JUNE 2020

Handling Maintenance Issues During a Pandemic *Page 6*

Is There a Shifting Demand for Rental Housing? *Page 11*

$4.6 Million Lost Annually to Fraudulent Applications *Page 14*

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Pandemic Leads to Decline in Rents in Seattle, Portland

RENTAL HOUSING JOURNAL

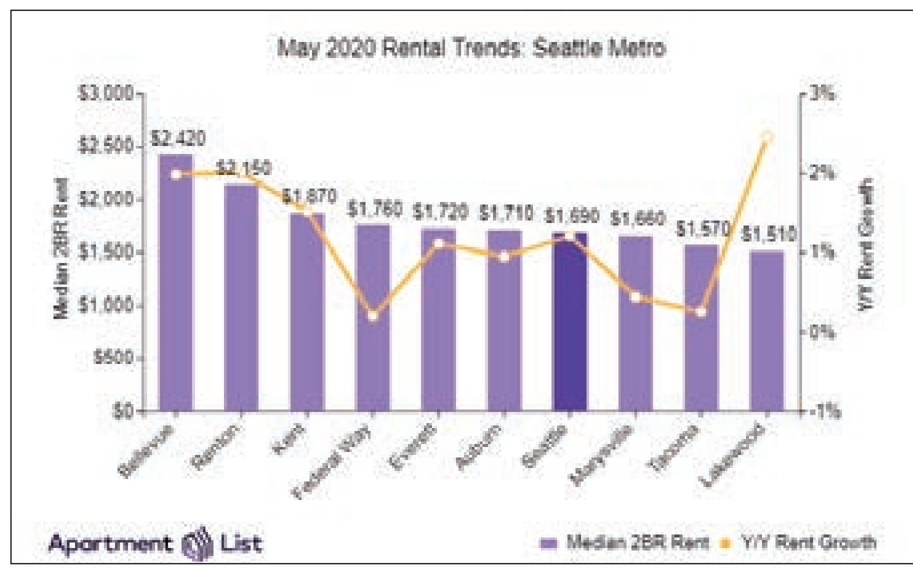
Seattle rents have declined 0.3 percent over the past month while Portland rents also declined 0.3 percent in the past month as rents in many places have started to dip during the pandemic, according to the latest report from Apartment List.

Other cities nationwide are also feeling the decline, such as Seattle by 0.1 percent and Phoenix by 0.2 percent.

"It's important to note that the magnitudes of these rent decreases are all quite modest, but on the other hand, this may just be the beginning of a prolonged trend," said Chris Salviati, Housing Economist at Apartment List.

"I would note that the areas where we're seeing the most significant rent dips are in local economies that are heavily dependent on tourism, such as Las Vegas, Orlando, and Miami. Compared to those cities, Portland, Seattle, and Phoenix all have notably higher shares of workers employed in knowledge occupations that can be done from home, so they're a bit more protected from the harshest economic impacts," he said.

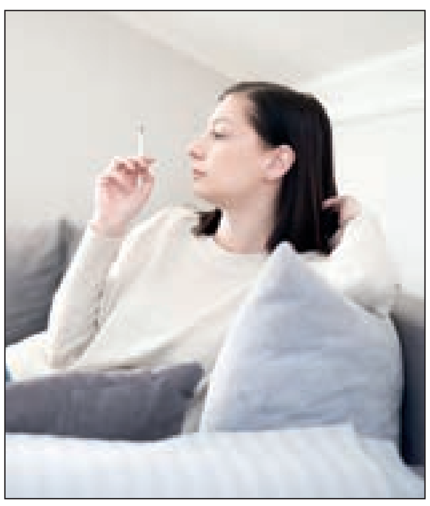
Salviati said as far as longer-term impact, the pandemic's effect on rent prices will depend heavily on how quickly the economy is able to recover.



"Even in the best-case scenario, it's highly possible that we could see a protracted uptick in downgrade moves as many households facing financial hardship begin looking for more affordable housing," Salviati said.

"We may also see a significant slowdown in new-household formation, as more Americans move in with family or friends to save on housing costs. These trends could lead to tighter competition for rental units at the middle and lower ends of the market, while luxury vacancies get harder to fill.

"As I mentioned above, Phoenix, Seattle, and Portland are not among the areas that I would consider to have the most at-risk local economies, but there's still a lot of uncertainty in how this will all play out," Salviati said.



How to Prove Tenants Violating No-Smoking Rule

BY HANK ROSSI

Dear Landlord Hank: My lease specifies no smoking in the unit and even goes so far as to state that tenants may be responsible for all costs to repaint/clean if they do smoke in the unit, but I am struggling with how to enforce this clause because it's difficult to prove.

When my latest tenants moved out I found the entire inside of the unit had a grey haze on everything (walls, ceiling, doors, and cabinets). They insist they didn't smoke in the unit and suggested that it may have been caused by candles.

I've had tenants who used candles regularly before and have never seen this kind of thick haze. I'm certain they were smoking in the unit, but don't have any evidence other than photos of how bad the haze was and my receipts for painting the walls/ceiling.

Is this sufficient if they challenge my deductions from their security deposit or is there a better way to prove this in the future? — **Gordon**

Dear Landlord Gordon: Usually, smoking is easy to detect by the distinctive smell on walls, in carpeting

See 'What' on Page 15

Property Management Company to Pay Tenants $300,000 to Settle Moratorium Suit

RENTAL HOUSING JOURNAL

JRK Residential Group violated the Washington eviction moratorium by threatening tenants and starting to evict 14 of them, and will pay $350,000 to settle a lawsuit, according to a release from Washington Attorney General Bob Ferguson.

JRK, a Nevada corporation headquartered in Los Angeles, will pay almost $300,000 directly to tenants in the form of refunds, payments and rent forgiveness.

Ferguson filed suit in April, charging JRK violated Gov. Jay Inslee's Emergency "Evictions" Proclamation. Inslee's proclamation establishes a temporary moratorium on evictions for the inability to pay rent. The proclamation specifically prohibits landlords from issuing notices to pay or vacate during the effective period.

