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INSIGHT FOR RENTAL HOUSING PROFESSIONALS

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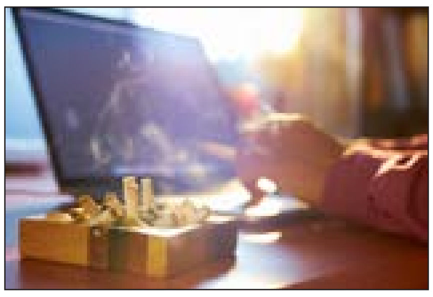

How to Stop Tenant Smoking in Unit Designated as Non-Smoking

By Hank Rossi

Dear Landlord Hank: I am a property manager for two complexes, and we are having issues with tenant smoking. I saw your article in RHJ last year about tenants smoking and hope you can help me.

At one of my properties we have an elderly lady who has been said to be smoking in her unit. The complex has only four units per building, and from this building we haven't had complaints before until this tenant moved in four months ago.

When my maintenance supervisor and my leasing agent performed our annual inspections one month ago, they did mention it smelled like cigarettes, but there were also a fair amount of plug-in citrus air fresheners.

This tenant doesn't respond to my messages about not smoking in her unit. (She is not my biggest fan, because I enforce lease-agreement rules.)

What can I do to prove she is smoking in her unit and stop tenant smoking when she denies it? Please help. — Melissa

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Rents Continue 6-Month Climb

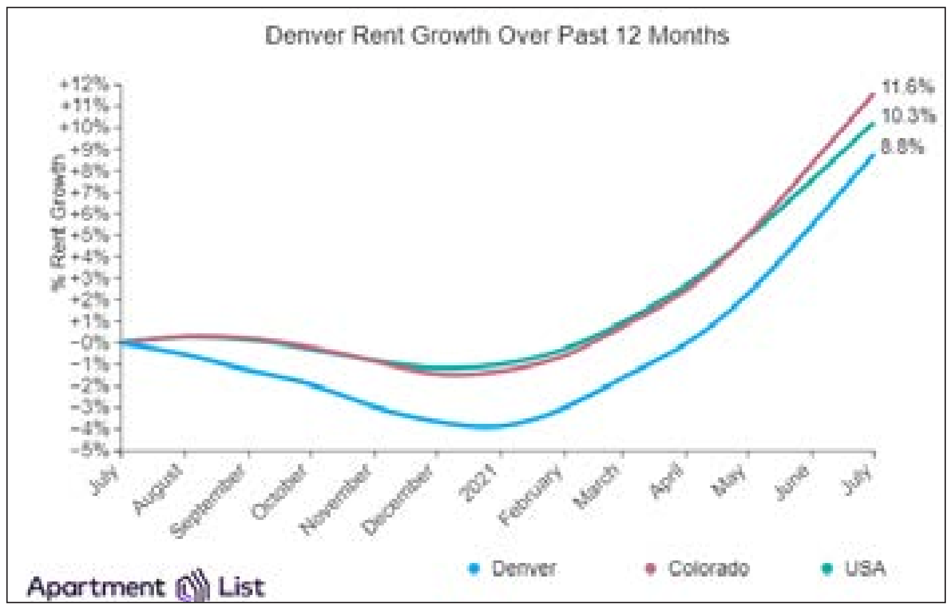
Rental Housing Journal

Denver rents were up a strong 3.1 percent in July, according to the most recent report from Apartment List.

Year-over-year, Denver rents have increased sharply by 8.8 percent.

Currently, median rents in Denver are $1,418 for a one-bedroom apartment and $1,738 for a two-bedroom.

This is the sixth straight month that the city has seen rent increases after a decline in January. Denver's year-over-year rent growth lags the state average of 11.6 percent, as well as the national average of 10.3 percent.



Rent growth across the Denver metro

Of the largest 10 cities in the Denver metro for which Apartment List has data, all have seen prices rise.

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

- Parker has seen the fastest rent growth in the metro, with a year-over-year increase of 17.3 percent. The median two-bedroom there costs $2,036, while one-bedrooms go for $1,796.
- Arvada has the least expensive rents in the Denver metro, with a two-bedroom median of $1,561; rents grew 3.5 percent over the past month and 9.8 percent over the past year.
- Lone Tree has the most expensive rents of the largest cities in the Denver metro,

See 'Strong' on Page 4

Crazy Landlord Times; Are We Near the End?

By David Pickron

Like many of you, I was blessed to experience the '80s as a teenager. The hair, the movies, and most of all the music, were iconic. One of my favorite bands was Journey, and I knew all their lyrics (and air-guitar solos) by heart. Just hearing Steve Perry hit the notes that only he could reach brings the memories flooding back. Unfortunately, he left the band in 1987 and through changes and challenges, things were never really the same for the band.

Similarly, our own industry was riding high in 2019, when we all looked like rock-star investors with a solid, proven rental base. Then COVID-19 hit (a real low note) and things just haven't been the same.

Hoping to return to form, here is what we have seen over the last month:

- The CDC extended the eviction moratorium to July 31, 2021 and alluded to the fact that there was no intention to renew it.
- A few days later the Supreme Court refused to take a case involving the moratorium, stating it would be expiring within 30 days and therefore there was no need to rule.
- The Consumer Financial Protection Bureau let all the credit-reporting agencies know that they better report evictions and delinquencies correctly or

See 'Better' on Page 7

Sponsored Content

The Case Study of a 1031 DST Specialist

By Steve Haskell
Vice President at Kay Properties and Investments

There are various strategies when using DSTs (Delaware Statutory Trusts) in a 1031 exchange. Some investments are as easy as a simple exchange from one property into a single DST. Other times DST's are used to invest leftover equity from an exchange so the investor is not taxed on leftover funds, called "boot". Investors will routinely use DSTs as a backup ID in case their target replacement property doesn't work out. And occasionally, Kay Properties will assist an exchanger to utilize all said strategies in one sophisticated effort to mitigate risk and defer as much tax as possible. Read on for the experience of a highly skilled 1031 DST specialist.

