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## **Seattle City Council Bans Winter Evictions**

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

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

See 'Seattle' on Page 17



Multifamily NW, Landlords

Portland's New FAIR Rules

ing to Oregonlive. Simon said he didn't believe U.S. District Court was the appropriate venue to sort out the constitutionali-

"I think at some point we're all going to be better off getting decisions on state-law questions from the state appellate courts,"

The suit was filed by landlords Janet Newcomb and Jerry Mason, and Metro Multifamily Housing Association dba Multifamily NW, against the City of Port-

"We are disappointed that the court declined to grant temporary relief to housing providers. However, we are looking forward to continuing the next steps of this case and getting relief from this unworkable ordinance," said Deborah Imse, executive director of Multifamily NW. "This

See 'Multifamily' on Page 15

## 5 Simple Landscaping Maintenance Tips That Can Help Property Managers

Property managers know that landscaping is often regarded as one of their required responsibilities, and investing in landscaping is key in both attracting tenants and increasing rental-property value.

will go into effect in March as planned. The judge denied the lawsuit's request for

a temporary injunction against the rules

going into effect, saying the rules were

passed in 2019 and the landlords and orga-

U.S. District Judge Michael Simon said

the delay in filing "implies a lack of urgen-

cy or a lack of irreparable harm," accord-

nization waited too long to file.

As you know, landscaping is far beyond planting shrubs or colorful flowers. It involves an understanding of what you can do to attract your desired type of tenants, to manage your landscaping through the seasons, and to streamline maintenance activities.

If you're a property manager saddled with landscaping responsibilities, then the following maintenance tips may help you get the best out of your rental-property landscape.

See '5 Simple' on Page 14







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## Investing in Net Lease Properties Via DSTs

#### By Steve Haskell, Vice President, Kay Properties and Investments, LLC

A CPA in San Diego contacted Kay Properties & Investments on behalf of his client, Peggy. Peggy owned an apartment building in East San Diego that she and her husband purchased together 50 years ago. Unfortunately, Peggy's husband passed away five years ago and the maintenance, tenants, and looming threat of rent control had become overwhelming. She had an agent list her building and was pleased to receive the full asking price of \$1.4 million the very next day. However, her excitement quickly vanished after her CPA informed her the capital gains tax and depreciation recapture will result in over 35% of her property value and prevent her from maintaining her current lifestyle. They concluded that a 1031 exchange into a passive property was critical.

Peggy's CPA told the Kay Properties team that his first thought was to introduce her to a commercial broker that could help her find a NNN leased property. However after he did more research, Peggy's CPA decided that a NNN leased property was highly inappropriate for her for the following reasons:

#### 1. Foreclosure Risk

A NNN leased property with a reputable tenant in

a populated location would be four to five times the price Peggy could afford. Peggy would then have to take on debt, which the CPA wanted to avoid at her age. Lender foreclosure would be catastrophic for Peggy at her stage in life, and the CPA believed that she should stay as debt free as possible. Kay Properties & Investments make these properties available to their clients... debt free! So Peggy invested in multiple debt free DSTs which gave her access to credit tenants in highly sought-after areas with no risk of lender foreclosure!

#### 2. Lack of diversification

Peggy relied almost exclusively on the income of her apartments. Exchanging into a single-tenant NNN property is risky. The CPA did not like the idea of Peggy putting all her eggs in one basket, leaving her entire livelihood vulnerable to a single tenant.

#### 3. THE DUE DILIGENCE REQUIRED TO RE-SPONSIBLY MAKE A DECISION WAS OVER-WHELMING

Peggy did not have the experience, time, or resources to conduct her own lease audits, environmental surveys, market analyses, insurance policies and building inspections. This was not the passive investment that the broker advertised.

After further research, the CPA determined that a 1031 exchange into a diversified portfolio of Delaware Statutory Trust (DST) investments was much more appropriate for Peggy. Due diligence had already been completed, including property visits, lease reviews, market comparable sales analysis, DST offering structure, underwriting analysis, and etc.

This enabled the Kay Properties Team to develop a tailored solution that spread her 1031 exchange equity among five DST investments, with Fortune 500 tenants and three multifamily DST investments. There are no guarantees in DSTs or any other real estate. However, the due diligence, diversification, and access to passive DST real estate provided by Kay Properties & Investments has allowed Peggy to enjoy the lifestyle she has looked forward to for the past 50 years, while allowing her CPA to feel comfortable in his recommendation to his client. This is an example of the experience of one of our clients and may not be representative of the experience of other clients. Past performance does not guarantee or indicate the likelihood of future results.

Please visit www.kpi1031.com for more details as well as to register for a list of currently available 1031 DST investments, call us at 1.855.466.5927 or email info@kpi1031.com.

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.

There are material risks associated with investing in real estate, Delaware Statutory Trust (DST) properties and real estate



statutory Trust (DST) properties and real estate securities including illiquidity, tenant vacancies, general market conditions and competition, lack of operating history, interest rate risks, the risk of new supply coming to market and softening rental rates, general risks of owning/operating commercial and multifamily properties, short term leases

associated with multi-family properties, financing risks, potential adverse tax consequences, general economic risks, development risks and long hold periods. There is a risk of loss of the entire investment principal. Past performance is not a guarantee of future results. Potential cash flow, potential returns and potential appreciation are not guaranteed. For an investor to qualify for any type of investment, there are both financial requirements and suitability requirements that must match specific objectives, goals and risk tolerances.

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DST 1031 properties are only available to accredited investors (generally described as having a net worth of over one million dollars exclusive of primary residence) and accredited entities only (generally described as an entity owned entirely by accredited individuals and/or an entity with gross assets of greater than five million dollars). If you are unsure if you are an accredited investor and/or an accredited entity, please verify with your CPA and Attorney prior to considering an investment. You may be required to verify your status as an accredited investor.

## 3 Kinds of Rental Housing Owners and How **Property Managers Can Best Deal with Them**

Property managers have to deal with three kinds of apartment owners, from the regular investor to the accidental landlord - and a third type, according to Buildium's 2020 Rental Owners' Report.

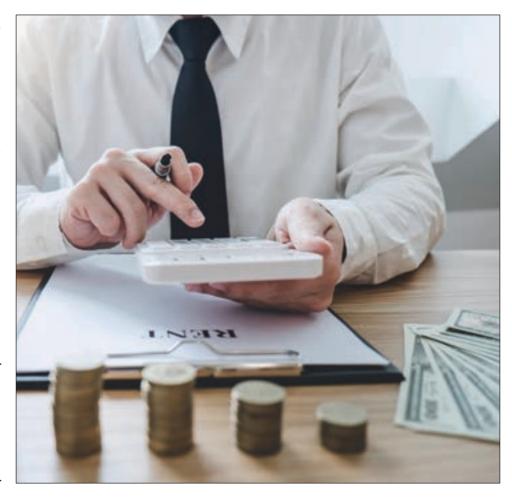
Buildium surveyed more than 600 rental owners across the country "to better understand the motivations and pressures that drive their decisions, as well as the expectations that they have of property managers. We put it all in the context of our research on the property-management industry and the rental market to help property managers turn insights into action," the report says.

