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Published in association with Washington Association, IREM & Washington Multifamily Housing Association

5 Strategies to Enhance the Process of Leasing

By Ciera Moraga
Mark-Taylor Residential

Exceptional multifamily living always begins with the leasing process. Guests become pleased residents when 5-star service starts from the very first inquiry about your community.

Leasing teams have the unique opportunity to be the "face" of your community. When leasing-team members initially reflect company values and establish high standards of service, it sets the guest up to have an excellent residency.

Here are five best practices of our leasing teams:

1. Early bird gets the worm

Searching for a new home often requires time-consuming and stress-inducing work. That is why we strive to make the process as seamless as possible for prospective residents.

See '5 Strategies' on Page 10

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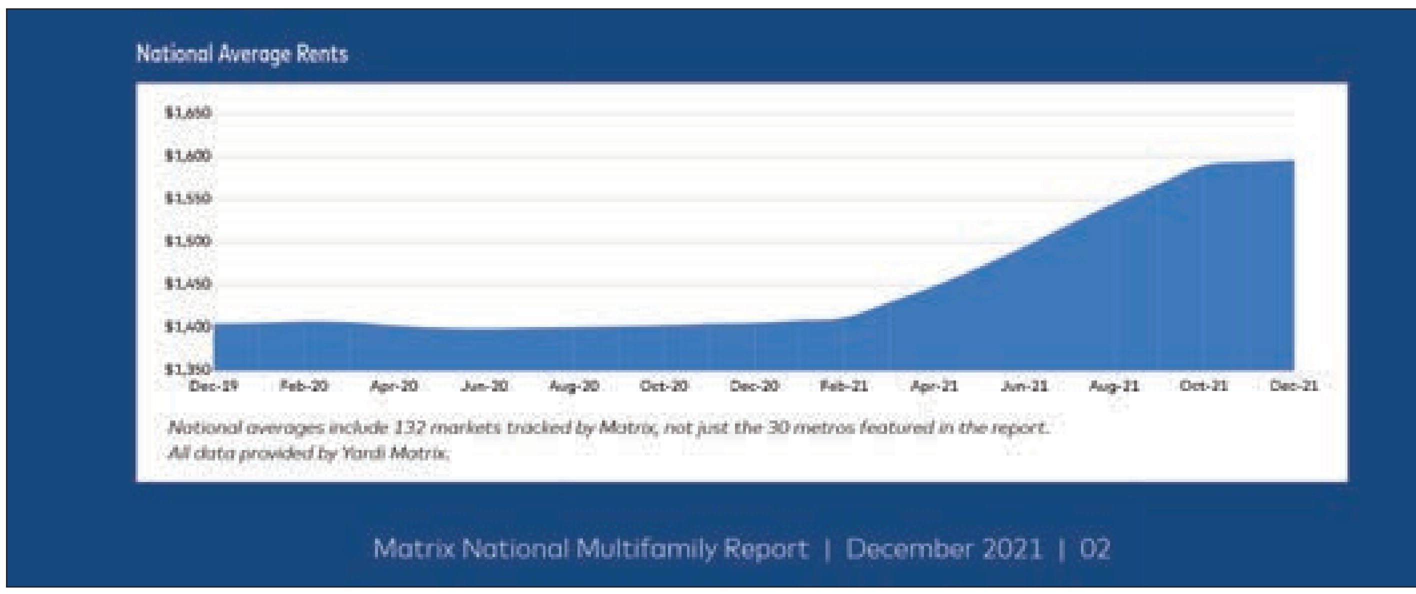


Multifamily Marked Record Year in 2021; What's in Store for '22?

By John R. Triplett

Multifamily rent growth had a record year in 2021, with many factors contributing to the unprecedented growth that led to the average asking rent growing by $190 during the year, according to Yardi Matrix.

Expectations for 2022 continue strong for multifamily but not at the level of 2021, as rents cooled near the end of the year.

"The multifamily market closed the book on 2021 with strong performance, a good end to a year that featured robust demand and record annual rent growth. Although a repeat of 2021 is not likely, many of the trends that led to the stellar performance remain intact," Yardi Matrix writes in the report.

Highlights of the report:

- "U.S. multifamily rents rose modestly in December, increasing by $2 to a record $1,594, closing the book on an extraordinary year in which asking rents rose by 13.5 percent year-over-year. Rent growth in 2021 was more than double any previous year recorded by Matrix.
- "Although we expect rent growth to decelerate in 2022, it should be a strong year nonetheless by historical standards, closer to the 5 percent

See 'What's' on Page 11

Attorney Cited for Wrongful Eviction Actions

Rental Housing Journal

A Phoenix, Arizona, real estate attorney has been put on probation for filing eviction actions against renters who were protected at the time by the national CARES Act, according to the *Arizona Republic*.

The Attorney Discipline Probable Cause Committee of the Supreme Court of Arizona said attorney Scott M. Clark "didn't "take steps necessary to identify numerous client properties covered by the CARES Act" and filed "numerous eviction actions in violation of the CARES Act," according to the newspaper.

The *Arizona Republic* did an investigation in 2020 into 900 evictions which were filed against Maricopa County tenants who likely should have been protected by the federal CARES Act, which expired in July.

The federal CARES Act prohibited eviction actions against those who could pay rent if the property had a federally backed mortgage or if the rent was federally subsidized. The newspaper reported that the court's disciplinary action follows a

See 'AZ Attorney' on Page 12

Sponsored Content

Delaware Statutory Trusts & Investing Across Real Estate Market Cycles

By Jason Salmon | Senior Vice President, Kay Properties & Investments

Key Takeaways:

- What are the Four Stages of a Real Estate Cycle?
- What are some Current Macro Real Estate Trends Impacting Investment Real Estate?
- Why Should Delaware Statutory Trust Investors Be Aware of Current Real Estate Trends?

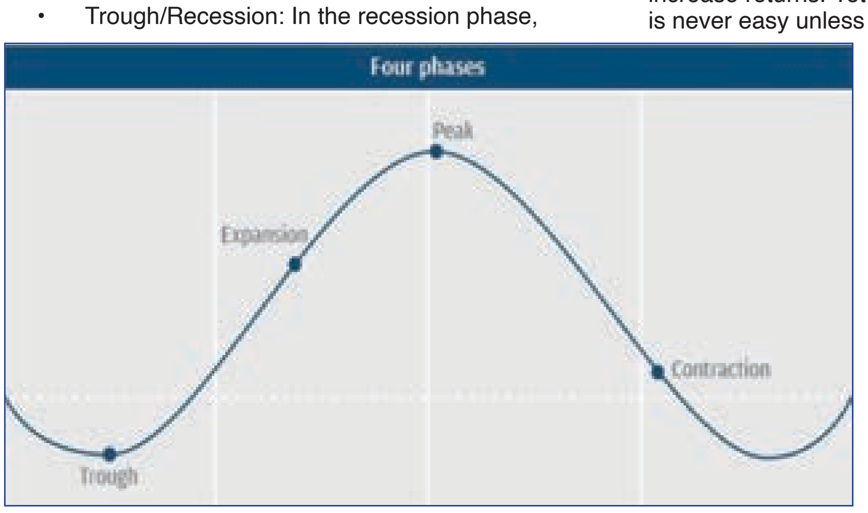
One of the common topics that frequently pops up in investment conversations these days involves questions about what stage of the "real estate cycle" is the market currently in, and how does the current real estate market cycle impact the world of Delaware Statutory Trust 1031 exchanges?

The first caveat that must be iterated here is that nobody can predict the future of any market, and there are always material risks associated with investing in real estate, which investors should carefully consider with their own tax and legal advisors. However, by taking a closer look at typical real estate cycles and why these cycles are important to understand, investors can be better prepared for the future, and maybe recognize why more and more real estate owners are selling their properties and moving into DST 1031 exchanges.

What is a Real Estate Cycle?

A market cycle basically refers to the periodic ebbs and flows that occur in the economy and across individual sectors, such as technology, stocks and bonds, and real estate. Real estate cycles typically include a wave pattern that moves across the four phases of trough, expansion, peak, and contraction. Understanding the real estate cycle can help people anticipate shifts in the market and make more informed decisions relating to their real estate asset, whether it's single-family home, multifamily building, commercial building, or net leased property.

