAY LEAD TO MORE PROBLEMS IN RENTAL HOUSING**

“Many people can no longer afford rent in Portland. This policy not only doesn’t solve for this problem, it may exacerbate it,” Fritz said. “One way is through loss of rental housing stock. Landlords are not just threatening to sell their rental properties because of this policy; they already have. I’ve heard from them. They’ve told me - they told us all – in emails. I’ve heard this directly from landlords as well as from Realtors who cited the fair housing policy as a reason that an increasing number of landlords are coming to them to put their rentals on the market.

“Many of the single-family homes

and duplexes will be purchased by new owner occupants losing units from the rental market. I’ve heard testimony from a developer who has put affordable housing projects on hold here in Portland and is planning instead to develop in Clackamas county.

“Here’s what another one said: ‘We have delayed starting three projects, one for 39 micro units, all inclusionary, and another one for 48 low-income situations and a third one on northeast 102nd ... potentially bigger than the first two. We have asked for no subsidies, but Portland’s deciders are making it too difficult for developers, owners, and managers. The word in investor meetings is that other cities are more attractive for investing. I think that’s really sad because I think what we need as well as a fair housing and rental policies is more supply.’ “

**SMALL LANDLORDS WILL LEAVE, CORPORATE LANDLORDS TO TAKE OVER**

“Another way the new rules will drive up housing costs is by more of the small owners who currently own 60 percent of Portland’s rental units changing from managing their own units to hiring property management companies and lawyers,” Fritz said.

“Already over the past four years, over \$6 billion in multifamily housing in Portland has been purchased by large corporations. Owners with a small number of units know their tenants by name and develop relationships with them. Multistate corporations maximize profits for their investors,” she said.

“Perhaps the most troubling in this policy is the lack of an exception for people convicted of violent crimes, even rape and murder. In the low-barrier screening process, on the day of release from prison from a seven- or more year sentence, every landlord in Portland would be required to accept that application,” Fritz said.

Rents will go up, pricing out many people. “I expect that those landlords who do choose to keep their rental properties will increase rents significantly on vacant units, pricing out those very people we are trying to help with our actions. What this means is ... communities of color and low-income renters will not be better off,” Fritz said.

She said unlike testimony given to the council by some, landlords are not “bad actors sitting on bags of money.” She said the council is passing an ordinance that is “burdensome and costly to catch a few problematic owners. I believe there are proven methods that we should have focused on, such as increased education and training for both landlord and tenants and increased enforcement of existing fair housing laws.

“I know that the Portland Housing Bureau is up to the task to lead the implementation and I want to acknowledge the amount of

work that still lies ahead in developing the administrative rules, education and ongoing monitoring of policy impacts. The Housing Bureau will need more staff to implement this policy,” Fritz said.

Commissioner Nick Fish, who voted in favor of the ordinance, offered an amendment setting up periodic assessment of the results of this program, to monitor access, to monitor administrative burdens and costs and the impact on the housing market, if any. Also to make any adjustments to the policy as necessary.

Eudaly read a statement from Hardesty saying, “I appreciate the concerns many small and midsize landlords have. Having to change how you’ve conducted business for years can be a challenge. I also recognize that many landlords do not discriminate in their business practices, but the fact remains that many do and many Portlanders are impacted by these practices on a regular basis.

“These ordinances will provide protection from these discriminatory practices. I’m happy that the city will be working to educate landlords on the new requirements and I’m thankful for all the input I have received from residents, landlords, and community groups on this important subject,” Hardesty said in the statement read by Eudaly.

Eudaly spoke at length at the council meeting about her ordinance.

“Considering it took us two years to get to this point, I think I deserve a little extra air time,” Eudaly said.

“We are experiencing a national housing crisis driven by our federal government’s divestment in affordable housing, by state and local governments who have failed to meet the growing need for affordable housing or to adequately regulate their rental markets to protect tenants, (and) by Wall Street, who is not only responsible for a housing crash, but has been snapping up thousands upon thousands of multifamily and single-family residences in our region while showing rampant disregard for the health, wellbeing, and very lives of the people who reside in them,” Eudaly said.

**LANDLORD LOBBY WANTS TO EXTRACT EVERY PENNY FROM RENTERS**

“And finally by multiple industries, not the least of which is the landlord lobby, with a vested financial interest in extracting every penny from renters with no regard for the impact on their renters, our communities, or our local economy,” Eudaly said.

She said the new Portland fair-access policy is a significant effort toward helping the housing crisis.

“It’s no secret that Portland has a long history of overtly racist housing laws, the effects of which still shape our city today. What we fail to acknowledge more readily

is that many of our current laws continue to uphold discriminatory practices,” Eudaly said.

“While the language may be less explicit now, the effect is just as clear. We continue to see communities of color and especially black residents pushed to the margins of our city and beyond at an alarming rate. The heart of the fair-access and renting policies is about addressing the criteria that continued to be used as a proxy for race, which includes criminal records, income requirements, and credit scores, which leads to discrimination and disparate outcomes.

“We would have never come to these policy solutions if we did not consider the unique experiences, needs and barriers faced by black renters in Portland. The policies before us today would not have been as strong if they were not developed in partnership with our community allies.

“I’m proud of the policy our office helped create with the community and I’m excited to see how it changes the way tenants access housing over time. We know it will take time for tenants to understand and for the industry to adjust. We know some fine-tuning will be necessary, but we also know that research and data have laid a solid foundation for the decisions we made,” Eudaly said.

