

Companion Animal Renters Study:

The Market for Rental Housing for People with Pets

Overview

FIREPAW, Inc. conducted a nationwide empirical research study to determine the factors influencing the availability of pet-friendly rental units. One key hypothesis was that the current shortage of pet-friendly rentals is based on a misperception by rental property owners that renting to tenants with animals is too costly and problem-ridden to justify. The results of this research study statistically demonstrated that for the majority of landlords, offering pet-friendly rentals is not only economically viable, but can actually increase their bottom-line profits.

Background

Research indicates that one common reason for companion animals to be relinquished to shelters is housing issues. Housing issues represent one of the largest causes of involuntary human-animal separation. Anecdotally, there is evidence that some renters with animals have trouble finding housing at any price. If housing is scarce despite a willingness on the part of tenants with animals to pay a higher price, then landlords may be overlooking opportunities to

increase profitability by adding to the pool of pet-friendly housing.

Methodology

Data collection for the research study was comprised of two levels: Level I consisted of a collection of various norms for "pet-friendly" and "no-pets allowed" rentals across the U.S. Level II was comprised of data derived from assessment tools sampling responses from both randomly selected landlords and tenants across the country. Among other things, surveys included inquiries as to pets/no-pets -allowed status, a variety of financial and economic factors, rental, deposit, turnover and damage histories, rental tendencies and trends, and personal beliefs and attitudes about allowing companion animal renters. Data was collected nationwide for both phases of research with a wide range of cities chosen to give a geographic and demographic cross-section of the nation.



Results

Availability of Pet-Friendly Housing

According to the information reported in the landlords' surveys, approximately one-half of the housing is pet-friendly. However, only 9% of housing allowed companion animals without any significant limitations on size or type. Approximately one-half of rental housing allowed cats, the easiest type of animal to get housing for. Large dogs were the most difficult, with only 11% of housing allowing these animals. Most tenants (82%) with animals reported having trouble finding a rental unit that would take their pet(s).

Large complexes more commonly allowed pets than landlords with

cont'd on page 4

cont'd from page 3

only a few units. However, large complexes were also more likely to set size or type of pet limitations, with very few large complexes having no conditions.

Pet Deposits & Rent Differentials

Most pet-friendly housing was found to charge a separate pet deposit. The average pet deposit was between 40% and 85% of the rent, depending on what data were used. In general, it should be noted that in addition to a separate pet deposit the average total deposit was larger for pet-friendly housing. The prevalence of pet deposits varied by location. The spread in deposit usage between locations was sizeable.

The data indicates there was a clear, statistically significant rent differential between housing that allowed pets and housing that did not, with pet-friendly housing charging more in rent. This difference was found consistently using three different

sets of data. Factors such as housing size and location were controlled for in the analysis. The rent premium found was between 20% and 30% of the average rent. For example, using tenant data, housing that was pet-friendly charged \$222 more on average than housing that was not pet-friendly. (The average rent overall for tenants in the study group was \$1,070.)

Housing with limitations on the type and/or size of pets permitted (such as allowing cats only, limiting the animal size, etc.) was also found to be slightly cheaper (by an average of \$100) than other pet-friendly housing.

Length of Tenancy

Besides a significant premium in rent, several other major benefits for landlords who allow pets were found. Tenants in pet-friendly rentals stayed an average of 46 months compared to 18 months for tenants residing in rentals prohibiting pets.

It should be noted that the increased length of tenancy did not occur for tenants who illegally keep pets (that is, tenants who keep animals in rental units that prohibit animals). Tenants who

illegally kept pets were closer in their length of tenancy to people who do not keep pets at all.

Vacancy Rates

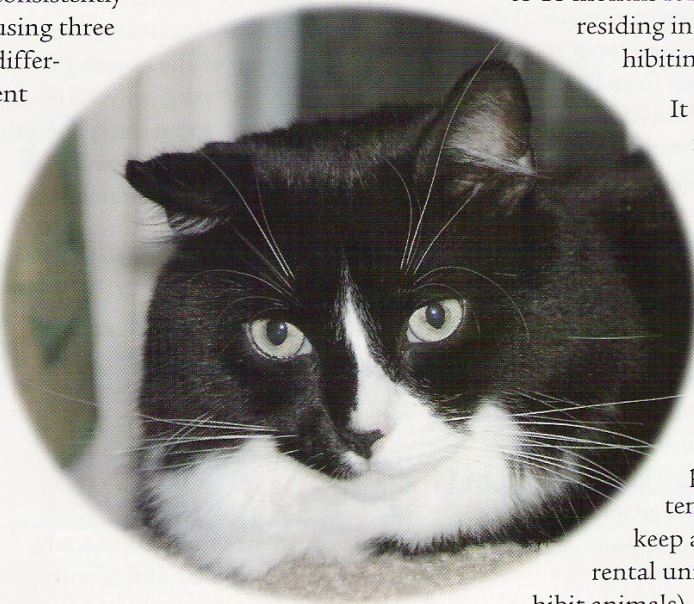
The vacancy rate for pet-friendly housing was also significantly lower than "no pets allowed" rentals at 10% for pet-friendly housing compared to 14% for other housing. The amount landlords had to spend on advertising their units was lower for pet-friendly housing at \$15 per unit compared to \$32 per unit for other housing. Additionally, landlords needed to spend less than half the amount of time marketing pet-friendly housing. Pet-friendly housing also received about twice as many applicants for a vacant unit as other housing. The average time it took to rent out a pet-friendly unit was 19 days compared to 29 days for non-pet-friendly units.