A real estate investor sold an investment property for approximately $2M. Roughly 25% of his property was leveraged. Therefore, $1.5M was sitting in his qualified intermediary account. He then contacted Kay Properties to pursue a partial 1031 DST exchange. The exchanger wanted to purchase a property on his own, but something smaller and easier to manage than the property he recently sold. He wanted to put part of his exchange into a completely passive DST option that would require no management on his part. The DST part was relatively easy. However, he was having a hard time finding a replacement property to own outright, and the 45-day clock was ticking. Kay Properties created a multifaceted strategy that supported the investor from a variety of angles.

First, the exchanger used the debt built into the DST to replace his mortgage. The Kay Properties representative created a DST portfolio for the investor with a loan-to-value of approximately 50% to match the exact debt required to satisfy the 1031 exchange regulation. The debt was non-recourse, meaning the investor did not need to apply or sign for the loan, nor did it show up on his personal balance sheet. This freed him up to purchase a smaller property to own outright without taking out a mortgage, which increased his probability of closing.

Next, the exchanger used a DST as a backup ID in case the target property did not work out. The due diligence period on the replacement property extended past the 45-day period. If inspections exposed an issue that compromised the deal, the exchanger would be vulnerable to over hundreds of thousands of dollars in taxes. However, since the Kay Properties representative advised the client to use a DST as a backup ID, the exchangers risk of a failed exchange was significantly mitigated.

Finally, Kay Properties assisted the investor to ensure there was no leftover equity by using the DST to invest the leftover boot. After the exchanger and the seller agreed on a price, he realized there was approximately $50,300 of exchange funds left over. Kay Properties found a DST to invest that exact amount to finish up the exchange.

When one has the knowledge and the assistance of a skilled DST 1031 specialist, an investor can mitigate risk and protect themselves from a failed exchange in a variety of ways. Through the assistance and guidance of Kay Properties, the exchanger in this case split funds into both DSTs and his own property, replaced his debt with a non-recourse loan, protected his exchange with a backup ID, and took care of the leftover boot. These high level DST skills often are not available to investors who choose to work with unaware financial planners with little-to-no understanding of real estate, 1031 exchange strategies and DST investments. Fortunately, the client was working with Kay Properties.
If you are interested in learning more on how to use a DST to mitigate risk and defer taxes in your 1031 exchange, contact Kay Properties by registering at www.kpi1031.com.

About Kay Properties and www.kpi1031.com

Kay Properties is a national Delaware Statutory Trust (DST) investment firm. The www.kpi1031.com platform provides access to the marketplace of DSTs from over 25 different sponsor companies, custom DSTs only available to Kay clients, independent advice on DST sponsor companies, full due diligence and vetting on each DST (typically 20-40 DSTs) and a DST secondary market. Kay Properties team members collectively have over 115 years of real estate experience, are licensed in all 50 states, and have participated in over $21 Billion of DST 1031 investments.

This material does not constitute an offer to sell nor a solicitation of an offer to buy any security. Such offers can be made only by the confidential Private Placement Memorandum (the "Memorandum"). Please read the entire Memorandum paying special attention to the risk section prior investing. IRC Section 1031, IRC Section 1033 and IRC Section 721 are complex tax codes therefore you should consult your tax or legal professional for details regarding your situation. There are material risks associated with investing in real estate securities including illiquidity, vacancies, general market conditions and competition, lack of operating history, interest rate risks, general risks of owning/operating commercial and multifamily properties, financing risks, potential adverse tax consequences, general economic risks, development risks and long hold periods. There is a risk of loss of the entire investment principal. Past performance is not a guarantee of future results. Potential cash flow, potential returns and potential appreciation are not guaranteed.

