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HAPCO PHILADELPHIA NEWSLETTER

Serving Philadelphia's Investment & Rental Property Community

Message from the President:

Zero Complaints Filed Since October 2021

Greg Wertman

Zero. That's how many complaints have been filed with the Fair Housing Commission since the Renters' Access Act went into effect in October of 2021.

see "President's Message" on page 3

Understanding Rent Control

Rent control has long been a topic of debate in discussions about housing affordability. While it is often presented as a solution to rising rental costs, it's important to recognize why rent control can be detrimental to landlords and how recent proposals, including President Biden's new plan, could impact the rental market...

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Navigating the Challenges of Eviction

As landlords, we understand the complexities and challenges that come with managing rental properties. Recently, I had the opportunity to speak with Charles and Phyllis Adams, fellow landlords and longtime members of Hapco Philadelphia, about an incident they faced during an eviction process...

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Summertime Spruce Up Time for Rental Owners

Summer's here, and it's the perfect time to give your rental properties a fresh, inviting look without breaking the bank. Whether you manage one property or ten, these budget-friendly updates will make your rentals stand out and attract quality tenants. Let's dive into some fun and affordable summer projects that will make your properties shine!

see "Spruce Up Time" on page 6

MEMBER SPOTLIGHT

Sheryl Sitman

By Lauren Andreoli
Hapco Marketing Director

Sheryl Sitman's journey into real estate began in 2009 while she was living in Israel. Recognizing the potential of diversifying her investments, she decided to enter the real estate market. During a family trip to Colorado, Sheryl and her husband bought their first property, which turned out to be a promising venture. Despite their tech careers, they continued to buy new properties every couple of years, each in a different state. By 2016, they saw significant potential in the Philadelphia area and decided to move there, transitioning their career paths to investing full-time in single-family houses. What started as a strategy to diversify their investments soon became an opportunity to build wealth and enjoy a more flexible lifestyle. The change has since allowed Sheryl and her husband to achieve a balance and freedom they hadn't experienced before.

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Understanding Rent Control: Why It's Not Beneficial for Landlords

By HP Board of Directors Editorial Staff

Rent control has long been a topic of debate in discussions about housing affordability. While it is often presented as a solution to rising rental costs, it's important to recognize why rent control can be detrimental to landlords and how recent proposals, including President Biden's new plan, could impact the rental market.

One major issue with rent control for landlords is the financial strain it imposes. Rent control policies typically cap the amount landlords can charge for rent and limit annual increases. This can severely impact landlords who rely on rental income to cover property maintenance, taxes, and mortgage payments. When rent is restricted, landlords may struggle financially, leading to deferred maintenance and a decline in property value.

Furthermore, rent control can discourage landlords from investing in property improvements. With returns capped by rent control regulations, landlords might avoid renovations that could enhance the property's value and attract higher-paying tenants. This lack of investment can degrade housing quality, negatively affecting both tenants and the community.

Additionally, rent control can disrupt rental markets by creating an imbalance between supply and demand. When rents are artificially capped, demand may surge while the supply of rental properties remains stagnant or decreases. This can lead to a shortage of

available units and might prompt landlords to sell or change the use of their properties.

President Biden's recent proposal, which requires congressional approval, aims to address housing affordability but could introduce new constraints for landlords. The proposal includes a provision to cut off tax credits for landlords who raise rent by more than 5%. This policy would affect landlords owning more than 50 units, encompassing approximately 20 million rental units across the country. While the plan seeks to make housing more affordable for renters, it could increase regulatory and compliance costs for landlords.

The increased focus on affordability and rent control could also impact investment in the rental market. Investors and developers may be hesitant to enter or expand in areas with these regulations. This might slow down the creation of new rental properties and limit housing options for renters.

Small landlords are often hit hardest by rent control policies. They have fewer resources to manage sharp increases in operational costs, making it more difficult for them to maintain their properties and stay afloat financially. Without the ability to raise rents in line with rising costs, small landlords are less likely to develop new properties in rent-controlled markets, worsening the rental housing shortage.

In conclusion, while rent control is often proposed as a solution to housing affordability issues, it poses several challenges for landlords. Aside from being patently unfair to stymie a free and open marketplace and housing economy that exists in no other industry in the US, including the food industry where costs are not restricted, there are financial constraints, reduced incentives for property improvement, and market distortions are significant concerns. With President Biden's new proposal, potentially influencing rental markets and introducing additional regulations, it is essential for landlords to stay informed and advocate for balanced solutions that address the needs of both tenants and property owners.

President's Message: Zero Complaints Filed Since October 2021

Zero. That's how many complaints have been filed with the Fair Housing Commission since the Renters' Access Act went into effect in October of 2021. The Act has sparked considerable debate within our community. While its intention is to promote fairness and transparency, it also brings with it a host of new requirements and limitations that impact how we manage our rental properties. Given that landlords are already diligent in vetting tenants, the lack of complaints reflects this thoroughness.

One of the primary concerns raised by housing providers, including myself, is the additional paperwork and procedural hurdles imposed by the Act. The legislation requires rental property owners to provide detailed written screening criteria and to disclose the specific information used to make a decision within three days of a denial. While transparency is crucial, these requirements add layers of bureaucracy that can be burdensome and time-consuming.

Another significant issue is the restriction on using eviction records as part of the screening process. The Act stipulates that eviction records older than four years cannot be considered when evaluating a prospective tenant. This rule appears to cater to the minority of tenants with problematic histories and raises concerns about fairness for housing providers who need to make informed decisions based on a tenant's full history.

