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# Rent Control Could Erase Year's Worth of Housing Creation

**Rental Housing Journal**

New research released by ECONorthwest and the Partnership for Affordable Housing shows that a statewide cap on rents could reduce housing creation in Washington by 11 percent over the next 10 years. If that happens, it would be equal to more than a year's worth of homes that will never be built in the next decade.

The Partnership released this report as the spotlight falls on how to best tackle the problems from both the pandemic and Washington's housing problems.

- "ECONorthwest and Partnership for Affordable Housing worked together to analyze housing creation in Washington state and policies that would support or hurt new housing development. We found that a statewide rent-control policy is not the solution," said Morgan Shook, senior policy advisor with ECONorthwest. "In fact, a statewide cap on rents would reduce housing creation in Washington by 15,000 homes over the next 10 years. This is equivalent to 11 percent of all the multifamily units produced statewide between 2010 and 2019."


"As decision-makers grapple with short- and long-term fixes to the economic fallout of COVID-19 and Washington's pre-existing housing crisis, it's important that they rally around solutions that help residents remain in their homes and communities, while also supporting a variety of new housing creation to meet the needs of people of all income levels. 'Quick fixes' like rent control would ultimately

*See 'Rent' on Page 5*


# No Relief for Landlords in New Eviction Moratoriums

**Rental Housing Journal**

A new nationwide eviction moratorium has been ordered through the Centers for Disease Control (CDC) to halt residential evictions through the end of December.

However, the new ban on evictions of tenants does not offer any relief for landlords to be able to recoup unpaid rent.

"We are disappointed that the administration has chosen to enact a federal eviction moratorium without the existence of dedicated, long-term funding for rental and unemployment assistance," said National Multifamily Housing Council President Doug Bibby in a statement.

"An eviction moratorium will ultimately harm the very people it aims to help by making it impossible for housing providers, particularly small owners, to meet their financial obligations and continue to provide shelter to their residents," Bibby said.

"Without direct rental assistance, rents cannot be paid, and owners face a

*See 'CDC' on Page 3*

# Seattle Rents Continue Decline

| City | Median 1BR Rent | Median 2BR Rent | M/M Rent Growth | Y/Y Rent Growth |
|---|---|---|---|---|
| Seattle | $1,340 | $1,660 | -0.5% | -1.9% |
| Tacoma | $1,270 | $1,580 | 0.3% | 0 |
| Bellevue | $1,900 | $2,370 | -0.7% | -2.3% |
| Everett | $1,390 | $1,740 | 0.3% | 1.1% |
| Kent | $1,510 | $1,870 | 0.2% | 1.8% |
| Renton | $1,720 | $2,140 | 0.3% | 0.7% |
| Federal Way | $1,420 | $1,760 | 0.6% | -0.3% |
| Auburn | $1,390 | $1,730 | 0.6% | 1.1% |
| Marysville | $1,340 | $1,660 | 0.2% | 0.5% |
| Lakewood | $1,220 | $1,520 | 0.6% | 1.8% |
| Redmond | $1,810 | $2,260 | -0.8% | -2.1% |
| Kirkland | $1,750 | $2,180 | -0.4% | 1.2% |
| Sammamish | $2,780 | $3,460 | -0.4% | -0.8% |

**Rental Housing Journal**

Seattle rents have declined 0.5 percent over the past month, and have decreased moderately by 1.9 percent in comparison to the same time last year, according to the most recent report from Apartment List.

Currently, median rents in Seattle are $1,336 for a one-bedroom apartment and $1,663 for a two-bedroom.

This is the fourth straight month that the city has seen rent decreases, after an increase in April.

Seattle's year-over-year rent growth lags the state average of -0.6 percent, as well as the national average of 0.3 percent.

## Rents rising across metro area

While rent prices have decreased in Seattle over the past year, the rest of the metro is seeing the opposite trend.

Rents have risen in seven of the largest

*See 'Decline' on Page 12*

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# Can I Cash-Out a Portion of My 1031 Exchange Proceeds? The Ins-and-Outs of a Partial 1031 Exchange

**By Orrin Barrow**
**Vice President, Kay Properties and Investments, LLC**

Many investors that come to Kay Properties are looking for a full tax deferment utilizing a like kind exchange. A full tax deferment under IRC Section 1031 consists of buying a replacement property for equal or greater value than that of your relinquished value of the property. For example, if an investor sells their property for a net sales price of $1,000,000 in order to have full tax deferment under Section 1031, the investor has to buy at least $1,000,000 worth of total real estate as replacement property.

However, many investors are unaware that they are not fully obligated to use 100 percent of their proceeds in order to still do a 1031 exchange. For example, if an investor sold for $1,000,000 they can actually take $200,000 out of their exchange to increase their liquidity and only pay capital gains and depreciation recapture taxes on that portion of their exchange, the $200,000 that they peeled off. The $200,000 is then deducted from what the investor has to replace, leaving the investor with needing to purchase only $800,000 of replacement property to defer the bulk of their taxes due.

The liquid cash that the investor has available is now taxable but can be used for a variety of different reasons. Many investors have a large part of their net worth captured inside of their real estate holdings. They understand the value of a 1031 exchange but still want the option of having cash set aside for a rainy day.

During the Covid-19 pandemic, we saw certain investors decided to complete a partial exchange rather than a full exchange so that they could have some additional liquid funds to possibly weather a more severe economic downturn.

It is prudent for investors to understand 1031 exchange rules to complete a partial exchange.

When engaging in a 1031 exchange an investor has 45 days from the date of the recorded closing to identify properties and 180 days from the date of a recorded closing to close on their replacement property. Once an investor's 1031 proceeds are transferred to their accommodator/qualified intermediary account they have the 45-day identification timeline to remove the proceeds that they want to liquidate from the accommodator account. If the funds remain in the accommodator account past the 45th day, the investors proceeds will remain with the accommodator until the 180th day.

Investors need to be aware of when to remove their funds from their accommodator account in order to complete a partial 1031 exchange and how much their estimated tax obligation will be before considering completing a partial exchange. Remember, if your tax obligation from a partial exchange outweighs the proceeds you are left with, it may be prudent to do a full exchange.

It is always advised for investors to speak with their CPA and attorney for all tax and legal advice prior to deciding to complete any 1031 or partial 1031 exchange



# CDC Nationwide Eviction Moratorium No Help for Landlords

***Continued from Page 1***

financial crisis of their own by not being able to maintain properties and pay their mortgages or property taxes," said National Apartment Association President & CEO Bob Pinnegar in a release.

"This action risks creating a cascade that will further harm the economy, amplify the housing-affordability crisis and destroy the rental-housing industry. This global housing crisis cannot be blamed on the rental-housing industry, nor can the industry bear the brunt of the pandemic alone. We need balanced, reasonable solutions for all Americans," Pinnegar said.