Understanding the Four Real Estate Cycles:



- Trough/Recession: In the recession phase, supply has over-exceeded demand, and demand drops—causing downward pressure on values, high vacancy rates and negative rent growth. Anyone who owned real estate during the "Great Recession" faced dramatic events such as loan defaults, massive layoffs, and vacated homes that owners abandoned after property values plummeted. Still, some speculative investors look at this cycle phase as a good time to buy as property values will be at rock bottom. Some of the advantages of buying real estate during recessions include lower prices, less competition, and many sellers might be more willing to offer provisions as improvements and amenities. If successfully executed, a buyer who purchases during a trough or recession will wait and hold the investment property until the real estate cycle circles back, and the downturn is over—as the market begins to recover and eventually expand.
- Recovery/Expansion: English theologian and historian Thomas Fuller once famously said, "It's always darkest before the dawn", which many real estate investors apply to the earliest moments of a recovery. In the recovery phase, the real estate market begins at a low point from the recession and gradually rises in strength. Some people who invest in the recovery phase look at Core real estate assets that will generate stable income with very low risk. These assets include a NNN property with a long-term lease or a fully leased office building in a prime location. Other assets that savvy investors target during a recovery phase of real estate investment include value-add real estate, and opportunistic investments like distressed properties or even raw land. While many people have a hard time identifying when the trough stage segues into the recovery phase, experts look at trends like gradual occupancy increases or growing demand to identify when the recovery stage has begun. The recovery phase is a popular time for real estate investment and speculation since prices of properties are typically high, which helps the potential for a solid return upon the sale of the asset.
- Peak: The peak phase will be when supply catches up with and even exceeds demand pushing prices up. During this phase, assets are fully priced, and some real estate investors feel eager to sell at attractive prices and reap profits. However, the peak market can also be a good time for savvy investors to refinance any leverage while interest rates are low and fixed.
- Contraction: The contraction phase generally occurs after the business cycle peaks, but before it becomes a trough. If growth stalls or becomes negative, it can fall into a recession, which is usually defined as two consecutive quarters of negative growth. During this period, investors need to act very cautiously while simultaneously monitoring the market for opportunities - because while contraction cycles can be difficult, they can also coincide with some great opportunities. For example, in a recessionary environment, the worst-performing assets are those that are highly leveraged, very speculative, and fraught with risk. For many years, Kay Properties has avoided the sectors of hospitality, senior care, and oil & gas for this exact reason.

While this cycle pattern is widely accepted to view the real estate market over the long-term, there are many variables that come into play with real estate. For example, real estate is a highly localized industry with different conditions in every state, market, and sub-market making real estate a constantly moving target.

Record-breaking expansion cycle and DST Investment Opportunities

Timing investments correctly may potentially help to increase returns. Yet getting market timing exactly right is never easy unless you happen to be a fortune teller. Right now, the length of the current economic expansion has many people suspecting that we are close to a peak market cycle. However, others suggest current slow and steady growth may be sustainable, and there doesn't appear to be anything imminent that could derail that pattern. The peak could very well turn out to be more of a plateau than the beginning of the end. Even if there is a contraction or trough ahead, it could be a slight downturn rather than a sharp drop off a cliff. There are numerous variables that contribute to the shape of market cycles that range from Fed monetary policy to market bubbles that pop, such as the housing and Dot.com booms that caused the last two recessions.

But real estate experts point to several macro real estate trends that suggest it might be a good time for investment property owners to consider selling their buildings and consider DST 1031 investments. Even if we cannot know if we are currently experiencing a peak in the real estate market cycle, many real estate investors have seen their properties appreciate significantly and recognize an opportunity to sell and potentially unlock trapped equity.

Some Macro Real Estate Trends That Could Benefit DST Investors

Macro Real Estate Trend #1: Low Inventory

According to the National Association of Realtors, inventory of available homes was down nearly 30% in 2021 compared to a year ago, multifamily buildings are attracting institutional real estate investors, and according to real estate firm CBRE in is first quarter 2021 report on the industrial and logistics market, demand for this type of asset is through the roof, after nearly 100 million square feet was absorbed during the first quarter – the third highest absorption rate on record.

- How This Could Benefit DST Investors? Whether you are talking about a multifamily apartment building or a single-family home, low inventory means higher selling prices and shorter sales cycle – all good news for the seller's position. However, this low inventory could also cause trouble for a seller who will find it hard to purchase a replacement property to avoid a large capital gains tax bill at the end of their sale. The DST marketplace allows sellers to easily find a 1031 like-kind exchange for nearly every level of transaction, providing sellers a strategy to not only defer their capital gains taxes but also gain access to a much more diversified portfolio with monthly cash flow potential. DST 1031 specialty advisory firms like Kay Properties & Investments has access to the largest menu of DST 1031 exchange properties in the nation and works with more than 25 different sponsor companies.

Macro Real Estate Trend #2: Rising Real Estate Asset Prices

While real estate prices have slowed slightly in recent months, they have still grown by nearly 20% compared to last year, and according to a recent report on net leased real estate points out that net leased real estate is experiencing its highest level of demand in history, with billions of dollars flooding in from seemingly everywhere.

- How Could This Benefit DST Investors? Rising real estate prices might indicate the real estate cycle is nearing its peak, and so it could be a good opportunity for investors to sell their multifamily investment buildings. However, selling in an expansion market cycle could trigger a significant capital gains tax bill! DST 1031 exchange investments help sellers defer their capital gains taxes while gaining access to institutional quality real estate assets with the potential for monthly income. DST 1031 exchanges can be structured with leverage for replacing debt, or all-cash/debt-free eliminating the risk of lender foreclosure.

Macro Real Estate Trend #3: Low Interest Rates

With historically low interest rates in place, buyers are more motivated and capable of financing investment property more quickly.

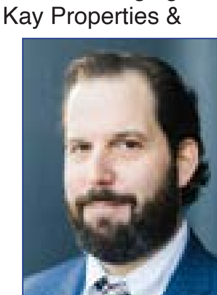
- How Could This Benefit DST Investors? According to the Quantity Theory of Money, any time the money circulation increases (either through government spending or lower interest rates) inflationary pressures tend to surface. DST 1031 properties may potentially help investors reduce the negative effects of inflation. For example, many DST investments have access to properties that have historically shorter lease terms that allow the investor to pass along any inflationary pressures to their tenants. On the other hand, most single-tenant net leased investment properties commonly have 20–25-year leases that generates flat to minuscule rental increases over the course of the lease term. Over time this flat rental structure could be devastated by inflationary pressures.

Today's Real Estate Cycle Could Be a Good Time to 1031 Exchange into DST Properties

There is no doubt that mature market cycles are fueling an increase in property sales and 1031 tax deferred exchanges. Property owners who believe values may be at or near peak see it as a good time to take chips off the table and sell real estate that has experienced good appreciation. DST Properties are blessed by the IRS for use in a 1031 tax-deferred exchange. Individuals also have an opportunity to reinvest proceeds into a variety of different property types and geographic markets. For example, Kay Properties has DST opportunities with a minimum investment amount of $100,000 for investors with offerings that span multifamily, self-storage, net lease (NNN), industrial and medical office properties.

The Delaware Statutory Trust 1031 exchange vehicle can be a potentially smart strategy for investors who want to take advantage of the current real estate trends and leverage the tax deferral aspects of the 1031 exchange process.

About the Author



Jason Salmon is Senior Vice President Managing Director of Real Estate Analytics for Kay Properties & Investments New York City office where he applies his more than 20 years of commercial real estate and financial advisory experience in assisting thousands of property owners as they navigate their 1031 exchange transactions and direct acquisitions of securitized real estate investments. He is considered one of commercial real estate industry's leading experts in providing high-net-worth clients DST 1031 exchange investment strategies, tax advantaged exit strategies and estate planning solutions.

Jason takes his deep and diverse expertise in identifying good real estate investment opportunities across multiple sectors including commercial, industrial, medical, and multifamily and combines it with Kay Properties & Investments' dynamic platform that includes a full menu of DST properties and a complete team of 1031 exchange experts to provide his clients the best advisory and execution practices in the industry.

Analysis Shows Movers Prefer Warm Climates, Affordablility

Rental Housing Journal

Florida continued to be a top destination for movers in 2021, as people sought warm weather, beaches and abundant rental properties. Those are key takeaways from the latest Magnet States Report, which analyzes moves by thousands of Allied Van Lines customers and home-value data from Zillow.

The top three destination states for people who moved with Allied in 2021 were:

1. Florida – 5,684 moves
2. Texas – 4,739 moves
3. California – 3,253 moves

For those who had work-related moves, Texas and California were the top destination states for the last five years, as both have strong economies and a large workforce.

The Texas population is projected to grow by more than five million residents by 2030 as an increasing number of companies like Tesla, Oracle, and Charles Schwab have moved operations to the Lone Star State, according to the *Austin Business Journal.* Texas is the ninth largest economy in the world, with a lower cost of living and no corporate income tax.

California is attractive to many small businesses, according to *Forbes*, because of top talent, a stronger customer base, and great weather. Small businesses make up 99.8 percent of all business in California and employ 48.8 percent of the state's workforce, according to the release from Allied and Zillow.

"In 2021, residents intensified the trend that began in 2020 of moving to more affordable neighborhoods," said Zillow senior economist Jeff Tucker. "The combination of rapidly rising home values and more available remote-working jobs has pushed people to seek out parts of the country where their home-buying dollar goes further. But some of 2020's most popular destinations like Phoenix and Austin have gotten so expensive so quickly that they are losing some of their appeal as affordable options."