Ferguson said in the complaint that JRK Residential violated the proclamation by issuing Notices to Pay or Vacate in April to at least 14 tenants of The Boulders at Puget Sound, a multi-building Tacoma apartment complex containing more than 700 units. The lawsuit also asserted that JRK sent unfair, deceptive and harassing communications to approximately 1,400 Washington state tenants.

The Boulders at Puget Sound tenants discovered the notices to pay or vacate at their front doors. The notice instructed tenants to pay all rent due within 14 days or be "subject to eviction as provided by law." The notice stated that it was

See 'Company' on Page 9

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In a 1031 Exchange? Why Waiting Until After COVID-19 to Complete Your Exchange Could Potentially Be a Bad Idea

By the Kay Properties and Investments, LLC Team

As a result of the COVID-19 pandemic the IRS issued Notice 2020-23 which provided a multitude of tax extensions including the extension of the 1031 exchange deadlines. The typical investor in a 1031 exchange will have 45 days from the sale date to identify a replacement property, and 180 days to complete the purchase of that same property. With the IRS' notice the 45-day, and 180-day deadline has been extended until July 15th 2020 for anyone who originally had their 45th day, or their 180th day fall between April 1, 2020 and July 15th 2020.

One example of how this could affect someone in a 1031 exchange would be if they had sold their property on April 3, 2020 their 45th day would have been May 18, 2020 and they would have had to formally identify their replacement property by then. Under the new guidelines if they completed their sale on April 3, 2020 they would have until July 15, 2020 to identify a replacement property.

While the extensions were provided for good reason, the unintended consequence may result in demand for quality exchangeable real estate exceeding the available supply in the first two weeks of July. Alex Madden, Vice President with Kay Properties and Investments explained "The sale of a property often requires many months to complete and we have seen many of those sales move forward during COVID-19, but very few new offerings have come to the market for 1031 exchange investors to use as a replacement property. With exchangers extending their identification and purchase dates until July 15th it is a very real possibility that they may face fierce competition over replacement properties when they do finally need to complete their exchange. I don't think we have ever had a time in America where every single 1031 exchanger had the same deadline date."

Many localities have seen a significant drop in real estate listings since the outbreak of COVID-19 which means there may be less properties available for investors who are in the midst of a 1031 exchange. With less real estate coming to market one potential outcome for affected 1031 exchangers may result in overpaying for a replacement property.

Madden went on to say "We have seen a slowdown in the real estate sector during COVID-19, and a result may potentially be that 'turnkey' 1031 exchange solutions like Delaware Statutory Trust offerings (DSTs) could become more scare. 1031 exchange investors may prefer products like the DST as the deadline approaches because the financing, and due-diligence are already in place and it's possible to complete a purchase in three to five business days typically."

Many 1031 exchange investors are rightly taking a re-evaluation of the marketplace in the midst of the COVID-19 pandemic, but with every 1031 exchanger in America facing the exact same deadline on July 15th there is a very real potential for overpayment, deals to fall through, and maybe even failed exchanges for those who wait until the last moment due to inventory running dry.

About Kay Properties and www.kpi1031.com

Kay Properties is a national Delaware Statutory Trust (DST) investment firm. The www.kpi1031.com platform provides access to the marketplace of DSTs from over 25 different sponsor companies, custom DSTs only available to Kay clients, independent advice on DST sponsor companies, full due diligence and vetting on each DST (typically 20-40 DSTs) and a DST secondary market. Kay Properties team members collectively have over 115 years of real estate experience, are licensed in all 50 states, and have participated in over 15 Billion of DST 1031 investments.

This material does not constitute an offer to sell nor a solicitation of an offer to buy any security. Such offers can be made only by the confidential Private Placement Memorandum (the "Memorandum"). Please read the entire Memorandum paying special attention to the risk section prior investing. IRC Section 1031, IRC Section 1033 and IRC Section 721 are complex tax codes therefore you should consult your tax or legal professional for details regarding your situation. There are material risks associated with investing in real estate securities including illiquidity, vacancies, general market conditions and competition, lack of operating history, interest rate risks, general risks of owning/operating commercial and multifamily 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.

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Coronavirus Causes Biggest 1-Month Slowdown in Rent Growth in at Least 5 Years, Zillow Says

Rental Housing Journal

The pace of year-over-year rent growth saw the biggest one-month slowdown since at least 2014, up just 2.9 percent in April after 3.4 percent growth in March. Rents fell in 16 major markets, according to a release from Zillow.

Rent prices had been chugging along at a remarkably stable pace since 2018, with the growth rate rarely rising or falling much from one month to the next. That changed in April, the first reading since the coronavirus pandemic struck the United States.

The rental market has been hit especially hard because people who are in jobs that faced the most layoffs and furloughs tend to be renters, Zillow said in the release. They also tend to spend more of their monthly income on rent, which means they have less ability to save in case of emergencies.

Skylar Olsen, senior principal economist at Zillow, said in the release that, "Housing was in a generally strong position before the pandemic, with low inventory and high prices shutting many would-be buyers out and creating unusually high demand for rentals.

"Rents soared, making it difficult for many to build emergency savings to tap into at a time like now. We're seeing rents slow now as some people are no doubt pursuing more-affordable options, such as moving back in with parents, moving to a less-expensive area, or doubling up in instances where it can be done safely," Olsen said.

The for-sale market continues upward

The for-sale market continues to show momentum, though. Newly pending sales are up 13 percent week over week and nearly 50 percent month over month as of the seven days ending May 10. And they are higher than last year in four large metros -- Cleveland (up 10 percent year over year), Cincinnati (up 3.8 percent), Houston (up 2 percent), and Dallas-Fort Worth (up 0.9 percent).

Home values continued their upward trajectory in April, with the typical U.S. home value growing 4.3 percent year over year to $250,492. The pace of yearly home value growth has now accelerated every month this year after slowing for 20 consecutive months beginning in spring 2018.


