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INSIGHT FOR RENTAL HOUSING PROFESSIONALS

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

Legislation Proposed to Target Eviction Crisis in America

By Karen Marshall

Two proposals have been introduced in the U.S. Senate aimed at reducing the number of evictions across the nation. The Eviction Crisis Act and the Prevention Evictions Act propose aid in the form of emergency rent assistance, court translators, mediation, more legal guidance, and further study of the underlying issues.

In 2016, there were 2.3 million eviction filings nationwide. Evictions are not only detrimental for tenants; they have a negative impact on landlords as well. Neither party benefits from an eviction. For landlords, the eviction process can take weeks or months of time, cost, and stress. Evicting a tenant can take up to 3-4 weeks and costs an average of $3,500, according to data from SmartMove.

The two bills currently being considered in the Senate include:

Eviction Crisis Act

In December 2019, Senators Michael Bennet (D-CO) and Rob Portman (R-

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Phoenix Rents Flat in January

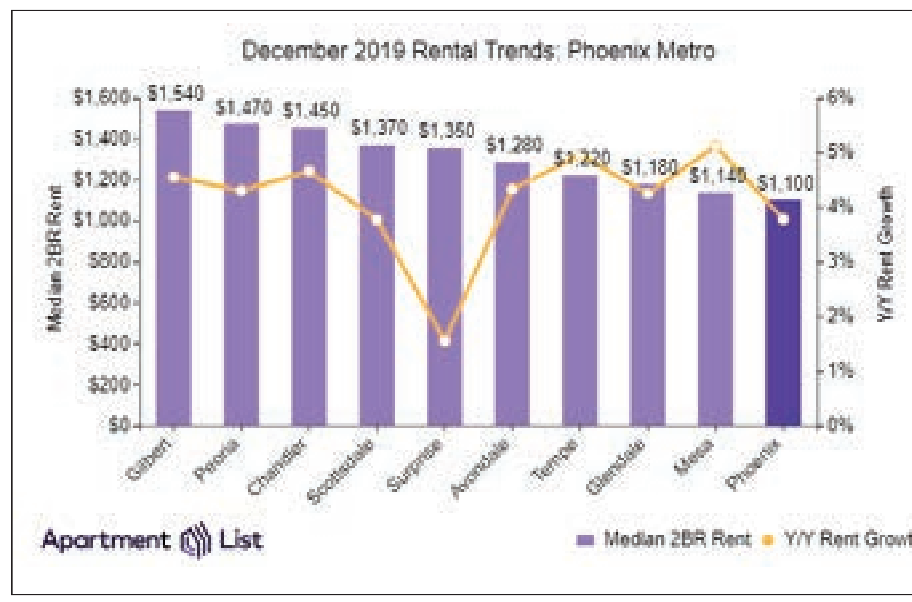
Gilbert rents on rise

Apartment List

Phoenix rents were flat last month while Gilbert rents continue to grow rapidly, according to the latest report from Apartment List.

Gilbert rents rose 1.0 percent over the past month and are up 4.5 percent year-over-year, leading the Phoenix metro. Gilbert has the most expensive rents in the Phoenix metro.

For the third month in a row, Gilbert rents climbed. Median rents in Gilbert are $1,237 for a one-bedroom apartment and $1,541 for a two-bedroom.



Peoria rents up over the past month

Peoria has the second most expensive rents in the Phoenix metro, where rents were up 0.2 percent in the most recent Apartment List report.

Peoria rents have been increasing steadily over the past two years. Rents are up significantly, 4.3 percent year-over-year. Median rents in Peoria stand at $1,180 for a one-bedroom apartment and $1,470 for a two-bedroom.

Chandler rents show big jump in the past month

Chandler rents are the third most expensive in the metro and were up 0.7 percent in the past month.

Chandler rents increased significantly by 4.7 percent year-over-year. Currently, median rents in Chandler stand at $1,166 for a one-bedroom apartment and $1,453 for a two-bedroom.

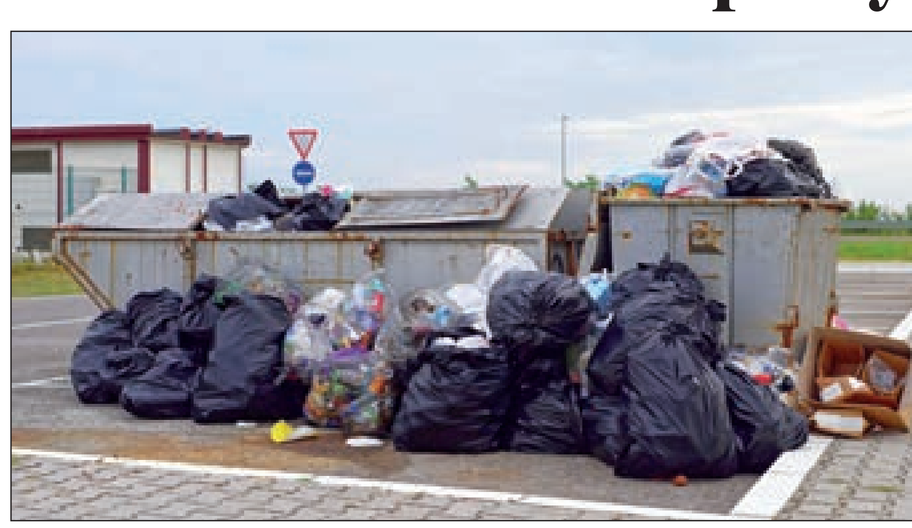
See 'Phoenix' on Page 10

3 Reasons Why You Should Consider Trash Valet Service at Your Property

Keepe

Have you been thinking about adding a trash valet service at your property? In the race to attract renters, properties are continually trying to find new ways to make life easier for renters and improve the condition of the property.

Trash valet service is one of the most requested services by renters, and it has some serious benefits for properties as well.



What Is Trash Valet Service?

Trash valet service eliminates the need for big dumpsters placed all over the property and keeps the property looking great. A trash valet company will supply trash receptacles that residents place outside their doors on a set schedule, usually in the evening. Teams from the trash-valet service will take the trash bins, empty them, and return them to the resident's door. Usually this service is offered on weeknights only. There are several different kinds of trash bins that are designed to fit seamlessly into different styles of architecture. Indoor trash bins look like regular kitchen bins and can

See '3 Reasons' on Page 8

Sponsored Content

Five Things to Remember When Deciding to do a 1031 Exchange

By Dwight Kay and the Kay Properties Team

A 1031 exchange is a legal way for investors to defer their capital gains taxes on the sale of real estate held for investment or business purposes. It allows one to defer taxes on a property sale as long as they follow specific 1031 rules and guidelines. In other words, you have the potential to keep all your profits working for you with the purchase of your next investment property, without the IRS coming after you looking for their share of the pie. Here are five things to remember before a 1031 exchange.

1. Taxes are Applicable in a Non-1031 Exchange

When an investor sells a property that has gone up in value this results in several types of taxes. These include capital gains taxes, which the investor must pay if they sell the asset at a price higher than they initially paid for it. Federal capital gains are taxed at 15-20% of the increase in value, while state capital gains are taxed between 0- 13.3% of the increase in value.

Depreciation recapture taxes are taxes due when the seller had claimed depreciation expenses on the sold property. Depreciation recapture is currently taxed at 25% of the amount you have depreciated over the years. Other taxes incurred on property sales include the 3.8% Medicare surtax.

All these taxes are able to be deferred if you do a 1031 exchange. But if you choose to sell your property without a 1031 exchange, ensure you consult a reputable attorney and CPA so you can know what your full tax bill will be when adding up federal capital gains, state capital gains, depreciation recapture and the medicare surtax.