The report says the recent seller's market in properties means there has been a change in the type of owner seeking property management. Also the number of "intentional investors" is now "55 percent of rental owners in 2019, an increase 39 percent since 2018."

#### 3 KINDS OF RENTAL HOUSING OWNERS

Accidental landlords have been selling, the report says, and are being replaced by the intention investors and a third kind of

"As home prices have begun to recede from the peaks they've reached over the last two years, interest is growing among a new generation of investors. Property managers will benefit from an ability to prove their value to not only the accidental landlords and intentional investors they've served in the past, but also to a new group



of DIY landlords tempted to manage their rentals with apps," Buildium says in the

Here are the 3 kinds of rental housing

• Intentional Investors bought a rental property as an investment. These are about 55 percent of the rental housing owners.

- · Accidental landlords "fell into rental-property ownership due to circumstance." These types generally do not plan to buy additional properties. They represent about 30 percent of owners.
- · Unintentional investors "fell into rental-property ownership due to circumstance" and then added additional rent-

al-housing properties. These are about 16 percent of owners, the report says.

#### How to deal with rental owners' STRESS POINTS, GOALS

"Finding a property manager and working with them is a consistent source of stress for rental owners, illustrating the importance of providing excellent customer service from the very first interaction," the report says.

Maintenance is listed as the most stressful aspect of owning rental housing by the owners in the survey, followed by finding a property manager and filling vacancies.

Three out of four owners "agree that reliability and trustworthiness are the most important qualities a property manager can have," the report says.

The Buildium report also had a number of quotes from owners offering advice on how best to deal with them.

- · "Be a quick communicator, be thorough, and follow up when the owner reaches out. Trust can be broken, but if fostered, can build a great portfolio and relationship."
- "Show in dollars how a property manager will save me money over doing it my-
- · "Stay on top of market conditions to understand rent and vacancy rates. Be prepared to inspect the houses regularly to ensure they're being cared for properly. Keep accurate financial records for cash flow and tax purposes."
- "Make my property inviting to good tenants, and keep them there with good service."



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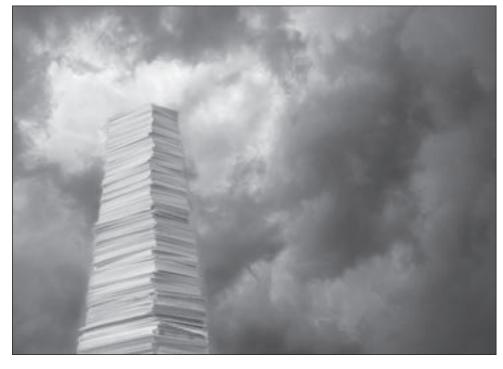
#### RHA Oregon President's Message

## Political and Legal Storm Clouds Overhead

An old English proverb about the weather tells us "March comes in like a lion and goes out like a lamb." From my viewpoint as a landlord, it looks like March will be arriving like a lion, with respect to the political and legal storms here in Oregon, and especially in Portland.

As I write this, Multifamily NW, another organization that supports landlords in the region, has filed suit against the City of Portland to halt the implementation of the so-called Fair Access in Renting, or FAIR Ordinances, which would regulate Security Deposits and Application & Screening procedures. These rules had been scheduled to go into effect on March 1, 2020. As an organization, RHA Oregon supports Multifamily NW in their lawsuit, and we are encouraging our members to support MFNW as individuals as well.

If you attended one of RHA's workshops or our February dinner meeting covering this topic, you are certainly aware as to why landlords are so upset about these ordinances, which appear to be motivated more by a desire to punish small landlords and drive them out of business than to help bridge the housing affordability gap in Portland and the surrounding Metro area. As I write this, the Portland Housing bureau has published an eight-panel brochure describing the rules for Security Deposits, and a 20-page booklet describing the Application & Screening rules. When the



explanation of a single rule exceeds the length of an entire lease agreement, the system is broken.

#### **E**NOUGH IS ENOUGH!

Even as the Portland Housing Bureau attempts to implement these ordinances by micromanaging the business of being a landlord or property manager, there are myriad unanswered questions and unintended consequences, which these ordinances do not address. A lawsuit to stop

this process is both timely and appropriate.

If there is a silver lining to the gathering storm clouds, it appears that landlords won't be fighting against bad regulatory legislation at the state level this year, as the debate over cap-and-trade legislation will likely consume the short session scheduled to end on March 7. However, housing issues and rent regulation are almost certain to reappear in the 2021 session. Now is the time to prepare.

Fortunately, organizations like RHA

Oregon and Multifamily NW have members who are willing to step up when the going gets tough. Whether you are a member of one or both organizations, or neither, there are some specific ways that all landlords can help in current and future fights:

Make a contribution to the Multifamily NW Defense fund; there is a "Donate" button on their website under Advocacy/ Defense Fund. Donations are confidential.

- Make a contribution to RHA Oregon; designate it for landlord advocacy.
- Join the RHA Oregon Member Advocate Subcommittee which is organized under the Legislative Committee. Contact the RHA office and let them know if you are willing to write letters or present public testimony.
- Support and vote for city council candidates and state legislators who are willing to listen to the positions of landlords.
- Share your story of being a good landlord, and how these regulations are impacting you personally, by sending an email to MyHousingStory@multifamilynw.org.
- Join, follow, and like our organizations on social media! Be sure to find us on Facebook, Twitter, LinkedIn, and Google.

I hope you will join me and other landlords both large and small as we work to stem the tide of bad regulatory legislation.

> — Ken Schriver RHA Oregon President

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#### Rental Housing Journal is a monthly publication of Rental Housing Journal, LLC.

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www.RentalHousingJournal.com

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## January Apartment **Jobs Surpass 2019 Monthly Average**

NATIONAL APARTMENT ASSOCIATION

The apartment job sector began 2020 by delivering a solid performance, according to the latest National Apartment Association jobs report from the National Apartment Association Education Institute (NAAEI).

Apartment jobs postings comprised more than 41 percent of the real estate sector in January, surpassing the 2019 monthly average of 39 percent.

Top cities for job openings included Kansas City, Austin, Raleigh, Nashville, and Indianapolis.

This month's edition spotlights the maintenance technician.

