

To: TClarke@nmapartment.com

From: Todd Clarke <tclarke@nmapartment.com>

Subject: client update - 4/2/2019

Good morning!

Market Activity - February was a banner month for investor levels of interest, unfortunately, it did not translate into as many investor tours or offers. I am not worried as Spring is when things really take off and February/March seemed to blow by - most investors who are in the works are planning visits here in April and May. (NMAA-InvestorInterestLevel-04022019.pdf). Interestingly enough clients in the mortgage and title company world have told me that Jan/Feb was slow(er) for them, but decreasing interest rates are bringing a volume of deals back to them this month. For the first part of this year, investor interest seems highest in those communities 20+ units, and toughest for those in the 5 to 19 unit range (there is a lot of competition and the prices are almost too affordable for many out of state investors).

Property Tax - notices of value for Bernalillo County will arrive in this weeks mail. Please check to verify you have not experienced an increase of more than 3% - you can also look up your values here - <https://www.bernco.gov/tax-records-search> if your assessed value is higher than your market value, or the 3% cap was removed and your ownership did not change, you have until the end of the month to file a protest of value.

Interest rates - continue to drop - I am getting mortgage lender quotes beginning with 4% now.

Investor list - I have the same group of investors looking as last month, but they have started to commit to tour dates in April and May, offers usually follow that. I should be able to push out an update to you later this month on where each of these investors is at and what deals they landed on.

City study group to make recommendation on vacation rentals - I have attached two different PDF files for your review:

1. AANM-ApartmentMarketOutlook-v1-09132017.pdf - Apartment Association Market outlook in 2017 which indicates that vacation rentals could increase property values 250% to 400%
2. ABQJournal-AirBnbEffect-ImpactonApts-04012019.pdf - story about the impact that vacation rentals are having on a limited number of home owners and a copy of the City resolution to "study" this issue (check out the makeup of the committee)
3. Podcast - if you are a podcast kind of person - you might enjoy this Planet Money story on how New Orleans flipped from being a millennial/baby boomers friendly vacation rental city to killing it - <https://overcast.fm/+HuIiO6UNQ>

If you could be impacted by the city eliminating or over regulating vacation rentals, please let me know and I can forward to you the contact info for the study group.

I hope you have a great week,

Thanks,

Todd Clarke CCIM CIPs

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[ABQJournal-AirBnbEffect-ImpactonApts-04012019.pdf](#)



[AANM-ApartmentMarketOutlook-v1-09132017.pdf](#)



[NMAA-InvestorInterestLevel-04022019.pdf](#)



