



HAPCO NEWSLETTER

Serving Philadelphia's Investment & Rental Property Community

Message from the President:

Cherelle Parker is Likely Philadelphia's Next Mayor.

Is This Good for Rental Property Owners?

After a record \$31 million in campaign spending, we now have a Democratic nominee who will likely become the 100th mayor in the City of Philadelphia on January 3. She'll also make history here as the city's first female chief executive.



Greg Wertman

Ultra-left progressive Helen Gym, even with

see "Cherelle Parker" on page 2

Philly's New "Landlord Gateway" Launch Features HAPCO Philadelphia

see "Landlord Gateway" on page 6

Can Digitalization Reduce Greenhouse Gas Emissions and Help People Age in Place?

see "Digitalization" on page 5

YO! Philly Property Owners:

Did You Know About Available Maintenance & Protection Programs & New Forgivable Loans Now?

By HP Board of Directors Editorial Staff

Few things will stress us more than an unexpected broken water line or electrical issue. Then to really get the blood boiling: learning that the broken water line *outside* your home is actually *your* financial responsibility.

Say what!? The obvious next question: how much will this cost to fix?

Hapco Philadelphia sponsored an online educational event in May to inform members of a series of homeowner protection programs that could give you some peace of mind. You can

see "Programs & Loans" on page 9

Read This City Council:

Why We Got Out of Small, Multifamily Rental Housing: A Boston Story



By HP Board of Directors Editorial Staff

Sure, it's a Boston-area event and a Boston story. And we all know how Philadelphia sports fans feel about virtually everything "Baaaston". But there's more in common when it comes to real estate matters.

Seems Beantown investment property owners are up against what we've had to deal with... for years.

What was once a good, safe, long-term investment in small, multifamily affordable rental housing has now become nearly impossible to

see "A Boston Story" on page 8

Cherelle Parker *continued from page 1*

backing of Senator Bernie Sanders and Representative Alexandria Ocasio-Cortez—lost her bid for mayor by more than 25,000 votes as voters roundly rejected her stance on matters like higher taxes and rent control.

The winner was clear: Cherelle Parker, a former city councilmember and state legislator, beat eight other candidates in last month's Democratic primary to move on to the general election against unopposed former city council member, Republican David Oh. Widely known in these parts, the Democratic machine has ruled Philadelphia politics for generations, and with a 7-1 voting edge over Republicans, it is likely Parker's job.

Hapco Philadelphia looks forward to the opportunity to sit down one-on-one with Ms. Parker for an in-depth conversation of her vision of Philadelphia, Philadelphia real estate, affordable housing, and the business and tax environment as she seeks to break new ground in creating a more inviting and captivating business environment in her first term.

So, what does a Parker administration mean for rental property owners? As we wrote in last month's Hapco Philadelphia Newsletter, a Philadelphia Inquirer article noted Parker's hands-

on approach to land-use issues and quotes her as saying that she will balance neighborhood interests with [those of the business and real estate communities for] new development and the city's economic health.

The article cited several examples where she used "councilmanic prerogative" to ward off development that she felt didn't fit a neighborhood, particularly development that would increase density. The newspaper report also said, "she twice went to court to block landlords seeking to carve out rental units from their properties."

"Everything about my candidacy for mayor is about putting people on a path to self-sufficiency and getting them off the poverty hamster wheel," she said in a recent mayoral forum. She wants to put vacant land owned by the city into the hands of developers commit-



ted to affordable housing, which is desperately needed and in short supply here and across the country. She supported rental assistance to renters during the Covid pandemic, saying "it was something we should have done."

She strongly believes in mixed-use property in neighborhoods, citing a model just off Ridge Avenue in the Roxborough section, saying "million dollar houses, \$500 thousand dollar houses, then there's some rowhomes that are public housing, and you would never know it because the quality of the community wrecks of pride there.

Self-sufficiency and pride stem from earning a living wage and ensuring entrepreneurs and small businesses have the tools needed to grow. Will there be tax changes in her policies to seek a friendlier climate for start-ups and established businesses to thrive? Or will Philadelphia continue to be a tough place to do business?

Her website says she'll "create an environment that encourages growth by cutting through the red tape and impediments to doing business in the city."

Hapco Philadelphia and its cadre of reporters and editorialists will be looking to Ms. Parker to provide some answers, including an opportunity to discuss the pressing needs of our members and fellow real estate professionals. We shall report back.

Landlords: The FTC and CFPB Request Public Comment From You!

Becky Bower

The Federal Trade Commission (FTC) and the Consumer Financial Protection Bureau (CFPB) have united to inspect how background screening can impact American renters, with a particular emphasis on examining the use of criminal and housing court records and tenant screening practices. As part of a whole-of-government effort detailed in the White House's January 2023 Blueprint, the FTC and CFPB are seeking public comment until May 30, 2023. We urge you to voice your unique industry perspective.