Additionally, the Act mandates that housing providers must explain their denial decisions, prohibiting them from relying solely on credit scores or eviction records. This contrasts with the fact that other businesses, such as banks and credit card companies, are not required to meet the same standards. This discrepancy feels unjust, as it seems housing providers are being unfairly targeted with regulations not applied consistently across all industries that use credit checks.

The Act also mandates that public-assisted rental housing is exempt from these requirements, which raises questions about equity and consistency in housing policy. If the goal is to ensure fair treatment for all tenants, why are these provisions not applied uniformly?

Greg Wertman

It is important to acknowledge that the Renters' Access Act was crafted in response to concerns about tenant rights and fairness. However, the reality is that these new rules may disproportionately impact responsible housing providers and property managers who are already adhering to fair practices. The challenge is finding a balance that ensures tenant protection while not unduly penalizing those who provide quality housing and make responsible leasing decisions.

As we move forward, it's crucial for us to stay engaged and advocate for policies that reflect the needs and realities of all stakeholders involved. I urge everyone to familiarize themselves with the details of the Act and to share their feedback and concerns with local lawmakers. Your voices are essential in shaping policies that support both tenants and housing providers in a fair and balanced manner.

Thank you for your continued dedication and commitment to our community.

HAPCO PHILADELPHIA

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Are Mortgage Rates in 2024 Improving?

By Patrick Freeze

If you're an investor or aspiring homebuyer, you know that mortgage rates have been quite unfavorable over the past few years. Luckily, after peaking at nearly 8% in October 2023, we've started to see rates slowly cool down. However, that doesn't necessarily mean they'll continue to drop.

Where Are Mortgage Rates at Right Now?

Over the past year or so, mortgage rates have risen to their highest levels in decades, making it challenging for investors and homebuyers to secure homes at favorable prices. However, after the peak in late 2023, rates have cooled just a bit.

Whether you're looking at investing or you're a rental property management company in Washington, DC, it's important to pay close attention to mortgage rates as they change throughout the year. This can give you an indication of when to buy real estate or, if you're a property manager when you can expect to manage more properties.

Predictions for Mortgage Rates in 2024

It's hard to say what mortgage rates in 2024 will look like going forward. However, most real estate experts remain hopeful for lower rates throughout the year. Here's what a few of them have to say.

National Association of Realtors (NAR)- Chief Economist Lawrence Yun at NAR predicts that mortgage rates are "heading toward 7% in a few months, and into the 6% range by the spring of 2024."

Fannie Mae Housing Forecast- The Fannie Mae Housing Forecast predicts that the average 30-year fixed rate will hang around 7% for the first quarter of 2024 and fall to 6.5% by the end of the year.

Mortgage Bankers Association (MBA)- In MBA's Mortgage Finance Forecast, they predict that mortgage rates will decrease from 7% in the first quarter of 2024 to 6.1% by the fourth quarter.

Realtor.com- In a 2024 Housing Market Forecast, experts at Realtor.com expect rates to average 6.8% this year, dipping to 6.5% by the end of the year.

Wells Fargo- In the latest US Economic Forecast, the Economics Group at Wells Fargo predicts that the 30-year conventional mortgage rate will decline to 6% by the end of the year.

What Factors Affect Mortgage Rates?

Several things can affect mortgage rates in 2024, aside from personal factors. Of course, your rate may depend on your financial health. However, there are a few major factors at play, most of them reflecting the basic rules of supply and demand. Here's what to keep in mind while looking at mortgage rates.

- Inflation
- Rate of Economic Growth
- Federal Reserve Monetary Policy
- The Bond Market
- Housing Market Conditions

Inflation

Inflation is when prices for things go up over time, making each dollar buy less. For mortgage lenders, this means they have to charge interest rates to cover the loan and make up for potential loss in purchasing power due to inflation. If mortgage rates are, for example, 6% and inflation is 2%, lenders are essentially making a real profit of 4%. So, lenders watch inflation closely and might adjust rates to ensure they earn enough to keep up with rising prices.

Rate of Economic Growth

When the economy is doing well, with more jobs and higher wages, people tend to buy more homes. This increased demand for home loans increases mortgage rates because there's a lot of competition for available money from lenders. However, when the economy isn't doing so well, the reduced demand for home loans makes mortgage rates go down because lenders don't have as many people asking to borrow money.

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Mortgage Rates

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Federal Reserve Monetary Policy

The Federal Reserve acts as the financial guardian of the United States, aiming to maintain economic stability by ensuring sufficient jobs and stable prices. Through their monetary policy, the Fed sets interest rates and controls the money supply. While it doesn't directly determine mortgage interest rates, its decisions impact the overall interest rate environment. So, increasing the money supply generally makes borrowing, including mortgages, cheaper. Conversely, tightening the money supply can result in more expensive borrowing and higher mortgage rates.

The Bond Market

Mortgage rates are linked to the bond market, specifically mortgage bonds or mortgage-backed securities (MBS). Banked and investment firms sell MBS, which are bundles of mortgages sold in the bond market. When demand for these bonds is high, mortgage rates go down, and when demand is low, rates go up. A common benchmark for mortgage rates is the yield on the 10-year Treasury bond.

Housing Market Conditions

The supply and demand dynamics in the housing market can impact mortgage rates. In a strong housing market with high demand for homes, lenders may be more inclined to raise interest rates. On the other hand, in a lower-demand housing market, lenders might offer more competitive rates to attract borrowers.

Is 2024 a Good Time to Refinance?

It's hard to say for sure if 2024 is a good time to refinance your current mortgage. That said, it depends on several factors, including current and potential interest rates.

