$2.95

SEPTEMBER 2019

Time to Repair or Replace Appliances?

Page 5

Demand High for Maintenance Techs

Page 6

3 Common Traps for Rental Property Owners

Page 8

RENTAL HOUSING JOURNAL

INSIGHT FOR RENTAL HOUSING PROFESSIONALS

COLORADO

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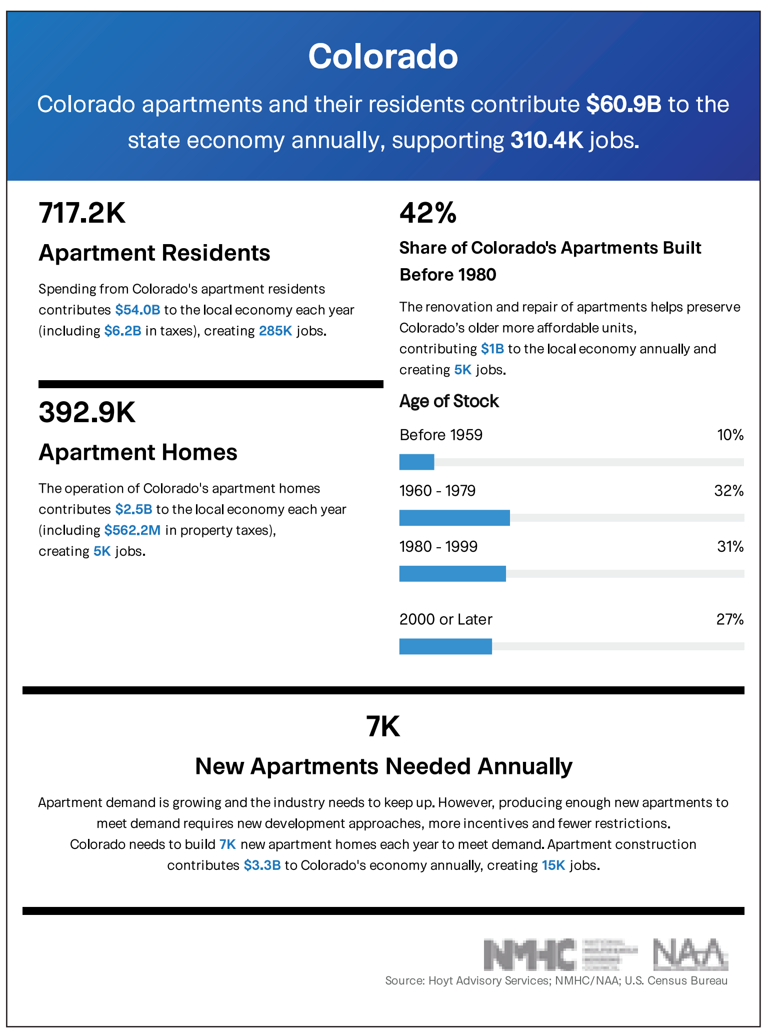
DENVER · COLORADO SPRINGS · BOULDER

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

Apartment Industry Contributes $60 Billion to Colorado Economy



RENTAL HOUSING JOURNAL

Colorado apartments and their residents contribute $60.9 billion to the state economy annually, supporting 310,00 jobs, according to the new Hoyt Advisory Council study.

Spending from Colorado's apartment residents contributes $54 billion to the local economy each year, including $6.2 billion in taxes and creating 285,000 jobs.

Apartment demand is growing and the industry needs to keep up. However, producing enough new apartments to meet demand requires new development approaches, more incentives and fewer restrictions.

Colorado needs to build 7,000 new apartment homes each year to meet demand. Apartment construction contributes $3.3 billion to Colorado's economy annually, creating 15,000 jobs.

Overall, apartments contribute $3.4 trillion to the U.S. economy and support 17.5 million jobs, according to the report.

The Hoyt Advisory Study was commissioned by the National Apartment Association (NAA) and National Multifamily Housing Council (NMHC).

Resident spending contributes $3.0 trillion to the U.S. economy, while operations adds $175.2 billion. New construction contributes $150.1 billion and renovation and repair adds $68.8 billion.

Highlights from the report include:

See 'Multifamily' on Page 11

Are Ceiling Fans in Rentals Worth It?

KEEPE

Are ceiling fans in your rental property worth the cost and do they help save energy for the landlord or tenants is the maintenance tip this week from Keepe.

Yes, they can save energy. If you have air conditioning in your rental property, then you probably know that it is responsible for about 25 percent of all energy consumption.

If you have ceiling fans and air conditioning operating, you can turn your thermostat up by four degrees without losing comfort. By using this method, landlords and tenants can lower energy bills.

CAN CEILING FANS REPLACE AIR CONDITIONING?

No. Fans don't actually cool a room, they create a wind-chill effect that makes it feel cooler without lowering the temperature of a room. If the room is already extremely hot, ceiling fans will be pushing hot air around the

See 'Be Aware' on Page 7

Denver Rents Steady Over Month

Increases Occuring Throughout Entire Metro During Past Year

APARTMENT LIST

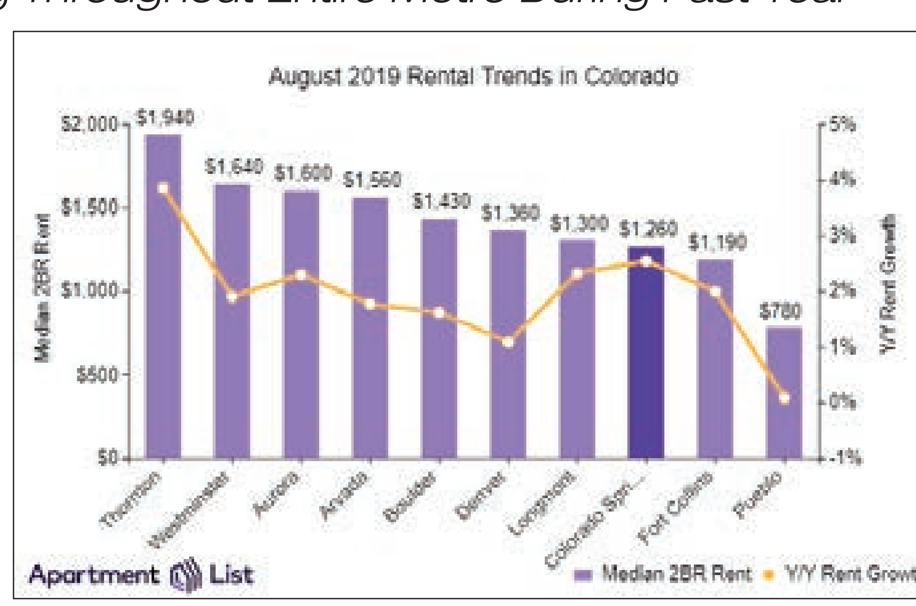
Denver rents remained flat over the month of August; however, they are up slightly by 1.1% year-over-year, according to the most recent report from Apartment List.