What to Do

Until May 30, 2023, the FTC and CFPB are requesting current tenants, prospective tenants, advocacy groups, commercial and individual landlords, property managers, background screening companies, other consumer reporting agencies, and others to weigh in on a wide array of issues that affect tenant screening such as:

- how criminal and eviction records are used by landlords and property managers in making housing decisions

- how and which potential inaccuracies in criminal and other records affect rental housing decision
- whether consumers are informed about the criteria used in tenant screening or notified about what information in their background check led to their rejection
- how landlords and property managers are setting application and screening fees
- how algorithms, automated decision-making, artificial intelligence, or similar technology are used in the tenant screening process
- whether there are ways to improve the current tenant screening process.

Our Two Cents

The rental housing industry is very well regulated – and tenant screening, criminal records, and housing court records are no exception. As the FTC reports, the FTC and CFPB are gathering additional information for the purpose of "identifying practices that may unfairly prevent consumers from obtaining and retaining housing, and comments to the RFI will help inform enforcement and policy actions under each agency's jurisdiction."

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The deadline for each issue is the last day of each month.



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Construction Planned Next Week on I-95 South in Center City Philadelphia

King of Prussia, PA – The Pennsylvania Department of Transportation (PennDOT) announced today that survey and core boring operations are scheduled next week on southbound Interstate 95 in Center City Philadelphia.

Motorists are advised of the following travel restrictions:

Tuesday, May 30, through Friday, June 2, from 8:00 PM to 5:00 AM the following morning, a lane closure will be in place on the southbound I-95 ramp to westbound I-676 (Exit 22); and

Thursday, June 1, from 9:00 AM to 3:00 PM, a left lane closure will be in place on southbound I-95 between the I-676/Vine Street Expressway and Penn's Landing.

Motorists are advised to allow extra time for travel through the work area. The schedule is weather dependent.

The work is for PennDOT's upcoming I-95/GR6 project scheduled to begin in 2024. Section GR6 will reconstruct I-95 between Frankford Avenue and the Vine Street Expressway interchange. Improvements to the interchange are also planned.

To learn more about PennDOT's I-95 reconstruction and improvement program, visit www.95revive.com.

Motorists can check conditions on more than 40,000 roadway miles by visiting www.511PA.com. 511PA, which is free and available 24 hours a day, provides traffic delay warnings, weather forecasts, traffic speed information and access to more than 1,000 traffic cameras.

For a complete list of construction projects impacting state-owned highways in Bucks, Chester, Delaware, Montgomery and Philadelphia counties, visit the District 6 Traffic Bulletin.

Information about infrastructure in District 6, including completed work and significant projects, is available at www.penndot.pa.gov/D6Results. Find PennDOT's planned and active construction projects at www.projects.penndot.gov.

Subscribe to PennDOT District 6 news and traffic alerts at www.penndot.pa.gov/District6.

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Can Digitalization Reduce Greenhouse Gas Emissions and Help People Age in Place?

By David Luberoff

As tools like Alexa, Google Home, and Siri have shown, digitalization is changing how we live in our homes. While many of the changes are related to lifestyle, they also have the potential to reduce greenhouse gas (GHG) emissions and help older Americans safely age in place. Two new working papers (and two commentaries on those papers), which were first presented at our housing and digitalization symposium last year, not only examine these opportunities but discuss the challenges associated with them, particularly with respect to equity and privacy.

In "Empowering Up, Powering Down: The Evolution, Effects, and Efforts to Digitize Energy

significant reductions – as much as 10 percent of peak-period demand – requires giving utility providers the ability to manage electricity usage in individual homes.

Achieving reductions is challenging. While almost two-thirds of all homes have smart meters, less than a quarter have programmable thermostats and an even fewer use the thermostat's key features. Moreover, many consumers want to retain control over their activities, and many do not want to give utility providers access to their personal data. In addition, focusing on digitalization to reduce energy use raises a host of equity concerns. Absent efforts to incentivize uptake by households of modest means, more affluent households not only are more likely to acquire and

Digitalization also has the potential to help older Americans safely age in place, note Jennifer Molinsky, Samara Scheckler, and Bailey Hu (researchers in the Center's Housing an Aging Society Program) in their paper, "Centering the Home in Conversations about Digital Technology to Support Older Adults Aging in Place." Spurred in part by regulatory changes during the pandemic, there has been significant growth in the use of in-home devices that allow caregivers and healthcare providers to monitor and respond to changes in health measures. In combination with other smart home technologies, this monitoring technology can help people be active longer, remain socially connected, and live independently for years.

However, three factors limit their effectiveness. First, they may not be helpful if the people using them live in housing that is physically inadequate, does not meet accessibility needs, or is unaffordable, conditions that affect millions of older adults and especially people of color, those with low incomes, and renters. Second, the monitoring technologies could be so intrusive they change the positive feelings of safety and security that people often have about their homes into negative reminders of illness and frailty. Third, the digital devices may extend how long people stay in their home at the expense of burdensome care typically provided by family members and other unpaid caregivers. For all these reasons, it is critical that those developing new technologies "see the home as more than a box in which care and support occurs." Moreover, introduction of new technologies should be accompanied by efforts to ensure that all older adults have access to housing that is safe, accessible, and affordable.

