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ON-SITE

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The Best Appliances to Have in Rental Units

KEEPE
Upgrading appliances in a rental property is one way for property managers to command higher rent and attract high-end tenants.

These appliances, when safe and reliable, add great value to your rentals, which eventually translates into increased income over time.

Besides enhancing value, appliances are also tax-deductible. Under Section 179 of the U.S. tax law, property managers are mandated to deduct appliances (as of 2018) – another reason to upgrade to better appliances. Before you upgrade appliances in a rental unit, we have some tips on which appliances are most ideal and safest to use for your properties.

ELECTRIC OR GAS STOVE/OVEN?
Before deciding on which stove to
See ‘The Best’ on Page 15

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Property Managers Set to 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 Buildium and the National Association of Residential Property Managers.

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 2020 State of the Property Management Industry 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



Chart from the Buildium report, The 2020 State of the Property Management Industry Report.

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 ISSUES IN MANY MARKETS
The effect of legislation and regulation
See ‘Property’ on Page 16

Seattle City Council Votes to Ban Evictions During Winter Months

RENTAL HOUSING JOURNAL
The Seattle City Council has voted to ban winter evictions from the months of December through February, shortening the original proposal from five months to three months, according to reports.

The council also added a provision exempting landlords who own four units or less.

The original proposal would have banned evictions in Seattle during the five months between November 1 and March 31. It would prevent a landlord from evicting a tenant for failure to pay rent for

up to five months.
The exceptions to the proposal would be if a tenant is doing something illegal in or around the building.

To help survive potential legal challenges, council member Kshama Sawant added an amendment to position the winter months as a defense to getting evicted, rather than an outright ban, and included a few “just-cause” exemptions that include crimes by the tenant and any illegal actions from the landlord, according to SCC Insight.

See ‘Seattle’ on Page 18



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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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There are material risks associated with investing in real estate, Delaware Statutory Trust (DST) properties and real estate securities including illiquidity, tenant vacancies, general market

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Seattle Rents Decline for Third Month in Row While Metro Rents Continue Upward Trend

APARTMENT LIST

Seattle rents declined 0.2 percent over the past month, the third month in a row of slight declines, but have increased slightly by 1.8 percent year-over-year, according to the latest report from Apartment List.

Median rents in Seattle are \$1,345 for a one-bedroom apartment and \$1,675 for a two-bedroom.

Seattle proper rents over the past year lag the state average increase of 1.9 percent.

RENTS RISING ACROSS THE SEATTLE METRO AREA

During the past year, rent increases have occurred not just in the city of Seattle, but across the entire metro.

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

METRO SEATTLE TRENDS

Here’s a look at how costs compare across some of the largest cities in the metro.

Lakewood has the least-expensive rents in the metro, with a two-bedroom median of \$1,502; the city has also experienced the fastest rent growth in the metro, with a year-over-year increase of 3.8 percent.

Over the past month, Auburn has seen the biggest rent drop in the metro, with a decline of 0.7 percent. Median two-

bedrooms there cost \$1,710, while one-bedrooms go for \$1,373.

Bellevue has the most expensive rents of the largest cities in the metro, with a two-bedroom median of \$2,389; rents decreased 0.4 percent over the past month but were up 3.2 percent over the past year.

COMPARABLE NATIONWIDE CITIES SHOW MORE AFFORDABLE RENTS THAN SEATTLE

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

SEATTLE COMPARISON TO NATIONAL

Rents increased slightly in other cities across the state, with Washington as a whole logging rent growth of 1.9 percent over the past year. For example, rents have grown by 2.2 percent in Spokane and 1.5 percent in Vancouver.

Nationwide, rents have grown by 1.4 percent over the past year compared to the 1.8 percent increase in Seattle.

While Seattle rose slightly over the past year, many cities nationwide also saw increases, including Phoenix (+3.8 percent), Austin (+3.1 percent), and DC (+1.6 percent).



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Is it a Good Idea for Landlords to Rent to College Students for the First Time?

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.

Anticipate problem student behavior with a water-tight tenancy agreement, good renter’s insurance, and a thorough screening process.

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.

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.

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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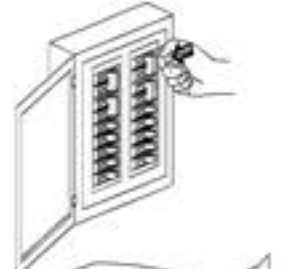




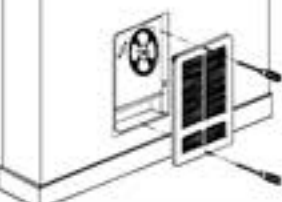
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Cleaning and maintenance guide for W-series heater

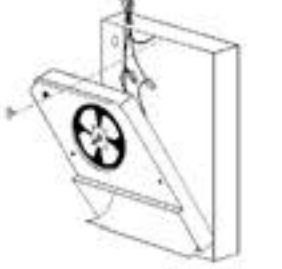
Regular maintenance on your electric wall heater will prolong the heater's life and keep it operating safely. W-Series heaters should be cleaned and inspected every 6 months. Heaters that are not cleaned regularly can become clogged with foreign matter causing the heater to produce excessively high discharge 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.