2. You Need a Qualified Intermediary

A 1031 exchange isn't as simple as selling and reinvesting in another property. You must first transfer the relinquished property to an intermediary or an accommodator so they can execute the sale on your behalf. This is a process whereby your sale contract is assigned to the qualified intermediary and when the property closes your funds are then wired to your account at the qualified intermediary. From there you will instruct which properties you would like the qualified intermediary to purchase on your behalf. Kay Properties is not a qualified intermediary however we work with many throughout the country so if you would like a referral please let us know.

3. You Can Only Purchase a Like-Kind Asset

For you to defer taxes via a 1031 exchange, you must reinvest the profits from the sale in like-kind property. In other words, if you sell a property held for investment or business purposes in a 1031 exchange, the replacement property must be of the same character. For example, you could sell an apartment building and purchase a commercial building or you could sell a rental home and purchase a DST 1031 investment.

4. Remember Deadlines

1031 exchanges are subject to deadlines. If you sell a property today, you're expected to have identified the replacement property within the next 45 days and reinvested the proceeds in it within 180 days. But if you'd already identified the replacement property, you can reinvest immediately.

5. Understand Your Options

Once investors have decided to do a 1031 exchange they should consider their options. First, they could purchase another type of investment property that they would manage on their own. Second, they could purchase a triple net lease property whereby a national tenant such as Walgreens or FedEx has leased the property for typically 10-15 years. The problem with the triple net leased properties is that it causes investors to place a large portion of their net worth into a single property which could be disastrous (think Blockbuster Video). Third, if the investor is wanting to get out of active management and the day to day issues of dealing with tenants, toilets and trash as well as they are wanting to diversify their investments into multiple properties then a DST 1031 exchange may be a solution. The DST (or Delaware Statutory Trust) is a type of property whereby the management is handled by a third party trustee and since the typical minimum investment of a 1031 DST offering is $100,000 investors are able to purchase a diversified portfolio of Delaware statutory trust properties that may include a piece of Walgreens for 100k, piece of a FedEx distribution warehouse for 100k and a piece of a 800 unit portfolio of multifamily properties located throughout the south east and Texas*.

If you are interested in learning more about your 1031 exchange options please get in touch with us today to learn more.

Kay Properties and Investments, LLC is a national Delaware Statutory Trust (DST) investment firm with offices in Los Angeles, San Diego, San Francisco, Seattle, New York City and Washington DC. Kay Properties team members collectively have over 114 years of real estate experience, are licensed in all 50 states, and have participated in over $9 Billion of DST real estate. Our clients have the ability to participate in private, exclusively available, DST properties as well as those presented to the wider DST marketplace; with the exception of those that fail our due-diligence process.

To learn more about Kay Properties please visit: www.kpi1031.com

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National Average Rent Fell $1 in December

Yardi Matrix

There was a weak end to a solid year for multifamily, with national average rents falling by $1 in December, according to the latest report from Yardi Matrix.

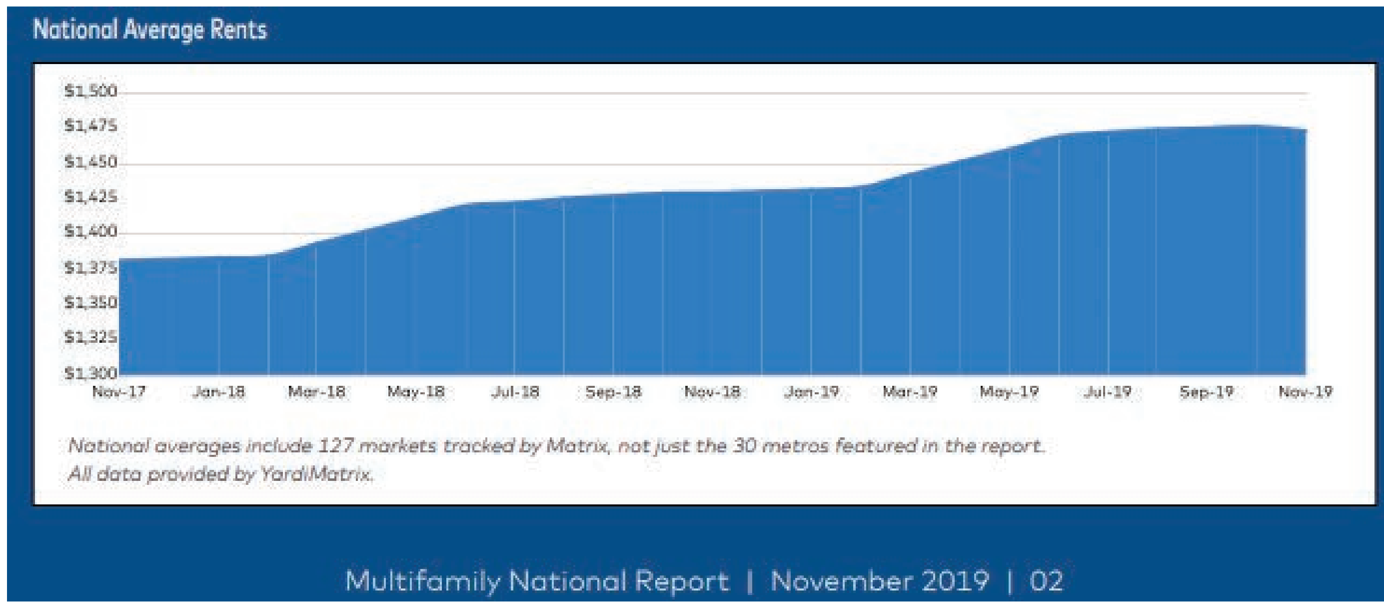
The report says 2019 will go down as a year without much drama in the multifamily sector as U.S. rent growth finished at a solid 3 percent.

Highlights of the report

The average U.S. rent fell $1 in December to $1,474, with the growth rate falling 10 basis points from November. That said, U.S. multifamily rents finished a remarkably consistent 2019 up 3.0%. Year-over-year growth remained between 3.0% and 3.3% the entire year.

Rents were essentially flat for the fourth quarter, which is a normal seasonal trend. The last time rents grew significantly during the end of the year was 2014 and 2015.

Rent growth continues to be strong in all regions, led by secondary markets in the West and Southeast. Phoenix, Las Vegas, Sacramento and Nashville were among the top-performing metros all year. However, growth decelerated significantly during the year in some metros, notably San Jose, Orlando and Denver.



Rent gains softened, but the market is steady

The report says "the market is sound, with no red flags on the immediate horizon.

"Despite deliveries of roughly 300,000 units for the year, the occupancy rate for stabilized properties was 94.9 percent as of November, down only 10 basis points over the last year," it says.

A healthy job market and low unemployment also helped handle the new deliveries of apartments during 2019.

Rent growth softened, yet again, to 3.0 percent on a year-over-year basis in December, down 10 basis points from November. Year-over-year rent growth is at its lowest level since May 2018, when it reached 2.9 percent.

Phoenix (7.7 percent) and Las Vegas (5.4 percent) have topped the rankings together for 16 months and counting. The last time these two markets did not top the charts was in September 2018, when Orlando claimed the first-place position, with Las Vegas and Phoenix following closely behind.

Three California markets—Sacramento (5.1 percent), the Inland Empire (4.1 percent) and Orange County (3.9 percent)—ranked in the top 10. Despite California's affordability issues and the recent passage of statewide rent control, these three markets continue to find a way to increase rents.

Bay Area is weakening

"The Bay Area is weakening due to concern over growth in startup technology firms, the feeble IPO market and the lack of affordable housing, which is prompting large employers to seek cheaper markets," the report says.

• San Jose started the year at 4.7 percent and ended up -0.3 percent.

• San Francisco started at 4.5 percent and ended at 1.6 percent.

• Even Denver started at 3.4 percent and ended at 1.5 percent.

"All of these metros have a strong economic base, so it would seem likely that growth will rebound. Despite pockets of concern, 2020 should be a healthy year," Yardi Matrix says in the report.

Also the report said multifamily continues to benefit from abundant debt capital sources. Total apartment lending in 2019 was on track to reach 2018's record $338 billion.