The average interstate mover in 2021 moved to a ZIP code where homes were about $35,800 cheaper than where they moved from, amplifying a trend that began in 2020, when movers began migrating from pricier to much more affordable locations.

The comparable average ZIP-level price decline in 2020 was about $29,500. Before the pandemic, people tended to move to ZIP codes with very similar average prices: the average ZIP-level price change was only a decrease of less than $7,500 in each year from 2016 to 2019.

The top destinations for net inbound moves in 2021 were mid-priced growing Sunbelt metro areas, while the top origins for net outbound moves were in places that are colder, more expensive, or both.

The Dallas-Fort Worth metro area topped the rankings for the most net inbound moves in 2021, pulling in movers especially from pricey Los Angeles and chilly Chicago, as well as Phoenix. Chicago tops the list of metro areas that originated the most net outbound moves, sending the most movers south and west to Phoenix, Dallas-Fort Worth, and Los Angeles.

"By combining our moving trend data with housing data from Zillow we are able to provide more robust insights into how people are moving and the importance of housing affordability," said Steven McKenna, vice president and general manager for Allied. "Our team is proud to have kept America moving safely during the pandemic and we look forward to continued growth and innovation in the New Year."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Landlords Warned on Protections for Military Tenants

Rental Housing Journal

The U.S. Department of Justice and the Consumer Financial Protection Bureau (CFPB) are warning landlords and other housing providers about military tenant protections when they are providing rental housing for military families, according to a release.

The Justice Department and CFPB have sent a letter to landlords and housing providers reminding property owners of the important housing protections for military tenants, some of whom may have had to relocate or make other changes to their housing arrangements in response to the pandemic.

While military families enjoy the same legal protections and privileges afforded to all other homeowners and tenants, they also have additional housing protections under the Servicemembers Civil Relief Act (SCRA), which is enforceable by the DOJ and servicemembers themselves.

Military tenants have several legal protections under the SCRA that are designed to enable them to devote their entire energy to the national defense. These include, for example, a prohibition on foreclosing on certain servicemembers' mortgages without court orders, the ability for military families to terminate residential leases early, and without penalty, upon receipt of military orders, and a prohibition on evicting military families from their homes without court orders.

The Justice Department and CFPB also issued a letter to mortgage servicers regarding military borrowers who have already exited or will be exiting COVID-19 mortgage forbearance programs in the coming weeks and months.

"The Department of Justice takes seriously its responsibility to safeguard the rights of servicemembers and veterans," wrote Assistant Attorney General Kristen Clarke in a release. "While servicemembers carry the great burdens of this nation, they should not have to worry that their sacrifices will result in economic harm to their families. Mortgage servicers and landlords must ensure that they are in full compliance with federal laws intended to protect servicemembers and their families during military service."

The letter to mortgage servicers comes in response to complaints from military families and veterans on a range of potential mortgage-servicing violations, including inaccurate credit reporting, misleading communications to borrowers, and required lump-sum payments for reinstating their mortgage loans. These complaints are being reviewed for compliance by the CFPB with the Coronavirus Aid, Relief, and Economic Security (CARES) Act and other applicable requirements.

"The illegal foreclosures of military families in the last crisis was one of the financial industry's worst failures," CFPB Director Rohit Chopra said in the release. "The CFPB will be closely watching mortgage servicers and will hold them accountable for illegal tactics perpetrated against military families."

During the COVID-19 pandemic, roughly 7.6 million homeowners entered forbearance. While the majority have resumed their regular mortgage payments, approximately 1.25 million borrowers – many of whom are military borrowers – were still in forbearance programs that expired at the end of 2021. Ensuring that mortgage servicers comply with their legal obligations is crucial, especially since a decade ago some large financial institutions illegally seized the homes of military families, sending their lives into tailspins. These violations were a result of breakdowns in the mortgage-servicing industry that were severe and widespread. The result was numerous settlements with regulators, including a $186 million settlement between DOJ and some of the country's largest mortgage servicers.

Under the CARES Act and Regulation X, servicemembers and veterans have the same protections available to all mortgage borrowers. These include, for example, streamlined COVID hardship forbearance options, requirements that mortgages receiving a COVID-19 hardship forbearance be reported as "current" to credit reporting agencies if the loan was current before entering forbearance under the CARES Act, and requirements in the Bureau's Regulations X and Z for treatment of delinquent borrowers and borrowers who have applied for loss mitigation.

"The CFPB and DOJ are calling on mortgage servicers and landlords to ensure that military homeowners and tenants are safeguarded during the pandemic and benefit equally from the nation's economic recovery," according to the release.

Criminal-History Screening: Implications for Fair Housing

By Fair Housing Institute

Criminal-history screening has been a hot topic for many years, and it's not slowing down. While there are multiple facets to this complicated issue, we will focus on the most common one that leasing professionals come across and need to know how to handle correctly.

I Have a Criminal History – Should I Apply?

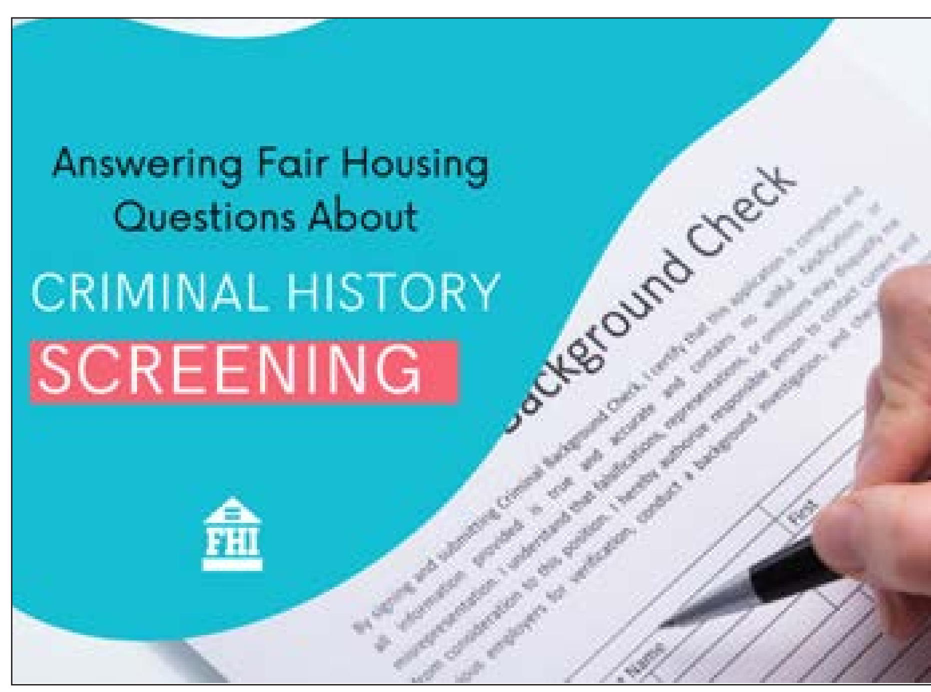
This question has led to many fair housing lawsuits. A prospect is interested in a unit but informs the leasing agent that they have a criminal record and asks whether it will affect their approval. Should they even bother filling out the application and paying the fee? It may seem benign and a reasonable question to ask, especially when an application fee is involved, but answering the wrong way can lead to a discrimination claim.

Many may feel that telling a prospect that they probably won't be accepted based on this and not to waste their time or money would be the kind or fair thing to do. These exact responses are the ones being used in lawsuits that claim discrimination and call into question a company's policy regarding criminal-history screening. Dissuading a prospect from completing an application based on their criminal history can be misconstrued as discrimination, even if it's with the best intentions.

Fair Housing Best Practices

It is never a good idea to discourage anyone from completing a rental application. It's helpful to remember that it's not up to the individual leasing agent whether that person will be accepted or not. It's not their call. Most companies use a third-party screening service to determine eligibility, which helps take the pressure off the leasing agent. So when staff is asked whether they think the application will be approved, the reply simply needs to be: "I don't know, it's not up to me, but I hope so!"

A note of caution when answering these types of questions on the phone: Criminal-history inquiries are a favorite for fair housing testers. It's easy to get flustered and start rattling off your company's whole criminal history policy. Resist the urge to over-explain. Staff should respond the same way they would in person. Inform the caller that everyone is welcome to apply and that the final decision is again not up to the leasing agent.



Fair Housing Final Takeaway

- Be careful when answering questions about your criminal-history policy.
- Don't offer an opinion about whether an application will be accepted.
- Don't simplify your policy and state that your property doesn't accept people with a criminal history.

Instead, encourage everyone to apply, and the screening process will determine whether they qualify. Following these simple steps can help ensure fair housing compliance regarding criminal history screening.

In 2005, The Fair Housing Institute was founded as a company with one goal: to provide educational and entertaining fair housing compliance training at an affordable price, all at the click of a button. Visit their website at www.fairhousinginstitute.com.

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The Highs — and a Few Lows — of 2021: A Reflection

By Jim Wiard
Chief Executive Officer, Washington Multi-Family Housing Association

Reflecting on 2021, it's a little harder to look back at all the positive moments and successes of this association without lamenting that we are still dealing with a pandemic and its many challenges for our membership.