In her commentary on the two papers, Ann Forsyth, the Stanton Professor of Urban Planning at the Harvard Graduate School of Design, observes that while focused on different topics,

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Squatter's Rights

After a certain amount of time has passed, squatters can obtain a legal right to the property through a process called adverse possession. In Pennsylvania, squatters can claim adverse possession after 21 years of continuous habitation.

Since the squatter is not a tenant, a property owner cannot use the relatively fast eviction process. Unlike an eviction, a lawsuit called an "ejectment" must be filed in the Philadelphia Court of Common Pleas. Ejectment litigation involves the filing of a complaint, service and a possible trial before a judge.

Suppose the individual claiming control of the residence is deemed a squatter, not a trespasser. In that case, the Sheriff's office may not be able to remove them from the premises because squatting is not considered a criminal offense in Pennsylvania.

You can make a report using an online form, or by calling 311. Call (215) 686-8686 if you are outside Philadelphia.



Controls and Digitalize Energy Information in US Homes" Carlos Martín, project director of our Remodeling Futures program, notes that the residential sector accounts for about 20 percent of all greenhouse gas (GHG) emissions in the United States. Reducing those emissions requires managing residential energy consumption, and good management requires constant, consistent, and accurate information. Digitalization inside the home (programmable thermostats, smart appliances) and digitalization outside the home ("smart" meters) can provide that information. In theory, the information could help households reduce their energy usage. But, in practice, the most

use devices but also are more likely to reap the financial and health benefits.

Digitalization can also crowd out more cost-effective approaches to reducing residential energy uses among low- and moderate-income households, such as weatherization and replacing gas powered furnaces, stoves, and water heaters with electric ones. Therefore, Martín argues, digitalization should be compared to those approaches. And if it emerges from those assessments as a preferred course of action, then it must be deployed in the actual ways that they use energy and energy-savings devices like smart thermostats.

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By HP Board of Directors Editorial Staff

After years of warnings from HAPCO Philadelphia that the city's licensing, fees, permits, and inspections systems were byzantine and scattershot to succeed, as well as decentralized and (worse!) analog, the City of Philadelphia finally woke up.

HP was consulted and was part of the launch of Philadelphia's long-overdue "Landlord Gateway" website: <https://www.phila.gov/programs/landlord-gateway/>

It gives new and veteran rental property owners a roadmap through the City's sometimes conflicting and confusing landscape of what's needed to get and stay legal in the Philadelphia property management market.

"With 16 City departments that rental owners and their tenants have to deal with, it can be a maze," notes HAPCO Philadelphia President Greg Wertman, who staffed an HP booth at the day-long launch at the Pennsylvania Convention Center along with HP General Counsel, Paul Cohen. "The Gateway is long overdue," says Wertman.

The "Landlord Gateway" is intended to be a one-stop shop for rental owners, much in the same way HAPCO Philadelphia's Digital Handbook and was reimagined and released to HP members in 2022. <https://hapcophiladelphia.com/member-handbook/>

"It spares rental owners from having to shuttle among various City departments, many of which don't communicate well with each other," Wertman adds.



Digitalization *continued from page 5*

the papers have some common themes and raise similar issues. Both, for example, question the scale and audience for new digitalized technologies. For example, while a resident might be satisfied with a basic programmable thermostat, energy providers and policymakers may prefer a centralized control system to better manage system loads. Both papers also highlight issues related to time frames, notably the fact that buildings are in place for a long time, but digital technologies evolve quickly. As a result, many homes have systems and devices from different periods that cannot be connected or share data.

Forsyth also notes that equity remains a core

issue to address. Such concerns, and strategies for addressing them, are the focus of a commentary written by Therese Pepper, program director at the California Institute for Energy and Environment at UC Berkeley. She observes that addressing equity concerns requires a focus on users and empowering them through the six I's: give people insights into how they can help address problems, information on metrics, and the influence to make needed changes. These efforts should be supported by creating more interoperable devices, interdisciplinary collaborations to address problems, and by including diverse voices when developing solutions.

Among many features, the "Landlord Gateway" helps rental owners:

Obtain a rental license and start renting their property.

Maintain their existing rental license and access services for licensed landlords.

Participate in affordable housing programs to access a regular income, incentives, and resources.

The "Gateway" website also contains a Permit Navigator to help you figure out which permits and licenses you need. It also accesses the City's eEclipse system for license and permit look ups. There's also a Property Assessment Tool that estimates property value and taxes. And the OHS Landlord Engagement Program links rental owners with people experiencing homelessness.

While HAPCO Philadelphia applauds the new "Landlord Gateway" website, HP General Counsel Paul Cohen says the launch speaks volumes about the size of the City's rental owner bureaucracy.

"The fact that they needed to spend a whole day on educating landlords just on how to get set up as a business owner and landlord says it all!"

Taken together, the papers and commentaries make it clear that while digitalization can aid efforts to reduce GHG emissions and help older Americans age in place, it will not be a panacea for either challenge. Rather, it will be most effective if deployed in careful, thoughtful, and equitable ways.

