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RENTAL HOUSING JOURNAL
INSIGHT FOR RENTAL HOUSING PROFESSIONALS
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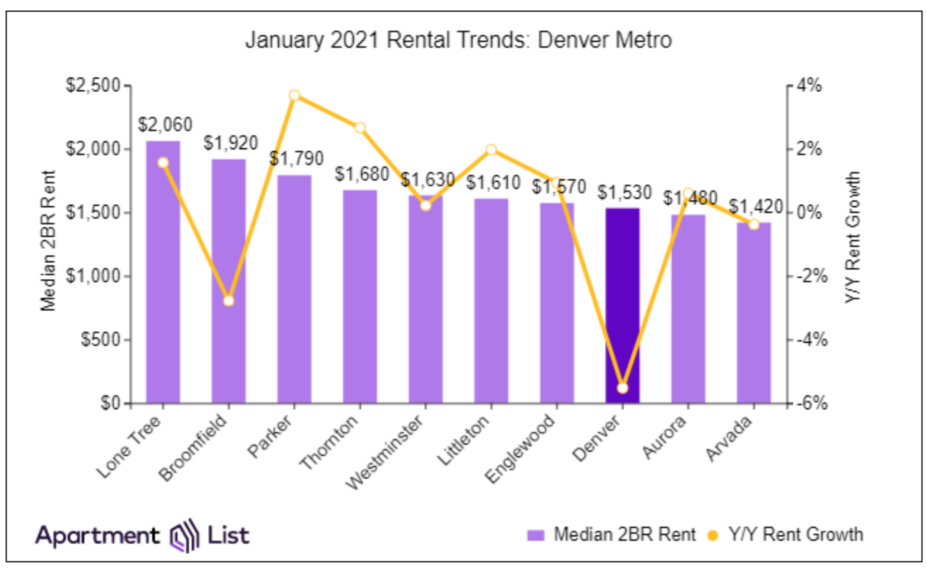
Circulated Monthly To Thousands Of Local Apartment Owners, Property Managers, On-Site & Maintenance Personnel

Denver Rents Continue Down But May Have Hit the Bottom



Apartment List

Denver rents declined sharply by 0.8 percent over the past month, and are down sharply by 5.3 percent year-over-year, according to the latest report from Apartment List.

Denver has seen rents falling steadily over the past nine months.

Median rents in Denver are $1,254 for a one-bedroom apartment and $1,536 for a two-bedroom. Denver's year-over-year rent growth lags the state average of -1.6 percent, as well as the national average of -1.5 percent.

Why are rents going down?

See 'Denver' on Page 8

How to Control Smoking in Non-Smoking Rentals

By Justin Becker

Landlords and building managers have to deal with several kinds of issues daily. Most of these are routine: a leaky faucet, a faulty smoke alarm, and so on. However, in view of the current pandemic, the issue of smoking (especially with a non-smoking building) is more serious than ever.

Here's what's going on right now: A lot more people are at home every single day. The concept of remote working will become even more common in the future. Plus, people are becoming more attuned to their health issues, especially when it comes to their respiratory system. Previously, it wasn't exactly ethical when secondhand smoke from one tenant affected the apartment of their neighbors. Today, a landlord could get sued for the same.

Not sure how to get that smoking issue under control? Here are a few ways to get you started.

1. Resident Surveys

You can start off by conducting

See 'How' on Page 7

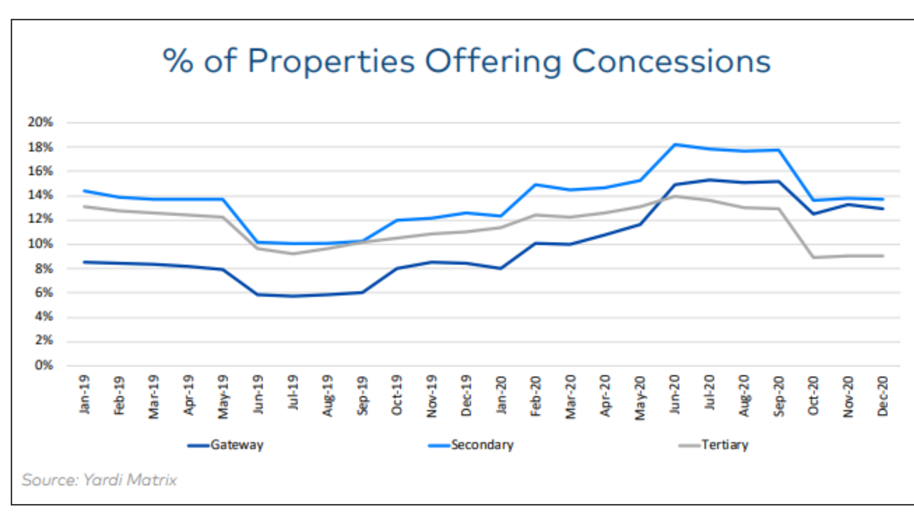
Fewer Rent Concessions in 4th Quarter Suggests Demand Could Be Returning

Rental Housing Journal

Fewer rent concessions in the fourth quarter suggests that demand is recovering or rents are being reset, according to the most recent report from Yardi Matrix.

"Multifamily concessions rose sharply in the spring and fall of 2020 as multifamily demand waned due to job losses and social-distancing measures. The impact was felt most in high-cost gateway markets, while secondary and tertiary markets benefited from the shift in demand," Yardi Matrix says in the report.

"Concessions declined in the fourth quarter, raising possibilities that demand is recovering or rents are being reset."



- Concessions increased the most in the upper tier of the market: gateway metros and Class A and high-rise properties. Gateway markets had the largest percentage increase in concessions and the highest value of concessions as a share of monthly rent.
- Strategies employed by owners to optimize income—such as offering concessions or lowering asking rent—are affected by competitive pressures, which may differ by metro.