Bibby added, "Not only does an eviction moratorium not address renters' real financial needs, a protracted eviction moratorium does nothing to address the financial pressures and obligations of rental-property owners. Without mortgage-forbearance protections and protections from other property-level financial obligations such as property taxes, insurance payments, and utility service, the stability of the entire rental-housing sector is thrown into question."

"We believe renter protections are best left to state and local officials, who better know their housing markets and can tailor protections to the varied and unique eviction laws and judicial processes across jurisdictions," Bibby said.

At the federal level, Bibby said, "We agree with Secretary (Steve) Mnuchin, Speaker (Nancy) Pelosi and Leader (Chuck) Schumer that policymakers need to come back and negotiate a strong rental-assistance program."

## National Rental Home Council Rips National Eviction Ban

"President Trump's eviction moratorium might work in a fantasy world. But in this one, it only kicks the problem down the road. Once the moratorium expires, renters will owe back rent for several months, and their landlords may no longer be in business," the National Rental Home Council said in a statement.

"Over half of all rental properties in the United States, 23 million, are single-family homes. Ninety-seven percent of these properties are held by 'mom-and-pop' landlords, who own between one and three properties. At the end of this year, many of these landlords will have foregone rent for nine and a half months.

"It's not quite clear how the administration expects these landlords to cover their mortgage payments, property taxes, community fees, and maintenance costs. With no corresponding ban on foreclosures, mortgage holders still can and will foreclose on landlords who can't meet their financial obligations.

"The order leaves landlords with two grim options -- go deeper into debt, or sell.

"This moratorium also capitalizes on the false narrative that landlords are lining up at the courthouse to file eviction notices. The exact opposite is true. Many landlords have created flexible payment plans, allowed tenants to access security deposits, and waived fees.

"The federal government has failed to provide genuine financial assistance to renters and landlords alike. We urge Congress and the Trump administration to change that state of affairs.

"America needs sensible, well-constructed rental assistance programs that provide immediate relief to both renters and landlords. That's the only way to bring any sense of certainty to the rental housing market."

*The National Rental Home Council (NRHC) is the national non-profit trade association of the single-family rental home industry. The organization and its members aim to provide families and individuals with access to high-quality, professionally-managed single-family rental homes that contribute to the vitality and vibrancy of neighborhoods and communities. For more information visit rentalhomecouncil.org.*

# 3 Solutions Toward Safeguarding Nation's Affordable Housing Supply

**By Matthew Davies**

In the coming weeks, the affordable-housing industry will be hit with the perfect storm.

President Trump's recent memorandum extended federal unemployment benefits through December 27. Yet, those out of work will still receive a lesser benefit per week compared with the federal employment benefits provided under the CARES Act. Some are questioning the legality of the memorandum, leaving an industry in flux and 24 percent of Americans uncertain as to whether they will be able to make their next rent payment.

And while federal eviction moratoriums that went into place following the COVID-19 pandemic were lifted, the CDC's newest ruling prevents evictions through December 31 (see story, page one). Trump's recent executive order didn't clearly extend the moratoriums, but instead directed Health and Human Services and the CDC to evaluate whether stopping evictions continued to be necessary.

But rent forgiveness only passes the burden to the landlords who manage these properties, who have mortgages and property taxes of their own. With little to no rental income and no moratorium for paying mortgages and property taxes, owners and operators of affordable housing face a difficult choice: fight these eviction moratoriums in court or – unable to sustain their businesses – cut their losses and walk away altogether. The result is a devastating impact on an affordable housing stock that is already in short supply, at a time when increasing numbers of people need affordable housing.

Why are owners and operators of affordable housing more deeply affected than other property owners?

Affordable housing presents an array of challenges for property owners.

First, owners and operators of affordable housing operate on thinner margins than market-rate apartments, especially upper-end apartments. Second, a much higher proportion of affordable housing residents work in the "informal" economy, making them ineligible for unemployment benefits, much less the expanded benefits that were offered under the CARES Act. For these residents, help has come instead in the form of local jurisdiction ordinances that delay payment of rent and forestall evictions.

On the West Coast, these ordinances have been overly broad, allowing people to stop paying rent for any reason, regardless of whether their jobs were affected by COVID-19. At the same time, local governments are making delayed property tax payments hard for property owners to obtain. Local utility companies are offering no deferrals and GSO debt forbearance creates its own sets of undue hardship. The housing providers are bearing the brunt from all sides.

### A Complex Problem Requires a Multi-Faceted Solution

The United States has a shortage of more than 7 million affordable homes and apartments for extremely low-income families, according to the National Low Income Housing Coalition (NLIHC).

As housing production costs rise faster than incomes – particularly in light of the COVID-19 pandemic and its impact on jobs, this disparity is only poised to widen.

While a second coronavirus stimulus bill, if passed, will help citizens in the short term, bailouts like these are economically unsustainable for our country and they don't solve the underlying issue: the shortage of affordable homes in the nation.

Increasing the number of affordable homes available to renters requires a three-pronged approach that includes short-term rental assistance for those in need, longer-term financial assistance to the developers, owners, and operators of affordable housing communities, and fewer burdens and zoning restrictions to encourage – rather than stifle – development.

### Landlords: Negotiate payment plans with tenants

Landlords should be willing to negotiate rent payments with their tenants when necessary.

Discuss what tenants can afford and then offer an alternative such as rental assistance, temporary rent subsidies, or a rent payback plan that is acceptable to both parties.

### Banks, Lenders, Municipalities, and Utilities: Provide Assistance for Owners and Operators of Affordable Housing

Private and government lenders can help lessen the burden on the affordable housing industry by granting zero-interest bridge loans for property owners with a timeline that coincides with the government-mandated rental freezes. This type of assistance could help ensure the properties could remain operational until such time that renters are back to work and able to pay their rent.

For landlords who have a mortgage, the CARES act assisted by waiving late fees on mortgage payments or suspending foreclosures, and some lenders extended those moratoriums. To qualify, landlords must show proof of rental income losses to their lender. Finally, the Economic Injury Disaster Loan (EIDL) offers emergency grants up to $10K to small businesses impacted by the coronavirus.

### State and Local Government Leaders: Adopt Policies that Encourage the Development of Affordable Housing

As previously mentioned, our nation has a shortage of affordable homes, which can be alleviated – at least in part – by increasing the supply. This means building affordable housing closer to population centers and closer to jobs, and doing so requires more permissive zoning and less red tape.

Further, we need to get creative with how we use the available land to accommodate more families. Tiny home communities are one option for providing homes for more families in less space, often accommodating 25-30 residencies per acre. High-rise apartment buildings also provide greater density, giving housing to about 300 people per acre, on average.

To protect the businesses that provide and maintain affordable housing requires safeguarding rental income, deferring at least some management costs, and cutting down barriers that preclude housing development in the areas where they are needed most. This is vital if we are to ensure the continuation of affordable housing that society relies on.

