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CDC Extends Eviction Moratorium

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CDC Director Dr. Rochelle Walensky has signed an extension to the federal eviction moratorium, further preventing the eviction of tenants who are unable to make rental payments and extending the moratorium through June 30, 2021, according to a release.

“The COVID-19 pandemic has presented a historic threat to the nation’s public health. Keeping people in their homes and out of crowded or congregate settings — like homeless shelters — by preventing evictions is a key step in helping to stop the spread of COVID-19,” she said in the release.

The original moratorium was set to expire on March 31.

The order says, “a landlord or owner of a residential property or other person with legal right to pursue eviction or possessory action, shall not evict any covered person from any residential property in any jurisdiction in which this

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Seattle’s Robust Economy Means Bright Outlook for Rental Property

RENTAL HOUSING JOURNAL

Seattle’s robust and advanced economy means there is a positive outlook for the future despite the fact that the Puget Sound labor force has been slow to recover with more restrictions in place than many other metros, according to the latest report from Marcus & Millichap.

“The impact of the pandemic has been particularly strong in the downtown core as office workers stay at home and residents gravitate to lower-priced suburbs with more spacious rentals. Amazon, Microsoft and Google continue to expand on the Eastside and are slated to bring workers back to the office later this year, which will help to jump-start the economy as activity picks up and drive rental demand at well-positioned properties,” the report says.

Some highlights of the report:

- Rent-concession activity will grow as owners work to fill new units, marking a moderate reduction to the average effective rent this year as it falls to $1,735 per month.
- Tight Class B and C vacancy in most submarkets supports gains in these segments.
- After recovering 54 percent of the 329,100 jobs shed at the onset of the pandemic by the end of last year and compressing the unemployment rate to 7.2 percent, the employment base is anticipated to expand by 3.5 percent this year.
- A wave of new rentals opening this year supports an increase to the market vacancy rate, climbing to 5.9 percent by the end of the year.
- Suburban submarkets with limited pressure from new supply will record strong tenant demand and falling vacancies.

“The Seattle-Tacoma metro remains one of the nation’s top markets for construction activity with nearly 21,000 apartments under way. Much of the development targets employment hubs in the downtown core and Eastside submarkets, which will likely lead to more leasing incentives over the coming quarters as new apartments compete for tenants,” Marcus & Millichap says in the report.

Renters Favor More Space Over Low Cost

RENTAL HOUSING JOURNAL

Renters’ priorities have shifted, and now “more space” beats “cheaper.” Prospective renters are looking for better apartment deals with open-air amenities and more living space, preferably in the city in which they already live, according to a new survey from RentCafe.

How the pandemic has affected renters’ priorities in the rental-housing and apartment-selection process was the topic of the survey. It showed the move to larger apartments from price and safety.

See ‘Priorities’ on Page 15

Sponsored Content

Do DSTs Work for a 1033 Exchange Due to Eminent Domain or Involuntary Conversion?

Understanding the Rules of a 1033 Exchange aka Involuntary Conversion DSTs Provide Replacement Options for a Property Sold Under Eminent Domain

By Dwight Kay, CEO of Kay Properties and Investments and the Kay Properties Team

Property owners initiating a 1031 Exchange often end up in that situation by choice after deciding to sell an investment property or business. But what happens when that decision to sell is out of your hands? That is the case when the government steps in to acquire a property by exercising its power of eminent domain.

WHAT IS EMINENT DOMAIN?

Eminent domain applies to situations where the federal, state or local government uses its authority to acquire private property for a public use or the greater good. Eminent domain has been around for decades with cases dating as far back as the late 1800s. It is commonly used by government entities to assemble land to build infrastructure, such as roads, interchanges or airport expansion. The government also has been known to step in and utilize its powers of eminent domain to acquire property to pave the way for private-sector development that will in some way potentially serve the community or help raise the tax base, such as a new convention center, hotel, or hospital. Eminent domain or condemnation also can come into play when a property has been destroyed by a natural disaster, such as flooding, hurricanes, or wildfires.

Although eminent domain sounds a bit onerous, property owners are entitled to fair compensation for that property. Once that eminent-domain transaction is complete, the question is: What to do with that pile of cash? Just as with any property sale where the transaction generates a profit, any income recognized from that eminent-domain acquisition is subject to capital-gains tax. One way to potentially defer that tax bill is to roll the proceeds from the sale into a tax-deferred like-kind exchange. Whereas the 1031 Exchange is used for tax-deferred reinvestment in most property sales, eminent domain has its own separate category that falls under a 1033 Exchange.

KEY DIFFERENCES AND SIMILARITIES IN 1031 AND 1033 EXCHANGES

A 1031 Exchange and a 1033 Exchange were designed for exactly the same purpose. Each is sanctioned by the IRS as a means to defer capital-gains taxes. However, there are some key differences that an owner should be aware of when conducting a 1033 Exchange. One notable item is that similar to a 1031 Exchange, a 1033 Exchange allows the taxpayer to fully defer both capital gains and any potential depreciation to recapture taxes that may be incurred from the government acquisition. In other words, 1033 Exchanges have the potential for the taxpayer to avoid an even bigger tax bill. In addition, the rules on a 1033 are considered by many to be a bit more relaxed, giving property owners more time and flexibility to successfully execute the exchange. Some of those key differences are:

- More time to execute. The IRS gives taxpayers two years from the date the sale closes to complete a 1033 Exchange (three years if granted a further one-year extension) compared to 180 days for a 1031 Exchange.
- No limit on replacement IDs. The taxpayer has no restrictions on the number or dollar value of potential replacement properties they can identify for their exchange. In contrast, 1031 Exchanges have reporting rules that require that a limited number of replacement properties be identified within a 45-day window.
- No need for a qualified intermediary. In a 1033 Exchange, funds do not need to be handled by a qualified intermediary (also known as an exchange accommodator or facilitator), as is the case with a 1031 Exchange. In fact, funds can even be placed into shorter-term investments, such as a bond or CD, until they are needed to close on the purchase of 1033 Exchange replacement assets.

DO INVESTORS UTILIZE DSTS FOR 1033 EXCHANGE REPLACEMENT PROPERTY?

Yes, DSTS are commonly used in 1033 Exchanges. DSTs work just like other investment real estate, the difference being that it is fractional ownership. All of the same reasons why a DST work well for a 1031 Exchange also apply to cases of eminent domain where an owner is conducting a 1033 Exchange. For example, DSTs provide a solution that allows for portfolio diversification and passive ownership in real estate as well as income potential.

Despite the longer timeline to complete a 1033 Exchange, the clock winds down quicker than many people realize. Some simply put off identifying replacement properties because they don't know what to buy, or perhaps they are waiting out the market for better opportunities or pricing. So, it is not unusual for clients to focus on DSTs as replacement properties for their 1033 Exchange at the eleventh hour, knowing they can reinvest proceeds in one or more DSTs in as little as a week's time. For a free list of available DST investments for your 1033 Exchange please visit www.kpi1031.com.

Can You Charge Support-Animal Non-Refundable Pet Deposit?