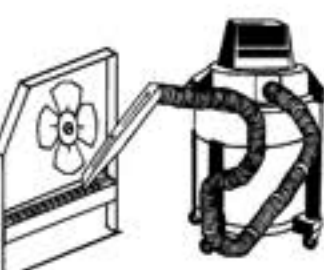
After the power is turned off, remove grill using a #2 square drive or a #2 phillips head screw driver. Clean grill by vacuuming or wiping off before reinstalling.



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.

Housing-Affordability Crisis Sparks Response

RENTAL HOUSING JOURNAL

The housing-affordability crisis is unfolding nationwide, hurting families and communities, according to Growing Homes Together, a project of the National Multifamily Housing Council (NMHC).

“While federal programs exist to help address the country’s housing needs, the crisis is largely being combatted at the state and local level — as communities

face their own unique challenges,” the group says.

Growing Homes Together is a resource center designed to spark discussions at the state and local levels about policy solutions to improve America’s housing crisis.

Here is a chart outlining issues in Washington State:



Washington

Like many other parts of the country, Washington's rapid growth has resulted in significant housing affordability challenges. Combatting housing affordability issues in the state will require holistic solutions that address the needs of all Washington residents.



Washington has seen a sharp population increase, with 12.1% growth since 2010.



More than 977,900 Washingtonians call an apartment home, with demand on the rise.



71% of extremely low-income renters spend more than half of their income on housing.



Between now and 2030, Washington will need to add 9,787 new apartment homes each year to keep up with demand.

Legal Landscape

The state of Washington preempts residential rent control. According to Washington legislation, "No city or town of any class may enact, maintain, or enforce ordinances or other provisions which regulate the amount of rent to be charged for single-family or multiple-unit residential rental structures or sites other than properties in public ownership, under public management, or properties providing low-income rental housing under joint public-private agreements for the financing or provision of such low-income rental housing."

CONTINUE PREEMPTION

Rent control is an outdated concept. It benefits the very few—and not necessarily those in greatest need.

REJECT PRICE CONTROLS

Lawmakers should reject price controls and, instead, pursue alternatives such as voucher-based rental assistance for those in greatest need to better address housing affordability.

If you have questions about our efforts to promote holistic housing policies, please contact us at info@growinghomestogogether.org

How Lenient Should Landlord Be With a Long-Term Tenant?

By HANK ROSSI

Dear Landlord Hank:

I have a tenant that has been in one of my units for 14 years. Pays rent on time and does cut the grass, but that is about all.

In the last year he has been trying to help two young women that are on drugs to get clean; they are also on probation. He knows he can’t have anyone live in his apartment who is not on the lease, but he hides the women so no one will know. I have given him two written notice,s but he disregards the warnings. He states they just come to visit and are not living there.

He has been such a good tenant and I don’t want to make him move, but what to do? I can’t prove anyone else lives there except for the tenant. One of these women even picked my lock and I found her in my bathroom one morning. I should have called the police but I just chased her out and informed my tenant about it. She claims the door was unlocked, but she still had no right to come in through the gate and then my BACK DOOR. It seems to me my tenant is pushing me into a corner to

dare me. Any suggestions? — Adele

Hi Adele,

It’s great to have a long-term tenant, but sometimes the tenant thinks you’ll be lenient or forgiving due to the length of stay, etc.

This tenant is putting you at risk by inviting known criminals to your property (sounds like you live in a duplex?), and, as you know, drug addicts support their habit by stealing.

I would talk to him and tell him that you are not renewing his lease and expect him to move out by whatever date is consistent with your current rental agreement. I would also hand him the notice in person.

If he doesn’t move as requested, then you may have to evict. You are the boss and you don’t want to feel uncomfortable in your own home. Good luck.

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RENTAL HOUSING JOURNAL ONSITE • FEBRUARY 2020

7

How Technology is Changing Property Management ... and Why You Should Care

BY ALEX BRITTON

Like most industries, property management is being disrupted by technology. As a property owner and former tenant, I've experienced each side of property management, with and without technology being involved. From rent collection and handling maintenance issues to property accounting and leasing, there are new ways to leverage technology to efficiently manage your properties, and your portfolio.

Let's consider technology and property management on a spectrum, going from manual on one end to automated on the other. The traditional way of managing property where almost everything is handled manually: Tenants send or drop off checks and cash, leave messages when a maintenance issue comes up, and look through classifieds to find apartment rentals. Things gradually became more automated with options like PayPal and Venmo to collect rent, and web portals were created by large management companies to handle online rent payments and in-building messaging to alert tenants of upcoming building repairs. Today, app's are now available to assist in automated rent collection; in-app messaging to provide maintenance communications that allow tenants to identify the type of problem and send images so that the issues can be dealt with sooner rather than later, and to notify tenants of an event or an upcoming building repair; and built-in



marketing tools to list vacant apartments on popular rental websites.

Studies and surveys from leading real estate blogs and publications show that incorporating technology into the property management mix is the new norm. Millennials and Gen Z are the largest groups renting and Mashvisor says that automation is going to be a necessity in the 2020's. A 2020 CBRE report goes a step further saying that tech integration, including mobile app payment for rent, is an important amenity for multi-family properties.

So how does tech measure up in real terms? Let's take a look at how it is directly shaping the four pillars of property

management.

Rent Collection: Late payments and inputting cash and checks manually slows down the accounting cycle, among other things. With an app, payment reminders and notifications go directly to the tenant when rent is due. Tenants can pay from anywhere, with one tap of their phone, enabling landlords to collect rent 2x as fast.

