



We're landlords... helping landlords!
P.O. Box 812 Greenfield MA 01302
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Upcoming Events:

Spring 2022 General Meeting, April 27, Elks club, Greenfield. 6:30 networking, 7pm meeting. We are pleased to welcome

MICHAEL J. DOHERTY (CLERK MAGISTRATE OF THE WESTERN DIVISION HOUSING COURT) and

STANLEY D. KOMACK, ESQ. (KOMACK LAW OFFICES, P.C.)

Magistrate Judge Doherty will be speaking about the current housing court standing orders and case law. He will help us understand how the court is operating at this time and give us his interpretations of current court-related events.

President's Message

Hello Everyone,

I hope 2022 has started out better than 2021.

There has been talk in Northampton on requiring rental brokers fees be paid by the building owner. Again, The City of Greenfield Health Department has brought up mandatory pre-rental inspection of apartments. Both are additional costs to us while pre-rental inspections will slow down our ability to rent our apartments. To help us defeat this initiative, it is important that all of us represent the LBA in the best possible way. Below is the LBA's Code of Ethics. If we all conduct our business accordingly, then it will help show that we can conduct ourselves without additional regulations.

The Patricia M. Conway Scholarship application form is on Page 2; if you have children or grandchildren who are eligible.

Watch for the oil program announcement soon. There will be important dates and deadlines listed.

There is a low interest home loan program available for owner and no owner-occupied apartment buildings. It is available through The Franklin County Regional Housing Authority. If you are interested, Contact Jen Morrow at 413-863-9781 Ext. 137. Jmorrow@fcrhra.org

We have had several inquiries regarding Screening Services. For future reference, please make note of:

Background Examine, Jeremy Durrin 413-930-4100 jeremy@backgroundexamine.com

As always, myself, the other officers and the members of the board are available to help and answer your questions

Thanks,

Al Constantine: LBA President

Code of Ethics for LBA

The Members of the Landlords' Business Association do hereby consent to the following Articles as regards the conduct of their business of providing rental housing:

Article 1: We will abide all state and local housing codes.

Article 2: We will conduct ourselves in a professional manner and share a spirit of friendly cooperation with our fellow landlords and avoid the use of unfair competitive practices.

Article 3: We will charge rents that are in accordance with the fair market values of our geographic area.

Furthermore, the members of the Landlords' Business Association encourage and promote the following aspirations to be part of their normal and usual policies and actions:

1. Give a prompt response to any and all tenant requests
2. Absentee landlords should have local representation
3. If away for extended period of time, local landlords will provide for alternate representation for their tenants in case of emergencies
4. Cooperation with enforcement agencies concerning health code issues
5. Maintain exterior of building and grounds in a manner that is a credit to the neighborhood
6. Recognize the authority of the Association and its Executive Board in all matters relating to the interpretation of the "Code of Ethics"

Patricia M. Conway Scholarship

The LBA of Franklin County embodies the hard work and entrepreneurial spirit as a means of providing basic human necessity housing a.k.a. shelter from the storm. We do this in a fair, competent and lawful manner. We believe in what we do and we promote the same attitude in all of our relationships, whether business or personal

The LBA is offering a \$500 scholarship/award to the child or grandchild of a current member. Any student ranging from high school senior to a college junior is eligible. Applications are due by the 5-20-22 and the decision date is 5-31-22. Applicants will be judged on their commitment to and embracing of the LBA spirit, as embodied in our Code of Ethics. In the case of equally qualified candidates, a lottery will be held.

The winner's essay will be published in the next newsletter and they will be invited to present at the next meeting.

To apply, write a one page paper describing your involvement in the operation of your parents/grandparents rental business and how this experience has helped prepare you for adulthood. Everything you have done is significant: mowing the lawn, shoveling snow, answering the telephone, typing a lease, mailing a notice: it all counts when you run a business!

To apply please send your essay and the following to ibanews413@gmail.com

Include: name, address, phone, date of birth, secondary school, date of graduation, name of college you're going to / were accepted at, your field of study.

Welcome to New Members

Al & Maggie Meyer of Turners Falls

Robert & Holly Richardson of Derby, VT

Sandra & Dan Gray Giard of Bernardston

Sally Richardson of Greenfield

Chris Macak of Shelburne Falls

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ALERT! ALERT! ALERT!

State to stop accepting rental assistance applications

The Baker administration will stop accepting new applications for federally funded emergency rental assistance in April, closing the door on a diminishing stream of money that advocates say has provided a “lifeline” to tens of thousands of families under financial strain during the pandemic.

Officials announced on March 16 that “on or around” April 15, Bay Staters will no longer be able to apply for housing aid covered by federal Emergency Rental Assistance dollars, which the administration expects it will exhaust before the June 30 end of the current fiscal year.