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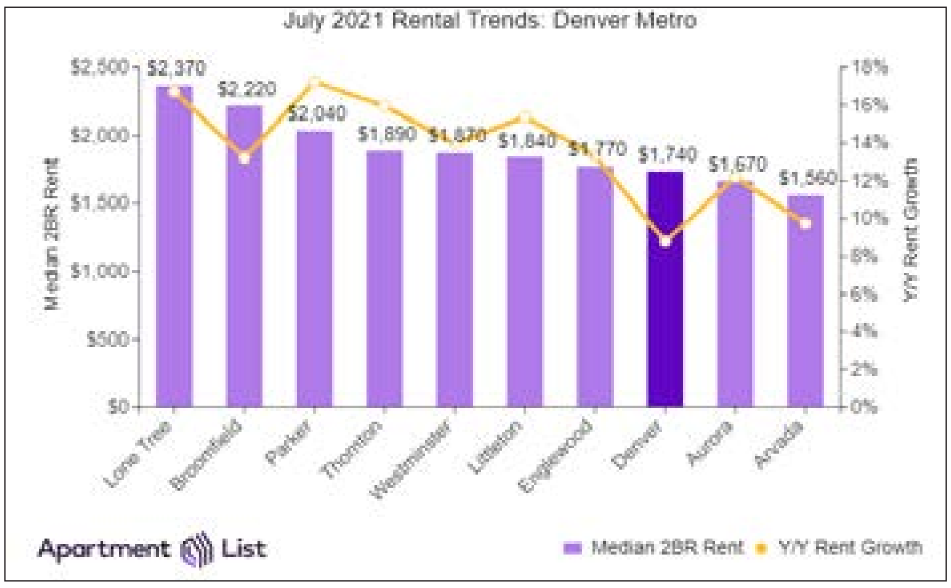
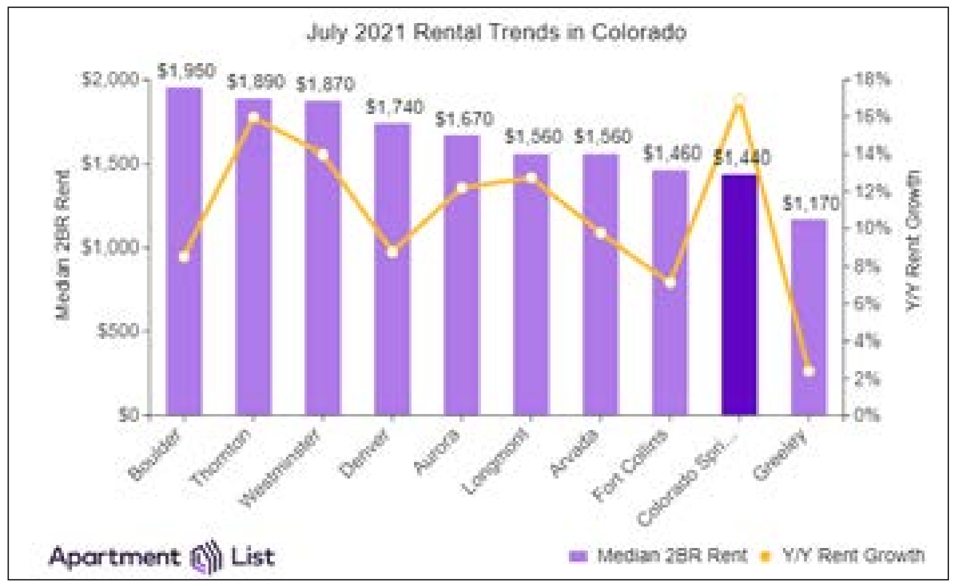




Strong Rent Growth Seen Throughout Area

Continued from Page 1

with a two-bedroom median of $2,369; rents increased 3.5 percent over the past month and 16.7 percent over the past year.

Colorado Springs Also Sees Strong Growth

Colorado Springs rents have increased 3.2 percent over the past month, and have increased sharply by 16.9 percent in comparison to the same time last year.

Median rents in Colorado Springs are $1,131 for a one-bedroom apartment and $1,436 for a two-bedroom.

This is the seventh straight month that the city has seen rent increases after a decline in December of last year.

Boulder rents continue upward

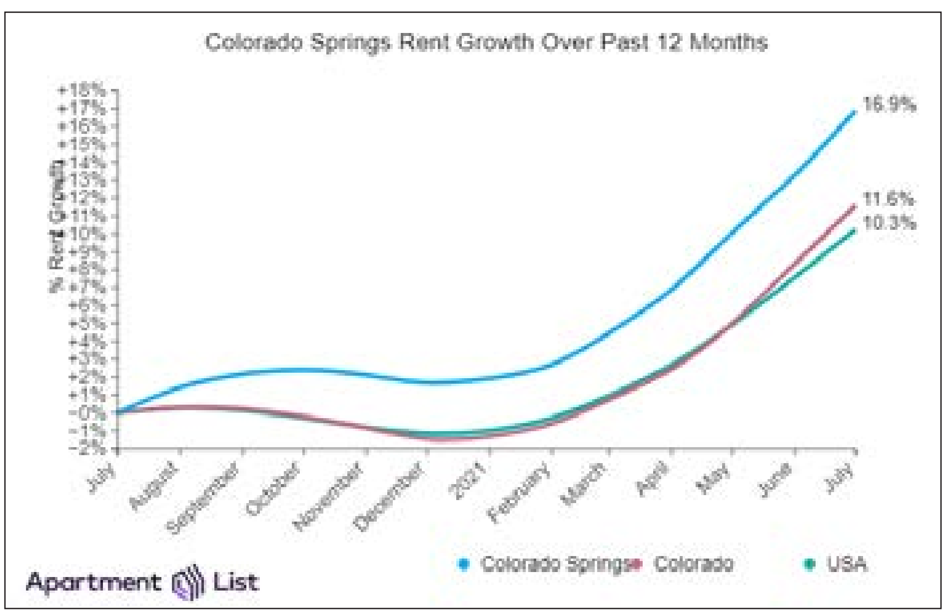
Boulder rents have increased 2.3 percent over the past month, and have increased by 8.5 percent year-over-year.