By Hank Rossi

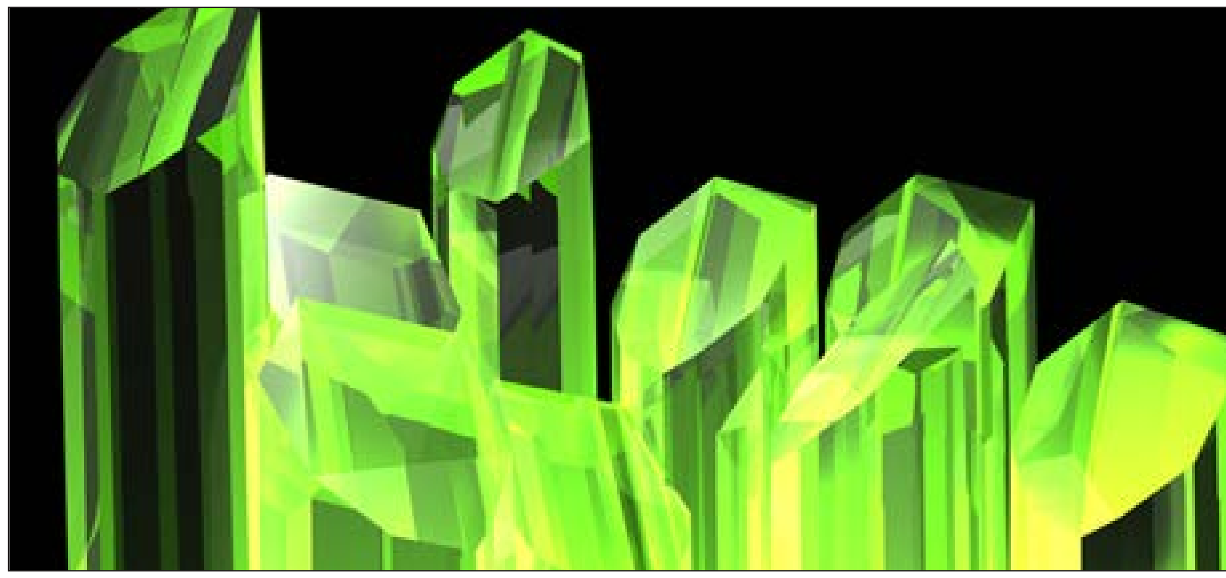
Dear Landlord Hank: Can a landlord charge a non-refundable pet deposit if the animal in question is not classified as a pet, but as a support animal? -Frank

Dear Landlord Frank: In Florida, no-pet rules don't apply to legitimate emotional-support animals. A tenant or applicant must have real documentation stating that an applicant is disabled, that the disability affects a major life function (and what that function is), and how the animal reduces the effects of the disability. If an applicant or tenant provides fraudulent information or documentation, he or she is committing a 2nd degree misdemeanor with consequences. Also, even if the animal has been classified as a support animal, the animal must be required by the tenant. Lastly, the provider producing the documentation for you must have personal knowledge of the tenant (this means an online certificate won't work) and be knowledgeable in the area of the tenant's disability. In other words, a podiatrist can't say you need an emotional support animal for psychological issues.

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

Don't Let Rental Criteria Be Your Kryptonite

By David Pickron



Hypothetically, let's say that last week an individual named Javier applied at one of your properties.

His credit score was low and payment history showed a lengthy history of difficulty in keeping current with his obligations. The results of the criminal background check showed various drug and theft charges. Your call to his previous landlord alerted you to the fact that he was currently being evicted even as he was applying for your property. Like most landlords, you would analyze the situation and reasonably conclude that "there is no way he is living in my rental." You decide to provide an adverse action letter to Javier and move on to the next applicant.

In the week that follows, you receive a phone call from an attorney with Fair Housing asking why you denied the applicant.

Was it because of his ethnicity? "No," but you explain all the negative history you found relating to the applicant and the risk he would be to your property and investment.

The attorney then asks a series of questions:

- Did you tell the applicant that you did not accept people with evictions? "No."
- Did you tell him he needed a certain credit score to qualify? "No."
- Did you lay out your requirements in relation to criminal history? "No."
- Can you provide a copy of your rental criteria that details how you treat every applicant the same? "I don't have one."

The attorney then drops the hammer with the final question:

- Is possible that you treat every applicant differently as a result of not having a written, base-qualifying criteria?

Javier believes he was disqualified based on his ethnicity and subsequently reported a potential violation.

Imagine how different this scenario looks for you as a landlord if prior to showing the property to Javier, you handed him a criteria sheet with crystal-clear information about credit, criminal, collection, and eviction history qualifying parameters. It also had income and residential history requirements as well as your policies regarding no smoking or pets on the property. If after seeing the property and performing your due diligence there was disqualifying information, it is easy to indicate to your applicant exactly which part of the criteria was not met. If the phone call then comes from Fair Housing or the attorney general's office, you have the ability to clearly show the reason for denial based on behavioral history alone.

Simply said, if you do not have a written criteria, then everyone qualifies. That's right, everyone qualifies. As a landlord, you know that is a recipe for disaster.

The graphic above has some examples of criteria that have been strategically written to protect you, broken down by category. These should be reviewed and modified by your local attorney to represent what is legal in your specific jurisdiction.

(Email info@rentperfect.com if you would like an all-inclusive criteria sample.)

In addition to a well-explained criteria, I recommend having a tenant-advisory section that tells applicants what they need to do to find success in renting with you. For example:

- Review the residential lease prior to signing it.
- Review the residential-lease owner's property-disclosure form.
- If the property is in an HOA, have the tenant review the CCRs of the development.
- If the property was built prior to 1978, a lead-paint disclosure form will be provided.
- A move-in checklist should be provided by the landlord and returned to the property manager within (5) five days of move-in.

This may seem obvious, but if you ever find yourself in court as "the big bad landlord" versus "the victim tenant," you can show the judge how you tried to educate the applicant on what he or she could do to protect themselves. When a judge sees the steps you have taken, they will know you are a quality housing provider who has the tenant's interest in mind.

Just like every applicant is unique, so is every property. Each property should have its own criteria based on the risk of the investment. If a property commands higher rent, then you should consider upping the income ratios or requiring higher credit scores. On the other hand, a property in an economically challenged part of town might have a lower criteria due to the average applicants that apply. As landlords, filling our properties with the best applicants helps us accomplish our financial goals.

The Final Word: Never, ever depart from your criteria. You might find you really like some applicants; they say all the right things, have money in their pockets, and are ready to move in today. Do not let your feelings override your criteria. Subjectivity is out the window as they qualify, or they do not. Overriding your criteria puts you in a position of treating people differently, and that pushes you into lawsuit territory at an alarming rate. If it's time to update or create a criteria that matches your property, reach out to us at info@rentperfect.com for assistance or a sample criteria.

David Pickron is president of Rent Perfect, a private investigator, and fellow landlord who manages several short- and long-term rentals. Subscribe to his weekly Rent Perfect Podcast (available on YouTube, Spotify, and Apple Podcasts) to stay up to date on the latest industry news and for expert tips on how to manage your properties.

Sample Criteria

CRIMINAL HISTORY

Any felony relating to or regarding a person, property or drug-related criminal activity in the past seven years from the date of the investigative report to the date of the conviction, release from custody or parole, whichever occurs last.

CREDIT SCORES

- Approved = 700 and above
- Conditional = 550 to 699
- Denied = 549 and below

EVICTION RECORDS

Any open eviction. Any unsatisfied eviction judgment in the past (7) seven years. Any satisfied eviction judgment in the past (5) five years.

BANKRUPTCY

Any bankruptcy filed or discharged in the last (1) year. Any open bankruptcy will be automatically denied.

RESIDENTIAL HISTORY

Two (2) years verifiable (non-family) history is required. Co-signers considered for lack of rental history. 12 months proof of rental payments.

EMPLOYMENT HISTORY

Last four (4) paycheck stubs or proof of income. Two (2) years verifiable employment.