Currently, median rents in Denver stand at $1,078 for a one-bedroom apartment and $1,365 for a two-bedroom.

Denver's year-over-year rent growth lags the state average of 1.7 percent, as well as the national average of 1.5 percent.

Throughout the past year, rent increases have been occurring not just in the city of Denver, but across the entire metro.

See 'Rents' on Page 11



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Questions to Ask When Investing in DSTs

By Steve Haskell
Vice President, Kay Properties and Investments

Investors often approach Kay Properties and Investments to expand their investment research into Delaware Statutory Trusts (DSTs) after speaking with a friend, registered rep, or advisor about the opportunity. Unfortunately, we continue to discover that whoever is advising the client has been providing incorrect or incomplete information. DSTs are sophisticated investment vehicles that require a niche expertise. We have developed a series of questions for investors to ask their DST provider to help prevent making ill-advised investment decisions potentially detrimental to their family's financial security.

HOW MANY INVESTMENTS HAS THE ADVISOR MADE INTO DSTs?

Not all experience is created equal when a DST provider says they have years of experience, they often mean that they have completed a small number of DST investments over many years if investment related experience. We do not consider this to be acceptable when investing in DSTs. A Kay Properties licensed team member is often involved in more DST exchanges in a single year than many DST providers do in their entire career. It is critical for a DST provider to see various types of deals and DSTs in order to gain an understanding of the potential risks to avoid and help the client capture potential opportunities. Oftentimes, the DST provider just lacks the experience necessary to advise the client on DSTs.

HOW MANY SPONSORS DO YOU CARRY ON YOUR PLATFORM?

Many DST providers do not have the time and resources to research the DST sponsor companies in the industry. Therefore, they rely on the few large companies in the industry with resources to spend on marketing, fancy lunches, and a suave financial advisor wholesaler network (the DST sponsor company sales people that meet with financial advisors and pitch them their companies DST products and in turn the financial advisor then pitches the DSTs to his or her clients). As a result, the client may miss out on other DST investments potentially more suitable for the client. We often find that clients over concentrate by placing large exchanges in just 1-3 DSTs, when the client would be more suited diversifying into 5-10 DSTs. The lack of DST 1031 options on the DST provider's platform is often misrepresented by the DST provider. They claim, "these are the only properties that passed their due diligence" when in actuality their lack of options is the result of lack of business volume necessary to put the time, effort and resources into analyzing and visiting the many different DST properties for sale by the many DST sponsors in the space.

WHY DID YOU SELECT TO REPRESENT THOSE SPONSORS ON YOUR PLATFORM?

We often hear from clients that their DST provider told them to go with a specific sponsor due to their track record and time in the industry. However, the DST provider's due diligence is often limited to the marketing material and sales pitches of those few DST sponsor companies. Often, the reason DST providers carry a certain sponsor on their platform has more to due with the sponsor's marketing budget than it does with the quality of the DST. Kay Properties due diligence and analysis team conducts due diligence on every DST it carries on its platform. This includes asset class rejection of risky assets such as hotels and senior care facilities (Kay Properties will not offer these asset classes to our clients), mystery shopping each property, 3rd party reports and market analysis, sensitivity analysis and stress test on cash flow assumptions, and lease audits. Many financial advisors selling DSTs are only one or two man/woman shops that do not have the resources to internally do this level of analysis and underwriting which in turn may leave their investors to pay the price for lack of diligence.

HAS THE SPONSOR EVER MISSED PROJECTIONS OR SOLD A PROPERTY FOR LESS THAN WHAT THEY PURCHASED THE PROPERTY?

When inquiring about Sponsors track record, many advisors will only provide general and often ambiguous statistics that require unpacking to understand. The client should ask her advisor how many times the sponsor sold a property for less than they purchased the property. It is also important to find out how many of the Sponsor's DSTs have missed their cash flow projections. For example, we often see a Sponsor display a positive Annual Rates of Return (ARR), which includes both cashflow as well as property appreciation averaged over the lifetime of the DST. However, they often refrain from informing their clients that that the asset was actually sold at a lower price than it was originally purchased.

SHOULD I DIVERSIFY MORE?

It would be suspicious if an advisor encouraged her client to invest all his money into one stock no matter how exciting the projections. This same wisdom applies to DSTs. Kay Properties and Investments encourages our clients to diversify by asset type, asset class, geography, and sponsor. Additionally, investing in one DST with multiple properties does not equate to a well-diversified portfolio as we have seen portfolio DSTs whereby one bad property dragged down the returns of the entire portfolio. We have also seen some very credible sponsors choose bad properties that end up performing poorly for investors. Therefore, it is always prudent to diversify across multiple sponsors and offerings. Real estate is risky, an investor can lose their entire investment. Diversification is critical to mitigating risk, especially in DSTs. Diversification does not guarantee profits or protect against losses.

MY MORTGAGE IS PAID OFF… SHOULD I REALLY BE LEVERAGING INTO DSTS WITH DEBT AT MY AGE? WHAT HAPPENS IF I WANT TO BE DEBT FREE LATER?

Most DST properties in the market are leveraged at approximately 50-60% Loan to Value. This is fine for investors needing to replace debt due to the 1031 exchange guidelines, however for those investors that are selling their properties debt free we would advise a cautious approach. If the debt free investor exchanges into leveraged DSTs, then they now have the risk of foreclosure and a much higher risk of complete loss of their invested principal. Additionally, when the DST property sells in the future, they will then have to purchase equal or greater value if they choose to do another 1031 exchange. They now no longer have the luxury of staying debt free. Many investors want to reduce their risk potential, unfortunately we see many financial advisors forcing their clients into DSTs with high leverage. This is often because the financial advisor does not have any debt free DST products available. If you already paid off your property you would be well advised to stay debt free and only purchase all-cash debt free DSTs.

For free consultation with a licensed professional at Kay Properties and Investments, email steve@kpi1031.com or call 760.533.7820.

About Kay Properties and 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, 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.

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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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Sponsored Content

Split Treatment 1031 Exchange Transactions:

Use 2 Tax Code Sections to your Advantage (§121 & §1031)

By Erin Crowley

Asset Preservation, Inc

There are only a few ways to receive special tax treatment on the sale of real estate. One is IRC Section 121 ("primary residence" exemption), for those who qualify and another is IRC Section 1031 tax deferral on the exchange of investment property that qualifies under Section 1031 and the Treasury Regulation guidelines.