Back in 2020 and 2021, when interest rates were at record lows, many people took advantage of securing a mortgage. Additionally, many people took that opportunity to refinance their mortgages. As such, if you were lucky enough to secure a mortgage at those rates, now might not be the best time to refinance.

How to Get a Lower Mortgage Refinance Rate

Refinancing your mortgage can be highly beneficial as long as you get a better rate than you had before. Luckily, a few methods can be beneficial, especially if you bought a property between mid-October and early November when rates were at their highest.

Since you must consider closing costs and fees associated with refinancing, most mortgage experts suggest refinancing only makes sense if you can get a rate that's at least 1% lower than your current rate. That said, if you're looking to secure a lower mortgage refinance rate, here are a few helpful tips.

- Get quotes from more than one lender
- Improve your credit score
- Save for a larger down payment
- Choose a shorter loan term
- Negotiate to potentially waive or reduce closing costs
- Find Management for Your Next Investment

If you plan on taking advantage of lower mortgage rates in 2024 and buying an investment property, you'll want to start planning now. After all, investing in real estate usually involves much more work than simply buying a property. Depending on your goals and plans for the property, you'll want to account for potential renovations, marketing costs, and property management.

This entry was posted in Property Management in Montgomery County, MD and tagged advice on owning a rental property, tips for buying property. POSTED ON FEBRUARY 14, 2024

Patrick Freeze is a licensed real estate broker and Baltimore native with over a decade of experience in the real estate and property management industry. He graduated from Dickinson College before starting Bay Property Management Group in 2009.

Spruce Up Time

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1. Curb Appeal Magic

First impressions matter, and nothing says "welcome home" like a charming exterior. Enhance your property's curb appeal with these simple tricks:

Fresh Paint: A fresh coat of paint on the front door or shutters can make a world of difference. Choose a bold, welcoming color to create a striking focal point.

Greenery Galore: Plant some colorful flowers or low-maintenance shrubs. Adding window boxes or hanging baskets can also add a touch of charm.

Clean and Clear: Power wash the driveway, walkways, and siding to remove dirt and grime. A clean exterior instantly looks more inviting.

2. Kitchen Revamp

The kitchen is often the heart of the home, and small updates can make a big impact:

Hardware Swap: Replace old cabinet handles and drawer pulls with modern, stylish options. It's an easy and inexpensive way to update the look.

Backsplash Brilliance: Peel-and-stick backsplash tiles are a cost-effective way to add a splash of style. They're easy to install and come in a variety of patterns and colors.

Lighting Love: Install new light fixtures or replace outdated ones. Bright, energy-efficient LED bulbs can also make the space feel more vibrant.

3. Bathroom Beautification

Give the bathrooms in your rental properties a mini-makeover with these affordable updates:

Mirror Magic: Frame the bathroom mirror or replace it with a modern, stylish one.

Fixture Fix-Up: Update faucets and showerheads to contemporary designs. Opt for water-saving models to appeal to eco-conscious tenants.

Storage Solutions: Add shelves or over-the-toilet storage units to maximize space and keep things organized.

4. Flooring Fun

Flooring can make or break a rental property's appeal. Consider these budget-friendly flooring options:

Vinyl Versatility: Luxury vinyl planks are durable, attractive, and easy to install. They come in various designs that mimic more expensive materials like wood or stone.

Area Rugs: Add colorful area rugs to define spaces and add warmth, especially if the existing flooring is in good shape but looks a bit bland.

5. Outdoor Oasis

Summer is all about enjoying the outdoors. Create inviting outdoor spaces for your tenants to relax and entertain:

Photo: Donna Bigg from Pixabay

Patio Perfection: Set up a cozy seating area with budget-friendly patio furniture. Add some outdoor cushions and a small table to create a welcoming space.

Lighting Ambiance: String lights or solar-powered garden lights can create a magical atmosphere in the evenings.

BBQ Bliss: Provide a small, portable grill for tenants to enjoy summer cookouts. It's a thoughtful touch that will be much appreciated.

6. Energy Efficiency Enhancements

Help your tenants save on utility bills while making your properties more appealing:

Weatherstripping Wonders: Install weatherstripping around doors and windows to improve insulation and reduce energy costs.

Ceiling Fans: Add ceiling fans to rooms to enhance comfort and reduce reliance on air conditioning.

Smart Thermostats: Invest in smart thermostats that allow tenants to control temperatures remotely and save energy.

7. Community Connections

Build a sense of community among your tenants with these simple ideas:

Bulletin Board Bonanza: Set up a community bulletin board in a common area where tenants can share news, events, or even items for sale.

Event Extravaganza: Host a summer BBQ, outdoor watch party or potluck to foster a friendly, neighborly atmosphere.

Updating your rental properties doesn't have to be a costly endeavor. With a bit of creativity and these budget-friendly tips, you can transform your rentals into appealing, comfortable spaces that tenants will love. So roll up your sleeves, embrace the summer spirit, and get started on these fun and affordable projects!

Navigating the Challenges of Eviction

By Lauren Andreoli
Hapco Marketing Director

As landlords, we understand the complexities and challenges that come with managing rental properties. Recently, I had the opportunity to speak with Charles and Phyllis Adams, fellow landlords and longtime members of Hapco Philadelphia, about an incident they faced during an eviction process.

The incident began when a tenant under the Philadelphia Housing Authority stopped paying their portion of the rent, accumulating over $3,000 in debt. Despite their efforts to resolve the situation amicably, Charles and Phyllis had no choice but to proceed with an eviction. They reached out to Hapco Philadelphia for guidance and support, following every necessary step to carry out the eviction legally and efficiently. It's crucial to adhere to the legal procedures to avoid any complications.