Cincinnati

Landlords Must Give Renters Security Deposit Options

Rental Housing Journal

The Cincinnati City Council has passed an ordinance that takes effect in 90 days requiring landlords to give potential tenants options to traditional cash security deposits, according to reports.

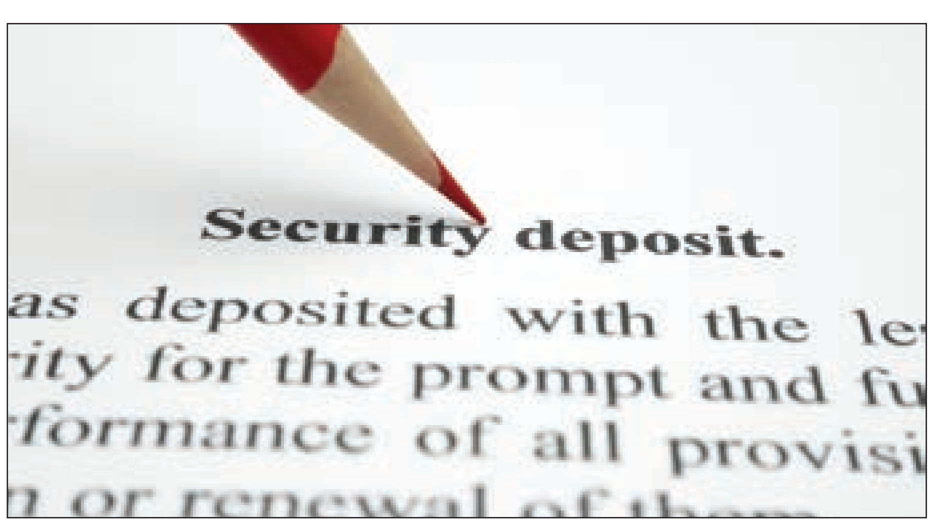
Cincinnati is the first city in the United States to pass such a program, but others are considering security-deposit options for tenants.

Small landlords who own 25 or fewer units are exempt from the Cincinnati city ordinance.

One of the options is rental insurance, which allows renters to pay a small premium each month instead of a making one larger cash security deposit.

"For a significant number of people living in Cincinnati, a security deposit for a two-bedroom would equal or exceed the totality of their savings," said Cincinnati City Councilman P.G. Sittenfeld, sponsor of Cincinnati's new deposit law, in an interview with the *Wall Street Journal*. "To put down $1,000 up front, that's a significant expense for some people."

Under the city ordinance, once a potential tenant requests an option besides the standard cash security deposit, the landlord can then pick from three different options to offer the renter, according to the *Cincinnati Enquirer*:



• **Rental security insurance,** where tenants can pay as little as $3 a month. Instead of paying first month's rent and a security deposit up front, they pay $5 a month in insurance premiums for the duration of the rental. They don't get that money back, but the idea is making getting into the rental a possibility.

• **An installment plan,** where the security deposit is paid over a period of no less than six months.

• **Payment of a reduced security deposit,** which can be no more than the equivalent of 50 percent of the first month's rent.

Cincinnati requires that insurance providers be approved by the state, offer monthly premiums and provide coverage for the entire lease term.

Landlords pushing back against security-deposit legislation

Many landlords are already pushing back against the security-deposit legislation. They say collecting all-cash security deposits at move-in is necessary to protect their assets, and to make sure a tenant doesn't skip out without paying the last month's rent.

Landlords also say that insurance plans would likely leave them fighting with these companies for claims, when they would previously have the tenant's deposit already in hand.

"Now I'm in a whole different realm," said Charles Tassell, chief operating officer of the National Real Estate Investors Association. "I've got to deal with an insurance claim and get my attorneys involved. And they've got their high-priced attorneys in-house."

A series of startups have risen to offer alternative solutions to the security-deposit problem for renters, with what basically is an insurance product. Firms like Jetty, Rhino, TheGuarantors and Insurent all have slightly varying structures but all allow consumers to pay a much lower fee for insurance on the apartment, as opposed to a large cash deposit up front. Not all of these companies are available in all states.

The renter then either pays a monthly fee for the insurance for the term of the lease or a one-time payment to the third-party insurance provider. At the end of the term, the startup then takes responsibility for any damages or claims against the lease for the tenant.

Is Renting to College Students for the First Time a Good Idea?

By Beatrix Potter

Investing in property can be an exciting business venture that you might enjoy as a sideline for extra income. For novice and experienced property investors alike, the prospect of student tenants may be somewhat terrifying. After all, we have all heard horror stories about damaged property and upset neighbors. Done right though, student rentals can offer high returns.

Research the demand for renting to college students

There are more than 5,000-plus colleges in the United States, with an annual enrollment of 19.9 million students each year, more than half of whom do not live on campus or in purpose-built student accommodation. It is fair to assume that there is a rental market near you waiting to be tapped into.

Full disclosure: You are not the only one considering renting to college students. An increasing number of investors are tapping into the student market. Before applying for your application to rent to students, find out if your college town is one of those that has become saturated with private student rentals. If it is, it could provide more of a challenge. Local real estate agents and the universities themselves are useful resources to help gauge demand and to help you navigate residential laws.

Are students bad tenants?

With the exception of their first year living on campus, many students coming your way may not have lived alone before. You are not the first landlord to worry about how responsible they will be with your property. Take comfort from the fact that if all students were as terrible as urban myth would have us believe, the student rental market would not be as popular an option as it is.

Anticipate problem student behavior with a water-tight tenancy agreement, good renter's insurance, and a thorough screening process. Check all references and consider taking on a property manager who will keep an eye on things for you.

What student renters want

When it comes to furnishings and finishing touches, students will be less particular than most tenants. They are not looking for high-end, they are looking for a place that offers convenience and independence. For you, this means that there is less expense involved in the setup of your property.

A student's ideal rental property is near campus. They want to roll out of bed and be in class within 15 minutes. Failing that, they will look for a place near bus routes or cycle routes, making study time in the campus library easier.

Some things that your new young tenants will not compromise on are hot water, laundry facilities, and wifi. Consider putting in more than one tub, make sure your boiler is up to date, and set them up with a decent internet provider to keep them happy. Happy tenants are less likely to disrespect a property.

Student rent

Worried they won't pay? Your student tenants will most likely be receiving rental support from one of two places: their parents, or student loans. Make sure that all tenancy agreements require a parent to co-sign and that you have the contact details of all parents and guardians.

There are upsides to student rents that you may have not considered. Those with parental support may pay in advance; offer this as an option straight up. Renting a shared property means multiple rent checks; is this an inconvenience? Maybe. But it also means that even if one of the tenants falls behind, you are not 100 percent out of pocket, as you will have the payments from the other tenants.

Worried they won't pay? ... Make sure that all tenancy agreements require a parent to co-sign and that you have the contact details of all parents and guardians.

Students look for short-term rentals. During the summer months, you could experience a lull or you could use the season to bring in some extra cash flow. International students coming in ahead of the next school year may arrive early, or they might be attending summer school on campus and need summer accommodation. Contact the international student office of the college and let them know your property details for any students arriving. Other options include intern agencies and language schools; get to know them all.

Pitch your property

Lastly, advertise your property in the right places. There are websites and college-specific sites that will let you advertise directly to the audience you are looking for. Good old-fashioned flyers on campus-notice boards are surprisingly effective, as is good old-fashioned word-of-mouth. Also, advertise frequently, not just during the lulls. Letting people know that your house or apartment will be available in the summer or in the next school year could prevent the stress that comes with an empty property.

Beatrix Potter has been a landlord for five years. Now she also is a writer at Coursework Writing Service and Academized writing services. She writes about education.