Maintenance: Decentralized communications from messages coming from different places -vms, email, or texts, and delays in response time due to a lack of organization, all contribute to the problems that arise when maintenance issues are not dealt with in a timely manner. Technology is driving more efficient ways to manage maintenance issues, from in-app reporting to contacting your maintenance provider, all communication is in one location and easily tracked.

Property Accounting: Weekly and monthly reports are time consuming to keep up with manually, especially when you have multiple properties to track and documents are coming from different sources. Incorporating property management software will enable you to automatically log and track all revenue and expenses in a general ledger, making it much easier to manage.

Leasing: Writing copy and placing your listing on multiple real estate sites is tedious and takes time. Property management software allows you to

quickly publish and edit your listings to multiple sites at once, respond to inbound leads, order background and credit checks, and eviction reports, all from one hub.

Like any disruptor, there are barriers to entry to consider- cost, ease of use, and security. Although it can cost a property manager hundreds, if not thousands of dollars a month to use property management software, there are platforms that are free to use, and have the same, if not better features than their more expensive competitors.

For some, adopting a new process seems to be too time consuming to change and too difficult to learn. But contrary to this belief, there are platforms that have been built intuitively by property managers, for property managers, keeping easy onboarding, inputting, and reporting top of mind and easy to use.

Lastly, like other ACH payment options, online rent payment software adheres to the same strict guidelines to keep both tenant, landlord, and third party transactions secure. Banking credentials are verified and protected.

As technology continues to shape the way properties are managed and how tenants and landlords communicate, adopting new processes to improve efficiency and ultimately, your bottom line, is well worth the time to explore. [Learn](#) more about what technology is right for you.

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Educational Opportunities Abound to Promote Career Development in Property Management

As the leading association serving the rental housing community and a trusted resource for the housing industry, Washington Multi-Family Housing Association (WMFHA) is proud to support the industry through recruitment, training, and career development.

By investing in your employees' training and success, your company can increase property performance and improve your bottom line. WMFHA is here to partner with you on valuable training opportunities that enrich skill level and company loyalty.

We have robust training and credential programs through the National Apartment Association Education Institute (NAAEI) that supplement in-house training which companies provide.

Classroom training includes Certified Apartment Manager (CAM), Certified Apartment Portfolio Supervisor (CAPS), Certificate for Apartment Maintenance Technicians (CAMT), and National Apartment Leasing Professional (NALP) courses, as well as many other classes in topics such as financial management, fair housing, leadership development, and customer service.

Every year we award over \$20,000 in full and partial credential scholarships to our member companies.

NAAEI also offers an assortment of online courses and recorded webinars that can be taken 24 hours a day on their online learning platform, Visto (check out www.gowithvisto.org). Most of these courses count for continuing education credits (CECs) needed for credential renewals.

GROWING INDUSTRY

There has never been a better time to start a career in residential property management. Demand for rental housing is growing rapidly, and so is the need for talented, creative, and passionate people to help build strong communities.

Residential property management is a meaningful, robust, dynamic, and highly professional field, dedicated to helping people choose and enjoy the housing lifestyle that's right for them.

Our industry boasts full and part-time careers that pay competitive wages and offer excellent benefit packages including 401(k), healthcare, paid vacation, discounts on housing, tuition reimbursement, paid internships and more!

Whether you like helping people, enjoy getting your hands dirty, or excel at crunching numbers, careers in residential property management offer many possibilities and the opportunity for lifelong learning and professional development.

Participation in your local housing association is a critical part of your long-term career strategy and helps to give back to the industry that serves you.

WORKING WITH PEOPLE

Working in a team atmosphere allows you to build strong relationships with co-workers while developing your leadership abilities.

No matter the career path, learning and skill-building is essential in the apartment industry. Your interactions will range from colleagues and residents to industry supplier partners and more. Networking with different people daily can open you up to opportunities you never knew existed.

Apartment communities don't run themselves. It takes a team of talented, creative, and passionate people to recruit residents, take care of their needs, ensure that everything in their homes works properly, and make the community a welcoming place — all while keeping things efficient and financially sound.

That's where residential property management comes in. Across the U.S., millions of employees are working as a team to make housing communities successful, and thousands of new workers are hired each month.

Demand for apartments — and for the jobs to support those communities — is growing rapidly.

For instance, the on-site community manager is a vital link between apartment residents and community owners and investors. The Certified Apartment Manager (CAM) credential program available through WMFHA and NAAEI is designed to enhance the skills of the apartment manager which results in better-managed and more profitable rental properties, improved resident retention rates, and increased employee productivity.

The demand for rental housing — and for talented people to maintain, manage, and build these communities — is on the rise nationwide because of population growth, immigration, and changing lifestyle preferences. The industry generally is recession-proof, because in an economic downturn the demand for rental housing typically grows even higher as an alternative to buying a home.

People and interpersonal relationships are at the heart of every residential property management career. You'll enjoy interacting with and helping residents, building a community, working in a team environment, and creating partnerships.

RECRUITING FROM OUTSIDE THE INDUSTRY

As our industry grows, attracting new

people into rental housing employment becomes an important company strategy for all property management firms. We need to look outside our industry to find talented people with applicable skills and backgrounds.

Companies are more focused than ever on key human resource processes such as recruiting, interviewing, hiring, onboarding, training, promoting from within, and retention. So too are they developing a company culture that prioritizes and values the contributions of human capital.

