



REAL ESTATE

## 10 things your landlord won't tell you

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Here are 10 things renters should know as they look for a rental property, negotiate the lease and more.

### 1. Your real landlord might be Wall Street



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The bursting of the housing bubble, and the recession that came with it, have led more Americans to rent rather than own their homes. In the first quarter of this year, 64.8 percent of American families owned the homes they lived in, the lowest level since 1995 — and far from the peak of nearly 69 percent of households in 2006.

Fewer owners means growing tenant demand for rental property, and that has allowed landlords to raise prices. Apartment rents in the US rose at the fastest pace this year since the Great Recession, according to the property research company Axiometrics, as April occupancy rates reached 94.8 percent. And for many Americans, the rent is too damn high, at an average of 30 percent of monthly household income — the highest in 30 years, up from an average of around 25 percent from 1985 to 2000, according to data from Zillow.

The housing bubble and its aftermath also created an opportunity for Wall Street, as investment firms used the opportunity to snap up cheap foreclosed homes and build rental empires. Private-equity firms, hedge funds and other institutional investors accounted for nearly 6.5 percent of single-family home purchases in 2012, according to a recent research note from the Federal Reserve, up from less than 1 percent in 2004.

Those parties now own about 200,000 single-family homes nationwide, the investment bank Keefe, Bruyette & Woods estimates. Blackstone Group, which Bloomberg News estimates is now the largest single-family landlord in the US, owns about 43,000 rental homes across the country, from Phoenix to Tampa, through a subsidiary called Invitation Homes.



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What's it like when Wall Street is your landlord?

"They handle you beautifully from the door, but once you get in the house, all hell breaks out," says Chanda Mason, who moved into a three-bedroom, two-bath rental from Invitation Homes in Dallas, Ga., outside Atlanta, last July. She says she was greeted by moldy oven racks and a giant crack in the driveway, where her van got stuck each time she tried to drive in or pull out. Mason is one of a vocal group of Invitation Homes tenants who have complained about maintenance. When Mason complained, the corporate offices would "glaze over the situation and get me out of their face," she says. "When it comes to getting something fixed, good luck. You're going to have an issue," she adds, noting that she will not renew her lease when it expires in July.

Invitation Homes spokesman Andrew Gallina says the company takes complaints and requests seriously, and that residents of a sprawling network of houses all hold different expectations. Invitation Homes has 1,600 employees in 35 field offices to handle tenant issues and offers a 24-hour emergency hotline, he says. Tenants can submit maintenance requests online, which enter a database that tracks when calls are put in, the average response and completion time for different types of work and homes' repair histories. "We've invested in state-of-the-art technology, which your average mom-and-pop landlord will not," Gallina says.

Still, some commentators worry about whether any entity, high-tech or not, can do a good job managing a big, far-flung portfolio. These investors "may pose risks to local housing markets if investors have difficulties managing such large stocks of rental properties or fail to adequately maintain their homes," potentially lowering the quality of neighborhoods, or even pushing prices down, the Federal Reserve note says.

## 2. Your home is still my property

Privacy may be sacred, but for a tenant, it still has its limits. Landlords always have the keys to any rented property, and can enter with notice to make repairs or show the home to future prospective renters, or if there's an emergency, like bursting pipes.

