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# ON-SITE

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## Technologies That Renters Most Desire

### RENTAL HOUSING JOURNAL

A new survey shows the five top technologies that renters desire and that, over the last year, residents’ interest in rental technologies has grown by an average of seven points.

The 2020 State of the Property Management Industry Report by Buildium and the National Association of Residential Property Managers (NARPM), surveyed both property managers and renters.

In the annual survey of 1,188 renters across the county, Buildium and NARPM found the biggest gains in interest among renters were in applying for rentals online (+15 points), communicating with their property manager via text or email (+11 points), and signing leases and other documents electronically (+eight points).

“What I found that was really interesting is that smart home technology seems to have lost some of its favor in terms of importance to the tenants,” National Association of Residential Property Manager’s (NARPM) CEO Gail Phillips said. Last year nearly half

*See ‘Online’ on Page 27*

## Survey Shows Job of Property Management is Changing Fast

### RENTAL HOUSING JOURNAL

How the job of property management is changing “came through loud and clear” in this year’s annual survey of property managers, said Chris Litster, CEO of Buildium, in a recent webinar.

Litster presented the 2020 State of the Property Management Industry Report along with National Association of Residential Property Managers (NARPM) CEO Gail Phillips.

The survey was actually three surveys in one, including 1,738 property managers, 217 community managers, 1,118 tenants and 603 owners and investors in more than 50 cities.

“What we heard loud and clear is that property management has changed,” Litster said. “Property management is complex, yes, but what has changed is the environment around it.”

He cited five substantial elements in the property management environment, macro trends that have caused the changes:

- **Cost of housing**
- **Legislation and regulation**
- **Industry consolidation and owner mix**
- **Changing tenant demographics and generations**
- **How technology is changing everything**

### PROPERTY MANAGERS OFFERING MORE SERVICES

Across the board, property managers are offering more services than ever before.

This is a way for property managers to diversify their revenue streams and find new ways to demonstrate their value to clients in a shifting market. Of particular note are services like property sales and brokering, financial reporting, building renovation, and investment advice, which have experienced

average gains of 14 points over the last three years.

These are the types of services that are taking on new importance as landlords sell rentals, investors acquire rentals, and owners of all types keep a close eye on their properties’ profitability.

### GROWTH OPPORTUNITIES

The survey shows that 48 percent of property managers named growth a top priority this year—an increase of nine points since 2017.

“Growth is the top priority,” Phillips said, and “the importance of efficiency has rebounded this year.” Profitability expectation was lower.

Though fewer property managers reported portfolio growth in 2019 than in years past,

*See ‘Survey’ on Page 8*

## Seattle Rents Dip After 9 Months of Increases

### APARTMENT LIST

After nine straight months of increases, Seattle rents declined 0.7 percent over the past month, according to the latest report from Apartment List.

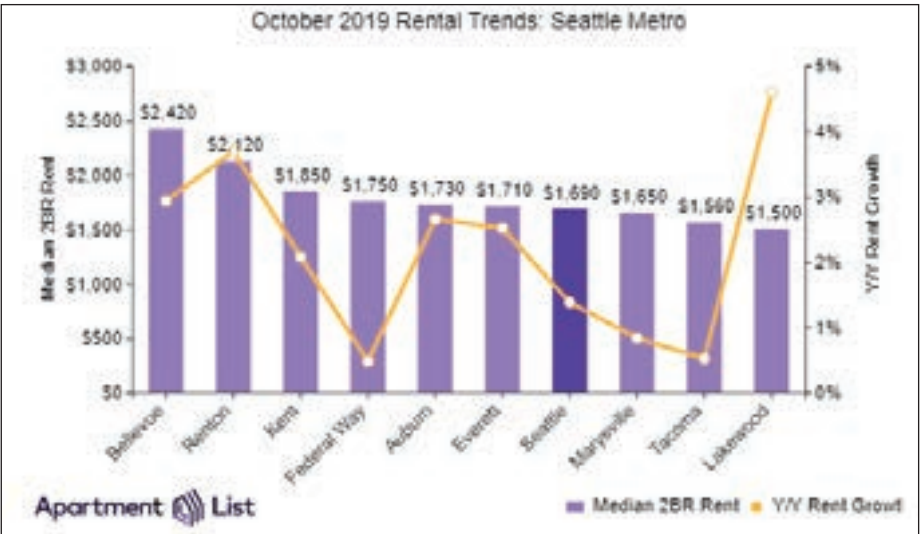
Median rents in Seattle are \$1,355 for a one-bedroom apartment and \$1,687 for a two-bedroom. Seattle’s year-over-year rent growth lags the state average of 1.8 percent, but is in line with the national average of 1.4 percent.

Throughout the past year, rents have been going up in the city of Seattle and across the entire metro.

Of the 10 largest cities Apartment List has 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 \$1,505. The city has also experienced the fastest rent growth in the metro, with a year-over-year increase of 4.6 percent.
- Over the past month, Tacoma has seen the biggest rent drop in the metro, with a decline of 1.1 percent. Median two-bedrooms there cost



\$1,562, while one-bedrooms go for \$1,254.

- Bellevue has the most expensive rents of the largest cities in the Seattle metro, with a two-bedroom median of \$2,419. Bellevue rents increased 2.9 percent over the past year but remained flat month-over-month.

As rents have increased slightly in Seattle, a few similar cities nationwide also have seen rents grow modestly. Overall, compared to most other large cities across

the country, Seattle is less affordable for renters.

Rents increased moderately in other cities across Washington, with the state as a whole logging rent growth of 1.8 percent over the past year. For example, rents have grown by 2.2 percent in Spokane and 2.1 percent in Vancouver.

Renters will generally find more expensive prices in Seattle than similar cities. For example, Spokane has a median two-bedroom rent of \$910, where Seattle is more than one-and-a-half times that price.

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# Rent Control Clearly is Not the Answer

With the 2020 state legislative session set to begin in January, there will undoubtedly be rumblings of quick fixes to the complicated issue of housing affordability. The most common rhetorical remedy is rent control or rent caps, despite years of failure in areas where rent-stabilization policies have been implemented.

Simply stated, thousands of people move to Washington every year but there just aren't enough rental homes for everybody who needs one. Rent control, rental caps, anti-rent gouging and other policies where the government sets rental rate increases will lead to less affordable housing and fewer homes created.

Like many other parts of the country, Washington's rapid growth presents significant affordable housing challenges. With demand continuing to rise, the supply of available housing that meets the needs of Washington's residents must keep up with population growth.

Washington needs to create more housing that meets the needs of people of all income levels. Rent control does the opposite. What we need is a comprehensive approach to address housing affordability, but policies that set rental rates for everyone will drive up costs and reduce housing creation.

Rent-regulation policies like rent caps are government-enforced price-control measures limiting the rents that property owners may charge in market rate rental housing, regardless of the continual increased expenses of building and maintaining housing. Rent control laws and regulations mandate an artificial cap on rent, without monetary investment or compensation by the governing jurisdiction.

Rent control distorts the housing market by acting as a deterrent and disincentive to develop rental housing and invest in maintenance and rehabilitation. While done under the guise of preserving affordable housing, the policy hurts the very community it purports to help by limiting accessibility and affordability. With little to no ability to earn a return on investment, investors will shift their business to other non-rent-regulated jurisdictions.

In practice, these policies have the effect of increasing the cost of all housing by forcing a growing community to compete for fewer housing units, thus reducing the quality of rental housing and harming those at the lowest income levels.

## WORK TOGETHER ON SOLUTIONS THAT ACTUALLY WORK

The only way for the apartment industry to relieve the pressure of demand on housing costs is to increase the supply of apartment housing. Rent control has been shown time and time again to make that goal an impossible one, while simultaneously hurting the people whom it is intended to help: low-income renters.

Housing policy experts from across the political spectrum reject the notion that lower-income renters are the major beneficiaries of such policies. Consensus among these individuals remains that rent control policies actually work against affordable housing objectives because they often benefit an unintended demographic, discourage investment in new and existing rental housing, erode property values causing a tax shift, and ultimately lead to an overall shortage of quality, affordable rental housing.