But what if a taxpayer lives in one of the units of their multi-family property; or a farmer who lives in a modest house on a larger working farm; or a retail shop owner who lives in the unit above their shop? These are not uncommon situations in Colorado. Before we jump into the intersection where both IRC Section 121 (primary residence) and IRC Section 1031 (investment or business property) meet, let's take a look at the highlights for each of these two tax code provisions

Highlights of Section 121 Principal Residence Property (Taxpayer lives in the Property):

- Tax exclusion
- The taxpayer must use the property as a principal residence for two out of the last five years prior to the sale
- The use as a principal residence does not need to be in concurrent months;
- Exclusion of $250,000 of gain for single filers and $500 ,000 of gain for married taxpayers filing jointly;
- The §121 exclusion is only available once every two years;
- Second homes and vacation hones do not qualify for §121 tax exclusion

Highlights of a §1031 Exchange Property (Taxpayer Uses Property for Trade or Business or the Property is Held for Investment):

- Tax deferral;
- The taxpayer must hold both the relinquished and the replacement property for use in a trade, business or the property must be held for investment (called "like-kind" property);
- The taxpayer cannot receive the cash proceeds from the sale and must engage a qualified intermediary (QI) prior to the closing to structure a valid §1031 exchange;
- There are strict rules for deferral including 45/180 day time deadlines in the delayed exchange format along with other requirements such as reinvesting the entire net equity and having the same or greater amount of debt to obtain full tax deferral.

So, in a situation where the taxpayer resides in a "mixed use" property which is part primary residence and part business or investment property, the taxpayer can take advantage of both tax codes respectively upon the sale in a "split treatment" transaction. Here are two examples:

Example #1: The Sale of a Four-Unit Property (Fourplex)—part residence; part rental property

The taxpayer owns a 4-unit multifamily property in which they have rented three units (§1031) for the past four years and where they have also lived in the remaining unit as their principal residence (§121) for the past four years (meeting the requirement under §121 to have used as a principal residence for at least two of the past five years). The property is sold to a buyer and the taxpayer receives a portion of the sale attributed to the principal residence portion (§121) and obtains tax exclusion up the Section 121 threshold amount and has a QI engaged to prepare the necessary §1031 exchange documents and hold the net proceeds from the sale of the three rental units to proceed with a §1031 exchange into like-kind replacement property, thus obtaining tax deferral on the three rental units

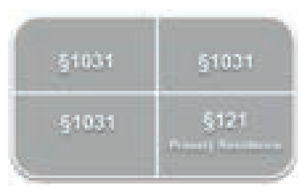
Sale of a Fourplex

3 units rented

1 unit primary residence

-1031 = ¾ or 75%

-121 = ¼ or 25%



- A split treatment transaction involves a property used partially as a principal residence and partially in a business or investment purposes;
- The taxpayer must work with their tax advisor to allocate the portion used as a principal residence for tax exclusion under §121 and the remaining portion qualifying for §1031 exchange deferral;
- The taxpayer can receive the sale proceeds directly from the closing on the principal residence allocation of the transaction;
- The taxpayer must have a QI in place for the §1031 exchange portion of the transaction (i.e. the portion allocated to business or investment.) The QI will receive the portion of the sale proceeds for the business or investment portion and the QI will acquire like-kind replacement property pursuant to the §1031 exchange rules and requirements. The taxpayer must meet all other requirements necessary for a §1031 exchange.

Example #2: The Sale of a 100-Acre Farm/Ranch with the Allocation of a Primary Residence on 5 Acres

The taxpayer has owned a 100-acre working farm for the past four years and has lived in the farm house on the property. The minimum amount of acres for a primary residence allowed by the county in which he resides is five acres. The property is sold to a buyer and the taxpayer receives the portion of the sale attributed to the principal residence portion, principal residence and five acres of land (§121) and has a QI engaged to hold the net proceeds from the sale of the farm land portion 95 acres, with a §1031 like-kind replacement property.

- This is an example of a split treatment transaction involving a property used partially as a principal residence and partially for a farm;
- The taxpayer and their tax advisor must allocate the portion used as a principal residence for tax exclusion under §121 and the remaining farm land portion qualifying for a §1031 deferral;
- The taxpayer can receive the sale proceeds directly from the closing on the principal residence allocation of the transaction;
- The taxpayer must have QI in place for the §1031 exchange portion for the transaction (i.e. the portion allocated to ranch land). The QI will receive the portion of the sale proceeds from the farm land portion and the QI will acquire like-kind replacement property pursuant to the §1031 exchange rules and requirements. The taxpayer must meet all of the other requirements necessary for a §1031 exchange.
- Farm and ranch transactions can often include both personal and real property. The taxpayer's tax advisor should review the allocations to make certain real property is exchanged for like-kind real property and, in the event of a farm/ranch transaction involving significant personal property that the personal property allocations are reviewed on both the sale and purchase sides of the transaction.

NOTE: Asset Preservation, Inc. as a Qualified Intermediary does not provide tax or legal advice. Taxpayers should seek advice from their own tax and legal counsel regarding their specific situations.

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Is it Time to Repair or Replace Appliances?

Keepe

Replacing rental housing appliances can present serious budget questions, so how do you know when to fix and when to replace appliances?

Rental housing appliances can be major expenses for landlords and property managers, and it can be a stressful time on the budget when the time comes to repair or replace appliances.

Because of the high costs, it's important to know what you're doing when it comes to repairing or replacing your home appliances.

Before even looking at which parts are broken, think about these 3 questions in replacing rental housing appliances:

No. 1 – How old is the appliance?

Typically, the rule is to replace appliances that are more than halfway through their life span and if the cost of repair is more than half of the original cost. This is called the "50-Percent Rule."

No. 2 – Do you need a more energy-efficient appliance?

There should be a black-and-yellow Energy Guide label attached to every appliance. If the old appliance has low energy efficiency, it may be time to consider replacing it to save money in the long run. Tenants will appreciate it if they are the ones paying utility bills.

Some appliances carry an Energy Star label. These labels certify that the appliance is energy efficient and uses about 20 percent less energy than standard models

No. 3 – Do you and your tenants like the style?

Style is a completely personal preference and depends on the unit and your tenants' preferences.

If you want coordination to keep the style of an upper-end rental, it is advised to replace everything at once to keep the design consistent. If you have recently replaced the refrigerator and the dishwasher is looks outdated compared to the fridge, it may be time to replace the dishwasher to keep the look cohesive throughout the kitchen.