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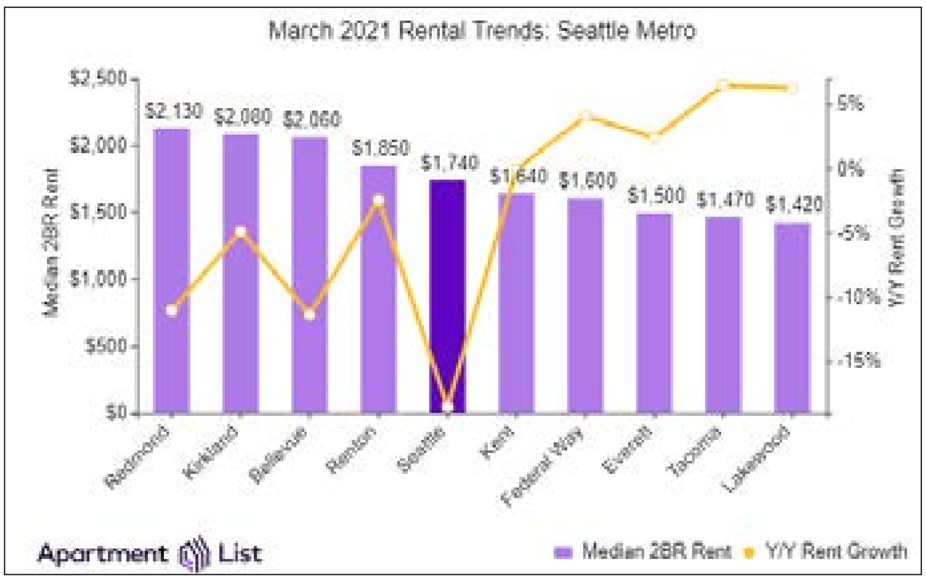


City	Median 1BR Rent	Median 2BR Rent	M/M Rent Growth	Y/Y Rent Growth
Seattle	$1,400	$1,740	2.2%	-18.5%
Tacoma	$1,120	$1,470	1.5%	6.5%
Bellevue	$1,930	$2,060	1.0%	-11.4%
Everett	$1,200	$1,500	1.1%	2.4%
Kent	$1,280	$1,640	1.2%	-0.1%
Renton	$1,410	$1,850	0.5%	-2.5%
Federal Way	$1,360	$1,600	0.8%	4.0%
Lakewood	$1,080	$1,420	0.2%	6.2%
Redmond	$1,900	$2,130	0.9%	-11.1%
Kirkland	$1,800	$2,080	1.0%	-4.9%
Lynnwood	$1,190	$1,470	0.0%	-2.4%
Bothell	$1,690	$1,940	2.3%	-1.3%
Issaquah	$1,690	$2,220	2.3%	-3.1%

Seattle Rents Increase for 2nd Month in Row

Rental Housing Journal

Seattle rents increased 2.2 percent In March, making two months of increases following a long year of declines, according to the latest report from Apartment List.

Median rents in Seattle are $1,397 for a one-bedroom apartment and $1,742 for a two-bedroom.

The latest encouraging signs of rent going up follow a year-over-year rent decline in Seattle of 18.5 percent.

Rents falling across the Seattle Metro

Over the past year, rent prices have been decreasing not just in Seattle, but across the entire metro with the exception of Tacoma.

Of the largest 10 cities in the Seattle metro for which Apartment List has data, six have seen prices drop, including Bellevue, down 11.4 percent year-over-year and 11.1 percent for the same time last year.

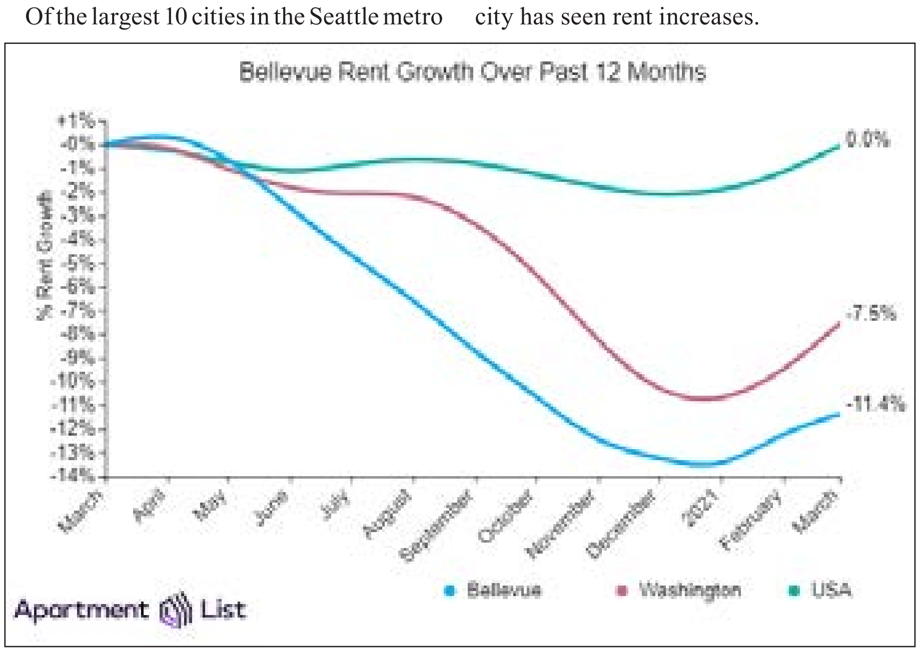
Tacoma Sees Strong Rent Growth

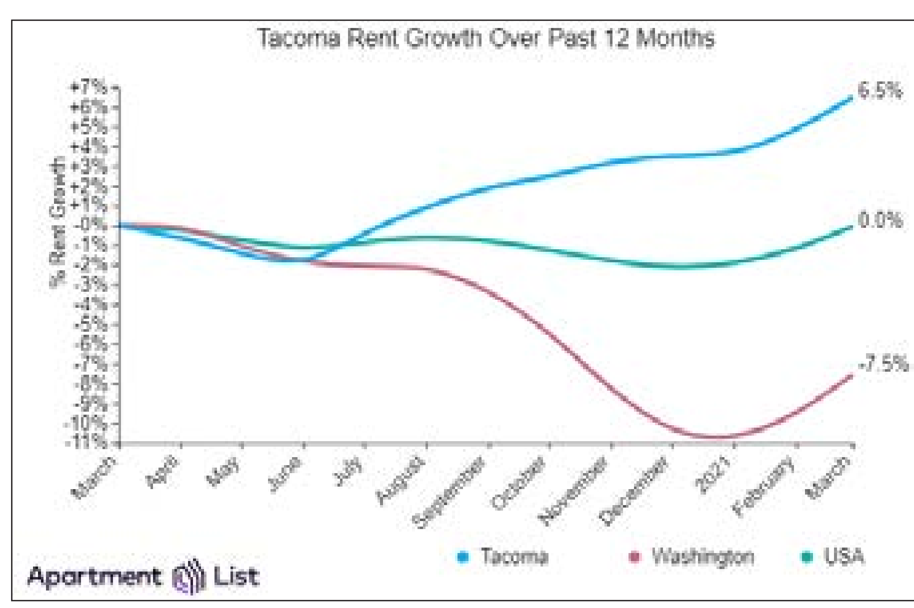
Tacoma has seen the fastest rent growth in the Seattle metro.

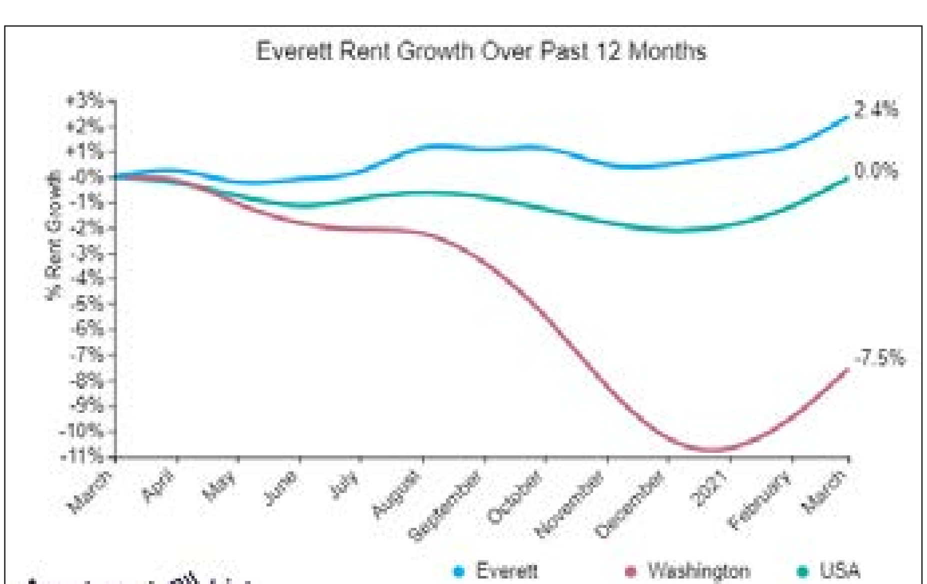
In March, Tacoma rents increased 1.5 percent over the past month, and are up sharply by 6.5 percent in comparison to the same time last year.