See 'Drop' on Page 6

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Understanding the Potential Advantages of the 200% Rule in a 1031 Exchange

By Dwight Kay, Founder & CEO; Betty Friant, Senior Vice President; and The Kay Properties Team

"Is that your final answer?" You may recognize the question made famous by the popular TV game show Who Wants to Be a Millionaire? Choosing the right answer in this game gives you a shot at winning big money, while the wrong answer leaves you with nothing. Investors conducting a 1031 Exchange face a similar make or break decision when it comes to identifying suitable replacement properties.

The right choices can help streamline a smooth and successful execution of a 1031 Exchange. Choosing wrong with properties that may not be viable or deals that are unable to close within the 180-day time period can derail the entire 1031 Exchange. The good news is that investors do get to identify more than one replacement property. However, just like the gameshow, once that 45-day deadline hits for identifying replacement options, those answers are final. Making the most of that short list is one reason that the 200% Rule is a popular choice for many investors. The 200% Rule allows an investor to identify the largest number of replacement options with four or more properties or Delaware Statutory Trust (DST) replacement investments.

Under Section 1031 of the Internal Revenue Code, taxpayers who are seeking to defer recognition of capital gains and related federal income tax liability from the sale of a property are required to formally identify a replacement property or properties within 45-days from the date that the original property is relinquished (the day they closed the escrow on the property they sold). The tax code gives taxpayers three different options for identifying replacement properties on that 45-Day Property Identification Form – the 200% Rule, the 3-Property Rule or the 95% Rule. So, which is the best option to use? Every situation is different. However, for those investors who want to maximize their potential options and identify four or more replacement properties, the 200% Rule is a good choice to explore.

How does the 200% Rule work?

Exchangers can identify any number of properties as long as the gross price does not exceed 200% of the fair market value of the relinquished property (twice the sale price). It is typically used when an investor wants to identify four or more properties. This is the most commonly used rule for investors considering DST investments, because of the flexibility in being able to list multiple properties to build a diversified DST portfolio. The minimum investment amount for DSTs typically starts at $100,000 whereas most commercial real estate properties are priced above $1 million. So, for an investor who has $1 million to reinvest, they could opt to put all of that $1 million into one DST (which is typically not recommended even when the DST has many properties inside of it), or they can divide that $1 million into as many as 10 completely separate DSTs.

An important mistake to avoid is to make sure the list of identified properties does not exceed the 200% limit. The IRS is a stickler for rules. If the combined price of the identified replacement properties exceeds the 200% maximum limit – even by a fraction of a percent – it won't be accepted.

Hypothetical Example: Expanding your options

A married couple sold their manufacturing business that included the sale of the property that housed the business, giving the couple $2 million to invest in a 1031 Exchange. The couple plans to retire and both agree that they don't want a replacement property or properties that will require hands-on management. The husband wants to buy a Triple Net Leased (NNN) fast food restaurant for $1.2 million, while the wife is in favor of a $1.5 million NNN dollar store. Both properties are listed on the 45-Day Form, bringing the total to $2.7 million. They decide to use the 200% Rule, which allows for up to $1.3 million in additional property listings.

The couple agrees to split the remaining $1.3 million across multiple DST investments, and they choose to identify:

- $100,000 in a multifamily apartment DST property located in Denver
- $200,000 in a multifamily apartment DST property located in Dallas
- $250,000 in a debt free DST portfolio of NNN leased pharmacies and e-commerce distribution facilities
- $250,000 in a NNN dialysis facility DST portfolio with locations nationwide
- $500,000 in a DST portfolio of NNN dollar stores

Overall, the 200% Rule allows the couple to identify these seven possible options within their 45-Day period. The DSTs are all packaged and ready to go with closings that can easily close within a week. The couple uses the remaining time to conduct more research and due diligence on the NNN Dollar General and KFC. In the end, they decide to buy the KFC for $1.2 million, but they like the diversity of being about to buy a $500,000 DST interest in a portfolio of dollar stores versus a single location. The remaining $300,000 is spent in the two apartment DSTs.

In this case, the ability to leverage the 200% rule was advantageous in giving the couple more options and more time to make a final investment decision. The outcome also was successful in that their 1031 Exchange was fully executed, and their $2 million is now invested across a diversified portfolio of multiple different income-producing properties versus only one or two. However, it also is important to note that every situation is unique. Individuals should review all three 1031 identification options to choose the rule that works best for your particular situation as well as always should speak with their CPA prior to making any decisions.

Can I Use Cameras to Help Protect My Rental Property?

By Hank Rossi

Dear Landlord Hank: I have been told that cameras are an invasion of privacy. However, I am aware that several professionally managed sites use them.

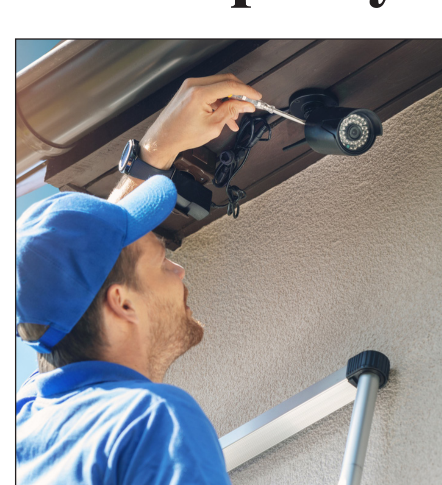
My situation involves use of cameras (NOT pointed at individual doors) placed to cut down on trash and toys that make my rentals dangerous and unattractive to tenants. Would you please clarify what the law says? We don't want to leave our tenants having to report their neighbors.- **Pam**

Dear Landlord Pam: You'd have to check with your state and local laws, but you should be able to place cameras viewing common areas without an issue as long as the cameras are not hidden and not IN someone's residence, as that could be construed as spying.

Also, cameras with audio capability are another issue you would need to check on.