Demand for these positions was more than three times the U.S. average in Den-

The top specialized skills employers are seeking for maintenance technicians include plumbing, repair, HVAC, carpentry, and painting.

## **HUD Settles with Landlords Over 2-Per-Bedroom Policy**

RENTAL HOUSING JOURNAL

Owners and property managers will have to pay \$10,000, abolish any twoperson-per-bedroom policy, remove language regarding the two-person-perbedroom policy from advertising and marketing materials, and have property managers and staff fair housing training, according to a HUD release.

HUD announced the settlement between the Inland Fair Housing and Mediation Board and a group of Upland, CA, property owners and managers "resolving allegations that they discriminated against families with children by refusing to rent to them and by imposing different occupancy terms and conditions to families with children," according to the release.

The complaint alleges the owner and property managers violated the Fair Housing Act by:

- Refusing to rent to families with children;
- Citing different terms and families conditions to with children;
- Implementing and enforcing an unreasonably restrictive occupancy policy.

The Fair Housing Act makes it unlawful to deny or limit housing because a family

has children under the age of 18, and to make statements or establish rules and policies that discriminate against families with children. Housing may exclude children only if it meets the Fair Housing Act's exemption for housing for older

"Families looking for safe, decent housing shouldn't be penalized because they have children," said Anna María Farías, HUD Assistant Secretary for Fair Housing and Equal Opportunity, in the release. The agreement "reaffirms HUD's commitment to ensuring that housing providers meet their obligation to treat all applicants the same."

The case came to HUD's attention when Inland Fair Housing and Mediation Board (IFHMB), a HUD Fair Housing Initiatives Program agency, filed a complaint based on results from their fair-housing tests.

IFHMB alleged the tests showed the property owners and two property managers refused to rent to families with children and/or offered them different lease terms and conditions. The owners and managers also allegedly implemented an unreasonably restrictive two-personper-bedroom occupancy policy at two rental properties.

The owners and managers deny they discriminated against families with children but agreed to resolve the matter through the Conciliation Agreement.

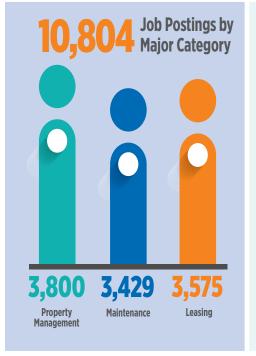


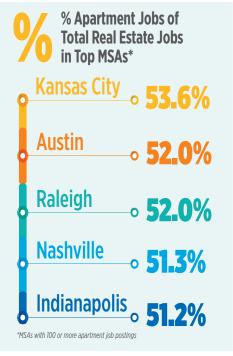


## Apartment Jobs Snapshot

January 2020

14,672 Total Job Postings in Apartment Industry in January 2020 (% of Real Estate Sector: 41.2) Assistant Property Property Manager Manager Community Leasing Technician Consultant





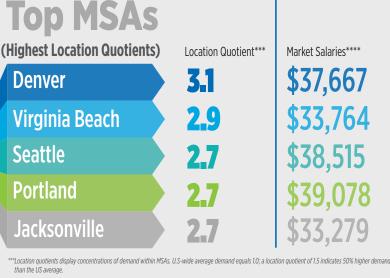


**Nashville 36.2 Days** Indianapolis 35.2 Days Raleigh **34.3 Days** 

**34.3 Days** Austin Kansas City 33.2 Days



## **Technician**





**Market Salary** 

(90th Percentile)\*\*\*\*

due to the tightness of the labor marke

Source: NAA Research; Burning Glass Technologies; Data as of January 31, 2020; Not Seasonally Adjusted



## Landlord Hank: Questions to Ask Prospective Tenants

By Hank Rossi

**Dear Landlord Hank:** What do you ask someone inquiring for information about your property and why, when they first contact you?

Hank's Answer: Even though you may have put an ad on the internet loaded with details and photos, someone may have seen a sign for your property or heard about the unit through a friend or current resident.

So my first question is, "How do you know about our property"?

If the prospective tenant says they saw an ad, then most of their questions will have been answered in the ad.

If they haven't seen an ad I do a brief description of the unit and development.

My second question then is, "When you do need to begin a lease?"

If someone wants to rent a currently available unit NOW, then you may have a candidate. If prospective tenant's current lease isn't up for six months, then your immediately available unit will be long gone. If you have multiple units, perhaps another down the road could work for this prospect.

My third question is, "Do you have any other questions?

Answer any specific questions related to the property so prospective tenant can determine if they would like to move forward to a tour.

Number 4 is really a series of questions that relate to determining if you as a landlord could want this prospect as a tenant.

For instance, if your community doesn't accept pets you could ask, "Do you have pets?" If you do accept pets, you'll need

that information as well, as prospective tenant could have a pack of pit bulls.

Next I want to know how many individuals will be in the unit. We don't want two families sharing a unit, etc.

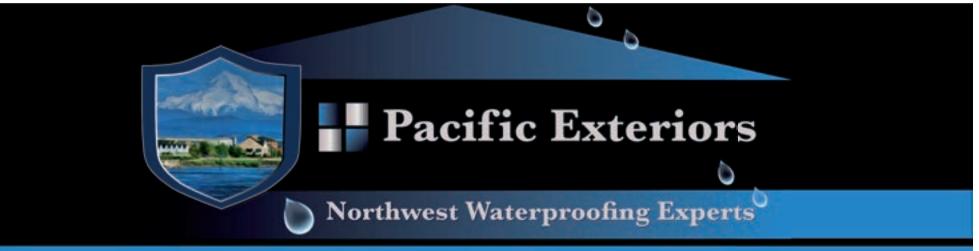
By now, you will have built up some rapport with prospective tenant and you could ask, "Is there anything else you would like to tell me?

Maybe you'll find out that the prospective tenant had an unreasonable landlord. Or maybe they will say, "We just lost our house!" Or, maybe the prospective tenant has a legitimate complaint about their current property. There could be issues around poor maintenance history, poor management, unpleasant living conditions such as noisy neighbors, barking dogs, a messy complex, parking problems, etc.

If I consider this prospect a potential tenant, then I ask, "When would you like to tour the property?"

The sooner the better so you can begin the process of vetting the tenant and renew the income stream from this unit.

Hank Rossi started in real estate as a child watching his father take care of the family rental maintenance business and was occasionally his assistant. In the mid-'90s he got into the rental business on his own, as a sideline. After he retired, Hank only managed his own investments, for the next 10 years. A few years ago Hank and his sister started their own real estate brokerage focusing on property management and leasing, and he continues to manage his real estate portfolio in Florida and Atlanta.