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John Triplett

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Website
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Mailing Address
4500 S. Lakeshore Drive, Suite 300
Tempe, AZ 85282

Email
info@rentalhousingjournal.com

Phone
(480) 454-2728 - main
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Apartment Jobs Almost 40% of Real Estate Jobs, NAA Says

National Apartment Association

Nearly 40 percent of available real estate jobs across the United States were in the apartment sector during the fourth quarter of 2019, well above the longer-term average of 30 percent, according to the latest NAA (National Apartment Association) jobs report.

The National Apartment Association Education Institute Apartment Jobs Snapshot for the fourth quarter last year also shows property management positions were the most sought-after during the fourth quarter.

Leasing-consultant job openings had the largest growth in demand year-over-year, with an increase of 0.8 percentage points.

Overall, job openings in the apartment sector comprised 39.9 percent of positions available in the real estate sector, increasing 6.4 percentage points year-over-year.

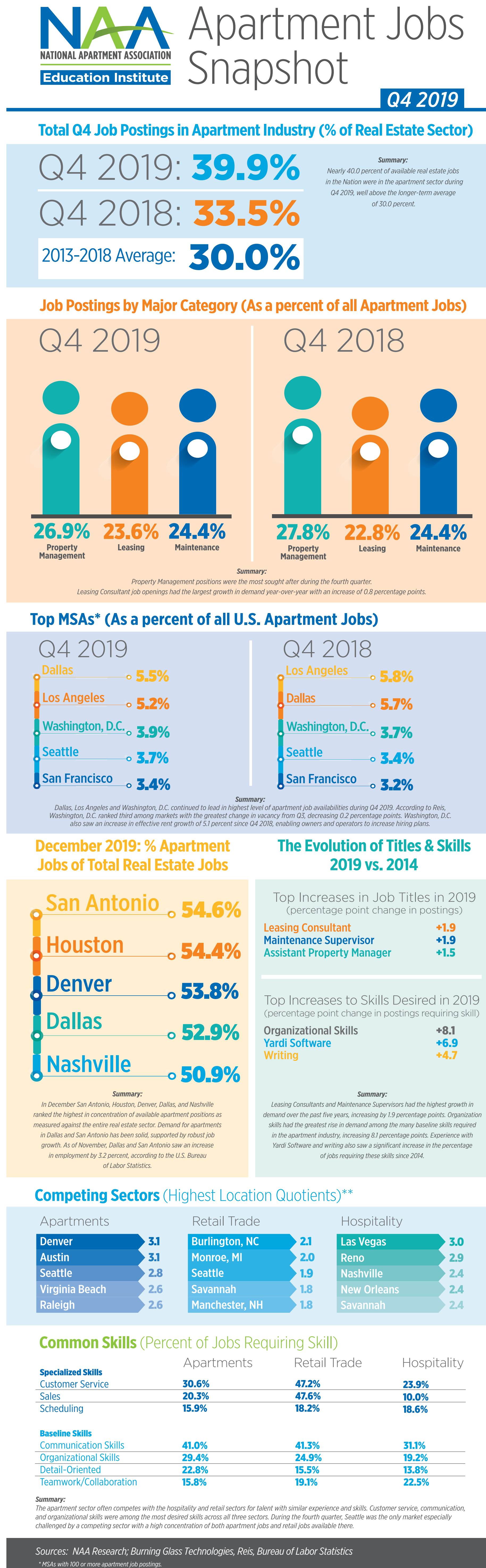
Dallas, Los Angeles, Washington D.C., Seattle and San Francisco ranked as the top markets for apartment jobs available during the fourth quarter. In December, San Antonio, Houston, Denver, Dallas, and Nashville ranked the highest in concentration of available apartment positions as measured against the entire real estate sector. Demand for apartments in Dallas and San Antonio has been solid, supported by robust job growth. As of November, Dallas and San Antonio saw an increase in employment by 3.2 percent, according to the U.S. Bureau of Labor Statistics.

Since 2014, leasing-consultant and maintenance-supervisor positions had the greatest increase in demand, up by 1.9 percentage points. Denver and Austin had the highest location quotients, meaning demand in these markets was three times the U.S. average.

Organizational skills had the greatest rise in demand among the many baseline skills required in the apartment industry, increasing 8.1 percentage points. Experience with Yardi Software and writing also saw a significant increase in the percentage of jobs requiring these skills since 2014.

The apartment sector often competes with the hospitality and retail sectors for talent with similar experience and skills. Customer service, communication, and organizational skills are among the most desired skills across all three sectors.

During the fourth quarter, Seattle was the only market especially challenged by a competing sector with a high concentration of both apartment jobs and retail jobs available there.



Top 3 Questions Property Managers Ask When They Call a Roofer

Rental Housing Journal

The top 3 questions property managers ask when they call a roofer exist because property managers have two interests at heart – they don't like their roofs to leak and they don't want to spend any more money on them than they have to, according to Eric Skoog, owner of Sunvek Roofing in Phoenix.

No. 1 – Can we do a localized repair?

This is their first fear, that we are going to come back and say everything needs to be redone. And sometimes that is the case, but usually we are able to do one plane or face of the roof, or on a flat roof just a section of it as far as repairs go. Our general experience with flat roofs is that if we can catch it early enough we can do roof restoration. If maintenance is deferred too long then we are looking at replacement. And there is a tremendous difference in cost.

No. 2 – How much will it cost?

Money is always an issue.

Can it be a localized repair, and what will it cost?

No. 3 – How quickly can you get it done?

If it is a leak they want us there immediately, to at least stop the leak and then come back when it is not raining to do the repairs.

"With the property managers that we deal with, it really has been nice that for the most part they are proactive," he said.

"They are looking ahead for their budget for next year. They want us to walk their roofs and give them our honest opinion about the condition of the roofs and what they can do to maintain them rather than having to replace them," he said.

"Regular maintenance and a good roofing contractor can help. If, for example, property managers have their roofs walked at least annually, and preferably semi-annually, the roofer can verify all roofing-penetration areas are water-tight and sealed as needed," Skoog said. "Also, on pitched roofs, valleys need to be cleaned out so water or snow can move quickly off the roof, resulting in less chance of damage and water entry.

"I think quite often, building owners mistake maintenance with roofing cost. Our experience is that if you maintain a roof – meaning having someone go up there periodically, do minor repairs, check the roof to make sure everything is in good shape — you are much more likely to be able to extend the life of that roof than you are by ignoring it in order to save money until it leaks," he said.

With flat roofs, this is especially the case.

"Very typical on multifamily roofs, you will have mansards, eaves or porch covers on the exterior and a flat roof in the central area simply because it is a less costly way to build initially, and you hide most of the roof," Skoog said.

"You typically have larger, flat, expanses of roof to deal with. And those flat roofs are going to be some form of roll product – which is either self-adhered, heat-sealed, or some form of adhesive – or maybe spray-polyurethane foam," he said.

"With foam roofs you do have the issue that they need to be periodically coated. It is much less expensive to maintain than replace. With a roll product you have the issue that seams can pop open, sealant can come loose, and you can have water entry.

"If those roofs are periodically checked and maintained you can defer the need for major investments in restoring them.

"Additionally, with any flat-roof system you should be able to coat it at some point and extend the useful life, thereby saving significant sums of money rather than letting that system deteriorate to a point where you need to replace it.

"It is much more cost effective to maintain, coat and restore a roof than to ignore, repair and replace a roof. And of course your tenants tend to be happier when they don't have water leaking in their unit," he said.

Cost of an annual roof walk for preventive maintenance?

The cost of a roof walk check by a roofer is going to vary depending on the size of the apartment complex. If you have a number of buildings, the unit investment is going to be lower.

"But I think for a typical, 12-unit multifamily building, which might be either two or three stories, it would be reasonable, semi-annually, to have somebody walk the roof, check the penetrations, assess the need for repairs and/or replacement or restoration for $500 to $1,000," he said.

The larger the number of units, the more cost effective it could be. It could get down to as little as $50 per unit dependent on the type of roof system, he said.