*Matthew Davies is the founder of Stockton, CA-based Harmony Communities, which currently owns and operates thirty-three manufactured housing communities in the western United States. An investor and community development professional working for affordable housing solutions, Davies' goal is to help bring the opportunity for homeownership to people in his home state who otherwise could not afford to buy a home.*

# Rent Control Could Erase Big Housing Gains

*Continued from Page 1*

make Washington's housing crisis and response to the pandemic even worse," Shook said.

Washington's population has grown by 12 percent over the last decade.

"But between 2000 and 2015, we underproduced 225,000 homes – everything from apartments to ADUs (Accessory Dwelling Units) to single-family houses. For every three jobs created in King County, we only created one new hom.

Looking ahead, Washington needs to create about 10,000 new apartments every year by 2030 just to keep up with demand for rental housing. Rent control would take us even further away from the 10,000-apartment-home goal and would make our housing-affordability challenges worse," the report says.

### Additional effects of rent control

The negative effects of rent control extend beyond housing shortages. Washington tax policy is heavily reliant on the investments of housing.

Rent control could reduce property-tax revenues by $200 million over 10 years and reduce sales tax revenue by $301 million given the significantly fewer new apartments being created.

Rent control would significantly reduce economic activity and jobs—reducing housing investment to the tune of $3.5 billion over 10 years, the report says. This would also reduce employment in the skilled construction trades and other professional services.

The report also considers places like New York, California, and Washington, D.C. All have rent control, yet they are among the most expensive places to live in America.

Part of the reason is that rent control reduces the creation of new housing, further exacerbating the housing crunch – nearly all economists agree rent control doesn't actually help.

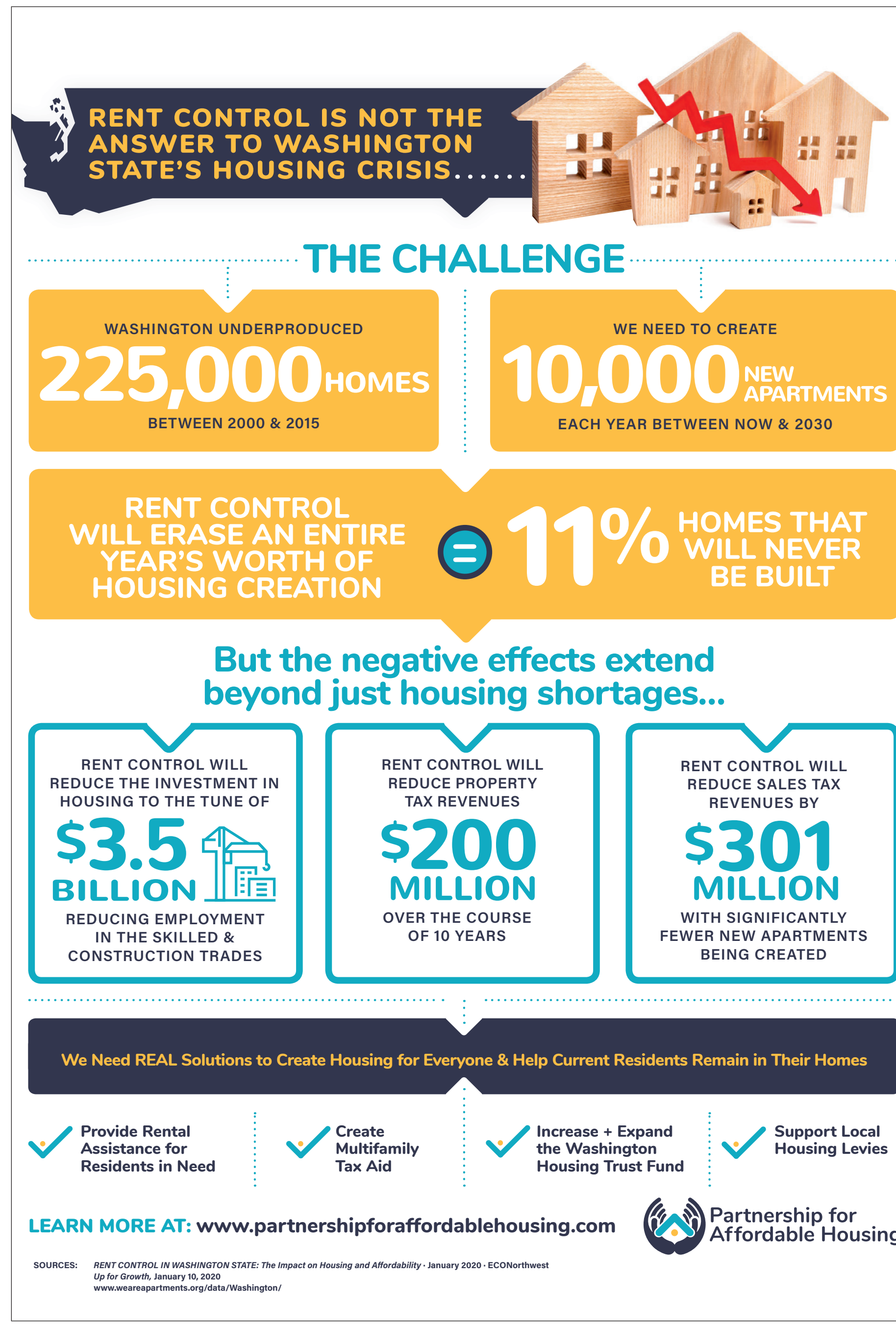
The vast majority of New York's rent-stabilized apartments are in buildings well over 70 years old and are in constant need of maintenance, repairs, and upgrades. However, housing providers are limited by rent control and unable to pay for the cost of these repairs.

### Take effective action to help address the housing crisis

"Now, more than ever, we must rally around solutions that help residents remain in their homes and communities while supporting the creation of new housing that meets the needs of people of all income levels. Emergency rental-assistance funds like those proposed in the HEROES Act are vital to helping people remain in their homes during the COVID-19 crisis.

"The state should look at increases to the Washington Housing Trust Fund to expand investment in affordable-housing opportunities. We can redouble our commitment to affordable housing by building on last year's sales-tax rebate for cities that invest it in housing creation. The state can help spur the creation of a wide range of housing with property tax incentives for housing providers that keep rents below the market rate.

"We need to apply a holistic approach that begins to chip away at our affordability crisis. Meanwhile, legislators must refuse to fall for easy 'fixes' that could ultimately make Washington's housing crisis and response to the pandemic even worse," the report says.



711 Powell Ave. SW, Suite 101
Renton, WA 98057
Ph. 425-656-9077
Fax. 425-656-9087
admin@wmfha.org



Washington Multi Family Housing Association

# Leading the Way for Housing

Washington Multi-Family Housing Association has been Washington's trusted rental housing resource since 2003.

We are a statewide organization committed to advocating for legislation equitable to our industry and community; providing educational opportunities to promote career development; and celebrating and supporting the multifamily industry. WMFHA is the Washington state chapter of the National Apartment Association (NAA).