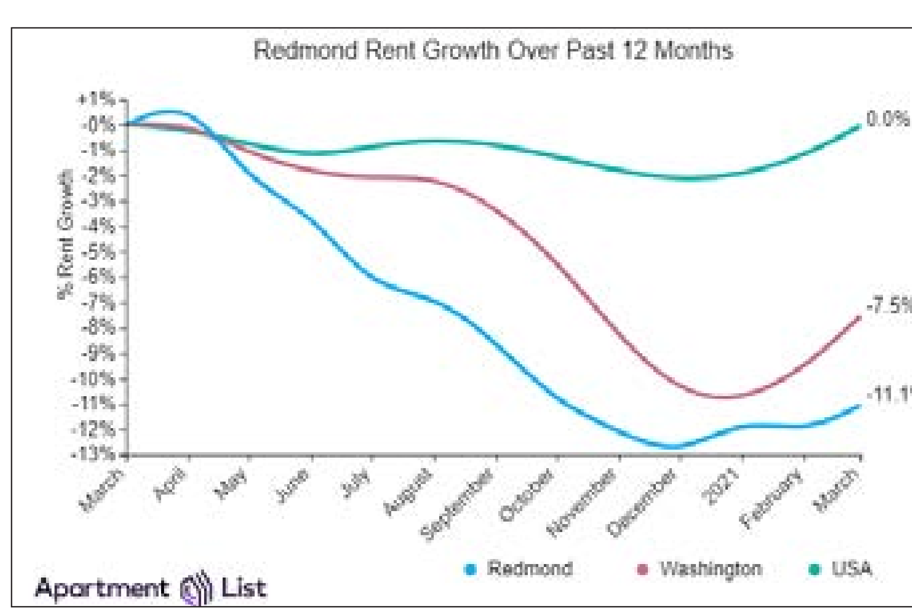
Currently, median rents in Tacoma are $1,117 for a one-bedroom apartment and $1,465 for a two-bedroom.

This is the ninth straight month that the city has seen rent increases.









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Washington Multi Family Housing Association

Rental Assistance to Help Renters

In response to the growing threat of the coronavirus pandemic and the realization of the economic devastation COVID-19 might pose to the state economy and workers due to the closure of certain businesses and industries under stay-at-home orders, Washington Gov. Jay Inslee imposed a statewide eviction moratorium in March 2020.

The moratorium banned, with limited exceptions, residential evictions and late fees imposed on late rent. This meant that landlords could not take eviction actions against tenants who did not pay their rent.

It did require landlords to attempt to offer residents a re-payment plan on unpaid rent. This eviction moratorium has been extended several times since its inception, despite our attempts to work with the governor's office to phase out such onerous requirements. It is now set to expire on June 30, 2021.

Since March 2020, many renters have fallen behind in rent and delinquencies have mounted, posing considerable hardship to their housing providers. Renters continue to fall further and further behind.

Rental Assistance Funds are Coming

Since the moratorium was enacted, WMFHA has been advocating for rental assistance for needy renters affected by COVID-19. The Coronavirus Aid, Relief and Economic Security (CARES) Act was passed in March 2020 and allocated $100 million in rental relief to Washington renters.

In addition, the Consolidated Appropriations Act of 2021, passed by Congress in December, provides for $25 billion in emergency rental assistance across the nation. Washington state is estimated to receive $512 million from the Emergency Rental Assistance Program (ERAP) to help struggling renters.

These dedicated funds are critical measures that help housing providers pay their bills and keep our nation's 40 million renters in their homes. The industry has demanded and advocated for rental assistance since the onset of the pandemic, and its inclusion is a major victory and testament to rental-housing advocacy efforts.

To be eligible for these funds, a household must be obligated to pay rent on a residential dwelling and the grantee agency releasing the funds must determine that:

i. One or more individuals within the household has qualified for unemployment benefits or experienced a reduction in household income, incurred significant costs, or experienced other financial hardship due, directly or indirectly, to the COVID-19 outbreak;

ii. One or more individuals within the household can demonstrate a risk of experiencing homelessness or housing instability; and

iii. The household has a household income at or below 80 percent of area median income (AMI).

Payment can be made for rent and/or utilities in arrears since March 2020 for a maximum total of 12 months but does not include late fees or other non-recurring fees or charges. Prospective rent for up to three months may also be available in order to ensure housing stability for the eligible resident.

Payment is not available for residents who have already moved out of the rental home owing past rent.

More Funds Needed to Serve Renters

While this rental assistance is an important down payment for the more than $70 billion in projected rental debt across the country, the continued extension of eviction moratoriums at the state and federal levels will mean more renters will continue to fall behind, requiring additional efforts to help stabilize residents until the economy can rebound.

The latest national COVID relief bill and the recent allocation of state assistance is welcome news. While this temporary infusion of funds will help some of the more than 130,000 Washingtonians who report being behind on rent, it's not a long-term solution.

We need to increase rental assistance access through state action and ensure equity for populations that are disproportionately affected by the economic impact of COVID-19.

Housing Providers are Struggling Too

It is estimated that 90 cents of every dollar of rent paid goes towards all expenses needed to own and operate rental housing, including mortgages, property taxes, utilities, insurance, wages, repairs, and property upkeep.

This means that if rent is not paid, housing providers cannot make their financial obligations. The financial burden has therefore shifted from the renter to the housing provider, causing widespread concern about an already fragile housing system in this country.

In 2021 under President Joe Biden, Congress passed a $1.9 trillion federal stimulus package. This legislation includes another round of rental assistance, totaling $21.55 billion. State officials estimate that Washington will receive another $404 million in rental assistance from the American Rescue Plan appropriations over time. It could take several months for Washingtonians to receive these assistance funds for rent owing in arears.

The upcoming influx of rental assistance to help struggling renters is very good news for the rental housing industry, which itself has been struggling and in jeopardy of economic collapse.

Know How to Get into the Queue for Funds

WMFHA has been collaborating with county agencies to provide webinars on how rental housing providers can access rental assistance funds on behalf of their residents.

The application for funds can be started in most jurisdictions by the housing provider. Once an application is made using a city or county online portal, the servicing agency contacts the resident to begin an eligibility assessment.

Funds will be paid directly to the housing provider to cover outstanding rent and utilities due by the tenant and can provide payments into the future if rent payments are missed by eligible households at risk of displacement.

To determine if household income meets the eligibility requirement, many jurisdictions are requiring either 2020 tax returns or W-2 forms, or the recent 60-90 days' proof of wages that support the requirement of below 80 percent AMI.

Funds Need to Go Out ASAP

King County estimates it will receive $165 million in rental assistance from the relief measure passed in December and has until the end of 2021 to spend those funds.

Counties and cities that received rental-assistance funds can have slightly different program requirements. For instance, King County will pay toward balances owed by tenants making below 50 percent of the area median income. In Pierce County, the threshold is under 80 percent AMI.