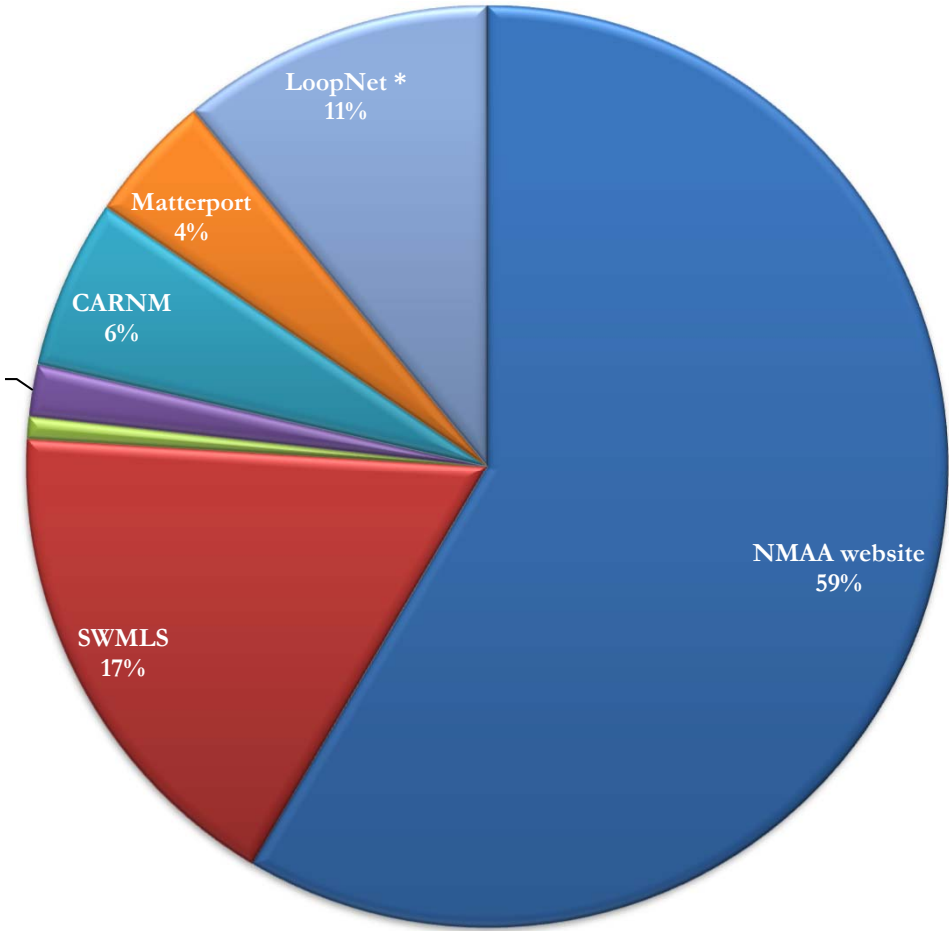
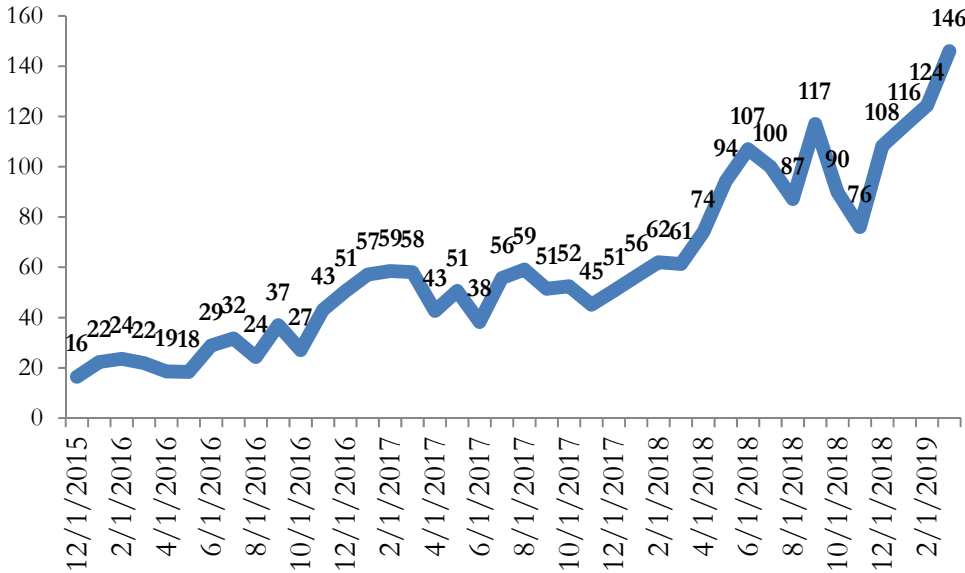
2016-2019 Traffic /Activity Report