The impending change will close off the Emergency Rental Assistance Program (ERAP), the Subsidized Housing Emergency Rental Assistance program (SHERA), and the ERAP-enhanced HomeBASE program. The state-funded Residential Assistance for Families in Transition program (RAFT), which Beacon Hill has targeted for a funding boost, will continue to accept applications after April 15.

With injections of money flowing from multiple federal relief packages, Massachusetts received about \$843 million in emergency rental aid to help keep tenants housed amid a flood of housing insecurity and looming evictions.

The above is intended to provide general guidance for legal issues. No attorney-client relationship is established. For answers relating to your specific facts, circumstances and questions, please feel free to call me.

STANLEY D. KOMACK, ESQ. (413) 785-1851

In service to the members of the Landlord’s Business Association

Record Title and Law Offices of
Stanley D. Komack, Esq.

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Investor Corner: from the office of Mark D. Abramson, CCIM, CBR, GREEN

INVESTOR'S CORNER

ADDRESS	TOWN	DESCRIPTION	DOM	SALE DATE	LIST PRICE	SALE PRICE
111 L Street	Montague	3 Family	60	01/10/2022	\$299,000	\$296,500
18 Shelter Street	Orange	2 Family	8	01/21/2022	\$249,900	\$245,000
7 Laurel Street	Greenfield	2 Family	13	02/03/2022	\$284,900	\$285,000
88 Mt. Hermon Sta. Rd.	Northfield	2 Family	13	02/07/2022	\$299,990	\$335,000
35 Summer Street	Orange	2 Family	188	02/07/2022	\$135,000	\$125,000
36 Colrain Street	Greenfield	2 Family	142	02/07/2022	\$262,600	\$255,000
564-566 E. Main Street	Orange	3 Family	93	02/15/2022	\$199,900	\$160,000
838 Greenfield Road	Leyden	2 Family	97	02/17/2022	\$285,000	\$280,000
42 Cheney Street	Orange	2 Family	25	02/17/2022	\$170,000	\$175,000
97-99 Maple Street	Greenfield	2 Family	282	02/28/2022	\$229,000	\$200,000
101 Conway Street	Greenfield	2 Family	8	03/17/2022	\$199,900	\$210,000
18-20 Turnpike Road	Montague	4 Family	147	03/18/2022	\$429,900	\$429,900
102 Conway Street	Greenfield	5 Family	185	03/21/2022	\$459,900	\$420,000
1 Cheney Street	Orange	5 Family	239	03/29/2022	\$325,000	\$315,000

Multi Family Listing	Average Days On Market	Average List Price	Average Sale Price
14	107.14	\$273,571	\$266,529

Multi Family Sales in Franklin County Mark D. Abramson, CCIM, CBR, GREEN Office 413 203 6254

01/01/2022 thru 03/31/2022 from MLS mark@cbumr.com Cell: 413 772 9390

LBA Board Officers:

We print our phone numbers so if you have a question, feel free to call. Happy to help!

Board Officials	Board Members
<p>President: Al Constantine 413-863-4121 Vice President: Mark Zaccheo 413-522-5288 Treasurer: Sandy Stanisewski-Wade Secretary: Marc Guillaume 413-262-369 ibanews413@gmail.com</p>	<p>Martha Corcoran 413-5488147 Jack Dunphy 413-7743665 Les Lapointe 413-397-3086 Jim Martineau 413-219-6587 Jeremy Towle 413-800-5432 Jim Wade 413-774-5214</p>

Mark Abramson

Green, CCIM, REALTOR



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Tax Talk: Repairs vs Improvements

Marc Guillaume: LBA Secretary

The following article is for entertainment purposes only. The author is not a CPA or anything official (except being certified for Moderate Risk Deleading - a completely unrelated topic.) If something in this article steers you wrong and you get in trouble, remember this warning! You have now been warned! :)

De minimus Safe Harbor anyone? This year, my partners and I decided to sign on with a CPA. We'd been doing our own taxes up to this point but during a recent conversation securing a bank loan, the loan officer suggested that for future loans, they would like to see a CPA involved.

CPAs are nice and all but there is one problem - you need to clearly state which expenses were maintenance (and deducted the year the money was spent) and which expenses are improvements (and need to be capitalized over time. Basically an improvement gets cut into 27.5 little pieces and spread out over 27.5 years. Meaning that \$275 new window you installed will reduce your taxes \$10 for the next generation.)

Enter the De Minimis Safe Harbor, a very nice provision in the tax code that lets small time landlords, who keep their own books, treat improvements that are less than \$2500 as if they were maintenance. Great! But, what's an improvement?