King County passed a supplemental $90 million budget for rental assistance and vaccine efforts. The budget includes both state and federal funds and allots $45.2 million for rental assistance for people struggling to afford their rent.

Pierce County received four streams of funding to support low-income tenants who have been affected by the COVID-19 pandemic: $32.6 million from the Department of Treasury's Eviction Rental Assistance Program; $20.1 million from the Department of Treasury's Rental Assistance Program; and more than $5.8 million from the Washington State Department of Commerce's first and second round of the Eviction Rental Assistance Program.

An application for rental assistance can be initiated by either a landlord or a tenant.

More is Needed to get Back to Normal

Rental assistance has been shown to work. Washington just needs more of it from both state and federal funds, and assistance must be available to renters as soon as possible and to as many renters who need help the most.

The economic effects of the pandemic will continue well after the threat of the virus is minimized. Fortunately, vaccine rollout is going very well, pointing toward a recovery soon. We encourage everyone to get the vaccine when it is available.

We can't afford to see people turned

See 'Advocating' on Page 14

FTC Warns Landlords Not to Evict in Violation of Moratoriums

Rental Housing Journal

The Federal Trade Commission has issued a warning to landlords to not evict, or threaten to evict, tenants in violation of the Centers for Disease Control and Prevention (CDC) moratorium or any other applicable state or local measures, according to a release.

"Evicting tenants in violation of the CDC, state, or local moratoria, or threatening to evict them without apprising them of their legal rights under such moratoria, may violate prohibitions against deceptive and unfair practices, including under the Fair Debt Collection Practices Act and the Federal Trade Commission Act," said Federal Trade Commission Acting Chairwoman Rebecca Kelly Slaughter and Consumer Financial Protection Bureau (CFPB) Acting Director Dave Uejio in the release.

"We will not tolerate illegal practices that displace families and expose them—and by extension all of us—to grave health risks.

"In the ongoing economic and public health crisis, millions of American families are at risk of losing their homes. A recent CFPB report found that renters are particularly endangered, with over 8.8 million tenants behind on rent. These tenants at risk of homelessness are disproportionately people of color, primarily Black and Hispanic families.

"Federal, state, and local governments have put in place protections against evictions to keep people in their homes and to stop the spread of COVID-19. Research has shown that eviction moratoriums save lives."

The CDC on March 29 extended the federal moratorium on evictions by three months.

FTC warns multistate landlords in particular

"Unfortunately, there are reports that major multistate landlords are forcing people out of their homes despite the government prohibitions or before tenants are aware of their rights. Depriving tenants of their rights is unacceptable. Many of the tenants at risk of eviction are older," the release says.

"Staff at both agencies will be monitoring and investigating eviction practices, particularly by major multistate landlords, eviction-management services, and private equity firms, to ensure that they are complying with the law."

Ban on Evictions Extended to June 30

Continued from Page 1

order applies during the effective period of the order."

The CDC said "evictions threaten to increase the spread of COVID-19 as they force people to move often into close quarters in new shared housing with friends or family, or congregate in settings such as homeless shelters.

"The ability of these settings to adhere to best practices such as social distancing and other infectious disease-control measures decreases as populations increase."

The order does not prohibit evictions for criminal activity on the leased premises.

Declaration forms required

The declaration forms are still required, and the CDC added that "a tenant, lessee or resident of a rental property must provide a completed and signed copy of a declaration with the elements listed in the definition" of who is a covered person under the order "to their landlord, owner of the residential property where they live or other person who has a right to have them evicted or removed."

Protections to Renters Can Hurt Small Landlords

By Cory Brewer

Every month, I participate in a Zoom meeting with residential property managers from around the country. It's always interesting to hear about how other states address their housing issues, with Washington state being very similar to some of them (i.e., Colorado) and quite different from others (i.e., Texas).

When I hear my colleagues from states like Colorado, Oregon, and Hawaii talking about their local issues I think to myself, "Wow, that's exactly what is happening here in Washington state."

This has me concerned about the widespread reduction in the availability of housing options for renters.

A common theme is that as some states continue to regulate the rental-housing market, providers of rental housing are unfortunately encouraged to sell off their properties. In some cases, this may not affect the renter population at large if the properties being sold are multi-family properties. But even then, with new ownership often comes improvement or redevelopment, and ultimately, higher rents.

Of greater concern are the single-family homes, often owned by "mom-and-pop" housing providers. Heavy regulation is particularly difficult for mom and pop to absorb, and without means of enforcement for the very basics such as payment of rent and adherence to behavior rules, many have found that their best option is to sell the home.

More harm than good

While it may be an attractive talking point for policymakers to "offer protections to renters," the reality is that blanket policies are being developed to protect what amounts to be only a small fraction of the overall renter population at the expense of everyone else.

In February 2021, the *Seattle Times* reported that approximately eight percent of renters in the Seattle metro area had fallen behind on rents. This may not come as a surprise to some readers, knowing the makeup of the region's population and the tech-heavy slant (many tech businesses have been booming throughout the pandemic). So while the "protections" will benefit the relative few who have the need, what happens to the rental-housing market at large?

I propose that ultimately everyone suffers because options are taken away. When mom and pop sell their rental house, there is virtually zero chance that it will ever be offered as a rental home again.

In our brokerage alone we saw a 48 percent increase in Seattle clients selling their rental homes in 2020 compared to 2019. When the supply is reduced, and the demand remains (or even grows), it does not take an economics degree to understand what will happen. The most unfortunate impact may fall upon the very renters that these protections seek to help in the first place. In Washington state, housing-voucher programs (commonly known as Section 8) offer financial support to low-income families.

In my experience, many of these families have little choice but to seek a single-family rental house due to program requirements for bedroom counts based on family size. Apartment units simply do not meet these families' needs in many cases. When the market loses crucial rental houses, where are these families to turn?

In a January 2021 poll of our firm's clients who have indicated they plan to sell when the current lease expires at some point this year, 35 percent identified "legal regulation" as their primary reason for doing so.

When relief money is made available, my colleagues and I firmly believe that it is best spent by delivering it to renters facing demonstrable financial hardship, so they can pay their bills and avoid falling behind. Unfortunately, there is another school of thought that would rather withhold these funds to be later spent on attorneys after eviction notices have been filed. Why can't we prevent evictions before they start? I think we can!

This is a call to policymakers to understand the real-world impact of their decisions. Good intentions do not necessarily lead to desired outcomes.

I firmly believe that all stakeholders share the desired outcome, which is a stable and affordable housing market that offers viable options for renters and allows mom and pop to successfully offer rental housing to the community. Otherwise, we create an even more competitive environment in the rental-housing market, which is constricted by mountains and water (here in the Seattle region, anyway) – it's not a problem we can "build our way out of," so to speak.

When people don't have options, they can become desperate. We need collaborative solutions that take a realistic look at the outcomes. We need to find targeted solutions for those in need and lift the legislative "blanket" off of everyone else.

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. Active in the local real-estate community since 2003, he has held his current position since 2011. Cory may be reached via www.wpmnorthwest.com or coryb@windermere.com.

6 Factors in Lease Renewals Post-Pandemic

By Justin Becker

There is no doubt that COVID-19 has changed the way people occupy space and interact, which, as a result, has caused a decline in demand for space and property. The unprecedented crisis is expected to have lasting effects, depending on how long the virus persists.

In order to respond to the crisis, it is important that property managers and owners take action now rather than later. In the post-pandemic era, landlords should review some strategies regarding property leases.

COVID-19 has seen the closure of many retail locations, not just in the United States but across the globe. Since the duration of the pandemic is uncertain, landlords, tenants and lenders are all trying to figure out their next steps involving real estate inter-parties.

While the relationship between property owners and tenants depends on individual lease agreements, regarding leases to private and commercial properties, the post-pandemic era will require some changes that property owners can make to address the unique challenges brought about by COVID-19.

