Jerry Sullivan 00:01
This is Jerry Sullivan for 'Making an Impact with Michelson Philanthropies.' This edition has been recorded remotely in observance of social distancing, please excuse any inconsistencies in the audio. Today we're going to talk to Judy Bellack, a veteran business consultant, who also serves as industry principal and consultant to the Michelson Found Animals Foundation. The industry that Judy represents is the multifamily segment of the real estate sector, where pets have more to do with business than you might expect. What does that mean? Let's welcome Judy, and find out. Welcome, Judy, how are you?

Judy Bellack 00:39
Hi, Jerry. I'm great. Thanks for having me.

Jerry Sullivan 00:42
Thanks for being here. And let's start with the basics. Because 'no pets allowed' is no longer necessarily the presumed default position of landlords. Can you give us the big picture on why more people, including renters and property owners, view pets as an integral part of our daily lives?

Judy Bellack 01:00
Well, you know, it is interesting, as you said, 'no pets allowed' is no longer really a part of the landscape of the industry. Certainly when I came into the industry 30 some odd years ago, it was, but we've really seen that change over time. People have more access to pets, pets have become more and more a part of our daily lives. I think the pandemic certainly accelerated that. We saw a lot of pet adoptions in that time, and the multifamily space of real estate has adapted. So about 76% of the space now accept some form of pet.

Jerry Sullivan 01:35
And just to give some context, where was that 10 years ago, 20 years ago?

Judy Bellack 01:40
I don't have exact stats for you. But I can tell you again, 20 years ago, the vast majority of properties did not accept pets, or were severely restricted. Today, you see, really the vast majority do accept pets. However, restrictions do still exist. What I mean by that is, for example, let's take dogs. We see quite a
number of breed restrictions throughout the multifamily industry. As few as five breeds, as many as 15 are restricted. As you might imagine, that starts to really create a hardship for people with their pets. You also see weight restrictions, some communities will only allow dogs up to 25 pounds, usually the max is about 50. And there are also numeric restrictions, of course, on pets, typically one per household.

Jerry Sullivan 02:28
And it seems like a weight restriction would generally speak to size. The other breed restrictions, when you said that I immediately thought well that was probably based mostly on size, but are there some other factors?

Judy Bellack 02:39
Well, it's a really interesting question. And in order to answer that well, I want to give you a little bit of background. So if we harken all the way back to the 1950s, the CDC came out with a position paper on what they termed at the time 'dangerous breeds.' We know now that the data behind that was pretty faulty. It was based almost solely on reports of bites. And as you might imagine, people generally only report bites of bigger dogs. Little dogs do their fair share of biting out there. As we have seen decades pass, of course, the CDC, the ASPCA, the Humane Society, all absolutely now hold the position that there really are no dangerous breeds. We see dangerous behaviors in individual dogs. And there are so many reasons for that, from perhaps irresponsible owners to dogs who are suffering and not feeling well or who have been ill treated.

Jerry Sullivan 03:37
Got it. I find it fascinating the CDC was tracking the subject as far back as the 1950. And just as fascinating, they've updated their outlook. It seems to be part of a general trend of increasing awareness of the value of pets, and they seem to make for better landlords, better renters. Do they make for a better society in general?

Judy Bellack 03:57
I think that they do make for a better society. You know, certainly, we can speak to that as a whole and we can look at multifamily. One of the things that we look at is the data around this, of course, because in our hearts and in our minds, if we want to see animals out of shelters, we're going to want to talk about how everyone needs a pet and pets make everything better. But when we really look at the data that we've done, particularly with the Pet Inclusive Housing Initiative report, the data supports that as well. When we look at specific data surrounding multifamily, we see that fully 67% of renters own pets, we see that the data says that both pet owners and non-pet owners like having pets around. The only disconnect that we really see is that while 76% of owner-operators of multifamily would say that they embrace pets and are pet friendly, 72% of consumers say it's difficult to find rental housing that accepts their pets and again that goes to those weight and breed restrictions.