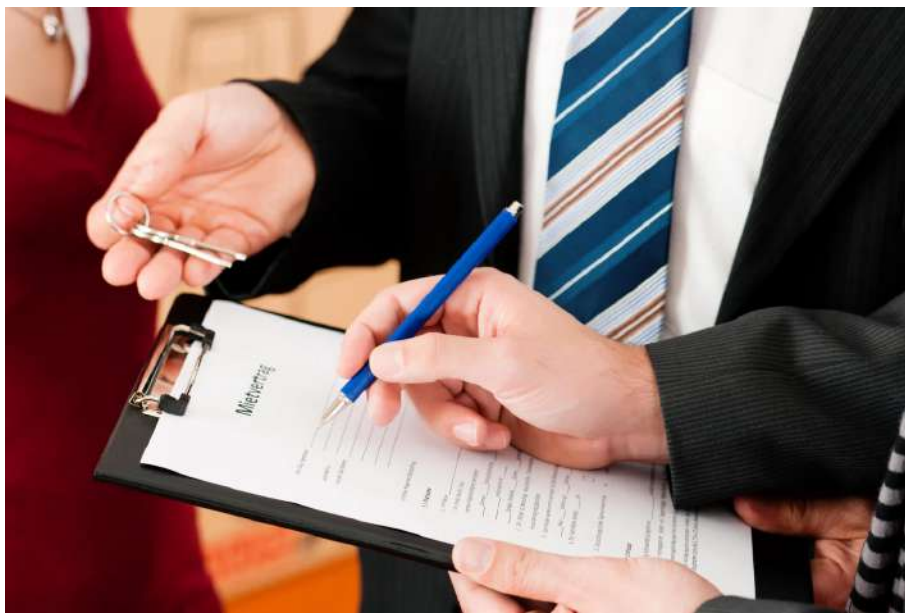


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Still, most states require landlords to give tenants reasonable notice before arriving, usually 24 to 48 hours. Tracey Benson, president of the National Association of Independent Landlords, which counts more than 100,000 members across the US, says she once heard from a landlord who was in a tenant's property and searching through that person's belongings. That kind of behavior is a violation of the tenant's privacy rights, and may be grounds for the tenant to sue.

"It is their property, but when they rent it out, they're agreeing to allow someone else to live in it," Benson says. "They can't just enter at any time because they own it."

### 3. I really should be charging you less



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New York City is known for its prohibitively high rents. Here's what it's less known for: about 1 million rent-stabilized apartments, units for which landlords can only raise rent by regulated increments each year. Rent-stabilized apartments are in dwellings of six or more units built from about 1947 to 1973. The state also designates some apartments as rent-controlled, setting rent and service rules for units where a tenant has lived since July 1971.

New York's Nassau, Rockland and Westchester counties are also home to rent-stabilized units, and California cities including San Francisco, Los Angeles, Oakland, Berkeley, San Jose and Santa Monica have ordinances limiting or prohibiting annual rent increases. But that doesn't mean landlords necessarily advertise that fact.

"Sometimes, people just don't know that they're rent-stabilized, and a landlord never says anything about it," says Jaron Benjamin, executive director of Metropolitan Council on Housing, a New York tenants' rights membership group that runs a help hotline. Indeed, New York state has restored 28,000 units to rent stabilization over the past two years, and won refunds for overcharged tenants, Gov. Andrew Cuomo said in February.



In New York, legal rate increases for these apartments are set yearly. The state's Division of Housing and Community Renewal tracks rent-stabilized properties and posts a log of the buildings online. Residents can request a copy of their apartment's rent history from the agency to determine if their home qualifies, and if they were charged more than the regulated rates; if they were overcharged, they may be entitled to a refund plus interest.

Rent-regulated apartments in New York and California are dwindling, however. The rules only apply to older buildings, and as time passes, some rents inch past the marker for deregulation (about \$2,500 a month in New York). New York City's supply decreased by 17 percent from 1981 to 2011, according to New York University's Furman Center for Real Estate and Urban Policy.

#### 4. Cute kids. Keep them out

When Cicily Pippens visited a two-bedroom apartment in Monroe, Mich., 25 miles south of Detroit, last year, the landlord handed her an application and asked who would move in with her — then snatched the papers away at the mention of Pippens' two children, according to a complaint filed in a federal court in Detroit.



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Pippens contacted the Fair Housing Center of Southeastern Michigan, an advocacy group that investigates complaints of illegal housing discrimination. The group sent other individuals to test the claim, finding that landlord Mildred Trkula told them "it is an adult unit," according to court documents. The center helped Pippens sue Trkula, who paid the mother \$20,000 in December to settle the legal battle.

The federal Fair Housing Act prohibits discrimination against families with children. There are some exceptions, most notably for retirement communities. And in some cases, occupancy limits — zoning rules which cap the number of people who can live in an apartment of a certain layout or size — may keep a family with children from moving into a small apartment.

But in other cases, landlords try to tell parents they need a certain number of bedrooms if they have children, says Pamela Kisch, director of the fair housing center. For example, landlords might say a parent with a son and a daughter needs three bedrooms, even if a two-bedroom can legally house all three people. That's not kosher, Kisch says: "Your landlord should not be telling you what the sleeping arrangements are."

#### 5. You can negotiate on the rent — and more



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Depending on the market, renters can often negotiate with a landlord to change lease terms in their favor — including the security deposit or lease length, whether pets are allowed and other details. Success is more likely in “places where the rental market is not tight ... by definition that’s smaller urban areas and rural, suburban areas,” says Janet Portman, a lawyer who has written several books on landlord and tenant rights and is managing editor of [nolo.com](https://www.nolo.com), a website that answers legal questions.