After lockdowns and work-from-home conditions in 2020, and with the prospects of COVID-19 vaccines to help keep us safe, 2021 was commencing to be a year of returning to normal. In the middle of the year, we felt close to being done with Zoom meetings, fuzzy backgrounds, and the "you're on mute" reminders.

Vaccines did, if temporarily, make us all feel safer and ready to get back to in-person events and meetings. WMFHA was able to schedule membership meetings in June and July to once again bring our members back together, although with admittedly fewer hugs. It felt wonderful to be around people again.

We were able to squeeze in the valuable Business Exchange reverse trade show, the enjoyable Corks, Forks & Brews event in Eastern Washington, and even held our very first golf tournament, the WMFHA Invitational.

Those were glorious times, seeing one another and being together after so many months of uncertainty and isolation. We had finally turned the corner on the virus, we thought. Then suddenly, another wave of increased infections forced us to put a pause on in-person events, committee meetings, and activities in the fall.

This meant a disappointing cancellation of events such as Multifamily Unite, our supplier showcase trade show, the Maintenance Appreciation bowling event, Jockeys & Juleps at Emerald Downs, and the popular Chili Cook-Off charity event. Our monthly Tapas & Topics networking events had returned to in-person this past summer, only to be tabled in the latter part of the year.

Pivoting Once Again

Washington Apartment Outlook was successfully delivered in a virtual format, as it was in 2020, allowing us to continue the tradition of delivering excellent market information to members and their clients.

Our resilience and resolve to serve our members and support each other and the industry allowed us to end the year on the highest notes. Our Holiday Giving Galas held on both sides of the mountains, and the popular Holiday Social event were exciting and rewarding cappers to a tumultuous year.

Holiday Giving Gala in Seattle is an event to share company with our WMFHA family, and to raise money for Childhaven, one of our worthy community partners. Our members, dressed to the nines, came out in a huge way for Childhaven and raised over $100,000 in one evening! The shock and joy from that night's incredible generosity is a highlight of the year and a sign of brighter days to come.

Our first ever Holiday Giving Gala in Spokane brought together industry friends and allowed us to raise money and much-needed supplies for Vanessa Behan, a charity serving children in crisis.

In lieu of the family-friendly Chili Cook-Off event, our WMFHA Gives Back campaign to raise money for DAWN, Domestic Abuse Women's Network, had our members giving electronically to this great organization. Through various fundraising efforts, including the sale of our first-ever chili cookbook, our association was able to raise over $58,000 for DAWN and its crucial programs.

Once again, 2021 was a year of tremendous success for your association. Our first-ever virtual Emerald Awards in March was an Oscar Awards-style video performance of the entire awards show. Without the glamourous attire of our dinner gala, we missed our members in person. The ability to honor the best of the best in our industry virtually, nonetheless, was a joyous occasion to behold.

APTConnect, our virtual, multi-day education conference, returned in 2021 to replace EdCon, our huge annual industry education conference and trade show event featuring Maintenance Mania.

APTConnect delivered high-quality industry topics with informative classes expertly taught by our talented members. Despite the convenience and success of APTConnect, we look forward to the real in-person deal with the return of EdCon in April, 2022.

Exciting Accomplishments

2021 wasn't without its unexpected highlights, however. WMFHA earned National Apartment Association's highest affiliate award. The Affiliate of the Year Award was presented to our association at NAA's annual Excellence Awards event in June, this year held virtually. The Affiliate of the Year Award was acknowledgement of the exceptional service to our membership, even during these difficult times, and is a testimony to our great members and hard-working WMFHA team.

WMFHA even moved our entire offices in 2021. Our office lease at the former space expired June 30. Through considerable effort, we built out a new office to accommodate our expected future growth.

The new WMFHA office, still in Renton, is a state-of-the-art facility for committee meetings and outstanding training opportunities. The WMFHA team was able to come back to work once again, but now in the beautiful new office.

Education Never Rests

Valuable educational opportunities for our membership excelled this year. We delivered webinars, seminars, classes, and credential programs in online, hybrid, and in-person formats.

Five sessions of the popular 6 Feet Apart webinar series were held. Nine virtual legislative and legal sessions were conducted, reaching more than 1,400 attendees.

Both hybrid and in-person Certified Pool Operator classes were attended by a record 139 students. Fair Housing Fridays were enjoyed by more than 720 students this year. The Certified Apartment Manager credential was held in both virtual and in-person formats, with 50 students looking to earn their CAM credential by the end of the year.

Virtual Certified Apartment Leasing Professional, Certified Apartment Portfolio Supervisor, and a hybrid Certificate for Apartment Maintenance Technicians were conducted with great skill and dedication; 68 attendees in total completed our valuable credential programs this year. Congratulations all!

On top of all that, WMFHA was excited to award over $38,000 in education scholarships to 28 students in 2021!

Keeping Our Members Connected

Our social media engagement and online connectivity has never been greater. We all want to feel like we are a part of something much bigger than ourselves.

Through tireless social media posts, informational email updates, or the excellently produced WMFHA Wednesday videos, our online engagement was always WMFHAbulous!

Onward and Upward

The housing industry took some hits this year but we stood up and acted with professionalism and compassion for residents who were affected by this pandemic. We can be proud of how we have kept our site teams motivated and continuing to serve our valued residents, even under extraordinary circumstances.

Advocacy on behalf of the industry continues to be a priority for WMFHA. We appreciate all who have supported our government affairs efforts this year. Thank you as well for contributing to our Political Action Committee.

The association continues to support diversity, equity, accessibility and inclusion efforts with the goal to provide relevant insight and guidance to members in 2022.

Thank you for all your support of WMFHA these past couple of years. We wish you all a healthy, happy, and prosperous new year.

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.

2021 Recap: The Greater Seattle Area

By Cory Brewer

For the purposes of this article, I'll be focusing on the tri-county region (King, Snohomish, Pierce) and the largest cities within each (Seattle and Bellevue, Everett, Tacoma), respectively. The statistics, unless otherwise noted, have been derived from the Northwest Multiple Listing Service (NWMLS).

COVID-19 has given rise to a fairly significant divide between the condo and multifamily leasing market in Seattle and the market for virtually everything else throughout the region. Demand for Seattle multifamily housing has been something of a rollercoaster ride, while demand for single-family rental housing has remained as strong as ever.

Let's back up a little and start by looking at what happened in 2020. At the onset of COVID-19 in early 2020, we quickly noticed a migration trend where people wanted to live in larger suburban spaces rather than smaller units in the city core. This remained the case for some time, until later in the year when rent concessions ("first month free" and such) and depressed pricing made downtown Seattle attractive to renters again. Then, the recovery continued through the first half of 2021 as two very important events were taking shape: 1) More widespread availability of the COVID-19 vaccines, and 2) Plans by major local employers to return-to-office in the third quarter. However, the onset of the delta variant during the summer of 2021 derailed many of these return-to-office plans, and the market reacted accordingly. In Seattle, leasing of condo and multifamily units with 2 or more bedrooms dropped by 27.3 percent compared to the first half of the year, while studios and 1-bedroom units saw an even steeper 39 percent decline.

All of that being said, multifamily investors appear to be betting on a very strong recovery. The *Puget Sound Business Journal* reported in January 2022 that there had been a "flurry of year-end activity" in 2021 with respect to multifamily investors purchasing large assets in the city of Seattle. Anticipating strong migration to — and job growth in — the city, investors are also looking at the fact that in the first half of 2021 there were approximately 500 apartment unit construction starts in King and Snohomish counties, whereas the typical amount would have been 5,000 to 6,000 were it not for the COVID-19 economic slowdown. So, unsurprisingly, it comes down to a supply-vs.-demand equation.

Moving over to the single-family market, we continued to see consistent growth trends as opposed to the ups and downs in multifamily. Every submarket covered in this 2021 report set five-year lows in terms of market time (in other words, rental houses are leasing faster and faster). Additionally, three of the submarkets (Bellevue, Everett, and Tacoma) also notched five-year highs in terms of annual price-per-square-foot percentage gain, while Seattle set a four-year high.

It is also worth noting that single-family leasing data only shows pricing appreciation on newly executed leases. Due to the statewide moratorium on rent increases, lease-renewal values had been artificially suppressed for over a year. We are expecting to see a bit of an upward correction in this regard as well, as we anticipate a return to normalcy — whatever that means!