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Unexpected Costs When Tenants Move Out

Keepe

It is common knowledge that tenants cannot live in a single rental property all their lives. They may move out because they got a new job or bought their own home, or they may have been evicted due to one issue or the other.

The big question is, what are the hidden costs you may face as a landlord or property manager when your tenants move out?

Some landlords have false hope that the rental deposit will be enough to cover upgrade costs and cleaning needs. But rarely do tenant deposits provide enough money to pay for everything needed to get a property ready for a new tenant.

Below is a list of unexpected costs you may face as a landlord when your tenants move out.

Vacancy Loss

Vacancy loss is the amount of rental income or cash flow that a property is losing as a unit sits unoccupied.

Without money coming in, but with money going out to upgrade and repair the property, it won't be long before landlords are struggling to make their own mortgage payments. Working with a property-management company is one of the best ways to reduce the risk of tenant turnover and to help find new tenants on time.

When your tenants show signs that they are going to leave and not renew their lease, you could respond by offering free utilities for two months, reducing rent slightly, or freezing it at current rental rates. You might also offer to enhance some aspect of the apartment/condo to increase their comfort. People don't like to leave their comfort zone.

Property Damage

One of the biggest worries you might have as a landlord is that tenants may do significant damage to your rental property before they move out.

When a tenant packs up and moves out, and there is no way to get a hold of him or her, you run the risk of walking into a damaged unit. Some tenants will leave before the rent is paid or at night, and they leave behind a lot of damage. Having an effective tenant-screening process is the best way to find tenants who will care for the property.

Stolen Appliances and Other Property

Theft by tenants moving out of rental properties is very common.

In fact, "a poll of 2,000 adults by landlord insurer Direct Line for Business found tenants have removed items such as fridges, freezers, light fittings, televisions, and even sinks. Tenants estimate that the overall value of items they had taken from a property stands at more than $500." It can feel devastating when a tenant steals your property upon moving out of the rental.

However, to avoid issues such as this, you must obtain a FULL tenant reference check before you go ahead with a tenancy.

This will provide you with detailed information on their financial security and place of work, which will assist in giving you peace of mind that you have selected a suitable tenant.

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.

Handling Maintenance Issues in a Pandemic

By Bradley S. Kraus, Attorney at Law

By now, many of us are growing tired of the burdens that COVID-19 has placed upon us. From job losses to restrictions on travel and other leisure activities, the coronavirus continues to shape our lives. Worse yet, it does not appear to be going anywhere soon.

Many of our elected officials have suspended several tenant obligations by way of moratoriums and proclamations. They have not extended that same courtesy to landlords. One landlord obligation (among many) challenged by an extremely transmittable virus is the handling of maintenance issues. While landlords never had to worry about things like "self-quarantining" or "social-distancing" before this year, these things are here to stay. So how do you handle a lack of manpower if your staff is self-quarantining? What about tenants who cannot seem to maintain proper distance when a maintenance issue is addressed?

First, it is important to remember that it is illegal to ask tenants to waive their rights under the Landlord/Tenant Act. ORS 90.320 requires a landlord to maintain the dwelling unit in a habitable condition at all times ... even during a pandemic. Accordingly, a tenant who makes a maintenance request has the right to have it promptly addressed. This includes those times when you may not have maintenance staff due to illness, vacation, or otherwise. Throughout those times, your obligations as a landlord persist, so it may behoove you to have a back-up list of outside vendors you can call in a pinch.

Some tenant issues are obviously more pressing than others. With small issues, your tenant may desire to have minor maintenance issues—e.g., something which does not substantially diminish the habitability of the premises—taken care of down the road, perhaps when the virus's transmission slows and life returns closer to our previous "normal." Should this be true, be sure to (a) have your tenant indicate such a desire in writing, and (b) continue to follow up with the tenant intermittently to ensure the issue stays on the radar. By properly documenting the tenants' desire to wait and following up, you can protect yourself from any claims down the road that you violated your obligations.

When an issue must be addressed quickly, health and safety protocols advised by experts should be observed. It is important that your staff maintain proper distancing and sanitization while addressing any maintenance requests. This includes wearing a mask throughout their work, and sanitizing after the work is done. This will ensure the safety of both your tenants and your staff in these unsettling times.

Some tenants may not feel the same regarding things like distancing. If your tenant refuses to acknowledge the safety and space your staff needs and deserves, remind them of the importance of things like distancing and wearing a mask around others. Let them know that if they fail to observe the same, your staff will come back another time. If they fail to heed these warnings, your staff's safety should take priority, and they may be required to leave for their own safety. Be sure to document these issues and the reason your staff left, both in an office log and in writing with your tenants, and advise them that your staff will return when their safety will be respected. These communications could be critical down the road, should your tenant blame you for their own failure to respect the safety of others.

These are unprecedented times in which we live. As landlords, issues involving staffing (due to sickness/quarantine), spacing, and safety have now entered the landlord/tenant equation. Both landlords and tenants should respect the gravity of these issues, even though their interaction with the landlord/tenant act continues to evolve.

Bradley S. Kraus is an attorney at Warren Allen LLP. His primary practice area is landlord/tenant law, but he also assists clients with various litigation matters, probate matters, real estate disputes, and family law matters. A native of New Ulm, Minnesota, he continues to root for Minnesota sports teams in his free time. He is an avid sports fan and enjoys exercise and spending time friends and his fiancée, Vicky. You can reach him via email at kraus@warrenallen.com, or by phone at 503-255-8795.

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Washington Multi Family Housing Association

Quality Housing is as Important as Ever

The impact of the COVID-19 pandemic on the housing industry, our valued residents, and the citizens of Washington state has been unfathomable.

Yet through it all, we are seeing glimmers of hope, signs of recovery, and many examples of people showing kindness and service to others during these stressful times.