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#### FORM OF THE MONTH M048 OR-WA Utilities Set-Up

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The Multifamily NW Forms Collection is available immediately and electronically at www.RentalFormsCenter.com, via electronic subscription software through www.tenanttech.com & by mail or pick-up of printed triplicate forms at www.multifamilynw.org.



Multifar	nily NW Schedule			
MARCH 4	LANDLORD STUDY HALL	6:30 PM - 8:00 PM		
MARCH 5	CAM: PROPERTY MAINTENANCE	9:00 AM - 3:00 PM		
MARCH 9	LANDLORD/TENANT LAW PART I - SALEM	1:00 PM - 5:00 PM		
MARCH 10	MOLD AWARENESS	9:00 AM - 1:00 PM		
MARCH 11	HR ISSUES: EMPLOYEE ON-BOARDING	8:00 AM - 4:00 PM		
	REVERSE TRADE SHOW	1:00 PM - 6:00 PM		
MARCH 13	IT'S THE LAW: WINNING COURT STRATEGIES	12:00 PM - 12:00 PM		
MARCH 16	LANDLORD/TENANT LAW ADVANCED	1:00 PM - 4:00 PM		
MARCH 17	PDX MARCH LUNCHEON	12:00 PM - 1:00 PM		
	FAIR ACCESS IN RENTING (FAIR) CITY OF PORTLAND ORDINANCE	1:00 PM - 5:00 PM		
MARCH 18	LANDLORD/TENANT LAW PART 1 - EUGENE	11:30 AM - 4:00 PM		
	LEASING WITH CONFIDENCE	1:00 PM - 5:00 PM		
MARCH 19	UNIT INSPECTIONS AND TURNOVER TECHNIQUES	10:00 AM - 1:30 PM		
MARCH 25	BUILDING RELATIONSHIPS/MARCHKETING & CUSTOMER SERVICE (BEND)	9:00 AM - 11:00 AM		
APRIL 6	LANDLORD/TENANT LAW PART II - SALEM	1:00 PM - 5:00 PM		

## Security Deposits: Common and Costly Mistakes

By Cory Brewer

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

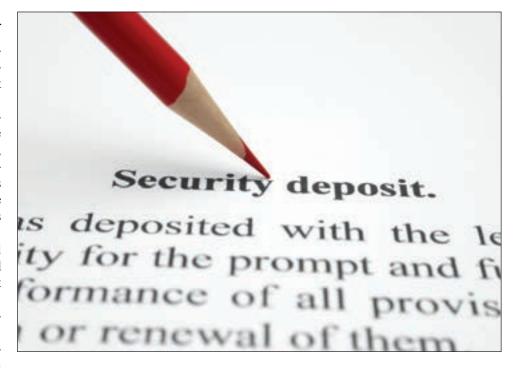
I've lost count of how many times a former tenant explained that they, "left the home in better shape" than they found it, while at the same time I have had numerous conversations with our landlord clients about how they are being too aggressive with their charges. It can be a contentious issue on both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

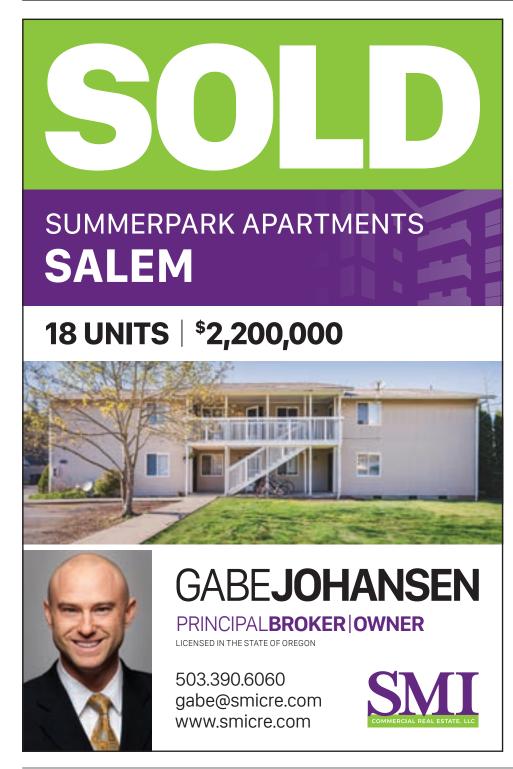
more than 100 photos to supplement the majority of our move-in reports. The photos can be your saving grace if you ever end up in small-claims court arguing over the validity of your charges.

Document, document!

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!





# Multifamily Occupancy and Rent Start Year Off Strong in West and Southwest

RENTAL HOUSING JOURNAL

Sixteen of the top 30 U.S. multifamily markets bested the national average for year-over-year growth in January, according to the latest report from Yardi Matrix.

The report says occupancy remained near 95 percent.

While average rents fell by one dollar, "that's a seasonal occurrence and doesn't detract from the market's overall strength," the report says. "The decline in rents can be attributed to seasonality and could continue for the next few months, until we move into spring."

Yardi Matrix expects strong growth to continue in the West and Southwest. Over the past year, rent growth in the top markets was 7.4 percent in Phoenix, 5.4 percent in Las Vegas, and 5.1 percent in Sacramento.

#### WATCH REGULATORY RISK

"The slowing economy has had little effect on multifamily, but one potential headwind to keep in mind for 2020 is regulatory risk, as evidenced by statewide rent control (California, New York and Oregon), increased local regulation on security deposits (Cincinnati) and resident acceptance criteria (Seattle).

"However, this risk does not present an insurmountable barrier nationally," the report says.

#### JOB GROWTH REMAINS STRONG

Job growth is still strong and is carrying



the economy forward, as it has throughout the current expansion.

Technology has caught the headlines, but strong gains in education and health-care, professional and business services, and leisure and hospitality have also contributed significantly to the labor force, the report says.

"The economy shows mixed signals of both slowdown and growth, as the job market propels forward into a new decade.

"Political uncertainty as the election nears will likely lead to a busy first and second quarter for transaction activity, followed by a slower summer and fall, as buyers grow cautious of a changing administration.

"Multifamily fundamentals remain strong and steady, despite a potential slowdown in transactions. Development is slowing modestly, but rent growth and occupancy will benefit," the report says.