Here's how Nobel Prize-winning economist Paul Krugman of the *New York Times* describes rent control policies: "The analysis of rent control is among the best understood issues in all of economics...a ceiling on rents

reduces the quality and quantity of housing. Almost every freshman-level textbook contains a case study on rent control, using its known adverse side-effects to illustrate the principles of supply and demand."

When market forces are artificially influenced by rent-limitation policies, investment by real estate owners diminishes, leaving residents with fewer quality options. We've seen this play out now in Oregon and New York, both of which recently passed ill-advised restrictions on the rental market.

Instead of rent control, lawmakers should be focused on attracting more multifamily housing to be built, translating to lower prices through increased supply, while delivering needed units to keep pace with soaring demand.

## PROMOTING POLICIES THAT INCREASE SUPPLY OF HOUSING

Washington has seen a sharp population increase, with 12.1 percent growth since 2010. More than 977,900 Washingtonians call an apartment home, with demand on the rise. Between 2000 and 2015 Washington underproduced 225,642 homes. Between now and 2030, the state will need to add 9,787 new apartment homes each year to keep up with demand, according to research by the National Apartment Association.

According to the *Wall Street Journal*, "The rent cap could encourage landlords to increase rents up to the limit each year rather than respond to the market. Landowners might also decide it's more profitable to convert buildings to condos, which would further limit the stock of rentals. The biggest harm so far has been to increase uncertainty for developers."

Some politicians want the government to set rental rates for everyone, but that approach hasn't worked in overpriced San Francisco or New York City, where housing providers cannot afford to maintain units and rents keep going up.

- Average San Francisco rent increased by nearly 10% last year as aggressive rent control stymied the development of new homes.
- Six months after enacting rent control, Oregon saw in-state investment in new housing creation fall by nearly 40%.
- A Stanford study of San Francisco shows that rent control limited renters' mobility by 20% and reduced rental housing by 15%.

## EFFECTIVE SOLUTIONS NEEDED

Washington and local communities have a role to play in supporting the creation of housing and helping residents stay in quality, affordable homes. We should all be a part of that conversation.

That is why Washington Multi-Family Housing Association has helped form Partnership for Affordable Housing.

Partnership for Affordable Housing (PAH) is a broad coalition of state and local advocates formed to promote fresh ideas to help address the urgent need for affordable housing in Washington.

We must rally around solutions that help residents remain in their homes and communities while supporting the creation of new housing that meets the needs of renters.

That's why we launched the Partnership for Affordable Housing. We are community activists, home builders, housing providers, organized labor, and religious communities working together to help solve Washington's housing affordability crisis.

PAH is founded on the following key

principles.

- Support the creation of all types of housing that meets the needs of every Washington resident.
- Enact new policies that help residents to stay in quality, affordable housing for the near and the long term.
- Give local communities more tools to keep housing affordable.

Combatting housing affordability issues in the state will require holistic solutions that address the needs of all Washington residents. Examples include:

- Provide rental assistance for residents in need: A community fund that helps residents remain in their homes in both short and long-term instances.
- Create a multifamily tax aid: Property tax exemptions for housing providers who keep rents below market rates to maintain quality, affordable housing.
- Build public/private partnerships: Partnerships between government and the private sector that create a range of housing that fits needs of more people.
- Increase and expand the Washington Housing Trust Fund: State-created program to fund affordable housing projects through a competitive process.
- Support Local Housing Levies: Jurisdictional programs that develop and preserve affordable housing and/

or provide direct assistance to families at immediate risk of eviction and homelessness.

PAH will oppose policies that reduce housing creation and drive up costs, such as legislative caps on rent.

As an example, new research in Seattle indicates that even just a seven percent cap on rents could reduce housing creation by over 1,700 homes per year. Lack of funds to maintain older units would mean 46,000 lower-cost apartments could fall into disrepair and be taken off the market by 2030.

That kind of policymaking takes us backward and exacerbates the housing crisis for everyone.

This year and into 2020, we will engage with our neighbors, communities, and state legislators about ideas that can help alleviate the worst effects of the affordability crisis immediately while encouraging housing creation that meets the needs of everyone in the long term.

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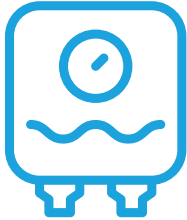
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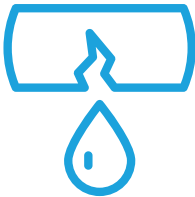
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## Top 10 Fair Housing Tips in Seattle

- 1.** Keep your housing ads and rental applications focused on rental criteria, not criminal history.
- 2.** Screening applicants for criminal history is unlawful. If you decide to use a sex offender registry to screen applicants, you must demonstrate a business need before you reject anyone.
- 3.** When calculating income to rent ratios, alternative sources of income such as social security disability benefits are part of the calculation.
- 4.** Be open to accepting Housing Choice Vouchers (Section 8) and short-term subsidies.
- 5.** Cooperate with subsidy programs and accept pledges on behalf of an applicant or tenant.
- 6.** Service animals may include emotional support, companion animals and animals trained to perform a specific task for a person with a disability.
- 7.** Provide notice of your screening criteria to applicants and offer tenancy to the first qualified applicant who provides a completed application.
- 8.** Consider all reasonable accommodation and modification requests from applicants or tenants with a disability.
- 9.** Act on all reports of harassment from tenants and employees of your company.
- 10.** Retaliation is illegal.



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# Survey Shows Job of Property Management is Changing



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Continued from Page 1

70 percent did add new properties to their portfolios in the last 2 years.

Portfolio loss has prevented many property managers from achieving significant growth recently, with a strong seller’s market motivating some rental owners to sell their properties. In response, property managers have found innovative ways to generate more revenue without adding new doors, from expanding their services to retooling their fee structures and more.

“However, another piece to the profitability question that has really exploded is legislation and regulation,” Phillips said. “There are a lot of changes that are going on here and I just want to note we are looking through the lens of how it impacts our industry. This is not about politics. This is how these policy changes impact our economy.”

Phillips read a response from a participant in the survey that said, “So as laws become more restrictive we are forced to take additional precautions in our leasing processes and resident-retention policies. This is not always perceived well by owners and residents.”

Phillips said in an effort to combat housing-related issues NARPM is seeing “a lot of new regulations pop up, and we are trying to work with our localities. This is just the beginning.”

TOP PRIORITIES

Property managers are laser-focused on growth and efficiency above all else—as they have been for four years straight, according to the survey

In our recent seller’s market, growth hasn’t come naturally, the survey says.

Property managers have had to fight to maintain their profitability and client base—their third and fourth most-selected priorities for the coming year. In addition, many have renewed their focus on effective communication with their residents, owners, and employees, needed in this fast-moving era where technology both facilitates and hinders relationships.

THE FUTURE

“Property management increasingly resembles the hospitality industry,” Phillips said in the webinar. “The role is becoming more of a consultant, especially as regulations complicate things for the landlords. Relationships are still the most important thing despite all prop-tech hype,” she said.

“Customers are drawn to high-touch, personalized experiences,” she said. “It should all be in service to a strategy that creates great tenant experience and customer experience,” she said.

In addition, a few takeaways:

“First and foremost, make sure you ground every decision you make in the experience and relationships you are seeking to create with your owners and managers.

“Remember, focus on your local expertise. Property management cannot be handled on a national level. Awareness of local market trends matter.

“Diversify your revenue stream, and most of all keep learning and stay connected and take advantage of the learning opportunities out there for you,” Phillips said.