The papers are the fourth set in a series focused on how digitalization is changing all aspects of housing; whether those changes are likely to advance (or stymie) efforts to address challenges related to housing affordability, equity, resiliency, and livability; and what kinds of policies might spur desired changes or exacerbate existing problems.

U.S. Supreme Court erodes WOTUS rule

By Kim Jarrett | The Center Square

The U.S. Supreme Court said the Biden Administration's Waters of the United States rule under the Clean Water Act extends to "only those wetlands that are as a practical matter indistinguishable from waters of the United States."

The issued Thursday erodes the rule, also known as the "WOTUS" rule, that would have brought all of the nation's streams and wetlands under the authority of the Environmental Protection Agency, a rule that U.S. Sen. Kevin Cramer, R-N.D., compared to "regulating puddles."

"The Court was right to rein in the EPA's quest to regulate to the raindrop," Cramer said in the statement.

The case goes back to 2004. Michael and Chantell Sackett of Idaho were building a home when they were told they could not backfill a lot with dirt because the property was on wetlands adjacent to a tributary. They could face fines of up to \$40,000 a day if they did not comply, the Sacketts said they were told. The couple sued. The U.S. Court of Appeals ruled against the Sacketts, who then appealed to the Supreme Court.

Justice Samuel Alito wrote the **Court's opinion** and said the term «WOTUS» has always been uncertain.

"Does the term encompass any backyard that is soggy enough for some minimum period of time? Does it reach 'mudflats, sandflats, wetlands, sloughs, prairie potholes, wet meadows, [or] playa lakes?' How about ditches, swimming pools, and puddles?" Alito wrote in the opinion.

The 5-4 decision drew praise from members of Congress and governors from around the country, who, like Cramer, have said the rule was unclear. Alaska has more than three million lakes and nearly a million miles of rivers, and the state had a big stake in the case,



The United States Supreme Court Building in Washington, D.C. Shutterstock photo

Alaska Gov. Mike Dunleavy said.

Alaska Department of Environmental Conservation Commissioner Jason Brune said the opinion would force the EPA to return to the drawing board.

"Of late, federal agencies have exploited the ambiguous WOTUS definition to expand their jurisdictional reach to cover wetlands in Alaska with only a remote connection to traditionally navigable waters," Brune said. "Not any longer."

Not everyone was happy with the decision.

"My administration is deeply disappointed in this Court which has once again sided with special interests and polluters, by severely lessening protections for drinking water, wet-

lands, and tributaries," said Colorado Gov. Jared Polis.

EPA Administrator Michael S. Regan said the agency would review the Supreme Court decision and consider its next steps.

"As a public health agency, EPA is committed to ensuring that all people, regardless of race, the money in their pocket, or community they live in, have access to clean, safe water. We will never waver from that responsibility," Regan said in a statement. "I am disappointed by today's Supreme Court decision that erodes longstanding clean water protections."

Kim Jarrett's career spans over 30 years with stops in radio, print and television. She has won awards from both the Georgia Press Association and the Georgia Association of Broadcasters.

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Advertising relevant to investment in and operation of properties is accepted. The advertisements help defray the cost of producing and distributing the publication. They are also a valuable resource for members, who own and manage more than 30,000 small and mid-size rental buildings in Philadelphia, by helping them identify vendors who offer goods and services relevant to their business interests.

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A Boston Story continued from page 1

navigate and rapidly becoming extinct.

HAPCO Philadelphia warned politicians and tenant advocates that they're creating such a poor and untenable rental environment that it has pushed the small, independent mom and pop rental owners out of the market. Larger ones too. It is due to decades of never-ending increases in taxes, fees, costs, inspections, government oversight, and regulation.

A real estate agent and investor in the Boston area, Tom Cafarella, www.agentinvestor.com staged a late May seminar titled, "The Truth About Small Multifamily Investing & Why We Got Out: A Boston Story."

It was a free event with free drinks, which were no doubt needed for the message Tom would be delivering to his audience: Small, multifamily rental units are going the way of the dinosaur. And apartments are better.

"If you're like me and you were convinced that investing in small multi-family real estate is the easiest path to passive income, think again," Cafarella told his audience.

Cafarella says he wants to give aspiring investors a tell-it-like-it-is account about the reality of owning multi-family real estate in 2023.

"I feel the need to tell people why I quit the multi-family market, and why they should, too," adds Cafarella.

Cafarella adds that he's not saying that you should automatically cross small multi-family investing off your list. But he says he tries to tell colleagues and clients about market changes that are forcing him to advise fewer and fewer investors to make the jump.

"Other real estate investing options, like flipping, have become more challenging in (the Boston) market," notes Cafarella. "I'm showing you how to invest in apartments instead, even if you don't have a ton of money or experience."

Cafarella compiles much of his investing advice on his Agent Investor podcast: <https://podcasts.apple.com/us/podcast/agent-investor-podcast/id1245797759>

It's a Boston story. It is most certainly our own Philadelphia story.