The rental housing industry has stepped up to ensure residents in our homes are protected and able to address their health, safety and financial security.

Our on-site associates continue to do what they've always done: care about their residents, serve their residents, and make sure their residents have a home they can be proud of and feel safe in. That effort hasn't changed just because of a worldwide health emergency.

Housing providers have encouraged proactive communication from residents and any challenges they may be facing, and welcome those conversations to be able to work out many concerns for a beneficial outcome.

The industry is working with residents who have been financially affected by COVID-19 and appreciates the efforts of those who can and have been paying their monthly rent in accordance with their lease agreements, thus allowing for enhanced efforts to help those who need it.

Rent Payments are Still Being Made by Most

Surveys of our members have shown that on average, rent delinquency in April and May was in the 9 percent-10 percent range. This number is certainly higher than historical averages, but also reflects optimism that financial stimulus and unemployment insurance coverage measures are helping those who need help now.

Those numbers also reflect the great work housing providers and on-site teams have done to show compassion, flexibility and the genuine desire to work out a suitable plan to keep our residents in their homes.

This month, Gov. Jay Inslee extended his statewide eviction moratorium an additional 60 days. Instead of expiring on June 4, it now extends to Aug. 1, 2020.

Despite real evidence that rental payments are largely being made, our members are doing all they can to assist renters needing real assistance during this difficult time, and while behavioral issues increase and disrupt residential apartment communities, the eviction moratorium remains largely unchanged.

Further conversations are needed between the housing industry and public officials so that the impacts of continuing to kick the can down the road can be understood and mitigated for everyone's benefit, not just for the benefit of some.

The state must use some of the $2.9 billion it received in CARES Act money to support renters truly needing rental assistance during this pandemic, instead of broad-brushed orders that are not narrowly tailored to assist those most in need.

Statewide Eviction Moratorium

Listed here are the additions/changes made to the eviction moratorium:

- Continues to prohibit the service of any notice where remedy may include eviction, except where the action is necessary to respond to a significant and immediate risk to the health, safety or property of others created by the resident.
- Permits termination with 60 days' written notice of intent (i) to personally occupy the premises as a primary residence or (ii) to sell the property. Because of the timing any termination under this section is likely to become effective Aug.31.
- Creates a defense to an eviction if the housing provider failed to offer a reasonable payment plan.
- Exempts commercial properties from the rent-control provisions where an automatic rent increase was agreed to and executed prior to Feb. 29.
- Adds a retaliation provision for invoking their rights under any of the Governor's Eviction Proclamation or other rights provided by the Residential Landlord Tenant Act.
- Permits reasonable communications with residents to explore repayment plans.

These are complicated provisions that admittedly create more questions than answers. When you ask an attorney a question of specifically what you should be doing on a certain issue, and the answer is "well, that's a gray area right now," you know the policies are not well-thought-out or inclusive of all stakeholders.

WMFHA has been working diligently over the last 45 days to educate policymakers on the unintended consequences of broad-brushed moratoriums that permit abuse without providing direct opportunities for relief to those directly affected by COVID-19.

We are quickly approaching a moment that will significantly test the resiliency of our housing system amidst COVID-19 and historic unemployment.

Eviction moratoriums are beginning to lift in cities and states across the country, yet many people remain out of work. Meanwhile, the extra $600-per-week of federal unemployment benefits are scheduled to end at the end of July. Soon, both renters and housing providers will face stark choices about their finances and living arrangements.

We can prevent a wave of evictions and preserve rental housing, but we must act now.

Rent Needs to Get Paid – And Not Just for the Reasons You Think

Ninety-one percent of the rent a resident pays goes to mortgage holders, taxes, insurance, maintenance costs, payroll for staff, property upkeep and repairs, safety systems and utilities. Less than 10 cents of every dollar of rent paid goes back to the property owner.

If rent doesn't get paid, the fragile system and all the costs connected to housing begin to break down. Housing providers and their residents are caught in the middle — trying to make things work with short-term payment plans, borrowing from damage deposits, or, in some cases, letting rent go unpaid, which ultimately adds mounting debt for the resident.

Some government programs are meant to help housing providers with government-backed mortgages with forbearance, but the implementation of those programs has been inconsistent. Many mortgage companies are not offering true forbearance, which prevents housing providers from passing savings on to their renters.

The patchwork approach to housing assistance isn't sustainable. We need a holistic solution that will keep residents in their homes and prevent a catastrophic collapse of the rental housing market akin to the 2008 mortgage crisis.

The Government's Role

People aren't working in large part due to government orders that businesses remain closed, meaning the government should continue to take responsibility to replace the wages of those who cannot work as a result. The federal government must renew the emergency unemployment assistance to allow people to cover the essential costs of living.

We continue to call for emergency rental assistance specifically that puts cash into the pockets of residents affected by COVID-19. Not everyone is eligible for unemployment insurance. Those in need should not fall through the cracks, and rental assistance is a proven way to keep people in their homes.

Additionally, legislators at all levels should tailor ongoing eviction moratoriums to those truly experiencing financial hardship due to COVID-19.

The broad nature of the current orders means that grandstanders and the small fraction of renters who are abusing the ban can take advantage, leaving housing providers with few options for recourse even when unsafe behaviors take place. Instead, we need targeted solutions that actually address the core issue of helping residents keep up with their costs of living.

Mortgage relief is complicated given the vast array of lenders and loans for small landlords, commercial housing providers, home equity lines of credit, bridge loans, and more. It is difficult for policymakers to craft legislation that addresses every type of loan that could benefit a housing provider and their residents.

But it is a tool in the government's tool chest worth exploring with bankers, mortgage lenders, and the rental housing industry. A true forbearance program that satisfies creditors and helps renters would be welcome, and we stand ready to work on it.