**MAYOR SAYS THE POLICY IS ROOTED IN IMPORTANT VALUES**

“I want to be very clear that there’s no question in my mind that these policies are rooted in important values and they’re based on real issues that exist in this community,” said Mayor Ted Wheeler.

“In particular, there is still far too much discrimination in access to rental units for people of color, for people of lower income and for people who experience disability in our community. That is not to say that all landlords are bad actors.

“I personally believe the vast majority of landlords are playing by the rules. They’re already playing by many of the rules that are established in these policies. We heard what I thought was very valuable testimony from them. We also heard heart-rending testimony from people about the very real need for change in this community,” Wheeler said.

“The work is most certainly not done with the passage of these ordinances. We can’t ignore that. The reality is that we have much work to do in the months ahead. We have to align our values with sound policy and measurable deliverables that are associated with these policies. As housing commissioner, it’s of particular importance to me that we’d be able to measure who is being helped by these policies and to what degree. Much of the actual implementation of this policy is going to be left to rule-making by the Portland Housing Bureau and the housing commissioner,” Wheeler said.





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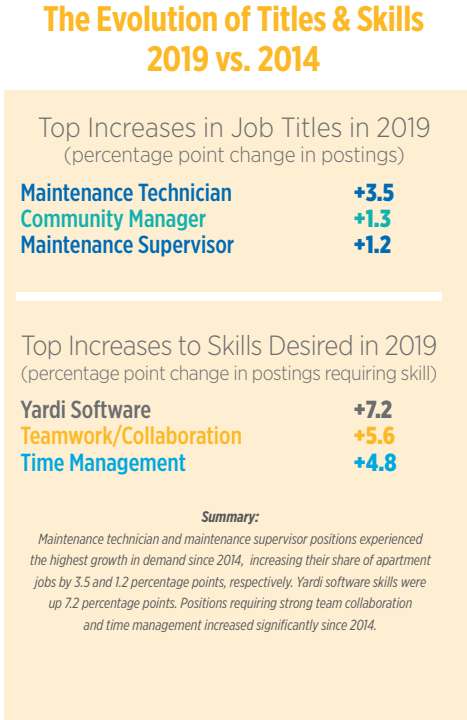
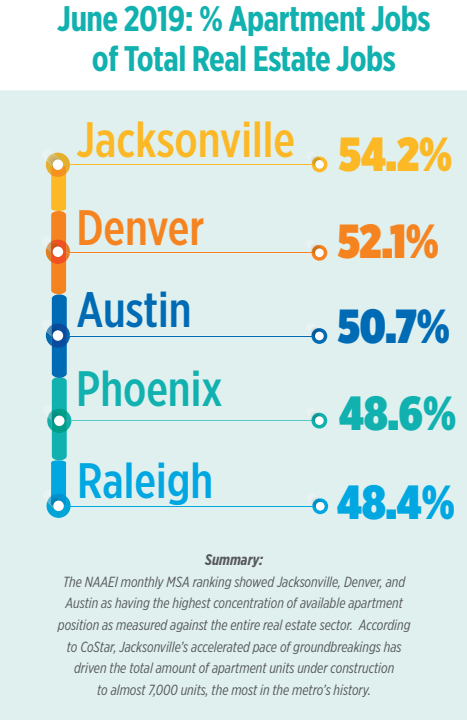
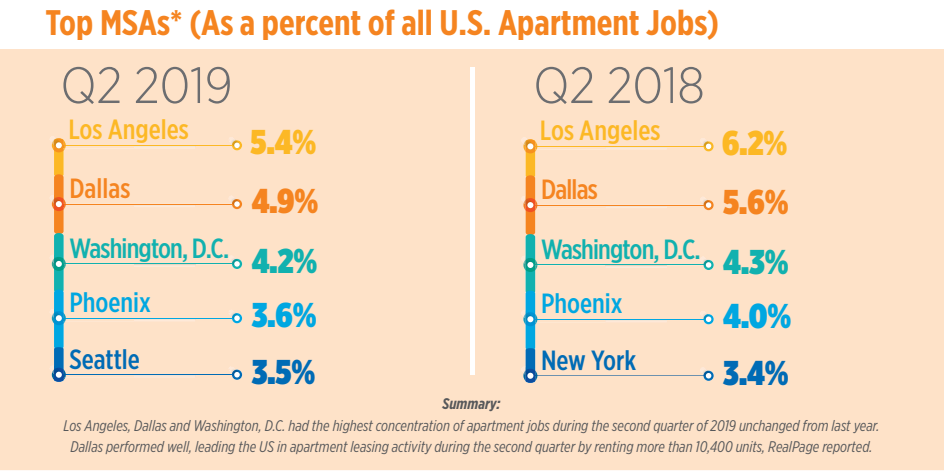
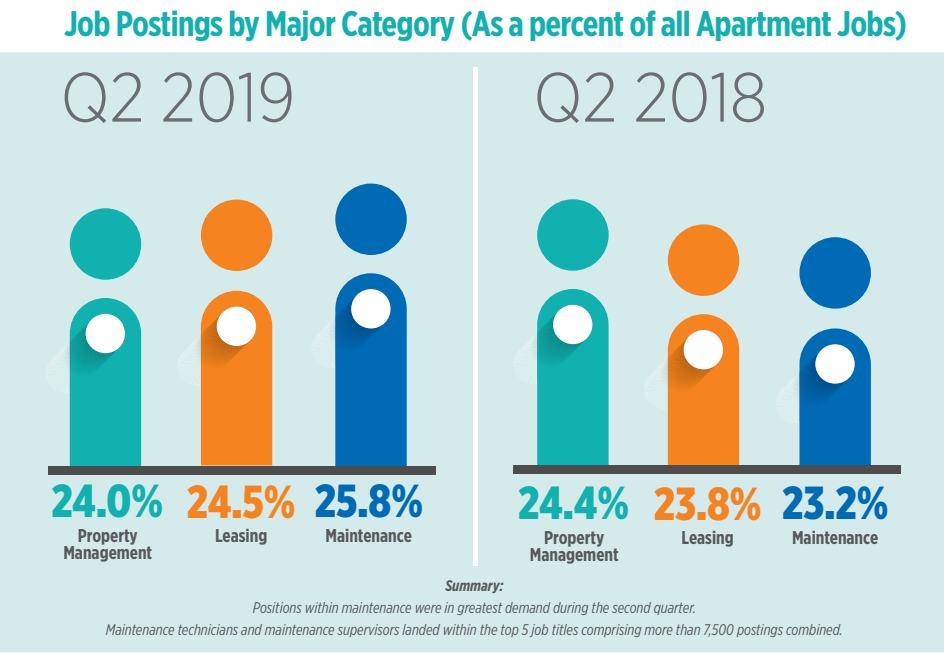
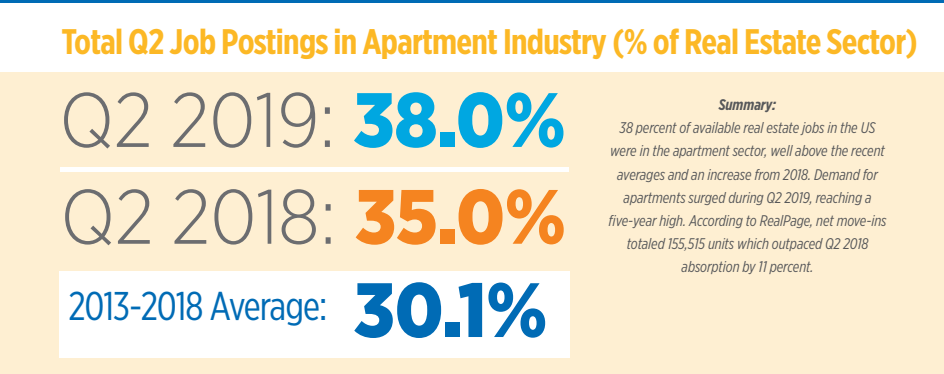
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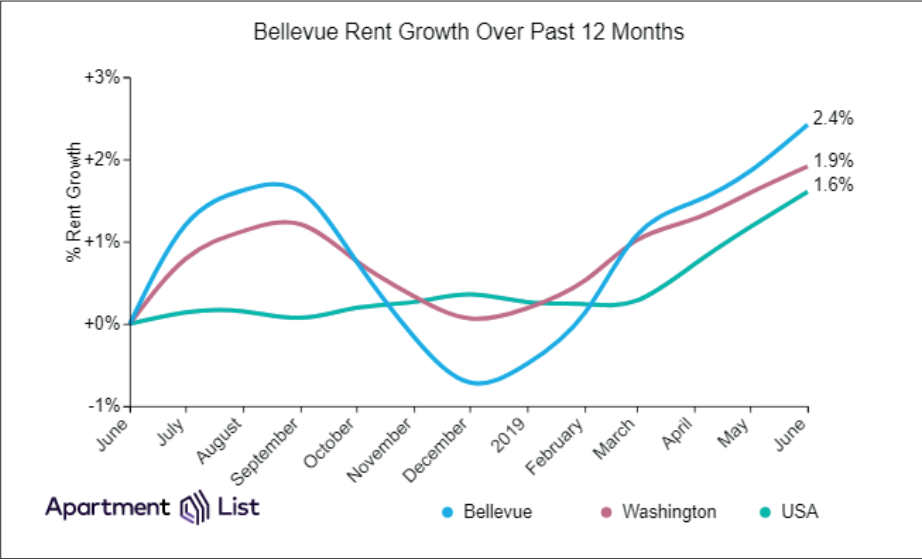
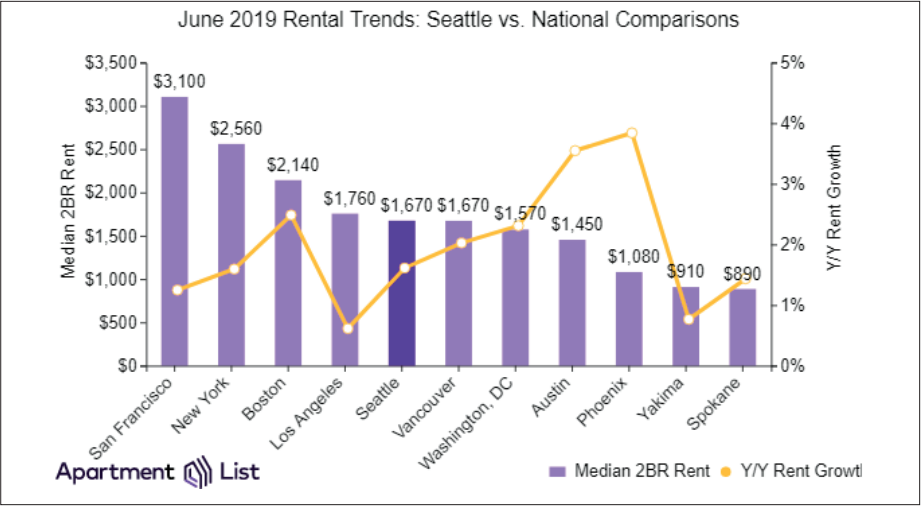
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# Rents Increase Again

Continued from Page 1

As rents have increased slightly in Seattle, a few other large cities nationwide have also seen rents grow modestly. Compared to most similar cities across the country, Seattle is less affordable for renters.