The year 2019 was our strongest and most successful in our history. Membership grew to more than 2,000 members representing more than 250,000 rental homes throughout the state.

Then, the pandemic hit, and the world stood still. Our outstanding staff and volunteer members "pivoted" to providing resources and services to our members and the broader rental housing community in ways that kept us safe and doing our part to curb the spread.

Since March, we have not been able to convene for large events such as the popular EdCon Education Conference and Trade Show. We have not been able to conduct classroom educational training.

What we have done is provide dozens of webinars and seminars, continued our membership networking events virtually, and have provided continuous information to our members on legislative changes and COVID-19 resources.

We will be conducting our Washington Apartment Outlook economic forecast event, our Reverse Trade Show, and APTConnect, an educational conference and vendor marketplace, all online.

Credential courses available through our partnership with NAA will also be conducted live but virtual.

Our members are working to stay connected with each other and supporting each other wherever possible. The No. 1 focus of our members is serving all residents of our rental homes.

Our industry has stepped up to protect residents' health and safety but the housing industry has also been financially devastated by eviction moratoriums without funding for rental assistance.

WMFHA's strong government affairs team has been extremely busy advocating for the industry at local, state and federal levels. Challenging new tenant protections laws passed under the auspices of COVID-19 have been harmful to our industry in many ways.

Public policy as a result of the pandemic needs to be balanced. The rental housing industry cannot be made to shoulder the burden of non-payment of rents. The entire housing infrastructure could collapse if this burden is the housing providers' to bear. We need to demand equity and fairness from our elected officials.

### Rent Control Will Reduce Jobs

Washington state experienced a population boom, growing 12 percent over the past decade.

Yet despite this growth, the state underproduced 225,000 homes between 2000-2015 – everything from apartments to ADUs to single family houses – creating a housing crisis long before COVID-19.

The pandemic has undoubtedly worsened the situation, with thousands unemployed and many struggling to afford housing. As decisionmakers mull over solutions to address the economic fallout from the COVID-19 crisis, they should take note that policies like rent control would slash housing creation – and in turn, living-wage jobs.

Ranging from electricians, to plumbers, to cement masons – those working in the skilled trades and construction are the backbone of housing development.

Without them, Washingtonians wouldn't have the homes or apartments we live in today – and you can count on them being a major player in narrowing the state's severe housing supply gap when we emerge from the pandemic.

You can also expect those in the skilled trades and construction sector to help Washington rebound from the COVID recession.

In addition to providing living-wage jobs, skilled and construction tradesman and tradeswomen help to contribute billions to the state's economy through housing construction. In 2018, the total economic impact of constructing 24,000 single-family homes in Washington state was $8.4 billion.

Additionally, a University of Washington study estimated the construction industry paid more than $2.1 billion annually in sales and B&O taxes, representing 18.2 percent of all payments.

While state lawmakers set their agendas as they head into the legislative session in January, they should double down on sustainable solutions to increasing housing development and job growth so that Washington residents can land back on their feet. They should not advocate for policies that would do just the opposite.

According to a report published by economic consulting

*See 'WMFHA' on Page 10*

# Technology and COVID-19 are Changing Property Management Industry in Seattle

By Cory Brewer

Throughout the state of Washington, the rules governing the real-estate and property-management industries have been evolving since the initial "shelter-in-place" ordinance this past spring.

We've experienced office closures, reinstatement of essential businesses, and a network of various requirements and best practices for work in the field. Not to mention the various emergency orders passed in terms of evictions, late fees, rent increases, etc.

As an industry, our single-family rental housing model throughout the Greater Seattle Area has remained relatively stable. For the most part we tend to work with tenants in industries (such as tech) that are not only surviving, but thriving, amid the pandemic. That is to say; we've remained busily at work and are thankful for that. However, day-to-day operations have shifted significantly.

## Becoming more paperless

Not only have we been forced to become more paperless than ever before (long overdue), but we've had to re-think our interactions with people, and in the end, we are a PEOPLE business!

As a society, most of us have become very familiar with Zoom meetings and working from home, but one of the unique elements in property management (and real estate) is that we heavily incorporate physical interaction with other people.

We can all get by temporarily watching a baseball game on TV, as opposed to being in the stadium, with relative ease, but can we effectively search for new housing from our couches?

The data says yes.

Looking at results from the Northwest Multiple Listing Service (NWMLS), it's apparent that leasing activity for the first half of 2020 compares very favorably to the "normal" market during the first half of 2019. Last year 314

homes were rented via the NWMLS in Seattle during the first six months of the year, taking an average of 31 days on market to lease.

This year a nearly identical number of homes (301) leased during the first six months, and the market time (31 days) was exactly the same. In the Eastside market (Bellevue and surrounding cities), we actually saw market time speed up from 33 days to 29 days year-over-year.

Fear and uncertainty have been prevalent around the world for much of 2020, and we had our own unique concerns about our housing market as the pandemic began to take hold.

## Virtual tours becoming standard; will they last?

The incorporation of virtual tours has become a standard protocol for showing occupied homes to new prospective renters, but has had no appreciable slowdown effect on market times.

Will the virtual-tour model continue on as the go-to method in a post-pandemic world? Maybe.

We have found that current occupants like it because they don't have to accommodate visitors, and it saves time for our leasing agents, who can record video tours and reduce their time and effort driving around from one home to the next. But I suspect that the demand for traditional tours from seekers of single-family rental housing will come back in force once a vaccine is released and health-risk concerns have softened.

The NWMLS requirement that all tours, even for vacant properties, be conducted by appointment has made the process a bit more tedious, and we'll be glad when that goes away. Unlike large apartment buildings that tend to have "cookie-cutter" floor plans, pretty much every single-family home is unique. Our prospective renters like to drive around and get a feel for the neighborhood, measure inside for how their furniture will fit, and so on. These are not things that can always be achieved via virtual tour.

## Electronic signatures and more

The other technology-related items that the pandemic has forced upon us are likely here to stay.

Electronic signatures, digital notary stamps, and web-based payment methods are all things that allow for more efficient processes, whether the rental office is open or not.

We remain confident that this will always be a people business, first and foremost, and we welcome the technological advances that will help landlords, tenants, and property managers alike.

But we also remain steadfast in our belief that none of these technological advances can replace the personal human touch, and there will always be a premium placed on the high level of service that great people can provide when it comes to managing rental property.

*Cory Brewer is the general manager at Windermere Property Management / Lori Gill & Associates. He oversees a team of property managers in the greater Seattle area who manage approximately 1,500 rental properties. Brewer can be reached via www.wpm-northwest.com or coryb@windermere.com*

# WMFHA Leading the Way for Housing

*Continued from Page 7*

for the non-profit Partnership for Affordable Housing, rent control would slash housing creation in Washington by 15,000 homes over the next 10 years – decreasing housing investment to the tune of $3.5 billion over the next decade.