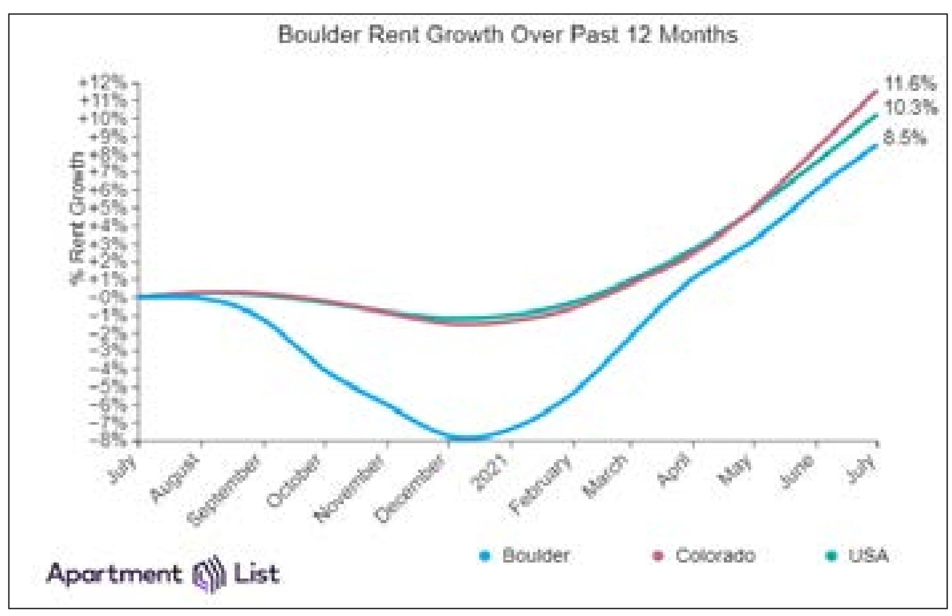
Median rents in Boulder are $1,535 for a one-bedroom apartment and $1,954 for a two-bedroom.

This is the seventh straight month that the city has seen rent increases after a decline in December of last year.

Apartment List estimates the median contract rent across new leases in a given market and month, using data from the Census Bureau's American Community Survey. Growth rates are calculated using analysis similar to Case-Shiller's approach, comparing only units for which they observe transactions in multiple time periods to provide an accurate picture of rent growth.

City	Median 1BR Rent	Median 2BR Rent	M/M Rent Growth	Y/Y Rent Growth
Denver	$1,420	$1,740	3.1%	8.8%
Aurora	$1,320	$1,670	3.3%	12.2%
Thornton	$1,660	$1,890	3.8%	16.0%
Arvada	$1,250	$1,560	3.5%	9.8%
Westminster	$1,530	$1,870	2.9%	14.0%
Broomfield	$1,840	$2,220	2.9%	13.2%
Parker	$1,800	$2,040	3.6%	17.3%
Littleton	$1,380	$1,840	3.5%	15.4%
Englewood	$1,140	$1,770	3.2%	13.3%
Lone Tree	$1,910	$2,370	3.5%	16.7%





Multifamily Performance Expected to Stay Strong

Rental Housing Journal

The first half of this year saw outstanding rent growth in multifamily rental properties and while that is probably not going to be sustained, strong multifamily performance will continue in the second half of 2021, according to Yardi Matrix.

In its summer report for 2021 entitled "Multifamily Emerges Strong from the Pandemic," the company says that while rent growth seen in the first half of 2021 cannot continue indefinitely, "conditions for above-average growth in these metros (southwest and southeast) are likely to persist for months. With rents increasing by almost double digits in many markets on a year-over-year basis, the cost-of-living gap between what have been considered 'lower-cost cities and gateway markets is starting to narrow.'"

The rapidly growing tech hubs of Phoenix, Las Vegas, Atlanta and Tampa show that, "People migrating into these cities can afford the large price increases. But longtime residents are deeply affected by the accelerated rent growth," Yardi Matrix says in the report.

The reasons for predicted continued strong growth include:

- Pent-up demand and the recovering economy have produced robust rent growth this spring.
- The U.S. economy is growing at its fastest rate in decades, as progress with the COVID-19 vaccine has allowed people to resume normal activities.
- Potential headwinds include rising inflation and whether employees can find enough workers.
- Many secondary markets continued to post dazzling increases, and gateway markets such as New York and San Francisco are rapidly rebounding from the pandemic.
- New apartment supply, which dipped only moderately during the pandemic, is expected to bounce back to about 334,000 units in 2021.
- Capital markets remain one of the strongest aspects of the multifamily business.

While the economy is coming back, employment and labor participation are still lagging, especially in the service sectors that were hit hard by the pandemic, the report says.

New apartment construction is particularly affected by supply-chain issues and challenged with dramatically rising steel, lumber and copper prices; copper and lumber prices have more than doubled from this time last year. "Not only is demand for building materials coming back in full force but pandemic restrictions are making it more difficult to obtain them," the report says.

"Volatility is likely to continue for a few years as the world fights to contain the virus, until global vaccine implementation allows economies to fully recover and return to pre-pandemic stability. However, that does not mean there won't be strong economic growth in certain sectors and geographies in the short term," Yardi Matrix says in the report.

To get the full report, visit : www.yardimatrix.com/Publications

Some People Just Don't Want to Abide by Rules

Continued from Page 1

Dear Melissa: Some folks just don't want to abide by the rules even though they agreed, in writing, that they would. So you aren't popular with this smoking tenant because you enforce the lease that forbids smoking!

And you're looking for some proof that you could take to court to prove this tenant is smoking.

I wish we could bottle the air for the judge to smell, but that's not possible right now. You will have to rely on witness testimony, and photographic proof. I would inspect the unit again with your maintenance supervisor and leasing agent, and have cameras ready and take photos of any evidence.

I'd look for ashtrays, as well as stains on walls, furniture, lamp shades, counters, curtains or blinds, and take photos. I'd also look for cigarette butts, burns in flooring, counters, tubs, etc., and any visible residue or color change in paint on walls.

The biggest clue is the smell. Someone may be able to take a photo of her smoking on her balcony and maintenance can check the hallway in the evening to see if any smoke smell is coming from her door.