Keepe is an on-demand maintenance solution for property managers and independent landlords. We make hundreds of independent contractors and handymen available for maintenance projects at rental properties in the Greater Seattle, Greater Phoenix, Greater San Francisco Bay and Greater Portland areas. We're also expanding. Learn more about Keepe at http://www.keepe.com

7 signs that mean it is time to consider replacing rental housing appliances

1. A dryer is emitting smoke
2. Rust on the sides of an oven
3. Fridge compressor isn't running
4. A washer won't spin or clothes are not getting clean
5. A dishwasher stops its cycle before fully finished
6. The appliance won't turn on
7. High water/electricity bill

AVERAGE LIFE SPAN OF MAJOR APPLIANCES

Compactor: 6 years
Dishwasher: 9 years
Disposal: 12 years
Dryer: 13 years
Electric range: 13 years
Exhaust Fan: 10 years
Freezer: 11 years
Gas Range: 15 years
Microwave: 9 years
Range hood: 14 years
Refrigerator: 13 years
Washer: 10 years

SOURCE: HouseLogic

Colorado Landlords Charged with Bias Against Families with Children

Rental Housing Journal

The owners and manager of a condominium complex in Gunnison, Colo., have been charged with discriminating against families with children in violation of the Fair Housing Act according to a release from the U.S. Department of Housing and Urban Development (HUD).

The charge further alleges that the condominium management team refused to rent a unit to a fair housing tester who claimed to have a 4-year-old child. Read HUD's charge.The HUD complaint states, "advertisements for the subject property published in the Gunnison County Shopper stated, "1 or 2 people max, both over 40 years of age, no exception."

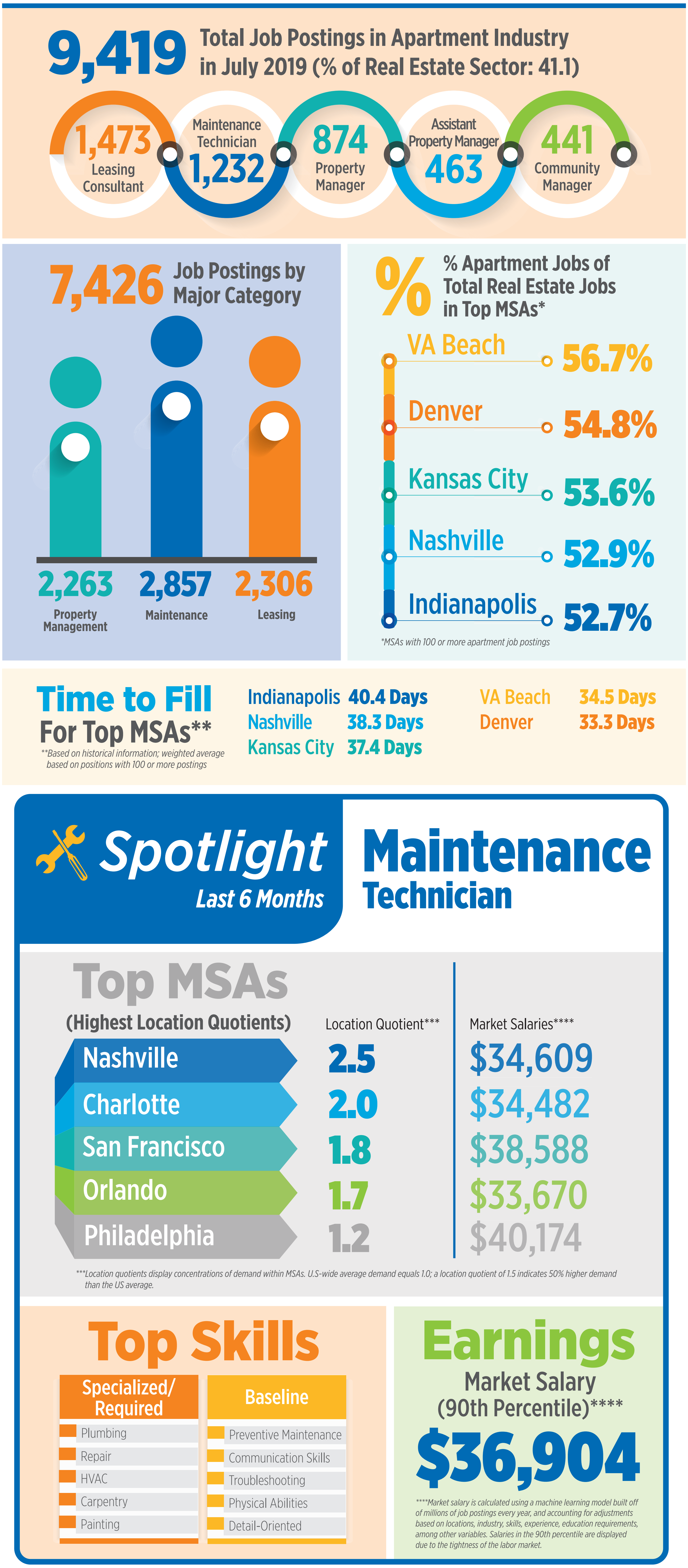
The tester informed the apartment manager that the apartment would be for herself and her 4-year-old daughter. The manager "told the tester the subject property was an older community, that they like to keep the community rules, and she did not think she could bend the rules for her." The Fair Housing Act makes it unlawful to deny or limit housing because a family has children under the age of 18 or to make statements that are discriminating against families with children.

"It's difficult enough for families to find suitable housing without having their options further limited because they have children," said Anna María Farías, HUD's Assistant Secretary for Fair Housing and Equal Opportunity, in the release. This action "reinforces HUD's commitment to taking appropriate action against housing providers that engage in unlawful practices."

The case came to HUD's attention when Denver Metro Fair Housing Center, a HUD Fair Housing Initiatives Program agency, filed a complaint alleging that the owners of the condominium complex discriminated against families with children when they posted ads in a local newspaper.

"The Fair Housing Act has prohibited 'adult-only' housing since 1989. HUD will enforce the law against housing providers that unlawfully keep out families with children," said Paul Compton, HUD's General Counsel, in the release.

The charge will be heard by a United States Administrative Law Judge unless any party elects for the case to be heard in federal court.



NAA National Apartment Association Education Institute

Apartment Jobs Snapshot

July 2019

High Demand for Apartment Maintenance Technicians

National Apartment Association

Apartment maintenance technician jobs are in high demand according to the latest jobs report from the National Apartment Association (NAA).

Across the country, apartment-maintenance technician jobs show up in the tight labor market with pay of $36,904.

Property managers and landlords are looking for and requiring base skills in the apartment-maintenance technician jobs of:

- Preventative maintenance
- Communication skills
- Troubleshooting
- Detail-orientation
- Physical abilities

There are also specialized skills, such as plumbing and carpentry, that are needed on top of these basic skills.

Demand for workers continues to rise

Healthy levels of new construction coupled with the summer leasing season led to increased demand for apartment workers in July, according to the NAA report.

More than two out of five positions available in the real estate industry were in the apartment sector.

Denver is the only metropolitan area that has ranked in the top five for demand every month this year.

Nashville and Charlotte were showing the greatest concentration of maintenance technician jobs in the July report.

Given the high demand for maintenance techs across the country, market salaries shown reflect the higher end of the pay scale.