As a result of this reduced investment in housing construction, jobs in the skilled and construction trades would spiral down as well. According to the National Association of Home Builders, it's estimated that forging the construction of 100 single family homes is a loss of 185 construction jobs alone.

Instead of rent control, lawmakers should consider expanding the Washington Housing Trust Fund to increase investment in affordable housing opportunities – or build on last year's sales tax rebate for cities that invest it in housing creation. The state can also help spur housing creation and jobs with property tax incentives for housing providers that keep rents below the market rate.

What we don't need are policies that slash housing creation and living-wage jobs at a time when Washingtonians need it the most.

### Rental Assistance Means Testing

Rental assistance funds for residents and housing providers affected by COVID-19 are being made available as part of local CARES Act relief funding. This is positive news for the 1.4 million people experiencing unemployment and the thousands of housing providers who are also struggling to cover costs and maintain quality housing.

These resources are finite and there is debate about how to equitably distribute funds to those who need them the most. One proposal is income-based means testing. This means, for example, that rental assistance would only be made available to those making 50% area median income (AMI).

However, this approach would leave many people experiencing unemployment without support and prevent their housing providers from meeting their commitments to banks and tax payments.

The economic impacts of COVID-19 mean many people are seeking aid who have not needed it before. Someone making greater than 50 percent of AMI prior to the pandemic, but who is now unemployed without any income, is very much still in need of support until they are able to return to work and support themselves and their families.

What we don't want to see is people turned away before they have a chance to even request funding that is badly needed. Instead of means testing rental assistance funds, policymakers should prioritize relief for residents who are experiencing unemployment due to COVID-19 regardless of their prior income. This approach would ensure that anyone currently without income due to COVID-19 is eligible for housing assistance.

Broadly, we strongly urge the Congress and the administration to quickly pass a new relief bill that reinstates additional federal unemployment benefits, which we know has been essential in allowing people to continue to pay their rent and other bills. Congress should also allocate specific funding for rental relief for those that continue to struggle with their housing costs specifically.

These efforts will help relieve pressure on those affected by COVID-19 and support our housing system, which is under enormous stress due to the pandemic.

These are unusual times and we count on our elected officials more than ever to develop policies that work for everyone, not just some. WMFHA and the housing industry are available to help policymakers understand the impacts of their proposals on both residents and housing providers alike.

We encourage you to vote this November.

*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.*

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**Publisher/General Manager**
John Triplett

**Editor-in-Chief**
Linda Wienandt

**Associate Editor**
Diane Porter

**Vice President/Sales**
Terry Hokenson

**Accounting Manager**
Patricia Schluter

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

**Website**
www.RentalHousingJournal.com

**Email**
info@rentalhousingjournal.com

**Phone**
(480) 454-2728 - main
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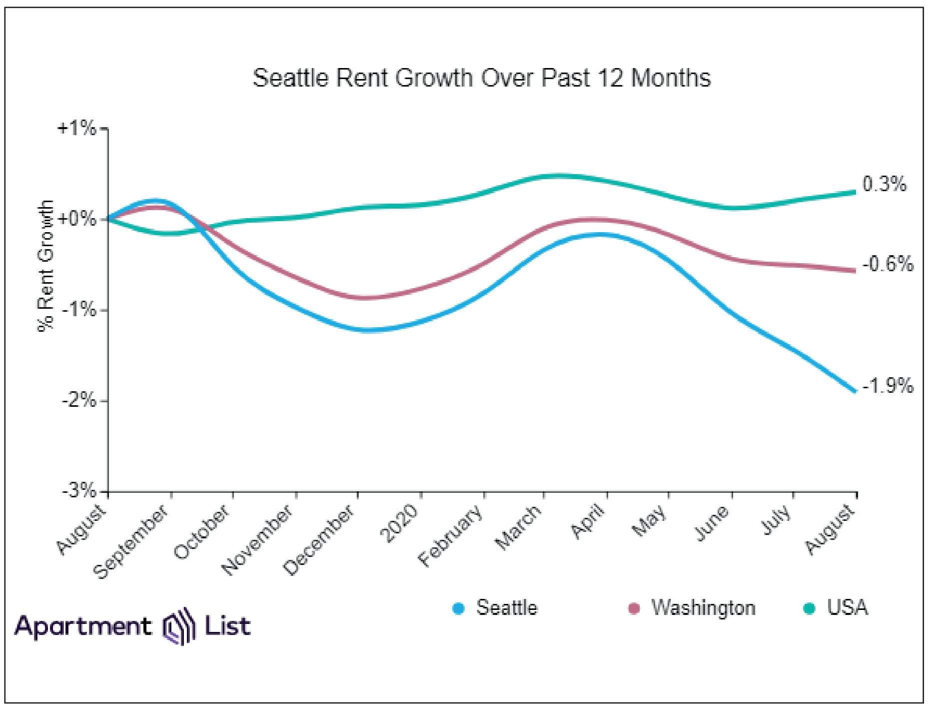
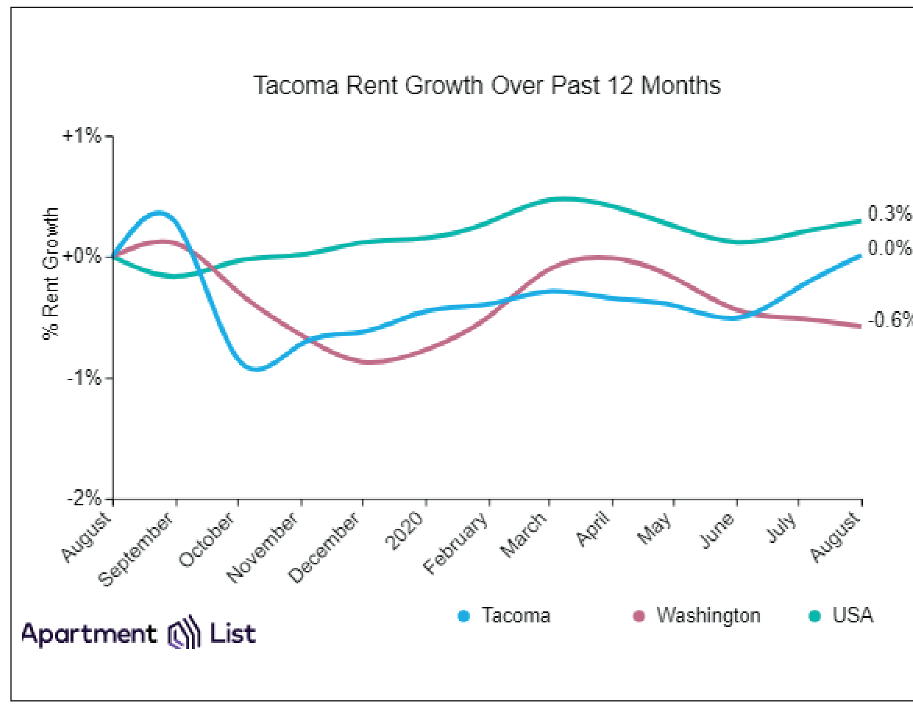



# Decline in Rents Continues

***Continued from Page 1***

10 cities in the Seattle metro for which Apartment List has data.