I think it is a great idea but I would let current and future residents know in advance that cameras are being put in use to cover common areas around the property.

Hank Rossi started in real estate as a child watching his father take care of the family rental maintenance business and now with his sister co- owns a real estate brokerage focusing on property management and leasing, and he also continues to manage his real estate portfolio in Florida and Atlanta. Visit Landlord Hank's website: https://rentsrq.com



Legalized Marijuana: Its Impact on Your Rentals

By David Pickron

The 2020 elections will go down as one of the most memorable for our great country.

Along with the obvious reasons, it is also historic for landlords, as almost every state now has adopted some form of legalized use of marijuana, whether recreational, medical or both.

Why landlords, you ask?

In my experience, landlords are primarily interested in two things:

1. Protecting their ability to collect rent, and
2. Protecting the value of their property.

Let's examine both in more detail in relation to legalized marijuana and its effects on your individual properties.

Protect my ability to collect rent

Your ability to collect rent is the lifeline of managing and maintaining your asset.

As I have discussed in prior articles, that ability has come under attack earlier this year with eviction moratoriums. Now, with the legalization of marijuana, it is under attack again, although this time it is a little less straightforward. Tenant-screening company Rent Perfect has data for 2020 that shows the average credit score for every applicant that applies through their system. Here is a breakdown that you may find alarming:

- Average credit rental score for all applicants…………………..633
- Average for applicants with no criminal history in 7 years……646
- Average for applicants with a drug conviction……………..……574
- Average for applicants with any criminal history……………….567

Based on these numbers, it's quite possible that an individual who smokes marijuana (or uses other drugs) does represent a higher risk to a landlord not being paid rent. This does not indicate that every person who smokes marijuana has a mid-500 score, but that it's possible that on average they have a lower score than the average renter or those with no criminal history.

As a seasoned landlord I know that an applicant's credit score reflects their reliability and responsibility in paying rent. The numbers indicate that a non-criminal, non-drug user (illegal or otherwise) is most likely to pay you rent every month over someone with a drug conviction or other criminal history.

Protect my property value

If you've ever been in a property that has been affected by traditional cigarette smoke, the impact is obvious.

Why would we ever think that smoke from marijuana would have any less of an impact?

Truth is, it is nearly impossible to remove smoke damage from drapes, ceilings, walls, and carpet. In addition, individuals who smoke marijuana recreationally don't always do so alone; it often is more of a social thing.

So, you don't just have one smoker in your property, you now have the potential of several users, who just multiply the damage.

That is why most landlords do not support smoking of any type.

When you have a no-smoking policy, that already includes marijuana smoke. No smoking literally means no smoking. You don't have to provide a 100-page document listing every type of pet by name that isn't allowed in your no-pet policy, so why should you have to identify what can or cannot be smoked in your property?

Critics may cry that marijuana is legal and it's not fair to prohibit its use on your property. But tobacco is legal, and you don't want it in your property either. Bottom line, you own the property, you make the rules.

In early December 2020, the House of Representatives passed sweeping legislation that would decriminalize marijuana.

If that becomes law, as a landlord I would say "no big deal," as we already have that covered. As landlords we should care about smoke damage from marijuana use and not the drug itself. If alcohol, which is legal, caused extensive and expensive damage to my property, I would prohibit its use as well.

Again, my property, my rules. Landlords have the right to protect their property and to create criteria and rules that will allow them to collect rent and maintain their investment well into the future.

After all, you'd hate to see the value of your property go up in smoke due to the actions of your renter.

David Pickron is President of Rent Perfect and a fellow landlord who manages several short- and long-term rentals. He is a private investigator and teaches organizations across the country the importance of proper screening. His platform, Rent Perfect, was built to help the small landlord find success.

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Working from Home Propels Home-Buying Boom in Master-Planned Communities

Rental Housing Journal

Working from home has proven to be a sweet freedom amid a year of COVID-19 restrictions, as there has been a home-buying boom in master-planned communities, according to John Burns Real Estate Consulting.

"For many, work-from-home flexibility eliminated the need for proximity to an office. The usual trade-off between a dream home and a dream job evaporated, as quickly as a ready supply of toilet paper," write Burns consultants Jody Kahn, Devyn Bachman, and Nicole Luszczak.

"Master plans' new-home sales boomed across the country as work-from-home opportunities became permanent for many, and commute times became a drudgery of the past. Our consulting associates connect this newfound flexibility to skyrocketing sales in 2020."

Master-planned communities "embody several trends that our team chronicled in client reports, a podcast, and articles we released in 2020. "

These themes include:

- The home-sales boom supported by massive numbers of buyers working and learning from home;
- A shift to the suburbs (and sometimes other metros) from higher-density urban locations;
- The search for outdoor spaces and ways to exercise and play while socially distanced;
- The balancing of our human need for connection with separation for safety and sanity.

