



National Association of Residential Property Managers

November 11, 2022

Ms. Erika Poethig
Special Assistant to the President for Housing and Urban Policy
Executive Office of the White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Ms. Poethig:

Thank you for the opportunity to participate in the Zoom meeting regarding tenant-centered housing policies. On behalf of the National Association of Residential Property Owners (NARPM®), we appreciate the invitation to be a part of the conversation and share our insight and perspective on these important issues. Likewise, we want to commend the White House for its leadership on the issue of creating more affordable housing choices for American families.

By way of background, the National Association of Residential Property Managers is an association of real estate professionals who know first-hand the unique problems and challenges of managing single-family and small residential properties.

Founded in 1988, NARPM provides a permanent trade organization for the residential property management industry. It continues to be the premier professional association of residential property managers, currently representing more than 6,000 members comprised of real estate agents, brokers, managers, and their employees.

Our organization promotes a high standard of business ethics, professionalism, and fair housing practice. NARPM also certifies its members in the standards and practices of the residential property management industry and promotes continuing professional education.

Our members focus on managing single-family and small residential properties, an asset class with a significant number of small, mom-and-pop landlords.

We would like to take this opportunity share information with you regarding the three key areas you outlined: Safe and Decent Housing, Leasing and Compliance, and Evictions:

Safe and Decent Housing

NARPM members understand the importance of safe, decent housing for our consumers. While there are certainly state and local laws and regulations that set minimum habitability

standards, our members go beyond that. Residents look for the best value for what they spend on housing, and so, our members will provide a higher level of quality to attract residents and keep properties leased. Likewise, state and local laws set minimum parameters on repairs, and for us, those minimums are exactly that – the minimum. We strongly encourage our members to go above required minimums as a means of improving the consumer’s experience and retaining tenants. Such practices are in the owner’s best interest. Unhappy consumers mean higher vacancy rates, greater turnover costs, and lower returns. For us, going the extra mile for our consumers makes perfect business sense, and it is the right thing to do.

Thank you for the discussion during the meeting regarding application processes. In terms of current practice and feedback, I do know that a number of our members have expressed support for more streamlining of the application process for consumers who hold a Housing Choice Voucher.

To that end, we have been highly supportive of the bipartisan, bicameral Choice in Affordable Housing Act (H.R.6880/S.1820), which includes the following:

- Authorizes the Department of Housing and Urban Development (HUD) to provide one-time incentive payments to landlords, security deposit payments, bonuses to public housing agencies that employ landlord liaisons, and amounts for other recruitment purposes.
- Allows dwelling units to meet Housing Choice Voucher program inspection requirements by satisfactory inspection through participation in other housing programs.
- Allows landlords not yet participating in a low-income housing assistance program to request inspection by a public housing agency to determine whether the dwelling meets requirements prior to selection by a tenant.
- Expands the use of an alternative method of calculating fair market rent for purposes of the Housing Choice Voucher program and includes a hold-harmless clause for areas where FMR’s would decline.

This legislation provides a great starting point for improving outcomes for both landlords and tenants, and as such, we strongly encourage the White House to pursue this as early as the upcoming lame duck session.

Leasing and Compliance

A clearly written lease serves the needs and interests of all parties. The component parts are generally a function of landlord-tenant law in the state in which the lease is being consummated. At a minimum, we believe that those components should be included in the lease, but we also recognize that it may be in the best interest of both parties to include additional items. With regard to tenant protections, it is probably preferable that those continue to be a function of landlord-tenant law so that there is a uniformity of protection for all tenants versus what an individual tenant or landlord may negotiate in any given circumstance.

One of the cornerstones of our association is the educational programming that we provide for our members, and a key part of that educational programming involves compliance with federal, state, and local laws as well as ethics. Before someone can even be considered a professional member of NARPM, they are required to take an ethics class and pass an ethics exam. In addition to providing classes, we have developed an extensive designation program that encourages our members to engage in a full range of activities that enhance professional development and bolster their ability to provide even better customer service to their clients and tenants.

NARPM members communicate with their residents in a variety of ways. Some of those methods are required by the jurisdiction in which the home is located. As such, it is not uncommon for property managers to use items such as certified mail. But, in many instances, it is more expedient for the property manager and more convenient for the tenant that communication occurs through channels such as e-mail, text messaging, and/or social media. This is particularly true for communications that pertain to non-lease related matters, such as reminders, tenant activities, amenities, etc. Tenants, as a function of a lease, generally are provided information about the ownership of the housing in which they reside and information on how to contact the property management company. When a property is sold, it is commonplace that the tenants are notified.

Evictions

One of the remedies a property owner has in the event of noncompliance with the terms of a lease agreement is eviction of the tenant. NARPM recognizes that eviction is a last resort when other efforts to resolve lease violations have failed, but we also recognize that eviction is a necessary tool to protect the interests of the property owner, deter bad tenant behaviors, and to help ensure fairness and safety for other residents. We believe that eviction laws should respect the terms of a lease and should strike a fair balance between the rights, interests, and responsibilities of landlords and tenants.

Owners and managers of rental homes are dependent on rent collections to be able to perform maintenance on homes and meet periodic obligations, including property taxes, insurance, and mortgage payments. Nonpayment of rent can have a very drastic effect on residents to the extent that it hurts an owner's ability to perform maintenance and provide utilities.

With regard to eviction timelines, it is imperative to highlight that the eviction process is one that is usually measured in months, not weeks or days. In cases of nonpayment of rent, this process usually begins when the tenant is late (a 5-day grace period is a common practice). At that point, the landlord would file a notice to vacate (aka "pay or quit"). A note of explanation is needed here. A notice to vacate does not mean the tenant is required to leave within the number of days in the notice. It only means that the owner must wait that number days before initiating action to regain their property in cases of nonpayment of rent. Following the "pay or quit" period, the landlord can institute court action to recover the property. Throughout this process,

most property managers will work with their residents to access any available rental assistance. A sizeable number will also consider alternatives and diversion programs. In the end, we want to avoid evictions when we can.

Restrictions on a property owner's ability to remedy lease violations for non-payment of rent only place renters at greater long-term risk through the accumulation of higher debt, and they have a negative effect on many property owners in the form of lost rental income, an effect that is most acute for smaller property owners.

We do believe that are some positive policy steps that can be taken to help prevent evictions. We strongly support rental assistance as the best means to help renters at risk of eviction for non-payment of rent, and we would support the establishment of a refundable tax credit for landlords who forgive rent for renters in danger of eviction for non-payment of rent.

Finally, we would caution you that the Executive Order being proposed by advocacy groups that would implement just cause eviction protections and cap annual rent increases at 3 percent or 1.5 times the rate of inflation, whichever is lower, for federally-backed properties, is not the right approach. This would tighten margins and thereby disproportionately affect smaller owners and push them out of the marketplace. Smaller margins from policies such as this would only lead to more consolidation among larger owners at the expense of smaller owners. The affordability issue is one that could be better addressed through supply than by price controls on the end product.

Your request for practices that we can embrace as an association is well-received. Our leadership is presently considering this issue, and we plan to follow up in short order with what we can embrace as well as what we believe would be some practical price incentives.

In the meantime, if you have additional questions, please feel free to reach out to our Governmental Affairs Director Troy Garrett at tgarrett@narpm.org or at (202) 918-1134.

With kind regards, I am

Sincerely,

A handwritten signature in black ink that reads "Liz Cleyman". The signature is written in a cursive, flowing style.

Liz Cleyman, MPM® RMP®
NARPM® President