



October 2016

Seminars

OCTOBER

October 15, 2016 – 4 CE hrs

12:00 PM – 4:00 PM

Ontario, OR

Landlording 101

Call 541-823-6950 for more info

October 19, 2016 – 4 CE hrs

12:00 PM – 4:00 PM

Newport, OR

Landlording 101

Call 503-364-5468 for more info

October 22, 2016 - 2 CE hrs

10:00 AM – 12:00 PM

Pendleton, OR

Tenant Screening Simplified

Call 503-364-5468 for more info

October 22, 2015 – 7 CE hrs

9:00 AM – 4:30 PM

Landlord Boot Camp

Springfield, OR

Call 541-485-7368 for more info

October 29, 2016 – 7 CE hrs

8:30 AM – 5:00 PM

Landlord Boot Camp

Salem, OR

Call 503-370-4020 for more info



PRESIDENT'S MESSAGE

By **Terry Turner**, ORHA President

By now you have probably received at least one request from different Political Action Committees. I encourage you to contribute to the PAC's of your choice. This year especially, it's more important than ever to get involved, stay informed and VOTE! At stake is your rental investment and your financial future. Governor Brown

has been very vocal about her stand regarding rent control and abolishing No-Cause notices. It's time to take action. You need to make sure that you know what is happening in your community. Is there a Low-Income Housing "needs" meeting? Is there a city council meeting discussing the housing crisis? How about a city

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DELAWARE STATUTORY TRUSTS: An Innovative 1031 Exchange Solution

By **Robert Smith**, President, Peregrine Private Capital Corporation

For years, real estate investors have successfully used section 1030 of the IRS Code to exchange their property for bigger and better "like kind" property and defer payment of capital gains tax on their sale of property. Traditionally, investors have used the "three property rule" for identification and exchange purposes.

However, there is another solution which provides investment property

owners with even greater flexibility from a property identification standpoint and much more potential diversification.

A Delaware Statutory Trust is simply a separate legal entity crated to hold title to one or more income producing commercial properties. This can be any type of commercial property; apartments, retail space or even an office building.

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AROUND



Portland – A couple have filed suit against their landlord for \$1.3 million after the home they rented was found to contain high levels of lead which poisoned their toddler. Filed earlier this month on behalf of their daughter, Craig McIntosh and Naimah Shaheed said their child was tested months after they moved into the home in 2015, and was found to have twice the acceptable levels of lead in her blood. Alleging they should have known about the unacceptable lead levels, the suit names the entity that owns the property and the landlord as defendants.

Gov. Kate Brown has appointed **Margaret Salazar** as new head of the state agency that helps facilitate affordable housing. Salazar comes to the Oregon Housing and Community Services Department from a federal agency with a similar mission. Salazar will take charge of the Oregon agency on November 1. A native of Hood River, Salazar has been with the U.S. Department of Housing and Urban Development for the past decade and is currently serving as director of the Portland Field Office. Governor Brown was quoted as saying “I am pleased she will join me in addressing the unprecedented housing challenges Oregonians face”.

**Welcome New Associate Member
Peregrine Private Capital Corp**

Energy Efficient Upgrades for Your Rental Property

Do you show your tenants you care about the property they rent? When you invest in energy efficient options you are telling your tenants you care. Keeping systems in top shape is important. It's as simple as keeping up on furnace filters. While many leases include furnace filter changes as a tenant responsibility, it may not be getting done and your HVAC system may be working overtime, which shortens the lifespan and can increase maintenance bills. Below is a list of 7 energy efficient upgrades you may want to consider for your rental property:

1. Replace Air Filters.
2. Door and Window Seals – Change every 90-120 days.
3. Attic Insulation – Keeps warm air in.
4. Shady Landscaping – Can reduce air temperature by six degrees.
5. Water Heater Settings – Turning down the setting by 10 degrees can save 3 to 5 % on energy costs.
6. Change Light bulbs – The Department of Energy states that the new efficient light bulbs use 25 to 80 percent less energy and can last 3 to 25 times longer.
7. Water Heater Blanket – For an average cost of \$25, you will save \$30 a year.

The economic benefits of investing in energy efficiency will not only help further your relationship with your tenant, it can keep your home systems in better shape and give you more operating income for other upgrades such as windows. Not only will your home thank you, your tenants will too.

PRESIDENT'S MESSAGE

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council election debate? Do you know what the people running for election think about you and your investment property business?

There is a robust media blitz touting false statistics and quoting experts that say that rent control is the only way to address the lack of housing. Affordable housing has become a buzz word that stirs emotions but lacks any true solutions. Affordable housing has always meant Low Income Housing, in the last six months the term has been hijacked to mean “rents are too high and landlords are greedy and mean”. Oregon needs more rental properties to be built and cities

and counties need to pave the way. Builders and contractors are saying that the costs to build and the red tape to start projects are prohibiting them from getting new housing built. Low Income Housing projects cost about 3 times more to build than regular housing. Oregon needs to change the way we look at this problem.

We are all in a position to change the political landscape right now. We can and must make our voices heard. Together we can be a strong voice for change in Oregon. Attend your local chapter meetings, talk to your friends and your tenants, and help educate everyone you know. Rent control will not solve our lack of housing issues – building more rental units is the answer.

OCTOBER – FIRE SAFETY MONTH

Fire Near Redmond Displaces Family

As reported by the Bend Bulletin recently, a family of eight was displaced from their home due to a fire that had spread from a neighboring building. Four residents were sleeping in the home at the time. The Red Cross is providing emergency housing and necessary personal items.