After following all the necessary steps, including the now-permanent Diversion program, paying all the fees and charges, patiently waiting, and losing rental income each and every day, they finally won their case and received a Municipal Court judgment; the lockout was scheduled for June 10th.

On that day, the lockout was executed successfully. However, the very same night, the tenant broke back into the property by kicking in the front entry door and then doing the same to their former apartment unit. It was a shocking and disheartening experience for the Adams and the next day, Charles and Phyllis called the police. When they finally arrived on-scene, the supervisor noted that the apartment had been ransacked and had a foul smell.

Yet even after presenting the legal eviction documents, communicating with the landlord-tenant office that carried out the official lockout, the police still refused to remove the trespasser. Even an attempt to have the police supervisor engage with Hapco Philadelphia's office reps to explain, the process was denied.

Charles and Phyllis explored all possible legal avenues to address the situation. They contacted the police multiple times and even spoke with a lieutenant, but to no avail. The tenants continued returning to the property to cause havoc and exact revenge. They had already caused significant property damage and further loss of revenue to the owners. The evicted tenant even left the water running, which damaged the ceiling and floors, and impacted other tenants. One resident moved out due to the disturbance.

"It's very stressful," Charles admitted. They had to pay for new locks and a security door to prevent future break-ins. The police suggested we get the apartment cleaned immediately to restore some order.

The Adams' experience underscores the need for changes in the current laws and enforcement and screening practices. Better coordination between the landlord-tenant office and police will have an impact and ensure tenants leave peaceably when an alias writ of possession is issued by the court. Charles and Phyllis advice to other landlords is to be thorough and diligent when vetting tenants.

"Check all tenants carefully," they advise. Ensure by all possible means that they are responsible by checking all references and not being shy in requesting more in-depth information to assure that once an applicant has been accepted, both landlord and tenant will benefit from a duly applied policy and understood responsibility. For instance, if a tenant applied for only an electric utility account in their name and failed to apply for others as may be required under the terms of a lease, this is a warning sign that the would-be tenant may not comply with requirements, including prompt payment of rent. The Adams experienced this, and more, including problems with pests and other concerns.

Charles and Phyllis Adams have been members of Hapco Philadelphia for over 20 years, and their story highlights the unpredictable and sad side, in some instances, that can occur in property management. Their experience is a testament to the importance of community engagement, timely and thorough preparation and oversight of rental units, and resilience in the face of challenges. At Hapco Philadelphia, we are dedicated to providing members with vast resources and support they need to enable successful landlord-tenant relationships.

If you have a story to share or need assistance, please reach out to us. Your success or informative and enlightening story may be featured in a future issue of the Hapco Philadelphia Newsletter to encourage and advise others in the field of dangers and pitfalls of the wonderful world of property ownership and management!

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Hapco Philadelphia's Essential 10-Step Guide for New Property Owners

By HP Board of Directors Editorial Staff

Hapco Philadelphia provides a wealth of resources to help both new and experienced rental property owners and managers navigate the complexities of property management, licensing, and compliance. From learning the basics of becoming a landlord to ensuring fair housing practices, Hapco Philadelphia serves as a one-stop resource for all property-related needs.

Starting Your Ownership Journey

New rental property owners can find a detailed guide on how to start their journey with the exclusive Hapco Philadelphia Handbook, available only to members. The nearly 200-page Handbook outlines the steps to follow, such as understanding the types of licenses required based on the number of rental units in the building and whether you as the owner will live in the property. A Commercial Activity License Number and Business Income and Receipts Tax (BIRT) registration are examples of the necessary certificates each property with five or more rental units must have. Conversely, if the property has four or fewer units and you live in one of them, you'll need an Activity License Number.

Meeting Rental License Requirements

To apply for a rental license, landlords must gather all necessary documentation. This includes maintaining an open and compliant Philadelphia Tax Account, acquiring the appropriate activity license, proving ownership, certifying legal occupancy, obtaining lead safety certifications, and verifying that there are no open violations on the property.

Tax Compliance Resources

Tax compliance is crucial for Philadelphia rental owners. The Philadelphia Tax Center platform is where owners can file and pay property taxes online, apply for tax assistance programs, and request refunds. Obtaining a tax clearance certificate is important, as it is required for applying for financial assistance opportunities like the Rental Improvement Fund and the Eviction Diversion Program.

Ensuring Lead Safety

The health and safety of tenants are paramount, and the Hapco Handbook offers extensive resources on lead safety. Owners are required to test and certify their properties as lead-safe every four years, or lead-free one time if the property was built prior to 1978. This is the demarcation of when lead as an additive to paint and paint products was banned in the US.

Hapco Philadelphia provides information to provide on hiring certified lead professionals and submitting certifications. Additional resources include information on addressing lead issues during renovations and recognizing common sources of lead exposure. The Handbook also includes essential lead safety information that landlords must share with tenants.

Establishing Proof of Ownership

Proving legal ownership is essential for accessing various benefits, such as loans, grants, insurance, and utility or tax assistance programs. The Hapco Handbook and the City's Landlord Gateway website (https://www.phila.gov/programs/landlord-gateway/) provide information on common issues like tangled titles, easements, mechanic's liens, encumbrances, and deed or mortgage fraud, for example. These resources explain the process for resolving tangled titles and obtaining certified copies of deeds, particularly for properties recorded before 2000.