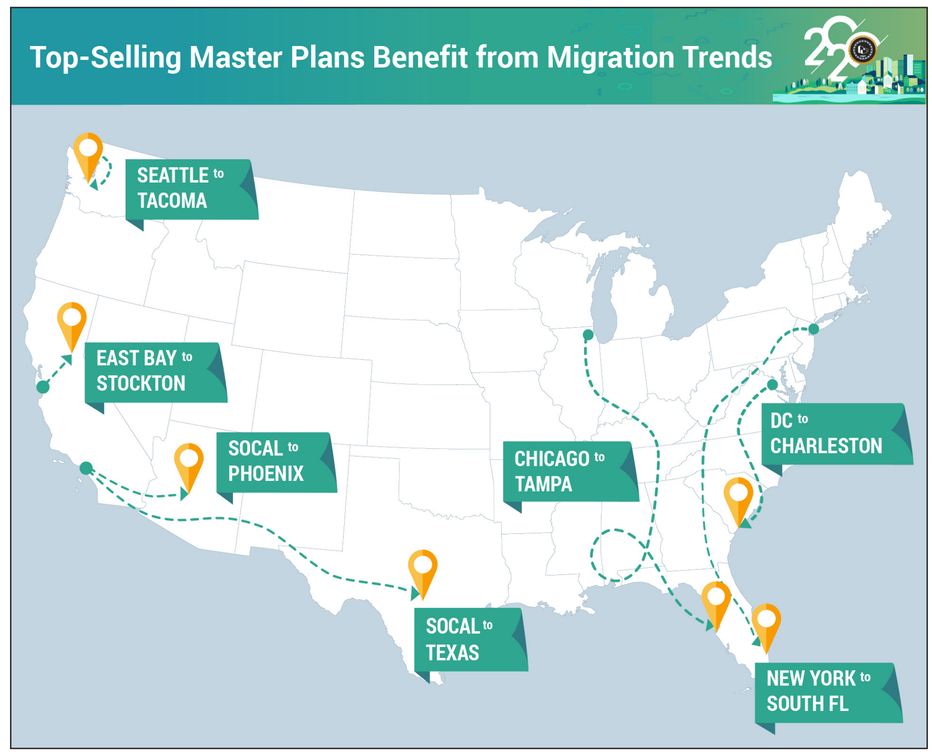
"No doubt the low mortgage rates helped, but home buyers' urgency to improve their living spaces contributed significantly to the burst in sales.

"Together, the top 50 (nationwide) master plans sold 37,305 new homes in 2020, setting a new record in our ranking history. Our updated ranking includes a few adjustments to sales numbers and developer names from those quickly shared with us in the first 2–3 days of the new year," the report says.

"Seattle's tech companies have embraced working from home, and employees who do not plan on returning to offices five days per week are willing to drive further to find their ideal communities.

"Master plans such as Tehaleh in Tacoma offer family-oriented outdoorsy lifestyles and active adult housing that are attractive to Pacific Northwest buyers," the report says.

For help maximizing sales and price in 2021, please contact our local consulting leaders or Ken Perlman, our Consulting Principal who has become (in our opinion) the national expert on successful master plan segmentation and amenity programs, working closely with our local leadership. For more information on the MPC rankings, metro and regional new home sales and pricing trends, and our residential land, builder, and single-family rental operator surveys, please contact Jody Kahn, Devyn Bachman, or Nicole Luszczak.



JOHN BURNS REAL ESTATE CONSULTING

Top 50 Master-Planned Communities

2020 — Celebrating **10 Years of Insight**

Ranking	Project Name and Location	Developer	Net Sales 2020	Net Sales 2019	YOY% Δ
1	**THE VILLAGES** Villages, FL	Villages of Lake Sumter, LLC	2,452	2,429	1%
2	**LAKEWOOD RANCH** Sarasota, FL	Schroeder-Manatee Ranch, Inc.	2,149	1,648	30%
3	**SUMMERLIN** Las Vegas, NV	**The Howard Hughes Corporation**	1,456	1,320	10%
4	**WELLEN PARK*** Sarasota, FL	Wellen Park LLLP	1,415	1,273	11%
5	**ONTARIO RANCH**[1] Riverside-San Bernardino, CA	**Brookfield**, **DR Horton**, Lennar, Lewis, Stratham	1,292	755	71%
6	**DAYBREAK** Salt Lake City, UT	Daybreak Communities	1,055	753	40%
7	**CANE BAY PLANTATION** Charleston, SC	Gramling Brothers Real Estate & Development	996	628	59%
8	**NOCATEE** Jacksonville, FL	The PARC Group	925	909	2%
9	**BRIDGELAND** Houston, TX	**The Howard Hughes Corporation**	873	740	18%
10	**CADENCE** Las Vegas, NV	The LandWell Company	849	758	12%
11T	**BALMORAL** Houston, TX	**Land Tejas Company**	841	467	80%
11T	**MISSION RIDGE**[1] El Paso, TX	Hunt Communities	841	838	0%
13	**VERRADO** Phoenix, AZ	**DMB**	809	602	34%
14	**IRVINE RANCH**[1] Orange County, CA	The Irvine Company	800	850	-6%
15	**EASTMARK** Phoenix, AZ	**Brookfield, DMB**	786	1,007	-22%
16	**SIENNA** Houston, TX	**Johnson Development Corp.**, **Toll Brothers**	773	517	50%
17	**OTAY RANCH**[1] San Diego, CA	Baldwin, Stratford Land, Cornerstone, & HomeFed	760	810	-6%
18	**VIERA** Brevard County, FL	The Viera Company	723	500	45%
19	**WESTLAKE** West Palm Beach, FL	**Minto Communities**	717	177	305%
20T	**ESTRELLA** Phoenix, AZ	**Newland Communities**	645	452	43%
20T	**LAKE NONA** Orlando, FL	Tavistock Group	645	468	38%
20T	**LATITUDE MARGARITAVILLE** Daytona Beach, FL	**Minto Communities**	645	437	48%
23	**SANTA RITA RANCH** Austin, TX	Mariner Real Estate Management	641	372	72%
24	**RIVER ISLANDS** Stockton, CA	River Islands Development	640	410	56%
25	**SONTERRA** Austin, TX	SonWest	632	700	-10%
26T	**WOODCREEK** Dallas, TX	PMB Capital Investments, Southstar Development	607	401	51%
26T	**UNION PARK** Dallas, TX	**Hillwood Communities**	607	304	100%
28	**BANNING LEWIS RANCH** Colorado Springs, CO	Oakwood Homes	600	371	62%
29T	**INSPIRADA** Las Vegas, NV	Beazer, KB Home, Pardee, **Toll Brothers**	595	645	-8%
29T	**SUNFIELD** Austin, TX	Scarborough Lane Development	595	551	8%
31	**LARKSPUR** Austin, TX	Gehan/**DR Horton**/Milestone	584	39	1,397%
32	**THE GREAT PARK NEIGHBORHOODS** Orange County, CA	FivePoint Communities	580	553	5%
33	**EASTON PARK** Austin, TX	**Brookfield Residential**	573	308	86%
34	**BABCOCK RANCH** Ft. Myers, FL	Kitson Partners	540	244	121%
35	**STARKEY RANCH** Tampa, FL	Wheelock Communities	534	450	19%
36	**CROSS CREEK RANCH** Houston, TX	**Johnson Development Corp.**	510	484	5%
37	**PECAN SQUARE** Dallas, TX	**Hillwood Communities**	509	142	258%
38	**AVE MARIA** Naples, FL	Barron Collier	506	259	95%
39	**ELYSON** Houston, TX	**Newland Communities**	497	347	43%
40	**BEXLEY** Tampa, FL	**Newland Communities**	484	401	21%
41	**HARVEST GREEN** Houston, TX	**Johnson Development Corp.**	481	356	35%
42	**AUDIE MURPHY RANCH** Riverside-San Bernardino, CA	**Brookfield Residential**	479	214	124%
43	**STERLING LAKES** Houston, TX	**Land Tejas Company**	474	346	37%
44	**SKYE CANYON** Las Vegas, NV	Century Communities	472	460	3%
45	**MARLEY PARK** Phoenix, AZ	**DMB**	471	403	17%
46	**FIDDYMENT FARMS**[1] Sacramento, CA	Taylor Builders	470	213	121%
47	**NEXTON** Charleston, SC	**Newland Communities**	456	331	38%
48	**TEHALEH** Tacoma, WA	**Newland Communities**	447	348	28%
49T	**TRINITY FALLS** Dallas, TX	**Johnson Development Corp.**	437	310	41%
49T	**RIVERTOWN** Jacksonville, FL	**Mattamy Homes**	437	271	61%
		TOTAL	37,305	28,571	31%