FAST FACTS ABOUT SEATTLE

PROPERTY MANAGERS

IN THE LAST 2 YEARS:

85%  
experienced revenue growth

70%  
experienced portfolio growth

IN THE NEXT 2 YEARS:

88%  
anticipate revenue growth

76%  
anticipate portfolio growth

WHAT'S IN THEIR PORTFOLIOS:

77%  
multi-family rentals

50%  
single-family rentals

38%  
association properties

TOP PRIORITIES FOR 2020:

1. Balance

2. Growth

3. Efficiency

TOP SERVICES PROVIDED:

1. Maintenance

2. Inspections

3. Rent collection

FAST FACTS ABOUT SEATTLE

RENTERS

WHY THEY RENT

46%  
aren't in a position to buy a home right now

17%  
find it's cheaper to rent than own in their area

MOST COMMON YEAR THEY MOVED TO THE AREA

2010

HOW MANY TIMES THEY'VE MOVED IN THE PAST 5 YEARS

2

THEIR LIKELIHOOD OF MOVING THIS YEAR

48%  
renewing their lease

14%  
moving out

38%  
still on the fence

WHY THEY CHOOSE TO LIVE IN THIS AREA

1. To pursue career opportunities

2. To be close to the people they care about

HOW THEY SEARCH FOR RENTALS

1. Referrals from friends

2. National listing sites

3. "For Rent" signs

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(Rentonomics)

\$1,362

MEDIAN 2-BEDROOM RENT  
(Rentonomics)

\$1,696

RENTAL VACANCY RATE

4.8%

MEDIAN HOME VALUE  
(Zillow)

\$714,100

MEDIAN HOME LIST PRICE  
(Redfin)

\$699,000

YEAR-OVER-YEAR RENT GROWTH  
(Rentonomics)

1.3%

YEAR-OVER-YEAR HOME VALUE GROWTH  
(Zillow)

-4.3%

ANNUAL MEAN WAGE  
(Bureau of Labor Statistics)

\$65,400

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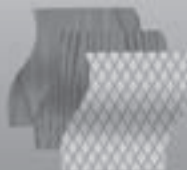
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# Demographics Continue to Drive Rental Demand for Multifamily Units Nationwide

## YARDI MATRIX

Demographic and lifestyle changes will continue to fuel strong demand and the need for 425,000 multifamily rental units per year, Yardi Matrix experts said in a recent webinar.

An aging population, increasing divorce rates, and more young people who haven't yet moved out of their family homes all contribute to the strong multifamily demand.

Jeff Adler, vice president of Matrix, and Jack Kern, director of research and publications, presented the Yardi Matrix 2019 Multifamily Market Update during the webinar.

"Overall, the multifamily industry is performing well, with strong demand, level new supply, and strong rent growth," they said during the webinar.

## DEMOGRAPHIC DEMANDS

Total housing production is unlikely to catch up to household formation, putting upward pressure on rents and occupancy rates and pressures for rent control, the report says.

Economic growth and population continue to move south and west to "intellectual capital nodes within tech hub markets," they said in the report.

For new investments, "it's a sharpshooter's game to find the right deal at the right price, and on the operational



side, it's about finding revenue and cost-trimming opportunities to grow your net operating income from your existing assets."

Total renter demand will be two-thirds multifamily and one-third single family.

Predictions are that single-family rent growth will continue to exceed that of multifamily, they added in the report. However, as home values continue to rise, the cost of home ownership is growing

faster than multifamily rents.

## GROWTH OF APARTMENT SUPPLY

In looking at the supply of new multifamily units coming, Adler and Kern said national supply growth is expected to remain level with 2018 deliveries for the next few years.

At the market level, gateway and tech hub markets have had the most deliveries in 2019.

"Our analysis of construction durations showed recent improvement in duration in most markets after several years of increasing construction timelines."

"Despite a large number of deliveries, Dallas, Seattle and Austin had strong absorption of new units, while most other markets struggled."

"Our new supply forecast shows Dallas, Seattle and Denver topping the list for the most deliveries expected between 2019 and 2022; however the new supply will be focused in different submarkets, making the future supply-demand picture for these markets look less grim," they said in the report.

## TAKEAWAYS FROM NEW RENT-CONTROL LEGISLATION

The webinar report also covered the political side of the affordability crisis in housing.

- The summary and takeaways for California and Oregon markets were:
- They are livable for now, if you are already in the market;
- On the investment side, the question is: What is your exit strategy?
- The value-add trade will become less feasible;
- There's a slow grind of capital out of California; and
- Less capital is likely to enter Oregon.

*To advertise in Rental Housing Journal, call Vice President/Sales Terry Hokenson at 480-720-4385 or email him at [Terry@rentalhousingjournal.com](mailto:Terry@rentalhousingjournal.com)*



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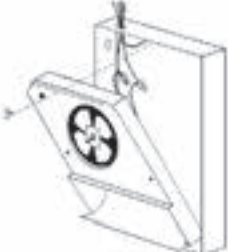
### Cleaning and maintenance guide for W-series heater

Regular maintenance on your electric wall heater will prolong the heater's life and keep it operating safely. W-Series heaters should be cleaned and inspected every 6 months. Heaters that are not cleaned regularly can become clogged with foreign matter causing the heater to produce excessively high discharge temperatures. A combustible object placed too close to a heater in this condition could ignite, starting a fire. We recommend that combustible materials always be kept at least 3 feet away from the front of the heater and 1 foot from the sides. This guide will show you in detail how to properly clean and maintain your King electric wall heater. It will also show you when the heater interior should be replaced. Listed below are step by step instructions for cleaning and maintaining the W-Series wall heater. If you do not feel confident performing the tasks listed in this manual, please contact a professional electrician or qualified repair person to do it for you.



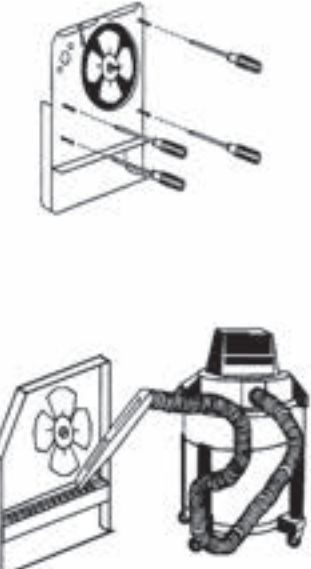
**WARNING** Take extreme caution when working with electrical heaters. Turn off the electrical power to the heater by switching off the circuit breaker or fuse feeding the heater before removing the grill. Lock, tape or tag the circuit breaker so that the power cannot be turned on accidentally while working on the heater.

After the power is turned off, remove grill using a #2 square drive or a #2 phillips head screw driver. Clean grill by vacuuming or wiping off before reinstalling.



Remove the heater interior from the wall can. To do this:

- 1) Unfasten the screw at the top of the wall can as shown.
- 2) Tip the interior forward to expose the power supply connection wires.
- 3) Disconnect the power wires, making sure you mark them so you can reconnect them exactly the same way, if wires become crossed they could short causing damage. The interior should pull out easily after the mounting screw and electrical connections are removed.



Use a square drive or phillips to remove the four screws that hold the interior cover. Once removed, you have access to the heating element.

Vacuum out any foreign material that is in the chamber between the fan and heating element by using a vacuum as shown. Use a soft bristled brush, such as a paint brush, to loosen any contaminants that may be stuck to the interior surfaces. Never use water or chemical solvents to remove contaminants. Also, spin the fan by hand to make sure that it spins freely. If it feels like the motor is binding, see the instructions below for oiling the motor. Be careful not to bend the fan blade because it can become out of balance if deformed. The fan can be removed to gain more access by using a 3/32" allen wrench. If done, replace the fan in the same position on the shaft as before.

The useful life for the W-series heater depends on the amount of use, environment, and how often it is cleaned and maintained, generally they will last for 8 to 10 years. Heaters operated beyond their useful life are more prone to safety problems. For example, if a motor slows down due to wear or lack of cleaning it reduces the airflow, which can cause the safety limit to trip due to excessively high temperatures. The limit will cycle the heater on and off and eventually fail. For safety reasons, it is important to clean or replace a cycling heater as soon as possible. Heaters produced after 1992 have an indicating light which will turn on when the limit trips and then turns off after the heater cools down. If you see this light coming on, discontinue use of the heater and inspect it immediately. Heaters prior to 1992 do not have the indicating light. When the limit trips it makes a audible click, so by listening close to the heater on older models you can determine if it is cycling. Heaters manufactured in 2001 were equipped with the **SMART GUARD**® high temperature limit system which does not utilize the warning light lens. Also, look at the grill to see if it has discolored from high temperatures. In either case, if you suspect that your heater is not functioning properly, discontinue use and follow the guidelines mentioned in this manual or call a qualified electrician. As mentioned before, always keep combustible materials at least three feet away from the front of the heater and one foot from the sides. With regular inspection and maintenance of your electric heaters they will operate safely and efficiently.