In the local legal chambers, there was no shortage of activity by lawmakers as it pertains to rental housing. With COVID-19 emergency measures as a backdrop, many efforts were made to essentially flip these temporary protocols into permanent procedural changes. The end result for the main laws that passed in 2021:

- **At the state level,** payment plans were established to address unpaid rent that occurred "during COVID" and the pay-back timeline for any given delinquency could stretch years into the future. A prohibition was also put into place against disclosing or taking adverse action because of such unpaid rent that occurred "during COVID." Additionally, the concept of "just cause" lease termination was applied to all month-to-month tenancies as well as some fixed-term leases under certain conditions.
- **At the local level,** the most significant legal changes took place, unsurprisingly, in the city of Seattle. The city's eviction moratorium was most recently extended to Feb. 15, 2022 (despite the moratorium expiring at the state level on Oct. 31, 2021). Beyond that, the application of "just cause" lease termination was extended to all residential tenancies. The city also passed two separate ordinances governing rent increases, whereby 180-day notice is required and if that increase is 10 percent or more, certain tenants may be entitled to "relocation assistance" compensation paid by the landlord. (A funny — for lack of better word — side note on this: I spoke with a code-compliance analyst at the city of Seattle about the 180-day-notice rule, who told me that the city "will probably be sued" over it.)

Cory Brewer is vice president of residential operations for Lori Gill and Associates and Windermere Property Management in Bellevue, Wash. 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 and 425-623-1330.

LA Freezes Rents for Occupied Apartments Until '23 at Earliest

Rental Housing Journal

Landlords in Los Angeles cannot increase rent on the more than 650,000 occupied and rent-stabilized apartments in the city despite rising construction-repair costs and increasing city fees.

The *Los Angeles Times* reports that number is about three-fourths of all the apartments in the city.

Under the rules, landlords are not allowed to increase rents for an entire year after the expiration of the emergency order signed by Mayor Eric Garcetti in March 2020, when the policy went into effect.

As of now, no rent hikes will be allowed for most L.A. tenants until 2023. And possibly beyond, the *Los Angeles Times* reported.

Landlords in Los Angeles say costs have risen sharply due to inflation, for everything from labor and materials for building repairs to city fees for trash pickup.

"We have to pay a mortgage and pay utilities," said Ari Chazanas, president of Lotus West Properties, which manages about 1,000 apartments across the city, to the *Los Angeles Times*.

"I think there's a lot of fatigue from people like me because it's been going on for so long."

While Los Angeles rents declined substantially at the beginning of the pandemic, they are climbing steadily now.

Apartment List reports that L.A. median rent for recently leased apartments has rebounded to $1,947 a month in November, up nearly 15 percent from the low in January and eclipsing pre-pandemic levels.

The city's rent-stabilization rules generally apply only to apartments built before October 1978. Normally, landlords are allowed to raise rents on existing tenants by no more than 3 percent annually, depending on inflation.

But the mayor's emergency order changed that, marking the first time in more than four decades under the city's current rent-control laws that landlords have been blocked completely from increases.

Landlords remain able to charge whatever they want for apartments once a tenant vacates.

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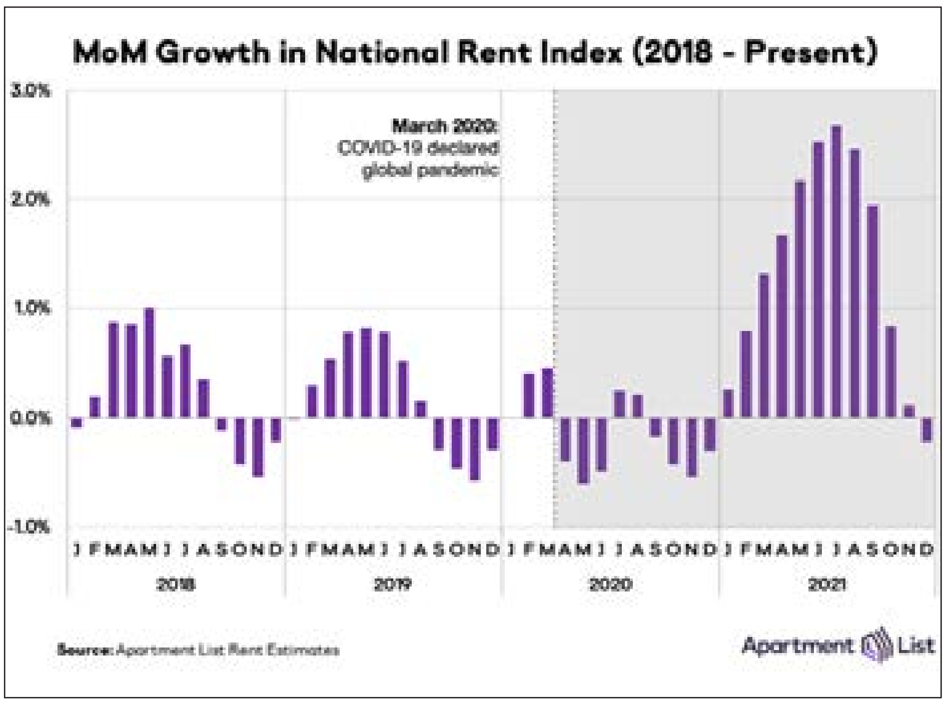

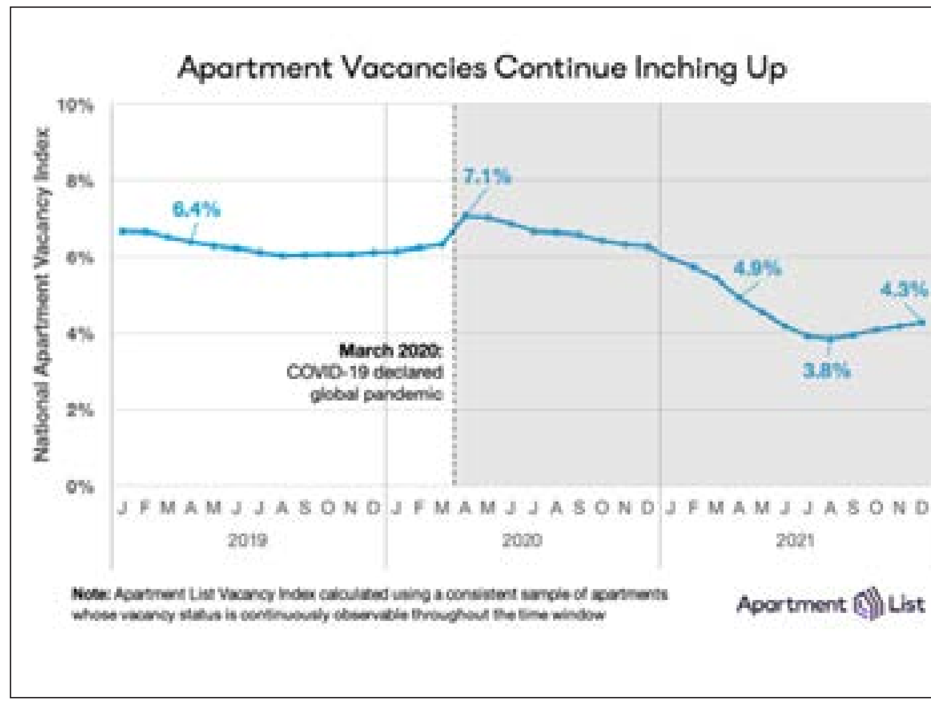

Rent Prices Turn a Corner as Rent Growth Slows

Rental Housing Journal

Across the nation, rent prices fell 0.2 percent last month, representing the country's first measurable price decline since 2020, according to the January report from Apartment List.

Last year was a period of tremendous rent growth, with prices rising nearly 18 percent in less than a year, so while prices remain high they may have turned a corner.

Apartment List economists Chris Salviati, Igor Popov, Rob Warnock, and Lilla Szini write that, "Sixty-one of the nation's 100 largest cities saw rents fall this month, indicating a widespread rental market cooldown."

Seattle rents have declined 2.9 percent over the past month the third straight month that the city has seen rent decreases.

"In particular, Seattle and San Francisco both landed in the top five for largest month-over-month declines, signaling that these pricey tech hubs may be entering a second phase of COVID-related rental market softness. More broadly, our national vacancy index ticked up again for the fourth straight month, as we enter 2022 amid an easing of the tight market conditions that characterized 2021."

While this is the time of year to see typical rent-growth slowing, the report says the current slowdown is coming after 2021's unprecedented price increases.

For example, in December of 2021 rent growth fell in line with pre-pandemic trends – rents also fell by 0.3 percent in December 2019, and by 0.2 percent in December 2018.

After bottoming out at 3.8 percent in August 2021, Apartment List writes, "Our vacancy index has ticked up slightly for four consecutive months and stands at 4.3 percent at the end of the year. Although the recent vacancy increase has been modest and gradual, it represents an important inflection point, signaling that tightness in the rental market is finally beginning to ease.

"If our vacancy rate continues this trend in the coming months, it's likely that rent growth will also continue to cool."

The report says it's important to bear in mind just how much affordability has dissipated in 2021; 99 of the nation's 100 largest cities saw rents jump more than 10 percent over the year, and the national median apartment cost eclipsed $1,300 for the first time ever. So despite a recent cool-down, many American renters will remain burdened throughout 2022 by historically high housing costs.