Applying for a Rental License

The Hapco Handbook provides information on the application process for a rental

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10-Step Guide

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license by way of the City's eCLIPSE system or by scheduling an appointment with the Department of Licenses and Inspections Permit and License Center. Here you'll find details for uploading required documents, the review timeline of five business days, and the notification process for approval or requests for additional information.

Connecting with Tenants

After obtaining a rental license, you'll want to find qualified tenants. The Handbook provides guidelines for tenant screening to ensure compliance with fair housing standards and ways to avoid all-to-common pitfalls for new landlords. The need to be above reproach in all business dealings is an imperative, both from a practical standpoint as well as legal.

Understanding Fair Housing Responsibilities

Fair housing is a critical aspect of knowledge based and due diligence obligation for any property manager. The Hapco Handbook provides educational materials on the Fair Housing Ordinance and the property owner's role in upholding these laws. The Handbook is loaded with information on fair housing laws, discrimination, protective classes, and proper screening practices for new rental applicants. By understanding and adhering to fair housing responsibilities, you'll foster equitable and compliant rental practices.

Creating Leases that Protect You

Hapco Philadelphia members have access to a lease package that includes a contractual rental unit agreement designed by our Board of Directors focused specifically for rental relationships based in the City of Philadelphia. We also have other documents you'll find useful.

Knowing Where to Find Help

Quite possibly the biggest value of a Hapco Philadelphia membership is knowing that help is at your fingertips. From our regular "Ask the Attorney" series to the Hapco Forum and private members-only Facebook group, expert and peer help is available no matter where you are in your rental property ownership journey! Meet-and-greets, along with educational in-person gatherings also encourage fellow real estate professionals to share ideas, concerns, learn, observe, and network.

Pennsylvania earmarks $11M to plug orphan and abandoned wells

By Anthony Hennen | The Center Square

Pennsylvania has spent more in recent years on plugging abandoned gas and oil wells, and the state budget will give the effort another boost.

The budget, passed earlier in July, dedicated another $11 million "to plug as many wells as possible," as the Shapiro administration noted in a press release.

In March, the governor celebrated the **200th orphan well** to be plugged. Abandoned wells are ones that haven't produced for at least 12 months, while orphan wells are those that don't have a traceable owner.

Federal money has come into the state for orphaned and abandoned wells, but state funds have picked up, with the Shapiro administration dedicating $28 million to plugging efforts in addition to the new $11 million appropriation.

However, the vast majority of wells that have been plugged **didn't have negative human or environmental effects**, even though the administration spoke of plugging efforts aimed at wells "that leak methane and endanger our communities."

One issue is that some wells can be very difficult to access and political pressure means that **easier wells get plugged**. Another problem: not all wells are known or monitored, so it's unclear which wells present a hazard in the first place.

Critics have also noted that bad data and incentives can **inflate the costs of plugging**. A **lack of public oversight**, too, means that problems can fester.

Federal rules and requirements have per-well **plugging costs above $100,000**, according to the Department of Environmental Protection.

The well count, maintained by the DEP, lists more than **20,000 abandoned wells** and almost 7,000 orphan wells. Other sources, however, estimate that the total well count could surpass 500,000 or more. The history of oil and gas in Pennsylvania means that wells are scattered across rural areas in the western and northern parts of the commonwealth, with records of where they were lost to the ravages of time.

Owners of manufactured homes protest rent gouging

By Lauren Jessop
The Center Square contributor

Manufactured home communities offer affordable housing options for people on fixed incomes, but in Pennsylvania, homeowners say "predatory" lot rent increases threaten their way of life.

Two **bills** that could resolve the issue have lawmakers at odds and expressing skepticism about their prospects.

Manufactured homes are constructed in factories and assembled on-site. Residents typically own the home, but not always the land on which it sits. The federal government's $225 million grant program to promote manufactured home affordability isn't helping, either.

Of the estimated 55,900 households in 2,300 manufactured housing communities across the commonwealth, roughly 70% own their homes and pay lot rent for the underlying land, according to a report by the **Federal Reserve Bank of Philadelphia**.

The remainder rent their home like traditional tenants and may be exposed to lot rent increases passed through by the homeowner, a spokesperson for the reserve bank told The Center Square.

Senate Bill 86, sponsored by Sen. Judy Schwank, D-Reading, would amend Act 261 by creating a cap on yearly land increases tied to the Consumer Price Index.

House Bill 805, introduced by Rep. Liz Hanbidge, D-Blue Bell, would require six months' notice of a proposed rent increase and give tenants an avenue to dispute increases that exceed the inflation rate.

Rep. Mark Gillen, R-Reading, continues to advocate for advancing the bills, but other legislators oppose rent caps as a solution.

As reported in the **Reading Eagle**, Sen. Tracy Pennycuick, R-Red Hill, said rent control proposals defy the state constitution.

The Pennsylvania Manufactured Housing Association does not support the bills, either, arguing that rent increases are driven by supply and demand and are necessary to maintain and operate the communities.

Residents say differently; their rents are increasing at disproportionate rates, while maintenance is falling behind.

A recent conference hosted by the Federal Reserve Bank of Philadelphia along with the Pew Charitable Trusts Housing Policy Initiative explored these challenges, strategies and innovations in the manufactured housing sector.

One panel gave MHC members the opportunity to provide their perspectives.

Bob Besecker is cochair of the Rent Issues Committee of Douglass Village. In 2022, his community was sold to an out-of-state private equity firm and his rent increased by $75 a month for two years in a row. He has since organized the **Coalition of Manufactured Home Communities of Pennsylvania** which has grown to over 40 members.