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

- Lakewood has the least expensive rents in the Seattle metro, with a two-bedroom median of $1,521; the city has also experienced the fastest rent growth in the metro, with a year-over-year increase of 1.8 percent.
- Bellevue has seen rents fall by 2.3 percent over the past year, the biggest drop in the metro. It's also the most expensive city in the Seattle metro, with a two-bedroom median of $2,368.

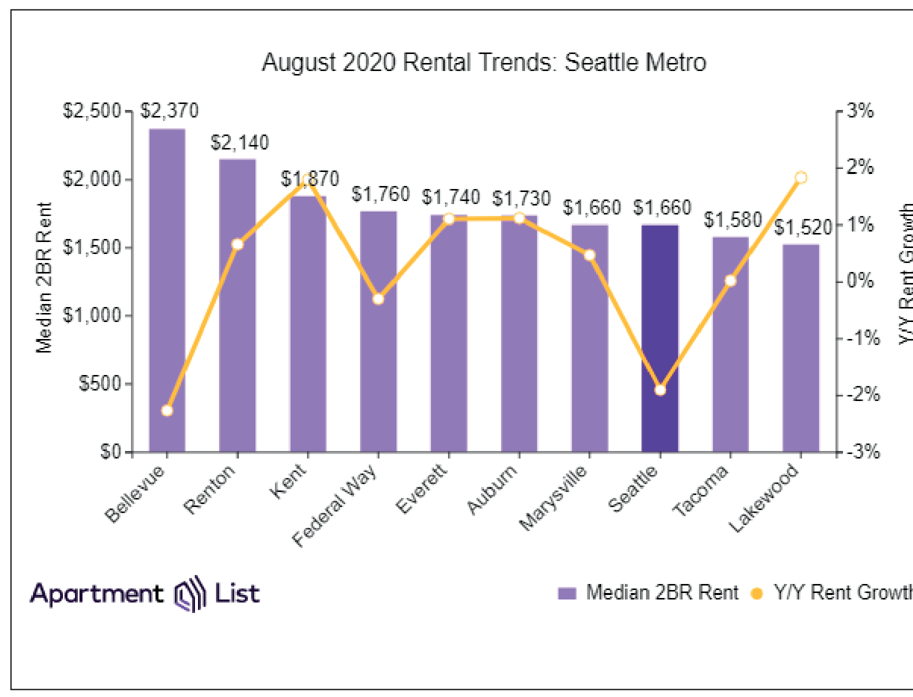
### Tacoma rents increased moderately over the past month

Tacoma rents have increased 0.3 percent over the past month, but have been relatively flat in comparison to the same time last year.

Currently, median rents in Tacoma are $1,265 for a one-bedroom apartment and $1,576 for a two-bedroom.

This is the second straight month that the city has seen rent increases, after a decline in June.

Although rents across cities in Washington have been marginally on the rise, the state's growth as a whole has held steady over the past year. For example, rents have grown by 0.6 percent in Vancouver and 0.5 percent in Spokane.



# AG Files Suit Over Violation of Eviction Moratorium

Rental Housing Journal

Washington Attorney General Bob Ferguson has filed suit against a property management company in Spokane for violating the state's eviction moratorium and threatening residents with eviction for unpaid rent.

Ferguson sued Whitewater Creek, an Idaho company that manages low-income housing complexes in Spokane, according to a release.

"Emails obtained by the attorney general's office show that at the express direction of Maryann Prescott, a majority owner of Whitewater Creek, Whitewater Creek personnel verbally threatened at least four residents at properties it was responsible for," Ferguson said in the release.

"Prescott wanted tenants to know they would be evicted for unpaid rent and/or fees as soon as courts reopened for eviction proceedings. These residents were also informed that they would be responsible for unspecified legal fees associated with their evictions.

"These threats came one month after Gov. Jay Inslee's eviction moratorium was well-known throughout the state. Whitewater Creek personnel did not disclose the eviction moratorium protected the residents from such action," according to the release.

An April 20 email Prescott sent to a Whitewater Creek site manager asked to, "confirm you explained that (the resident) will be evicted for past due rent when courts reopen." Ms. Prescott received the response, "yes she did tell them all about the eviction." On April 21, Prescott sent another email noting a site manager needed "to hold these (residents) accountable" to pay past-due rent.

"Washingtonians are struggling, yet Whitewater Creek illegally threatened tenants with evictions in the middle of a pandemic," Ferguson said in the release. "They violated the clear text of the governor's emergency proclamation. Their actions were cruel, unacceptable and illegal. They will be held accountable."

Whitewater Creek, Inc. is a Hayden, Idaho-based real-estate company that, through a number of related entities, manages and owns 1,000 low-income housing units across 12 housing complexes in eastern Washington. Many of their properties were developed with millions of dollars in taxpayer funding in the form of tax-credit equity and tax-exempt notes authorized by the Washington State Housing Finance Commission.

The attorney general's office received complaints from multiple tenants at Whitewater Creek properties alleging various violations of the governor's proclamations, including verbal threats of eviction for non-payment of rent or other fees, according to the release.

In April, one tenant suspected that the threats were not being memorialized in writing to avoid evidence of violating the eviction proclamations.

Another resident asked to make a partial payment or go on a repayment plan based on the federal stimulus payment she expected. Whitewater Creek informed the resident, who is a single mother of young children, she would be evicted the day courts reopened for eviction proceedings if she did not pay the full balance owed.

When she attempted to contact Whitewater Creek's corporate office to dispute the eviction threat and find out how much the legal fees would be, she was informed that she would be "charged with harassment" if she did not stop calling. This resident expressed fear of retaliation for attempting to contest the eviction threat and also worried she would lose custody of her children if evicted.

Around the same time in April, Whitewater Creek personnel threatened another resident with eviction for being one month behind on the balance she owed. After the resident, who is an unemployed single mother with two young children, informed Whitewater Creek staff that she had just been approved for unemployment and hoped to soon be caught up on payments by the end of the month, a Whitewater Creek property manager instructed her to "turn in any monies (she has) to help avoid eviction."

The Attorney General's Office sent a letter in May requesting, among other actions, that Whitewater Creek immediately notify all residents the Emergency Proclamations prohibit threats of eviction and that Whitewater Creek would comply with the Proclamations. Instead of issuing such notices and providing copies to the Attorney General's Office, as requested, Whitewater Creek consistently and falsely denied that it threatened to evict anyone, contrary to internal email communications confirming that it threatened residents with eviction at Prescott's direction.