Philadelphia City Council must at some point be cognizant, enough to realize this doesn't work, and they'd better act to keep small, multi-family rental housing owners from becoming the next fossils.



Programs & Loans continued from page 1

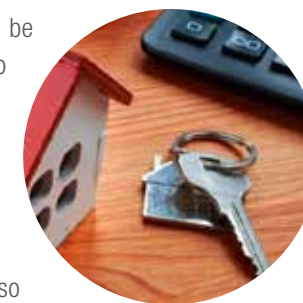
view the recording of the virtual event on the HP website (*click the NEWS tab, under Premium Content*). The event also covered news of an updated PHDC forgivable loan program of up to \$25,000 for needed repairs. More on that in a moment.

American Water Resources (AWR), in partnership with the Philadelphia Energy Authority, is offering a plan that provides protections to exterior water and sewer lines. It covers owners who have one to four properties. AWR says it protects more than 90,000 Philadelphia homeowners and has saved them more than \$45 million from unexpected service line failures over the years.

The water line plan covers from the water main to the street side of the water meter, while the sewer line plan covers from the sewer main to the external foundation of the home. If purchased together, the combined plan costs less than ten dollars per month with no deductibles

or service fees. If interested, be sure to watch our online video to learn what is and is not covered. Other plans available include protections for interior electric, gas lines, surges, in-home clogs, and water heaters. You can also learn more at www.awrusa.com/philadelphia or call 844-765-7260.

Hapco Philadelphia's event also discussed PHDC's Rental Improvement Fund that offers new forgivable loans to rental owners looking to make repairs and upgrades. The fund has existed in various iterations for years, but PHDC's Rachel Mulbry says that the updated program "will be a really powerful tool for small landlords in Philadelphia." There are strict eligibility requirements including the number of units owned (no more than 15) and maximum rent restrictions (\$1,071 for a 1 bedroom, for example), but qualifying rental owners can use



the loan proceeds for basic systems repairs (plumbing, electrical flooring and roofing), energy efficiency improvements, removing health triggers (such as pest management, lead or asbestos), external improvements, and permit costs.

Those who qualify may not have to pay back any of the \$10,000 to \$25,000 loan. Learn more by viewing the education seminar or visit <https://bit.ly/rentalimprove>.

Programs that help rental property owners in the City of Philadelphia are long overdue. As Hapco Philadelphia President Greg Wertman stated during the event, "Right now, there is very little incentive to invest in affordable housing in the City. The City could go a long way by offering tax incentives. But this is a start in the right direction, and it's greatly needed by mom and pops who were devastated from Covid and not collecting rent for over 18 months."

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What Is a Home Warranty?

Whether you're an investor, homeowner, or property management company in Philadelphia, it's important to know about home warranties and how they compare to home insurance.

A home warranty is not the same as home insurance, although they're often confused with one another. For example, home insurance generally covers damage from natural disasters, property crimes, and certain types of water damage. On the other hand, a home warranty covers the home's major components, like plumbing, electrical wiring, HVAC system, and more. Additionally, it may cover some appliances, like your washer and dryer or refrigerator.

You'll likely be offered a home warranty when you purchase real estate. Warranties reassure buyers and protect sellers against complaints about home defects after the sale. Depending on how long you want coverage, you can buy most home warranties on a one-time basis or monthly fee.

That said, some plans have basic components that provide all homeowners that purchase a policy with certain coverages. However, homeowners can also purchase more components that provide additional coverage at a higher cost. Next, we'll go over what's covered in a home warranty.

What's Covered In a Home Warranty?

Home warranties generally work in conjunction with your home insurance. As stated above, most home warranties cover your home's major systems, like heating, air conditioning, plumbing, water heating, and electric wiring.

You can also choose to add-on coverage for additional home appliances. For instance, you can choose to cover your washer and dryer, dishwasher, stove, and other appliances. Additionally, if you have a pool or hot tub, there are generally options to cover those as well.

However, it's important to note that home warranties only cover items that were in working condition when you moved in. Additionally, warranties don't cover systems or appliances that are damaged due to abuse.

What's Not Covered Under a Home Warranty?

Now that we've reviewed a few things covered under a home warranty, you may ask what's *not* covered. While it varies depending on which policy you choose, home warranties don't generally cover the following:

- Pre-existing damages
- Structural failures
- Zoning and code violations
- Damage due to improper use or lack of maintenance
- Fading, rust, or other wear and tear
- Commercial equipment
- Asbestos or mold removal
- Home Warranty vs. Home Insurance

While "warranty" and "insurance" both indicate some type of protection for people who purchase them, they're not the same. Therefore, investors and homeowners must recognize the difference to make an informed choice for their property. After all, home warranties and insurance have similar structures but offer different benefits and coverages.

For instance, home warranty plans are optional and cover servicing, repairing, and replacing home systems. As stated above, your home's main components covered under warranty include most appliances and major necessary systems, like heating and cooling. Additionally, most home warranties state exactly what they

cover in the contract, depending on your coverage type.