Tenant communication is key for roofers

"The ideal client for us is one who is proactive. They want to maintain their building. They want to keep their tenants happy. And they see the value of having a roof system that keeps water, snow and ice out because that is much cheaper than having to come back and fix it," he said.

He gave an example of how it worked at an apartment complex he replaced the roofs on several years back.

"The complex had roughly 450 units, so we had hundreds of tenants to deal with. The complex consisted of 20 buildings. We did one building, then moved to the next, and so on through the complex. The property management company was very good to work with. We sent notice in advance saying, 'We will be on building A, starting this date, we expect it will take a week to 10 days.' They would then send a notice to the tenants and post a notice on every door. Plus they sent digital communication, either text or email, to every one of the tenants so everyone would know that we were coming.

"They were also really good about including a telephone number to call so that if the tenants had any questions, they could call the property management office, or our office, and one of us would address the issue.

"Our crews went there, set up our tape lines, and did our work. First we had to replace underlayment on the tile roofs, then we did the repair work and coating to restore the flat roofs. It worked out as well as it did because the property management company was very willing to work with us to ensure their tenants were communicated with – as well as to ensure our work crews had the information they needed to do their work.

"For example, they asked the tenants to please not park in these spaces where we need the space available to get our equipment in. And we, on our part, tried to make sure the tenants were notified at least a week or two in advance that we are going to be on their building – 'here's what you can expect, here are the hours we will be here, if you have any questions here is who you can contact.'

"It works really well when the property management company and the roofer can work together to coordinate the work," he said.

Other maintenance issues

"We have had tenants approach our roofing crews and ask, 'Ok that's great you are getting the roof fixed but when are you going to come back and fix the damage inside my unit from the leaks?'

"And our guys say we really don't know the answer to that. But, our guys have been very good about telling the tenants we will pass the information on to the property management company because that is not typically something we do. And typically the property management company has somebody who does that type of repair," Skoog said.

Local codes and requirements for roofs and roofers

In some states each community may adopt its own building codes and standard requirements. So you do have variation in requirements. Property management has to be sure and check all locally applicable codes and requirements and be sure your roofer knows them as well.

3 Reasons Why You Should Consider Trash Valet Service

Continued from Page 1

be easily placed in hallways. Others are designed for townhouse and condo rentals and are made to look like attractive outdoor benches that can sit near the door.

The Benefits of Trash Valet Service

There are several big benefits for properties that switch to trash valet service including:

Residents want it: One of the best reasons to switch to trash valet service is that it's something residents really want. You'll attract more renters – and renters who are already in place will be more likely to renew their leases – because your property offers trash valet services. It's fantastic for senior renters, and parents and students love it too.

Keeps the property clean: Another big benefit of using a trash valet service is that it keeps garbage from building up on the property. No more overflowing dumpsters or huge eyesores in the middle of the property. No more trash blowing all over the property needing to be cleaned up. This saves you labor costs because you won't need your maintenance team to patrol the grounds looking for and picking up stray trash. Trash is kept out of sight except for the hour or two in the evening when it's being picked up. Residents are less likely to keep trash in their apartments instead of throwing it away if all they have to do is set it outside their doors.

Fewer pests: Pests can do a lot of damage to apartments, and nothing attracts pests like trash. From insects like roaches to animals like mice, squirrels, and raccoons, trash attracts a big range of pests. Without large dumpsters filled with trash, your property will attract fewer pests. It will also discourage stray animals from coming through the property looking to feed on some leftovers. When you don't have so much trash out in the open you can cut back on pest control, and save money while still ensuring that the property looks great and that residents are happy.

The costs of trash valet service are comparable to the cost of traditional trash management. But making the change will make your property look better, require less maintenance, and make residents very happy.

Legislation Proposed to Target Eviction Crisis in America

Continued from Page 1

OH) introduced the bipartisan Eviction Crisis Act, which was developed and championed by the Opportunity Starts at Home affordable homes campaign.

Colorado Sen. Bennet says, "This new legislation will shed light on the root causes of the eviction crisis, reduce preventable evictions, and limit the devastation to families when eviction is unavoidable." The Eviction Crisis Act aims to:

• Create a national database to collect data for better understanding of the evictions issue.

• Provide funding for tenant guidance and emergency financial assistance.

• Allow tenants copies of screening reports during the application process.

The Eviction Crisis Act proposes to collect and analyze data on evictions by creating a national database. Then, it proposes to establish a Federal Advisory Committee on Eviction Research to review the data and make policy recommendations aimed at preventing evictions or reducing the consequences when eviction is unavoidable.

The bill would help fund state and local government programs to increase the use of social services representatives for tenants in landlord-tenant court, and establish an emergency assistance fund to provide financial assistance and housing stability-related services to eviction-vulnerable tenants.

During the tenant-screening process, the proposed Eviction Crisis Act would require consumer-reporting agencies to provide tenants with screening reports when they are requested as part of a rental application process, so tenants can contest and correct inaccurate or incomplete information.

When a court rules in favor of a tenant in an eviction proceeding, the bill requires those judgments and eviction filings related to that proceeding to be removed from tenant-screening reports.

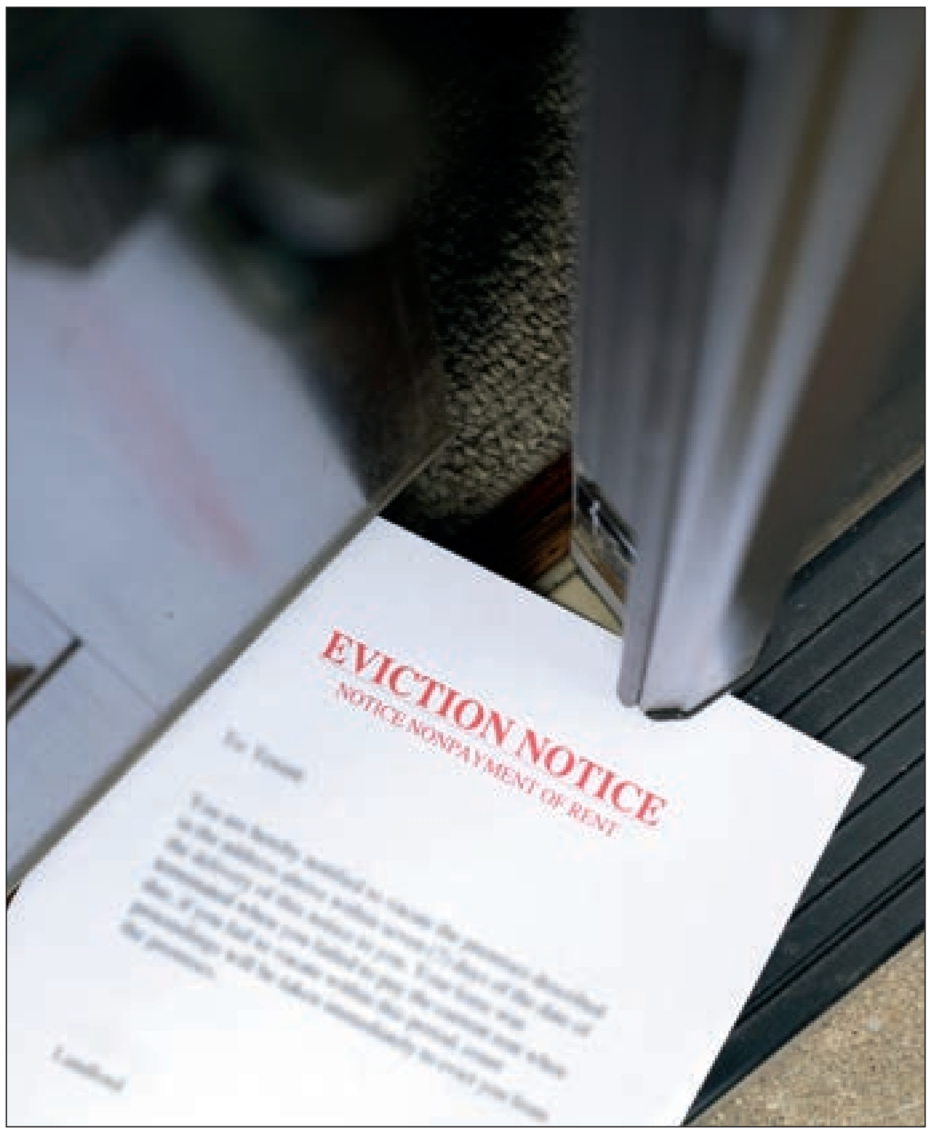
Prevent Evictions Act

In September, 2019, Senators Maggie Hassan (D-NH), Tim Kaine (D-VA) and Chris Van Hollen (D-MD) introduced the Prevent Evictions Act. This legislation would establish a federal grant program to create landlord-tenant mediation courts and fund translators to assist tenants who don't speak English.