This is the second lawsuit Ferguson filed to enforce the eviction moratorium. The previous lawsuit against JRK Residential, a Nevada-based property management company with units in Tacoma, Silverdale and Marysville, resulted in May of a payment of nearly $350,000 — including almost $300,000 directly to tenants in the form of refunds, payments and rent forgiveness.

## Rental Concession Offerings on Rise

Rental Housing Journal

The share of rental listings that advertise some form of rental concessions rose from 16.2 percent in February to 30.4 percent in July, according to a Zillow release about its listings.

More rental concessions are showing up as year-over-year rent growth has slowed from 3.9 percent to 1.2 percent over the same period.

Landlords appear to be choosing to offer concessions rather than reduce rent to entice tenants to their buildings, as demand for rentals has waned since February.

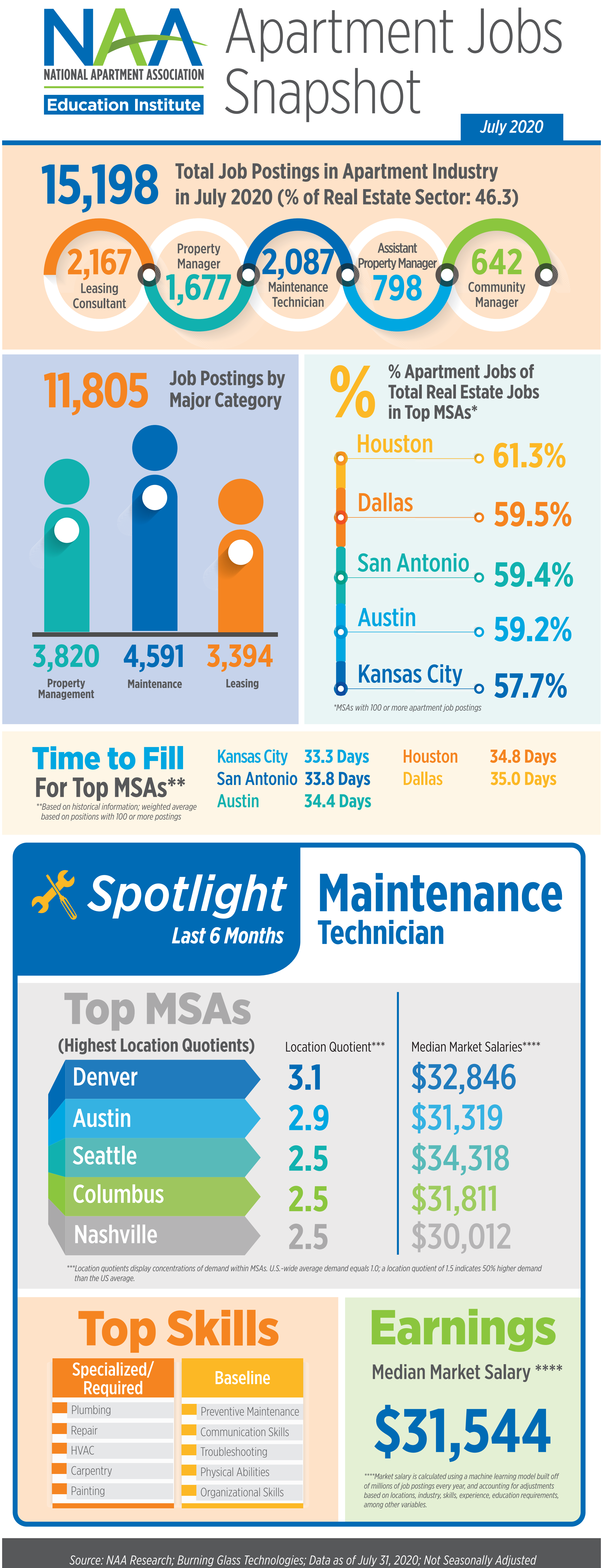
"Before the pandemic, rent growth was accelerating and the nation was seeing concessions dwindle. That trend reversed sharply after the pandemic hit in February," said Zillow economist Joshua Clark in a release. "In a softer rental market, landlords are trying to push the right button to bring renters into their space."

Rentals in multifamily buildings have concessions attached more than do other rental types.

- Free weeks of rent is, by far, the most common offer;
- Reduced or waived deposit is second;
- Among the top 50 U.S. metro areas, concessions are most common in Washington, D.C., Charlotte and Austin.

The rate of rental concessions can often be a leading indicator of a coming price drop, because landlords will often concessions first, before reducing rent.

When owners feel concessions are no longer moving the needle, they'll reduce prices.




# More Than 15,000 Apartment-Industry Jobs Open in July

National Apartment Association Education Institute

Apartment jobs continued to show strength despite the pandemic, with more than 15,000 jobs available in apartments during July, according to the National Apartment Association.

The National Apartment Association Education Institute's Apartment Jobs Snapshot for July showed that multifamily job opportunities comprised over 46 percent of the real-estate sector jobs during July, exceeding the 2019 monthly average of 39 percent.

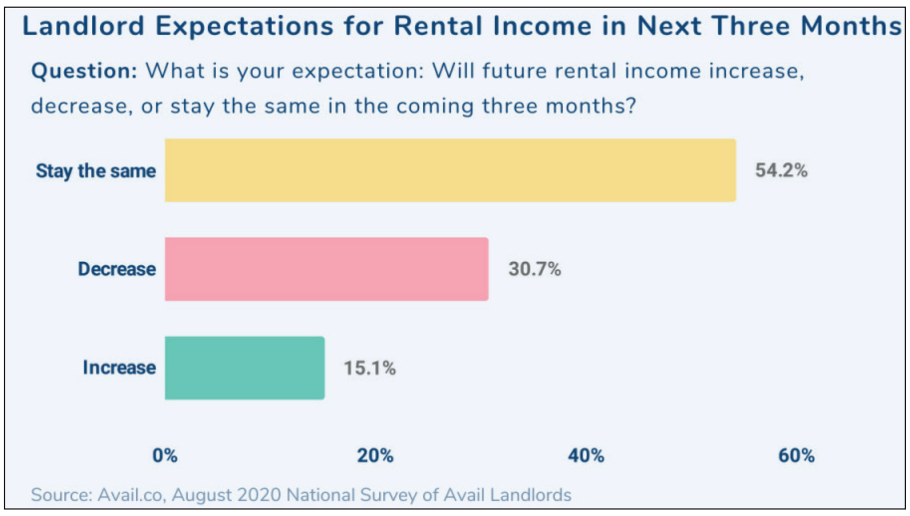
Maintenance jobs were in high demand, accounting for about 30 percent of the job openings.