Sometimes, you can negotiate over the biggest cost of all — the rent itself. That’s especially true if you’re renewing. If local rental market rates haven’t changed since a tenant first signed a lease, the renter can fight back against an increase and leverage his or her record as a solid tenant, Portman says. Tell the landlord that for the same rate, you could get an apartment with more amenities, like state-of-the-art appliances, a dishwasher or a parking space.

#### **6. I'm not allowed to rent to you**

Illegal rentals are surprisingly common — especially in major cities like New York and San Francisco, which face an everlasting housing shortage. These dwellings typically come in the form of basement rooms, cellars, attics and garages, which might not provide adequate light and ventilation or proper exits in the event of a fire, and thus may not meet city housing codes.



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More home and apartment owners began renting out their extra rooms after the economy tanked, says Jeff Cronrod, a founder and board member of the American Apartment Owners Association. "Tenants are scrambling for the least expensive thing they can find and homeowners are trying to save their home, so they're renting out a room or their garage." But a tenant who rents an illegal apartment has fewer opportunities for recourse if something goes awry, since landlords of illegal dwellings aren't supposed to be collecting rent in the first place.

The most reliable way to find out whether a space can legally be rented out is to contact a locality's building safety department and pull records, which are sometimes available online. "Literally go back and count the units," Cronrod says. "If it's permitted to be 15 units and there's 16 there, then it's bootleg."

### **7. Do a background check on me**

Landlords do credit checks on tenants. Tenants can do some checks of their own on landlords. New York City Mayor Bill de Blasio publicly shamed the city's bad landlords when he served as that city's public advocate, creating a watchlist of 50 individuals and companies. In one case, a bad actor rang up 737 violations for just one 40-unit Brooklyn building, with complaints about rats and broken bathrooms, among other horrors.





Spotting a bad landlord admittedly takes some effort. Renters can call their city or town's building or property management offices to check whether the home is up to code or has had past violations. They can also check to make sure the building is owned in the same name as the individual requesting payment — to ensure they're dealing with the owner and not a scam artist. These records are sometimes available on the city's land or tax websites, and otherwise usually by phone.

You can also run your landlord's name through public court databases, which are usually available online, to see if other tenants have filed lawsuits against him or her, in small claims court or elsewhere.

### **8. There's power in numbers**

Each tenant has a voice, and in unison, those voices might have more influence and power to pressure a landlord into making repairs or negotiating — after all, more rent will be on the line. A tenants' association can be as informal as a group of people who knock on others' doors to discuss building issues or neglected repairs. Some tenant groups become more official through incorporation, writing bylaws and selecting officers, says Benjamin of the New York tenants' rights group. Renters in single-family homes can join local tenants unions or team up with tenants in other properties owned by the same landlord.

"If it's the landlord against one person, typically the landlord has more money and resources than that one person" to make their case, he says. "It doesn't necessarily have to be adversarial."

### **9. You may have more rights than you realize**

Tenants have the right to a livable home — even if they sign lease documents accepting the property "as is." Every state other than Arkansas has some form of a law guaranteeing tenants the right to a safe basic shelter that keeps out rain and snow and is free of health hazards like asbestos, lead and mold, says Portman, the housing lawyer.



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If an apartment isn't up to snuff, tenants can legally seek recourse by withholding rent until repairs are made, paying for repairs themselves and deducting the expenses from rent, suing the landlord in small claims court or even simply moving out before their lease is up. Of course, tenant-rights laws apply to issues that would make a home literally uninhabitable, like a lack of heating during wintertime, and not to minor inconveniences, such as a creaky or noisy furnace or dirty paint.

#### 10. Your neighbor isn't my problem



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Loud parties, an upstairs neighbor who teaches tap-dancing, and the guy across the hall who slams the door each time he goes in and out. Your landlord's response? Eh.

A landlord might — and probably should — intervene if one of his or her tenants complains about the other, for example, about noise, says Benson, head of the landlord association. But if the matter at hand isn't destroying the peace of a building or your landlord's life, landlords could decide they're better off ignoring your pleas for help. "Sometimes tenants have issues with each other that have nothing to do with breaking the law," she says.

Annoying neighbors are one thing, but delinquent roommates could make your situation even worse. If your roommate doesn't hand in his or her part of the rent, then the landlord can evict everyone in the unit, says Portman, the housing lawyer.

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