

Olympia Rental Housing Solutions Focus Group: Landlords I

Participants:

- **Participant 1**, Olympic Rentals, 18 yrs. fulltime property management, 390 properties, 700 units, mostly sfh (single family homes), mostly mom and pop, some investors, not all in Olympia.
- **Participant 2**, Greene Realty, 31 yrs. as real estate agent. 18 properties, then manage some others.
- **Participant 3**, Team NW Property Management, 200 units, Thurston and Mason County.
- **Participant 4**, small LL. Bought/ fixed up 7-8 houses/duplex. 5 units in Olympia. Do own management.
- **Participant 5**, own duplex. Manage another sfh. Another units that I'm thinking of pursuing. Active in Nhood Association in NE Nhood Assoc.
- **Participant 6**, 18 properties, in Oly and outside Oly.

Q1: Do you agree that this is a particularly challenging time to be a renter?; and (Q2) How long do you think renter conditions will remain challenging: weeks, months, years? Why?

- Yes. It's crazy out there. It's supply. Grown quickly and haven't kept up.
- UW research on housing affordability: 2004-2006 expensive. Crash and prices went down. Now we're coming back in line with market value.
 - Rapid adjustment period. Shortage of housing for a number of people.
 - Market usually takes care of things. Multifamily in development pipeline. This is period where people are stretched. Should be better in 3-4 years.
- Change in quality of applicants.
 - Tenants are more of a risk, need to be able to protect our risks.
- With new tenant protection laws, LLs are not willing to take risks. Poor credit, bad rental history, criminal history. Unable to navigate application process.

Q3: Do you think a landlord registry makes sense for Olympia? Why or why not?

- Registry is fine - support that tenants know their rights. (4)
- How does a registry help people find a place to live? For cost, what will it get the City to make it more livable?
 - Not realistic for City to have inspection program for LLs. Code enforcement.
 - Some LLs need inspections. You can tell properties not cared for. Code violations. Multiple complaints to City. In some cases, it's warranted.
 - Registry could be good for communication and sharing of resources.
 - NARPM, RHAWA, WA LL Association do that. Encourage more LLs to join.
 - Try to use social service network. Churches, nonprofits, CAC.
 - Work with title company and mail out information tomorrow. Don't see benefit of knowing where the LLs are. Go to Zillow and Facebook.

- No one has a list of all the tenants, that's not available. If LLs have information to provide resources to tenants, easier to distribute.

Q4: Are there any solutions you think might actually cause unintended consequences for renters?

- Have gotten more calls from owners who don't want to navigate more new laws (don't blame/put the onus the landlords).
 - Seeing more "portfolio" buyers – which means fewer landlord managed properties/more commercial managers.
 - Need to encourage more housing in Olympia. One unit in Olympia has been there for 22 years. If we sold, I don't know where she would go. Takes away housing stock if LL sell.
 - Section 8 program is so underfunded.
 - Other places in town doing a great job with tenants who are low income and high risk. If we can beef up those kinds of housing, that would help.

Q5: Do you think a relocation assistance program would be helpful in Olympia?

- Maybe, if the burden is not placed on landlords.
 - Chamber has data showing how many people selling properties due to regulations (it's a lot).
 - 1% of our portfolio has sold this year.
 - Mom and pops either sell or get prop mgr.
 - Or choose not to get into the market. Disincentive.
 - Or sold because market is lucrative.
- Maybe it would work with incentives, like a reduction in landlord taxes.
- ADUs. Encourage more of that. Increase housing stock.
 - Market ADU opportunity to homeowners: here's how you get financing, list of builders. They'd likely be overwhelmed by process. City could bring lenders in to encourage them to do it.
 - Simplify process and requirements (fire sprinkler).
 - Impact fees are too high.
 - Financing is tough. Need local financial institution to support people who aren't already LLs.
 - Sewer costs is too high to add more units to inventory. Impact fees.

Q6: What types of prospective tenant screening solutions do you think might work in Olympia?