Support, supervision and employee empowerment are keys to leveraging the skills and abilities of your employees, both in office positions but also for maintenance service team members.

Understanding wage and compensation trends is also important in rewarding and keeping talented employees. It is important for a company to develop

a culture of retention, by showing appreciation for employees, celebrating successes and rewarding performers, being team-focused, and adopting ways to promote from within.

WMFHA serves on the advisory board of North Seattle College, which has developed the West Coast's first Property Management Bachelor of Applied Science (BAS) degree program.

Also, you can check out our Career Center on our website at www.wmfha.org to post jobs or search for job openings.

DON'T MISS OUT ON EdCon 2020

April will be Residential Property Management Careers Month and a great opportunity to celebrate the wonderful industry we enjoy.

See 'Educational' on Page 10



"EdCon is easily the highest value conference available in the state."

www.wmfha.org/edcon



Apartment Jobs Make Up Almost 40% of Jobs in Real Estate, 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.

Educational Opportunities in Property Management

Continued from Page 9

WMFHA will hold its annual education conference and exposition, EdCon, on April 15th. Over 1,300 attendees last year enjoyed a robust day of learning, connecting, and growing and we anticipate even higher attendance in 2020.

The day will include 24 separate training sessions with outstanding subject matter experts as facilitators. They will provide relevant content on subjects related to customer service, leadership, leasing and marketing, and operational best practices. Legal and legislative updates will provide critical information on the ever-changing legal landscape for housing providers.

EdCon will also have several educational tracks for maintenance service personnel such as appliance repair and maintenance tips and tricks to save the property money.

Some 85 industry supplier partner companies exhibiting the most updated products and services will participate in the expansive EdCon trade show, meeting with attendees to offer advice and help solve daily problems.

WMFHA has the best vendor members in the industry and the promotion of a Members Using Members (MUM)

philosophy ensures mutual support and continued value among our members.

The highlight of the day will be the Maintenance Mania! competition, a maintenance Olympics of sorts. It consists of eight challenging timed games built from maintenance materials and representing repairs or installations done at most apartment communities.

Awards and prizes will reward the lowest times of the competition, with a chance to go to the national Maintenance Mania! event hosted by the National Apartment Association at the upcoming Apartmentalize conference in Boston.

Let WMFHA meet all your employee training and development needs!

WMFHA supports the rental housing industry by providing quality educational opportunities, coordinating networking events for personal growth, and by advocating for legislation equitable to our industry and the broader community. To learn more about membership in this passionate organization, simply call us at 425-656-9077 or visit our website at www.wmfha.org. Follow us on Facebook and our other social channels for up-to-date information on association activities.



Apartment Jobs Snapshot

Q4 2019

Total Q4 Job Postings in Apartment Industry (% of Real Estate Sector)

Q4 2019: **39.9%**

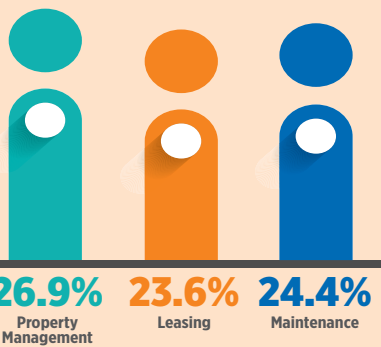
Q4 2018: **33.5%**

2013-2018 Average: **30.0%**

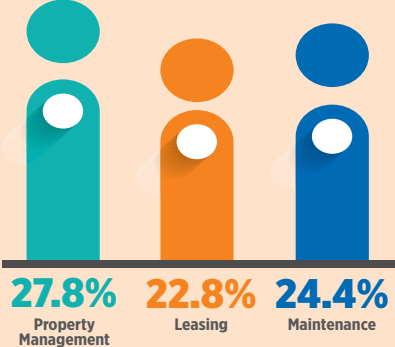
Summary:
Nearly 40.0 percent of available real estate jobs in the Nation were in the apartment sector during Q4 2019, well above the longer-term average of 30.0 percent.

Job Postings by Major Category (As a percent of all Apartment Jobs)

Q4 2019



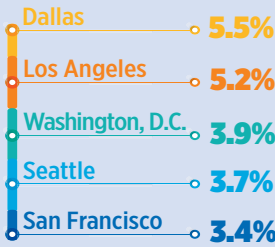
Q4 2018



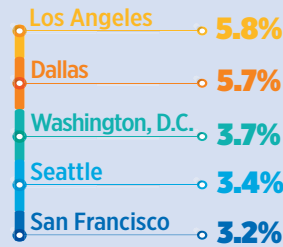
Summary:
Property Management positions were the most sought after during the fourth quarter. Leasing Consultant job openings had the largest growth in demand year-over-year with an increase of 0.8 percentage points.

Top MSAs* (As a percent of all U.S. Apartment Jobs)

Q4 2019

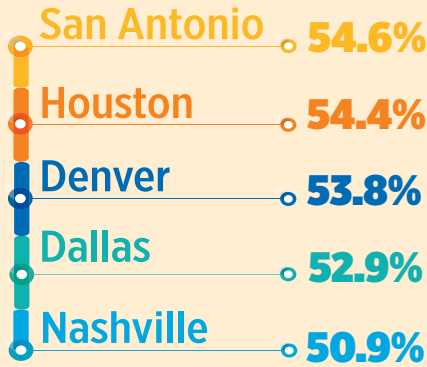


Q4 2018



Summary:
Dallas, Los Angeles and Washington, D.C. continued to lead in highest level of apartment job availabilities during Q4 2019. According to Reis, Washington, D.C. ranked third among markets with the greatest change in vacancy from Q3, decreasing 0.2 percentage points. Washington, D.C. also saw an increase in effective rent growth of 5.1 percent since Q4 2018, enabling owners and operators to increase hiring plans.