On the other hand, homeowner's insurance is generally required by lenders and covers damage due to outside forces, like weather, fire, or vandalism. So, if any of these events damage or destroy part of your home, insurance will help recoup the costs and replace lost or damaged belongings. For instance, if a storm



causes a tree to fall on your house, your homeowner's insurance helps to replace the damaged appliances.

Generally, the main difference between home warranties and insurance is that insurance covers unexpected events that damage the property.

On the other hand, home warranties cover events that are somewhat expected, like the aging or breakdown of appliances or home systems.

How Much Is a Home Warranty?

As mentioned earlier, you can generally purchase home warranties on a one-time basis or for a monthly fee. One-time warranties are generally paid upfront, and then the home is covered for a specific period of time. On the other hand, monthly warranties usually come with a contract term, which you'll have to renew.

The cost of home warranties differs based on the type of property you buy. For instance, due to the associated risk, a single-family home is treated differently from a multifamily property. However, square footage doesn't necessarily matter unless the home is larger than 5,000 square feet. After all, most homes have the same appliances regardless of size.

Another determining factor in the price of a home warranty is the age of the property. Newer properties are generally more costly since they have newer or more advanced appliances.

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Ultimately, the coverage you choose is the main determining factor in how much you'll pay. For instance, the more add-ons you have, the more you'll have to pay. So, if you have a pool or hot tub to cover, you can expect to pay more. One of the most expensive add-ons is for a guest home or secondary structure.

That said, you can expect to pay several hundred dollars annually, up-front or in installments, for a home warranty. The average cost for a home warranty is around \$400 to \$900 per year.

Aside from the annual cost, home warranties charge a service call fee of around \$60 to \$100 each time the holder requests a service provider to check out an issue with the home. In addition, the homeowner may have to pay additional fees if the problem requires multiple service providers.

Are Home Warranties Worth It for Investors?

Although home warranties aren't necessary or required by your mortgage lender, they can come in handy depending on the property you buy. However, not all issues are covered under warranty, meaning you'll have to pay for some home repairs. Additionally, your warranty company may deny a claim, leaving you to pay the service fee and repair costs.

So, are home warranties worth it for rental property investors? Here's a list of the pros and cons, revealing how it can be beneficial or how it may be a waste of money.

Benefits of Home Warranties

Peace of Mind - If you rent your property to tenants, you may worry a bit about keeping your appliances intact. However, if your tenants take care of the property just as you would, you can feel rest assured that any issues will be covered by warranty.

Convenient - A warranty can be beneficial if you're not handy or familiar with hiring contractors to fix things in your home. You just have to call your warranty company, explain your issues, and they'll take care of the rest.

Affordable - In the grand scheme, paying a few hundred dollars annually to protect your home's appliances can be worth it—especially if you have newer or more expensive taste.

Cons of Home Warranties

Service Call Fees - Each time you call about a potential issue with your property, you have to pay a service fee, even if they cannot fix the issue. If it takes more than one contractor to fix the issue, you may have to pay an additional fee.

Less Control- With a home warranty, you don't choose who repairs your appliances. You'll have to deal with the replacement parts, contractors, and work quality selected by the warranty company.

No Coverage Without Proper Maintenance - Home warranties don't cover everything in your home. Additionally, if you or your tenants don't maintain appliances correctly, you could miss out on coverage for those items. Most warranties require "proper main-

tenance," where they can often be grey areas of what's acceptable.

Protect Your Properties With Professional Management

If you've gone back and forth between whether home warranties are worth it or not, you most likely care about protecting your properties. If you own rental properties, you must work harder to ensure each property is insured and protected. One way to protect your properties with ease is with comprehensive property management.

Need More Advice?

Bay Property Management Group is a full-service management team working with landlords across Baltimore, Philadelphia, Northern Virginia, and Washington, DC. We work hard to ensure your properties are expertly managed and cared for 24/7. If you're looking for property management or want to learn more about our comprehensive services, contact BMG today.

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Over the Transom

Edited by Claudia Christian

Some recent traffic on Hapco's Online Forum:

Names have been withheld to protect the innocent. Responses reflect the views of the Forum respondents and not necessarily those of Hapco Philadelphia.

THE LANDLORD GATEWAY EVENT

Post: This looks like a good event to attend. Registration is below.

<https://www.eventbrite.com/e/the-landlord-gateway-launch-event-tickets-616077643817>

Event is June 8, 2023.

Response: Thanks, for letting us know about this City of Phila-hosted event. This will be the launch of the City's new office that's supposed to make things clearer for landlords (all, of course, in an effort to make it easier for tenants to slide into decent housing).

Crazy that it's an all-day affair but, with any luck maybe we'll get some straight talk about where to go when City systems don't work for us and make some connections (since they say there will be a resource fair where we can

meet and greet representatives from 16 different City departments).

Response: Has anyone attended the landlord gateway event and if so, how was it? Curious what folks think of it. I am joining the one that is in June.