Over the last 10 years, King County created just one home for every three new jobs created. There were not enough homes for everyone who needs one, and this imbalance will only be exacerbated if we don't work together. Now is the time to invest in housing creation, put people back

See 'If' on Page 12

9,723 Total Job Postings in Apartment Industry in April 2020 (% of Real Estate Sector: 42.2)

- 1,396 Leasing Consultant
- 1,282 Property Manager
- 1,195 Maintenance Technician
- 589 Assistant Property Manager
- 536 Community Manager

7,451 Job Postings by Major Category

- 2,826 Property Management
- 2,127 Leasing
- 2,498 Maintenance

% % Apartment Jobs of Total Real Estate Jobs in Top MSAs*

MSA	%
San Antonio	62.2%
Houston	58.4%
Austin	54.0%
Kansas City	53.4%
San Diego	52.8%

*MSAs with 100 or more apartment job postings

Time to Fill For Top MSAs**

Kansas City	33.2 Days
San Antonio	33.7 Days
Austin	34.4 Days
Houston	34.9 Days
San Diego	38.1 Days

**Based on historical information; weighted average based on positions with 100 or more postings

Spotlight
Last 6 Months

Property Manager/ Community Manager

Top MSAs
(Highest Location Quotients)

	Location Quotient***	Market Salaries (90th Percentile)****
Raleigh	3.3	$65,137
Durham	3.3	$54,135
Austin	3.2	$61,184
Denver	2.8	$57,656
Seattle	2.7	$52,167

***Location quotients display concentrations of demand within MSAs. U.S-wide average demand equals 1.0; a location quotient of 1.5 indicates 50% higher demand than the US average.

Top Skills

Specialized/ Required	Baseline
Property Management	Communication Skills
Budgeting	Microsoft Office
Yardi Software	Microsoft Excel
Customer Service	Organizational Skills
Staff Management	Detail Oriented

Earnings

Market Salary (90th Percentile)****

$58,411

****Market salary is calculated using a machine learning model built off of millions of job postings every year, and accounting for adjustments based on locations, industry, skills, experience, education requirements, among other variables. Salaries in the 90th percentile are displayed due to the tightness of the labor market.

Sources: NAA Research; Burning Glass Technologies; Data as of April 30, 2020; Not Seasonally Adjusted

National Apartment Association
Education Institute

Apartment Jobs Snapshot
April 2020

Apartment Industry Job Postings Still Strong

National Apartment Association Education Institute

Job postings for the apartment industry have seen little fluctuation during the pandemic so far, as more than 9,700 apartment jobs were available during April, accounting for 42.2 percent of the broader real estate sector, according to the National Apartment Association.

While the coronavirus has caused devastating effects on the labor market – the U.S unemployment rate in April experienced the largest monthly increase in history, climbing 10.3 percentage points to 14.7 percent – the apartment industry did not see the same impact.

According to data from Burning Glass Technologies, between mid-March and the second week of April, online job postings declined by 30 percent compared to the beginning of 2020, according to the NAAEI Apartment Jobs Snapshot April 2020.

Markets that ranked highest for vacancies included San Antonio, Houston, Austin, Kansas City, and San Diego.

The April 2020 edition of the jobs report highlights property manager/community manager positions, with a median salary of $58,411.

In addition to property-management experience, employers are seeking candidates with strong budgeting skills, staff-management skills, and experience with propert- management software.

Salaries for property managers were particularly competitive in Raleigh, as demand for experienced professionals was more than three times the national average.

Company to Pay Tenants $300,000 to Settle Moratorium Suit

Continued from Page 1

"unconditional," and threated tenants that if they failed to "surrender the premises," they would "be guilty of unlawful detainer and subject to eviction."

In addition, beginning on April 1, JRK sent multiple emails to tenants reminding them that rent was due, and stating that they would "not waive any late fees." This notice and later notices pressuring tenants to pay April 2020 rent did not mention the governor's proclamation prohibiting evictions for non-payment of rent.

JRK Residential is a Nevada-based for-profit real-estate investment firm and property-management company that operates at least four apartment complexes in Pierce, Snohomish, and Kitsap counties. JRK Residential manages property in 20 states with an investment portfolio of $6 billion.

JRK said in a statement it had taken steps after the pandemic began to "ease the resulting burdens" on its tenants but recognized that more could have been done.

"To that end, we have worked with the state to further improve our policies and procedures and to offer our residents financial compensation to ease their burden during this time," the statement said.

JRK Residential unfairly and deceptively pressured residents to pay outstanding rent by sending numerous threatening emails and notices, sometimes multiple times per day, and making harassing phone calls to tenants or tenants' workplaces, according to the release.

Ferguson's lawsuit was the first state lawsuit filed to enforce Inslee's emergency proclamations.

"JRK Residential is a large, sophisticated corporation that knew about the governor's emergency evictions proclamation and ignored it anyway," Ferguson said in the release. "Their conduct is cruel and unlawful – and we will hold them accountable."

As part of the consent decree, filed in Pierce County Superior Court, JRK will be required to:

- Forgive April 2020 rent, or offer refunds to those who paid, for 14 tenants at The Boulders at Puget Sound complex who received 14-day Notices to Pay or Vacate in violation of the governor's proclamation;
- Once the consent decree is approved by the court, JRK will also be required to pay $246,900 to 1,441 tenants who received unfair, deceptive or harassing communications from JRK;
- Waive or refund fees for tenants who need or choose to move out before their lease is up while the governor's proclamation is in effect.

JRK Residential will pay approximately $344,646 to resolve the lawsuit, with almost $300,000 going directly to tenants in the form of refunds, rent forgiveness, or direct payments, including:

- Full rent forgiveness or refunds of April 2020 rent for the 14 tenants of Boulders at Puget Sound who received 14-day Notices to Pay or Vacate — a total of $26,877.69;
- $500 payments to 257 JRK tenants who were behind on April rent at the time that JRK sent letters that attempted to shame or harass tenants who had been unable to pay full April rent — a total of $128,500; and
- $100 payments to 1,184 JRK tenants who received the unfair and deceptive letters but were not behind on April rent — a total of $118,400.