I would put a three-day notice on her door that says she is in violation of the no-smoking terms of the lease. If she continues to smoke, then it's time to file eviction.

She is damaging your property, in addition to violating the lease. If you do nothing, other tenants may complain or move out due to the air pollution – or others may start to smoke in their units too. Don't delay, get on this right away and stop tenant smoking.

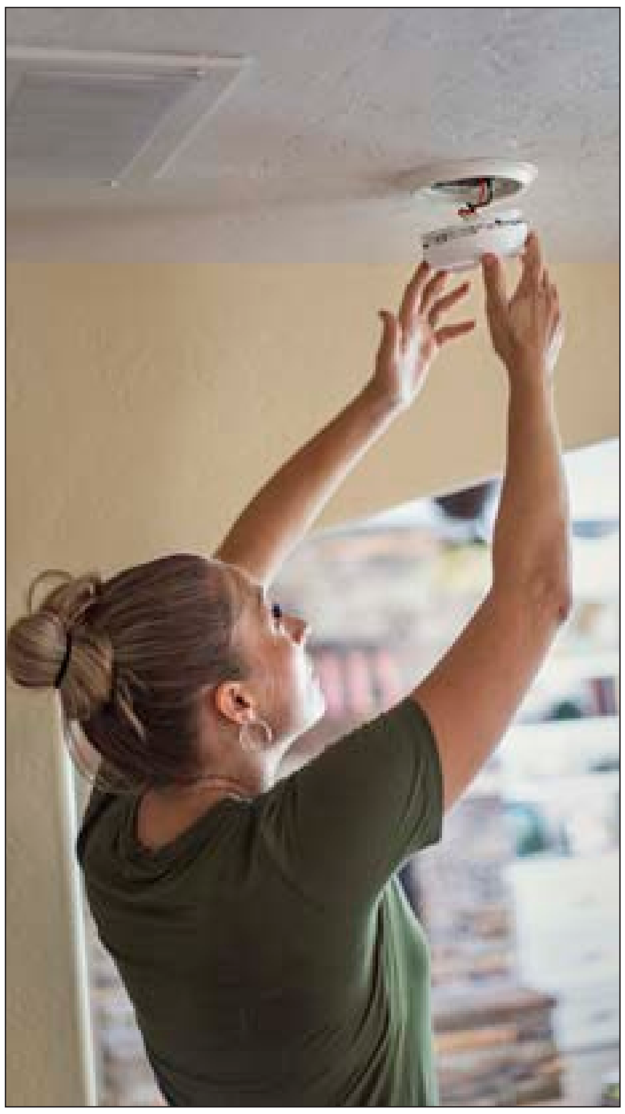
***

Who's Responsible for Smoke-Detector Batteries in Rentals?

Dear Landlord Hank: Whose responsibility is it to replace batteries in smoke detectors? The landlord or the tenant? — Robert

Dear Robert: That would depend on the lease.

In my lease I make it very clear that the tenants are



responsible for the smoke detectors and the battery replacement, as well as batteries in the thermostat and any other remotes for the property.

If it's not specifically spelled out in the lease I would think it is the tenant's responsibility as part of the upkeep of the property.

***

How Do You Tell a Routine Maintenance Request From a Real Emergency?

Dear Landlord Hank: What the tenant thinks is an emergency needing repair and the landlord considers an emergency repair are often two different things. How do you as a landlord decide what is a real emergency vs. just a pesky tenant request? — Sam

Dear Sam: In the beginning of the landlord/tenant relationship, when I'm giving tenants their keys, I explain what is an emergency and who to call (not text or email).

An emergency is an issue that can cause damage or injury to human life or the property, like a fire, flood, loss of air conditioning in Florida in the summer, sparking electrical outlets or circuit breakers, etc.

If there is a fire, call 911 and then me.

If there is a flood (meaning water running outside the area it is supposed to be in, like a toilet-supply line leaking on the floor, not a toilet "running," or a tub with water coming out around it, not a drip from the faucet), then CALL ME, not text or email as I'm usually driving, so I can walk the tenant through turning off the water to the property to limit damage to the building and its contents.

We take tenant maintenance requests seriously and the requests are handled as quickly as possible.

As a child, Hank Rossi watched his father take care of the family rental-maintenance business, and sometimes became his assistant. In the mid-'90s he got into the rental business for himself. After he retired, Hank managed only his own investments for the next 10 years, but then started a real-estate brokerage business with his sister that focuses on property management and leasing. He continues to manage his portfolio in Florida and Atlanta. Visit Landlord Hank's website: https://rentsrq.com.

Sponsored Content

Three Reasons Investors Target Real Estate

By Evan Polaski
Investor Relations Manager / Ashcroft Capital

Two common forms of investment strategies that smart investors use to grow their wealth with passive income include creating a diversified portfolio of stocks and investing in real estate. While investing in the stock market is beneficial for numerous reasons, investing in private market properties like multifamily provides several advantages. Here are three important reasons why some investors prefer multifamily private placement investments over stock market investments.

No. 1 - Lower Volatility

Stocks can have a volatility that's not found with most private placement offerings. Real estate provides a long-term cash flow provides passive income and the promise of appreciation[1].

The stock market is particularly vulnerable to several different forms of risk, which include economic, inflationary, and market risks. This volatility can occur because of company-specific or geopolitical events. The real estate market across the U.S. has been strong for more than a decade. Since 2010, the national housing market added $11.3 trillion in value – a more than 50% increase[2].