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# Seattle Improving Some Housing Policies

## But More Need To Change

By **ETHAN BLEVINS**  
**PACIFIC LEGAL FOUNDATION**

For decades, cities have slogged through a depressing trend: Limited housing options have forced rents higher than ever. A New Yorker even founded a political party to argue that “Rent Is Too Damn High.”

While some advocates have pushed policies that actually make the affordable housing issue worse (like rent control, and affordable housing “fees” on new construction), solutions like upzoning or stripping away onerous permitting requirements can help tamp down housing costs.

### SEATTLE HOUSING POLICIES

In Seattle, the city with perhaps the worst housing issues in the country, the city has finally begun to recognize, and change, some causes of the affordable housing crisis. For years, the majority of Seattle was zoned for single-family houses. This severely limited housing options in the city by making it impossible for developers to build apartment buildings, or for families to build multi-family homes and rent to outside tenants. Fewer housing options meant housing became more expensive.

Fortunately, Seattle is changing its zoning laws to allow more apartments and multi-family properties. But just because Seattle is begrudgingly combatting one bad policy doesn’t mean it understands the cause of its crisis. Seattle still bans housing innovations that can help reduce rental costs—like “rental-bidding” websites.

Starting in 2017, a few startups unfurled a



### Perspective

new kind of housing website that’s basically a mashup of eBay and Zillow. Rentberry is one example. On Rentberry, landlords post an initial asking price on rent and security deposit, and potential tenants can post a bid above or below that price. The website also seeks to be a one-stop shop for housing; eventually you’ll be able to shop for housing, pay for rent, make maintenance

requests, and so on—all on the same site.

But after Rentberry started operating in Seattle, it didn’t take long for passionate people with little understanding of economics to fear-monger. Sites like Rentberry were accused of being run by predatory capitalists taking advantage of an already-inflated housing market. That’s why Seattle, with no meaningful evidence of harm, slapped a ban on the use of those sites before even a handful of people had ever used them. Pacific Legal Foundation

represents Rentberry and a local landlord in challenging this website ban.

Seattle frets that bidding will inflate housing costs. But that isn’t how the bidding process works. Bidding helps buyers and sellers more easily settle on the prevailing market rate for that particular unit. If that happens to be high, that isn’t the website’s fault. Bidding may result in a higher or lower price, depending on many factors, like location, unit quality, and a host of other factors. Blaming bidders for a high price is basically just killing the messenger.

A bid is just a price signal, and there are good reasons why we need efficient price signals. For one, without a bidding process, landlords are left to simply make educated guesses about what their unit will rent for. This can increase the time that a rental sits vacant while the landlord blindly adjusts the rental offer until he gets a hit. And without a bidding process, a house hunter desperate to grab a unit in a hot market may end up entering into a more expensive lease than he or she could’ve gotten with a lower offer. If, on the other hand, the unit ends up renting for an amount below the market rate, a renter may have an unpleasant surprise when the landlord ratchets up the price as lease-renewal time rolls around.

Yes, the rent is too damn high in many cities across the country. Yet cities like Seattle all too often fail to recognize how bad policy creates the problem in the first place. Now, despite the city realizing how zoning laws have hurt renters, rental-bidding platforms are still being used as an easy scapegoat. High rent is not an inevitability. But until we begin pointing the finger of blame in the right direction, it will be.

*Ethan Blevins joined Pacific Legal Foundation in August 2014. He litigates cases involving the First Amendment, property rights, and the separation of powers.*

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# Welcome to the 35th Annual TRENDS Rental Housing Management Conference and Trade Show!

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TRENDS 2019 IS PROUDLY HOSTED BY:



**Igor Popov**  
Chief Economist, Apartment List

Igor Popov is the Chief Economist at Apartment List, where he leads the Research team in publishing original insights and analysis on housing markets. Dr. Popov earned his Ph.D. in Economics from Stanford University, where he has since taught undergraduate courses. His research has been published in the American Economic Review and profiled in numerous media outlets including the New York Times, Bloomberg, and CNBC. Prior to joining Apartment List, Dr. Popov worked as an economist at Airbnb.



## FEATURED SPEAKERS



Alexis Eykel



Austin Bowlin



Bob McGrouther



Brett Waller



Brian Platt



Brian Mize



Chester Baldwin



Christopher Cutting





SCHEDULE OF EVENTS

8:15 AM - 9:00 AM

Smart Parking for Modern Communities: Create Harmony & Generate Revenue

ROOM 607

Speakers

- Jennifer Staplin, Director of Accounts, Parking Boss
- Marques Oliver, Director of Enforcement, Parking Boss
- Brett Waller, Director of Government Affairs, WMFHA

Multifamily parking can be a frustrating and time consuming problem. During this session, we'll share solutions for management and enforcement to help turn your community parking into a fair amenity for residents. Topics will include revenue generation, best practices, enforcement, and Seattle parking legislation.

Maintenance Practices and the Legal Responsibilities

ROOM 608

Speaker

- Rob Trickler, Attorney, The Law Office of Rob W. Trickler PLLC

Washington State's Landlord Mitigation Program

ROOM 609

Speaker

- Nicolas Yuva, Landlord Mitigation Administrator, Commerce, State of Washington

The Landlord Mitigation Program is a fantastic resource for property owners and managers to recapture thousands of dollars each year through reimbursements for damages caused by subsidized tenants and for making modifications to a rental unit to house subsidized tenants. Learn how to avoid writing off thousands of dollars.

Landlord Law - Class #1

ROOM 611-612

Speaker

- Christopher Benis Attorney and Rental Property Owner, Harrison - Benis, LLP / CTB Properties

Puget Sound Multi-Family: 2020 and Beyond

ROOM 613-614

Speaker

- Brian O'Connor, Co-Founder, Commercial Analytics

For more than a decade, the Seattle area has been one of the hottest apartment markets in the nation, as we saw double digit rent increases and record setting low levels of vacancy. Commercial Analytics will provide a brief, illuminated summary a balanced market in 2018 and 2019, and what likely lies ahead in 2020 through 2022.

9:30 AM - 10:15 AM

Maintaining Your Playground as a Safe Environment While Controlling Liability

ROOM 602-603

Speaker

- MaryLou Iverson, International Consultant for Play Areas, The Iverson Associates

Key Learnings

- Presentation on how to maintain the play area and the importance of documentation.
- How to identify hazards, how to fix or contact for replacement parts.
- Steps for in-house inspections vs. contract out to third party inspectors.

Supporting Landlords That Give Second Chances

ROOM 604

Speaker

- Alexis Eykel, LLP Manager, Landlord Liaison Program

With the new RLTA and ordinances in the state of Washington, supporting Landlords that give second chances is our primary focus. Learn how LLP is supporting landlords in Pierce County that want to make a profit while making a difference. Our model is a great tool to ensure those experiencing homelessness are receiving community support in order to regain stability.

The Tenant Screening Puzzle

ROOM 606

Speaker

- Marcia Gohman, CEO, National Tenant Network - Northwest

With this class we compare tenant screening, and all the parts and pieces involved, to making cookies. Assembling ingredients is similar to assembling all the important parts of tenant screening. This is a fun class taught with humor and a lot of valuable information.

Fair Housing Round-Table

ROOM 607

EXHIBITORS

1 Stop Services Towing & Recovery

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A Advanced Services

A Plus Tree, Inc.

AAA Fire Protection

ABC Towing, Inc.

AC Moate Inc.

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All County Evictions/Landlord Law Group

Alliance 2020

ALN Apartment Data, INC

American Technologies Incorporated

Apartment Advantage Staffing

Apartment List

Apartments.com/CoStar

AppFolio

Arborwell

Automated Gates and Equipment

Axis Roof and Gutter Inc

Bath Fitter

Bathcrest of Seattle

Bio Clean Inc.