[1] *Estimates*
*Wellen Park was formerly West Villages

Developers in **Bold**=Multiple MPCs on list
Developer names do not include capital sources

UPDATED JANUARY 20, 2021

SOURCE: *John Burns Real Estate Consulting, LLC (January 2021)*

Delinquent Landlord Payments Are Posing Credit Risk for Banks

Rental Housing Journal

Banks are worried about delinquent landlord payments from small landlords who may not be able to make payments on mortgages for rental property. Smaller landlords are getting hit harder by tenants who miss rent payments due to COVID-19, as well as rent and eviction moratoriums.

About 1.6 percent of an estimated $1.6 trillion market for mortgages on 1- to 4-unit properties were delinquent in November, according to the Mortgage Bankers Association. And delinquencies are expected to climb.

"Small landlords are getting hit hard with no real way out of the problem until the pandemic ends," said Chris Nichols, chief strategy officer for the nearly $19 billion-asset CenterState Bank in Winter Haven, Fla., while talking to American Banker.

"Banks have been working closely with landlords to restructure their debt and provide forbearances, but this relief will expire soon and is a concern. Defaults on rental properties are typically caused by mismanagement or economic downturns that are easier to gauge.

"Since none of us have been through a pandemic this large before, there is no playbook and few alternatives," Nichols said.

The stimulus package enacted in December extended the Centers for Disease Control and Prevention's moratorium on evictions through Jan. 31 and granted renters other relief. But for many landlords, their mortgage payments are still due, a reality that translates into a looming credit risk for banks, according to American Banker.

For example, Dawn Garza, a landlord and small-business owner in San Antonio, told American Banker she is hoping to get a second loan from the Paycheck Protection Program to cover her property taxes due at the end of January.

She's short because business is down, and she gave her tenants — one a student and part-time restaurant worker, and the other an out-of-work hairdresser who is recovering from COVID-19 — a three-month break on rent this year.

"I am not going to ask for back rent because I know it's impossible for them," Garza told American Banker.

According to Avail, an estimated 44 percent of renters surveyed by the company in October said they did not expect to make a full rent payment that month, up from 35 percent the previous month. And about 57 percent of landlords who did not receive full rent payments reported feeling pressure to sell, according to the Avail survey.

According to a Bloomberg City Lab article, the total owed by Americans in missed rent, late fees, and unpaid utility bills by Jan. 1 was as high as $7 billion. About 11.4 million U.S. renters struggled under the financial pressures of COVID-19, resulting in each household owing an average of $6,000 in past-due rent alone.

A recent study conducted by Avail and Urban Institute confirmed that large numbers of renters are unsure of whether they can afford their rent; of 2,429 renters that responded to the question, 44 percent said they were not able to pay rent in full for October.

Do-it-yourself landlords, which make up the majority of the country's 48 million rental units, are also struggling to make ends meet due to missed rent. In the same study, Avail and Urban Institute found that delinquent landlord payments representing 12 percent of landlords went into forbearance on at least one of their mortgages due to the pandemic. Of the 12 percent in forbearance, 20 percent are Black and 14 percent are Latino. This is compared to nine percent of white landlords facing the same issue.

"I do believe that if the eviction bans are extended much longer, and continuing unemployment rates remain high, we'll begin to see smaller investors, who are often highly leveraged, begin to default on their loans," said Rick Sharga, executive vice president of marketing at RealtyTrac.

"Because rental properties owned by mom-and-pop landlords are generally more affordable than those owned by institutional investors, this pressure (to sell) could cause the housing market—which already had a dearth of available units before the COVID-19 pandemic — to lose even more lower-priced rental housing," researchers at the Urban Institute said in a recent paper regarding the Avail data.