No. 2 - Your Gains Can Be Deferred

If you sell a property that you've invested in and put the proceeds towards purchasing a similar property, your capital gains taxes can be deferred to a later date, which is called a 1031 tax-deferred exchange[3]. During this process, a qualified intermediary will hold the proceeds from the sale until the money can be transferred to the other property's seller. Engaging in a 1031 allows you to avoid the 15-20% long term capital gains tax rate[4].

No. 3 - Can Be Used As Hedge Against Inflation

Over time, the value of a dollar increases as a result of inflation. While the value of currency will invariably increase over time, the rate of inflation isn't always consistent. As inflation rises, the cost of everything goes up, including real estate[5]. When property values increase, the property owner can charge more for rent, which ensures a higher revenue stream. By keeping pace with inflation, you gain an advantage that is difficult to obtain with stock market investments.

It's never too early to start generating passive income. Placing some of your money into multifamily private placements could help you balance your portfolio and reduce the potential for losses. To assist you on this journey, download this free 20-page guide to Understanding Real Estate Private Placements.

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1 Investopedia. "Reasons to Invest in Real Estate vs. Stocks"
2 Zillow. "Recovery Added $11.3 Trillion to U.S. Housing Value in the 2010s."
3 Internal Revenue Service. "IRS 1031 Exchange."
4 Investopedia. "1031 Exchange Rules: What You Need to Know."
5 Forbes. "How Buying a House Can Hedge Against Inflation.

Better Times Ahead? Don't Stop Believin'

Continued from Page 1

they will get sued. This was seen as a "shot across the bow" letting us know they will be watching closely; a scare tactic often used by Fair Housing and other government agencies.

- Several states passed legislation saying companies like ours cannot report evictions through 2022.
- Recently a congressional House panel went after four large corporate-housing providers, asking them to produce documentation on how they were able to evict 5,000 residents while there was an active eviction moratorium.

While we may be seeing the light at the end of the tunnel for the eviction moratorium, we are far from "business as usual." Our industry, and landlords specifically, will continue to be a target as this so called "housing crisis" is figured out. Notice I intentionally did not say until COVID is figured out. It's no longer about COVID-19, it's about a bigger problem that is not going away anytime soon.

Within this ever-changing landscape, every landlord can and must protect themselves by utilizing these five critical resources:

1. Turn to and trust professional attorneys for issues between you and your tenants.

As investors we like to save money and handle situations by ourselves. While that is fine most of the time, in today's environment an attorney could save you money, time and aggravation. Their knowledge of federal, state, and local laws is something we can't possibly keep up with. City councils and state legislatures are passing laws to protect the tenant at breakneck speeds. For example, in Chicago, you cannot ask about criminal history until you have made a conditional offer of approval. Asking about criminal history on the initial application is a violation of a Cook County law and could cost you thousands of dollars. Your local landlord attorney will help you navigate these types of changes and save you money.

2. Take a fair-housing class.

The industry has seen more protected classes added this year around the country than any other year in the past. Know what you can and can't say in your online ads, over the phone, and in person. Make sure you understand the importance of a detailed written criteria and how to properly use an adverse-action letter. (We can provide you a sample if you email info@rentperfect.com). Some states now protect "source of income," so landlords now are required to take Section 8 housing and inherit the government as a business partner whether they like it or not.

3. Join a local REIA to learn about changes in law.

Most Real Estate Investment Associations (REIA) have attorneys and professionals that educate the association to ensure its members are up to date in their practices. If you do not have a local REIA in your area, search for investing or property-management podcasts. There are many professionals around the country who publish something weekly to help keep landlords up to date. Our Rent Perfect podcast drops every Tuesday and covers topics from top attorneys, tricks of the trade, solutions to current problems, and general management topics. You can find us wherever you get your podcasts.

4. Review your onboarding processes.

Are you getting the information you need to identify the tenant who will stay there for the next five years or longer?

- With so few evictions last year, consider requiring your potential tenants to provide 12 months' worth of bank statements to prove rent was paid to the current landlord, and look for deposits that match the check stubs and income amounts on the application.
- Always talk to the previous landlord (or two if possible). Sadly, some current landlords will lie to get a bad tenant out, so talking to another prior landlord is beneficial.
- Review your move-in procedure and ensure that it allows you to document the condition of the property at time of possession so you can prove whether damage was already existing or was caused by your tenant.
- Determine if it is time to accept rent online and have it deposited directly into your bank account. No more waiting for a check in the mail or partial payments.
- Explore new industry technology to see if you can eliminate any of those time-consuming tasks.

5. Take care of your current tenants who have paid you over the last year; they are worth keeping.

The tenant pool after the eviction moratorium ends will be teeming with risks you would rather avoid. A big game of musical chairs, or better yet, musical homes, is about to start. Retaining good tenants might mean upgrading your rental with new countertops or discounting the rent for a year. In the end, this strategy will pay for itself. Congratulations on having that great tenant, not everyone had that luxury.

Every investor is asking this question right now: Will we ever get back to normal?

In those immortal lyrics from Journey, "Don't Stop Believin'." Believe that it might be a while. Believe that we might need to create and accept a "new" normal. Believe that even with new COVID variants you will survive. Believe that you are still working in the greatest business in the world and controlling your destiny. Believe and focus on what you have and what you know. Believe that there will be more surprises through 2021 and moving forward. Most of all, believe that together we can weather any storm.

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) to stay up to date on the latest industry news and for expert tips on how to manage your properties.