JOBS REPORT BACKGROUND

The NAA jobs report focuses on jobs that are being advertised in the apartment industry as being available, according to Paula Munger, Director, Industry Research and Analysis, for the National Apartment Association's Education Institute.

"Our education institute is a credentialing body for the apartment industry. They hear often that one of the biggest problems keeping our industry leaders up at night is the difficulty in finding talent, attracting talent and retaining talent," Munger said. "Labor-market issues are happening in a lot of industries, certainly with the tight labor market we have."

NAA partnered with Burning Glass Technologies. "They have a labor-job posting database that is proprietary," she said, and they can "layer on data from the Bureau of Labor Statistics (BLS). We looked at that and thought we could do something that is really going to help the industry and help benchmark job titles and trends as we go forward," Munger said.

SOURCE: NAA Research, Burning Glass Technologies, Data as of July 31, 2019. Not seasonally adjusted.

Be Aware of Maintenance Needed for Fans

Continued from Page 1

room, not making anything cooler (though it may feel cooler because of the air moving across your skin).

If you have ceiling fans and air conditioning operating, you can turn your thermostat up by four degrees without losing comfort.

Any negatives to ceiling fans in rentals?

Ceiling fans need routine maintenance in your rental property, so be aware of these things:

Inspecting – This should happen at least once a year to ensure everything is working correctly. An inspection of the ceiling fan is fairly easy using a ladder.

Cleaning – While inspecting the fan, you will probably notice a layer of dust. Dust accumulation can reduce airflow, make the fan work less efficiently, and have a negative impact on your health or the health of your tenants.

When cleaning the blades, make sure not to use a product that will take away the finish.

Lubrication – Check with the guide that came with your ceiling fan before adding any lubrication. Typically, you make sure the fan is turned off before adding 4-6 drops of lubrication oil to the small hole located near the motor.

Some models are maintenance-free and don't require lubrication, so make sure to check which kind of model you have.

What can go wrong and need maintenance?

Wobbling – Over time, ceiling fans can start to wobble. There are balancing kits made to fix this specific issue.

Noise – When ceiling fans are making excessive noise, it is usually due to a loose part, or a sign that it needs lubrication. Try tightening up any fixtures or lubricating the motor.

While inspecting the fan, you will probably notice a layer of dust. Dust accumulation can reduce airflow, make the fan work less efficiently, and have a negative impact on your health or the health of your tenants. When cleaning the blades, make sure not to use a product that will take away the finish.

When looking at the positives and negatives of ceiling fans, the cost of a fan and the small amount of routine maintenance seems worth it if you are able to save money on energy costs. Keep in mind that landlords or tenants are only able to save energy by coupling ceiling fans with air conditioning and raising the thermostat four degrees higher.

Extra tips for ceiling fans in your rental property

1) Don't leave the fan running 24/7. Turn it off when no one is in the room.

2) Make sure the ceiling height is at least eight feet.

3)Ceiling fans can also to warm rooms in the winter by flipping the switch that reverses the direction of the rotation. This makes the air move up toward the ceiling, forcing warm air down into the room.

Keepe is an on-demand maintenance solution for property managers and independent landlords. We make hundreds of independent contractors and handymen available for maintenance projects at rental properties in the Greater Seattle, Greater Phoenix, Greater San Francisco Bay and Greater Portland areas. We're also expanding. Learn more about Keepe at http://www.keepe.com

California Passes Rent Cap Bill Over Landlords' Objections

Rental Housing Journal

California lawmakers have passed a five-percent-plus-inflation rent-cap bill that will have an effect on the state's estimated eight million renters of apartments and some rental homes.

California Rent Control Bill 1482 means yearly rent increases over the next decade will be limited to five percent plus inflation, up to a maximum of 10 percent, and tenants will receive protections against being evicted without cause.

Gov. Gavin Newsom, who put together the deal to pass the bill, said he would sign it. The California rent cap would take effect January 1.

"These anti-gouging and eviction protections will help families afford to keep a roof over their heads, and they will provide California with important new tools to combat our state's broader housing and affordability crisis," the governor told the *Los Angeles Times*.

"The most effective way to fix California's housing crisis is by building more housing across a range of price points, and AB-1482 makes that harder to do," said Doug Bibby, President of the National Multifamily Housing Council, in a statement.

"After Californians overwhelmingly rejected the rent-control ballot initiative less than a year ago, lawmakers went against their constituents by passing a measure that will discourage investment, shrink the availability of affordable housing that already exists and squeeze even more people struggling in the housing market.

"This makes the problem worse. The housing affordability crisis is real; real Americans are being harmed by it every day, and we need real solutions – not restrictive policies that we know don't work," Bibby said in the statement.

The California Apartment Association, which represents large corporate apartment owners, agreed not to oppose the bill during last-minute talks. But amendments adopted in the past 1½ weeks alienated another ally, the California Association of Realtors, which ended up opposing the legislation, according to reports.

California follows Oregon, which passed a similar rent cap earlier this year.

The measure would affect all apartments in the state that are at least 15 years old. Houses and condos owned by corporations and real-estate investment trusts, or REITs, that are 15 years old or older would also be subject to the rent caps.

The measure also provides just-cause eviction protections for tenants who have lived in their rental for at least a year, meaning a landlord can't order renters who are following terms of their lease to move out unless the owner plans to move in, demolish or renovate the unit, or cease renting it at all.

The measure would not affect rent limits in local jurisdictions with existing rent-control laws. Owners who share a home with their tenants or owner-occupied duplexes would be exempt from the caps.

3 Common Traps for Rental-Property Owners

By Eric D. Davis

As a new or experienced landlord, you probably know that there are all kinds of things (both big and small) that can cause problems and consume your precious time. Between dealing with building maintenance, difficult tenants, and financial concerns, being a rental-property owner can be exceptionally stressful.

There are certainly some pitfalls that you are more likely to encounter than others. Here are three of the top traps that property owners commonly find themselves in. We'll also discuss some of the ways you can escape these traps and make your job easier.

1. Trusting a Tenant Based on Their Word Alone

Unfortunately, there's a reason that seasoned property owners always, always conduct background checks on their rental applicants. They want to know as much as possible to ensure that they're accepting a tenant who will be responsible and trustworthy.

Many landlords, at some point in their careers, get burned for trusting a tenant without the proper evidence to support their claims. It's a common trap and one that can get messy really quickly.

In some cases, you might rent to someone who feels like a friend (or who actually is). You wind up leasing to a tenant who you don't actually know that well, and in the end, your assumption about their character could backfire dramatically. Never assume that someone will make a good tenant just because they're friendly or they tell you a believable story about their life.

At the end of the day, you should never accept a tenant based on their word alone. You need hard evidence that they haven't committed any crimes and are going to be a good renter. The only way you can get this evidence is by requesting it from all applicants.

