

## **FACTS AND FIGURES ABOUT SMALL LANDLORDS**

- Small rental properties form the backbone of the US housing stock.

Contrary to popular views, most rental housing is not in high-density buildings. (Joint Center for Housing Studies of Harvard University. *America's Rental Housing - Meeting Challenges, Building on Opportunities*, 2011). More than half of all rentals are in small structures, including single-family homes and 2 - 4 unit buildings. Another quarter of the stock is in multifamily buildings with 5 - 19 units, with the rest equally divided between large structures with 20 - 49 units and 50 or more units.

**Table 1: Distribution of Rental Housing Stock by Property Type, 2000**

Category	Number of Units	Percentage of total
1 unit, detached	8,531,853	23.9 %
1 unit, attached	2,087,994	5.9
2 units	3,301,854	9.3
3 to 4 units	4,254,351	11.9
5 to 9 units	4,332,461	12.1
10 to 19 units	3,748,728	10.5
20 to 49 units	3,049,458	8.6
50 or more units	4,798,031	13.5
Mobile home, RV or boat	1,558,858	4.4
TOTAL	35,663,588	100 %

Source US Census, 2000

- Individuals -- not corporate entities -- own a significant share of small rental properties.

Individuals own 85% of 2 - 4 unit rental properties in the United States. In contrast, individuals own only 19% of 50+ unit rental properties. (*National Multi-Housing Council Tabulations of unpublished data from the U.S. Census Bureau's 1995-1996 Property Owners and Managers - POMS) Survey.*

Harvard's Joint Center for Housing Studies tabulation of US Census Bureau (2001 Residential Finance Survey) confirms this below.

- Many small property owners historically have been long-term owners, holding onto their properties for retirement income, long term capital gains and to pass onto their children.

Two-thirds of those owning 5 - 9 units have owned their properties for more than 10 years (*1995 Property Owners Management Survey - POMS*). Only 8 to 10% of the POMS respondents surveyed had serious plans to sell within the next three years. A substantial percentage of these small property owners are 'inadvertent' landlords, (Mallach, Allan, *Landlords at the Margins: Exploring the Dynamics of the One to Four Unit Rental Housing Industry* March 2007), meaning they 'backed into the business' of property ownership. Income, however, is reportedly the primary reason driving owners of two - four family buildings to both buy and hold onto their properties. (*1995 POMS data reported by Mallach*)

- The greater part of one-to-four family rental properties are managed by their owners

84% of the owners of single family detached, as well as 2 - 4 family properties manage their own properties without any professional assistance. (Mallach, Allan, *Landlords at the Margins: Exploring the Dynamics of the One to Four Unit Rental Housing Industry*, March 2007) The great majority of owners surveyed by the Property Owners Manager's Survey (POMS) reported spending little time managing their properties.

- The rents are more affordable for unsubsidized tenants because many of these small property owners are less profit-oriented

Most small landlords are part timers, needing to work elsewhere for their primary incomes. Less than half of them, in fact, are making an operating profit compared to three-quarters of owners with 50 or more units (*1995*

*Property Owners and Managers Survey*). Few owners actually collect a salary for their work, and a majority of them make little or no attempt to account for time spent on property management and maintenance. (Mallach, Allan, *Landlords at the Margins*, March 2007). A low ratio of maintenance and management expenses to rental income is thus a critical condition for maintaining the viability of the 1 - 4 family rental industry. Many small property owners by nature spend much less per unit overall than do larger owners. They often treat their time as a form of “sweat equity” rather than as a billable cost or overhead. Many minimize spending in order to keep rents low and avoid vacancies. \_