Apartment List estimates the median contract rent across new leases signed in a given market and month, using data from the Census Bureau's American Community Survey. Growth rates are calculated using a same-unit 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 that controls for compositional changes in the available inventory.

5 Strategies for Enhancing Leasing Process

Continued from Page 1

When a prospective resident shows interest in a Mark-Taylor community digitally or over the phone, our leasing teams get back to them swiftly, prepared with detailed information about the community and neighborhood.

The significance of leasing teams' response time cannot be underestimated; at times, it can be the differentiating factor in a resident's living choice. We support the response process through innovative technology that captures, sorts, and pushes leads to our team members.

In addition, our training and development team coaches leasing-team members on best practices for efficiently responding to prospective residents.

2. A warm welcome sets the tone

Creating a place that truly feels like home starts the moment that a guest walks through the front door. Our leasing teams greet our residents and guests as if they have arrived at home, even before they choose to live at the community.

A warm smile and standing approach, combined with a welcoming statement such as, "Good morning and welcome to the community. How may I assist you today?" sets the tone for the community presentation and beyond.

3. Give your guest undivided attention

Providing guests with full, undivided attention is a simple yet profoundly important to-do for leasing teams. In order to feel welcomed into your community, guests must feel listened and attended to during their visit.Use attentive nonverbal behavior – make eye contact, remember names, and welcome questions, comments, and concerns.

4. Fit your community to their needs

Leasing must focus on the guest, not just the community. It our goal to deliver what residents and prospective residents want and need in a home.

To help accomplish this goal, leasing-team members must ask the right questions to personalize their presentation toward the guest's personal preferences.

If a guest works remotely from home, we make sure to show them our common working spaces.

If a guest enjoys exercise, we show them our fitness center and tell them about our on-site exercise classes. This customer-centric mindset is key.

5. Seal the deal with follow-up

Following up is another checkpoint in the leasing process that cannot be skipped. Guests return to their busy lives after they visit your community; a prompt and friendly follow-up message is convenient for the guest and keeps the community top-of-mind.

If the guest chooses not to live at the community, it is an opportune time to ask for feedback that will make you better than yesterday.

Ciera Moraga is the associate managing director of multifamily investments at Mark-Taylor Residential. She provides strategic direction for a large portfolio of Mark-Taylor luxury communities across Arizona. She utilizes her expertise to lead her communities to achieve optimal operational success, while staying true to Mark-Taylor's exceptional standards of service.

Short-Term Rentals Can Generate 6x Gains

By David Pickron

Rarely in life can the quick version of anything ever compete with the more time-intensive “real deal.” Think of any instant food and you will quickly realize that I’m telling the truth. The same had held true for real estate investments for at least the last century… but times, they are a changin’. As you look at your portfolio it may be time to consider transitioning some of your long-term holdings into short-term rentals, and here is why: Short-term rentals can generate up to six times the amount of revenue as a long-term hold. My average long-term hold properties cash flow at around $200 per month; my short-term rentals cash flow just over $1,200 per month. Does that get your attention?

As you consider transitioning from long-term to short-term rentals, you should examine the following factors to help ensure that the changeover is successful: location, needs, and saturation.

Location

The old mantra of “location, location, location” in relation to real estate has endured because it is true. For short-term rentals, it may even be more important. A friend of mine recently converted his 5,000-square-foot custom home in a regular residential neighborhood in Phoenix into a short-term rental. In his mind, he was already cashing the checks after he listed the home on the popular short-term rental sites. But there was a big problem: there was no draw for potential renters to come to the property, as it wasn’t near any major attractions. That property quickly turned back into his full-time residence, having never once been used as a rental.

Having an attraction or destination near your property makes it ripe for transition to short-term. Whether it is near other resort properties, mountain towns, beachside escapes, or national parks, having a natural draw for people to come to the area instantly makes it an eligible property.

Obviously, warm places in the winter and cooler places in the summer create demand when people are looking for an escape. If you have an extensive portfolio or are just looking to purchase your first investment property, make location a key component of your research process.

Needs

Depending on the location of your property, the needs of your potential renters need to be paramount in your conversion decision. I have several properties that are located near a cancer-treatment center. When I originally purchased those properties, I did not know there would be a severe need for this type of property because the treatment center hadn’t even been built.

My curiosity got the best of me when this facility was built, and I called to inquire if they ever had patients with short-term housing needs. It was after this conversation that I decided to convert these units into what they are today. Most of those renters in these properties are in town for several weeks or months at a time receiving treatment for life-threatening illnesses, and insurance companies are reimbursing their housing expenses. In this case, my short-term rentals cost thousands less than costly overnight hospital stays.

These tenants have very specific needs, whether it be accessible facilities or high cleanliness standards. I have prepared those properties with those specific needs in mind and can market them as such.

In other areas, I have properties that are more vacation-oriented, with access to golf courses, hiking trails and other recreational opportunities. Those homes are equipped to help my renters have the best experience while on the property, with helpful hints on where to play, where to relax and where to eat.

There is an obvious expense to preparing properties to meet the needs of potential short-term renters, but those expenses are recouped quickly with satisfied renters who rebook and share their experiences with others.

Saturation

While it may seem too easy to look at a booming area where everyone is converting to short-term rentals and think it would be great to ride the same wave, you would be right. Markets with a lot of short-term rentals are strong for this very reason and should give you the confidence to at least try your hand.

Competition should ignite your creativity, so if you do decide to convert your property in a saturated area it is critical to find a way to make your property stand out. Maybe it’s time to complete those upgrades you’ve been putting off. Or you may need to commit some extra marketing dollars to make sure your property has that “it” factor that makes it more desirable.

If being in a saturated market scares you, maybe you look to create a more rural opportunity experience. I have a friend that has taken a five-acre rural property and created an “Old West” type of experience for their guests, and there is a massive waiting list of people who want to spend their time and money there.

There is no perfect formula for determining how many is too many short-term rentals in an area, but with effort and your expert insight you can successfully make the jump.

A few other items to consider:

Always check with your homeowners association (HOA) before you even start down the road to see what the rules are in regard to short-term rentals. I’ve heard too many horror stories about owners spending time and money to prepare a property only to have it shut down by their HOA.

There is no reason to fear the managing/cleaning/scheduling of the property. This is the No. 1 thing I hear from investors, but it really is a non-factor.

In short-term, your renter pays the cleaning fee. You just need to find a cleaning crew you can depend on. Take their bid, add $50.00 to it to pay for toilet paper, paper towels, and other disposable goods.

A well-paid cleaner is more than happy to go the extra mile for you when needed.

While I am not advocating you run out and convert your entire portfolio today, I do recommend you run through your portfolio to determine which, if any, of your properties are ideal for creating a 6x return over what you are getting now.

It may take a little trial and error to get it right, but with considerable returns on the line, now may be your time to shine in the short-term rental market. If there were such a thing as “instant” housing, short-term rentals would likely fall into that category, and – unlike everything else – can turn out to be better than the original.

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.

What’s in Store for Multifamily Industry in 2022?

Continued from Page 1

annual increases recorded in the middle of the past decade. Demand for apartments remains robust, and the national occupancy rate has been at or near record highs for the last six months.

- “Single-family rentals also remain in high demand, with the national occupancy rate up 0.4 percent year-over-year through December. Single-family rental asking rents rose 13.8 percent in 2021,” the report says.

The report says the economy should remain strong based on higher wages, the continued opening up of the economy, easing of supply-chain issues and the wealth built up by some consumers during the pandemic.

At the same time, inflation and a new wave of COVID-19 may keep the growth to a moderate level.

“Consumers’ financial health should continue to feed growth of new households, while the rapid increase in home prices will funnel much of that demand to multifamily and single-family rentals,” the report says.

“The pandemic continues to affect commerce and travel, and the future of migration remains unknown, but clearly the shift to the South and West will endure.”

John R. Triplett is publisher and general manager of Rental Housing Journal. For more information about Yardi Matrix, its research and reports on multifamily, office and self-storage properties across the United States, visit www.yardimatrix.com or call 480-663-1149.

AZ Attorney Disciplined for Wrongful Eviction Actions

Attorney Says Missteps Were 'Unintentional,' Corrective Measures Taken

Continued from Page 1

recommendation of the State Bar of Arizona, which investigated complaints involving about 500 Maricopa County eviction cases.

Clark admitted 128 of those cases violated the federal eviction protection law. Clark is on probation for one year but can continue to practice.

Clark said in a written statement to the newspaper that "some unintentional errors occurred" with eviction filings during the CARES Act. "Once we became aware of them (the errors), we undertook an extensive self-audit," he said.

"This process, together with our interaction with the State Bar, has led to substantive improvements in our processes and procedures, and we continue to be proactive in seeking out and implementing additional improvements," Scott said.

According to the *Arizona Republic*, Corinne Cooper, a Tucson landlord, tenant advocate and former law professor, filed the complaint against Clark for the Pima County evictions with the Arizona Bar Association in June 2020.