CDC Extends Eviction Moratorium to October

Rental Housing Journal

CDC Director Dr. Rochelle Walensky has signed an order that says the evictions of tenants for failure to make rent or housing payments could be detrimental to public health-control measures to slow the spread of the virus that causes COVID-19.

"This order will expire on October 3, 2021 and applies in United States counties experiencing substantial and high levels of community transmission levels of SARS-CoV-2," Walensky said in a release.

"The eviction moratorium allows additional time for rent relief to reach renters and to further increase vaccination rates. In the context of a pandemic, eviction moratoria—like quarantine, isolation, and social distancing—can be an effective public health measure utilized to prevent the spread of communicable disease. Eviction moratoria facilitate self-isolation and self-quarantine by people who become ill or who are at risk of transmitting COVID-19 by keeping people out of congregate settings and in their own homes," the release said.

National Multifamily Housing Council Opposes Latest Action

The National Multifamily Housing Council (NMHC) issued a release saying that it "strongly opposes the CDC's latest announcement to reimpose a federal eviction moratorium. This action is a complete reversal of the administration's stated course announced just last week, including the perceived constitutional barriers to a CDC moratorium.

"This move does nothing to speed the delivery of real solutions for America's renters and ignores the unsustainable and unfair economic burden placed on millions of housing providers— jeopardizing their financial stability and threatening the loss of affordable housing stock nationwide," the NMHC said in the release.

The National Real Estate Investors Association issued the following statement regarding the Biden Administration's recent reimposition of the CDC's eviction moratorium:

"Recently, the U.S. Supreme Court said in a 5-4 decision that the CDC does not have the authority to put in place an eviction moratorium under Section 264. However, the Biden Administration chose to do it anyway. We are calling on the Supreme Court to immediately strike down this blatant act of unconstitutionality," the organization said in a release.

Charles Tassell, COO of National REIA, said "The executive branch is acting as if it were the legislative branch, meanwhile the judicial branch is asleep at the wheel. Justice Kavanaugh deferred from striking down the eviction moratorium only because the administration stated it would expire in July. Turns out, this was nothing but a hollow promise and a ruse. How many more small business owners will go belly-up before this never-ending moratorium actually expires?"

In addition, Tassell stated that "this convoluted order will only muddy the waters with daily and weekly changes, inducing confusion and leaving many harmed along the way – not least of which are the 50 percent of property owners who own one to four units that will now be at risk of massive fines and jail time should their legal due process fall on the wrong date."

Rent relief money still slow in coming

"At the onset of the pandemic, NMHC urged Congress to create a federal rental assistance program. Congress finally heard our calls and late last year enacted the Emergency Rental Assistance Program (ERAP). Seven months after states received the first tranche (portion) of $25 billion of the nearly $46 billion appropriated, only $3 billion has been distributed as of June 30, according to Treasury data.

"It is unacceptable that some localities continue to delay distribution of benefits, and it is unacceptable to continue to ask housing providers to carry the financial burden of this pandemic.

"For nearly 18 months, apartment firms have stepped up to help their residents facing financial struggles through payment plans, deferred payments or other solutions. They continue to do so now, redirecting staff, and hiring new staff, to reach out to residents and to help them apply for assistance," the NMHC said in the release.

Investments Growing in Homes Built for Rental

Rental Housing Journal

Many investment groups are getting into the growing single-family rental market with build-to-rent communities, a segment rejuvenated due to COVID-19, Yardi Matrix reports in a special bulletin.

"Increasingly, the way institutions are growing their presence is to build their own communities.

"Some 12 percent of new single-family construction in 2021 is being done for rentals," according to John Burns Real Estate Consulting.

"With so much capital looking to invest in the sector and the demand for rentals rising, we would expect build-to-rents to increase rapidly for at least the next several years," the report says.

The trend of build-to-rent by large institutional investors started after the housing bubble and crash in the early 2000s. The pandemic has revived this niche segment, as homebuilders are now working to develop the single-family homes-to-rent market.

The pandemic created this growing niche, the report says, because "Families wanted more space and the privacy of a detached home, but without the inherent limitations of a mortgage and homeownership."

Yardi Matrix says this desire by families for more space and privacy without a mortgage "has prompted many institutional players to jump into the niche, with more than $10 billion allocated to the sector by institutions over the last few years, according to corporate announcements and news reports."

While there are challenges to build-to-rent, such as finding enough available land to put together a large group of homes, there are also advantages, such as:

- Ease of managing properties close together
- Renters preferring a new home and willing to pay more for it
- Control of the construction and quality of homes

Yardi Matrix says this niche of build-to-rent "does offer a more stable environment in which to grow."

Although much can still go wrong and space to build remains limited, there are advantages.

"It enables investors to control the product from start to finish, to create a 'brand' as opposed to a random pool of assets, to concentrate a larger number of holdings in fewer locations, and possibly to improve liquidity by adding to the potential number of market participants.

"As such, build-to-rent is likely to flourish in the next economic cycle," write Paul Fiorilla, director of research, and Casey Cobb, senior analyst, with Yardi Matrix.

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. Email matrix@yardi.com, call 480-663-1149 or visit yardimatrix.com to learn more.

New Online Tool to Help With Access to Federal Assistance

Rental Housing Journal

The Consumer Financial Protection Bureau has released a new online tool to help renters and landlords find state and local programs distributing federal rental assistance funds, according to a release.

The Rental Assistance Finder, available at www.consumerfinance.gov/renthelp, connects renters and landlords with the state and local programs that are distributing billions of dollars in federal assistance nationwide to help renters stay housed during the pandemic.