- Rents increased slightly in other cities

across the state, with Washington as a whole logging rent growth of 1.9% over the past year. For example, rents have grown by 2.0% in Vancouver and 1.4% in Spokane.

- Seattle’s median two-bedroom rent of \$1,670 is above the national average of \$1,190. Nationwide, rents have grown by 1.6% over the past year, which matches the

City	Median 1BR price	Median 2BR price	M/M price change	Y/Y price change
Seattle	\$1,340	\$1,670	0.4%	1.6%
Tacoma	\$1,260	\$1,560	-0.1%	1.5%
Bellevue	\$1,920	\$2,390	0.6%	2.4%
Everett	\$1,380	\$1,720	0.9%	2.5%
Kent	\$1,490	\$1,860	0.8%	2.2%
Renton	\$1,710	\$2,130	1.2%	3.5%
Federal Way	\$1,410	\$1,760	0.2%	1.5%
Auburn	\$1,370	\$1,700	0.1%	1.8%
Marysville	\$1,320	\$1,650	0	0.8%
Lakewood	\$1,190	\$1,480	0.4%	3.9%
Redmond	\$1,870	\$2,320	1.1%	1.6%
Kirkland	\$1,750	\$2,180	2.4%	3.4%
Sammamish	\$2,770	\$3,450	0.2%	2.3%
Puyallup	\$1,560	\$1,940	0.1%	3.5%
Lynnwood	\$1,620	\$2,020	1.2%	4.3%
Bothell	\$1,840	\$2,290	1.6%	1.6%
Spanaway	\$1,320	\$1,640	0.2%	0.9%
Mercer Island	\$2,090	\$2,600	1.6%	4.3%
Kenmore	\$1,700	\$2,110	0.5%	2%
Mukilteo	\$1,810	\$2,250	1.4%	6.5%
Mountlake Terrace	\$1,560	\$1,950	-1.2%	0.9%

rise in Seattle.

- While Seattle’s rents rose slightly over the past year, many cities nationwide also saw increases, including Phoenix (+3.8%), Austin (+3.5%), and Boston (+2.5%).
- Renters will generally find more expensive prices in Seattle than most other large cities. For example, Spokane has a median 2BR rent of \$890, where Seattle is nearly twice that price.

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# 5 Perfect Bathroom Upgrades for Rentals

KEEPE

Bathrooms are among the most important amenities for renters. Here’s a look at five perfect bathroom upgrades for your properties that can help keep tenants long-term.

1. INSTALL A SHOWER DOOR

Instead of a shower curtain, a shower door can immediately upgrade any bathroom. Shower doors can make your bathroom seem more modern and up-to-date. When it comes to durability, shower doors are a must. They last longer because of stain resistance, ease of cleaning, and prevention of bacteria growth.

2. INSTALL TILE AROUND THE TUB

Tiling around the walls of a tub can help with water- and stain-resistance. It can also add a pop of color to any bathroom to make the room seem more cohesive and fresh. There are many different types of tile to choose from, the most popular being porcelain due to its water resistance.

3. INSTALL BATHROOM VENT FAN

Steam from your showers can cause stuffy bathrooms and, eventually, unwanted mold on the walls. To eliminate this, try adding a vent fan to the ceiling of the bathroom. The vent will help with the excess moisture in the room and give it a more upgraded look.

4. ADD EXTRA STORAGE

Any bathroom can use extra storage space. Cabinets, drawers and shelves are handy for all kinds of storage and can add value to your bathroom. Depending on what materials you choose, you can add highlights of color to keep the look cohesive and current. These days, medicine cabinets with mirrored sliding doors are a good-to-go storage solution for any bathroom.



5. IMPROVE THE LIGHTING

The quality of lighting in a bathroom can turn a good bathroom into a great one. Vanity lighting around the mirror is a great option; it helps illuminate faces for grooming. A common mistake is to put lights on the ceiling above the mirror, which can cause unwanted shadows on the face. In addition to vanity lighting, a central fixed ceiling light can be used as a substitute for natural light. When it comes to choosing bulbs, a daylight bulb is best for making the room seem more open and natural.

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# Sex-for-Rent Scheme Alleged

RENTAL HOUSING JOURNAL

The U.S. Department of Justice has filed suit against the owner and manager of rental properties in the San Diego area who is alleged to have been sexually harassing female tenants and trading sex for rent discounts, according to a release.

The Justice Department lawsuit alleges that Larry Nelson, owner and manager of residential housing in Spring Valley, California, violated the Fair Housing Act by subjecting female tenants of his properties to sexual harassment and retaliation. The seven-page complaint, filed in U.S. District Court in San Diego, accuses Nelson of entering the homes of his female tenants without reason and in several cases offering to reduce or forgive rent in exchange for sex, according to the *Los Angeles Times*. The lawsuit alleges that Nelson engaged in sexual harassment of and retaliation against female tenants from at least 2005 to the present, by, among other things, engaging in unwelcome sexual touching, offering to reduce monthly rental payments in exchange for sex, making unwelcome sexual comments and advances, making intrusive and unannounced visits to female tenants’ homes to further his sexual advances, and evicting or threatening to evict female tenants who objected or refused his sexual advances.