Her complaint included documents showing the attorney filed multiple evictions for missed rent payments on properties covered by the CARES Act.

Cooper, a retired University of Missouri law professor, worked with University of Arizona law student Stephen Bagger to look at the CARES cases.

Cooper said while Gov. Doug Ducey's moratorium allowed eviction judgments to be rendered, the federal act prohibited even filing an eviction, according to Tucson.com.

Cooper and Bagger's research, which they provided to the *Arizona Daily Star*, shows that there were 941 eviction cases heard between June 1 and July 2. Of those, 198 were on CARES Act-covered properties and about 108 appear to be problematic, she said.

While the court entered the eviction judgments, none were carried out, said Kristen Randall, presiding constable in Pima County.

Randall said her office did not enforce eviction orders because, she said, doing so would violate the CARES Act. However, she said some residents not familiar with their rights moved once they realized an eviction had been requested, according to Tucson.com.

Can You Really Renovate a Rental Property on a Shoestring Budget? Yes — and Here's How

By Hank Rossi

Can you renovate a rental property on a shoestring budget? Yes, it can be done and come out great!

The easy way to renovate is to hire a designer, architect, general contractor and tell them what you want and make your choices for colors, material, etc. Then you wait for the finished product.

That is never how I've used my budget. I want champagne results on a beer budget. I've been pleased with results and the tenants have, too.

In this article, I'm going to share how to reduce costs on material and labor and where not to cut costs, if you want a good and safe outcome.

Real life is a little different from what you see on television. You don't walk in the door on the first day and start swinging the sledgehammers. If you are going to knock down walls and destroy kitchens, preparations need to be done first.

Television shows don't show someone disconnecting the plumbing fixtures and making sure the water cut-offs are really keeping the water off before the sledgehammers are knocking down cabinets and breaking through countertops.

Your refrigerator may be connected to a water line for the ice maker — it has to be pulled out gently to check and be disconnected, if needed.

Most of the shows on television are concerned with flipping houses and getting top dollar. I'm not going to flip my property. I've bought a money-making machine with my investment. Why would I sell that only to buy a bigger and better one?

One way I cut costs is to work with the existing floor plan. I'm not moving walls and creating open-concept living.

The properties I buy are themselves usually distressed, but in a decent and desirable location.

So how can you save money with a renovation?

There are several avenues one can use to control the bottom line and keep costs low for both labor and materials.

If you are skilled and have the time to do the job, you can do some of the work yourself. If you are not particularly skilled but have the time, you can learn from watching others do the job (on YouTube, if necessary).

Or, you can take classes at big-box stores for all kinds of do-it-yourself projects.

Or, you can start with something small. For me it was doorknobs and deadbolts.

I could take off the old ones, see how they were installed that way and read the directions on the box from new ones and successfully do that little job. You have to start somewhere!

Painting is a good first start

In my opinion, most folks can paint if they have the surface properly prepared for paint and make the effort to do a good job and have the right paint for the job. When you are buying paint, ask to make sure it is fresh (new) and shaken.

Paint is the single biggest job that a novice can do to renovate a rental property while making a huge statement about your property.

You want to find a color that will appeal to the most tenants, and do a good job. Painting needs to be done after any construction is already finished but before carpeting is laid (you'll probably have to touch up).

You'll also want to find a talented handyperson who has the time and skill to devote to your project.

He or she doesn't have to do every job but should be able to do many facets of the work needed.

You may need an electrician, HVAC contractor, or plumber, too.

So start asking friends and family who they've used and would recommend; then check references and work.

What about material for your property? This can be a huge expense depending upon source.

I want to walk you through a relatively recent acquisition and renovation. It was a light job. The property had a relatively new roof and is block construction, so it is solid. This property is a duplex — 3 bedrooms and 2 bathrooms on the left and 2 bedrooms and 1 bathroom on the right. There is a laundry room off the carport.

This is what I knew was needing repair or replacement at time of purchase from my own inspection and my home inspector's report:

- Termite damage to the porch and front wall of laundry room
- Boarded-up windows and doors
- Vandalized paint on the exterior and interior of the property
- Filthy carpeting in all five bedrooms
- Drywall damage to walls
- Doors with holes in them
- One AC condensing unit worked (kind of; this is the outside portion of the AC system)
- Kitchen cabinetry damaged — some door fronts missing, etc.
- One missing hot-water heater and one non-functional one
- Falling-down fence around sides and rear of property
- Missing appliances in one unit; the other had a functional stove and refrigerator
- No dishwasher or microwave, nor a place for one, in either kitchen
- Wall tiles missing in bathroom tub surround
- Leaking master bathroom shower (into master bedroom) with attendant mold issues
- Stripped and leaking bathroom shower handles and diverter valve (the middle shower handle that controls whether water goes to spout or shower head)

Both circuit breaker panels were good and functional. The plumbing drains all worked and didn't leak The property was well-laid-out with good floor plans and rooms were of good size.

Eye on the bottom line

After closing, I had my renovation planned out, with my mind always on the bottom line.

First, I wanted to stop any more possible damage and deterioration. I knew the roof wasn't leaking, so that everything was safe from the rain, except the boarded-up and broken window. Also there was the plumbing leaking into walls and mold.

I kept the water to the plumbing fixtures off and repaired the windows first. Luckily the windows themselves were not damaged. The glass had been broken, but since it was single-pane glass, I could easily repair myself.

I removed old glass and glazing from the broken windows, carefully measured, went to a big-box store, had glass cut to fit,

See 'Yes, You Can' on Page 15

Sponsored Content

Landlord Software + RentalRiff: Powerful Best Practices

Provided By Rental Riff

The world of managing rental properties is changing. Technology is making the process more efficient and providing a better experience for rental property owners and their tenants. Services like RentalRiff can provide peace of mind for rental owners and unparalleled support for tenants.

If you are a landlord looking to create a well-oiled rental machine, you've come to the right place. The combination of hiring a RentalRiff property specialist and using a landlord software solution will not only save you a lot of money but will also create a fantastic experience for your tenants - we all know the value in retaining good tenants (more on that below).

Many landlord software solutions exist. Some of them are free for landlords and some charge a small monthly fee. These solutions will provide an easy way to post your rental on several rental listing websites (apartments.com, rent.com, Redfin, etc.). Landlords also use these software services for screening tenants, electronic tenant applications, and collecting rent. The actual maintenance and support required at the property level can't be solved with software - this is where RentalRiff comes in.

Hiring a RentalRiff property specialist provides tenants (and rental property owners) a direct line to a licensed/insured contractor who is dedicated to the property. If the kitchen sink is leaking the tenants reach out to their property specialist who comes over and makes the fix. No coordination or intermediary is necessary. Tenants know and trust their property specialist, as does the property owner. It's a win-win all around.

Here are some great landlord software services to check out:

- Avail - www.avail.co
- Cozy (now apartments.com) - www. cozy.co
- TurboTenant - www.turbotenant.com
- RentecDirect - www. rentecdirect.com
- TenantCloud - www.tenantcloud.com

As a rental owner focused on the bottom line, there are obvious savings here when compared to hiring a property manager. But perhaps the biggest value-add is providing tenants with a simple process and great support system. And this directly translates to increased net operating income - here's how:

If your tenants don't feel supported or prioritized, they are significantly more likely to go find a new rental when their lease is up. According to a recent JTurner study of 39,000 residents, 35% of unsupported and unsatisfied residents moved out (specifically maintenance issues, poor communication, unkept properties, no justification for increased fees or rent). If your tenant agrees to sign another lease you avoid the lost rent due to a vacant property, you avoid any potential cost associated with re-listing your rental, and you don't lose the significant amount of time it takes to find and facilitate new tenants. All of this quickly adds up to thousands of dollars and many hours lost in a short period of time.

Of course, there are many reasons why tenants move out. But by controlling what you can control and creating a great experience and support system for your tenants, your profitability will increase over time.

As always, we're happy to chat and provide our recommendations of landlord software solutions anytime.

Happy landlording!

RentalRiff is an alternative service to traditional property management that provides ongoing oversight and upkeep of rental properties, while serving as the main point of contact for tenants. Maintenance and repair costs are included and property specialists are licensed/insured. To learn more about RentalRiff's rental property maintenance service, call 541-600-3200.

Yes, You Can Renovate on a Shoestring Budget

Continued from Page 13

replaced the glass and reglazed. That job was done on the first day.

I also replaced all the blinds with one-inch mini-blinds. They are inexpensive. They look good and are easy to install.

Next, we cut into the wall by the leaking shower. How did I know where to look? The mold growing on the outside of the wall was a big clue. I found out the shower was leaking due to missing grout between the tiles on the wall.

This was an easy fix. Then the mold cleaned up properly and after lots of testing over a couple of weeks the wall was closed up.

I didn't want my new property looking like it should be condemned, so I bought some matching paint for the exterior and painted over the vandalism. I picked up all the trash and cut the grass and trimmed bushes.

Now the property looked decent from the street. There were no windows boarded up. The signs of vandalism were gone. The property was neat, clean and well-groomed.