Below are some of the possible steps that property owners should consider during the post-COVID-19 period.

1. Rent Deferral

Considering rent deferral is one of the steps that landlords can take to address the challenges that most tenants, especially those occupying homes, apartments and townhomes for rent, are currently facing. The world has witnessed massive job losses, which means that people and businesses are facing financial difficulties.

An agreement to defer a portion, or the entirety, of the rent for a defined period of time would be most effective to address the situation.

Deferred rent would then be paid after the agreed period lapses or over the duration of time, depending on how the situation resumes to normalcy.

Ideally, the issue of rent deferral is subject to several factors that guide the property owner's decision to set the terms of such an agreement. For example, deferral on commercial property should be based on the tenant's business operations.

There are certain businesses that are not self-sustaining, which means that there is no guarantee that you will be paid at the end of the deferral period. You need to set the terms in such a way that while the aim is to provide the tenant with financial relief, you are also able to maintain your cash flow under the lease.

2. Rent Reduction

Rent reduction might be perceived as unfavorable to landlords, but it works towards building a good relationship with the tenants. As a property owner or property manager, rent reduction should be one of the options, provided that it does not take place at the expense of the landlord's cash flow.

Of course, rent-restructuring is more economically viable to the tenants, which is why many property owners would consider it as unfavorable to them. However, there is no actual telling how long the effects of COVID-19 will last.

This means that the financial burden on the tenants might extend for an unknown period. Considering rent reduction, no matter how unfavorable it might seem, is not entirely a bad option.

An alternative to rent reduction to landlords is tolling the rent.

An agreement can simply be drafted detailing the abatement period that provides some rent relief to the tenant. However, property owners and managers should

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Better to Take Action Sooner Rather Than Later

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understand that rent abatement does not provide any relief on the part of the landlord in terms of cash flow, operating costs and other ongoing obligations.

3. Set Realistic Expectations

One thing that COVID-19 has taught the world is that you can never be too sure about the future. For this reason, it is important for parties involved in property leases to set out realistic goals that address the unique nature of the current situation that they find themselves in.

Going forward, it is expected that it will take some time before the situation resumes to normalcy, especially in terms of income challenges.

The current economic hardships are already difficult for both landlords and tenants, hence the need to establish workable goals that are practical and discernible. This way, you won't lose your tenants as a property owner due to financial constraints, as the challenges being experienced are not permanent.

The mutually acceptable solutions, in the short term, should leave you in a better position post-COVID when the harsh economic times change for the better.

4. The Need For Transparency

Transparency is one of the key things that will be needed in real-estate deals during the post COVID-19 era. While leases are meant to guarantee that transparency is upheld in rental agreements, there are instances where certain clauses are left out by the property owners only for the tenant to be subjected to these clauses after signing the lease agreement.

Tenants also have a tendency of leaving out crucial information that can affect the tenancy agreement in the long run.

It is such disputes that tend to escalate, especially when one party involved in the lease feels aggrieved. To avoid such disputes, full disclosure is important, especially on the parts of the tenants that are struggling with financial difficulties. Of course COVID-19 has affected property owners and their tenants alike. This is an issue that landlords understand too well.

In the event that the lease can be altered to factor in emerging issues brought about by the pandemic, then such an eventuality would work to the benefit of the parties involved. Non-disclosure on either of the parties only causes unnecessary disputes that can easily be solved through consensus.

5. Consider Third-Party-Lender Approvals

With the demand for apartments and mobile homes for lease constantly changing, it is important that you consider third-party lenders as part of your plan to maintain a steady cash flow. With tenants yet to recover financially, post-COVID will require that you consider getting funds from alternative lenders to stay afloat.

For property owners and managers, such real estate requires a lot of maintenance. Even if the demand for apartments has been on the decline, the tenants residing there require basic services and repairs, in case of damage to the property.

As outlined in most leases, it is the responsibility of the tenant to cover damages to the property they are residing in. With that said, there are unique situations where the damage may be as a result of other causes other than the tenant. This means that the tenant cannot be charged for such damages. Availability of funds ensures that possible repairs are done fast, meaning the tenant is not affected in any way that would be in violation of the tenancy agreement.

6. What To Expect Post-COVID

The current crisis has led to significant stress on both landlords and their tenants. Both parties have experienced a decline in cash flow, business interruption and overall suspension to some.

To address the unprecedented challenges brought about by COVID-19, landlord-tenant agreements should be mutually beneficial. Landlords can offer some waivers, but tenants too should strive to fulfil their rent obligations.

This calls for a change in the way property owners and tenants interact post-COVID. With competent planning, the situation is likely to change sooner than expected.

This means that every decision has to be accompanied by a shared goal between landlords and tenants.

Future leases will need to factor in the need to have a plan regarding how both parties intend to address these types of issues.

However, there is every need to be prudent regarding how the issues brought by COVID-19 are leveraged to address the current crisis.

The post-COVID era promises a lot of uncertainties to both landlords and tenants.

With that said, it is better to deal with the crisis now through the strategies outlined above before focusing towards the future. This is how property owners can address the current crisis and also ensure that they do not lose their tenants.

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.

Single-Family Rental Properties: Addressing Tenants' Pain Points in Apartment Living

By Linda Coburn

Consumers have fundamentally changed the way they think about the American Dream.

Many are putting off marriage, having fewer children, downsizing and simplifying their lives … and a growing number are choosing to rent rather than own.

These consumers want something more than just a traditional apartment, which has created a new dynamic that has revolutionized the housing market. Increasingly, consumers are choosing single-family rental over the traditional stack-box living experience of conventional apartments. And with the coronavirus requiring social distancing and staying at home, the growing appeal of single-family living is unmistakable.

With more than 30 years of experience in the multifamily industry, I have heard firsthand the pain points of apartment living for residents: Noise. Security. Privacy. A place for pets. At NexMetro Communities – where we specialize in single-family, built-to-rent leased-home neighborhoods – we've tackled these pain points by combining the freedom and flexibility of apartment living with the privacy and tranquility of single-family living.

Without a doubt, you've seen the onslaught of single-family rental offerings in the marketplace.

These rental-home neighborhoods are redefining traditional rental living by consumers seeking a luxury leased-home experience. Single level, no shared walls and private entries are all compelling features that automatically address a top multifamily renter complaint: noise. Add in a private backyard and gated front entry and it meets the demand of privacy and security that many renters say is of utmost importance to them.

Renters by choice, over 50 percent of our Avilla residents previously lived in a single-family home. Our residents have the means to own but choose built-to-rent communities for lifestyle reasons rather than affordability. They are drawn to the unique offering of single-family living in a professionally managed neighborhood with amenities and services that are not provided in traditional stand-alone single-family rentals, such as community pools, pet parks, outdoor gaming spaces and concierge services. Expectations have changed; renters want more.

Other top renter demands involve the fit and finish of their homes. For this reason, features such as wood plank-style flooring, 10-foot ceilings, stainless steel appliances, granite and quartz countertops, and upgraded cabinets are essential. And while the home interiors are key, an included private backyard is the star of the show when it comes to pet owners. Nearly 60 percent of our renters have a pet and say they value the private backyard primarily for their furry friends.

From professional millennials, to new families and mid-life singles, to empty nesters, the combined hassle-free benefit of multifamily rental with the lifestyle of single-family living successfully addresses the pain points of apartment living. For a growing segment of the population, single family built-for-rent offers neighborhood living in single-story homes with upscale features, spacious indoor/outdoor living spaces, desirable locations, and professional management – with no mortgage.

Linda Coburn is vice president of asset management for NexMetro's portfolio of more than 2,200 units in multiple regions. She has more than 30 years of experience in the multifamily industry

Sponsored Content

How to Recover Most of the Rent Owed Due to the Pandemic

By Stepan Renc
Owner, Longstreet Property Management

This text offers general suggestions only and is no substitute for professional legal counsel. For professional legal counsel, please consult an attorney for advice related to your specific situation.