Blankenship Equipment

Brook Furniture Rental

BuildingLink

BUY-RITE CARPET WHOLESALER INC

Capital Lighting

Care Med Choice, LLC

Career Strategies

Cascades Cleanup & Restoration, Inc

City of Seattle - Renting in Seattle

Coin Meter

Commercial Analytics

Conservice

Crossbeam Investments, LLP

CSC ServiceWorks

DDN Interior Supply, Inc

De-eL Enterprises

DRSi

Earthworks Landscape Services

Eastside Exterminators

E-Cycle Washington

Elite Resurfacing

Entrata

Environmental StoneWorks

Evolve Technologies, LLC

Fair Housing Partners of Washington

Fast Water Heater Company

FEATURED SPEAKERS



Corey Brewer



Enrique Jevons



Eric Steven



Erik Halverson



Erin Dury Moore



Ernie Dittman



Grace Burns



Heather Pierce





EXHIBITORS, cont’d

- Ferguson Facilities Supply
- Finnmark Property Services
- First Choice Remodeling, Inc
- Fischer Restoration & Fischer Plumbing
- Flat Roof Pros, Inc
- FloHawks Plumbing & Septic
- Flynn Family Lending
- Genesis Credit Management
- Gk Industrial Refuse
- GREAT FLOORS
- Guardian Water & Power, Inc
- Guided Fitness
- HD Supply
- Housing Connector
- Integrity Pool & Spa
- Interior Logic Group Property Services
- Intrust Funding
- IREM
- Jet City Cleaning
- KCHA/RHA/THA Housing Authorities
- Keepe
- Ken Hainsworth Company
- KeyTrak, Inc.
- King County Hazardous Waste
- Kurkov Construction LLC
- Landlord Liaison Program
- Left Coast Recreation
- LiftMaster
- Loeffler Law Group
- LP Building Products
- LT Services
- Luther Burbank Savings
- Malone’s Landscape Management, Inc
- ManageCasa Property Managment Software
- Marcus & Millichap
- Mercurio’s Heating & Air Conditioning
- Miller Paint
- Minol USA
- Miracle Method
- Moco Inc.
- Mono Rooftop Solutions
- Mr Pressure Wash
- Mr. Moss, Inc.
- Mynd
- National Credit Systems
- National Purchasing Partners
- North Seattle College
- Northwest Playground Equipment

• Christopher Cutting, Attorney at Law, Cutting Law Office PC

Panel Members To-Be-Included

This panel discussion between a fair housing attorney, fair housing investigator, and fair housing mediator will share experiences and opinions from three different perspectives on common fair housing topics impacting residential landlords.

Disasters – Not If But When!

Property Managers Guide to Emergency Preparedness Planning

ROOM 608

Speaker

• Ernie Dittmann, Operations Manager – Fire Division, ServiceMaster of Tacoma

If a water loss, fire, or discovery of mold happens at one of your properties, do you have a plan or process in place to address the emergency? Not being prepared will be costly in time, dollars and tenant satisfaction. Planning for the worst will leave you not having to hope for the best!

Don’t Kill Your Golden Goose – Succession Strategies to Protect & Perpetuate Your Business

ROOM 609

Speaker

• Larry Oxenham, Senior Advisor, American Society for Asset Protection

Learn the strategies and tools the nation’s top firms use to save their clients millions of dollars each year. From this lecture you will learn:

- What exit strategy is right for you: transfer to family members, complete sale, partial sale, IPO or management buyout?
- Succession strategies that protect your legacy, maximize your freedom and increase your net worth.
- Legal tools that allow you to transfer the majority of ownership and still maintain 100% control.
- How your business succession strategies and estate plan work together.
- Steps to maximize the sale price of your business.
- Systems to ensure the continued success of your business through the next generation of owners and managers.
- How to properly structure your business to minimize taxes on sale or transfer. If not planned for capital gains, estate and gift tax consequences can cripple the ongoing success of a business.
- Common mistakes and missteps to avoid when selling or creating a succession plan.

Landlord Law - Class #2

ROOM 611-612

Speaker

• Christopher Benis Attorney and Rental Property Owner, Harrison - Benis, LLP / CTB Properties

Working with a Property Management Company

ROOM 613-614

Speaker

• Julie Johnson, Owner/Managing Broker, Smart Choice Realty

Understand how to work with a property management company and your property manager. This presentation will help you understand the management contract, managing expectations and how property management companies are different.

Energy Conservation to Create Future Car Charging Income at Your Property

ROOM 602-603

Speaker

• Peter Vierthaler, Manager, Northwest Partners LLC

11:00 AM - 11:45 AM

Tax Deferral, Reduction and Elimination Strategies For The Sale of Investment Property

ROOM 604

Speaker

• Austin Bowlin, CPA & Partner, Real Estate Transition Solutions

Many investment property owners are unwilling to sell a property because of the high taxes that would be due upon sale. However, there are a number of tax strategies available to owners that can reduce, defer, and even eliminate taxes resulting from a sale. We will provide an overview of these strategies, comparing and contrasting the strategies to identify their respective strengths and weaknesses given an owner’s unique objectives and situation.

Enforcement of Tenant Duties Under New Law

ROOM 606

Speaker

• Eric Steven, Lawyer, Steven Law Office

Collecting Past Tenant Damages

ROOM 607

FEATURED SPEAKERS



Jennifer Staplin



Julie Johnson



Larry Oxenham



Lisa Barnes



Marcia Goham



Mark Gjurasic



Marques Oliver



MaryLou Iverson



SPOTLIGHT SECTION



TUESDAY, DEC. 10, 2019

Speaker

- Christopher Cutting, Attorney at Law, Cutting Law Office PC

Preventative Maintenance

ROOM 608

Speaker

- To be announced

Leasing to Subsidized Tenants

ROOM 609

Speaker

- Pam Taylor, Associate Director of Housing Choice Vouchers, King County Housing Authority
- Rich Price, Tacoma Housing Authority
- Dave Wellings, Housing Choice Voucher Administrator, Seattle Housing Authority
- Amar Randev, King County Housing Authority

Landlord Law - Class #3

ROOM 611-612

Speaker

- Christopher Benis Attorney and Rental Property Owner, Harrison - Benis, LLP / CTB Properties

The Future of Property Management

ROOM 613-614

Speakers

- Heather Tabler, Director of Strategy and Development, Walls Property Management

1:30 PM - 2:15 PM

Rental Market Update

ROOM 602-603

Speaker

- Cory Brewer, General Manager, Windermere Property Management / Lori Gill & Associates

Please join Cory Brewer for a recap of 2019 rental activity in the King/Pierce/Snohomish market. He will touch on pricing and market time trends, as well as some of the new legal guidelines affecting the industry. This statistics-heavy presentation will focus primarily on single family rental property activity (Houses and Condos, as opposed to apartments) as this is the primary focus of his property management brokerage.

Recession Proof Your Rentals

ROOM 604

Speaker

- Maureen Jones, Certified Financial Planner, Viridian RIA

Rental Assistance: What You Need to Know

ROOM 606

Speakers

- Heather Pierce, Deputy Director of Government Affairs, Rental Housing Association of Washington
- Erin Dury Moore, Executive Director, West Seattle Helpline
- Lisa Barnes, Program Manager, Queen Anne Helpline

An expert panel of Seattle rental assistance providers moderated by the RHAWA advocacy staff discuss the broad challenges and benefits surrounding rental assistance programs and how to help tenants, experiencing financial hardship to utilize their services.

The Importance of Property Inspections in Management & Acquisition of Rental Real Estate

ROOM 607

Speaker

- Bryan Mize, Owner, Inspector, Optimized Inspection Services

Knowledge is power. As a manager, perhaps it is the power to document the property and its needs before an issue becomes a liability. As an owner, it is the power to make maintenance decisions based upon known facts, or to project future capital costs. In the acquisition phase it is the power to negotiate. Thorough, unbiased inspections are a critical component of proper investing strategy.