“The Fair Housing Act prohibits sexual harassment and retaliation in housing,” Assistant Attorney General Eric Dreiband said in the release. “Any landlord who sexually harasses his tenants or retaliates against them for refusing sexual advances, destroys their housing security and risks families’ ability to keep a roof over their heads. Anyone who engages in this kind of disgusting and illegal conduct should be on notice: the Department of Justice will be coming for you.”

Prosecutors said Nelson controlled every

aspect of the rental process, from accepting applications and determining who could rent the units to setting the rental amount and collecting monthly payments. “Let this be a wake-up call for abusive landlords,” U.S. Attorney Robert Brewer said in the release. “Holding a key to someone’s property is not a license to exploit them for sex. The Department of Justice is going to make sure a tenant’s home is a place of safety, not suffering,” Brewer said.

In October 2017, the Department of Justice launched an initiative to combat sexual harassment in housing. In April 2018, the Department announced the nationwide rollout of the initiative, including three major components: an outreach toolkit to leverage the Department’s nationwide network of U.S. Attorney’s Offices, a public awareness campaign, including the release of a national Public Service Announcement and a new joint Task Force with HUD to combat sexual harassment in housing. Since launching the initiative, the Department of Justice has filed ten lawsuits alleging a pattern or practice of sexual harassment in housing.

The California lawsuit seeks monetary damages to compensate the victims, a civil penalty to vindicate the public interest, and a court order barring future discrimination and harassment. The complaint contains allegations of unlawful conduct; the allegations must be proven in federal court.

*More information about the Civil Rights Division and the laws it enforces is available at <http://www.justice.gov/crt>. Individuals who believe they may have been victims of sexual harassment or other types of housing discrimination at dwellings owned or managed by Larry Nelson, or who have other information that may be relevant to this case, can contact the Housing Discrimination Tip Line, at 1-800-896-7743, and select mailbox 9991 to leave a message.*

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# Landlords Face HUD Discrimination Charges for Not Allowing Tenant to Have Assistance Cat

*Continued from Page 1*

case came to their attention when the mother of three minor children filed a complaint alleging that the owners of the townhouse refused to rent her the home for which she had signed a lease agreement because she asked them to permit her oldest daughter’s assistance animal to live in the home.

HUD’s charge states her “daughter’s disabilities substantially limit her daughter’s major life activities, including, but not limited to, sleeping, taking care of herself and her surroundings, focusing, and engaging in social interactions. Due to those limitations, complainant’s daughter is disabled, as defined under the Fair Housing Act.”

**No PETS, No EXCEPTIONS**

The landlords’ lease stated, “Residents are not allowed to have pets of any kind on the premises. There are no exceptions to this rule.” Elsewhere in the lease it had a provision that warned, “NO PETS ALLOWED.” HUD’s charge alleges that the owners refused to allow the assistance animal in the home, even though the woman provided documentation from her daughter’s therapist attesting to the need for the assistance animal and how it addressed the girl’s condition.

The woman then wrote a letter to the landlords and requested a reasonable accommodation to this no-pet policy. The reasonable accommodation requested was for permission to permit her daughter to reside with her assistance animal at the property.

The letter from the therapist stated that the daughter suffered from major depressive disorder for several years and “is on medication for this disorder. She has also regularly attended therapy and a therapy skills training group. In the group, participants are encouraged to find coping strategies that are not self-destructive and one of the coping strategies is petting and being with her cat. The cat is a companion animal that has assisted in dealing with her depression. I would be in favor of (the daughter) being allowed to have this animal in her new living environment if at all possible.”



The landlords provided a letter back saying, “We are so very sorry and sympathetic to hear of your family situation. And we understand how difficult these situations can be. We have, and have had, some very similar situations. Unfortunately, we have a strict NO-pet policy. This is clearly stated on the application. So, if we let you have a pet, then everyone else will want one. Do you see how this will go?”

The landlords denied the reasonable accommodation request.

**ASSISTANCE ANIMALS NOT PETS**

HUD has said in the past that service and assistance animals are not pets. Concurrently with the denial of the reasonable-accommodation request, the owners terminated the lease agreement before the family could move in.

HUD’s charge further alleges that the woman informed the owners of their responsibilities under the Fair Housing Act and its protections for individuals with disabilities and asked that they reconsider her request. The owners refused to do so, and the family was forced to find other housing.

The Fair Housing Act prohibits housing providers from denying or limiting housing to people with disabilities, or from refusing to make reasonable accommodations in policies or practices for people with disabilities.

This includes not allowing people with disabilities (impairments that substantially limit major life activities) to have assistance animals that perform work or tasks, or that provide disability-related emotional support. In addition, the act prohibits housing providers from retaliating against people who exercise their fair housing rights, such as filing a complaint with HUD.

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# And We Have a Winner for ‘Ugliest Apartment Parking Lot’ — But it Will be a Beauty Before Long!

Congratulations to Gwyn Desimone and Jim Miller of Dune Grass Apartment complex in Ocean Shores, Washington, who have won “The Ugliest Apartment Parking Lot” Makeover Contest, sponsored by NYS Enterprises Paving.



**Gwyn Desimone**

Gwyn and Jim were among numerous Northwest area property management companies entering the contest at RentalHousingJournal.com with photographic “proof” that their property’s parking lot was most deserving of the prize: \$5000 worth of pothole repair and/or general parking lot refurbishment.

The winner was based on the number of votes each entrant received from Rental Housing Journal readers.

“I would like to congratulate the winners. I have visited site and am looking forward to repairing their very needed pot holes!” said Steve Nys of NYS Enterprises.