- Follow already adopted and enforced state laws.
- We have recovering drug addicts tell us their story. We ask that all renters respect property, pay rent, and respect other tenants. If they can show they are willing to do that, we proceed. Sex offenses are tough, but we're pretty flexible other than that. Burned before on the credit score one when they didn't have any credit.

- Our process is first come, first served. First qualified application. Verifiable income. Credit scores. 3x monthly rent required. Credit scores we are pretty forgiving. Minimum base. If below minimum, we ask people about situation. Charge a double security deposit and installments. Don't charge last month's rent.
- We don't go by credit score, but look at credit pattern (went through divorce and there was a blip), have looked over time at turnover of our units. If we restrict amount of money to be collected, lose any flexibility on riskier tenants. Require 3-4x income to rent. Look at past rental and criminal history. We'll look at criminal history—crimes against people.
- The truth is, when someone moves in, you want them to stay there. Want someone who you think will stay and be able to pay, take care of place. If mistake is made, you pay for it.

Q7: Other Solutions

Housing Ombudsperson?

- It won't make a difference in certain situations. I have renters who get assistance from nonprofits. Trash the units. Have to redo unit. Most tenants have over 2 years with us. Don't want to change tenants. Want to keep. Some tenants we've had for 16 years. Affordable housing is a buzzword. Our housing is affordable for Seattle or San Francisco renters.

Required provision of renter rights and information packets?

- Tenant rights info should be shared (but the only way to fix problem is housing supply)

Permanent alternative dispute resolution process?

- How would that work? We rent a 3-bed house for \$1600. We do maintenance and w/s/g. Don't raise rent if need to replace roof, paint, etc. because that's part of owning. We raise rent because of taxes. Sometimes it just isn't feasible.

Low interest loans or grants to landlords for repairs in exchange for rent stability?

- (Not addressed)

Q8: Some cities have placed limits or caps on deposits, move-in fees, late fees and even pet fees. Do you believe Olympia should explore any or all of these ideas?

- Concerned about foregoing deposits or stretching move-in fee payment period too long. If it is a societal value to help, rather than put it on LLs, society as a whole should support it. Maybe create a fund where people can borrow and pay back money over time. That might give landlords confidence to take bigger risk.
- Installment payments over 3 months.
- Clarifications and nuances noted:

- We don't require last month's rent. We will extend payments out over a few months if not affordable. It's helped at least 2 of last 4 tenants we've had.
- We allow up to 3 months to pay, mostly people pay more quickly.
- Affordable housing doesn't equal substandard housing.

Q9: What do you think about extending the notice period for proposed rent increases?

- Interesting that no one said “let’s help housing providers” when market crashed. Have elected not to raise rents in big chunks after moratorium. Tell tenants up front: this is probably where the rent will be in 18 months. Have a conversation with tenants.

Q10: In your opinion, what might be the pros and cons of implementing Just Cause eviction requirements for all tenancies in Olympia?

- Water use/costs almost doubled during COVID with everyone at home. We paid w/s/g. Couldn’t recoup costs. Raise rent now to recoup rent. Had a tenant not pay for over a year and wouldn’t go apply for rent assistance—sold house. Most of our tenants tried to work with us and get help where needed. As long as they came to us and want to work with us, we do. Restricting tenants: if the cities are willing to take first qualified applicant for employees, then we could try that.

Q11: Can you think of other solutions that might work to stabilize or support renters in this market?

- Our renters pay \$1200 with utilities included. At today’s prices, it doesn’t pencil out.

Bonus Question: If you were in Councilmember shoes, what would you do?

- Can’t solve without supply. Public support for those who need it. Multiply Homes First.
- By and large the LL/T laws in this state have worked. It’s working for vast majority of people, but we need to focus on the problems for the ones that are falling through the cracks.
 - More incentives for private and nonprofit sector to provide that kind of housing.
 - Govt can provide land to cut cost of affordable housing.
 - I’m ok with getting rid of bad LLs.
 - Elderly/ poor: property tax exemption. County assessor would have to approve.
 - Cities of our size that have solved this issue? Examples.