Also, I plan to provide some Hapco updates in the coming week or so. The elections somewhat hijacked chatter and progress but much is happening especially with the office staff and what they have been accomplishing!

Response: I stopped by for part of it. HAPCO leadership was there. I thought it was really good. It's run by a lady who works for the city but is also a landlord and knows the frustrations of operating in Philly. They brought in representatives from pretty much every department that affects landlords...L&I, eviction diversion, revenue, PGW, WRB, OSH, behavioral health and several others. In several cases the people there were the people who run the programs. They had a full day of panel discussions and Q&A. I got to talk one-on-one with several of the folks from the city including the lady who created this program and I was really impressed how thoughtful everyone was and how much they wanted to help. I've never seen the city put this kind of effort into making things easier for small landlords. I don't know if future events are going to be like that one, I think they're going to be on more specific topics, but I would definitely recommend trying to go to one.

Response: I forgot to share one piece of good information from the Landlord Gateway event. I spoke to the Water Department and they gave me information about things that you can do online with them, particularly if you have their new meters. You can sign up all your properties under one account, get different types of notifications and if you have the new meters, get notifications when you may have a leak. You can look at your usage monthly, daily and even hourly. After your water has been consistently running for 96 hours, they send you a notification that you may have a leak. I just tried it and it seems very helpful for me, particularly after I just got a \$400 bill with one property last month. You can view and pay all your water bills in one place and print them as well to send them to your tenants. The website to sign up is phila.gov/water bill

DIG-UP PLUMBER RECOMMENATION

Post: I received a violation notice from the city due to a bad vent pipe in my sidewalk (collapsed pipe/concrete, failed dye test). I have 10 days to repair. Does anyone have a good dig-up plumber they could recommend?

Response: Go through the help program, it's slightly more expensive, however it's the same contractor's and they give you interest free loan. So, you are using their money, instead of putting out 5k of your own money you pay \$100/a month for 5 yrs.

Response: East Falls Plumbing & Heating. 215-779-5731. He did a good job with a dig up. Easy to work with. All good.

Response: I have used Bill Frusco Plumbing 215-728-1482 more than once with good results.

Response: Rich Ladavich 215-888-9537 has done a few jobs for me. He does good work for a reasonable price. I don't know

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Over the Transom continued from page 12

where your job is but he's in the Port Richmond area. If you call him, please tell him that DJ referred you.

ANNUAL RENEWAL DOCUMENTS

Post: It's been a few years since I did an annual renewal and I have forgotten which documents to include to tenant. Does anyone have a list handy and where I can get e-versions of them. I have the rental suitability cert and don't need a new lead based paint inspection. Thanks for your help.

Response: Would suggest using the EZ landlord forms that we have access to as members of HAPCO. They have an e-Sign so it can go right to their computer. If you are having any issues, you can call them or use the chat as they are quite helpful. They also have attached all the forms that are needed - Lead, Bedbug, the Housing Booklet etc....

Response: I won't make deadline using Hapco lease because of 48 hour restriction for verification.

Response: Materials For A New Tenant – Required: Certificate of Rental Suitability, Partners for Good Housing Brochure, Protect your Family from Lead Brochure, Lead safe or lead-free certificate, and Smoking disclosure for multifamily buildings

AMERICAN WATER RESOURCES

Post: Has anyone else been experiencing billing problems from American Water?

I've been hit with service claims bills that are not mine. They are deducting them automatically from my bank account, which I have since blocked. They are not big amounts ie, \$25 or \$23, but they add up. My bank says the charges look legit (not being hacked)

Response: The \$25.00 automatic deduction is something American Water started this year whenever a claim is filed. I did call

and complained and informed them whenever they change their policy, they should inform their customers. Of course, I did not get a straight answer. However, I have only experienced the \$25.00 automatic whenever there is a service call.

Response: Their standard charge to me is \$9.89 per property. I have a dozen accounts with them.

Response: I have made no service requests to American Water, but I have three of those service charges over and above the monthly \$9.89, The bank says they are bookkeeping errors of American Water. Their customer service line is a joke. Absolutely no response.

Response: That is their traditional monthly charge. However, for each claim filed an automatic \$25.00 is charged.

Response: I do agree with the bank. But persistency matters although can be a challenge. Keep the faith.

SECTION 8 HOUSING VOUCHERS

Post: I do not accept section 8 hous-

ing vouchers. Is this the same as section 8 housing and is it legal to turn them down. I had a person apply for house using these. She also would have had \$500 income after paying rent which I regard as too low. I had zillows automatic lease application on by accident. I'm wondering if I'm opening myself up to being sued or fined by city for turning her down. I also insist on meeting and doing my own vetting. Is there someplace where there are guidelines posted by city or people's own personal experience?

Response: I wouldn't worry about it. There's no law that you have to house someone.

Response: You should probably call an attorney for this kind of advice.

Response: I thought it was mentioned to say your house doesn't qualify for Section 8.

Response: It is not legal to turn them down purely based on income source/ section 8. Be careful saying "I do not accept section 8". Definitely don't put that in an ad!