Gwyn and Jim combined on the winning entry with Jim taking the photo and Gwyn entering it into the contest.

Gwyn is the Area Manager for the property and recently moved into compliance at the corporate office.



**Jim Miller**

“I have been with Quantum Management Services for approximately 10 years, we work with mostly low-income programs. This property is a USDA/ RD property we have managed since 2012. The manager, Jim Miller, is an asset to the property and does everything he can to maintain the property in great condition under a budget.

“He has been with the property over 20 years. I started out as a leasing agent and moved my way up through the company. I enjoy helping others and providing safe, clean affordable housing to those whom are in need of housing,” Gwyn said.

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# Rent Control’s Effect on Multifamily Valuation

Continued from Page 1

the rise, buyers are lined up and willing to pay top dollar for an income stream that does not yet fully exist. It is then the job of the buyer to increase rents as quickly as possible in order to make their investment cash flow. If a property’s rent roll is already near market levels, the value of the property can be based on current income.

However, if there are tenants currently paying below-market rents, the new rent-control laws are going to make repositioning the asset a much longer process. This is already having a negative effect on the values of underperforming properties. Sophisticated buyers are not willing to underwrite the value of a property based on rents that will not be achieved within the first year or two of ownership.

Since the passage of statewide rent control in Oregon, multifamily brokers have begun to take a new approach to pricing.

Brokers are now arriving at listing prices based on the income that a property will produce after its initial round of rent increases, within the guidelines of SB 608. This means that if a property’s rent roll is trailing the market by more than 10%, it will be difficult to maximize its appraised value in the event of a sale or refinance, thus bringing the market value of the property down.

### SUPPLY AND DEMAND

While the legislature is currently working on ways to increase the supply of housing, historical data shows that rent control slows development, creating a greater shortage.

If this holds true for Oregon, we will see a decline in the number of multifamily units being developed and a further increase in demand. For investors, this is good news in regards to the value of their multifamily holdings because it limits competition from new properties that are coming online.

An artificially low inventory will drive rents higher and thus continue to push the value of multifamily properties to greater heights. As long as the demand from renters remains, multifamily property will appreciate as a result of higher yields – albeit at the cost of Oregon families, many of whom are already struggling to make ends meet.



### THE MARKET

Supply and demand will drive the market to value property based on scarcity. In the second quarter of 2019, Oregon saw a 38% decline in multifamily transactions and out-of-state investment dropped to nearly zero. Much of this could be due to the pipeline shadow of 2019’s first quarter, which had many investors scared to make a move, not knowing what the new rent-control laws might look like. This may be a boon for local buyers because it will reduce acquisition competition, but the value of multifamily property could decline due to a decrease in overall buyer demand.

Now that the dust has settled, investors are coming back to the market.

Some owners have decided to sell because they no longer wish to deal with the tightening landlord-tenant laws; other owners have decided it is a good time to reposition their portfolios and are now more aggressively pursuing 1031 tax-deferred exchanges. Listings are going live at a pace we have not seen for some time, which creates a different form of competition and can place downward pressure on prices. With more sellers and less buyers, we are beginning to see equilibrium in the marketplace, and while property values will continue to improve over time due to supply and demand, the days of explosive growth are probably over for now.

*Gabe Johansen is the Willamette Valley’s #1 apartment broker and the principal broker and owner of SMI Commercial Real Estate, LLC.*

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# Demand for Apts Surges in Q2 2019

REALPAGE, INC.

Apartment demand surged during the second quarter with occupancy climbing to 95.8 percent and new lease rents up three percent annually, according to a release from RealPage, Inc.

Net move-ins totaling 155,515 units in the April-through-June time frame topped second quarter 2018 product absorption by 11 percent, climbing to a five-year high, the report said.

“Apartment leasing activity accelerates during the warmer weather months, and demand is proving especially strong in this year’s primary leasing season,” said RealPage chief economist Greg Willett said in the release.

“Solid economic growth is encouraging new household formation, and rentals are capturing a sizable share of the resulting housing demand,” he said. “At the same time, loss of existing renters to home purchase remains limited relative to historical levels.”

The fast-growing Dallas-Fort Worth area led the nation in apartment-leasing activity during the second quarter, as renters snapped up 10,443 units.

Net move-ins also reached robust levels of more than 6,000 units in Chicago, Houston, New York and Washington, D.C.

With demand proving so strong in the second quarter, occupancy tightened despite the delivery of quite a bit of new product. Occupancy climbed to 95.8 percent in second quarter, up from 95.4 percent a year earlier.

RENTS RISE WITH PHOENIX AND LAS VEGAS LEADING

Rents for new leases increased 1.8 percent during the second quarter, which normally is when pricing moves most rapidly during the course of the year. Rents are up 3 percent from year-ago levels, reaching an average of \$1,390 per month.

Among the country’s large metros, local rent-growth leaders are Las Vegas and Phoenix, with each area posting annual price jumps of more than 8 percent.

At the next tier of performance, rent growth comes in at roughly 4 percent to 5 percent in a long list of markets: Atlanta, Sacramento, Austin, Raleigh-Durham, Riverside-San Bernardino, Providence, Greensboro/Winston-Salem, Salt Lake City, Charlotte and Memphis.

Houston’s performance is the weakest among big metros, with rents in the second quarter up just 0.1 percent from the pricing seen a year earlier.

Slight rent cuts are occurring in a few small markets: Des Moines, Iowa; Fargo, N.D.; College Station, Texas; Baton Rouge, La.; and Santa Rosa, Calif.