According to a CFPB analysis of Census Household Pulse Survey data from June 23–July 5, 16 percent of adults living in households who rent said they are currently behind on their payments. Of adults living in households behind on rent, 49 percent, or approximately 3.6 million, say that eviction in the next two months is somewhat or very likely.

"Millions of people are behind on their rent and at risk of eviction as a result of the pandemic," said CFPB Acting Director Dave Uejio in the release.

"The Rental Assistance Finder will make it easier for renters and landlords to locate the financial assistance available in their area. People across the country are already receiving billions of dollars in assistance, and with this new tool we hope even more renters and landlords will take advantage of this emergency relief. This money is a win-win for both landlords and renters and a better outcome for all than costly, needless evictions."

As part of an unprecedented economic recovery effort, the federal government has allocated more than $46 billion to assist households unable to pay rent, utilities, and other housing costs. All 50 states and hundreds of local, tribal, and other programs are distributing funds. The CFPB's Rental Assistance Finder tool will make it easier for renters and landlords to connect with rental-assistance programs in their area, and take the first steps toward accessing available funds, according to the release.

The CFPB has taken other actions to support renters during COVID-19, including promising with the FTC to monitor illegal evictions, monitoring illegal debt-collection practices related to evictions during the pandemic, and monitoring Fair Credit Reporting Act obligations about reporting consumer rental and eviction information during the pandemic, including how rental assistance payments are reported.

Go to https://www.consumerfinance.gov/coronavirus to access the Rental Assistance Finder.

Landlords Gave Renters Aid During Pandemic, Survey Says

Rental Housing Journal

Property owners and landlords worked with tenants on eviction-mitigation efforts and offered solutions for residents facing financial hardships during the COVID-19 pandemic, according to a new survey from the National Multifamily Housing Council (NMHC).

The NMHC Pulse Survey on Eviction Mitigation Practices ran from July 19 to July 26, with 74 leading multifamily firms responding. The most widely offered assistance options and percentage of landlords offering them included:

- Payment plans – 100 percent
- Waived late fees – 96 percent
- Deferred payments – 78 percent
- Extended, shortened or other changes to lease terms – 58 percent
- Cash for keys – 54 percent
- Fee-free ability to charge rent on credit card – 50 percent

The survey also asked what additional steps firms took to support residents during the pandemic:

- Increased cleaning and sanitation – 95 percent
- Connecting residents with food banks, charities, and other local support resources – 86 percent
- Informing residents of healthcare protocols and best practices – 86 percent
- Hosting virtual social or exercise events – 57 percent
- Creating on-site services at communities to support residents – 50 percent
- Made it easier to work from home – 49 percent

"At the onset of the pandemic we issued a call to our industry to halt evictions, create payment plans and work with residents as they faced this unprecedented hardship. The new data demonstrate how both the multifamily industry and residents alike made monumental sacrifices to meet their obligations during this crisis," said NMHC President Doug Bibby in a release.

The full survey results are available at https://www.nmhc.org.

NAA Sues to Recover Money Lost During Eviction Moratorium

Rental Housing Journal

The National Apartment Association has filed suit in the U.S. Court of Federal Claims to recover damages on behalf of rental housing providers who have suffered severe economic losses under the U.S. Centers for Disease Control and Prevention's (CDC) federal eviction moratorium, according to a release.

Though the federal government has allocated roughly $47 billion in federal rent relief in combined December 2020 and March 2021 legislation, "it took more than nine months for Congress to do it. This prolonged inaction, paired with a sluggish rollout and the CDC eviction moratorium, has allowed rent debt to continue to balloon – devastating the industry in the short-term and fueling the housing affordability crisis, to the detriment of the broader economy, in the long-term."

Saying the eviction moratorium has "saddled renters with crippling debt," Bob Pinnegar, NAA President and CEO, said in the release that the eviction ban "has jeopardized not only the availability, but also the future cost of rental housing. NAA is standing up for an industry – and its residents – that are left holding the bag on $26.6 billion in rental debt after operating under extreme conditions for 16 months.

"The government has intruded into private property and constitutional freedoms, and we are proudly fighting to make owners whole and ensure residents' debt is wiped from their record," Pinnegar said.

Apartment owners and operators "have continued good-faith operations throughout the COVID-19 pandemic and are now left to shoulder $26.6 billion* in debt not covered by federal rental assistance."

The suit, NAA et al. v. The United States of America, argues that the CDC order has curbed several rights under the U.S. Constitution, including: the right to access the courts, the freedom to contract with others absent government interference, the right to demand compensation when property is taken by government action, and the limits of federal government power.

"With little hope of receiving additional federal assistance, NAA is seeking to limit the loss borne by rental housing providers and, ultimately, clear the debt records of their residents. Doing so will help secure the long-term health of the rental housing industry and ensures households across the income spectrum have continued access to rental housing," the release says.

NAA is represented by two firms, Dorsey & Whitney and the law office of John McDermott.

This lawsuit is open to all rental housing providers who operated under the federal moratorium and who have been damaged by the CDC eviction moratorium. For more information about the lawsuit, go to: https://www.naahq.org/CDC-eviction-moratorium-lawsuit.

**$57.3 billion in rent debt at the end of 2020 (Urban Institute) + $8 billion in Q1 2021 (Mortgage Bankers Association) + estimated $8 billion in Q2 2021 (MBA, Q2 numbers expected soon) - just under $47 billion in allocated rental assistance = $26.6 billion in unfunded rent debt (and climbing).*