Common Concerns Regarding Permitting Pets

Among the landlords who prohibited pets, damage was the greatest concern by far, with approximately two-thirds of landlords citing damage as a major concern. Noise was the second largest concern, followed by complaints and insurance issues. Concerns about people leaving their pet behind or not cleaning common areas were rarely cited as reasons for not allowing pets.

Pet-friendly housing did have some costs for landlords. For example, landlords reported an average annual insurance premium of \$150 more for pet-friendly housing. However, this annual cost is less than the premium

cont'd on page 5



cont'd from page 4

received in just one month's rent from pet friendly housing. Of the potential problems pets could cause to housing, damage was the most commonly reported. However, even this was not that common, with approximately one-half of landlords allowing pets stating that they have never experienced damage from companion animals allowed in their units. Slightly less than half of landlords have ever experienced complaints from tenants or neighbors regarding animals, about one-third of landlords have had noise problems, and only about 15% have ever experienced any other problems from allowing pets.

Although 85% of landlords reported having some amount of damage at some time, the worst damage reported by each landlord averaged \$430 – far less than the average rent or the average pet deposit. In most cases, landlords could simply subtract the damage from a required pet deposit and experience no real loss. In fact, for half of landlords who allow pets, the worst case of pet-related damage they ever had was still fully covered by the deposit. The worst-case scenario due to pets found in the survey was a loss of roughly 2.5 month's rent (note:

this was the worst loss experienced for the particular landlord, not the average loss for that landlord). Although this is a significant loss, FIREPAW's simulations of various rental scenarios suggests that even for this unusual type of situation, when all costs and benefits (rent premiums, higher deposit, longer tenan-



cy, less marketing and advertising costs, reduced chance of loss from an illegal pet with no pet deposit to compensate), are taken into consideration, in the long run the benefit of taking animals will compensate for the loss. In addition, FIREPAW's results suggest that the proper use of screening and control tools can significantly minimize the chance of ever suffering a loss that would exceed the deposit.

While landlords reported some damage from pets, a more important issue is whether overall damage is different for tenants with pets than without pets. Even if pets cause some damage to units, tenants with pets may cause less damage in other ways for a number of reasons. First, as described above, there are twice as many applicants for units, so landlords have ample choices of potential tenants for whom to carefully screen.

Second, there is reason to believe that tenants with pets are more loyal and have a harder time finding alternate housing, therefore they may be more careful to avoid causing problems.

The data suggests there is little if any difference in damage between tenants with and without pets. The biggest difference between damage from tenants with pets and those without was under \$40, with an average of \$323 in damage for tenants without pets and an average of \$362 for tenants with pets. This was not a statistically significant difference (meaning that the difference is quite possibly due to random variation in the data rather than any real difference) and the amount is very small when compared to the extra deposit, rent, and other benefits

cont'd on page 6

cont'd from page 5

received from renting pet-friendly housing.

Interestingly the \$40 (at most) difference in damages for tenants with pets was much smaller than the difference found for tenants with children. Tenants with children on average had \$150 more damage than tenants without children. If housing is divided into four categories based on whether children and/or pets are present, then for housing with



children the people with pets caused on average \$4 less damage. For housing with no children, the people with pets caused on average \$25 less damage. In other words, when having children is accounted for, people with pets did not cause any more damage whatsoever on average than people without pets.

Pet issues did require some extra time for landlords. However, the reported time only amounted to slightly less than one hour per year. In addition, this amount of time was less than the amount managers and landlords had to spend for child-related or other issues. It should also be noted that as discussed above,

property owners spent less time marketing units when renting pet-friendly housing, and this time savings was greater than the time cost of resolving pet issues.

Use of Screening Tools

Potentially useful tools for screening tenants with animals or limiting landlord exposure to problems were rarely used. Only 3.7% of landlords required pet references, and only 7.4% required a "pet resume".