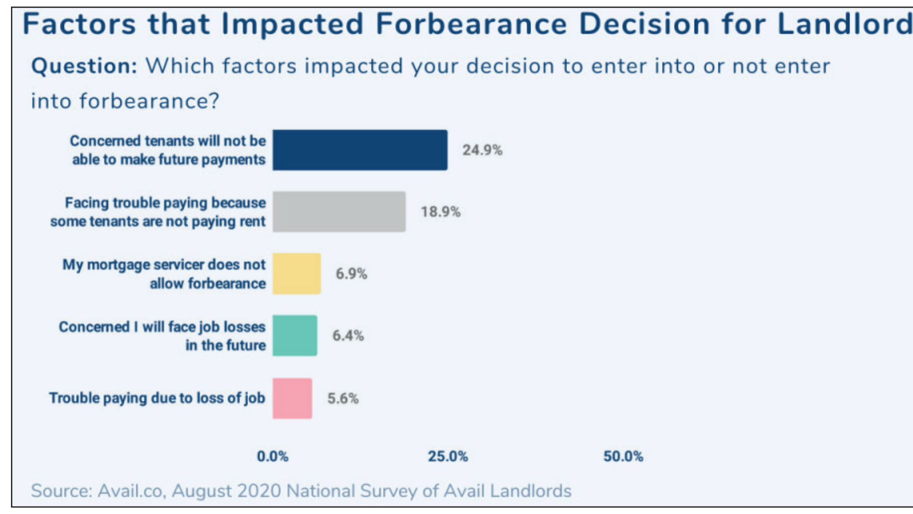
Major Texas markets such as Houston, Dallas, San Antonio, and Austin led the nation with the highest concentration of job postings.

In Denver, the demand for maintenance technicians was more than three times the U.S average, and median market salaries also exceeded the national median.

The top specialized skills employers are seeking included plumbing, repair, HVAC, carpentry skills, and painting.

*NAAEI's mission is to provide broad-based education, training and recruitment programs that attract, nurture and retain high-quality professionals and develop tomorrow's apartment industry leaders.*




# Landlords and Tenants Face Difficulty Making Ends Meet with Mortgage and Rent Payments

Rental Housing Journal

As the pandemic stretches into its sixth month, renters and landlords alike are having difficulty making ends meet with rent and mortgage payments, according to a nationwide survey conducted by Avail in August, 2020.

Due to the number of renters paying only partial rent, landlords are feeling extra financial pressure to be able to pay their rental mortgages on time. Thirty-five percent of landlords surveyed by Avail gain 50 percent or more of their income from rental properties.

The survey included responses from 2,225 landlords and 2,919 renters. Like renters, the majority of landlords currently reside in California (17.1 percent), with Illinois (7.9 percent), New York (6 percent), and Florida (5.9 percent) following.

With inconsistent rent payments due to COVID-19, 12 percent of surveyed landlords went into forbearance. Concerns over renters not being able to pay rent in the future (24.9 percent), as well as having trouble paying for their mortgages due to some renters not paying their rent (18.9 percent), were the top reasons landlords gave for going into forbearance.

The questions in this survey were developed with the input of researchers in the Urban Institute's Housing Finance Policy Center.

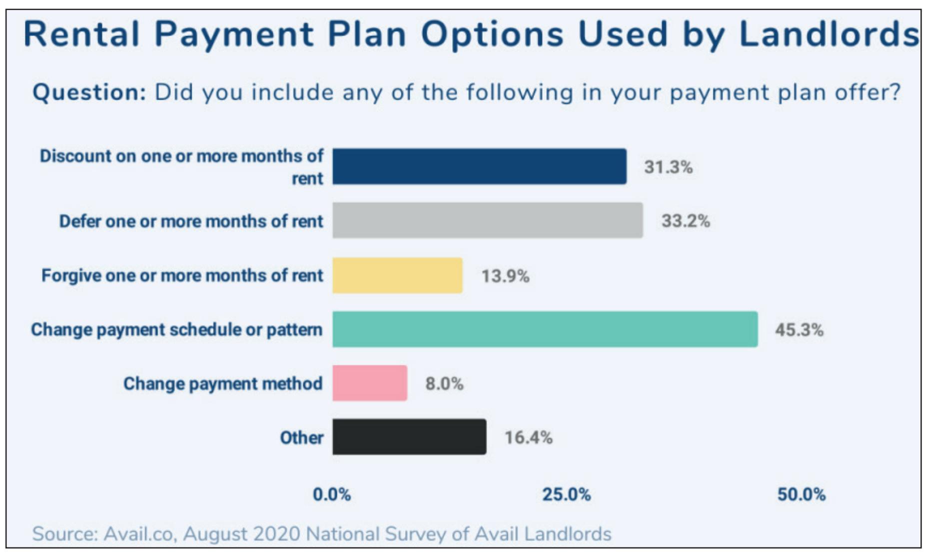
## Struggling renters lead to struggling landlords

According to the survey, 64.2 percent of renters who responded stated the main challenge they have faced in paying rent is due to a loss of employment or reduced income during July.

In August, 60 percent agreed, and 61.9 percent said another challenge was balancing paying rent and other regular expenses. This is cited despite the majority of renters being employed and working 30 hours or more during the time of their survey response.

In order to make monthly rent and mortgage payments, both renters and landlords are increasingly looking to their savings, ways to borrow from friends and family willing to lend funds, and government aid for help.

*35 percent of respondents said they were using savings or emergency funds to cover the payments, while 21 percent said instituting a rent-payment plan or deferment option for their renters helped.*




Landlords are looking to their savings accounts or emergency funds for help with covering expenses. Of those who responded, 35 percent said they were using savings or emergency funds to cover the payments, while 21 percent said instituting a rent-payment plan or deferment option for their renters helped.

## More than one-third of landlords are retired

From the survey, Avail also found that 36 percent of landlord respondents are retired.

This, paired with landlord respondents commonly reporting that they are using savings to continue mortgage payments on their rentals, illustrates the financial pressures some landlords are facing during the pandemic.

According to surveyed landlords, 54.2 percent think the income made from their rental properties will continue to remain the same in the next three months.

Roughly 30 percent think this form of income will decrease in the coming months, while only 15.1 percent of landlords said they believe it will increase.

"One renter has lost a job in the oil field and is working a lower-paying temporary job. Another renter, a single parent with no child support, has changed jobs in the past two months," said a landlord in Texas in the survey, giving reasons as to why landlords are looking to decrease their rent.

"Ultimately, a tenant losing a job to the COVID-19 economic downturn is not something that is necessarily under their control," said one landlord from Minnesota. "[The] government has put a lot of pressure on the landlord to assume losses and protect the tenant, which makes for a very challenging situation."

Some landlord frustrations stemmed from the federal, state, and local governments allowing for some eviction protections on renters while not giving the same measures to landlords that hold mortgages from private companies not covered by CARES Act mortgage-forbearance measures.

"It is unsustainable to allow the tenant to not pay but require a landlord to pay a mortgage due," said a landlord from Maryland. "These decisions appear to be made without due consideration to the relevant factors of sustainment, which has caused an unequal distribution of the effects of the impact caused by the response to COVID-19."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