The COVID-19 pandemic has put a lot of strain on tenants and landlords alike. Due to job loss or other complications caused by the current world situation, some tenants experience difficulties in paying rent. In order to keep these renters housed during the pandemic, there has been a number of federal, state and local moratoria issued on evictions for nonpayment of rent. One of the laws currently in place in Oregon - HB4401 - extends this eviction moratorium until June 30th, 2021 and establishes a Landlord Compensation Fund to alleviate stress for landlords not receiving the rent money they count on.

The law allocates $200 million in rent assistance to support tenants and landlords, $150 million out of that amount for the Landlord Compensation Fund. The most significant condition for drawing is that the landlords must forgive 20 percent of the owed rent forever. They will receive 80 percent of the owed amount from the fund. Money from it will be distributed through multiple rounds, and in the first round the Oregon Housing and Community Services (OHCS) committed $50 million in help to struggling landlords.

The deadline for submitting applications in Round 1 was March 5, but the users of the online-application portal experienced multiple glitches and the system didn't work properly to accept all eligible applicants. The OHCS ultimately resorted to a plan B "questionnaire" approach, and declared that applications submitted in this temporary way would also be considered in the first round.

The second round will open in April, and will also be funded with $50 million. Below is an outline of the steps that you should follow if you would like to be considered for compensation.

First, provide your tenants with a notice of past-due rent along with a notice of eviction protection and declaration of financial hardship. This is extremely important, as if you don't provide these documents along with your notice of past-due rent, you will be acting against the law. Ask your tenants to fill out the declaration and submit it back to you. They can send you the document almost in any form - even a texted photo of it is OK.

Second, create an account at lcf.oregon.gov, fill out information about the property and tenant, upload your W9 and rent roll describing all units and current debt (this must be done in a specific prescribed format). If your tenants continue not paying rent past the period when you applied for the assistance, you will be able to amend your application in the next rounds.

Third, upload the signed declaration of financial hardship for each tenant, confirm the amount owed and submit for review. OHCS will review your application, rate it and if you qualify, disburse the funds to you.

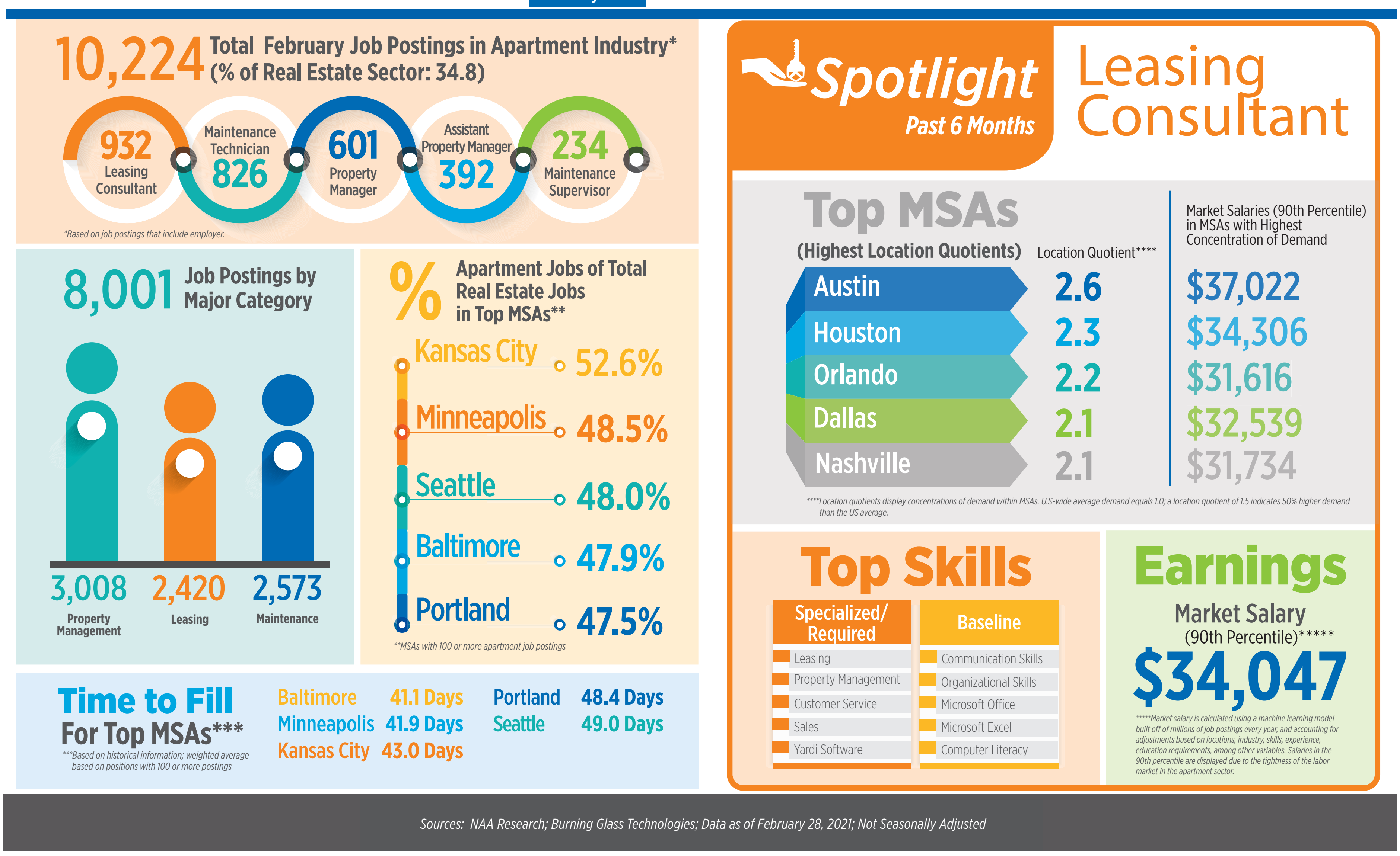
Stepan Renc is owner of Long-Street Property Management. For more information, visit the website at www.longstreetpropertymanagement.com.

NAA NATIONAL APARTMENT ASSOCIATION Education Institute

Apartment Jobs Snapshot

February 2021

Apartment Job Openings Strong in Seattle, Portland



National Apartment Association Education Institute

Apartment job openings in Seattle and Portland were strong in the most recent report from the National Apartment Association's Education Institute.

The Apartment Jobs Snapshot showed 10,224 apartment jobs were available, accounting for 34.8 percent of the broader real estate sector.

Seattle and Portland, along with Kansas City, Minneapolis, and Baltimore, had the highest share of apartment job openings.

This edition highlights leasing consultants, with market salaries in the 90th percentile reaching $34,047.

The demand for skilled leasing consultants was more than twice the U.S. average in Austin, Houston, Orlando, Dallas and Nashville.

In addition to requiring typical leasing skills, employers are seeking experience with Yardi Software, Microsoft Office, Microsoft Excel, and computer literacy skills.

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.

Advocating to Assist Renters Needing Help

Continued from Page 7

away before they have a chance to request assistance that is badly needed. And we certainly can't afford to have a program that does not adequately support housing providers who need it the most.

As we continue to work together to address the effects of COVID-19, we call on our elected officials to ensure that programs in place sustain the viability of rental housing in our region, keeping residents housed now and well into the future.

WASHINGTON MULTI FAMILY HOUSING ASSOCIATION

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.

Priorities Shift from Lower Cost to More Space

Continued from Page 1

"It seems as though renters are coping with the monotony of spending most of their time at home by looking for a change in scenery, more space, open-air amenities and better local deals," RentCafé said in the survey results.