Don't just ask your tenant about their history - confirm it by gathering the following information:

• Full name and social security number
• Age
• Current and previous addresses
• Information from previous landlords
• Current income (and proof of payment)
• Employer's contact information
• Banking and credit references
• Personal references you can follow up with (not family)

Besides following up with references, employers, and previous landlords, you should also pull a background check on your applicant from a verified tenant screening company. Services like My Smart Move and My Rental are fairly inexpensive but will quickly help you identify your top candidates.

As much as you'd like to think you can trust the word of your current applicants, it's your job as a rental-property owner to take that extra step and do some research behind the scenes. Otherwise, you run the risk of falling into the common trap of working with bad, untrustworthy tenants.

2. Taking on the Accounting Jobs by Yourself

Regardless of how organized or experienced you may be; you'll juggle a lot as a property owner.

Too many landlords find out later that they can't actually handle everything at once, at least not without proper assistance.

If you repeatedly find yourself swamped with issues in the finance sector of your business, you might be dealing with tasks that a real accountant should be handling. Whether you have one tenant or 100, it's a smart idea to hire an accounting partner that can prevent problems, including:

• Bookkeeping mistakes
• Poor account and finance records
• Failure to deduct expenses properly
• Inconsistent salary management

Are you wondering why you need an accountant if you can manage the finances on your own?

As a rental--property owner, your job isn't to make sure that dollars and expenses don't slip through the cracks. Your job is to keep the property running smoothly, and an accountant can help you do that more accurately.

Outsourcing your accounting tasks is likely easier than you think.

You don't necessarily have to hire an accountant full time. Instead, you could use a service like Ardem or RSM to handle the issues you don't have the time or knowledge to tackle.

3. Collecting Rent in Too Many Forms

One tenant pays by cash. One pays by check. One sends you funds on Venmo whenever they get around to it.

Does this sound like your rent payment situation?

If so, you're likely stuck in the trap of complicated rent collection. This can lead to accounting problems, as well as stress and frustration due to confusing interactions with your tenants.

In order to maintain a consistent cash flow that you can easily keep track of, you should automate your rent collection process ASAP.

This will lead to better, clearer interactions with your tenants, and you won't waste time chasing after the rent payments you're owed.

The best way to automate your rent collection is to set up a central tenant platform where they can pay all of their fees, including rent and any late payments. There are dozens of services available at your fingertips that will allow you to build a clean, simple tenant portal that all of your renters can use.

Some reliable tenant payment platforms include:

• Cozy
• Avail
• TenantCloud
• Buildium

Centralizing your payment system won't just make things easier for you. It will also completely change how your tenants manage their payments, and overall, the process will become easier for everyone.

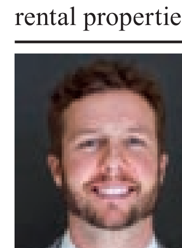
In Conclusion

Many rental property owners fall into the traps listed above without even realizing it. If you're wasting your time with challenging tenants, complicated accounting problems, or late rent payments, then you're taking away time from your most important tasks as a landlord.

If you learn one thing from this article, let it be this: It's often smart to ask for help as a property owner.

Use tools to thoroughly evaluate your tenants instead of taking their word as proof. Outsource your accounting issues so that you can feel secure in your finances. Simplify and automate your rent-collection process so you experience fewer issues.

There are many resources out there that can help you escape these common traps. Don't be afraid to try them, regardless of how old or new you may be to owning rental properties.



Eric D. Davis is the Founder of Davis Property Management; we help property managers and potential tenants for Seattle Property Management and Maintenance services. We have been the front-runners in providing best-in-class property management services in the Puget Sound area.

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Sensory Insights: Sight, Sound and Smell

By Ed Winkler

Beyond price, location and amenities, these are three factors that influence a prospective tenant in their decision to rent from you.

Starting with curb appeal, managers have always known that what the future tenant sees when they enter your property and are engaged by your staff, coupled with the thought you put into their tour path, is of primary importance.

Buying decisions are made every step of the way.

What your tenants hear also plays into their decision-making process. Forward thinking managers have outdoor water features and other natural sound barriers to distract from highway and street noise. Your future, and existing, tenants want to know that they have chosen a home that has the least noise pollution possible.

Music is another way that managers affect the buying decision. The choice of genre influences mood. Classical music in your well-appointed model has an inherent association with quality and sophistication, for example.

Are you an easy-going, laid back management brand? Do you run family-friendly communities with a warm atmosphere? Are you vibrant, edgy and energetic? The tempo, loudness, and style of the music you play can help communicate your brand's personality to customers as they enter your property. For more information on how sound can make a different see blog.moodmedia.com. For more information on music for businesses go to legismusic.com or us.moodmedia.com.

Unlike sight and sound, what your tenants smell as they engage you in your offices and common areas has taken root in the past two decades. Companies like Scent Air (scentair.com) and Fresh Aire Office Fragrancing and Deodorizing Service (FreshAire.com) have been industry leaders in the northwest and around the country.

Fragrance choice is important when considering crafting the experience you intend for your prospective tenants.

Some management companies that trended toward having a "signature" fragrance for all of their properties have discovered that people typically do not lease based on management company. They decide based on location, price and amenities with sight, sound and smell as subliminal motivators. (Consider these last three as window dressings or icing on the cake!)

While national hotel brands are perfect for a world-wide signature lobby fragrance, apartment management companies that have matured through this trend now know that each of their properties are unique. And each community should select a fragrance based on the demographic that gravitates toward them. 55 and older properties tend toward lobby and community room fragrances that include vanilla tones, for example (vanilla is universally accepted by most), while higher-end apartments that cater toward the college crowd and young, single professionals find that the mango, pineapple and pina colada blends communicate a "buy here, live here: we're young, we're fun" message. Family apartments fare well with warm fragrances that blend cinnamons with tones of nutmeg, citrus and wood.

Regardless of your demographic, accessing the power of sight, sound smell is key in your marketing approach. I encourage you to seek out a national, regional or local provider to assist you in expressing the unique features your community offers.

Ed Winkler is the CEO of Fresh Aire Office Fragrancing and has been blending fragrances for use in businesses since 1995.

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.

grace hill

TRAINING TIP OF THE MONTH

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 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. Later, at Kaplan Inc., she worked in the vocational education and job training divisions. 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.

Survey Finds Tenants Try to Fix Problems in Apartments Without Telling Management

Rental Housing Journal

New research shows "an alarming 100 percent of respondents have tried to fix a problem in their apartment instead of contacting management," according to a survey of more than 1,000 U.S. residents conducted by Entrata and ButterflyMX.

Damage to an apartment is something tenants are reluctant to let management know about, according to the survey. More than a quarter of renters (28 percent) never tell property management about the damage they cause to their apartment. Another 21 percent delay reporting damage for a week or more.

Mechanical issues in an apartment result in a different tenant response

However, nearly 80 percent of residents will report damage caused by mechanical failure or normal wear and tear within three days.

