

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

CEO

NM Apartment Advisors Inc.

(505) 440-TODD



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



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



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

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."

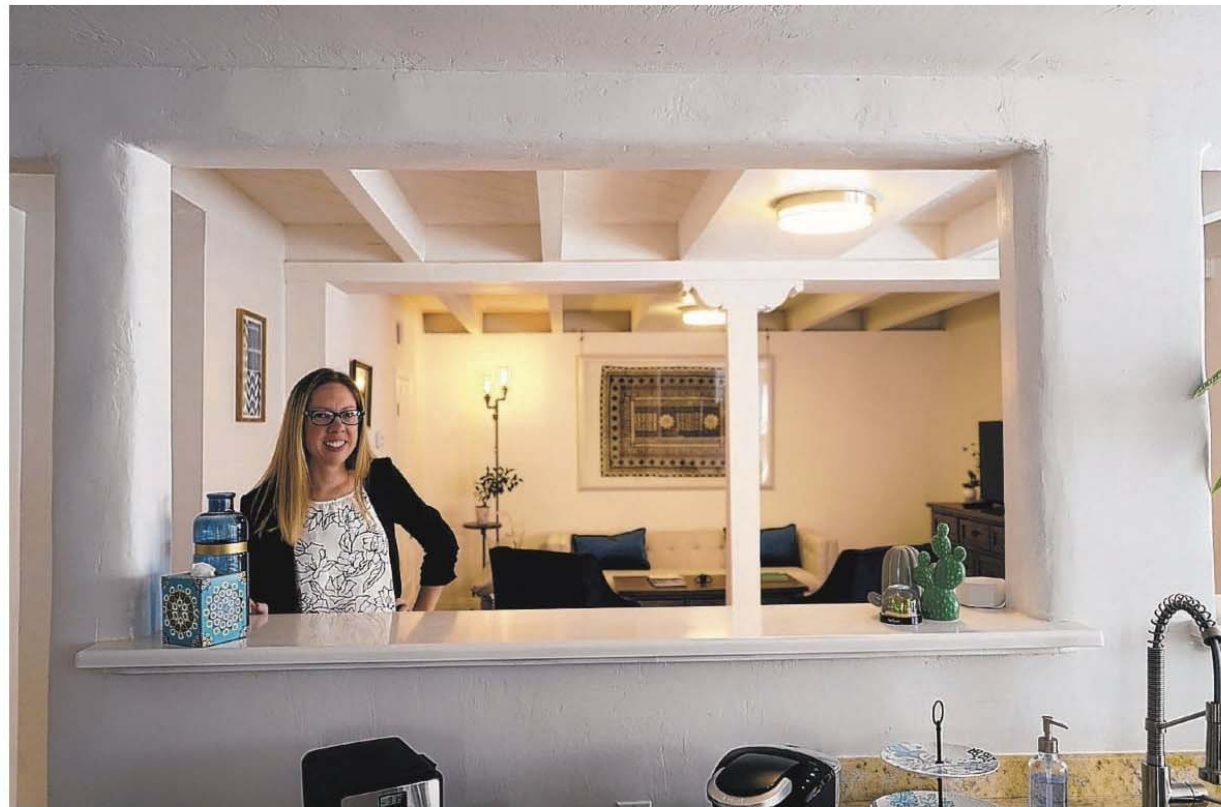
The recent task force hearing was a rancorous one, with some property owners shouting at staff who were trying to explain points on which members have reached consensus.

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.