Do you know that carelessness causes most fires in homes? Read the checklist below and make sure your home passes the checklist.

1. Chimney Fire - can break out when too hot a fire is kindled in the wood stove.
2. Attic Fire - can start when an overheated chimney ignites materials stored in an attic.
3. Fire Can Blaze Up in Paint Cans - if they are stored in warm basements.
4. Fire From Hot Ashes - can flare up when they are stored in an improper container.
5. Fire on a Workbench - can start if a connected soldering iron or wood burning tip is left untended.
6. Fire in a Closet - can begin when overloaded fuse box ignites clothes or rags.
7. Fire in Waste Paper - can begin if trash is stored carelessly in a basement.
8. Fire from Poor Wiring - in an appliance or wall can quickly spread to nearby curtains.
9. Fire in a Chair - can start when a careless smoker drops hot ashes.
10. Flashback Fire - starts when cleaning fluid fumes from a sink reach the furnace.
11. Closet Fires - can start when spontaneous combustion sets rags or mops on fire.
12. Fire in a Grease pan or Deep Fryer - on a stove can ignite nearby curtains.
13. Fire in a Wastebasket - can flare up if hot cigarette ashes are emptied into it.
14. Curtains or Furniture Can be Set Ablaze - by a child playing with matches.
15. Fire in Bedding - can happen when a careless smoker falls asleep in bed.

Delaware Statutory Trusts: ... continued from page 1

The income stream is passive. All properties are managed by the DST sponsor. This investor is no longer responsible for day to day management. Cash distribution from property operation inside the trust are made monthly to the investors.

Just like other rental income, the investor's income is sheltered from taxes by depreciation and interest expense.

A DST offers the following benefits including:

Low minimum investment: typically a minimum of \$100,000 for 1031 exchangers and \$25,000 for cash investors.

Remote management: Responsibility for management is placed into the hands of a trustee.

Cash distribution potential: The rental income is distributed on a monthly basis directly to your bank account. You aren't responsible for collecting rents.

Diversification: Instead of having all your money tied up in one property, DST's allow you to diversify like a REIT. Owning multiple properties in different geographic

areas can protect your investment from a downturn in one sector of the economy by offsetting an uptick in another.

Low cost of ownership: DST investors are not required to maintain any type of special purpose LLC to hold their real estate like a TIC program.

Non-recourse loans: DST investors are not required to execute loan guarantees or indemnities. This investor risk is limited to the invested equity.

Liability protection: The DST "wrapper" shields the exchanger or investor from any liabilities with respect to the property.

Property management is a full time job. The unending round of responsibilities makes it difficult for some owners to travel or just relax and enjoy other important activities when tied to tenants and properties. Exchanging into a DST portfolio which holds multiple income producing property makes good sense for real estate owners who no longer want to shoulder the burden of active management. Someone else can change the light bulbs and collect the rent.

Room for Low-income Families Pushes Out Almost As Poor

By Tad Sooter of the Kitsap Sun

Oct 4, 2016

BREMERTON – The Bremerton Housing Authority bought Wright Court, a cluster of single family houses and duplexes east of View Ridge Elementary in June for \$1.24 million. Money for the acquisition came from land sales in the former Westpark public housing neighborhood.

Some tenants of the East Bremerton housing complex are being relocated to make room for low-income households. Executive Director Kurt Wiest said the agency plans to spend an additional \$450,000 renovating the 13 Wright Court units, which were built as public housing during World War II and later switched to private ownership. The homes will then be offered to low-income families as federally subsidized rentals.

Some existing residents of Wright Court make too much money to qualify for those rentals. Those households received 90-day notices to vacate in August and were offered relocation assistance.

Monday, Wright Court residents told the Kitsap Sun the notices caused turmoil and frustration. Tenants facing relocation found few affordable homes available in Bremerton's tight rental market and said the consultant hired by the housing authority to assist with the transition was not providing useful information. Some had income

barely exceeding the maximum to qualify for the subsidized rentals.

Beth Meadows, who lived at the Wright Court for 10 years said “we’re struggling, we’re on a budget, and it’s not fair”.

Adding to the confusion, residents given notice to relocate said they were never informed they had the option to stay in their homes. Wiest confirmed families that didn’t qualify for the subsidized rentals can remain in place and pay a higher market-rate rent after the units are renovated. Units occupied by those households will be converted to subsidized housing after the current residents move out.

Adam Gardner and Jennifer Stevens, who live in Wright Court with their three children, were among the residents who didn’t qualify as very low income and were preparing to move by November. The couple learned they had the option to keep living in Wright Court from a Kitsap Sun reporter. Stevens contacted Wiest on Tuesday and said they now plan on staying in their house for the next few months.

Wiest said the layers of federal funding the housing authority is using to convert Wright Court to affordable housing made the acquisition exceptionally complicated. Support for the subsidized rental units will come from Housing and Urban Development’s public housing and Section 8 programs. Each program has its own set of requirements and qualification criteria.

Wiest said Bremerton Housing Authority had never been in the position of handling a complex relocation process. “We’ll learn from this as we go forward,” he said.

While acknowledging the upheaval caused for existing residents, Wiest said the purchase of Wright Court will create homes for low-income families in perpetuity. “In a bigger picture the community benefits because this will remain as affordable housing,” he said.

Links

<https://thedogtor.net/?gclid=C13DI66MsM8CFY4jgQodRPwOqw>

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