Jerry Sullivan 05:04
Now, going from the general to the specific, there was a recent report by the Pet Inclusive Housing Initiative, which is sponsored by the Michelson Found Animals Foundation, and the Human Animal
The terms like the "human-animal bond," "pet friendly," "pet inclusive." Could you walk us through some of these terms to help everyone understand the context of these sorts of conversation?

**Judy Bellack 05:36**
Sure, absolutely. Human-animal bond, I think is fairly straightforward. Anyone who has had a pet in their lives, either as a child or currently, understands that there's a very strong bond that occurs. There's plenty of data to support that having a pet is great socially, especially for the elderly, for children who may have special needs. But really all of us in general. We touched on it a little bit earlier, but when I look at the difference between pet friendly and pet inclusive, pet friendly means that a single family development of rental homes or multifamily development of rental homes may accept pets. Pet inclusive really takes that a step further, because when we take a look at the data surrounding multifamily only 8% of units are what we would say are unrestricted. So we think of inclusivity the same way we would think about that for humans, right? It sounds maybe a little glib, but we really would like to see a day where pets are truly inclusive, and all multifamily housing and rather than looking at breed restrictions, or weight restrictions, multifamily operators are looking at individual pets and individual owners and creating the right expectations for responsibilities surrounding their pet.

**Jerry Sullivan 06:58**
That does put a little more on the human. That if we're going to be all inclusive, I think we need proper behavior from owners. Is that part of what's going on?

**Judy Bellack 07:08**
Yes, I would say that's definitely part of what's going on. For example, if an individual has a dog who is suffering from separation anxiety, and barks all day in their apartment when they leave, that's not really being a great neighbor. And that human I think, needs to find ways of helping that animal cope, whether that is having some kind of noise or music playing in the apartment, or going through some training on that separation anxiety so that the dog is comfortable when left alone.

**Jerry Sullivan 07:39**
Got it. Now that we've had a little bit of a vocabulary lesson, could you tell me how landlords could benefit from being more accommodating of their tenants' pets? What's in it for the landlord?

**Judy Bellack 07:49**
Well, the great news is there is a lot in it for the landlord. Again, referring back to our report, we showed that there are so many ways that landlords can capitalize on this. You know, at the end of the day, they are business men and women, and they need to see their assets pay off. Our data shows that there are about 2.5 million pets in units who are there and unaccounted for. In other words, the owner-operator has no awareness that a pet is there. If we look at the average pet fees that owner-operators gain from having a pet in their unit, that's about $600 a year. So if you do the math, that's about $1.5 billion that the industry could be pulling in that they are not currently.
I don't know if there's statistics or data available, but would you guess that in most cases, the pet is not being reported out of the financial concern, or maybe the building doesn't have a policy?

**Judy Bellack** 08:50
I think it is a combination of a financial concern, as well as that pet might be over the weight restriction, or might be one of those restricted breeds. For example, we all know that pit bulls have gotten a really bad rap in the last decade. And in fact, there are some municipalities and cities who have legislation against owning that particular breed in their area. In addition, we see shelters absolutely full of that breed or mixed pit bull breeds. The actuality is that, again, it really isn't about the breed. This breed got a very bad rap because it turned out to be a very popular breed because of their strong jaws for dog fighting and illegal activity that got a lot of press, as I'm sure you know. Again, it's our position as well as the ASPCA, the Humane Society, the CDC that there really are no bad breeds and there is no data to support one breed being more dangerous than another. It really comes down to behaviors of an individual dog.

**Jerry Sullivan** 09:55
Got it. And I want to swing back to something you touched on earlier, from the recent report by the Pet Inclusive Housing Initiative. And it's this statistic that says 76% of landlords, I guess who responded to a survey, consider their properties to be "pet friendly." But 72% of renters said it was difficult to find pet friendly housing. Now, on the face of it, and you touched on it a bit, that just seems to be impossible. But let's go inside those numbers a little bit. How does that break down?