Bridging the Gap Between Office and Maintenance

ROOM 608

Speakers

- Rachel Grimes, Property Manager, Holland Residential

Real Estate Investment Market, Trends and Values

ROOM 609

Speaker

- Travis Andrews, Commercial Real Estate Broker, Paragon Real Estate Advisors
- Bob McGrouther, Income Property Loan Officer, Luther Burbank

2019 Changes in the Landlord Tenant Law: Impact and Practices

EXHIBITORS, cont'd

NPI

NVL Laboratories, Inc.

NW Professional Roofing Services, Inc.

Opus Bank

Pacific Breeze Products, Inc.

Pacific Mat

Pacific NorthWest Locksmith

Pacific West Construction and Maintenance

Paragon Real Estate Advisors

Parcel Pending

Pierce County Landlord Liaison Program

Pillar Resources

Pilot Ventures

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PooPrints by No Vacancy

Precision Concrete Cutting

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Puget Sound Energy

Rainier Asphalt and Concrete

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Rich Landscaping

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Roto-Rooter Service Company

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Security Solutions NW

ServiceMaster of Seattle

ServiceMaster of Tacoma

SERVPRO of Central Seattle, Seattle

Northeast, Kent and Federal Way

Sherwin Williams

Shine a Blind Inc.

Showdigs

Sign Pros, Inc.

FEATURED SPEAKERS



Maureen Jones



Nicholas Yuva



Pam Taylor



Preston Walls



Rachel Grimes



Rob Trickler



Shkelqim Kelmendi



Tamara Simon





SPOTLIGHT SECTION

TUESDAY, DEC. 10, 2019

EXHIBITORS, cont'd

- SiteLines Park and Playground Products
- Skip's Towing
- Snohomish County PUD
- South Tacoma Glass Specialists
- Stop Bugging Me Pest Control
- StoveTop FireStop
- Submeter Solutions
- Superior Cleaning & Restoration
- Surface Renew, Inc.
- SWS Equipment, Inc.
- TAS Contract
- The Chimney Specialists, Inc.
- The Fitness Outlet
- The Home Depot PRO- Multifamily
- The Plumbing and DrainCompany
- TopLine Counters
- Tour24
- Trane, American Standard & Ameristar
- Umpqua Bank Multifamily Lending
- Urban Surfaces
- Walls Property Management
- WASH
- Washington Energy Services
- Washington Federal Bank
- Washington Window & Glass
- Services Inc
- WebListers
- Westlake Associates, Inc.
- WLA
- Xfinity Communities
- Yardi
- Zillow
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Rob W. Trickler PLLC

Put Money in Your Owner’s Pockets. Quickly.

Speaker

- Nick Mungia, VP of Customer Success, Showdigs

Session will focus on funnel optimization to lease rental unites as quickly and efficiently as possible:

- Marketing tactics.
- Catering to prospective renters.
- Variability and seasonality of Property Management.
- Geographic management constraints and trends.
- Adopting technologies to streamline existing processes and force consolidation in the industry.

3:00 PM - 3:45 PM

Critical Guidance for Landlords Considering Cannabis Tenants

ROOM 602-603

Speaker

- Erik Halverson, Managing Attorney, Halverson Law, PLLC

It is important to be careful when considering renting to a marijuana business. There are many factors to consider before deciding to participate in the industry, as it is rapidly evolving and full of obstacles. In this seminar, Erik will outline common issues he has seen landlords face when renting to a marijuana business and offer guidance to help landlords protect their interests.

A Vacant Opportunity: How Partnering with Property Partners to Fill Vacancies can Tackle our Housing Crisis

ROOM 604

Speaker

- Shkelqim Kelmendi, Executive Director, Housing Connector

What if we could make more progress in addressing our housing crisis by partnering with property owners and managers instead of alienating the industry that holds the majority of housing supply in the region? When a unit sits vacant, it is not only a financial loss to the property owner, it is a loss for our community. And there lies an opportunity for a solution that is a win-win for all parties involved.

A strategy focused on property owners and managers that provides free referrals for vacant units as well as the financial support that allows Property Partners to rent to families most in need

of housing, results in more people accessing a home and your property generating consistent revenue.

How to Navigate Renovation Loans

ROOM 606

Speaker

- Tyler Beard, Lowell Properties

Renovation loans and how to purchase new properties/update properties/etc.

How To Purchase Outside of Your Comfort Zone

ROOM 607

Speaker

- Tamara Simon, Owner & Designated Broker, My Real Estate Network LLC

When you want to find investment property that offers better cash flow and is more Landlord friendly you may need to look outside of your own backyard. This program provides with the tools 7 resources you need to Analyze Rental Property Investment Markets anywhere in the United States.

Appliance Repairs

ROOM 608

Legislative Update

ROOM 611-612

Speaker

- Rob Trickler, WLA, Attorney, The Law Office of Rob W. Trickler PLLC
- Chester Baldwin, WLA

Join this experienced panel of speakers to discuss current bills going through legislation that will have major changes and impact on the landlord tenant laws.

How to Start, Operate, and Sell a Property Management Company

ROOM 613-614

Speaker

- Enrique Jevons, Regional Director, Mynd Property Management

Using his experiences from starting a property management company, Jevons Property Management, with over 800 units and managing his personal 71 units, Enrique will teach you how to start, operate and sell a property management company. Enrique will also speak to the benefits of using data and technology in managing properties.

TRENDS 2019 Featured Sponsors

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- Seattle Housing Authority
- WebListers
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# 2019 Changes to Washington Landlord-Tenant Law

By **STEPHEN HANSEN, ATTORNEY AT LAW**

In the 2019 Legislative session, the Washington Legislature passed sweeping changes to Washington landlord-tenant laws. Many of these laws had remained unchanged for years, if not decades. The changes affect all aspects of the landlord-tenant relationship. The changes became effective on July 28, 2019. The more significant changes are summarized as follows:

## DEFINITIONS HAVE CHANGED

The definition of “rent” or “rental amount” has changed, to mean only those sums which are “recurring and periodic charges identified in the rental agreement for the use and occupancy of the premises, which may include charges for utilities.” The definition of “rent”/“rental amount” does not include “nonrecurring charges” for costs incurred due to late payment, damages, deposits, legal costs, or other fees, including attorneys’ fees. This change therefore affects what a landlord can identify as past due “rent” if the tenant falls behind in payments. Nonrecurring charges cannot be included in a notice to pay or vacate.

When payments are received in response to the 14-Day notice, Landlords must apply all payments towards rent first, before applying payments to non-recurring charges such as late fees, deposits, and other charges.

## NOTICES & TIME PERIODS HAVE CHANGED

Speaking of the Notice to Pay or Vacate, the time period for the notice has changed, as has the required language in the notice. The minimum to pay or vacate has been increased from three days to fourteen days. RCW 59.18.030(3) now requires specific language in the notice to pay/vacate which provides notice of how to obtain assistance through the Washington State Attorney General’s office.

Rent increases for month-to-month tenancies now require sixty-day advance notice.

When a lawsuit for eviction is commenced, a new standard-form Summons (the notice of the commencement of the lawsuit) must be used which provides

additional information pertaining to tenant rights.

## TENANT RIGHTS HAVE CHANGED

Tenants facing eviction now have additional rights. Tenants now have the right to reinstate their tenancies by payment (in full) of the Court-ordered judgment within five days after the Court enters the judgment. This requires the tenant to pay all rent due, court costs, and late fees of up to seventy-five dollars.


The new laws allow Courts to order that tenants facing eviction may reinstate their tenancies through a court-ordered “payment plan.” The tenant must affirmatively request the plan and the statute directs the Court to consider the following factors:

- The tenant’s willful or intentional default or intentional failure to pay rent;
- Whether nonpayment of the rent was caused by exigent circumstances that were beyond the tenant’s control and that are not likely to recur;
- The tenant’s ability to timely pay the judgment;
- The tenant’s payment history;
- Whether the tenant is otherwise in substantial compliance with the rental agreement;
- Hardship on the tenant if evicted; and
- Conduct related to other notices served within the last six months.

Courts have authority under the law to order repayment over a ninety-day time period, but under any payment plan the tenant must pay at least one-month’s rent within five days of the date of the order. The court may not order a payment plan if a tenant has been served with three or more notices to pay or vacate for failure to pay rent within the twelve months prior to the notice to pay or vacate which gives rise to the eviction proceeding.

