Affordable For Whom?

Protesters for more affordable housing are rallying all across the country and they were present at the Multifamily NW ACE Awards last week. Tensions were high and you could tell many of the attendees were taken by surprise. It’s not typical that our industry receives such high profile press. The protestors were very vocal, but what they probably didn’t know is that the attendees also feel the pain of higher rents. The majority of attendees were leasing agents, maintenance personnel and site managers who all rent apartments and are having to deal with the higher cost of rent for themselves and their families.

The double whammy for many renters is that some wages have increased in the Portland/Vancouver area, but blue collar wages have not—and are not projected to until the minimum wage laws are increased.

There are many factors that determine the cost of rent. Supply and demand is just one factor. Development costs, land costs and land availability have also increased significantly since the recession was officially over, along with the length of time it actually takes to bring an apartment community to market. The average unit cost to build new apartments continues to increase.

What is happening now (and what we’ve not seen in past years) is that both sale prices and rental rates are increasing simultaneously due to lack of inventory.

Normally if the home sales market is “on fire,” the rental market is on a downward trend as tenants move out of apartments and become home buyers.

So what is the answer? I don’t believe it’s rent control. Restraining rents presents a whole new problem regarding supply and demand; it decreases the incentive to invest in new housing and therefore the supply is reduced even further.

I do believe in the next few years, we will see the market taking its natural cycle. For sale and for rent inventory will increase. Rents will stabilize as the sales market continues to escalate and renters become home buyers once again.

View the KOIN news report here.

Carmen Villarma, CPM, President

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The Spring 2016 Multifamily NW Apartment Report is now available.

It contains detailed information on market stats, rent rates and vacancy rates, as well as a trend report and sample apartment construction projects. Read the full report here.
What Associations Should Know about Pools and the FHA

At your neighborhood pool, a sign is likely displayed prominently with a list of rules and regulations for use of the pool. Those signs are posted to ensure the safety of users and to help prevent the association’s liability in case of injury. But, ironically, an association could be sued over the sign itself. A number of lawsuits have challenged swimming pool rules on the basis they constitute discrimination under the Fair Housing Act (FHA) against “familial status” (families with children). Several of these cases have held that rules requiring adult supervision, adult-only swim times and no-children areas, violate the FHA.

Associations should therefore exercise caution when adopting and enforcing pool rules (and as always, you should seek the advice of your community manager or attorney). Here are some guidelines:

1. Don’t ban children from the pool, or restrict usage to certain times.
2. Use the term “adult supervision” instead of “parental supervision.” In general, be careful with age restrictions.
3. Don’t set behavior rules that target children.
4. Set fair sanitary rules (you can request children and adults who have incontinence issues to wear waterproof pants in the pool; but don’t require it).
5. Keep the dress code gender-neutral.
6. Take caution with wording—you can prohibit bikes and pets, but make sure you’re not discriminating against wheelchairs, strollers or service animals.

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Washington Supreme Court Makes Decision in Bilanko

The Washington Supreme Court has published an important decision in Bilanko v. Barclay Court Owners Association. This is an important decision relating to challenges to declaration amendments involving Washington “New Act” condominiums. The decision can be found [here](#).

Bilanko provides a win for Washington condominium associations in that it provides much needed guidance assisting “New Act” condominium associations add some certainty regarding amendments adopted and recorded greater than one year. However, as in most instances involving legal analysis and conclusions, the devil is in the details. The express language in a particular condominium association’s declaration, along with the precise manner in which the amendment was adopted and recorded, will determine how best to proceed.

Details about the case, and an attorney’s analysis can be found [here](#).

As always, if you have questions, contact your community manager or an attorney.
Home Size and Cost: A Growing Trend

A chart drawn from Census Bureau data (below) tells a story about Americans’ desire for ever-larger homes.

Year after year, from 1973 to 2013, the line showing the average size of a new home shot up, breaking its stride only briefly when the economy turned bad. By 2013, new homes had reached 2,646 square feet, growing more than 1,000 square feet over those four decades. Clark County has followed the trend, with the typical new home just under 2,400 square feet in 2013, though the growth curve is starting to flatten.

Even as our houses grew, our households shrank. In 1973, the average U.S. household size was 3.01 residents.

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Average square feet of floor area in new single-family U.S. homes, 1973-2013, versus average household size
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A household averaged 2.54 residents. Even without taking into account the growing size of new homes, industry data for the Portland metro area shows that housing cost increases far exceed inflation. A private firm, MetroStudy, has analyzed newly constructed homes in subdivisions of four or more homes in the Portland metro area since 2003. In 2003, the median cost to build those homes was $106 per square foot. Costs escalated rapidly until 2006 and dropped for six years, then started to climb again. In 2016, a new home in the metro area costs $172 per square foot. Adjusted for inflation, the $106 per square foot cost in 2003 would be $137 today.

Low interest rates have kept many buyers in the game, but first-time buyers are increasingly at a disadvantage against move-up buyers or newcomers arriving with equity from the sale of a home elsewhere.

On-Time Lease Renewal Winner

Congratulations to Michael & Ann H.!

April’s $50 gift card winners!

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Single Family Home Rents & Vacancy Rates—Portland/Vancouver Metro Area

Properties 1300 to 3000 square feet. Single family homes are less consistent in type, design, square footage and rent variances are greater depending on location.

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<thead>
<tr>
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<th>Avg. Rent Range</th>
<th>3 BD</th>
<th>4 BD</th>
<th>Vacant %</th>
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<td>$1950-$3225</td>
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<td>$1995-$3420</td>
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Multifamily Rents & Vacancy Rates—Portland/Vancouver Metro Area

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<th>2 BD 2 BA</th>
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</table>

Report on the Rental Crisis

The Mortgage Bankers Association recently published a report entitled “Diverted Homeowners, the Rental Crisis and Foregone Household Formation.”

The report’s conclusion states, “The most visible indicator of the rental housing crisis is the record-high affordability problem created by rising rents while renters’ incomes have declined. Yet the evidence presented in this report suggests the root of the problem is that many more renters have been added than was expected according to the trends before 2006. Growth in renters came from the arrival in adulthood of the large millennial generation, but an even larger source of growth came from would-be homeowners who were diverted into renting.”