Building in the U.S. apartment sector remains at three-decade highs. Market-rate apartment properties under construction contain more than 418,000 units that will be finished during roughly the next 18 months.

Dallas-Fort Worth remains the country’s leader in apartment construction activity. More than 34,000 apartments are on the way in North Texas, compared to about 20,000 units in Washington, D.C., the



*“Solid economic growth is encouraging new household formation, and rentals are capturing a sizable share of the resulting housing demand.”*

— RealPage chief economist Greg Willett

second-busiest metro for building. Near-term deliveries will run around 18,000 units in Los Angeles and Houston.

“While the apartment sector’s performance has been terrific of late, the amount of product under construction does

point to some near-term risk,” Willett said in the release.

Most economists are anticipating a slowdown in economic growth, cooling support for housing demand.

“It would be tough to maintain price

growth with so many new properties moving through initial lease-up at a time when demand has weakened.”

*RealPage is a leading global provider of software and data analytics to the real estate industry. Clients use its platform to improve operating performance and increase capital returns. Founded in 1998 and headquartered in Richardson, Texas, RealPage serves more than 12,100 clients worldwide from offices in North America, Europe and Asia. For more information, visit <http://www.realpage.com>.*

Annual Rent Growth Leaders as of 2Q 2019				
Big Metros	Growth		Small Metros	Growth
Las Vegas, NV	8.8%		Wilmington, NC	7.4%
Phoenix, AZ	8.1%		Tucson, AZ	7.1%
Atlanta, GA	4.7%		Huntsville, AL	6.4%
Sacramento, CA	4.7%		Santa Maria, CA	6.2%
Austin, TX	4.6%		Pensacola, FL	6.0%
Raleigh-Durham, NC	4.6%		Gainesville, FL	5.9%
Riverside-San Bernardino, CA	4.5%		Boise, ID	5.8%
Providence, RI	4.4%		Manchester-Nashua, NH	5.7%
Greensboro/Winston-Salem, NC	4.3%		Stockton, CA	5.6%
Salt Lake City, UT	4.1%		Reno, NV	5.3%
Charlotte, NC	4.0%		Bakersfield, CA	5.1%
Memphis, TN	3.9%		Deltona-Daytona Beach, FL	5.1%
Source: RealPage, Inc.				

Apartment Demand Leaders in 2Q 2019		
Metro	Quarterly Demand	Quarterly Completions
Dallas-Fort Worth, TX	10,443 units	6,441 units
Chicago, IL	7,418 units	2,617 units
Houston, TX	6,969 units	2,373 units
New York, NY	6,759 units	2,768 units
Washington, DC	6,008 units	2,787 units
Seattle, WA	4,419 units	2,300 units
Atlanta, GA	4,278 units	2,729 units
Denver, CO	4,221 units	2,577 units
Phoenix, AZ	4,171 units	2,691 units
Charlotte, NC	3,724 units	2,357 units
Source: RealPage, Inc.		

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# How to Keep the Blinds in Your Rentals Working

## KEEPE

Maintenance folks have seen a lot of window-blinds replacement and repair calls lately, so here is a maintenance checkup for your rental property.

Whether your blinds are new or old, broken blinds seem to be an ongoing issue for many rental property owners.

If you were ever wondering why mini-blinds break so frequently, here's your answer: Basically, the holes in the top of each vane – which are also called slats – are squarely “hole-punched” and, unfortunately, aren't as reinforced as they should be.

Sometimes kids rip them out or pets pull them down, but one of the primary reasons blinds break is because people are lazy.

Using blinds correctly can seem like a hassle. You have to take the time to turn the wand, open the slats, and then pull the string slowly. Not using the wand and rushing the process causes a bunch of tension on each vane, causing it eventually to crack and snap off.

## BLIND REPLACEMENT AND REPAIR TIPS FOR YOUR RENTAL PROPERTY

- Invest in some “vane savers” as reinforcements or as a way to fix broken vanes.
- Use paperclips instead of “vane savers,” by taping one over the end of each vane where a piece has broken off.
- Let the cords hang freely, this can help the cords last longer.
- Clean blinds by vacuuming them regularly with a brush attachment on low suction, brushing across the slats for venetian and pleated blinds and down the fabric or slats for vertical and roller blinds.
- Spot-clean any stubborn stains by blotting with a mild detergent solution or alcohol-free wipe (but never spray cleaner directly onto fabric).
- To prevent vanes from getting out of sync, always tilt the vanes open fully before drawing the blinds open or closed.

## ODD JOB OF THE MONTH



This month, we got a job request in the greater Seattle area to repair a sink faucet that “began spraying in different directions.” We checked it out and realized it was the aerator, which was fixed in no time. Aerators are often found at the end of the faucet. Essentially, the aerator pushes a mixture of air and water through the end of the faucet. They are used to prevent splashing, conserve energy and increase water pressure.

*Keepe is an on-demand maintenance solution for property managers and independent landlords, making hundreds of independent contractors and handy-men/women available at rental properties. Keepe is available in the Greater Seattle area, Greater Phoenix area, San Francisco Bay area, and Portland area, and is still expanding. Learn more at <http://www.keepe.com>.*



*Sometimes kids rip them out or pets pull them down, but one of the primary reasons blinds break is because people are lazy.*

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# Cities and States Losing Revenue to Airbnb

## RENTAL HOUSING JOURNAL

Short-term rental tax deals are causing cities and states to lose millions of dollars in tax revenue from “voluntary collection agreements” with short-term rental platforms such as Airbnb, according to a release.