December 2019: % Apartment Jobs of Total Real Estate Jobs



Summary:
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.

The Evolution of Titles & Skills 2019 vs. 2014

Top Increases in Job Titles in 2019 (percentage point change in postings)

Leasing Consultant	+1.9
Maintenance Supervisor	+1.9
Assistant Property Manager	+1.5

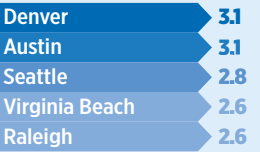
Top Increases to Skills Desired in 2019 (percentage point change in postings requiring skill)

Organizational Skills	+8.1
Yardi Software	+6.9
Writing	+4.7

Summary:
Leasing Consultants and Maintenance Supervisors had the highest growth in demand over the past five years, increasing by 1.9 percentage points. Organization 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.

Competing Sectors (Highest Location Quotients)**

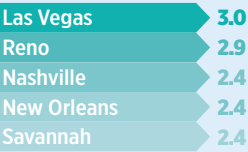
Apartment



Retail Trade



Hospitality



Common Skills (Percent of Jobs Requiring Skill)

	Apartment	Retail Trade	Hospitality
Specialized Skills			
Customer Service	30.6%	47.2%	23.9%
Sales	20.3%	47.6%	10.0%
Scheduling	15.9%	18.2%	18.6%
Baseline Skills			
Communication Skills	41.0%	41.3%	31.1%
Organizational Skills	29.4%	24.9%	19.2%
Detail-Oriented	22.8%	15.5%	13.8%
Teamwork/Collaboration	15.8%	19.1%	22.5%

Summary:
The apartment sector often competes with the hospitality and retail sectors for talent with similar experience and skills. Customer service, communication, and organizational skills were 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.

Sources: NAA Research; Burning Glass Technologies, Reis, Bureau of Labor Statistics

* MSAs with 100 or more apartment job postings.
** Location quotients show how concentrated demand is within a particular geography. US-wide average demand equals 1.0; an LQ of 1.2, for example, indicates 20% higher demand than the US average (or 1.2 times the US concentration).



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Here are 3 Reasons 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.

ABOUT 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 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.

BENEFITS OF 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.

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January Quarterly Survey

Apartment Conditions Mixed, Poll Indicates

RENTAL HOUSING JOURNAL

Rental housing In January showed mixed results for apartment conditions with some softening of the market, according to a release from the National Multifamily Housing Council (NMHC). Certain market conditions are loosening. And the sales-volume index slipped further below the break-even level (50) to 43, indicating a continued softness in property sales, according to the NMHC Quarterly Survey of Apartment Market

Conditions.

“This reflects some seasonal decline; along with the paucity of available deals, some respondents also noted the negative impact of the new rent laws in New York,” said NMHC Chief Economist Mark Obrinsky in the release. Additionally, the Market Tightness Index (48) slipped below the breakeven level (50). “Apartment markets showed some softening in line with the slower leasing

in the winter months,” Obrinsky said. “Even so, the Market Tightness Index reading of 48 was the highest January reading in five years, and slightly higher than the January average of 45 in the survey’s 21-year history.” On the financing side, the survey results painted a much different picture. The Equity Financing (61) and Debt Financing (68) indexes signaled improving availability of capital, coming in well above the breakeven level (50).

The survey also included a question on zoning reforms. Thirty-six percent of respondents indicated that they operate in a locality considering zoning changes, with eight percent of those respondents stating that their jurisdiction has already taken action. Of respondents in localities discussing revamped zoning regulations, 44 percent have observed strong community opposition.

MORE DETAILS:

- The Market Tightness Index decreased from 54 to 48, indicating the first sign of looser market conditions since January 2019. Nearly one-quarter (23 percent) of respondents reported looser market conditions than three months prior, compared to 18 percent who reported tighter conditions. Over half (59 percent) of respondents felt that conditions were no different from last quarter.
- The Sales Volume Index decreased from 46 to 43, with 28 percent of respondents reporting lower sales volume than three months prior. Over half (58 percent) of respondents regarded volume as unchanged, while a much smaller group – 14 percent of respondents – reported higher sales volume. The share of respondents indicating increased sales volume has not been this low for eleven quarters.
- The Equity Financing Index rose from 55 to 61, marking the ninth straight quarter of improving or unchanged conditions. Twenty-seven percent of respondents reported that equity financing was more available than in the three months prior, compared to only five percent who believed equity financing was less available. Meanwhile, the majority of respondents (58 percent) thought that conditions were unchanged in the equity market.
- The Debt Financing Index decreased from 75 to 68, with 40 percent of respondents still reporting better conditions for debt financing compared to the three months prior, while only five percent felt that financing conditions were less favorable. This quarter, the largest share of respondents (45 percent) felt there were unchanged conditions.

About the Survey: The January 2020 Quarterly Survey of Apartment Market Conditions was conducted January 21-28, 2020; 78 CEOs and other senior executives of apartment-related firms nationwide responded.