The reasons renters hesitate to report damage vary, including:

- They try to fix it themselves.
- They are too busy and it's not a priority.
- They don't trust management's ability to fix it quickly or well enough.
- They don't want to have to pay for the damage.
- They are embarrassed to report the damage.
- They don't want the manager or maintenance personnel to enter their apartments.
- Communicating the problem to their property is too much trouble.
- They can't afford to pay for the damage.

Tenants are reluctant to report awkward situations

What is the most awkward situation tenants are reluctant to report?

Tenants are most reluctant to report hearing or witnessing domestic disturbances. They are least reluctant to report neighbors "snooping" on other residents. You can see the full results from this portion of the survey at right.

Tenants are concerned about the security of their deliveries

In a world where more people rely on package deliveries than ever, 89 percent of apartment residents are concerned about packages being stolen from their doorstep.

Nearly half (48 percent) of residents report having mail or packages either incorrectly delivered, not delivered, or stolen.

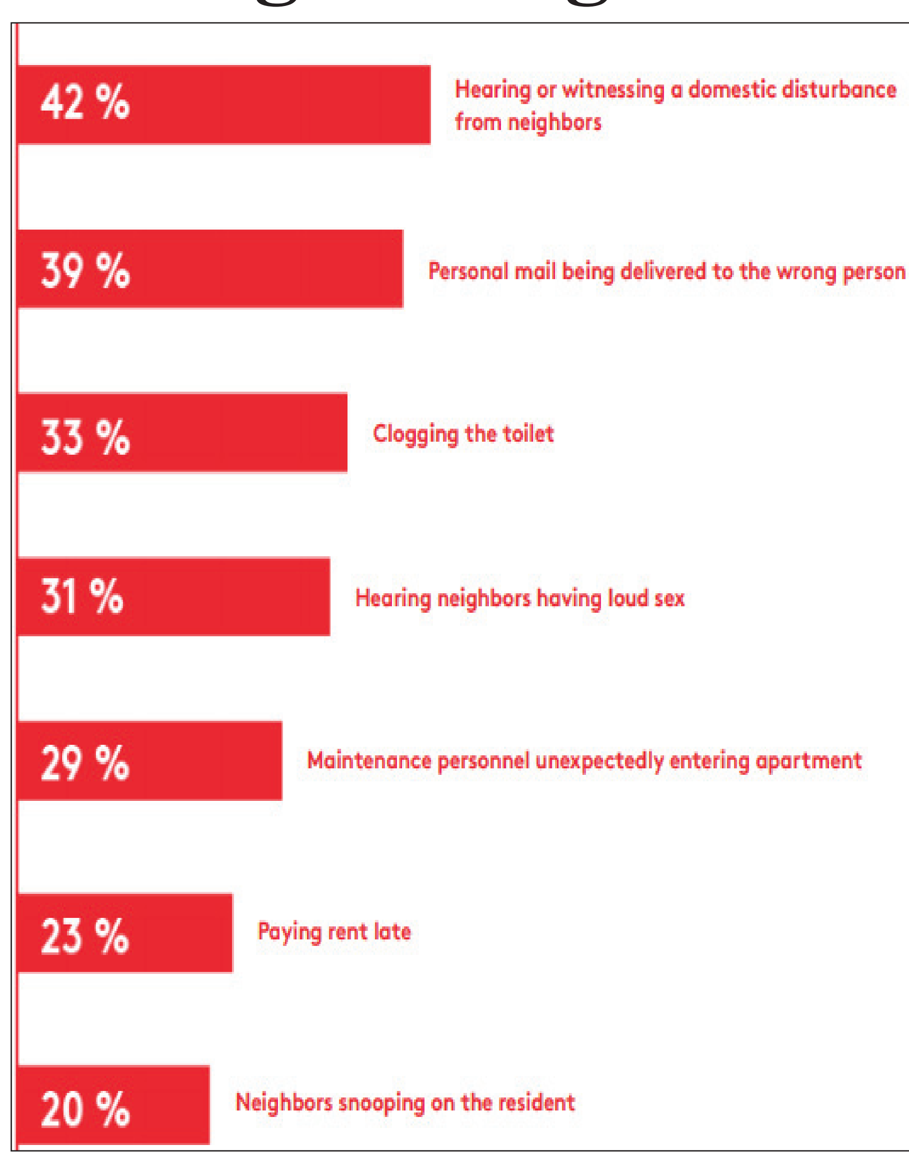
Of renters who have experienced package-delivery issues:

- 75% – packages never delivered despite multiple attempts
- 71% – packages delivered to the wrong apartment unit multiple times
- 41% - packages stolen off the doorstep multiple times
- 41% - package-delivery issues ruined a Christmas or other surprise

The survey says 25 percent of renters won't inform the apartment office of these issues because they don't trust them to solve the problem.

What the survey says about communication preferences

Most residents are able to communicate with their property manager via phone (82 percent), in person (70 percent) and email (48 percent).

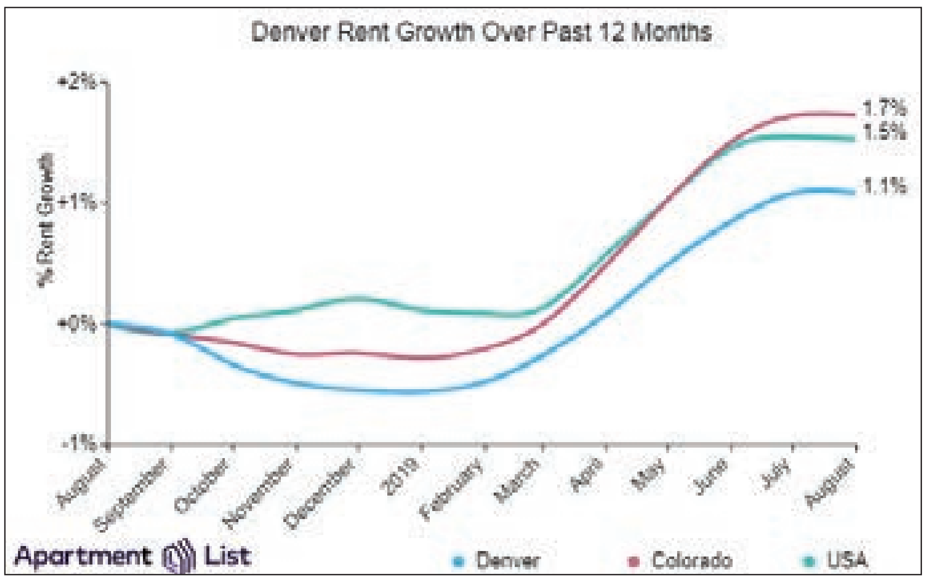


But when it comes to alternative forms of communication, less than 30 percent of residents report being able to communicate via text message (29 percent), the apartment community website (26 percent) or an app (6 percent).