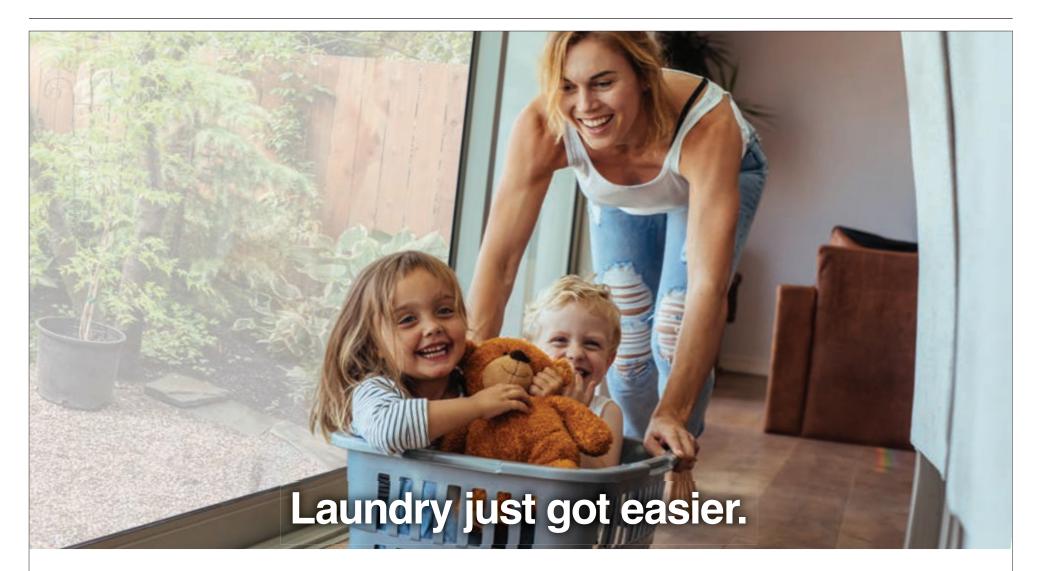
#### SUMMARY

"The nationwide housing shortage continues to provide wind in the sails of

steadily growing rents for both high-end and workforce housing," the report says.

"New supply remains concentrated mainly in primary and top-tier secondary markets with heavy influence from the tech sector. Expect 2020 deliveries to decline slightly from previous years, falling under 300,000 units.

"As the recovery continues and the presidential race moves forward, the multifamily market remains well-balanced and poised to continue its steady march forward," the report says.



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## Allowable Fees under the Landlord/Tenant Act

By Bradley S. Kraus

As a landlord's attorney, I've had the opportunity to review thousands of rental agreements. I can often tell which rental agreements came from different states or the internet, as I'll see odd charges in them, such as "Notice Service Fee — \$25." While this may be allowed in other states, Oregon does not have such an allowable fee. Many landlords believe that simply because a particular fee is in the rental agreement, that provides them the authority they need to charge for the same. Unfortunately, that's only part of the discussion.

Oregon's fee statute, ORS 90.302, requires that any fee charged by a landlord be described in a written rental agreement. The statute is also clear in its prohibition against charging fees not described in, or as allowed by, that statute. A review of that statute shows that there is no such fee as a "Notice Service Fee," much to the disappointment of some landlords accustomed to different states. So what can be charged as a fee?

The allowable fees can be broken down into two categories: those that trigger upon a given event, and non-compliance fees. The fees that trigger upon a given event are standard in the industry. They include things like late-rent fees, dishonored-check fees (NSF charges), and early-termination fees. As long as these are described in the rental agreement, it's not often that a landlord can run afoul of the statute on these particular fees.

The second type of fees allowed under the statute are non-compliance fees. These fees are allowed for things such as late utilities, failure to clean up pet waste, and smoking. These types of fees are often where I see landlords slip up. For example, many tenants often fail to pay their utilities on time. Seeing this, the landlord will apply a "Utility Late Fee" to the tenant's ledger without first complying with the statutory prerequisites for doing so. The statute requires that, prior to charging a non-compliance fee, the landlord must give the tenant a written warning notice that describes:

(i) A specific noncompliance before charging a fee



for a second or subsequent noncompliance for the same or similar conduct; and

(ii) The amount of the fee for a second noncompliance, and for any subsequent noncompliance, that occurs within one year after the warning notice.

The failure to provide the written warning notice renders the charged fee invalid, thus requiring the landlord to (a) reverse the fee, or face a potential claim for an improper fee, and (b) start over with a warning notice, thus delaying any real remedial conduct sought by the landlord. It can also complicate evaluation of the ledger down the road if it is not immediately discovered, thus potentially leading to further delays in other settings (i.e., evictions).

While some landlords prefer the non-compliance fee path towards the particular violations described in statute, many landlords will opt to pursue their For-Cause Termination remedies under ORS 90.392 in lieu of charging a non-compliance fee. This is simply an easier approach and provides a quicker approach to the change in conduct sought. The statute is clear that you must pick one or the other for a particular violation; a landlord cannot charge a non-compliance fee and serve a For-Cause Notice for the same violation. However, if the tenant fails to pay the non-compliance fee, a landlord's remedy for that is a For-Cause Notice. Due to the sheer amount of time that will have elapsed to get to that point, it is imperative that you ensure compliance with the statutory prerequisites for a non-compliance fee, in the event that you elect to charge one.

Bradley S. Kraus is an attorney with Warren Allen, LLP. He can be reached at kraus@warrenallen.com or 503-255-8795.





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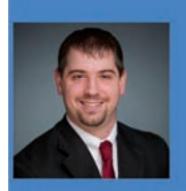