## REMEMBER THAT ADDITIONAL LAWS MAY APPLY IN YOUR LOCALITY

Cities such as Seattle and Tacoma have enacted laws which provide additional rights to tenants. The above is a summary of the changes enacted solely by the Washington Legislature.



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The changes in Washington law provide tenants additional time before their rights can be affected. Being unfamiliar with these changes will potentially cause even more delay. Be prepared: schedule a consultation with an attorney. Schedule attendance at a seminar. Make sure your forms are up to date. Any of these will be

well worth your time.

*Stephen Hansen is a Tacoma attorney who has represented landlords and property managers for over three decades. Steve is available for consultation and can be reached at [Steve@stephenmhansenlaw.com](mailto:Steve@stephenmhansenlaw.com).*

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# Benefits of Using a 1031

By B. CRAIG GOURLEY

If you are like most landlords, the constant invasion upon our property rights by over-reaching government is pushing you close to giving up on residential rentals.

The problem is that if you sell, you lose a huge portion of your profit to taxes. There is a reasonable alternative. You can exchange your investment through a 1031 exchange into a more landlord-friendly jurisdiction without paying any federal tax.

If you own property in one of the jurisdictions that thinks you should personally bear the burden of housing shortages and irresponsible tenants, it may be time to move your investments to a more friendly environment. I personally still believe in residential rentals as a sound investment, but when a market becomes unprofitable or regulation too burdensome, it's time to move my investments.

One of the many uses of a 1031 exchange is to make geographic changes in your investment portfolio. Housing prices are currently at an all-time high, particularly in those over-regulated areas.

By using a 1031 tax-deferred exchange you can sell your current rental property and acquire a new rental property in a less regulated area. For example, if you own a rental house or apartment in Seattle where tenants have all the rights, you can move that investment to some place like Snohomish County or Eastern Washington, where at least today, you can actually choose who lives in your unit.

By structuring the transaction as an exchange, you will pay no federal tax.

Section 1031 exchanges are easy, but in

this market I suggest a little bit of planning.

From your standpoint it is just like a normal sale and repurchase; however, there are strict time lines and your funds must be held by a Qualified Intermediary between the sale and the reinvestment. Once you close on your sale, you have 45 days to identify the property you are going to acquire, and 180 days to actually be in title.

This being a seller's market, I suggest that you start looking for your replacement property when you list your current property or even before.

Section 1031 exchanges are also called "like-kind" exchanges and I am often asked what kind of property is considered like-kind. The short answer is that any real estate is like-kind with any other real estate.

You can sell a single-family house and buy a multifamily project, a commercial project or even a condo.

You can dispose of a large project and acquire several smaller ones or dispose of several smaller projects and consolidate into a larger property.

You can even acquire a partial interest, like an undivided 50% interest in a larger project, as long as it is properly structured.

Besides escaping the crazies, it may be an opportunity to diversify or consolidate your holdings.

*B. Craig Gourley is founder and senior attorney at Gourley Law Group as well as CEO of The Exchange Connection. He is a leading authority on Section 1031 Tax Deferred Exchanges and has been invited to speak on the topic to industry organizations throughout the United States.*

# Finding a Trustworthy Contractor

By COREY BREWER

Vendor relationships are a critical component of a successful property management operation, whether you manage one home or thousands.

Timely, effective, cost-efficient repairs are good for you, good for the owner's bottom line, good for your tenants, and good for the sanity of everyone involved.

So how do you find a contractor you can trust, and trustworthy vendors?

Establish some qualification criteria – set the bar and only work with vendors who meet your standards.

Work only with contractors who are properly licensed and insured. If someone is unwilling to show you their current documentation, move on to the next immediately.

Use your state association for research, such as the Washington State Department of Labor & Industries. This is where you would see if the contractor has had a history of complaints or violations, so look for red flags here.

Assuming you have done your homework and found a contractor who looks good on paper, the next step would be to look up online reviews (BBB, HomeAdvisor, etc.) and obtain some references from former and/or current clients, or from a property manager who already uses them regularly.

At our firm we perform an annual audit of our vendors (more than 400 of them) and remove any who get consistently negative feedback, whether it be regarding customer service, quality of work, or pricing.

For larger jobs, you might consider a site visit to personally see any work that the contractor has performed (or has currently under way). And finally, a strong understanding about expectations should be in place, and it should be in writing.

Contractors should discuss issues with the property manager, not the tenant. A good contractor will understand that while a home may be occupied by a tenant, he or she is working on behalf of the owner. This means that if unforeseen problems occur on

a job, or the cost/scope becomes more than the original estimate, the vendor should be discussing what to do next with YOU and YOU ALONE (not the tenant).

Payment timelines are also important, as landlords may or may not have enough funds in their operating account readily available until next month's rent checks arrive. So be clear on payment due dates to ensure you'll be able to pay on time when the invoice arrives.

As with so many other things in our industry, it's best to agree to these terms in writing prior to working being performed.

With any luck you'll compile a list of vendors in multiple industries who you can trust to do good work at fair prices and are quick to act when you call on them.



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# Ugliest Pothole Contest Winner Gets Free Paving

*Dune Grass Apartments in Ocean Shores gets street makeover*

The winner of Rental Housing Journal’s Ugliest Pothole Photo Contest got his apartment parking lot potholes fixed in November, courtesy of NYS Enterprises Paving.

“It looks so much better. We got no holes!” said Jim Miller, property manager at the Dune Grass Apartments in Ocean Shores, Washington. “A couple of tenants have already said thanks for fixing that, especially the big one by the street.”

Their complex is located at 807 Anchor Ave

NW in Ocean Shores, Washington.

Miller and his boss, Gwyn Desimone, combined on the winning entry with Jim taking the photos and Gwyn entering it into the pothole contest. She is the area manager for the property and recently moved into compliance at the corporate office.

“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 for housing,” Gwyn said.

“I would like to congratulate the winners,” said Steve Nys of NYS Enterprises.



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# Online Payment Among 5 Top Technologies That Renters Want

Continued from Page 1

said home tech was a preference but this year that dropped substantially in favor of the transactional preferences, she said, perhaps because of more mobile tech.

“Is the younger generation carrying their home tech from property to property?” is a question she raised during a recent webinar with Chris Litster, CEO of Buildium.

Litster said there is no denying that smart home tech is a “buzzy topic,” but “we are hearing more and more people have made the decision to go with Amazon or Google or whoever and they are bringing their own smart tech into the apartments or units.”

He said additionally what tenants prefer more seems to be basic amenities such as in-unit washers and dryers.

Though interest has stayed roughly constant among Gen Z and Millennial renters over time, Gen X residents and baby boomers are far more interested in technology than they were just a year ago: On average, interest in rental technologies has grown by eight points among Gen Xers and 10 points among baby boomers, according to Buildium’s 5th Annual State of The Property Management Industry Report.

Though Millennials are the most enthusiastic about technology overall, more than half of Gen Z, Millennial, Gen X, and baby boomer renters want the ability to pay rent online and communicate with their property manager via text or email.

Gen Z, Millennial, and Gen X renters all agree that they prefer to pay their rent via electronic payment, electronic bank transfer, or credit/debit card over writing a check.

Though most baby boomers still feel more comfortable paying by check, nearly 1 in 3 would rather pay online. Residents of

all ages appreciate having the option to pay their rent online, and their expectation to be able to handle this and other tasks digitally increases with every year.

The survey also showed two in five renters definitely plan on renewing their lease for another year—a number that stayed constant from 2018 to 2019.

The survey makes clear that the “typical renter” definition is evolving in terms of

what renting means to residents.

“In the past, we’ve thought of renting as a temporary rite of passage for those who haven’t yet set down roots or saved enough for a down payment on a home of their own.

“But for many Americans today, renting is a lifestyle choice, as well as a necessary alternative to home ownership for those whose finances were irreparably altered

by the Great Recession,” the report says.

As a result, property managers’ strategies for attracting and retaining renters will need to evolve to fit a broader demographic than they’ve seen in the past.

