

IS THE FLOORING IN YOUR RENTAL SAFE?

I am sure you have by now noticed the reports of Formaldehyde being emitted from manufactured flooring imported from China. As a landlord this obviously could be concerning. Should we be worried about being sued by our tenants or should we be worried about being forced to take on the large expense of replacing the flooring in our units?

As of right now it is too early to answer these questions, but it is worth keeping a close eye on as a landlord with manufactured flooring in your units. If you or your tenants are concerned then the first step is to test the air inside the unit. You can purchase a test kit for around \$80. If you happen to purchase your flooring from Lumber Liquidators then they will actually give you a testing kit for free.

If the test comes back positive for Formaldehyde then I would suggest that you take this health risk seriously and replace the flooring if that is the suspected cause. Formaldehyde is actually used in the vast majority of manufactured flooring, but that is typically only emitted into the air for a short time after installation. The flooring with the problem has come from certain manufacturers in China according to initial reports. When installed, the flooring has an ongoing reaction to the glue used that continuously emits Formaldehyde into the air. This obviously causes a health risk as it can build up and eventually poison your tenants.

If you have been watching the reports on this it is gaining momentum and there are law firms that have already started building class action law suits against those they feel are responsible. As with many things regarding public health in this technological age, it is unlikely to just go away any time soon. This will just add momentum to the trend that has been gaining a lot of momentum over the years of everyone preferring things that are all natural.

From the food we eat to the clothes we wear there has been a growing and now very large segment of our nation's population that prefers everything to come from natural sources. Within my company we look at this as a possible tipping point in the housing industry as a whole when it comes to using natural materials. There may be a fast approaching day where units with natural materials rent for a premium. So it might be worth trying to get ahead of this curve and sourcing natural materials to use when you are doing the next renovation or a turn over that includes replacing materials.

Within my company, www.CBPropertyManagement.com, we have recently spent close to \$150,000 on natural, reclaimed wood floor planks and natural wool carpeting. We did this to help get the costs of using these materials down to that of synthetic materials for our clients. Since these materials are typically the more expensive ones to purchase we bought them in bulk straight from the manufacturers so that our clients can take advantage of that extra savings. Hopefully we will see more companies taking this proactive approach to make it feasible for their clients to use these materials in units that aren't considered strictly high end.

You may ask why we would go beyond wood flooring and purchase wool carpet as well. We figure that the wood flooring is just the start. As far as I know there haven't been any reports on synthetic fiber carpeting causing any health issues, but that won't matter to anyone that jumps on the band wagon of wanting to pay a premium to rent a unit with all natural materials used in its

construction. The benefits of wool carpeting is that it is hypo-allergenic, naturally stain resistant, is better at regulating temperature, and of course comes from a sustainable source.

There are many materials commonly used in rental units that can be replaced by natural materials. The next time you are doing a renovation or turn over it might be worth your time to at least research the possibilities and then advertise your unit as being one that uses those natural materials. Now that we have started this program we have seen about an average of a 5% increase in rents and we estimate that should grow to be a 10-15% premium being added to units that use natural materials as this trend continues to grow. This also turns the public's growing fear over these reports of formaldehyde in manufactured flooring into a profitable fear for you as a landlord that offers units with natural materials.

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