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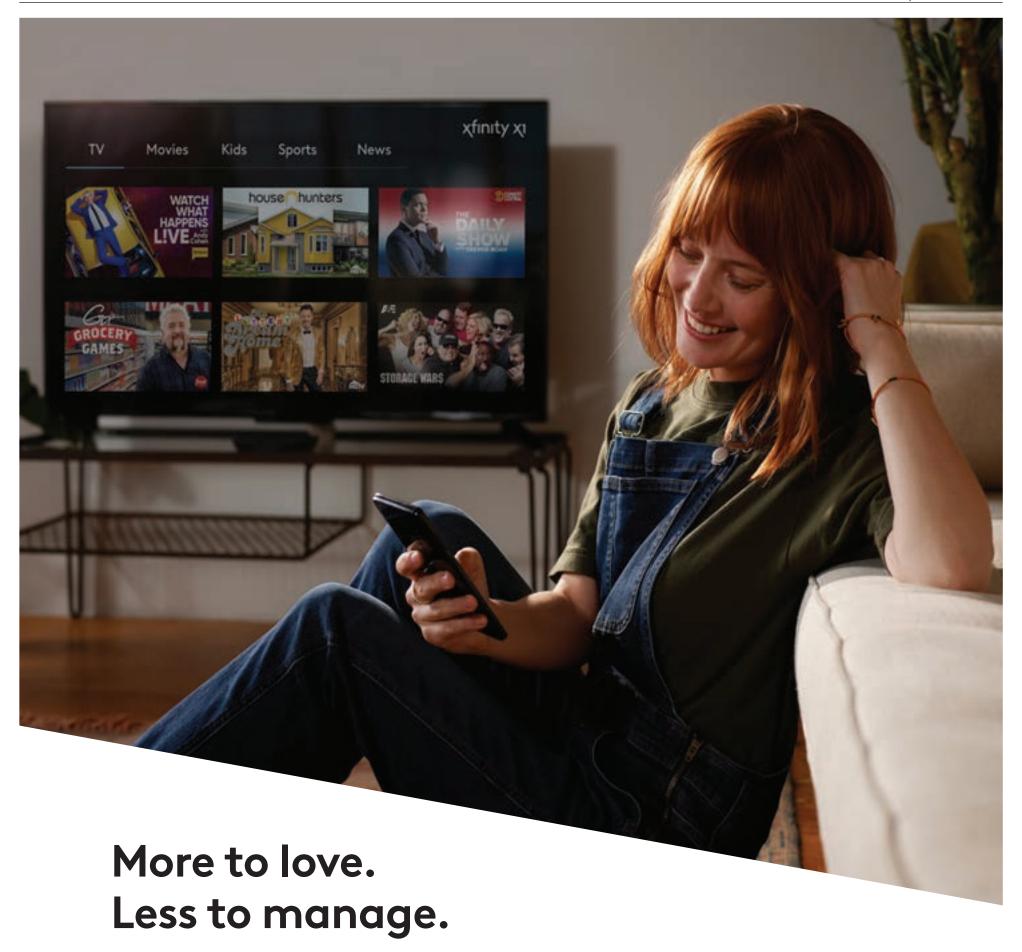
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## 5 Simple Landscaping Maintenance Tips for Property Managers

#### Continued from Page 1

What Are the Top 5 Landscaping Tips for Property Managers in 2020?

#### **OPT-IN FOR NATIVE PLANTS**

No matter where your property is located, there are specific plants suitable to your local weather and soil condition. They are known as native plants. This type of plant requires less maintenance and has better resistance to diseases and pests than non-native varieties. For example, if you live in a grassy area, then grassy natives like coneflower and butterfly weed will work perfectly in your landscape.

**Pro tip:** Each state in the United States has specific plants native to its environment. You should find out your state's plant hardiness zone.

#### CHOOSE HARDSCAPE OVER GRASS

If you are a property manager seeking to increase your property's curb appeal while reducing maintenance time, then hardscaping may be an option for you. The use of hardscape features – such as pavers, walkways, and patios – not only saves you time but also gives your tenants an extra living space.

By choosing a hardscape over grass, you can give your rental property a nice-looking yard while reducing the time spent on lawnmowing and irrigation activities. Above all, studies have shown that properties with an outdoor living space tend to attract potential renters much faster.

**Pro tip:** Check in with your homeowners association before embarking on a hardscape project.



#### INVEST IN LANDSCAPE FABRIC

It is common knowledge among property managers that regular landscape maintenance can be a tedious, money- and time-consuming chore. An excellent way to save yourself the stress of regular weed removal is by investing in a landscape fabric (weed-control fabric). Landscape fabric helps to eliminate weeds, prevent erosion and split soil profiles. It is a good solution for reducing landscape maintenance.

**Pro tip:** Weed-control fabric will keep

the weeds at bay, but not forever. It is advisable that you use it when planting annual plants. To get the best out of the option, do combine the use of weed-control fabric and regular mulching.

#### **M**ULCH REGULARLY

Mulching is the process of adding material such as shredded leaves and bark, wood chips, and sawdust to the surface of your landscape. As a property manager, mulching is a vital landscape-maintenance activity that can help change the appear-

ance of your property's curb. This is because regular mulching helps to suppress weeds, retain moisture, and regulate soil temperature.

**Pro-tip:** The thickness for mulching can be anywhere from 1 inch to 5 inches depending on the size of the plant.

Install an automatic irrigation system

The secret to any beautiful landscape is constant and proper watering. An automatic irrigation system helps you to save water, time, and money while achieving a healthy and lovely yard. One of the advantages of installing an automated irrigation system for your landscape-maintenance activity is that it makes watering your landscape easier.

**Pro-tip:** When choosing an irrigation system for your landscape, you should opt for a system that suits your landscape type/ size and watering schedule.

#### IN CONCLUSION

Keeping your property landscape well-maintained is one of the best decisions you can make as a property manager. By making landscape maintenance an utmost priority, you, your tenants, and potential tenants will surely reap the benefits in the long run.

Keepe is an on-demand maintenance solution for property managers and independent landlords. The company makes a network of hundreds of independent contractors and handymen available for maintenance projects at rental properties. Keepe is available in the Greater Seattle area, Greater Phoenix area, San Francisco Bay area, Portland, San Diego and is coming soon to an area near you. Learn more about Keepe at https://www.keepe.com





## Multifamily NW, Landlords Lose First Round to Stop Suit

#### Continued from Page 1

request was the first step in our lawsuit against the city. Our legal fight will continue over the next six months to a year, with the potential for a more expedited process. We will be sure to share more information on these legal proceedings as they are available," she said in a statement.

The suit says the landlords and Multifamily NW "are suing the City of Portland because it has passed laws that make management of rental housing so costly, burdensome, and risky that plaintiffs will have to either raise rents – to cover the additional costs and risks – or sell their rentals.

"Plaintiffs are also suing the city because the new laws violate their civil rights of free speech and due process. Additionally, plaintiffs are already regulated by federal and state law, which preempts the city's conflicting new law. Plaintiffs are concerned that the city's additional layer of unreasonable, unconstitutional governmental regulations will drive out landlords, which will result in reducing the supply of rental units and increasing rents in Portland," the suit says.

#### ORDINANCES PROVIDE A 'CHOOSE-YOUR-OWN-ADVENTURE' SCENARIO

"Without providing enough direction, the FAIR ordinance treats the serious processes of tenant screening and security deposits as a kind of choose-your-own adventure," Imse said in a previous release.

"This is unacceptable, as rental housing and finding a home is not a game to Portlanders. Portlanders deserve laws that are well-thought-out, that give enough clarity for renters to understand their rights, and enough direction for housing providers to be able to follow them," she said.

The FAIR ordinance consists of two ordinances "drastically changing housing-provider and tenant law in Portland," according to the release.

"One changes the way housing providers post vacancy notices and how they process and evaluate applications; and one changes the way housing providers handle security deposits. The screening ordinance does not allow landlords who use the 'low-barrier' screening process from denying applicants with poor criminal history, credit history or rental history.

"The second ordinance creates new rules so stringent it discourages the use of security deposits, instead leaving tenants and housing providers to resolve disputes through the court," the release says.