Renters’ desire to own a home of their own varies logically by age: Gen Z residents are happy renting for now, but assume that they’ll want to become homeowners down the road.

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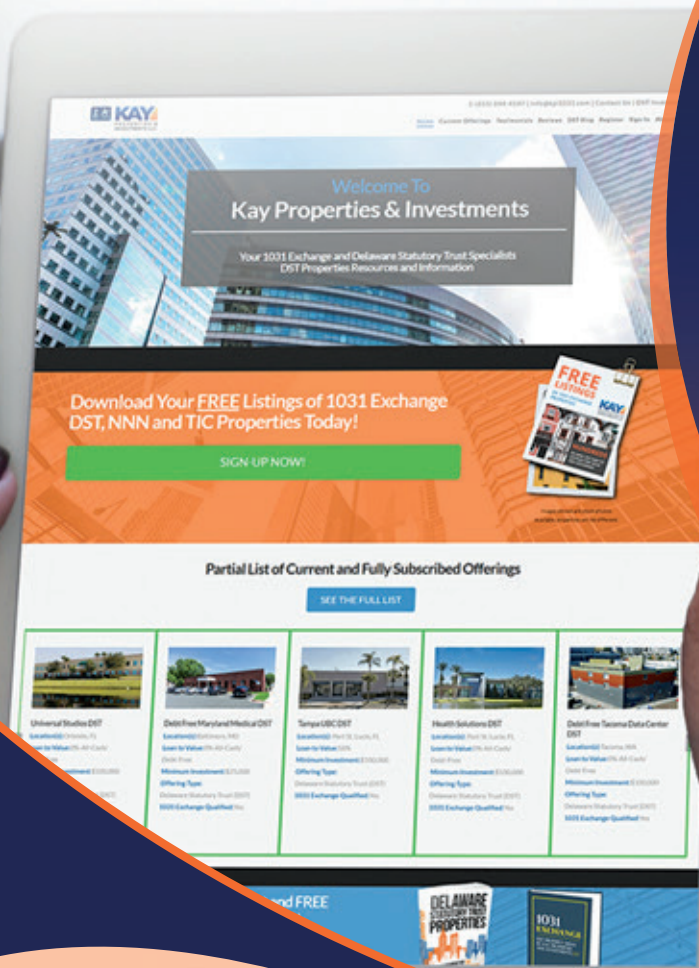
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# The Fundamentals of 1031 Exchanges

By Dwight Kay and the Kay Properties Team

Welcome to 1031 101! If you've come to our metaphorical class here, you likely have a few questions. Chief among them: what is a 1031 exchange? What Qualifies for a 1031 exchange? Why should I do a 1031 exchange? What should I 1031 exchange into? Is there an option if I have a failed 1031 exchange?

WHAT IS A 1031 EXCHANGE?

A 1031 exchange is a procedure that allows the owner of investment property to sell and acquire another “like-kind” property while deferring capital gains tax. The name comes from IRS Section 1031 and has morphed into a verb in the investment real estate world — as in, “Let’s 1031 this property for that one.”

WHAT QUALIFIES FOR A 1031 EXCHANGE?

While the idea is a simple one, the execution is a bit more complex. There are very specific definitions and timeframes to which users must adhere to qualify for a 1031 exchange.

The most important thing to keep in mind just might be how to define a “like-kind” property. That doesn’t mean you must exchange one apartment complex for another; there’s actual considerable flexibility there. For instance, you can sell an apartment complex and purchase a retail building, you can sell a retail building and purchase an industrial building, you can sell an industrial building and purchase raw land, etc. However, you can’t exchange a property for a business, for example. It’s also worth noting that a 1031 exchange can only involve property held for investment, not personal use and, to maximize the benefits of a 1031 exchange, the replacement property should be of equal or greater value than the original.

What’s often forgotten in the lead-up to an investment property’s sale is how quickly the 1031 clock starts. After that sale, you have 45 days to choose aka identify a property with your qualified intermediary (the escrow like company that holds your exchange proceeds after you sell your relinquished property). From there you must close on that property within 180 days of the sale to qualify for the 1031 benefits.

WHY SHOULD I DO A 1031 EXCHANGE?

You know the saying about death and taxes?

Well, at least you can defer one of those with a 1031 exchange. Typically, when you sell an investment property, you’re subject to several different taxes. But by trading one like-kind property for another via a 1031 exchange, the IRS lets you defer a considerable amount of taxes.

Without a 1031 exchange, you can be taxed at a rate of 25 percent on all depreciation recapture. Depending on your taxable income, you would owe federal capital gains tax of at least 15 percent and as high as 20%. On top of that is the state capital gains tax which is anywhere from 0-13.3%. Lastly, there is a 3.8 percent Medicare surtax as well.

WHAT SHOULD I 1031 EXCHANGE INTO?

We’ve already established that you must exchange your investment property for a like-kind property. However, there are many different options for you to execute a 1031 exchange.

The most obvious is trading one property you manage for another. An example: you sell a duplex and purchase a commercial building. In that instance, you’re maintaining your role as landlord, which comes with responsibilities such as repairing issues, dealing with individual tenants, property management, asset and property level accounting and processing rent. The role of the investor is very involved.

A slightly more passive approach is to exchange into a triple-net property. In this case, you’re leasing your property to a tenant who often agrees to pay the majority of expenses associated with the property. Which can include taxes, insurance and maintenance. But it does not mean the investor just gets to kick back. You are still often responsible for those many needs of a property — including coordinating and paying for repairs, paying property tax bills, processing invoices. The difference from a standard lease is that you are then billing the tenant for those expenses and now tasked with the fun job of tracking down the tenant and getting them to actually reimburse you for them. Our firm has owned many triple net properties over the years and we have to have full time asset management, accounting and legal teams to look after the triple net properties and run them efficiently. For an investor to think that the triple net property option is a passive endeavor is wishful thinking!

If, as an investor, you are looking for a fully passive exchange option, Delaware Statutory Trusts (DSTs) are potentially a good option. A DST is an entity that holds title to a piece of

real estate and investors are able to buy in for typically 100k minimum investments. DSTs are used by investors to build a diversified portfolio for their 1031 exchanges whereby they can, for example, on an exchange with \$1,000,000 of equity purchase 5 different DSTs in 200k increments. The investor may purchase 200k in a DST that owns a long-term net leased FedEx building, 200k in a DST that owns a long-term net leased Amazon building, 200k in a debt free multifamily DST apartment building in the Nashville metro area, 200k in a DST that owns 1,000 multifamily units among 3 properties in 3 different states and lastly 200k in a DST that owns a long-term net lease industrial building.

Additionally, the trust’s sponsor is the asset manager of the property, which involves handling reimbursements from tenants and daily needs, repairing issues, processing rent and invoices, etc. This provides investors with a truly passive approach to their 1031 exchange and a change in lifestyle from the active duties of property management. DSTs are also a great backup plan to keep in mind due to the 1031 exchange’s tight timeframe. Because the trust already owns the properties, transactions can often be completed within just a few days.

IS THERE AN OPTION IF I HAVE A FAILED 1031 EXCHANGE?


If a 1031 isn’t on the table for you (for whatever reason that might be), the Tax Cuts and Jobs Act of 2007 created a new way to defer, reduce and, in some cases, eliminate long-term capital gains taxes: Opportunity zones. There are more than 8,700 qualified tracts scattered around the country. By investing your capital gains in one of those via a Qualified Opportunity Zone Fund, you will be able to defer any taxable gain until the fund is sold or Dec. 31, 2026, whichever comes first. Five years in, you receive a 10 percent step-up in tax basis with an additional 5 percent step-up after seven years. Hold the fund for at least 10 years and the new capital gains taxes generated from the opportunity fund investment are slashed to zero.

The 1031 exchange is a valuable tool in the real estate investors toolbox and with proper planning and understanding the investor can utilize the features of this piece of the tax code which has been around since 1921. To learn more about 1031 exchanges and your 1031 exchange options utilizing DST, NNN and Opportunity Zones please visit [www.kpi1031.com](http://www.kpi1031.com). You will also, upon registering, be sent a free book on 1031 exchanges.

**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](http://www.kpi1031.com).

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