NMAA Website Traffic

Month Downloaded flyers

Date	Total Views	# of listings	Downloaded flyers per listing	Increase Fold
12/1/2015	938	57	16	
1/1/2016	1,274	57	22	
2/1/2016	1,344	57	24	
3/1/2016	1,249	57	22	
4/1/2016	1,060	57	19	
5/1/2016	1,083	59	18	
6/1/2016	953	33	29	
7/1/2016	1,141	36	32	
8/1/2016	948	39	24	
9/1/2016	1,109	30	37	
10/1/2016	1,028	38	27	
11/1/2016	1,335	31	43	
12/1/2016	1,515	30	51	3.07
1/1/2017	1,884	33	57	2.55
2/1/2017	1,989	34	59	2.48
3/1/2017	2,089	36	58	2.65
4/1/2017	1,663	39	43	2.29
5/1/2017	1,265	25	51	2.76
6/1/2017	1,148	30	38	1.33
7/1/2017	1,617	29	56	1.76
8/1/2017	1,774	30	59	2.43
9/1/2017	1,440	28	51	1.39
10/1/2017	1,783	34	52	1.94
11/1/2017	1,670	37	45	1.05
12/1/2017	1,976	39	51	1.00
1/1/2018	2,146	38	56	0.99
2/1/2018	2,047	33	62	1.06
3/1/2018	2,085	34	61	1.06
4/1/2018	2,443	33	74	1.74
5/1/2018	3,395	36	94	1.86
6/1/2018	3,957	37	107	2.79
7/1/2018	2,700	27	100	1.79
8/1/2018	2,702	31	87	1.47
9/1/2018	4,446	38	117	1.98
10/1/2018	3,057	34	90	1.75
11/1/2018	2,660	35	76	1.45
12/1/2018	4,115	38	108	2.40
1/1/2019	3,726	32	116	2.30
2/1/2019	4,230	34	124	2.20
3/1/2019	4,380	30	146	2.35
4/1/2019				

of Flyer(s) download per listing



Increase 2015 to 2018

-

Traffic Counts

Source	# of views
NMAA website	83,282
SWMLS	24,851
Zillow	1,118
CREXi	2,584
CARNM	8,477
Matterport	6,407
LoopNet *	15,628
Total Investor Views =	142,347

* LoopNet changed the way they report stats 10/2017 prior to that it reported searches/views, today it reports impressions/vi impressions are recorded

Current Listings

Total Traffic count from all sources =	79,208
NMAA Number of registered Investors for confidential document center =	1,380
Avg. Conversion Rate (views to registrations) =	1.74%
NMAA Offers on Listings 2015 to current date	376
NMAA Offers on current listings properties =	101
Avg. Conversion Rate (offers to registrations) =	7.3%



ADOLPHE PIERRE-LOUIS/JOURNAL

Terry Quinn, in front of her Nob Hill-area home, says a short-term rental in her neighborhood has drawn traffic and occasional noise.

Airbnb EFFECT

Cities wrestle with regulations on short-term rentals as the business begins to affect more neighborhoods, housing stock

BY ELLEN MARKS
ASSISTANT BUSINESS EDITOR

A Nob Hill-area resident says her neighborhood was “hugely affected” after an Airbnb moved in, although the owner of that property says he has made numerous changes to address concerns.

Across town, Lorraine Gallegos says guests at the short-term rental in her West Side neighborhood torched her 88-year-old mother’s car after a “party that got out of hand.”

These are some of the stories people tell about the growing short-term rental business, particularly when the owner or manager doesn’t live on the property.

But hosts for Airbnb and other platforms in Albuquerque say these kinds of problems are the exception and don’t reflect the care that many owners take when running their operations.

Lacy Pontes has made a successful business of it, managing 12 properties in the far Northeast Heights and Nob Hill and Old Town areas. She said she has received one complaint among the 2,500 reservations she has taken over the past three years for her houses, casitas and condos.

Tawnya Mullen, who rents out a duplex and is on a city task force examining the issue, says short-term rental owners often improve neighborhoods by purchasing vacant or abandoned properties and fixing them up.

Standards must be high, she says, if hosts want to stay in business.

Unlike other cities, Albuquerque does not have specific regulations covering short-term rentals. There is no registration requirement, no permit fee and no density limit other than those already outlined in city zoning and land use rules.

The task force, established by City Councilor Diane Gibson, is wrestling with whether there should be regulation and how much.

It’s an extremely contentious issue, as evidenced by a recent task force public meeting that drew a standing-room-only crowd.

Impact on housing

There are no numbers showing how many absent property owners operate short-term rentals in Albuquerque.

Total numbers from Airbnb show in 2018 there were 366,000 guest arrivals in New Mexico who used the Airbnb platform, and hosts made a total of \$48.8 million.

