Representing Landlord Stakeholders:

Landlord Association: Alexander Scott and Steve Corker
National Association of Residential Property Managers: Eric Bisset
Spokane Housing Ventures: Patty Webster
Spokane Housing Authority: Cicely Bradley
Small Scale Landlord: Heleen Dewey, Chris Bornhoft
Why do landlords invest in residential property?
Capital appreciation – long term, repurpose property
Got the property cheap – e.g. inheritance, foreclosure
Alternative investment at stage of life
Alternative investment compared to economic conditions

Increase profit by better Management:
Increase rent over time
Increase rent – better property condition
Reduce Vacancies
Good tenants – pay rent on time, take care of property, no damage
Reduce costs by not repairing short term
Reduce costs by not doing long term replacements
Operate and sell before major improvements are required
### Major concerns

- Poverty - 19.9% of people living below the poverty line, assuming that these people rent, and 44% of rental properties are to those under the poverty line.
- Large number of aging properties - rental properties will become re-purposed if unaffordable or too cumbersome, leading to further housing pressures.
- Poor data collection - lacking public agencies to capture accurate complaints data so unknown full extent of the rentor/landlord or property condition problem.
- Ineffective agencies - enabling system is in place and ineffective; it is more cost-effective to strengthen existing systems rather than billing for new systems.
- Rent increases - additional costs passed to the tenant or less rental housing.
- No incentive programs - encourage housing investment.
- No mediation systems - Problem resolution is limited, combative, costly, and takes a long time.

### Specific concerns

1. Low income: low
2. More aging properties
3. Less rental properties
4. Lack of affordable housing
5. Bully neighbours
6. Bad Landlords
7. Bad Tenants
8. Existing compliance systems don’t work
9. Mandatory inspections are ineffective, costly and won’t receive issues
1. Low income

Population: 212,067

- Low household income levels: Spokane $42,484, US $51,939
- Unemployment: 6.1%
- High poverty: 19.9% (Persons below poverty line: 42,201)
- High proportion of renters: 41% (Kenna properties are 41%)
- Low home ownership: Spokane 53%, US 65.8%
- 39% of owners pay 30%+ for housing costs (2014)
- 52% of renters pay more than 30% of household income for rent (2014)
- 44% of renter units live under poverty line

Conclusions:
- Need for economic growth, more jobs, job security, higher paying jobs

<table>
<thead>
<tr>
<th>Population Demographics</th>
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<tbody>
<tr>
<td>Population</td>
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<tr>
<td>Persons below poverty line</td>
</tr>
<tr>
<td>Est: Households below poverty line</td>
</tr>
<tr>
<td>Est: % of rental units occupied by households under poverty line</td>
</tr>
</tbody>
</table>

| Population | 484,318 | 212,067 |
| Per capita income | 26,235 | 24,848 |
| Median household income | 50,249 | 43,694 |
| Household income under $50k | 50.0% | 55.0% |
| Persons below poverty line % | 16.4% | 19.9% |
| Poverty Children (under 18) | 20.0% | 25.0% |
| Poverty Seniors (65 and over) | 9.0%  | 12.0% |
| Number of households | 187,603 | 85,300 |
| Persons per household | 2.5    | 2.4    |
| Number of housing units | 206,106 | 95,947 |

Source: https://censusreporter.org/profiles/16000US5367000.spokane

2. More Ageing Properties

- 39,616 rentals
- 60% of renters are over 55 years old
- 73% of rentals are over 26 years old
- 17% of properties are “Below average”
- No data on “not suitable for renter”

Property complaints data non-existent:

- 2014 – 5 of 39,616 properties (Code enforcement)

Conclusions:
- Ageing properties must more frequent repairs
- Renters should include wear costs in rent 
- Unoccupied properties will be re-inspected
- Eventually older houses will be decommissioned as rentals
- What support is available to keep the properties as rentals (tax breaks)

Age of Rental Properties

<table>
<thead>
<tr>
<th>Age of Rental Properties</th>
<th>Renter</th>
<th>Pvt.</th>
</tr>
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<tbody>
<tr>
<td>1930 and prior</td>
<td>10,696</td>
<td>27%</td>
</tr>
<tr>
<td>1931 to 1960</td>
<td>12,677</td>
<td>32%</td>
</tr>
<tr>
<td>1961 to 1990</td>
<td>5,546</td>
<td>14%</td>
</tr>
<tr>
<td>1991 to Current</td>
<td>10,696</td>
<td>27%</td>
</tr>
<tr>
<td>39,616</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Age of Renter Properties

- 1930 and prior, 10,696, 27%
- 1931 to 1960, 12,677, 32%
- 1961 to 1990, 5,546, 14%
- 1991 to Current, 10,696, 27%
### 3. Less Rental Properties available

**LESS: Private Housing available as owners sell out**
- Increase in housing prices means properties can be sold for a recession.
- Rental property investment has high risk and low return.
- Housing stock is aging, increased repair costs.
- Increased business risks due to income caps.
- Rents are not keeping up with operating and replacement costs.
- Improved economy means landlords are more selective.
- Landlords move to more friendly investment environments (5, Valley).

**Conclusions:**
- Increasing cost of repairs of older properties.
- Relatively low rents, few property condition complaints.
- Very little new housing in City of Spokane.
- Affordable rents on older properties are not profitable and are unviable.
- New buildings in newer property stocks are unattainable.
- Landlords will be more selective in tenant quality.