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The Best Appliances to Have in Rental Units

Continued from Page 1

use for your property, a property manager should first consider the risks and the long-term costs of each. Some factors to consider are the cooking range, safety, and prices of each type of stove.

Range— Typical tenants who cook daily can hardly tell the difference between these two stoves. However, an interesting insight: a chef would prefer a gas range over an electric one, while a baker would choose an electric oven over the opposite.

Safety – There are certainly different safety hazards associated with using either of these stoves. By using an electric stove, a tenant could risk an electrical fire or electrocution, especially if improperly installed or under-maintained. Alternatively, using a gas stove puts a tenant at risk of carbon monoxide poisoning.

Price— Gas stoves are a more expensive option. However, natural gas is more affordable in the long run. Consider these factors before choosing the right stove for your property.

FAUX OR GENUINE STAINLESS-STEEL REFRIGERATOR?

Having a white refrigerator in your rental property is good, but not good enough for tenants who like to see stainless-steel refrigerators in their living space.

Genuine stainless-steel refrigerators often complement other appliances in a rental property. However, they are,



unfortunately, no more stain-resistant than faux stainless-steel refrigerators.

While it's easy to invest in a new

refrigerator, it's important to consider whether there would be enough space in the rental unit to swing it open and if the

unit's dimensions in the kitchen can allow the main refrigerator compartment and freezer to freely open. French doors, or having the freezer above or below, might make a difference here.

Regardless of which you choose, opt for a refrigerator with an energy star symbol on it. Your tenants are likely to save money on electricity when using it.

DISHWASHERS

Like stoves, dishwashers add considerable value to rental properties. Before buying one, property managers need to consider a few things:

Garbage disposal – For the long-term maintenance of a dishwasher, it's important to know whether a dishwasher has self-cleaning filters or requires manual cleaning.

Energy – Opt for a dishwasher with an energy star symbol on it. Your tenants are likely to save money on electricity when using it.

Capacity – Get a standard size dishwasher if your rental units have huge kitchen spaces or multiple tenants. A compact dishwasher is enough for a small kitchen, though.

Sound – A noisy dishwasher can be a nuisance. Opt for a quieter one if you want upscale tenants.

To attract high-end tenants and command higher rents for your rental property, make sure to upgrade appliances that fit their needs and exceed expectations.

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Property Managers Face Unprecedented Change in 2020

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was a top issue mentioned in the webinar and 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

“This is not about politics. 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.”

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.

“As laws become more restrictive, we are focused to take additional precautions in our leasing-process and resident-retention policies,” said Gail Phillips, CEO of NARPM.

“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?”

TOP PRIORITIES INCLUDE BOTH EFFICIENCY AND GROWTH

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



Which services do you offer to your clients?			
	2017	2018	2019
Maintenance & repairs	65.5%	74.6%	80.4%
Rent & fee collection	--	76.4%	80.1%
Leasing properties/marketing vacancies	55.2%	69.9%	77.3%
Property inspections	58.4%	68.3%	73.9%
Evictions	52.3%	65.5%	68.4%
Cleaning	44.5%	59.0%	62.2%
Accounting	47.1%	51.1%	57.1%
Financial reporting	35.0%	38.7%	54.8%
Property sales	31.2%	49.5%	52.5%
Outdoor services	35.5%	49.2%	52.3%
Construction/renovation	38.7%	40.2%	47.6%
Financial/investment advice	15.7%	17.4%	22.1%
Insurance services	9.1%	12.6%	15.3%
Interior design/staging	9.4%	12.9%	12.9%
Legal advice	7.1%	9.3%	12.9%

Charts from the Buildium report.

hinders our relationships.”

AREAS THAT CAUSE STRESS 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,” the report says.

SKILLS WANTED IN A PROPERTY MANAGER?

Here is what the report says:

“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,” the report says.

FEWER ENTERING THE PROPERTY MANAGER FIELD

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,” the report says.

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, Litster and Phillips said on the webinar.

“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,” they said.

“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,” they said.

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said on the webinar.

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,” he said.

3 TOP TAKEAWAYS FROM THE PROPERTY MANAGERS’ REPORT

No. 1: Property managers have a critical role

“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,” the report says.

No. 2: Keeping up with issues in the local market

“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

Property Managers’ Top Challenges			
	2017	2018	2019
Efficiency	32.0%	32.3%	32.6%
Growth	24.5%	26.5%	30.6%
Maintenance	34.1%	31.4%	30.2%
Vendors	23.2%	24.6%	23.5%
Accounting	23.9%	11.3%	21.2%
Balance	18.1%	17.3%	19.3%
Staff	15.5%	22.6%	17.9%
Profitability	22.9%	19.0%	17.4%
Marketing	8.9%	11.5%	16.1%
Residents	22.9%	19.6%	15.2%
Portfolio loss	6.4%	13.5%	13.4%
Technology	11.3%	14.0%	12.2%
Communication	12.9%	11.4%	11.8%
Owners	10.2%	11.2%	10.1%
Legal issues	6.7%	6.6%	7.3%
Finances	8.9%	5.8%	5.8%

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,” the report says.

No. 3: People are the heart of property management

“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,” the report says.

MORE RENTERS WILL CONTINUE COMING

“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.

The good news is the U.S. Bureau of Labor Statistics is “predicting a 10 percent increase in property management jobs by 2026,” said Chris Litster, CEO of Buildium.[caption]

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.