The typical 55-plus manufactured home community, he said, is made up of 44% single residents of which nearly 36% are women – most of whom are widows. Vietnam era veterans or their widows make up 37% of the households, and male veterans account for 42%.

After a decade of moderate rent increases, Besecker explained, his community in Douglassville and others saw successive increases of 13% and 15%, and one Allentown community recently had an increase of 51%.

He's spoken to residents who, due to ongoing rent hikes, have cut back on their medication or food, or may lose their homes altogether.

Besecker told The Center Square that corporate landowners have lobbied lawmakers against the proposals. Many residents not only fear the uncertainty of their annual rent increases, but some also worry about retribution if they become involved in the coalition.

He knows when the current legislative session ends in a few months, without further action, the pending bills will be dead. However, he says they will continue to beat the drum.

"We are not going anywhere," he said.

Schwank, via email statement, said it is really a simple issue.

"You can stand with seniors, veterans, people with disabilities, and hardworking folks who simply want a safe, affordable low-maintenance place to live, or you can stand with the out-of-state companies seeking big profits off the backs of Pennsylvanians," she said.

Schwank said she's been very clear that what's happening in Douglass Village and elsewhere is price gouging.

"The people I've talked to say they're paying more and receiving fewer services and less upkeep," she said.

"Senate Republicans say they aren't willing to consider SB 861 but claim to be sympathetic to the issues raised by manufactured homeowners," she added. "I'm eager to hear their proposal and happy to work with any lawmaker willing to make a good-faith effort to help manufactured homeowners."

Delaware recently passed **House Bill 212(S)**, capping the amount a landowner can increase lot rent from year to year under certain conditions.

Sheryl Sitman

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Sheryl greatly appreciates her membership in Hapco Philadelphia for the supportive community it offers landlords. Their network keeps her updated on the latest housing market trends and regulations, and she benefits from the valuable insights shared by fellow members. When Sheryl and her husband first moved to Philadelphia in 2016, they underestimated the challenges of renovating distressed properties and finding reliable contractors. These obstacles were more significant than anticipated, highlighting the complexities of property management in a new market. Sheryl keeps herself updated by regularly scanning local news, particularly the real estate sections and business journals. Additionally, she runs the Philly Landlords Connect group on Facebook.

Further, she emphasizes the importance of tenant satisfaction, recognizing that happy tenants are more likely to take care of the property and stay longer. She strives to accommodate tenants within reason, responding quickly to requests, and being considerate about rent increases. This approach ensures her properties are well-maintained and tenants are content. Sheryl believes that maintaining a comfortable, well-kept home for her tenants aligns with her business interests. By keeping her properties in good shape and addressing tenants' needs promptly, she ensures long-term tenancies and reduces turnover, benefiting both her tenants and *her* business.

Her advice to newer landlords is to be conservative when running numbers to ensure that deals work, even in challenging circumstances. Sheryl emphasizes the importance of building strong relationships with contractors, agents, and lenders, focusing on the quality of relationships rather than always seeking the best price.

Deferred maintenance is a significant mistake as it can lead to more substantive problems later. She also stresses the importance of treating good contractors well to maintain positive working relationships. Sheryl is optimistic about the future of Philadelphia's real estate market, especially with the new mayoral administration. She expects positive changes that will benefit the market. Additionally, she notes a trend toward renting as housing becomes less affordable, making residential real estate increasingly centered around rental properties. Ms. Sitman advocates for fair and reasonable regulations

around evictions and anti-squatter laws. She also calls for a better tenant culture of accountability to improve the overall housing environment in Philadelphia.

Outside of her work as a landlord, Sitman enjoys cooking, going to the gym, spending time with her family, and traveling. The dynamic nature of the real estate industry keeps Sheryl motivated, as there's always something new to learn. She appreciates the endless potential within the field, which continuously fuels her passion.

One of Sheryl's memorable moments was overcoming the initial challenges of property renovation and finding reliable contractors. This experience taught her valuable lessons and contributed significantly to her growth as a landlord.

Sheryl's message to fellow Hapco Philadelphia members and the wider landlord community is: "Don't get frustrated. We all go through challenges; just make sure you learn from them, and it will get better." She also highlights the Philly Landlords Connect group, which started in 2020 as a support network during the Covid crisis and has evolved into a vital forum for landlords. She encourages fellow members to join and connect. If anyone ever wants to chat, Sheryl is happy to offer her time and can be reached via email (sheryl.sitman@gmail.com).

To listen to Sheryl's podcasts, you can visit the following links:

https://podcasts.apple.com/us/podcast/philadelphia-landlords-connect-podcast/id1668144422

https://open.spotify.com/show/1k8kn0zeNFf7xZDaMNvFcG?si=CS98jPIIRgOKNG4s59r2vw

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.

BRIDGE THE GAP 2024

☞**Post:** Save the Date for Bridge the Gap 2024:

Join the Conversation on Housing and Development!

We're thrilled to announce our upcoming event on September 19th, 2024, with panelists including city council members Rue Landau and Jamie Gauthier, state representative Jared Solomon, and state senator Nikil Saval. This event will delve into crucial topics such as affordable housing, neighborhood improvements, and more.

Date: September 19th, 2024
Time: 5:30 PM – 8:00 PM
Location: Soon to be confirmed

- Engaging Speakers
- Insightful Panel Discussions
- Local News Coverage
- Networking Opportunities
- Food and Beverages Provided
- On-Site Parking Available

Registration is FREE for members and non-members. Secure your spot now!

hapcophiladelphia.com/bridge-the-gap

HAPCO RENOVATION CONTEST

☞**Post:** Join Hapco's Renovation Contest!

