

With recent news about illegal “hotels,” or apartment buildings that offer illicit overnight stays, it’s more important than ever that HOAs understand how corporate housing is different from these unlawful ventures. Corporate housing is an industry that offers legitimate furnished monthly rentals. Often a professional will stay in a corporate rental when traveling for business. The minimum stay is 30 days, although most stays in condos average 120 days or more.

# CORPORATE HOUSING CAN DRIVE UP A BUILDING’S VALUE...REALLY!

Managed corporate housing is perfectly legal and is operated by a licensed real estate broker that is subject to all laws and regulations established by the State Real Estate Commission. Plus, corporate housing actually can add value to a condominium building.



By Kimberly Smith

## Corporate housing preserves options and value

Some HOAs prohibit short-term rentals or renters altogether. While this sounds good on paper, these rules actually bring down the value of a building for several reasons.

One, limiting renters can make a building undesirable to investors who make up a large pool of potential buyers. Investors can help maintain or increase a building’s value because they increase a building’s occupancy and typically hire professional property managers to regularly maintain the unit. Good investors hang on to a property for several years, make regular improvements and generally drive up appreciation.

Two, HOAs that limit renters alienate potential homebuyers who desire options should life throw them a curve ball. No one knows when they might suddenly lose a loved one or a job or experience another hardship. In a booming market the homeowner could easily sell, but in a soft market they often walk away. HOAs know that even one foreclosure can drive down the entire building’s value, tarnish its image and create safety and maintenance issues that impact all residents.

Three, short-term renters create less wear and tear on a building than a traditional year-long renter despite what many think. Year-long renters move furniture in and out year after year. A short-term renter brings a few suitcases, gently uses the property, and then leaves.

Four, it’s important HOAs understand that the typical corporate housing renter is a professional – not a partier or typical hotel guest. Corporate housing tenants are traveling business executives, visiting professors, residency doctors, traveling nurses and relocated families. These are high quality renters who would care for a property as if it were their own.

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## Preparing the HOA for renters

HOAs should carefully prepare themselves so they are fully equipped to foster successful relationships between board members, homeowners and renters. Some suggestions include:

- » **Lease agreements:** The HOA should require homeowners to provide a copy of the lease agreement – which should include the tenant names and pets (if any). The lease agreement should require tenants to agree to and abide by HOA rules.
- » **Parking:** All tenants should sign a parking agreement to ensure they know how to access parking and that they park in the correct space.
- » **Orientation sheet:** HOAs can provide a building fact sheet that includes information about deliveries, security, emergencies, mail, trash and special details. This will be helpful not only to tenants but to new homeowners too.
- » **Detailed covenants** The CC&Rs should make a distinction between unfurnished and furnished rentals. If you only specify unfurnished rentals in your CC&Rs, owners may assume there are no regulations for furnished rentals.
- » **Special pet rules:** Pets are often an issue between HOAs, tenants and renters. HOAs should specify pet policies for owners vs. renters, which may be different for each resident type.
- » **Property owner education:** Create an information sheet for owners who want to rent their condos. Require homeowners to sign it so there is no question that they understand the policies.

HOAs are important to helping homeowners maintain their investment and keep the peace. Understanding how corporate housing can actually drive up a building's value can make for a better, more enjoyable living environment for all.

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