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Seattle City Council Votes to Ban Evictions in Winter

Continued from Page 1

Seattle Mayor Jenny Durkan and some landlord and development groups, however, have raised questions about the measure’s legality and effectiveness. She could veto the legislation, and it takes six council votes to overcome her veto.

In a letter sent to the council Monday, a representative of the mayor’s office said they have “significant concerns that the operational, legal and policy issues associated with [the bill] will not help the city achieve those goals” of reducing eviction, according to Crosscut.

Sawant originally introduced the idea of banning winter evictions late last year. She said in a release that the City of Seattle Renters’ Commission sent a letter urging the City Council to pass an emergency moratorium – effective immediately – on evictions during the winter. In their letter, the Commissioners said, “Passing such a moratorium will keep neighbors from being displaced to the streets during the months with the harshest weather and poorest living conditions for neighbors living unsheltered.”

“I am grateful to the Renters’ Commission for recommending an emergency moratorium on winter eviction,” Sawant said in the release. “I strongly agree that (the) council needs to put this into effect immediately.”

The Washington Multifamily Housing Association wrote a letter to the council opposing the ban on evictions and

suggesting instead that they consider additional investment in emergency rental-assistance programs.

“It is financially prudent to invest in emergency rental assistance before an eviction is filed, than (to) wait for an eviction action to be filed, risking the tenant’s housing and increasing the cost burden on programs dedicated to preventing displacement due to eviction,” the association said in the letter.

“We support a modest increase in the emergency rental assistance to provide tenants experiencing financial hardship the opportunity to recover their tenancy prior to an eviction action starting, and ask that you consider this approach as an alternative to preventing the court from considering evictions altogether 42 percent of the year,” the association said in the letter.

King County saw approximately 3,200 evictions in 2017, with more than 85 percent of them filed for nonpayment of rent, and more than half involving the nonpayment of one month’s rent or less, according to The Seattle Times.

The average temperatures in Seattle in the winter months according to Climate-Data.org are: November, high 51, low 40; December, high 46, low 37; January, high 45, low 35; February, high 49, low 37; and March, high 52, low 38. The average number of days per month when the temperature dips below freezing are: November, three; December, eight; January, six; February, five; March, two.

Letter to the Council from WMFHA

EDITOR’S NOTE: Prior to the Council action, Washington Multi-Family Housing Association urged a modest increase in emergency rental assistance rather than the drastic eviction ban the Council had been considering.

February 6, 2020
Dear Seattle City Councilmembers:

On Monday, February 10, the Full Council will consider an ordinance prohibiting evictions 42 percent of the year. I write in opposition to this proposal and urge the Council to consider additional investment in emergency rental assistance programs. These programs are proven to be successful in preventing an eviction in the first place.

It is financially prudent to invest in emergency rental assistance before an eviction is filed, than wait for an eviction action to be filed, risking the tenant’s housing and increasing the cost burden on programs dedicated to preventing displacement due to eviction.

Just look at emergency rental assistance programs funded by the Housing Levy, the average amount of assistance provided to tenant households was \$1,686, versus the average money judgment ordered against a tenant in an eviction for nonpayment of rent of \$4,078.14. This difference alone explains that preventing the eviction action from beginning is the best approach the City must take to reducing evictions.

In 2019, the State legislature made significant changes to the process of eviction for nonpayment of rent.

- First, state laws now provide 14 days’ notice to pay or vacate. Often, this becomes almost 20 days after rent becomes due.
- Second, the law now provides tenants the opportunity to obtain judicial discretion and enter into a payment plan of up to 90 days if nonpayment has occurred. A tenant has also had the right to automatically reinstate their tenancy under the State law if they pay 100% of the judgment owing within 5 days (now 5 court days).
- Third, the State law now prohibits an eviction for non-rent charges.
- Fourth, both State and City laws require a housing provider to apply any payment made to rent first and then apply any balance to nonrent items.

These four acts are reducing evictions by providing tenants more time to pay their rent before an eviction action can be started.

The Seattle Women’s Commission and Housing Justice Project’s Losing Home Report, published in 2018, provides the best evidence that supporting tenants before an eviction begins is the most appropriate approach to take instead of creating an unreasonable eviction moratorium.

- There were 508 evictions filed in the months of January through March and November and December 2017. The allegation that rent was unpaid occurred in 88 percent (449) of these cases. The average rent of these cases was \$1,293.00.
- A Writ of Restitution was entered in 340 of these filed cases and a money judgment was ordered 234 of these cases. In cases where nonpayment of rent was the allegation, a Writ of Restitution was entered in 66 percent of these cases, and a money judgment was ordered in 45 percent cases. Where a judgment

was entered for nonpayment of rent, the average judgment was \$4,078.14.

- During the months of January February and March, and November and December, there were just two evictions filed for non-rent related nonpayment issues. Under State law, it is no longer permissible to evict a tenant based on non-rent charges. Additionally under State law, and at the time under City law, a landlord was required to apply any money paid to rent owing first and then to other non-rent charges owing.

- On average, a tenant was 1.99 months behind in rent before an eviction was started in all nonpayment of rent cases. In just 20 percent of cases where an eviction was started because of nonpayment of rent, was the amount owing less than one month’s rent. More than one-quarter of these evictions were filed on behalf of a non-profit housing provider. The total amount owing in these cases where an eviction was started for one month or less was \$147,217.55.