Basically, an improvement is anything that's not maintenance - anything that you can reasonably expect to do again in 10 years. I can certainly expect to pay for a furnace tuneup another time in 10 years so that's clearly maintenance but I'm not expecting to upgrade my windows in 10 years, so windows are clearly an improvement. Would I expect to replace the carpet in my building's entry way? I wouldn't but maybe you like a really high quality place. Clearly, there's some wiggle room here. Painting an apartment? Definitely maintenance.

So, you've split out maintenance from your expenses (as well as cleaning) leaving you with a whole mess of depreciation? Enter the De Minimis Safe Harbor. Problem I ran into was exactly how do you apply it? Enter the CPA. They used a phrase that I didn't see in any of my research - the project. Turns out, Project is an operational definition - if you treat something as a project, it is a

project. Now, you can't say, "Well, I did separate 10 window replacement projects on my 3-family this year," and just go to Home Depot on 10 separate days. The IRS has an anti-abuse rules (Regs. Sec. 1.263(a)-1(f)(6)) (not showing off or anything) So no, you most likely did one window replacement project that had 10 windows in it - unless you had some compelling reason and are ready to defend this to your CPA and the IRS.

But how about an apartment renovation? There's a next level here, called the Unit of Property. (Yes, there is a quiz at the end.) A UOP breaks down a project's expenses into the common parts of a building (Overall building like windows and walls and roof and floors, electrical, plumbing, HAC, security, fire safety plus also elevators and (strangely enough) escalators.)

So, if you're renovating an apartment and the plumbing comes in at \$2000 and the replacement floor is \$2000, you can expense them both and not have to depreciate them. Even though the "project" of renovating the apartment was more than \$2500, inside the project, there were multiple Units of Property.

We recently completed an apartment renovation in Vermont (where I can do some work that I shouldn't do in Mass.) Here's a rough breakdown of the expenses.

I paid a couple guys to put in flooring. Total for flooring and labor was \$1800.

I paid another guy to change out two sinks (one invoice, \$300)

I paid the same guy to paint (another invoice, \$360 plus paint at \$200)

I put in a minisplit where I did all the labor. Minisplit parts (\$2100)

Electrical work I did - upgrades for the minisplit (\$300) and light fixtures (\$200)

I paid a 3rd guy to clean (\$180).

I put in new locks (\$45)

The total for the apartment renovation project was \$5485. So, first cut gets out maintenance and cleaning, so subtract out the painting and cleaning, leaving a total of \$4745.

Normally this would be capitalized because we're over the de minimus limit but this needs to be broken down into the Units of Property.

Building Overall: 1800

Plumbing: 300

Electrical: 500

HVAC: 2100

Security :45

Leaving us with an almost \$5485 project that can be legitimately expensed.

In summary, the De Minimus Safe Harbor is your friend as long as you break down your expenses based on the project and the Unit of Property. I've changed my book keeping method to better reflect this so hopefully tax time next year will be easier!

If you will reasonably repeat the project in the next 10 years, it's maintenance and you expense it.

A legit Project whose UOP parts each cost less than \$2500 - expense it.

A contractor sends you a bill for more than \$2500 that's not maintenance - depreciate it.

Quiz:

- 1) You decide to have your tenants pay the heat. You find a minisplit heat pump installer who will install the units for \$2000. You personally buy a nice Daikin unit online for \$2200, including the parts. You submit the two separate recipes to your CPA as expenses. What does she say?
- 2) You want to upgrade the windows on your 4-unit building but don't want to disturb your tenants so you plan to change the windows only when a unit is vacant. In January, Unit 1 is vacant so you spend \$2200 to have the windows changed. In October of the same year, a different tenant moves out and you spend \$2400 to have those windows changed. Since windows are clearly an improvement, you depreciate them and get about \$167 off your income each year for the next 27.5 years. Correct?
- 3) You read an article in your local landlord newsletter about how to apply the De Minimus Safe Harbor. The IRS calls and it turns out you applied the safe harbor incorrectly. You tell the auditor the source of your information and they drop their phone, they're laughing so hard. Should you feel embarrassed?

Answers: 1) Your CPA reminds you of the Anti-abuse clause and says you can't split up a project to make it look smaller than \$2500. The project is installing the minisplit and you need to depreciate the \$4200 cost. 2) You can expense this window project because when you did the January windows, you had no way of knowing the other tenant would move out. These are legit separate projects and since they're under \$2500, you can expense them. 3) Yes, feel embarrassed. **Don't take tax advice from a nobody, even if that nobody is the secretary of the LBA! Hopefully this article was entertaining, as was its only intent.**



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