While some evictions involve tenants who owe thousands of dollars, some evictions occur when tenants owe much less, in some cases just a few hundred dollars. The Prevent Evictions Act is aimed at helping reduce the number of small-dollar evictions by creating a landlord-tenant mediation grant program.

A study by Eviction Lab across 22 states found that the median money judgment for eviction cases between 2014 and 2016 was $1,253. This number includes other costs accumulated during the court process, so most tenants initially faced eviction for failure to pay a smaller rent sum.

The bill would provide funding for Housing and Urban Development (HUD) to study the cost-effectiveness of a rent-insurance program. Rent insurance would cover the cost of rent if a tenant experiences an unforeseen circumstance, such as sudden job loss or an unexpected medical bill, and is unable to pay rent.



The Prevent Evictions Act would:

• Create a landlord-tenant mediation grant program to help landlords and tenants find informal, mutually agreed-upon solutions that keep tenants in their homes.

• Provide grant funding for translators, ensuring that all individuals have the ability to participate.

• Direct the United States Department of Housing and Urban Development to study the potential for certain types of rent insurance to be cost-effective eviction mitigation tools.

This bill has been referred to the Committee on Banking, Housing, and Urban Affairs.

Potential Impact of Legislation on Landlords

If either of these bills passes, the potential impact for landlords could be:

More tenants would likely have representation at eviction hearings. Currently, because tenants are going through financial difficulties, they can rarely afford to have legal representation at the eviction hearing. The result may still end up the same—eviction if the tenant cannot pay the money owed the landlord. But the counsel provided to the tenant may help them move out and guide them to other resources to ease their situation.

Tenants who owe smaller amounts of money may receive grant funds to pay the debt owed and remain in the property. While this may resolve the immediate debt, it may only prolong the struggle if a tenant is facing an ongoing financial crisis.

Tenants may be provided a copy of the screening report used in the screening process.

Tenants who have won a previous evictions case may have that issue removed from their record, so it will not show up on future screenings.

The Nation's Affordable Housing Crisis

At the heart of the evictions crisis is the nation's increasing affordability crisis. The lack of affordable rental housing has many tenants stretched beyond their ability to afford their monthly rent.

A 2018 report from The National Low-Income Housing Coalition found the average American being paid minimum wage would have to work 99 hours per week to afford a one-bedroom apartment at fair-market rent.

Nearly 40 million households are spending more than 30% of their income on housing, including 18 million households that pay more than half of their income toward rent or the mortgage. The United States is short 7.2 million affordable units. For every 100 low-income renters in need, there are only 35 homes available.

For these Americans, even small, unexpected financial events can threaten their housing stability. An unexpected illness, job lost, car accident, divorce, or family emergency can result in a family being unable to pay rent, leading to being evicted from their home.

Renter wages have stagnated, while rents have risen significantly in the past 60 years. Adjusting for inflation, the median rent payment has risen 61% since 1960 while the median renter income grew only 5%.

The goal of both pieces of legislation is to reduce the number of preventable evictions for low-income Americans, by providing nominal sums of money on a limited- or one-time basis, to save them from falling into homelessness.

Both bills are still under consideration; neither has been put up for a vote.

Phoenix Rents Flat in January; Gilbert Rents Continue to Rise

Continued from Page 1

Scottsdale rents also climbing

Scottsdale rents increased 0.5 percent over the past month, and are up 3.8 percent in comparison to the same time last year.

Currently, median rents in Scottsdale are $1,098 for a one-bedroom apartment and $1,368 for a two-bedroom.

Mesa rents up significantly year-over-year

Mesa rents are up 5.1 percent year-over-year, making Mesa one of the fastest-growing cities for rent increases over the past year.

Mesa rents have been increasing for 25 straight months.

Median rents in Mesa are $912 for a one-bedroom apartment and $1,136 for a two-bedroom.

Phoenix rents flat

In the city of Phoenix, rents have remained flat over the past month. However, they are up moderately by 3.8 percent year-over-year. Currently, median rents in Phoenix stand at $882 for a one-bedroom apartment and $1,099 for a two-bedroom. Phoenix's year-over-year rent growth leads the state average of 3.5 percent, as well as the national average of 1.4%. Phoenix proper has the least expensive rents in the Phoenix metro.

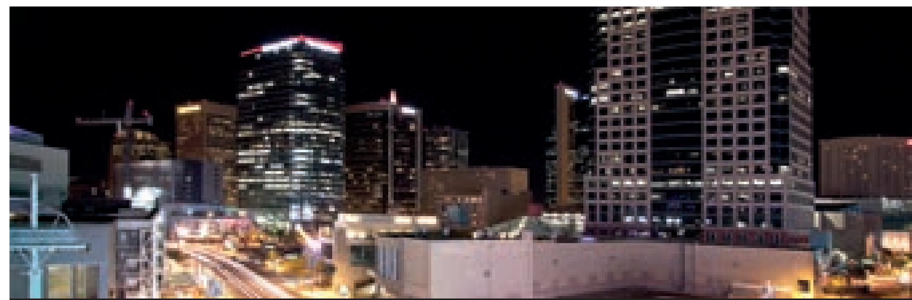
Of the largest 10 cities that Apartment List has data for in the Phoenix metro, all have seen prices rise.

Rents rising across the Phoenix metro

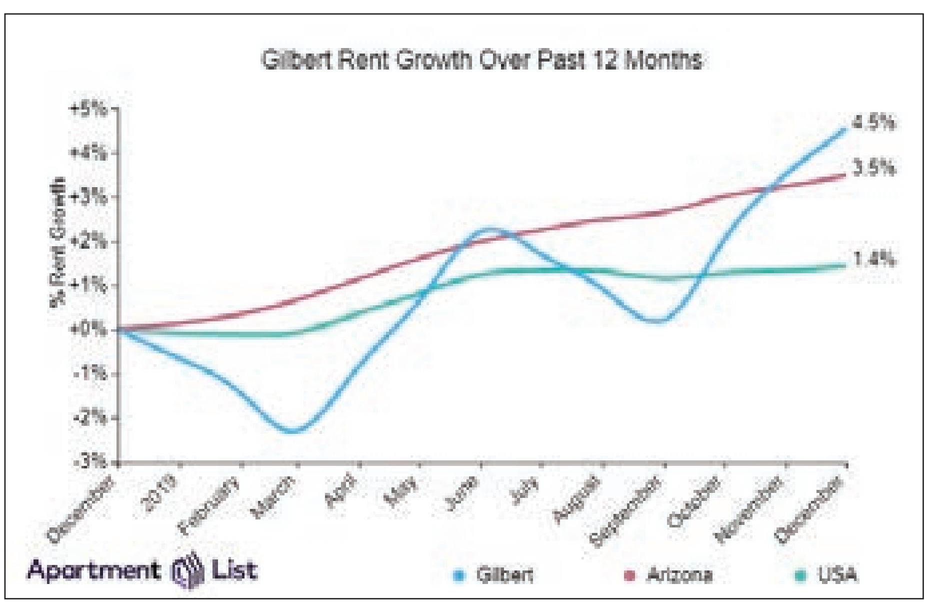
Throughout the past year, rent increases have been occurring across the entire Phoenix metro. Of the largest 10 cities that Apartment List has data for in the Phoenix metro, all have seen prices rise. Here's a look at how rents compare across some of the largest cities in the metro.