Drop in Rent Concessions May Signal Demand is Returning

Continued from Page 1

- Metros with the highest percentage of properties offering concessions are those with a pandemic-driven drop in demand and those with copious amounts of supply coming online.
- Concessions peaked in the middle of the year and then declined in the fourth quarter. This could be a sign that the market is stabilizing or that owners are shifting strategies to attract and retain tenants. The decline could signal that new asking-rent levels are being set that will be carried into the post-pandemic market

"The data shows a pattern of apartment demand shifting from more expensive properties and metros to lower-cost properties and metros, which makes sense given the economic situation. More owners are choosing concessions to attract renters in the hope of returning to pre-COVID-19 levels of rent when the economy rebounds," Yardi Matrix says.

"Concessions, however, are but one tactic for apartment owners trying to maximize revenue. Other options include lowering rent. Differences in metro-level data could mean that concession strategies depend in part on what competitors are doing," the report says.

Yardi Matrix researchers say there are several reasons for the decline in the use of rent concessions. One reason could be there is some optimism around the vaccines being available and the prospect of the jobs and economy beginning to return closer to normal conditions.

"Another factor is that the natural leasing cycle was delayed for several months. Concessions tend to rise and fall with the season, increasing during the winter, when demand is weak, and decreasing in the spring, when demand is at its highest," wrote Paul Fiorilla, director of research, and Maddie Harper, senior research analyst for Yardi Matrix, in the report.

"The pandemic may not have eliminated the 2020 leasing cycle so much as pushed it back a few months. Although it is still too soon to draw firm conclusions, the recent decline in concessions might also indicate that in some metros the dominant trend is to reset rents at lower levels rather than using incentives.

"Moving forward, the big question facing multifamily is how much employment trends such as work-from-home and lifestyle preferences for city versus suburbs have changed the demand equation. The answer will determine the use of concessions and whether rents reset at new levels," Fiorilla and Harper wrote.

Yardi Matrix is a business development and asset management tool for investment professionals, equity investors, lenders, and property managers who underwrite and manage investments in commercial real estate. Yardi Matrix covers multifamily, industrial, office and self storage property types. Email matrix@yardi.com, call 480-663-1149 or visit yardimatrix.com to learn more. Yardi develops and supports industry-leading investment and property management software for all types and sizes of real estate companies. Established in 1984, Yardi is based in Santa Barbara, Calif., and serves clients worldwide. For more information on how Yardi is Energized for Tomorrow, visit yardi.com.

How to Control Smoking in Non-Smoking Rentals

Continued from Page 1

resident surveys about the issues of secondhand smoke and how to combat it. This way, you can learn what your residents think about the smoking policy as it stands now.

You'll also be able to receive feedback on any potential restrictions on smoking in the future. By collecting this information, it will be possible to learn about the concerns, potential points of conflict, and questions that your residents might have. When you do start implementing the changes, it will be easier to enforce them.

2. Education

It's also a good idea to educate the people who will be affected by the non-smoking policies. After all, having apartments for rent doesn't mean that you just sit back and collect money. It also means that you have a responsibility to give people the information they need to work as a community.

Start by releasing educational messages that will affect the residents' way of thinking and also prepare them mentally for the changes. Include information on how secondhand smoke affects the health of the whole family. Getting secondhand smoke under control might even help reduce asthma in children. Once you wake people up to their basic right to a clean, healthy, and safe living environment, it will signal a lot of ease for future rules.

3. Clearing up Confusion

When you tell a smoker that they can't enjoy their pipe or cigarette, it often triggers some feelings of rebellion. Make sure that the smoking residents in your apartment buildings don't feel like they're being controlled or that the new policies are extreme.

Clarify how smokers don't have to give up that habit right away, nor do they have to find a new place to live. All the new policies mean is that they won't be able to smoke in certain areas for the good of the community. The policy should also be worded in such a way that the smoke is held up as the culprit, not the smokers.

4. Holding Meetings

It's helpful if you host community meetings to give out the information we've mentioned above. This will also provide a platform where concerned residents can ask questions, discuss answers, and generally reach a mutual agreement about making the air cleaner.

Hold these meetings when you're considering a certain policy or when the new policy is being implemented. Seek out partners who are working on related projects already. This way, you have trusted resources at your disposal. Some examples include asthma programs, health workers, etc.

Above all, these meetings will allow you to give residents information about cessation resources. You'll be acknowledging their concerns and addressing them in the best way possible. People living in your apartments for rent will probably have a more closely knit community as a result. There will be more related advantages when this occurs, including the smoke-free aspect.

5. Sharing Stories

Whether it's at these meetings or just when seeing them in general, encourage your residents to share whatever stories they have about secondhand smoke. Their homes and everyday lives are being changed by the new policies. So, they deserve to be empowered and acknowledged.

What's more, getting to know everyone's perspective will also gain more traction for finally adopting the new policies. This may result in more buy-in from the residents' part as well.

6. Appropriate Outreach

All the community meetings, information, surveys, and signage you use needs to be sensitive and culturally appropriate. This means having the text printed in different languages. It also includes having bilingual and people of color invited to speak at the meetings. Neglecting this aspect of reaching out can alienate some residents and weaken the impact of your efforts.

7. Collaborations

Think about how the existing programs can work with new efforts to go smoke-free. It's important to get in touch with community leaders and stakeholders who agree with your views on providing smoke-free housing. Having partnerships with such groups will also give you the benefit of their trust, goodwill, experience, and connections with both the residents as well as housing providers.

When you sit down with such groups, address the areas where you have common concerns and how all parties can collaborate to achieve their goals. At this point, it's also essential to discuss how the parties can share their recourse, including time and expertise.

It's also best to include all your staff in this kind of planning. Give them the training they need to properly implement, enforce, and uphold the new policies. Staff members should be aware of what the new smoke-free rules entail, when they start, and how they can help residents with their issues and queries.

The Takeaway

Secondhand smoke is harmful to both kids and adults. In condominiums and apartment buildings, this concern is even more pressing due to the pandemic. Ventilation systems, wall cracks, and even plumbing could take the smoke from one place to another.