Homewise, a New Mexico nonprofit that helps people purchase homes,



ADOLPHE PIERRE-LOUIS/JOURNAL

A pond welcomes visitors to the backyard at one of Lacy Pontes' short-term rentals. Pontes says she has received one complaint among the 2,500 reservations she has taken over the past three years.



ADOLPHE PIERRE-LOUIS/JOURNAL

This is one of the bedrooms at a property Lacy Pontes manages in a residential area south of Nob Hill.

has hired a researcher to look at the effect short-term rentals have on the availability of both long-term rentals and affordable housing, said chief executive officer Mike Loftin. The goal is to examine how many units would be available for more permanent residents if they hadn't been turned into short-term properties.

“Clearly, (short-term rentals) are taking long-term rental housing and home ownership off the market for people who live and work in a community,” Loftin said.
(The town of Taos is taking a crack at that problem by diverting \$100 of an annual \$400 fee for certain properties and placing it into an affordable housing

POSSIBLE RULES FOR ALBUQUERQUE

- Members of the city’s short-term rental task force have reached agreement on the following items, although anything they formally recommend will have to receive City Council approval:
- Owner/operators should register with the city and apply for an annual permit. The cost should be \$250 for the first year, but a lesser amount in subsequent years.
 - There should no limit on the number of times a property can be rented, and owner occupancy should not be a requirement.
 - Regulations should not differentiate between owner-occupied and non-owner occupied units.
 - Hosts currently cannot advertise that units are available for special events. Small, private gatherings should be allowed, but overnight stay for additional guests should not be allowed. There should be no limit on the number of private gatherings at a unit.
 - Properties should maintain an outward residential appearance, and advertising should not be allowed on units within residential zones.
 - A voluntary “Good Neighbor Agreement” would encourage operators to notify neighbors and provide emergency contact numbers.
 - Violation of regulations should result in a civil penalty.

fund.)
The Albuquerque City Council is also looking to get a better handle on the issue. The 15-member task force is charged with studying registration requirements, possible fees and regulations to address safety and nuisance complaints.
The task force has until June to make recommendations to the City Council.
Gibson said she decided to tackle the issue “because of complaint calls I had been getting in past years — more in the past year — everything from parking issues to a lot of in-and-out traffic.”
“In this industry, there are very few barriers to entry,” she said of Albuquerque’s current situation.
Gibson has emphasized that she thinks short-term rentals are “a beautiful thing for Albuquerque,” but she’s concerned about neighborhood residents as well as guests who are visiting the city.
“I want to make sure our tourists,

SHORT-TERM RENTAL RULES ELSEWHERE

- SANTA FE**
- \$100 one-time application and processing fee; \$325 annual permit fee.
 - The fine for operating without a permit is \$500, and \$250 for each day after that.
 - Permits may not be issued for more than two properties directly next to each other on a residentially zoned street.
 - Ordinance does not address owner occupancy.
 - No more than two people per bedroom.
 - Property owner is required to notify neighbors by mail within 200 feet of the short term rental and within 10 days of permit issuance.
 - A 24-hour contact must be listed on permit application.

- TAOS**
- Annual \$300 fee for owners who rent out a room in their primary residence; annual \$400 fee for casitas or for absent property owners. The \$100 difference goes into an affordable housing fund.
 - No more than two people per bedroom.
 - Owner or agent must be available to respond to any and all conflicts.
 - Ordinance does not address owner occupancy.

- BOULDER, COLO.**
- Initial \$105 registration fee, plus the same amount every four years for renewal.
 - Two local contacts located within 60 minutes of the property must be listed on the permit application.
 - Rental property must be the owner’s primary residence, occupied for more than half the year, or an accessory unit on the same parcel.
 - An owner may not hold more than one short-term rental license.

- COLORADO SPRINGS, COLO.**
- Annual \$119 fee
 - A 24-hour contact person must be available to respond to complaints and emergencies within one hour.
 - Neighbor notification is recommended.

City wrestles with short-term rental regulation

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people who are visiting Albuquerque, have a good experience,” she said. “I want their accommodations to be safe and clean so they don’t go home and have anything bad to say about their experience.”