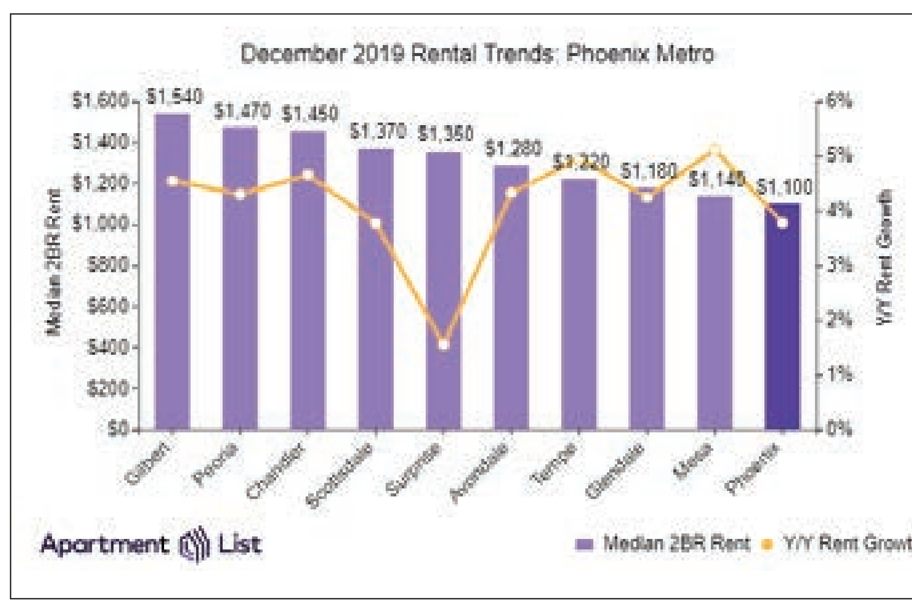
As mentioned earlier, Gilbert has the most expensive rents in the Phoenix metro, and fast growth.

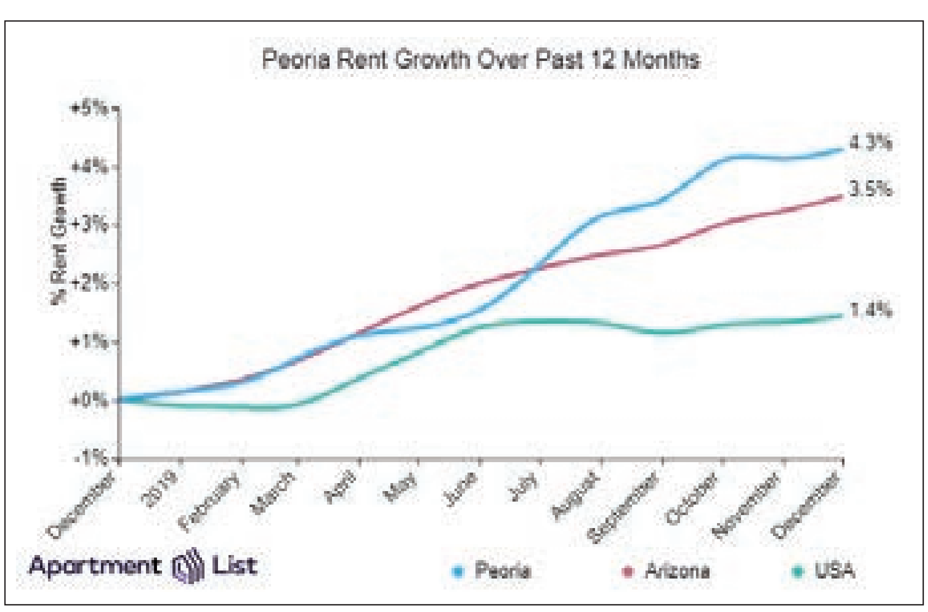
Over the past month, Surprise has seen the biggest rent drop in the metro, with a decline of 0.4 percent. Median two-bedrooms there cost $1,352, while one-bedrooms go for $1,085.

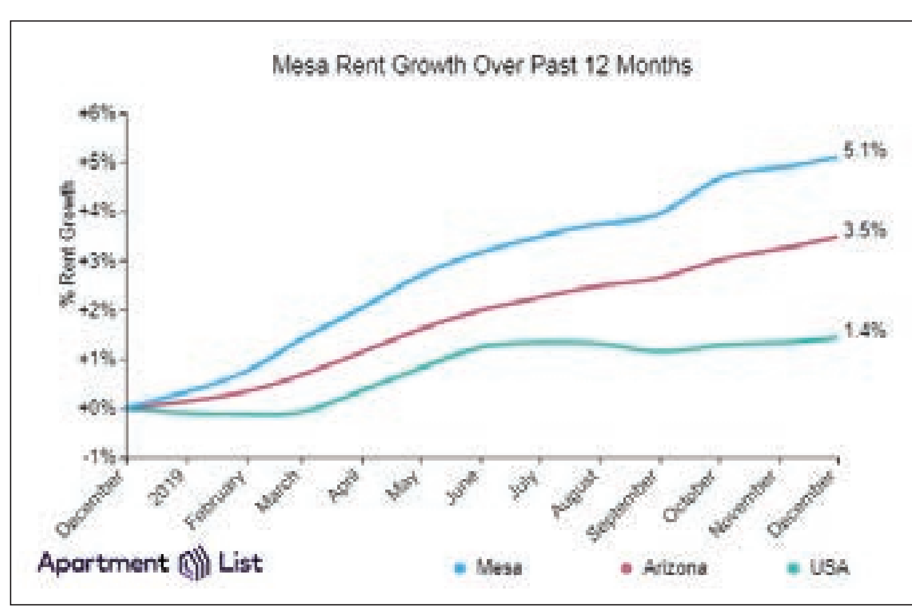


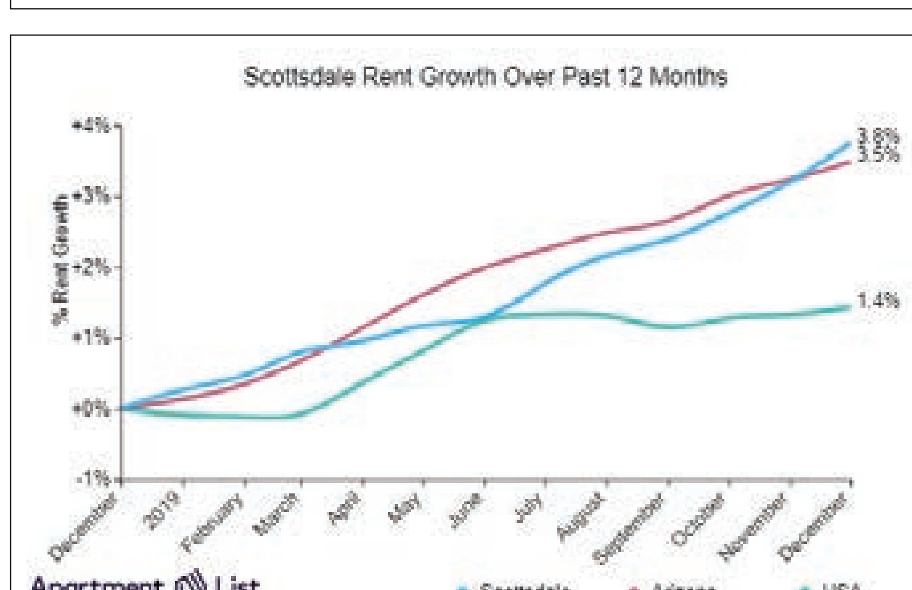
CITY	MEDIAN 1BR PRICE	MEDIAN 2BR PRICE	M/M PRICE CHANGE	Y/Y PRICE CHANGE
Phoenix	$880	$1,100	0.1%	3.8%
Mesa	$910	$1,140	0.2%	5.1%
Chandler	$1,170	$1,450	0.7%	4.7%
Glendale	$940	$1,180	0.1%	4.2%
Scottsdale	$1,100	$1,370	0.5%	3.8%
Gilbert	$1,240	$1,540	1%	4.5%
Tempe	$980	$1,220	-0.2%	4.9%
Peoria	$1,180	$1,470	0.2%	4.3%
Surprise	$1,080	$1,350	-0.4%	1.5%
Sun City	$880	$1,090	-1.2%	1.9%
Apache Junction	$580	$730	-0.2%	2%
El Mirage	$780	$970	0	-0.1%
Fountain Hills	$1,060	$1,330	1%	1.2%