Lawsuit says the ordinances violate Oregon and U.S. constitutions in 4 ways:

- First, the lawsuit says the ordinances violate free-speech protections because they prohibit plaintiffs from speaking to applicants during a 72-hour blackout period. The ordinances also force plaintiffs to follow a certain script when advertising, and to send city-written notices to applicants and tenants.
- Second, because the ordinances are overly vague and fail to inform plaintiffs how to comply with all the new requirements, the lawsuit says the ordinances violate the Oregon Constitution and the due-process clause of the United States Constitution.
- Third, the suit says the ordinances violate the due-process clause because they impose arbitrary regulations that have no substantial relation to public health, safety, or welfare.
- Fourth, the lawsuit says the ordinances conflict with the Oregon Residential Landlord Tenant Act, ORS Chapter 90, and are thus preempted by state law.

According to the lawsuit, Newcomb is



a resident of Nevada and owns and operates 19 rental units in Portland. Newcomb owns and personally manages these units. Mason is an Oregon resident and member of Westland Partners LLC, an Oregon limited-liability company that owns and manages 62 rental units in Portland.

MULTIFAMILY NW LETTER TO MEMBERS

Multifamily NW members own and manage more than 30,000 rental units within the city of Portland, and these members are subject to the ordinances.

In a letter to members, the association said, "Multifamily NW took a stand against Portland's failed housing policies. As of February 20, 2020, we have filed a lawsuit to stop and repeal the FAIR ordinance with the United States District Court, for the District of Oregon, Portland Division.

"As many of you know, Portland City Council passed the FAIR ordinance last June after a hostile and broken policy-development process facilitated by the Rental Services Commission. The ordinance is set to take effect on March 1. The chief proponent of the ordinance, Commissioner Chloe Eudaly, would later make the statement, 'We know it will take time for tenants to understand and for the industry to adjust. We know some fine-tuning will be necessary. But we also know that research and data have laid a solid foundation for the decisions we made.'

"Economic data and industry research were not a part of that solid foundation. Representatives of the rental-housing-provider community, including Multifamily NW, could play only a symbolic role in the development of the FAIR ordinance. Despite being regularly-attending members of the Rental Services Commission and in good standing, our collaboration on this major policy initiative was consistently rejected.

"At the time of adoption, Mayor Ted Wheeler and the Portland City Council had committed to fixing the glaring errors in the ordinance during the administrative rulemaking process before the law was to be implemented. It's now clear that commitment will not be honored, and Portland housing providers will be forced to comply with a broken law.

"Since June, Multifamily NW's mem-

"We look forward to a positive outcome for our members in this fight and for the future of rental housing in Portland."

bers and staff have worked around the clock to make sure our housing-provider members are prepared to meet the sweeping administrative demands created by the FAIR ordinance. The Multifamily NW's Forms Committee has volunteered dozens of hours of their personal time to collaborate with multifamily staff and legal counsel to craft the additional forms needed to comply with the FAIR ordinance.

"With the Rental Services Commission providing only a slow drip of inconsistent and outright perplexing information pertaining to the legal compliance requirements of the ordinance, it became clear that the administrative rulemaking process was not going to fix this ordinance. Further action is required to protect Portland's housing providers and renters from the clearly disastrous impacts of the FAIR ordinance.

"We want to thank all our members who have worked so diligently throughout this process. Thank you for hours spent trying to guide the Rental Services Commission away from bad housing policy, speaking up at Portland City Council's public hearings in opposition to the FAIR ordinance in front of a hostile crowd of activists, and helping guide our legal actions against the city.

"We look forward to a positive outcome for our members in this fight and for the future of rental housing in Portland. Stay tuned for more updates as they become available," the association said in the letter.



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## 6 Tips for Setting Rents with Confidence

#### BY RENTOMETER

Whether you own or manage one rental property or hundreds of rentals across the country, you need to be able to set fair market rents confidently.

If your rent is set too high, the property can sit on the market and you will miss out on monthly rental income. And if the rent is set lower than the competition, simply put, you will leave money on the table.

As we know, rents vary greatly from market to market, but can even differ from one street to the next within a single neighborhood. Obviously, numerous variables impact the rent you can charge for your rental unit, including location, type of building (duplex, apartment building, etc.), size/square feet, age of unit, number of beds/baths, and amenities (i.e. parking, AC, pool, roof deck, and so on.)

Don't be fooled that any one rent comp, property manager, or local real estate agent can tell you the perfect fair market rent for your property. We recommend that you tap into a handful of resources to help you set rents confidently.

### 1. FIND SOME RENT COMPS TO GIVE YOU A STARTING POINT

Check local apartment listings using the local newspaper, online apartment guides, or websites like Craigslist and Rentometer to get a feel for the "going rents." Rentometer can give you historical rent trends for the area and a good starting-point rent. You can further refine the rent from there by using some of the suggestions listed below.



## 2. STAY UP TO DATE ON THE ECONOMIC AND BUSINESS ACTIVITY IN THE LOCAL MARKET

Is it thriving? Are stores closing down? Economic activity is one of the key drivers of rental housing demand and it can affect the rental market in unique ways. For example the current economy in Boston, Mass., is hot! Rental housing is in high demand, leading many renters to forgo amenities and perks in favor of securing a lease. This means that landlords can afford to make

fewer concessions when negotiating.

## 3. CHECK OCCUPANCY RATES FOR YOUR AREA

Are the occupancy rates trending upward? Good! The stronger the desirability of a rental, or neighborhood, typically the higher the occupancy rate – and higher market rent. It's a question of supply and demand. Factors that can affect occupancy rates include local millennial population, employment trends, housing supply,

and new construction growth, rent prices, and the location and condition of the rental property.

### 4. CHAT WITH A LOCAL REAL ESTATE PROFESSIONAL

Talk with an industry professional about their take on the market or a specific neighborhood. Local experts (property managers, brokers, agents, appraisers, and lenders) are especially good at identifying the drivers of housing supply and demand unique to your market – jobs, local ordinances, building permits, zoning for a new apartment building, etc.

#### 5. Use "RENT PER SQUARE FOOT"

Whenever possible use square footage as a benchmark for searching rent comps. This allows you to encapsulate into a single number all the subjective variables of rent, and provides you with a basis for comparison across different units, locations, amenities, and so forth.

### 6. CHECK YOUR LOCAL APARTMENT OR RENTAL HOUSING ASSOCIATION

These are great resources for research. They may provide information about local rent levels – past, present, and future. This is especially important for real-estate investors and developers.

Making sure your property is renting at (or close to) fair market rent is as much of an art as it is a science. However, with the 6 tips for setting rents along with good current and historical rental data and a thorough understanding of the local market and market conditions, you can set rents with confidence!