The only solution here is to make the housing system smoke-free. You'll be safe on the legal front, along with a reduction in fire risk and turnover costs. It's a win-win all around. So, consider following these steps today. You'll feel the difference soon.

Justin Becker is a property owner in the state of Michigan and has a passion for managing communities. He owns apartment complexes and mobile home communities, and has been writing his own blogs for his properties for several years.

Rents in Hard-Hit Metros May Have Hit Bottom

Apartment List

The impact of COVID-19 on the market is continuing to stabilize and "our national index ticked up by 0.1 percent from December to January, the first monthly increase that we've seen since last August," according to the latest report from Apartment List.

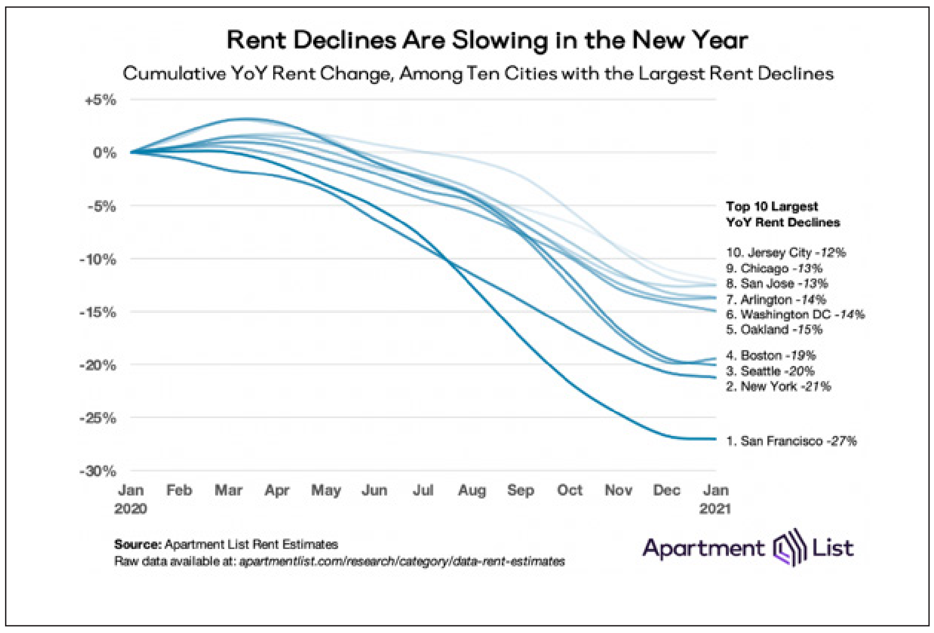
"Although the data continue to show significant regional variation, the markets that have been most heavily impacted by the pandemic are beginning to enter calmer waters," the report says.

Rents may have hit bottom

In the pricey coastal metros where rents have been plummeting, this month's data implies that "we may have reached the bottom." At the other end of the spectrum, many of the mid-sized markets that have seen rents grow rapidly through the pandemic have seen just modest increases this month.

The national index has been masking significant regional variation below the surface, as some markets had been continuing to watch rents plummet, while others experienced a pandemic-related boost to demand.

This month, however, these local fluctuations also appear to be flattening out, Apartment List says in the report.



The San Francisco, Seattle and Portland Examples

San Francisco has consistently made headlines throughout the pandemic for the staggering rent declines that have led the nation. Rents in San Francisco are down by 27 percent year-over-year, and while there are no signs of prices returning to pre-pandemic levels, it appears that the bottom of the city's price correction may be at hand.

In January, rents in San Francisco fell by just 0.4 percent month-over-month, compared to an average monthly decline of 3.4 percent from April through December 2020. Although San Francisco rents have yet to increase since the start of the pandemic, the leveling off in this month's data indicates that the city's rental market may be on the cusp of turning that corner.

"Seattle is very much in the same conversation as San Francisco and New York," said Rob Warnock, Research Associate at Apartment List.

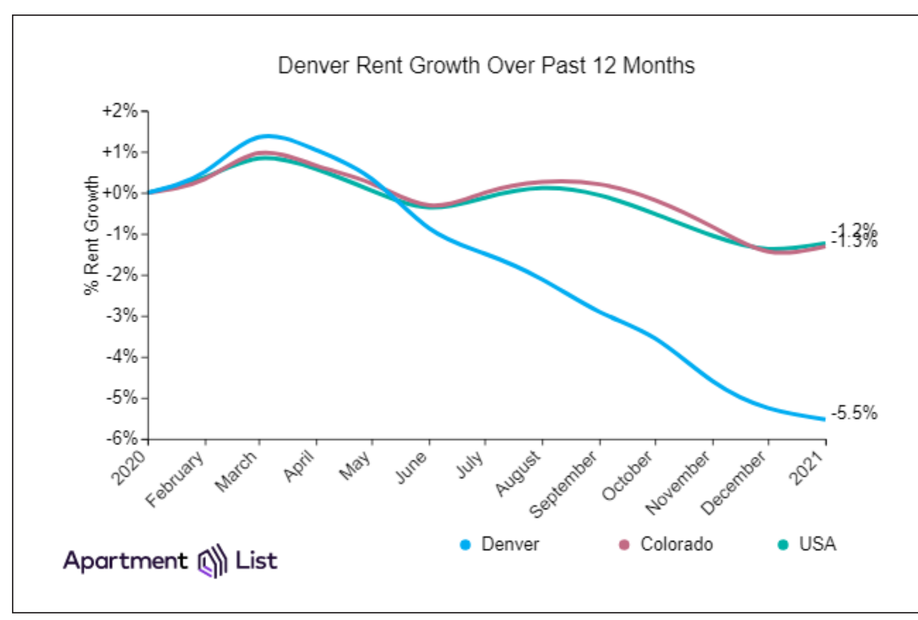
"In fact, Seattle has jostled back-and-forth with NYC for the No. 2 spot in the list of steepest annual rent drops. In Portland, the price reduction has been less dramatic (-7 percent year-over year), but I would still group it in the same broad category of expensive coastal cities with a high concentration of expensive apartments and remote work opportunities, i.e. the cities that have experienced an outsize share of pandemic-driven rent declines," Warnock said.