"During this time of hardship and uncertainty, the moratorium on evictions is intended to help families and individuals keep a roof over their heads," Inslee said in the release. "Any property owners who attempt to remove people from their homes and skirt this order are breaking the law. I thank AG Ferguson and his team for enforcing the eviction moratorium."

Ferguson's civil-rights division began receiving complaints from tenants shortly after Inslee issued his evictions proclamation. The attorney general's office launched an eviction-complaint form on April 1. Since then, more than 650 Washingtonians have filed complaints. The attorney general's office has contacted 469 tenants and 284 landlords in response to complaints.

More than a dozen assistant attorneys general from other divisions in the office are volunteering their time to assist the Civil Rights Division in responding to these complaints.

Cities That Keep the Most Jobs During Downturns

Rental Housing Journal

Keeping jobs during downturns, often called "durable employment," shows up much more in some cities than in others, according to new research from Yardi Matrix.

Job stability is key to tenants being able to pay rent in the multifamily industry, as well as to landlords who are struggling to collect rent during the pandemic.

Employment losses caused by the COVID-19 pandemic have been unevenly spread across the economy, so Yardi Matrix studied which metros have the highest concentration of jobs in finance, professional and technical services, and government—sectors that have lost the lowest proportion of jobs.

"Metros with the highest percentage of durable jobs generally are home to a government capital, state university and/ or strong presence of knowledge-based industries," the report says.

Metros with the most durable jobs include:

- Lansing, Mich. – 44 percent
- Washington, D.C. – 41 percent
- Sacramento – 34.5 percent

"All of which include federal or state government capitals. The Lansing/ Ann Arbor metro also is home to the University of Michigan and Michigan State University.

"Washington has for decades been among the most consistently performing U.S. metro for commercial real estate because of the stability afforded by being the capital of the U.S. government. The presence of government-related industries that include lobbying, legal, trade groups, foundations, think tanks, etc., gives the metro an employment base that is extremely stable," the report says.

Jobs in banking, insurance and real estate also help with "durable" jobs.

Roughly two-thirds (33) of the Yardi Matrix top 50 metros are above the national average, which reflects the concentration of financial jobs in urban centers.

Metros with the highest percentage of jobs in this sector are:

- New Haven, Conn. – 9.5 percent
- Dallas – 9.3 percent
- Jacksonville – 9.3 percent
- Phoenix – 9.2 percent
- Tampa – 8.8 percent

"The goal of this study was to determine metros' exposure to the job segments that have performed the best at the outset of the pandemic. The upshot is that having a base of government jobs (including state universities) and/or concentrations of knowledge-based industries including (but not limited to) finance and technology should help metros weather the downturn," the report says.

"Questions remain about the economy in coming quarters. Our study was based on jobs lost through April, and the composition of job losses may evolve. For example, government has lost relatively few jobs so far, but we could see massive layoffs of state employees if the federal government doesn't provide aid to states. And the job picture could change rapidly as states begin to re-open. Most unemployment claims have been filed by furloughed workers that are subject to call-backs as the economies of those states reopen," Yardi Matrix says in the report.

Is There a Shifting Demand for Rental Housing?

By Cory Brewer

As the COVID-19 pandemic has continued to take hold of not only the rental housing market, but virtually every facet of our "normal" lives, it is worth taking a look at the potential shift in demand for the type of housing that renters will seek.

A couple of months ago I heard some early data from the CEO of a well-known national real estate brokerage brand; he was discussing the number of searches for various types of housing on his website. The growing trend was a reduction in searches for in-city multi-family properties, and an increase in searches for larger suburban properties.

It appears to me that there are three main factors contributing to this developing trend:

- First: Personal health and safety concerns have become top-of-mind for most people, even moreso than usual, these past few months. High-density housing can accelerate these concerns when you consider shared spaces such as entryways, mail rooms, hallways, elevators, etc. There is an increasing desire for residents to get some breathing room between themselves and their neighbors.
- Second: Square footage and private outdoor spaces can be hard to come by in multifamily housing, and have become even more desirable in the wake of stay-at-home orders that prevent visiting or gathering in spaces outside of one's home, such as restaurants, concerts, sporting events, and so on. Being "stuck" at home is a little bit easier to handle if there is a basement or a bonus room to retreat to, or certainly a deck or back yard.
- Third: Working remotely appears that it may become the new normal for many companies and industries. Some of the appeal to living in a downtown apartment may be proximity to one's office in order to avoid commuting. If commuting is no longer a concern, then living in a location that is a bit further out from the city center may not be much of a concern, either.

So what is likely to happen?

I don't have a crystal ball, by any means, but in talking with my team and learning what they are hearing out in the field, I predict that landlords should be prepared to

(depending on demand) adjust their tenancy criteria to some degree.

Where some landlords may have limits or restrictions related to a prospective tenant's income, I would not be surprised to see more and more households that are larger in size (number of adults) looking to pool their incomes to get into a larger house together. Not everyone can afford to move from a small in-city apartment to a spacious suburban home, but perhaps two or three people who had been living solo might want to move in together and enjoy, for example, their back yard – together. We are preparing our property managers to have this conversation with our clients.

On that same note, where will the demand come from for in-city multifamily housing?

I would not be surprised to see a back-fill in demand from college students who may elect to move away from crowded dorms (if the dorm buildings are even open and available to begin with when schools re-open). To my earlier point, this would likely increase the frequency of demand for a guarantor to sign the lease … another change that landlords should be prepared for.

I've read several articles recently about increased investment in single-family rental-housing construction. This is difficult to achieve in a market like the Seattle area, where buildable land is scarce between our lakes and mountains. However, in other markets where sprawl continues to, well, sprawl, expect to see more of this. Demand for rental housing will be there, perhaps not always in the exact same form.

And finally, what about demand?

Which leads me to my final point: Expect the demand for (and construction of) accessory dwelling units (ADUs) to increase.