Most short-term rental revenue is simply a diversion of lodging stays from traditional lodging sources, which generally collect and pay lodging taxes through a more transparent and documented tax collection process, according to a report authored by Dan Bucks, former director of the Montana Revenue Department and previous executive director of the Multistate Tax Commission.

“Airbnb is frequently depicted as a boon for travelers looking for lower-cost or nontraditional accommodations, and for homeowners looking to expand their income stream. But in many local markets, the arrival and expansion of Airbnb is raising questions about its potential negative impacts on local housing costs, quality of life in residential neighborhoods, employment quality in the hospitality industry, and local governments’ ability to enforce municipal codes and collect appropriate taxes,” Josh Bivens writes in a Economic Policy Institute article.

“Companies such as Airbnb regularly take credit for producing certain amounts of revenue for states and localities, with numbers that often run into millions of dollars,” Bucks said, in a release from the American Hotel and Lodging Association (AHLA).

“The problem is that they are taking credit for a revenue stream that is, at best, uncertain, illusory and unreliable. Short-term rental platforms are actually responsible for significant, unacceptable losses of revenue at all levels of

government,” Bucks said.

The report says the growth in short-term rentals costs states and cities in property tax revenues. That’s because short-term rentals are primarily residential homes, which are typically taxed at a lower rate than commercial properties such as hotels.

“The amount of property tax revenue foregone or lost in these circumstances will vary, but could be substantial depending on

the number of lodging rentals and the degree of differential taxation for commercial and residential properties,” Bucks said. “Given that property taxes are the largest source of revenue for state and local governments, the fiscal impact could, in some jurisdictions, rival or exceed the related lodging tax revenues.”

The report is the latest evidence that state and local governments should cease

current voluntary tax agreements with companies such as Airbnb, according to the release. Earlier this year, Bucks called on government leaders to reject short-term rental platforms’ future pursuit of voluntary collection agreements (VCAs) and look to the U.S. Supreme Court’s South Dakota v. Wayfair, Inc. decision as a pathway to cancel current VCA agreements and bring Airbnb up to code with current industry tax standards and regulations.



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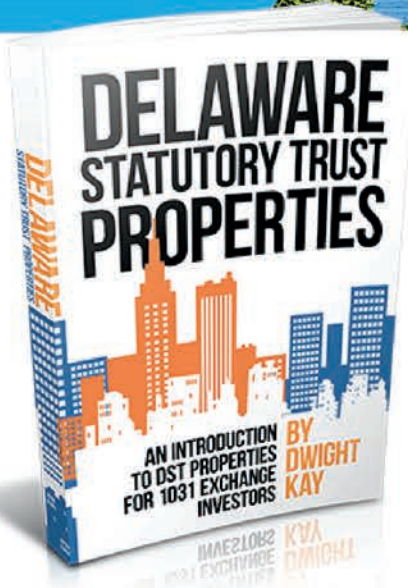
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# Case Study: A Client's First Experience with DSTs

BY BETTY FRIANT  
SENIOR VICE PRESIDENT  
KAY PROPERTIES & INVESTMENTS, LLC

The client has invested in real estate since 1987. After experiencing difficulties in renting an industrial property she owned for the past 13 years, it was time to sell.

Having sold many properties in the past, the concept of doing a 1031 exchange was all too familiar to her. She questioned whether or not to do it this time.

In consulting her financial advisor and CPA, she was informed of the tax consequences in selling this property. In hearing this information, she inquired into the best course of action for her tax situation.

The advice was based on a simple question, "Do you want another rental property?" Emotionally, the client was tired of the responsibilities associated with being a landlord, in addition to everything involved in purchasing another rental. Logically, however, it was concluded that the best course of action was to purchase a replacement property and defer the taxes.

The search began for a replacement property, with the industrial unit settlement coming in 60 days. Within a few days, she was tired of looking through hundreds of listings provided by residential real estate agents and commercial properties that did not meet the financial criteria.

Despite these challenges, the search continued until she reached a point of frustration and considered paying the tax, rather than deal with this long process. Why invest in another property, doing the same things she had already been doing, such as rent collections, paying bills, and solving all sorts of problems?



She called her commercial broker to discuss the situation, who said the DSTs sounded like the perfect solution for her situation.

The client was then introduced by the commercial broker to Kay Properties and Investments, LLC. She was hesitant at first, not knowing how DSTs work. Taking it upon herself to read all of the educational material and asking many questions, the client studied DSTs prior to the settlement for her warehouse.

The client spent six weeks prior to her warehouse settlement, immersed in numerous PPMs and in study mode with Kay Properties. In the end, the client was grateful to Kay Properties for helping her avoid a huge tax consequence and educating her through various channels.

The client was able to successfully complete her 1031 exchange into a diversified portfolio of DSTs consisting of Class

A apartments, Class B apartments, and also single tenant net lease industrial. The process from the close of the warehouse to the selected DSTs took place within a week! She was delighted to start receiving income from her DST investment because for the two and a half years prior, her relinquished property had been vacant and not producing income.

She now enjoys sharing her new acquired knowledge with other investors who are tired of property management but still love the passive income that real estate offers.

*This is an example of the experience of one of our clients and may not be representative of the experience of other clients. Past performance does not guarantee or indicate the likelihood of future results. Diversification does not guarantee profits or protect against losses.*

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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, D.C. Kay Properties team members collectively have over 114 years of real estate experience, are licensed in all 50 states, and have participated in over \$7 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](http://www.kpi1031.com).

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