He added that Seattle and Portland are also great examples of the "principal city versus secondary city" divide that "we explored recently. In short, core cities are experiencing big rent reductions while the markets in nearby, more-suburban areas are staying relatively strong.

"In Greater Seattle, rent drops are concentrated in Seattle and nearby Bellevue, Redmond, Kirkland. But as you move outward, rents in the Everett, Tacoma, Olympia areas are all getting more expensive.

"Similar things (are) happening in Greater Portland: Portland itself has gotten cheaper while YoY rents are up in Vancouver, Hillsboro, Gresham, Happy Valley, and even more so as you move further out into Salem and Bend," Warnock said.

City	Median 1BR Rent	Median 2BR Rent	M/M Rent Growth	Y/Y Rent Growth
Denver	$1,250	$1,530	-0.3%	-5.5%
Aurora	$1,170	$1,480	0.5%	0.6%
Thornton	$1,480	$1,680	-0.1%	2.7%
Arvada	$1,140	$1,420	-0.1%	-0.4%
Westminster	$1,330	$1,630	0	0.2%
Broomfield	$1,590	$1,920	-0.7%	-2.8%
Parker	$1,580	$1,790	1.4%	3.7%
Littleton	$1,200	$1,610	0.7%	2%
Englewood	$1,010	$1,570	0	0.9%
Lone Tree	$1,660	$2,060	-0.1%	1.6%



Denver Rents Declined Over Past Month, Year

Continued from Page 1

"As we enter the New Year, our national rent index has begun to stabilize after a wild 2020. Rents are down 0.4 percent month-over-month nationally, a seasonal dip consistent with what we've seen in prior years," said Igor Popov, chief economist for Apartment List.

"That said, there has been significant regional variation in the impact of the COVID-19 pandemic; while our national rent index is down by a fairly modest 1.5 percent year-over-year, many markets are experiencing greater volatility. The urban cores of San Francisco, Seattle, Boston, and New York City continue to see rent prices fall rapidly, while many smaller markets and suburbs are actually getting more expensive," Popov said.

Rents rising across the Metro

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

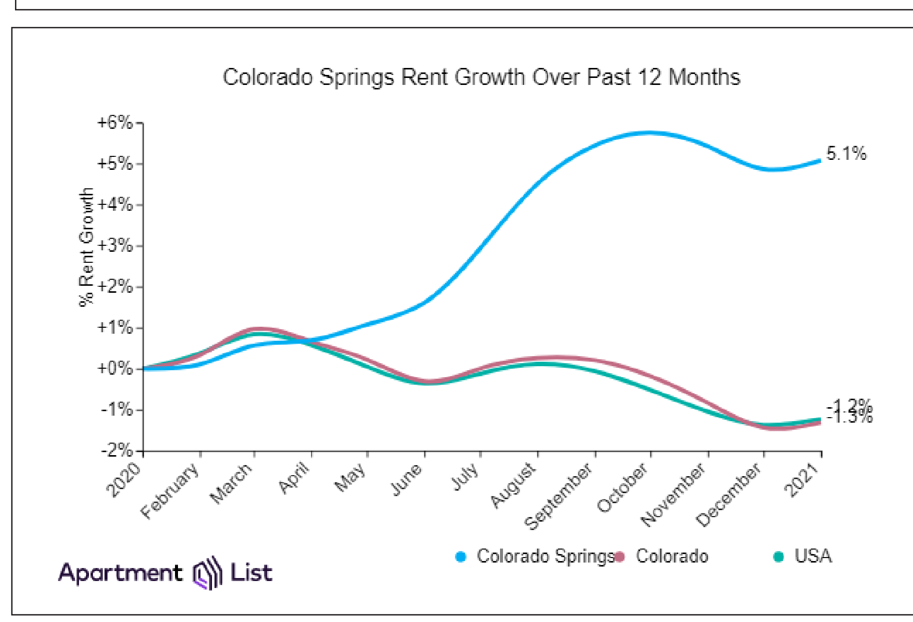
Rents have risen in seven of the largest 10 cities in the Denver metro for which Apartment List has data.

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

- Lone Tree has the most expensive rents in the Denver metro, with a two-bedroom median of $2,066; the city has also seen rent growth of 1.1 percent over the past month, the fastest in the metro.
- Over the past year, Denver proper has seen the biggest rent drop in the metro.
- Arvada has the least expensive rents in the Denver metro, with a two-bedroom median of $1,428; rents decreased 0.3 percent over the past month but were up 0.5 percent over the past year.
- Thornton is the most expensive of all Colorado's major cities, with a median two-bedroom rent of $1,678.

Colorado Springs rents up for the year

Colorado Springs rents are up significantly by 4.8 percent year-over-year, despite a slight recent decline.



Median rents in Colorado Springs are $982 for a one-bedroom apartment and $1,247 for a two-bedroom. This is the second straight month that the city has seen rent decreases after an increase in October.

At Apartment List, we estimate the median contract rent across new leases signed in a given market and month. To capture how rents change in a market over time, we estimate the expected price change that a rental unit should experience if it were to be leased today. We start with fully-representative median rent statistics for recent movers, estimated using the Census Bureau's American Community Survey. We then extrapolate this data forward to the current month using a growth rate calculated from our listing data. We filter these data to capture the prices at which rental units transact, which quite often differ from initial or average list prices.1 Finally, we calculate growth rates using a same-unit analysis similar to Case-Shiller's approach, comparing only units for which we observe transactions in multiple time periods to provide an accurate picture of rent growth that controls for compositional changes in the available inventory.