We're thrilled to announce our upcoming Renovation Contest, where two lucky individuals will have the chance to win Home Depot gift cards of up to $600! Are you ready to showcase your renovation skills?

How to Enter:

- Complete a renovation project on a rental property in Philadelphia between June 15 and August 15, 2024.

- Projects can include painting, updating bathrooms and kitchens, and any cosmetic updates to get units market-ready.

- The property must have an active rental license (we will verify via atlas.phila.gov).

What We Need:

Our communications coordinator, Lauren Andreoli, will create content featuring before and after pictures and videos of your project.

What We're Looking For:

Creativity and innovation in tenant turnover projects that breathe new life into rental units.

Ready to participate or want to learn more? Email Lauren@hapcophiladelphia.com!

CITY COUNCILMEMBER JAIME GAUTHIER, DISTRICT 3

☞**Post:** "Philadelphia City Council seeks to adjust how money is paid to and spent from the Housing Trust Fund"

PHILADELPHIA (KYW Newsradio) — Two bills that passed Philadelphia City Council, this session, would change the way the Housing Trust Fund gets and spends money, but the legislation faces hurdles before the changes become final.

Council created the Fund in 2005 to generate money locally for affordable housing, which was drying up in the midst of a building boom. Initially, the Fund relied on document-recording fees, but in 2018, Council sought to encourage developers to include affordable units in their projects by giving them "density bonuses."

They could build larger units or more units than by-right zoning would allow if some of the new units were price-restricted for low- and moderate-income residents. There were few takers. So, in 2021 the city allowed developers to receive the same density bonuses for "payments in lieu of housing" to the Fund.

The payments, though, don't literally go to the Housing Trust Fund. They become part of the General Fund, which in turn funds the Housing Trust Fund. A referendum passed in 2021 required the 1.5% of the city budget go into the Fund, which theoretically includes the density bonus payments.

This bothers Councilmember Jamie Gauthier, whose district includes University City, where market-rate development is rapidly gentrifying surrounding neighborhoods. She sponsored a bill that will ask voters to approve a requirement that density bonus payments go directly into the Fund.

She also sponsored a second bill that would require that density bonus money get spent in the Council district where they were generated — so the payments from an extra-dense development in West Philadelphia, for example, could not be spent on affordable housing in North Philadelphia.

"Communities that are experiencing a lot of

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high-density, market-rate development, and experiencing gentrification through that development, now can rest assured that the density bonus money that we promised to them is actually going to the Housing Trust Fund and is actually going back to their communities," she said.

The Cherelle Parker administration, however, opposed both bills. Officials argued that the new requirements would add more fixed costs to a budget that is already more than half fixed costs, thus taking away flexibility for elected officials to spend public money where it's needed most.

Voters will get the referendum next May and have the final say on where density bonus payments go.

The bill to restrict where the money can be spent is now in Parker's hands. She has until Sept. 5 to decide whether to sign it. Copied from the WEB.

SIDEWALK REPAIR

☞**Post:** Hit with a mandatory sidewalk repair by my insurance company. Does anyone recommend someone who can do this (as inexpensively as possible?!)

Secondly, I'm aware of repair grants from the city for owner occupied properties. Does the city offer ANY financial assistance for rental property owners to make these repairs? (Not hopeful but thought I'd ask)

☜**Response:** Try Shelton at 215-758-7512.

☜**Response:** Richard Miles 267-238-8830

WATER BILLS

☞**Post:** Does anyone know if you can put a water bill in a tenant's name? Obviously, it would only apply to single family homes or rentals where multiple units are individually metered (if that is even possible).

Just curious - I'm getting tired of tenants who are neglecting running toilets etc.

☜**Response:** You can put it in the tenant's name but we always keep the water bill in our name. that way we can keep track of it. If it is in the tenant's name they can run that up to hundreds and even thousands of dollars.

☜**Response:** Yes, you can. Have a copy sent to you.

☜**Response:** Understood. Wouldn't the tenant be responsible for the usage if it's in their name or is it like PGW where the owner will ultimately be responsible for any unpaid bills?

I know PGW has the LCP program which is something the water department doesn't have.

☜**Response:** You maybe can but you as the owner will be the one held accountable if the tenant for whatever reason can't pay. The owner will have to deal with a property lien for the debt. That's the only downside I see.

☜**Response:** Paul Cohen suggested that landlords should leverage the TAP program to avoid being held responsible for the water bills. However, TAP requires that the tenant already have the water in their name in order to apply. Like most owners here, I keep water in my name for the reasons we all know. But has anyone here figure out how to leverage TAP somehow? How can you know the tenant is eligible? And the application looks cumbersome - requiring full cooperation of the tenant, of course.

☜**Response:** I had a tenant who was required to get TAP (and apply for Covid assistance) as part of the eviction diversion program. She felt that water is a "natural resource" unlike gas and electricity (which were in her name) and she therefore did not have to pay for it. The water bills were in the owner's name, but in the lease, it was specified that it was the tenant's responsibility to pay the water bill. The water bill was mailed to the tenant.

The tenant was not paying the water bill, but as part of the eviction diversion TAP did end up paying the water bill. This was after I was forced to pay a third of the over $1,000 water bill twice to avoid shut off. I was looking forward to seeing a low balance water bill, but it never happened. Even after the TAP payment was applied, the bill was back up to $800.

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Over the Transom continued from page 12

I asked the tenant if any toilets were running and she said no. I went into the house to check and the toilets were running.