In Seattle, the Housing Levy provides emergency rental assistance to assist tenants in remaining in their home during a financial emergency. In 2018, the Housing levy provided on average \$1,686 in financial assistance to 553 families. After 12 months 95 percent of these families succeeded in remaining in their housing.

Additionally, the United Way of King County has created the Home Base program and in 2020, the program has \$3.1 million in flexible funding to assist those experiencing a financial crisis.

More broadly, the Council committee amended the ordinance to allow for an eviction to proceed for criminal behavior. Not all malicious behavior is criminal, but one tenant’s behavior can have a negative effect on the entire building.

- Take Gordon G. a tenant on Capitol Hill. In a two-month period, Gordon verbally harassed with racist language his neighbors, damaged his neighbor’s apartment, poured urine in the leasing office drop box, and interfered with management’s responsibilities. Gordon was not arrested for any of these acts but management was responsible for his actions.
- Consider Brenda H., also a resident of Capitol Hill, who over the course of five months, repeatedly violated community rules by smoking in her unit, causing at least one fire, allowing her dog to defecate in the building hallway and permitting a guest to slap another tenant in the face. Brenda was not arrested for these acts, but management was responsible for her actions.

We strongly support and urge a modest increase in emergency rental assistance, to provide tenants experiencing financial hardship the opportunity to recover their tenancy prior to an eviction action beginning, and ask that you consider this approach as an alternative to preventing the court from considering evictions altogether 42 percent of the year.

Sincerely,
Brett Waller
Director of Government Affairs
Washington Multi-Family
Housing Association



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Security Deposits: Common and Costly Mistakes

By COREY BREWER

In my role as a general manager, disagreements over security-deposit resolutions cross my desk more often than most other issues.

I’ve lost count of how many times a former tenant explained that they, “left the home in better shape” than they found it, while at the same time I have had numerous conversations with our landlord clients about how they are being too aggressive with their charges. It can be a contentious issue on both sides of the table.

We all hope that a tenant treats the rental home with respect, and that we can refund most – if not all – of the security deposit quickly after they vacate.

On the landlord’s end, timing and accuracy are extremely important.

The law in Washington state currently prescribes that a landlord must mail a statement specifying the basis for withholding of security deposit funds within 21 days of the tenant vacating – which is *not* always the last day of the lease. If a tenant were to move out two weeks early and return the keys, then the 21-day clock would start ticking two weeks sooner. Mailing the statement to the tenant’s last known address is also crucial, so if they have provided this to you before your statement has been mailed out you need to make sure you’re mailing it to their new address. A simple error (delivered late or to the wrong address) can be very costly in that it could a) eliminate your ability to keep any of the deposit at all, and/or b) entitle the tenant



to financial damages above and beyond the full return of their deposit.

Pet deposits (particularly in Seattle) have added a new wrinkle to this process in that a landlord cannot apply pet-deposit funds to cover “people damage.”

For example, a security deposit of \$1,000 is collected plus a \$250 pet deposit. At move out, there is no pet-related damage, but it is discovered that the garage door is damaged due to the tenant hitting it with their car. If the door repair costs \$1,500, the landlord may apply the \$1,000 security deposit toward this repair, but must refund the \$250 pet deposit to the tenant. Ultimately the tenant would owe an additional \$500 in damages, not \$250 (because you can’t keep the \$250 pet deposit for people damage – at least not without the tenant’s consent). So, in this situation you are simultaneously sending them a refund check *and* a bill for the

balance of the garage door repair cost.

Every penny of security-deposit funds withheld to cover damages, cleaning, or any other unpaid amounts (back rent, late fees, utility bills, etc.) must be supported by an invoice (or copy of tenant ledger indicating delinquent amounts owed). In addition, the withholding of funds must be supported by clear move-in and move-out inspection reports. Back at move in, you were to have completed a property-condition inspection report and had the tenant sign it in acknowledgment. At move-out, you would review those notes and make a comparison to the current condition of the property to establish a basis for charging the tenant for damages. While photos are not legally required, they are highly recommended – at our brokerage, we take more than 100 photos to supplement the majority of our move-in reports. The photos can be your saving grace if you ever end up in small-claims

court arguing over the validity of your charges.

Document, document, document!

Finally, a landlord may not charge a tenant for “normal wear-and-tear,” which can often be difficult to define.

Best practice is to supply the tenant at lease signing with a list of examples of things that would be considered damage vs. wear-and-tear to set the expectation. A landlord also may not charge a tenant for any improvements post-tenancy. For example, if a vinyl floor was damaged, a landlord may not take advantage of the situation by charging the tenant to install porcelain tile. The landlord may still replace the floor with porcelain tile, but may only charge the tenant the equivalent of what it would have cost to replace it with like-kind vinyl. Depending on the damaged item, depreciation must also be considered – certain elements of the property (appliances, hardwood flooring, carpet, paint, etc.) have their own general “useful-life” spans. So for example, if a tenant dents the door of a 25-year-old refrigerator, the landlord cannot charge the full cost of a brand new one to replace it. The word “reasonable” is found littered throughout RCW 59.18 of the Washington state Residential Landlord-Tenant Act, and if you find yourself in front of a judge you will have to come up with a “reasonable” explanation for your actions.

So to recap – when your tenant vacates you’ve got to act quickly, keep a clear paper trail, and make sure that you are being reasonable. Good luck!



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