Next, we moved forward with the renovation and buying appliances, flooring, doors, trim, molding, light fixtures, ceiling fans, paint, etc.

Shopping at big-box stores is easy, and they may be the only places where you can get what you need. But are there options that could save you money? Yes!

Focus on one unit at a time

On my rental renovation there is lots to do on the interior to get this place rent-ready. In my mind, it's better to focus all your energy on one unit so it can be bringing in rent while you can switch your work to the next unit.

As long as the building looks good from the exterior, tenants will want to move in the rent-ready unit even if you are still working on another unit.

I decided to tackle the flooring next so workers and I could walk around the unit to work.

Also, I prefer tile to other flooring since it looks great, is relatively inexpensive and is extremely durable.

I want my floors to have a timeless look so I now use tile that looks like wood. Many people see the floors and assume they are hardwood when they are really tile.

When this project was done, wood-looking floor tiles weren't available yet at any kind of reasonable price. The big-box stores and tile stores had decent-looking tiles at good prices but I found them boring and thought I could find what I needed for less. I was replacing carpeting in five bedrooms.

First, I needed a tile guy. My first stop was referrals. I asked around and couldn't find anybody, so my next stop was Craigslist.

Next, I found a tile layer that had great references and a reasonable rate.

Then, I went to Craigslist again for tile. I found someone who had leftover tile from a project that was very nice but was only enough for two bedrooms. I bought that for very little and then found tile that was almost an exact match for other existing floor tile, for the remaining three bedrooms — again, at almost a give-away price.

I paid about $1,400 for a professional tile job, labor and materials, in five bedrooms — both sides of duplex — the largest bedroom being 18' x 13'.

There is no way I could have carpeted those rooms for that amount of money. No more carpet cleaning between tenants, and no more worn, stained carpet needing replacement every few years. Just a great look that is easy to take care of and will be there for a long time.

Let me diverge from this rental renovation for a bit to discuss a topic that could save you lots of money on renovation and maintenance, if you are able to use some of these ideas.

Where can you get needed supplies for your projects other than 'the store?'

A little personal history before we get to that information:

When I first decided to get into real estate rentals, I knew I would not be buying brand-new properties, as I didn't want to pay top-dollar.

I knew that if I could buy a nice rental that needed work, I could get a tremendous discount because many people don't know how to do what is needed to repair a property. Or, they are afraid it is going to cost too much money to have professionals do the repairs!

I knew one area I could save money would be to buy needed supplies cheaply. But I knew I was going to need storage for my supplies. Luckily I had a section of my basement that was garage-accessible and about 1,200 square feet so I could do some serious storage.

I lived in Atlanta at the time and there is always building going on there. I started going to yard sales looking for things I could use. Folks would buy a home and personalize it — maybe change out appliances to stainless steel — I could sure use spare appliances, or light fixtures, ceiling fans, chandeliers, carpeting, tile, doors, etc. You name it, great renovation supplies on sale every weekend.

Then there is Craigslist! If you live in a large market like Atlanta you almost don't need to stock anything. You can search "materials" for what you need and often can find it almost immediately, at a huge bargain.

If you live in a smaller town, then you'll need to look more and it will take longer to find what you need or maybe it would be worth it to look in Craigslist for a nearby larger city. I needed a dishwasher (white) for a unit, looked on Craigslist, found an ad and made arrangements for pick-up. I was going to buy the stove and refrigerator too, but I told the seller the appliances needed to look good as they were going in a rental. The seller disclosed some dents on front of refrigerator that the photo doesn't show, so I didn't buy that but did purchase the stove and dishwasher for $100.

I've been using Craigslist for at least 10 years and have never been cheated. I've seen articles that had defects the owners didn't know about or that didn't show up in photos. I make sure appliances work before I buy them, I try all switches, lights, etc.

For microwaves (over the stove) I make sure the bracket is there to hang on the wall and the bolts from upper cabinet are there, too. For refrigerators, I make sure all shelves, brackets, door gaskets, etc., are intact and look good. I have bought some refrigerators that didn't work for very long but they were working when I bought them. My thinking is, if I pay $100-150 for a refrigerator and I have to replace one, then I've paid $200 to $300 for an item that could cost $500 and up new.

Most times I get lucky and a refrigerator lasts years. I usually pay so little for my appliances, that if it fails or something breaks that is not an easy fix, I will scrap it and buy another. Always, buyer beware. Make sure you are inspecting what you are buying very well and you know what you are buying works and functions as it is supposed to. If not, forget it and look elsewhere. If an appliance fails, I usually strip it of all usable parts.

Appliance parts are very expensive if you have to order them. If a refrigerator goes down, I often take shelves, brackets, handles, light bulb, etc. Pretty soon you have your own appliance-parts warehouse.

Be organized in your storage

Make sure you are organized in your warehousing so you can find what you need when you need it.

If you only have a small storage area, this strategy may not work for you. Builders supply stores have used supplies — canceled orders from builders, overstocks, etc. with discount pricing. Also Habitat for Humanity Restores infrequently has some deals. And you can make connections by talking to people — I met a guy who owned a used appliance store and he was the contractor receiving appliances that were returned to Lowe's — maybe had a dent in the side, etc., that Lowe's couldn't resell.

Another time, I found someone selling his home to a developer. The home was being torn down so many new homes could be built on that site. I was able to strip the house of usable items.

I bought 11 almost new energy-efficient windows, sliding-glass doors, interior doors, toilets, etc. We had to do the work of removing the items, but when I pay $200 for items that cost over $10,000 new, I'm a happy camper.

If I am buying a property and I know for sure it is going to close, I make my renovation plan prior to closing and in that four to six weeks I start securing materials I'm going to need. I've purchased very few brand-new appliances, for my own rentals.

OK, back to the job at hand: my rental renovation. The floors looked fabulous. The bedroom baseboards had to be removed and they fell apart in doing so. I found a killer deal on Craigslist for brand new baseboards.

Later that week I bought 5 six-panel doors to replace damaged doors in my unit for $10 each. I also needed an exterior door — $25 on Craigslist.

I had my maintenance supervisor in Atlanta load up his truck from our supply warehouse (my basement) and bring down five new windows (from the house being torn down), a new HVAC condensing unit (one was not working), nice lever door handles (yard sale), etc. He put in baseboards, hung new doors and painted both sides of the duplex and laundry rooms.

The kitchens were small and not really very functional — no microwave or dishwasher and not enough prep area or storage. In the first duplex I decided to move the refrigerator to other side of the room and put some cabinets around it. I found a large cabinet on the side of the road!! It worked perfectly and was in great shape. I picked up another from a yard sale and it was a perfect match.

On the other side of the duplex, we did the same thing. I had a friend in charge of a kitchen remodel and I picked up some nice cabinets for free. Moving the refrigerator to the other side of the room left space for a dishwasher and microwave. Now the kitchens were large and well-equipped. I picked up some scrap granite and fitted it on top of the dishwasher. New yard sale lights and ceiling fans, and now kitchens were almost finished. I had a couple of drawers repaired, all cabinets sanded and stained. Voila! A nice, new kitchen.

Craigslist also provided a nice granite-topped vanity for the bathroom ($150). Windows were put in on the left and finishing touches were done.

My neighbor at this property is a landscaper. He also does other related side jobs. He fenced my yard, left side and rear, with a fence he had replaced on a job. I stained it all and now we have a private space.

My wife found a grocery store that was redoing landscaping. We took two truckloads of just-removed plants and since she loves gardening it was a no-cost install – well, a backrub and dinner!

Total cost for the renovation of a rental property on a shoestring budget:

- Flooring tile and labor – $1,400
- Baseboards – $100
- Doors – $75
- Paint and labor – $700
- Termite damage wall and beam – $1,200
- HVAC condensing unit which was in my storage – labor — $350
- Vanity — $150
- Two dishwashers, two microwaves, one stove and one refrigerator – $475
- Labor in kitchen for cabinet installation, repair of existing cabinets, sanding, staining, dishwasher and microwave installation, granite countertops over dishwasher – $650
- Window installation for five windows I already had – $750
- Blinds – $400
- Fencing installation and staining – $1,025
- Three ceiling fans which came new in box from a friend who changed his mind – $100
- One water heater from garage sale — $40 and from Craigslist $50, installation – $100
- $1,000 for miscellaneous which was: A few tiles replaced in bathroom surround, new stems and handles in bathrooms, replacement of water cut-offs inside and out, medicine cabinet, lights, some switches and outlets, all new door locks, professional cleaning and extermination
- Landscaping — free and sweat on our part
- **Total — $8,565**

This renovation could easily have cost $30,000 for the scope of work and great result. Some folks would say I was lucky to have already in stock so many needed replacement items — HVAC condensing unit, windows, etc. — but I'd say that is a combination of luck and planning ahead. I'm very pleased with the renovation results and the overall cost. We did quality work that should keep the money rolling in on this building for many years.

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. Later, 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.


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