The ADU is sort of a hybrid housing unit (not quite truly single-family, not quite truly multifamily) and as cities look to alter zoning rules to increase housing density, expect to see more and more ADUs coming online. An ADU can take multiple forms – detached, in the basement, above the garage, etc.

This would appear to be an attractive and affordable option for city-dwellers to move to more suburban neighborhoods and enjoy private entry, outdoor space, and potentially more square footage. There has been, still is, and will continue to be resistance against ADU construction from neighbors who are concerned about altering the character of their neighborhoods, but from a zoning standpoint, the tide seems to be turning as cities like Seattle are making a push to encourage this type of housing.

The ADU is also something that can allow multiple-generation families to live together while still having personal space, and can become a fantastic source of supplementary income for homeowners, especially if they decide to move into the ADU themselves and rent out the primary home.

In closing, to quote the Greek philosopher, Heraclitus: "The only constant in life is change."

Cory Brewer is the General Manager at Windermere Property Management / Lori Gill & Associates. Cory oversees a team of property managers in the Greater Seattle Area with a portfolio of approximately 1,500 rental properties. Active in the local real estate community since 2003, he has held his current position since 2011. Cory may be reached via www.wpm-northwest.com or coryb@windermere.com

If You Are a Landlord, Your Help is Needed to Ensure Quality Housing

Continued from Page 7

to work, and bring the cost of housing down for everyone.

Are you a Landlord? You Can Help Too

Thank you for providing homes in your community. People need places to live and raise their families, and you play a part in that. COVID-19 has been tough for everyone, and we know housing providers are no exception.

If your resident needs help, and you can make a payment plan work, please try. We are all in this together, and keeping people housed while covering some of your costs is a short-term way you can help if you're able.

You should also reach out to your lender and learn your options for mortgage relief. Make sure to learn if your loan is government-backed, ask if there are credit penalties to missed payments, and determine how repayment of missed months works in your situation.

And finally, two-way communication is essential. Keep in touch with your residents and maintain a conversation about their current situation. You can also help make sure they know about unemployment options and any local rental assistance resources.

On our association website at www.wmfha.org is a list of tenant rental assistance resources and organizations that can help residents.

We are all in this together, and keeping people housed while covering some of your costs is a short-term way you can help if you're able.

Our association remains true to our mission, vision and values. Our members serve all residents of our rental homes. Rental housing is critical to our society, and those providing that quality housing are true servants for others. We will continue to support our residents and will continue to serve, even in these troubling times.

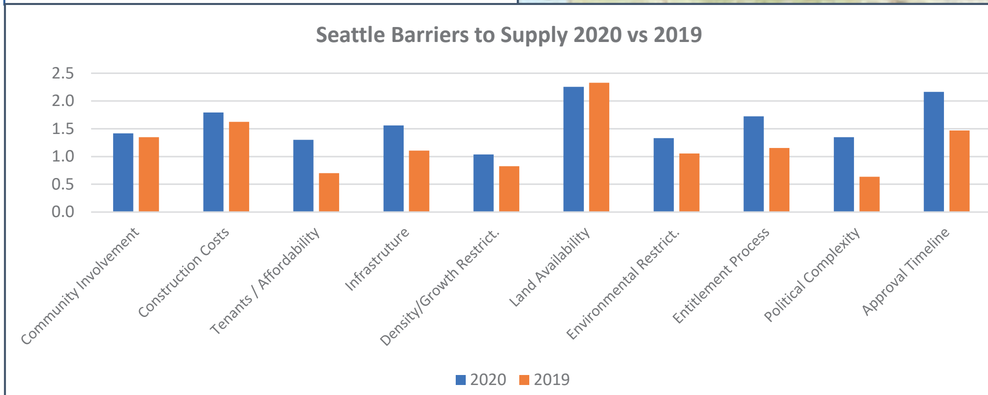
Thank you all for everything you do.

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.

BARRIERS to APPROVAL CONSTRUCTION 2020 UPDATE

- A growing job base continues to stress the local housing market prompting continued housing legislation at the state and local level.
- While some legislation has eased density and lot restrictions, land availability continues to be the largest impediment to new supply. Density/growth restrictions, community involvement and environmental restrictions increased modestly from last year
- The increasing legislative complexity of building and operating housing prompted significant increases in process, political structure complexity and time to approve new projects. Infrastructure is also stressed as the market grows.
- Seattle moved from a rank of 15 to 53 of 58 markets, putting it in the same highly restrictive realm as other West Coast markets.

SEATTLE



Washington state and Seattle continue to pass a number of housing laws in response to soaring costs created by a growing population and job base. Some legislation focused on increasing housing capacity by allowing increased density, 2-4 units or accessory dwelling units in single-family zoned areas, and easing parking quotas, impact fees and environmental restrictions under certain conditions. While survey respondents found land availability slightly better this year, it still remains the top constraint to new multifamily construction in Seattle. Density and growth restrictions as well as environmental restrictions also increased only slightly in the survey this year as compared to last.

However, a number of laws continue to make the market more difficult to navigate. Landlords have to provide 60 instead of 30 days to increase rents and 120 days notice to remove for demolition. Tenants have 14 days instead of 3 to pay overdue rent with more leniency in covering landlord legal costs. The Washington Supreme Court also upheld a 2016 first come-first serve law that requires landlords to screen tenants on predetermined criteria in the order they apply for the apartment. All of the laws have exceptions which makes understanding the legal environment in Seattle quite complex. In fact, survey respondents rated the complexity of the entitlement process and political review structure as significantly more restrictive this year. In addition to approval complexity, survey respondents list approval times, construction costs and land costs as some of the most significant barriers to new supply. Infrastructure and transportation are also increasing issues in the area.

While some of the 2019 legislative changes were beyond the survey scope which is more oriented towards multifamily new development, the changes did create multiple increases in subindex scores, driving the overall Seattle ranking from 15 to 53 of 58 markets, putting it in the same high supply restrictiveness category as other major West Coast markets such as San Diego and San Francisco.