So, the short answer is yes, the tenant can get, and can even be required to get, TAP assistance. But said tenant can still find a way to run up the water bill again. The water department did install the smart meter with notification immediately after I called and asked them to check and see if the water meter was defective. And the eviction did eventually succeed thanks to Baritz.

Response: We require tenant to be able to put all utilities in their names. It's been a requirement for many years. It is another criteria to lease. (Those that can't do this don't apply). From my experience, only the name on account can set up a payment plan. I am not open to creating a payment plan for a tenant under my name and being held legally responsible. If the water bill is in owner/LL name, and tenant doesn't pay, what is LL eventually going to do? Pay the bill. I doubt if the water company will refuse a payment from anyone because the payer is not the account holder. I believe in holding tenant accountable for their debt. I try my best not to co-mingle.

A QUESTION ABOUT LEASES

Post: Since Covid, I am having difficulty finding highly qualified tenants for my apartments. Between them having lost jobs, suffered economic downturns on unemployment, many now have challenged credit scores, no savings, reduced work hours, etc..

Is anyone else experiencing this?

So I've found some perspective tenants that I like, but feel a bit uncertain about their finances. Has anyone experimented with, or have experience with month-to-month or six-month leases? What are the advantages and or disadvantages?

I don't have any experience with this, I've been blessed to have solid tenants who sign a one-year lease and end up staying for 10-years. But the world has changed.

Response: I've noticed similar issues with an increase of unqualified applicants but have chosen to just hold out for better prospects. The post-covid eviction process is too painful to take unnecessary risks. Many people in this forum will respond with the dangers of monthly leases. However, I have found them to be quite useful in getting out of problematic tenant relationships with less reliance on the eviction process.

We generally don't start out leases on monthly terms, but if there are behavior or payment issues that are not active at renewal time, we'll consider switching them to a monthly lease. Then, if the problems reoccur, you can give them 30 days' notice with the "good cause" reason specified. That way, you can avoid a drawn out eviction process during which the problems and unpaid balance only get worse.

ZONING QUESTION

Post: I am in the process of selling a quadplex and the city, when it transferred to digital files, lost the conversion of the property to the quad. in 1986. It's currently listed as a triplex (I think) RSA-3 district. When I bought this in 2011, I received a city cert. for a four unit apartment house. The city no longer will recognize this. I need help. Anyone know someone in L&I who can clear this up?

Response: Do you show four utility accounts for the property since 2011? If so, that should work.

Response: What does your rental license say? Was property built as a four unit or converted by a variance? If converted via a variance, which seems to be the case, you MAY lose the variance if the property is not used as the new variance dictates within 3 years of the variance. To prove the new usage, the City goes by what the rental license says.

Response: Give a call to Khaliah Huff 215-347-9762 / 267-547-1695 cell. They took care of getting my duplex back to a triplex (which it was at one time). They know their way around City Hall.

TOILET TANK WATER FLOW ALARM

Post: Has anyone installed toilet tank water flow alarms for when the flappers break? There's one on Amazon but the reviews are lukewarm. Seems like could be a worthwhile investment, considering the water bills are not in the tenants' names.

Response: It would be cheaper and practical to just change the flapper out every two years or so, if you're that worried about it. I'm keeping up with almost 20 toilets now and I haven't replaced a flapper since 2020. The most evasive leak that I have to deal with is under kitchen sinks because tenants aren't regularly accessing the area. Just my 0.02 cents.

Reasons to JOIN HAPCO Philadelphia

HAPCO PHILADELPHIA

— hapco@hapcophiladelphia.com —

Hapco Philadelphia is the pre-eminent rental real estate industry trade group in the Philadelphia region.

Hapco Philadelphia (HP) was established in 1954 to represent the collective interests and municipal concerns of owners of rental properties in the City of Philadelphia. Now with nearly 2,000 members, its owners/managers control over 20,000 low- and moderate- and market-rate rental units, including single-family and multi-family properties throughout the Philadelphia.

The Hapco Philadelphia board is an all-volunteer 401C-4, Not-For-Profit organization, comprised of entrepreneurs, teachers, police, lawyers, architects, and who helm firms ranging from start-ups to mom-and-pops, and old-line multi-generational firms.

HP advocates for an improved business environment, fair and reasonable laws, rules and regulations that protect the health and safety of tenants and at the same time enable landlords to operate in a free, fair, and open marketplace.

FEATURES & BENEFITS OF MEMBERSHIP:

- NEW Fully Integrated Website
    - Streamlined forms for landlord &
    - tenant legal actions
    - Searchable archive
    - Continuous updates of legislative matters
    - Updated news & information feeds
    - Announcements & calendar events
    - PA state level legislative activity & PROA
    - Online store (coming soon!)
    - Special "ask our lawyer" section
- Exclusive members-only online Forum
- Facebook, LinkedIn & YouTube channel
- Online monthly newsletter, including news, trends, & editorials
- Educational series, lectures & roundtables
- Affordable, Tax deductible membership dues
- General Membership Seminars featuring guest speakers from the local business community, building, industry, and elected officials
- HP-PAC to support our various interests and causes on behalf of its members
- Exclusive members-only discount at major retailers like Home Depot and Sherwin-Williams
- Affordable, tax-deductible membership dues
- Get involved! Exciting opportunities to make a difference by joining Hapco Philadelphia's wide array of committees.
- Meet-and-Greets!

ONE RATE NOW! New Member or Renewal Fee: $165 a year.

Pay over the phone or mail a checkto:

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