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## Seattle City Council Votes to Ban Winter Evictions

#### Continued from Page 1

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.

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.

# Portland and Oregon's Affordability Challenges

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.

Below is a chart outlining issues in Portland and Oregon:



Like many other parts of the country, Oregon'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 Oregon residents.



growth since 2010.





75% of extremely lowincome renters spend more than half of their income on housing.



Between now and 2030, Oregon will need to build 4,073 new apartment homes each year to keep up with demand.



#### Legal Landscape

In February 2019, the governor of Oregon signed into law a measure implementing statewide rent control, allowing for an annual rent increase of 7% plus inflation. This represents a major departure from previous law, which preempted local municipalities from implementing rent control.

#### A MISGUIDED LAW

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@growinghomestogether.org



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# These 5 Steps Will Help You Prepare Property's HVAC System for Spring

KEEPI

Here are 5 steps to get your rental property's HVAC system ready for spring after going through plenty of stress this winter, the weekly maintenance tip from Keepe.

You'll need to restore and check on your HVAC layout when the spring arrives so the unit can be ready for the rising temperatures in the summer.

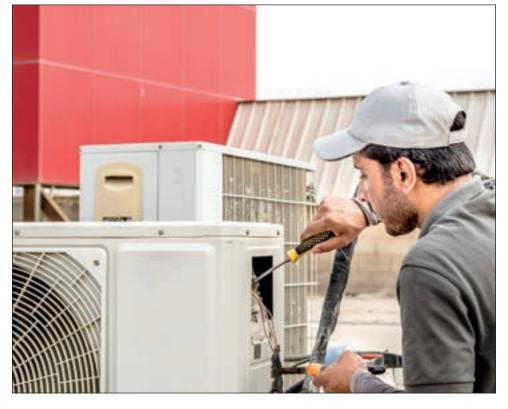
#### No. 1- Replacing the filter

Start your HVAC maintenance work by replacing the filter. Every HVAC system has an air filter that prevents harmful outside particles from entering the air. The screen needs to be clean for air to move through reliably. Replacing the filter also ensures your property's energy bills will not go up, as you will not worry about people having to run their heaters or coolers longer to get the temperatures they want.

It is best to replace a filter every month or every other month. Take time in the spring to replace yours.

#### No. 2 - CLEAN THE DRAINAGE HOLE

The drainage hole in your HVAC setup is located under the evaporator fins. The hole allows excess moisture to drain. The opening must stay clean for the moisture to flow out. You might have to use a small wire to clean out anything that backs up inside the hole. You can request a professional service to assist you with cleaning the spot if you're unable to access it yourself.



#### No. 3 - CLEAN THE FANS

Your HVAC system includes multiple fans around your property. Not only is there an evaporator fan around the base setup, but there are also fans in the bathrooms and kitchens and other rooms in your building. You will have to clean the fans out to ensure air can move through well enough.

You can clean off each fan cover with soap and water. You can also dust the de-

bris off of the fan blades.

Be sure the power's off before cleaning the fans. Everything must be stationary before you start.

#### No. 4 - DRY THE DEHUMIDIFIER

Your HVAC system should include a dehumidifier; you'll need this component during the summer season. Prepare for the warmest and most humid times of the year by drying out your dehumidifier.

You will have to remove the outside casing of the dehumidifier. Allow the system to dry, then vacuum the dirt and other debris on the inside.

#### No. 5 - Remove all debris

Your HVAC system will take in lots of leaves, branches, and other debris from outside during the winter. After the snow and ice melt, you will need to clean out all those things, because they can obstruct the natural mechanisms inside your HVAC setup. Clearing it out ensures all parts can move freely and will not experience problems.

Your property's HVAC system should be ready to maintain and support during the spring season. You'll have an easier time preparing your building for the summer when you get everything up and running. Getting the setup cleaned out as soon as possible is vital to how comfortable everyone in your property will feel in the spring and summer.

Keepe is an on-demand maintenance solution for property managers and independent landlords. The company makes a network of hundreds of independent contractors and handymen available for maintenance projects at rental properties. Keepe is available in the Greater Seattle area, Greater Phoenix area, San Francisco Bay area, Portland, San Diego and is coming soon to an area near you. Learn more about Keepe at https://www.keepe.com





#### Sponsored Content

## The ABCs of Fireplace Maintenance

#### By Portland Chimney AND MASONRY INC.

This article is written to provide on-site managers and maintenance managers with a checklist for effective and easy maintenance for fireplaces.

According to "Your Home Fire Safety Checklist" published by the U.S. Consumer Product Safety Commission:

"More than 4,000 people die each year in home fires. Every year, there are more than 500,000 residential fires serious enough to be reported to the fire departments. More than 90 percent of residential fire deaths and injuries result from fires in one- and two-family houses and apartments. Property losses exceed \$4 billion annually, and the long-term emotional damage to victims and their loved ones is incalculable."

#### "Sources of Fire: (in the home)

"Wood Stoves (this would include fireplaces and manufactured fireplaces):

"You should be able to respond 'yes' to the following safety statements:

- 1. The wood stove or fireplace has been installed according to existing building codes and manufacturer's instructions.
- 2. The chimney and stove pipe are checked frequently during the heating season for creosote build-up and cleaned when necessary."
- 3. And further:
- 4. "Combustibles such as curtains, chairs, fire wood, etc. are at least three feet away from the stove, etc.
- 5. Only proper fuel is used." Here are a few steps to take to ensure this is true at your properties:

A) Spring and summer are a time of year to have the chimney cleaned. This way the build-up of creosote from the fall and winter burning are not left sitting to down-draft the toxic particles into the home from the wind. Also, as it is the time of year the heating devices are least needed, you have the security of knowing your tenants and their units are all safe when the burning/heating season starts up again in the fall. B) Dampers: Always ensure the damper is functioning properly and is in the open position when burning to allow the smoke to pass up the chimney and out of the unit. Stuck or broken dampers should be replaced.

C) What to burn: Use dry wood to create a nice hot fire in the fireplace. Wet wood creates excessive smoke. The wetter the wood, the more smoke is created. Discourage burning manufactured logs as these increase the build-up in the chimney. Also, paper burns very hot and can ignite any buildup of creosote present in the chimney, causing a fire. So burning paper, including trash, etc., in the fireplace should be strongly discouraged.

D) Manufacturer's information on manufactured fireplaces: Finally, with manufactured fireplaces, very common in multifamily complexes and condominiums, keep any instructions and manufacturer's information on file.



To determine if the manufactured gireplaces need replacement or at least parts replaced, watch for any cracking and/or rusting on the firebox back wall, sides and

floor or trouble using the damper. Following the above guidelines can help ensure the safe and effective use of your fireplaces for your tenants.



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