BARRIERS INDEX METHODOLOGY:

NAA HAS Barriers to Apartment Construction indices were created from over 90 apartment development questions in ten categories and scored digitally on a scale of 0 (least restrictive) to 3 (most restrictive) from real estate professionals in both the public and private realms through 2019 and 2020 surveys.

$4.6 Million Lost Annually to Fraudulent Rental Applications

Snappt

Two-thirds of property managers say they've fallen victim to fraudulent rental applications, which drive higher evictions, property damage, and criminal activity, according to a new survey.

Applicant fraud has increased nine percent month-over-month since the COVID-19 crisis hit—a likely response to the current economic climate as well as recent changes to local and state eviction moratoriums, according to the 2020 Fraud in the Rental Industry Survey from Snappt.

The typical property manager reports that 15 percent of their online rental applications exhibit obvious fraud, with an additional 10 percent of fraudulent applications slipping through unnoticed.

Factors that are attributed to the rising stats

"There are a number of factors that are fueling the increase in fraudulent rental applications," said Daniel Berlind, CEO and co-founder of Snappt, in the release.

"The increasing number of self-employed applicants, a move to online rental applications, and the increasing availability of tools to fraudulently alter financial documentation, all make the problem more common," he said.

Two in five (41 percent) property managers say fraudulent rental applications are somewhat to extremely common; they report an annual eviction rate of 12 percent.

Thirty-four percent reported annual eviction rates of 20 percent or higher.

Fraudulent rental applications can involve document alterations

According to the survey, one of the biggest issues is spotting fraudulent documents. Using the documents provided by applicants, property managers must look for alterations manually.

The survey said that those taking the survey report it takes four hours to vet an application and one in five report it takes more than 10 hours. Fifty-eight percent rate this task as somewhat to extremely challenging and half say it takes too long to do manually.

The top five problems reported by property managers who allowed tenants to slip through with fraudulent rental applications in leases include:

- Costs associated with having to evict bad tenants
- Physical damage to the property
- Missing out on renting to good tenants
- Criminal activity at the property
- Loss of reputation

The full '2020 Fraud in the Rental Industry' survey is available at www.snappt.com/confronting-costs-tenant-fraud

Snappt, a Los Angeles based real estate technology company, provides data-driven fraud detection services that can accurately spot fraudulent documentation. Snappt is used by three of the top six property management firms in the country, the company says.

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What Can a Landlord Do About a Smoker?

Continued from Page 1

and furniture, signs of ash or cigarette butts, and yellow or brown discoloration on walls, counters, cabinets, doors and trim.

Even with camouflage, you can usually find enough signs to prove indoor smoking.

If you want to know for sure if the haze you are finding is related to smoking, there are air-quality detection companies and devices that can confirm the presence of smoke residue from cigarettes.

You may also try a home air-quality test, but the accuracy is not as high as with a professional assessment. The Bosch Macurco D381 Air Quality Detector can detect cigarette smoke.

There are also smoke detectors available to alert you to someone smoking in your property, and a new "smoke sensor" should be coming to market this year.

Detection may be tougher to do now though since you've tried to erase all signs of this issue, including painting your property. Have you checked your vents and ducting for signs of smoking?

We deal with companies that have "ozone" machines that will be attached to your ducting and clean ducting and air handler as well as your unit to get rid of the smoke smell, and this is a great and cost-effective way to take care of the issue.

***

Dear Landlord Hank: Twenty years ago, we rented the lower part of a duplex to a couple. After about 15 years, she died. Her husband stayed and has really trashed this apartment with his hoarding illness. He has stacks of newspapers that he refuses to recycle, saying "I haven't read them yet." The kitchen is all stacked with stuff that makes it unusable. There is a two-foot path through the whole place. He is a smoker, which doubles our worry about this hoarder situation. I didn't mention that the unit is in Ohio. Does that make a difference in whether he is protected from being evicted in Ohio? **- Beth**

Dear Landlord Beth: I hope you have a lease with your tenant. Most leases will have a section regarding "Use of Premises," usually saying that the tenant shall maintain the premises in a clean and sanitary condition and not disturb surrounding residents or the peaceful and quiet enjoyment of the premises or surrounding premises.

The hoarding, which in some states is considered a mental health disorder, would clearly be in violation of this section of the lease.

I would put a "Notice to Cure" on the tenant's door or hand it to him, stating that the tenant has 10 days to comply with the lease provision or he could be evicted.

Depending upon Ohio state statutes and local ordinances, the hoarding could be considered a "public nuisance" and your tenant could face the prospect of conviction of a misdemeanor.

I would act today to take care of this and either have the tenant clean up or move out. You will most likely have to evict and clean up yourself. An older person who is a smoker, in a paper-filled environment, seems like a recipe for disaster to me.

***

Dear Landlord Hank: I'd love to know your thoughts or advice on renting during the moratorium on evictions. Can you have a new tenant waive the right of not paying rent?

My husband and I have two units of a triplex ready to rent. However, the day they announced the "no evictions for 120 days," I received 12 leads of "groups" of individuals wanting to rent. Fortunately, our criteria is high and none qualified, but it concerned us, so we pulled them off the market. I don't know how long we can afford to keep doing that, but I heard some larger complexes have put units on hold, too. What are your thoughts on this topic? **- Debbi**

Dear Landlord Debbi: You are right to be VERY cautious during this novel situation, as you know some people are going to try to move in and not pay rent.We have continued to market our rentals.

We are lucky to be in an area of the country where first, last and security up front are standard. You could ask for this monetary arrangement to give you the cushion on one additional month's rent.

When we do our background screening we are looking very carefully at work histories, specifically if someone is in a business considered "essential." That way, the tenant is more likely to continue working. We are also checking to see that their hours haven't been cut.

It sounds like you have high standards to begin with, so you should be OK to accept a tenant that meets your normal qualifications, especially if he or she is in an essential job.

Good luck and stay safe out there.

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. Visit Landlord Hank's website: https://rentsrq.com