### 4. Less Affordable Housing

**LESS: Govt. owned housing – reliance on Private Housing**

**MORE: Demand for Affordable Housing from Impoverished 19.9%**
- Increase in level of poverty.
- Average 2014: 74,000 vs. 66,000, City of Spokane 10,900.
- Rent 50% of income: 66% vs. 77%.
- Rent 2 bedroom Central $599, Millward $599 (18% of GNI).
- Rent 2 bedroom West $605, Millward $599 (28% of GNI).
- Rent 1 bedroom West $475, Millward $468 (85% of GNI).

**MORE: Demand for Agencies such as Spokane Housing Ventures, Charities**

**Conclusions:**
- Fight poverty / Increase jobs / Avoid home buyer / Increase government support.
- Increase private housing by supporting investment and reducing obstacles.

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Investment in Residential rentals is ECOMONIC driven:
## 5. Bad Neighborhoods

<table>
<thead>
<tr>
<th>Problem</th>
<th>Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacant properties (foreclosures, inability to repair)</td>
<td>Implement regular maintenance schedules</td>
</tr>
<tr>
<td>Damaged buildings (boarded up properties)</td>
<td>Strengthen building standards</td>
</tr>
<tr>
<td>Illicit activities (drugs, prostitution)</td>
<td>Increase police presence</td>
</tr>
<tr>
<td>Rubbish, streets, graffiti, houses</td>
<td>Implement trash collection systems</td>
</tr>
<tr>
<td>Unsuitable neighborhoods</td>
<td>Strengthen community involvement</td>
</tr>
</tbody>
</table>

### Conclusions:
- Lack of pride and social cohesion. Unsocial behavior, more property damage, more illnesses. Health and safety property pills cleared, owners want investors in housing.
- Propose Order Enforcement and Police to deal with these issues.

## 6. Bad Landlords

<table>
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<th>Solution</th>
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<tbody>
<tr>
<td>No Proactive Data about the number of complaints</td>
<td>Take action on the few bad landlords already known to the City</td>
</tr>
<tr>
<td>Legislation and Code Enforcement systems available but ineffective</td>
<td>Legislation (Landlord Tenant Act)</td>
</tr>
<tr>
<td>Many services and avenues (unknown)</td>
<td>Make services and avenues transparent</td>
</tr>
<tr>
<td>Issues are not reported but the systems are in place</td>
<td>Issues are not reported but the systems are in place</td>
</tr>
</tbody>
</table>

### Conclusions:
- Focus on a few bad landlords will require limited expenditures solutions that can fix the underlying issues.
- City to provide support and work with Landlord Association.
- Landlord training.
- Make mediation available.
7. Bad Tenants

No Empirical Data about the number, types and nature of complaints.

- Difficulty to force tenants to comply [privacy, legislation]
- Expensive to enforce compliance or evictions
- Long time to resolve and terminate tenants
- Limited ability to recover damages from tenants
- Few support avenues available to landlords
- Can't manage tenants behavior – health, hygiene
- Tenants can't pay for damage
- Tenants can't afford to move – themselves or possessions

Conclusions:
- Landlords cannot support costs. Reduced quality of buildings or reduced amount of buildings for rent. Costs will be passed back to tenants.
- Tenant training. Make mediation available.

8. Existing Systems Ineffective

Landlord Tenant Act - provides remedies and support (allocation based)

- Code Enforcement - limited data, jurisdiction, resources
- Building Department - limited data, jurisdiction, resources
- Police - unable to resolve behavior issues
- Fire Department - process allows for inspections but many recurring issues
- Health Department - reporting and information systems exist
- Courts - expensive, takes a long time, credit history, arrearages, damage to property and person, public humiliation
- Mediation: limited and expensive
- Very few options but to go to court

Conclusions:
- Reduce and eliminate code enforcement problems by using with major issues
- “Plan to principal” - 50% of problems are solved with 50% effort
- Increase training to communications the complaints and resolutions
- Reduce cost and time to resolve unlawful tenant actions
9. Mandatory Inspections are ineffective, costly and won't resolve issues

- No breakdown data about the number, type and nature of complaints.
- Inspectors will not resolve behavioral problems, poverty.
- Mandatory inspections cannot resolve behavioral problems, poverty.
- Who will undertake inspections? What will be inspected? When will inspections be done?
- What about tenant privacy?
- What are the costs for the city of Spokane? For the tenant? For the landlord?
- Costs will eventually be passed on to tenants.
- More stringent screening of tenants, industry register of problem tenants / eviction registries.
- Landlords will reduce number of rental properties or affordable rentals.

Concerns:
- Better use of existing systems. Implement training and accountability.
- Costs will be passed onto tenants.
- Tenants will have less privacy in the home.

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Conclusions for Spokane

1. Lack of accurate data on tenants/landlords/building issues.
2. Low income, high poverty and high unemployment.
3. High reliance on private rental, low homeowner ownership.
4. Rental investment over $50 million, 10% of City taxes and utilities revenue.
5. Rental income is 1% of Spokane's GDP.
6. Increasing costs will be passed to tenants.
7. Look for ways to encourage landlords to continue investing.
8. Look for ways to avoid costly evictions.
9. Implement low cost and accessible mediation.
10. Rental properties are ageing and will reduce as repairs compliance increases.
11. Build new neighborhoods which provide suitable return.
12. Lack of accurate data on tenants/landlords/building issues.
13. Existing agencies are ineffective to resolve problems.