Those who are able to use an app to communicate with management report convenience and efficiency as the top reasons for using the app.

Allowing residents to communicate via an app or website can free up leasing office staff, making them available for in-person experiences and giving them the bandwidth to build real relationships with residents, the survey says.

Generated by Entrata and ButterflyMX and fielded in March 2019, the survey collected online responses via Qualtrics from 1,054 U.S. consumers who are over the age of 18 and rent an apartment.



City	Median 1BR price	Median 2BR price	M/M price change	Y/Y price change
Denver	$1,080	$1,360	0	1.1%
Aurora	$1,260	$1,600	0.2%	2.3%
Thornton	$1,530	$1,940	0.2%	3.9%
Arvada	$1,230	$1,560	-0.2%	1.8%
Westminster	$1,300	$1,640	-0.2%	1.9%
Broomfield	$1,410	$1,770	0.2%	3.2%
Castle Rock	$1,330	$1,680	-0.1%	1.4%
Parker	$1,430	$1,800	-0.1%	1.9%
Littleton	$1,510	$1,910	-0.4%	2.4%
Brighton	$1,430	$1,810	0.3%	2.5%
Englewood	$1,240	$1,570	-1.3%	3.1%
Wheat Ridge	$1,000	$1,260	-0.2%	1.5%
Golden	$1,260	$1,590	-0.5%	1.5%
Lone Tree	$1,600	$2,020	-0.5%	1.3%

Rents on the Rise in Cities Throughout Denver Metro

Continued from Page 1

Of the largest 10 cities that Apartment List has data for in the Denver metro, all have seen prices rise.

Here's a look at how rents compare across some of the largest cities in the metro:

• Thornton has the most expensive rents in the Denver metro, with a two-bedroom median of $1,936; the city has also seen rent growth of 3.9 percent over the past year, the fastest in the metro.

• Over the past month, Littleton has seen the biggest rent drop in the metro, with a decline of 0.4 percent. Median two-bedrooms there cost $1,910, while one-bedrooms go for $1,509.

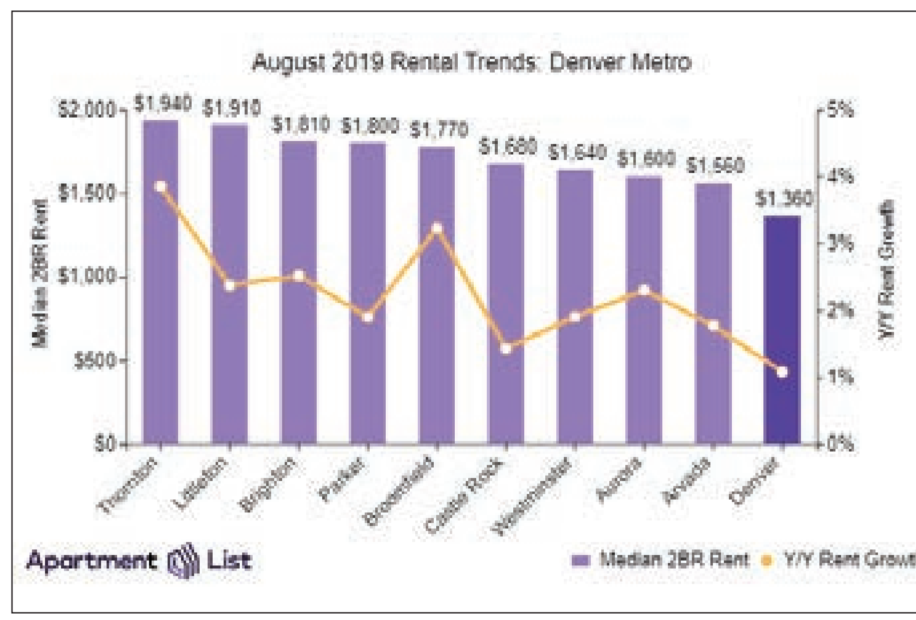
• Denver proper has the least expensive rents in the Denver metro, with a two-bedroom median of $1,365; rents increased 1.1 percent over the past year but remained flat month-over-month.

As rents have increased slightly in Denver, a few comparable cities nationwide also have seen rents grow modestly. Denver is still more affordable than most other large cities across the country.

• Rents increased slightly in other cities across the state, with Colorado as a whole logging rent growth of 1.7 percent over the past year. For example, rents have grown by 2.5 percent in Colorado Springs and 2.0 percent in Fort Collins.

• Denver's median two-bedroom rent of $1,365 is above the national average of $1,191. Nationwide, rents have grown by 1.5 percent over the past year compared to the 1.1 percent rise in Denver.

• While Denver's rents rose slightly over the past year, many cities nationwide also saw increases, including Phoenix (+3.7 percent), Austin (+3.2 percent), and Charlotte (+2.4 percent).



Multifamily Industry Contributes Greatly to Economy of Colorado

Continued from Page 1

• All four sectors of the industry have posted very strong growth, punctuated by the construction industry ramping up to meet the unprecedented demand for apartments this cycle – reaching a height of 346,900 completions in 2017, up from 129,900 in 2011.

• Previous research by Hoyt Advisory Services found that we need to build an average of 328,000 apartments per year at a variety of price points to meet existing demand, which would bring continued economic activity. This number of multifamily completions has only been surpassed twice since 1989.

• Hoyt research also found that a significant portion of the existing apartment stock will need to be renovated in the coming years, boosting spending in the renovation and repair sector.

• The combined contribution of apartment construction, operations, renovation, and resident spending equals $3.4 trillion per year, or more than $9.3 billion daily.

"The apartment industry's contribution is one that has grown in recent years, fueled by increased rental demand overall as population and employment growth continue and renting becomes a preferred tenure choice for millions of Americans," said Eileen Marrinan, Managing Director of Eigen 10 Advisors, which partnered with Hoyt, in a release.

"Construction is still moving ahead, as

"The multifamily industry is an economic engine powering the economy very significantly at the national, state and local levels."

there's a need for additional apartments in many states. And, due to an abundance of aging stock, there's a growing need for renovations and improvements on existing apartment buildings. Construction and renovation/repair will provide a sizable boost in jobs – and the economy – nationwide, and will continue to be a hefty contribution to the country's economy for decades," said NMHC President Douglas M. Bibby in the release

"The multifamily industry is an economic engine powering the economy very significantly at the national, state and local levels," said NAA President Robert Pinnegar in the release. "This clearly illustrates the tremendous positive impact our apartments have on the communities they serve."

To view the data, which is broken down by state and metro area, visit www.WeAreApartments.org Visitors can also use the Apartment Community Estimator (ACE), a tool that allows users to enter the number of apartment homes of an existing or proposed community to determine the potential economic impact within a particular state or metro area.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