

NEWPORT BEACH

# Independent

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## Biz Buzz: Apartment Rental Tips for Landlords and Tenants

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As the residential real estate market continues to remain strong, and the apartment rental market continues to boom, there are challenges that face both landlords and tenants when renting an apartment, condo, or home.



For those tenants who rent from larger landlords and bigger complexes, there is typically a strict process that is put in place for the approval of the apartment, the lease, and the terms.

On the other hand, smaller landlords such as individual owners for homes, condos and townhomes, are typically less sophisticated and do not have strict policies since they do not deal with this on a daily basis.

For the landlord who is renting a property, it is important to rent to a quality tenant, who has financial capacity to pay and who will treat the property with respect and care. It is important to make sure that the landlord completes a credit check, background check, and has verification of means to pay.

Also, if a renter has a pet, make sure the tenant provides a pet deposit and/ or pet rent to cover any additional damages that may be caused to carpet, flooring, or paint as a result of having a pet.

Additionally, it is important to note the number of people that will occupy the property and insure that there is no sublease language in the lease without the landlord's consent. Many horror stories have taken place where tenants have sublet out properties to other family members, friends, or third-party individuals without the landlord's consent.



For example, short-term vacation rentals through online rental services like Airbnb are extremely popular right now especially in coastal areas like Newport Beach, which attract vacationers in the summer months who will pay a premium for the rent.

For those landlords who would look to rent properties on a short-term basis, he/she will need to weigh the risk-reward for taking advantage of the opportunity for the short-term rental market. Financial opportunity is tremendous in that a property that rents for \$3,000 a month in the winter months might rent for \$3,000 or more per week in the summer months, especially near the beach. However, these properties will need to be furnished, and the wear and tear on the furnishings and property itself must be considered when analyzing the pluses and minuses of short-term rentals.

Tenants who are looking for long-term rentals in an extremely tight market face several difficulties. Finding a good quality property at a reasonable price is and will remain a challenge going forward. If a tenant is looking to remain at the property for an extended period of time, he/she should offer a longer-term lease to the landlord. The tenant may have an opportunity with a longer-term lease to either fix the rent or negotiate some discount based on the longer term. This will provide a savings for the tenant in the long-run assuming rents continue to increase.

Tenants who are sophisticated will attempt to rent a property and be prepared prior to viewing it. This would include having their credit report ready. Tenants can go on websites such as CreditKarma.com and run their credit report for free. This will not only allow the tenant to see what landlords are looking at when they run a credit check, but it would allow the tenant to address or explain any negative marks on the credit report prior to the landlord viewing it. The Tenant should have a cover letter prepared as to the tenant's rental history including employment history. The tenant should also include pay stubs, bank statements, copies of driver's licenses, vaccinations of pets and a letter from the previous landlord. These are all items that will help separate themselves from other prospects.

Tenants should also be asking questions with regards to the ownership of the property and how the landlord addresses any maintenance issues.

Landlords who are not financially stable may be unwilling to spend money to improve the property and landlords that are not local may not have any capacity to deal with any issues as they arise. It is important to make sure that the landlord has a pride of ownership with regards to their property and can react quickly to any issues that may arise.

The apartment rental process is challenging for both landlords and the tenants but hopefully with the right preparation it will turn into a mutually beneficial relationship. Landlords seek tenants who will take care of the property and tenants seek landlords that will fix problems quickly and address any needs that they may have. Both parties will need to be educated on the market and the process to ensure that it goes smoothly with a positive end result.

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