Property Managers Face Unprecedented Change in 2020

Rental Housing Journal

Property managers are at the center of the collision between rising rental demand, declining profitability, changing regulations, and the nationwide shortage of affordable places to live, according to the fifth annual survey of 1,738 property managers by Buidium.

In addition to the property managers, the report also surveyed 1,118 renters, 603 rental property owners and 217 association board members in 340 metro areas.

Chris Litster, CEO of Buildium, and Gail Phillips, CEO of the National Association of Residential Property Managers (NARPM), presented the report in a recent webinar focusing on key macro trends.

The report said property managers who "are prepared to refocus their businesses on the rapidly evolving preferences of their residents and clients will be best positioned for success as the industry enters a new chapter."

Still, the report makes the point that relationships remain at the heart of effective property management.

Property managers have found themselves at the center of the collision between rising rental demand, declining profitability, changing regulations, and the nationwide shortage of affordable places to live, the report says.

"It's evident that these socioeconomic forces, along with the very real and immediate demands of their owners and residents, are changing the role of the property manager for good."

Legislation and regulation are top issues

The effect of legislation and regulation was a top issue mentioned in the report, as rent control and other local and state policies begin to show up in many areas.

The report notes that in the midst of changing regulations, property managers have the opportunity to market themselves as experts who can help owners navigate an increasingly treacherous legal landscape.

Phillips described how this affects the property management business.

"This is not about politics," she said. "This is how these policy changes impact our economies. As laws become more restrictive, we are focused to take additional precautions in our leasing-process and resident-retention policies.

"This is not always perceived well by owners and residents," she said. "Our company is exploring options for educating owners about landlord-tenant laws. We hope by doing this we will strengthen our relationship with our owners," Phillips said.

The report used survey data and in-depth market research to look at the following questions:

How should property managers adapt their strategies for success in response to changing conditions in the local markets where they operate?

What role do property managers play for their clients as the nation's largest rental markets face a less-profitable, more-regulated future?

How can property managers balance the explosion of property-technology options with the vital "human element" at the

heart of our industry?

Efficiency and growth are top priorities

The report says property managers are laser-focused on growth and efficiency above all else—as they have been for four years straight.

"In our recent seller's market, growth hasn't come naturally. Property managers have had to fight to maintain their profitability and client base—their third and fourth most-selected priorities for the coming year," the report says.

In addition, many have renewed their focus on facilitating effective communication with their residents, owners, and employees in this fast-moving era "where technology both facilitates and hinders our relationships."

Growth, efficiency and maintenance are also top stress points for property managers

In addition to being property managers' top priorities, the pursuit of increased efficiency and growth is a top source of stress.

Together with maintenance, these three areas were selected as the biggest challenges by nearly 1 in 3 property managers for three years in a row.

Now more than ever, property managers are faced with conflicting demands for ever-more-efficient business processes and human-centric customer service—all in a market where profitability and portfolio growth require additional effort.

What are owners and renters looking for in a property manager?

78 percent of owners want regular updates from their property manager on their rental properties; 43 percent want to receive those updates in real time.

72 percent of renters feel that it's very important that their property manager is easy to get ahold of and resolves issues quickly.

60 percent of renters say it's very important that their property manager provides great customer service and keeps things running smoothly.

44 percent of rental owners agree that quick response times and good communication skills are among the most important qualities a property manager can possess.

A dwindling supply of property management staff

Property-management jobs are in high demand, the report says, and an ongoing challenge in a tight labor market.

The field is changing fast, and property-management companies face a dwindling supply of employees and vendors.

The current labor shortage underscores the importance of retaining staff with a positive company culture, bolstered with the training and mentorship they need to have successful property management careers in the decades to come, the report says.

Due to understaffing, current employees are stretched thin, creating high-stress working conditions that cause burnout and turnover. To add to the issue, property managers may soon begin to retire faster than others are entering the industry; IREM estimates that the average property manager is in their 50s.

Fewer entering the property management field as careers

Though current property managers often found their way to their career by accident, it's a profession that many come to love for the independence and day-to-day variety it provides.

And it's a good time to be a property manager: The profession is in high demand as renting becomes a way of life for a growing portion of Americans.

"Whether you entered property management from another part of the real estate industry; from within a family business; or through a passion for housing issues, you're in good company," the report says.

Litster said the number of people entering the industry has dropped in half in the last few years.

"Property management needs a serious public relations campaign. We need to pay attention to how we coach and mentor young people and show them all the ways this job is not only critical but really an ideal opportunity for those with an entrepreneurial spirit and ones who want to take control of their careers," Litster said.

3 top takeaways from the property managers' report

No. 1: Property managers play a critical advisory role, as regulations to address housing affordability complicate rental ownership.

The demand for affordable places to live has outpaced the supply for years, causing rents and home prices to grow faster than residents' salaries can support. Property managers are put in a difficult position, trying to balance the profitability of their clients' investments with rent prices that keep units filled with qualified residents. There's no simple solution to this crisis on the horizon; but property managers can play an advisory role to property owners by staying on top of changing regulations aimed at easing affordability issues in their market, such as up-zoning and rent stabilization.

No. 2: Awareness of local market trends matters more than ever as growth in up-and-coming cities outpaces primary markets.

With cap rates compressing in overheated markets like New York and San Francisco, investors are discovering higher yields and faster growth in mid-sized cities and suburbs— though prominent secondary markets like Austin and Nashville are becoming less lucrative as investors flood in. Some residents are discovering strong job growth and an appealing standard of living by migrating to rising markets like Phoenix and Dallas. Property managers can be an invaluable asset to their clients by keeping abreast of socioeconomic changes in their local market, ensuring that their properties are positioned effectively to attract and retain high-quality residents.

No. 3: Relationships are still at the heart of property management, even as efficiency-boosting technologies abound.

Technology makes it possible for investors to automate many aspects of running a rental property, from DIY landlords with a handful of multi-family units to institutional investors buying up thousands of single-family rentals. This has put property managers in a position to prove that the service they provide can't be replaced with an app. Property managers can get ahead by shifting their strategy to account for their residents' and owners' experiences, and reinforcing those relationships with technology. There is no technology that can replace the human element in property management—it can only enhance it.

A great supply-and-demand story for the industry

"In 2018 the number of people who rent their homes surpassed the number of people who owned their homes for the first time in the U.S.," Litster said. And that trend is only expected to continue.

He said it is a great supply and demand story for the industry.

"The good news is," Litster said, the U.S. Bureau of Labor Statistics is "predicting a 10 percent increase in property management jobs by 2026" compared to other professions expected to grow by 7 percent.

Phillips said property management is becoming more like the hospitality industry.

"Customers are drawn to high-touch personal experiences" that property managers can create with excellent tenant customer service, she said.

"Keep learning and stay connected and take advantage of learning opportunities, such as NARPM, that are out there," Phillips said.