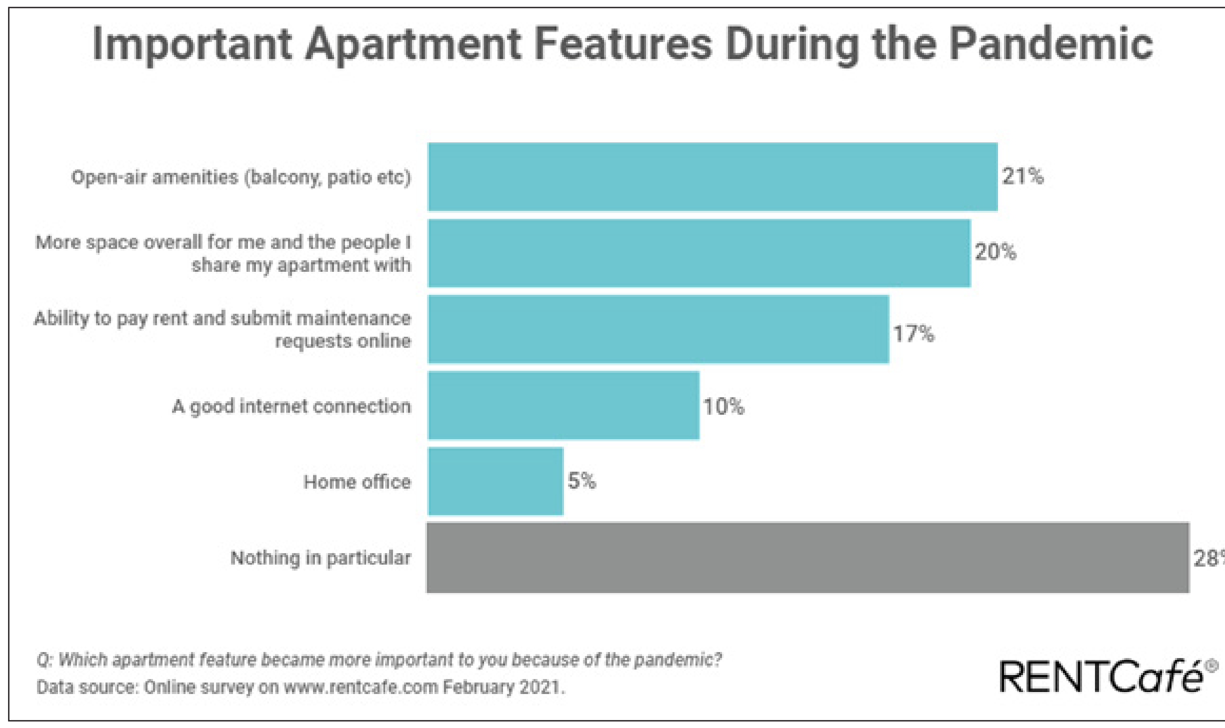
More than 10,000 people participated in the survey while looking for an apartment on the company's website. "In particular, respondents shared how their preferences had changed after a year of staying at home, what their main concern was while moving, or how the pandemic had affected their rental-selection process.

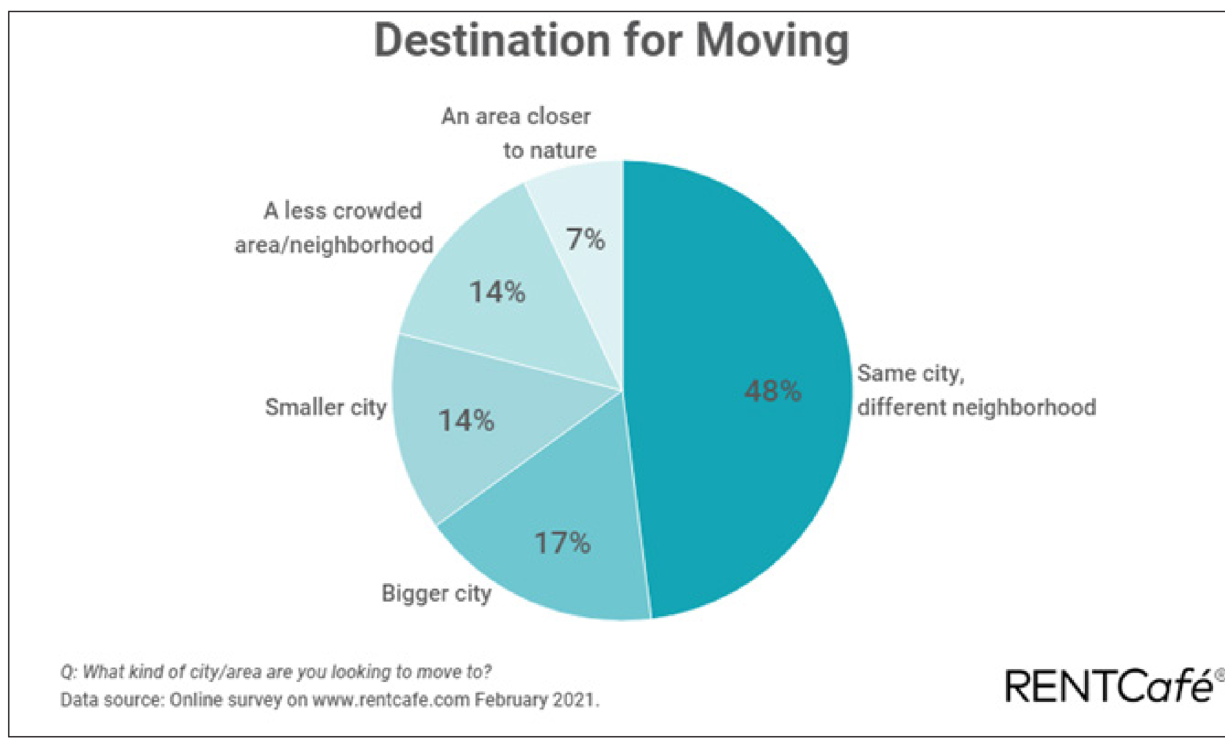
"The survey showed that lifestyle improvement was the main motivator for those looking to rent now, as the top features people search for in an apartment after one year of living in a pandemic are open-air amenities (21 percent) and more space (20 percent).

Renters' priorities in the apartment-search process included the following highlights:

- Lifestyle improvement is the main motivator for those looking to rent after a year of pandemic living; 41 percent of renters picked open-air amenities and more space as their most essential apartment features in 2021, far outranking work-from-home amenities such as "home office" (five percent) or "good internet connection" (10 percent).
- The reasons for moving are within the same spectrum; "looking for better deals" was the top answer for 29 percent of renters, followed by "the need for a change of scenery" (25 percent).
- When asked how the pandemic affected their apartment-selection process, 28 percent of renters said they prefer a place to live by themselves. "Something cheaper" (25 percent) and "something larger" (19 percent) were next on the priority list.
- Ninety percent of renters look for long-term rentals. Moreover, 48 percent wish to remain in the same city they are currently in, which once again shows that improving housing conditions is the goal, not necessarily a drastic change like moving to a different city.
- Many of those who moved in the spring of 2020 seemed to have done so out of need, not because they wanted to. "Expiring lease" was the main reason for moving (26 percent), while a significant share of renters was concerned whether they'd be "able to pay rent during this time" (32 percent).

Last year, the renter survey showed the top renter preference was price and the top concern was safety.





"And, while plans and preferences may have changed since last March and the first stay-at-home orders, one thing has remained the same – the optimistic, carry-on attitude of the average renter.

"Twelve months apart, both RentCafé surveys have shown that, whether by choice or necessity, people keep on moving. And, as we enter the second year of the pandemic, spending time at home has become the norm – prompting increasing numbers of renters to look for better deals and amenities that make it more pleasant to be there," the company said.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