No landlords surveyed required training certificates, only 11.0% required health certificates (such as proof of rabies vaccinations or proof the animal had been

spayed/neutered—a procedure which has been shown to dramatically reduce aggression, biting, spraying and other unwanted, potentially problematic behaviors for landlords to deal with), and only 18.5% required a pet agreement/policy. Tenants offered some of these items more frequently than they were required—18% of tenants offered a pet resume, 22% offered pet references, and 4% offered certification of training.

Keeping Pets Illegally

When landlords were surveyed, respondents who prohibit pets estimated that 7% their tenants keep pets in their rental units anyway. However, the tenant data (which is probably more reliable in this particular case) suggests a much higher number. Over 20% of tenants surveyed reported that they are keeping

ANNUAL COSTS AND BENEFITS PER UNIT FROM ALLOWING PETS

<i>Total Costs</i>	
Insurance	\$150.00
Damage/Unit*	\$39.00
Time Spent on Pet Issues (@ \$30/hr)	\$29.00
Total Costs	\$218.00
<i>Total Benefits</i>	
Increased Rent	\$2,294.00
Decrease in lost rent from vacant units	\$398.00
Decrease in Time Spent Marketing (@ \$30/hr)	\$235.00
Decrease in Advertising Spending	\$24.00
Total Benefits	\$2,949.00
Net Benefit per Unit Annually from Allowing Pets.....	\$2,731.00

*Note: When all factors are taken into account, there may actually be benefit rather than a cost in terms of average damage due to reduced turnover and increased deposit. However, the figures used here are intended to be conservative. All calculations are estimated averages that will vary by the specific situation.

cont'd on page 7

cont'd from page 6

pets illegally. This is quite a significant finding since landlords with tenants holding illegal pets receive none of the benefits yet suffer all of the potential costs of having animals. If 20% of tenants keep pets anyway, it makes the case for allowing pets and therefore giving the landlord more control over the outcomes (controlling the screening and requiring a pet agreement/contract and separate pet deposit, etc.) all the more compelling.

What This Means for Animals

The results of the present study indicate that it is in the best interest of rental property owners to permit companion animal renters. This is also good news for animals – not only could dog and cat relinquishment to shelters be reduced by making more pet-friendly housing available, but adoptions would also likely increase. Of the renters who did not have pets in the present study, over half reported they would probably have one or more pets if they were allowed to do so in their current rental housing.

There appears to be an overlooked opportunity for many landlords to gain income revenue in rent and increase tenant pools/market size by allowing pets. From a landlord's perspective, while there were some costs to allowing pets, the benefits appear to be even greater. Although individual landlord situations will vary, pet-friendly housing appears to be a "win-win-win" situation for landlords, tenants, and companion animals. 🌟

FIREPAW's work with companion animals in rental housing is intended to go beyond the above results to actually helping landlords and property manager optimize their profit opportunities and minimize potential losses from allowing animals. To achieve this goal, FIREPAW has created the Companion Animal Renters Program [CARP]: An applied three-prong program to assist rental property owners to:

- Identify responsible pet-owning tenants
- Screen and detect potential "problem" tenants with pets
- Gain methods for reducing pet problems and enhancing tenant loyalty through connecting landlords with a variety of relevant (no cost) community services
- Learn the best methods for holding residents accountable for their pets' actions
- Develop and establish strong, effective pet policies and pet agreements
- Increase revenue through additional security deposits and rental rates that more than compensate for any potential risks of pets
- Teach tenants how to be responsible pet guardians
- Evaluate tenants' pet resumes
- Increase tenant pool dramatically through a widely publicized no-cost animal-friendly referral list
- Work in tandem with tenant groups
- Gain support from the animal care community
- Foster good will and receive good publicity from (free) marketing and advertising of pet-friendly rentals

- Create a pet-friendly community
- Establish pet zones on the property
- Perform target marketing of the most attractive pet-owning tenants
- Increase bottom-line profits while minimizing potential problems

For landlords CARP includes an Economic Assessment; Needs Assessment; Tailor-made programs; Screening & Assessment Tools for screening potentially problematic tenants; Training on interview and screening techniques; problem-solving techniques and tools; Customized Pet Policy and Pet Agreement; Tenant Guidelines Booklet; Custom-made Pet Perks Package; Free advertising and registration on Pet-Friendly Referral Listings.

For tenants CARP offers a detailed Tenant Information Booklet [How to Find, Keep & Enjoy a Pet-Friendly Rental] replete with a customized Resource Listings Section for animal-related sources in their region.

If you know of a landlord who you would like us to send an Information Packet to, please mail or e-mail his or her name and address to Firepaw. Packets may also be sent to Animal Welfare Organizations who wish to distribute CARP literature to their patrons. Tenant's Info Packets are also available to educate tenants how to find – and keep – pet-friendly rentals in their area.

FIREPAW, Inc.
228 Main Street, #436
Williamstown, MA 01267
firepaw@earthlink.net org