To regulate or not

Pontes and others maintain there are already enough regulations on the books to handle any problems, through police and fire departments, the city’s noise ordinance and other laws.

Also, Pontes points out, her business is regulated by the ability her guests have to comment on her Airbnb listings.

“Given that this is my livelihood, I pay attention,” Pontes said. “If there are issues, you get bad reviews. If you get bad reviews, you don’t get bookings.”

The recent task force hearing was a racuous one, with some property owners shouting at staff who were trying to explain points on which members have reached consensus.

Among those drawing the most vocal dissent was a proposed annual fee — \$250 for the first year and an unspecified lower amount in subsequent years. City staff noted that the amount could be changed, based on public comment.

While there is no short-term rental registration fee now, Airbnb has started collecting city lodgers taxes from listed properties.

Elsewhere in New Mexico, Santa Fe and Taos both charge annual fees and require that no more than two people stay in a bedroom. Santa Fe goes further and allows no more than two short-term rental homes in a row in a residential zone “to eliminate the creation of virtual motels,” said Randy Randall, executive director of Tourism Santa Fe, the city’s tourism promotion agency.

However, four Santa Fe city councilors are proposing loosening some restrictions.



ADOLPHE PIERRE-LOUIS/JOURNAL

Lacy Pontes, who manages 12 short-term rentals around Albuquerque, inside one of her properties south of Nob. Hill.



ADOLPHE PIERRE-LOUIS/JOURNAL

Lacy Pontes says she works hard to please guests at the short-term rentals she manages. “If there are issues, you get bad reviews,” she says. “If you get bad reviews, you don’t get bookings.”

Cities elsewhere that have cracked down include Kansas City, Mo., which says off-site owners must get the OK from 55 percent of adjacent property owners or apply for a special-use permit, and Boulder, Colo.,

which allows short-term rentals only at the owner’s main residence.

Albuquerque task force members have agreed that owners should not be required to live on the property, and that

a “Good Neighbor Agreement” should be voluntary, encouraging rental hosts to “notify adjacent neighbors as a courtesy.”

Complaints

Lorraine Gallegos said her mother, who still works, was forced to take some time off after the people staying next door burned her car.

“There’s music until 5 or 6 in the morning, and fighting in my front yard,” said Gallegos, who attended the recent City Council task force meeting with her mother and a neighbor.

Airbnb spokeswoman Laura Rillos says the company, in response to the car-torching incident, “removed this guest from our platform for violating our terms of service.”

She added that Airbnb listings have had more than 400 million guests, and “negative incidents are extremely rare.” The site’s review system allows users to see comments about guests, hosts and homes, she said. It

also has started a “Neighbor Tool,” where people can report problems with a property in their area.

Terry Quinn, a task force member who lives in the Nob Hill area, said the most expensive home on her block was sold and turned in to a short-term rental by an owner who lives off-site.

It has four bedrooms and allows 10 guests — an operation that essentially “set up a business in the middle of our street,” Quinn said.

A week after property owner John Seaver reduced the maximum occupancy from 12 to the current 10 in response to complaints, a catering truck pulled up because an event had been scheduled at the home, neighbors said.

“This could happen to anybody, and it’s just not right,” Quinn said.

She added: “I’m not saying they should be outlawed. I use them myself, to be really honest. But I would like to see a more realistic number of people per house.”

Even though guests might not be rowdy, the rental home brings more traffic and noise to the area, Quinn said.

The owner of the rental home, John Seaver, said he has tried to be responsive to complaints, adding to his Airbnb listing that no events were allowed and taking down a basketball hoop that prompted a noise complaint.

Seaver and his company, Just Sprinklers, have purchased two homes for short-term rentals to help fund his and his wife’s retirement.

He noted that his other short-term rental house, located nearby, has won praise from its neighbors because it used to be rundown and a community eyesore.

Seaver said he and his wife did a complete renovation, even hiring an interior decorator.

Gibson is matter-of-fact about the whole thing.

“I think it’s going to take continued conversations,” she said.