There are other criteria you can use to weed

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Help us spread the word, **Hapco Philadelphia** is the oldest Philadelphia area association advocating for landlords. We are looking to expand our membership, and we hope that you will tell your other landlord friends how helpful **Hapco Philadelphia** has been for you and how important it is for them to join. **Hapco Philadelphia** is a first source for information about our industry. Check out our website at www.hapcophiladelphia.com



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this out. I always turn off the application on Zillow. You only get crap applicants through that thing. Even after you turn off the feature, people request it without even seeing the place nor even asking a single question about it. Guess what? They are all lousy tenants asking for an application. Good tenants see the place and ask questions.

No chance I'm dealing with that. Put a high bar credit report and other requirements out there so you can tell them they will not qualify for the unit.

For me I'm super small fry and I've never signed up or qualified for the program and I can say just that..... I've not been approved by Section 8. Which is fact.

Response: Not quite sure about the legal end of this but what I do when I have this request is say that I am not approved by section 8, which is true. I haven't had a section 8 tenant in 10 years, and that the process may take 3 to 4 weeks and that usually ends the conversation because they need housing now!

Response: You never sign with contact information. I need to talk to you about your "Rent by the room" book. I know someone who might be interested in a copy.

TILE PERSON RECOMMENDATION

Post: Does anyone have a bona-fide tile person (not just a general guy who also 'does tile' like my guys are)? I need a shower stall tiled up and I know the floors in particular can be a bit tricky. Thank you in advance.

Response: You can try my guy and below is his Instagram account too so you can see his work. He typically does my tilework for my rehabs so he normally does a full tile job at a time. Thomas 267-230-0008 all_tile_services (@ts_tile_1) on Instagram

Response: This guy redid the entire shower. No issues. Marion M., 267-981-0019.

2 TO 3 B/R APARTMENT AVAILABILITY

Post: I have an inquiry from a recent college graduate who will be working at the Wistar Institute on the UPenn campus. He is looking for a two or three bedroom apartment near campus to rent with a friend or two of his. Any recommendations for best way for them to search would be appreciated.

Response: I have three two, two bedroom apartments for rent and one home. My phone number is 215-626-8057.

Response: Hi, I have (2) 3 bedrooms available 8 minute walk to Penn at Clark Park. John Cassidy. 856-981-2571.

Response: I have a nice 6BR house 2 blocks from UPenn that is not that far off some 3BRs prices I've seen. 4228 Chestnut Street www.zillow.com/homedetails/118368485_zpid/?view=public

IS IT THE CITY LAW THAT ONE HAS TO PAINT BETWEEN TENANTS?

Post: I hear yes and no? Does anyone know for sure?

Response: I believe no (unless there is evidence of cracking/peeling or chipped paint. However, I do believe, per the City code, a new cert is required each time an apartment turns over. (It must be on the landlord's honor system regarding compliance.)

How could the city enforce the code? I'm a certified lead inspector and a realtor. The only way I see them, (The City) monitoring for compliance would be via the multiple-listing system?

Response: You are not required to paint between tenants, but you are required to maintain your paint in good condition permanently not just between tenants. If your walls have spots, at the very least touching up the walls

would be best. It makes your new tenants happy and if you take your advertising pictures during turn overs like we do, you are increasing your chances of attracting good prospects to be your next tenants.

George, are you referring to a completely new inspection at turn over or just reusing the same certificate for the new tenant? I am not aware of any city requirement that requires a new certification with each new tenant. The same valid certificate can be given to the new tenants to sign it when the new lease is signed. The way the city makes sure this get done is by not allowing landlords to collect rent or reclaim possession during an eviction if you did not provide the tenant with a copy of the valid certificate. In addition, landlords can be fined up to \$2000 per offense.

RENTAL UNIT TURNOVER

Post: I have a unit near Temple Hospital that a tenant recently move out of that requires painting, minor drywall repair and cleaning - ie turnover. Does anyone know of a reliable, reasonably priced skilled person/company that can handle this work?

Response: This is the man I have used many times. Honest, reliable & reasonable - Richard Miles 267-238-8830

LEAD INSPECTIONS ON TURNOVERS

Post: I was recently told that your lead inspection results were transferable to a new tenant if it's within the four-year period. I was told the city changed the ruling that you need a new inspection for every new tenant. Anyone aware of this change?

Response: No, you only need it every four years.



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Everyone knows that going to court is time-consuming and expensive; HapcoPhiladelphia membership benefits include access to our one-stop solution to Philadelphia Municipal Court. Exclusive members-only fee structure provides top legal professionals who will guide and advise you on how the process works, from paperwork origination, mediation, settlement negotiation and, if necessary, actual eviction and lock-change, so you are comfortable knowing your rights as a property owner are known and respected.

Professional Services Fee Schedule

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Step-By-Step Method

- Municipal Court Hearing.....\$285
- Writ of Possession.....\$185
- Alias Writ (actual eviction).....\$120
- Reschedule Eviction For Landlord/Tenant Officer \$50
- Petition Hearing\$150 if tenant should file a petition

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