**Judy Bellack** 10:27
It absolutely seems like a couple of stats that simply don't make sense stacked next to each other. But again, it comes down to definition. And it really represents the disconnect that exists. Most owner-operators think of themselves as pet friendly when they allow pets. Not all pets, not all sizes of pets, and certainly not three or four pets in a unit. But if they allow pets at all, they consider themselves to be pet friendly. You flip that coin and take it from the consumer side, however, and if I have my incredibly well trained German Shepherd, who's 70 pounds, and I tried to live in XYZ apartment community who restricts German Shepherds, and who restricts dogs over 50 pounds, I'm having a very tough time. And that's generally because German Shepherds are largely restricted across the country, and dogs over 50 pounds are largely restricted over the country. So my perspective as a consumer is, I'm not seeing a lot of pet friendly housing out there. So it really does come down to the differences in which both sides of that fence are looking at that definition, which is why we really love the term pet inclusive next to the term pet friendly. We feel like it describes it a little bit better.

**Jerry Sullivan** 11:44
I'm glad that we went over the vocabulary lesson earlier. And it's very interesting. The famous former Dodgers announcer Vin Scully, he used to say if you really believe in statistics, you should be able to put one foot in a pot of boiling water and one foot in a pot of ice water and feel just fine. Reminds you a little bit about this 76 and 72 percent.

**Judy Bellack** 12:06

Transcribed by [https://otter.ai](https://otter.ai)
As my grandfather used to say, 'Figures lie and liars figure.'

Jerry Sullivan  12:09
That's right. Well, thank you for shedding a little more insight and light on that, I appreciate it. And I also want to get back to another thing that you touched on a little bit. 11% of renters, and this is from the same study, say they keep a pet even though it's not allowed. Now, what would be the worst case of that situation? And what might be the best way to offset it?

Judy Bellack  12:33
Right. I think the worst case of that situation would be one of two things, that that pet owner is discovered and upon threat of eviction surrenders their pet to a shelter, in worst case scenario, or to a friend. And we don't love any scenario that has someone surrendering their pet who is most likely looked at as a member of the family. And the other worst case scenario, of course, is that that individual is evicted from their apartment community because their pets present there is against the rules and they're unwilling to surrender their pet. You know, in my experience with the multifamily industry, there are many, many situations where owner-operators absolutely have a heart, right? And they'll look at that situation and say to themselves, alright, we didn't even know about this animal until someone else brought it to our attention. It clearly isn't creating an issue. Perhaps we need to rethink our policy with this resident, and perhaps we need to rethink our policies in general. And honestly, we are seeing a lot of movement within multifamily to start to ease those restrictions.

Jerry Sullivan  13:37
And is there a way for landlords to know? I mean, there are a lot of multifamily rentals who have regular service calls. And you would think you might also pick up on the fact that whether a pet is there or not. Is that allowed? Are they allowed to use, say, a service call to check on that?

Judy Bellack  13:55
Well, not on its surface, they're not, right? But owners are absolutely allowed to enter the unit to perform maintenance, to perform scheduled servicing, those types of things. But they usually are also required to let the resident know that that is about to happen. So you know, there are ways if someone wants to continue to try to keep their pets present a secret. But I think what we advocate for is, let's not create scenarios where residents, your consumers, feel like they have to be less than forthright with you. Let's look at those policies. Let's revamp them. Let's be more inclusive, and by doing so let's create happier residents who stay longer. You know, one of the statistics of the report is that pet owners generally stay in a rental unit 21% longer than non-pet owners. We were at a conference recently where one of the panelists with a company who has eased all of their pet restrictions is experiencing an 80% renewal rate for their pet occupied units, which is sort of unheard of in an industry that sees 50% turnover every year.

Jerry Sullivan  15:04
One of the reasons I appreciate that recent report we've been citing and the work of the Michelson Found Animals Foundation is that, you know, it complements a lot of the emotional aspects of the subject of pets with some very practical questions and data. An example is some research the report
provided about insurance rates that landlords pay for policies that don’t restrict the type of pets allowed for tenants. Can you give us an overview about that and tell us where insurance from the landlord standpoint ranks in terms of the challenge on being more inclusive?

**Judy Bellack 15:38**
Well, I think if I am, for example, reaching out to a management company to talk about this, I can almost guarantee you that the first objection I will get is, ‘Well, my liability insurance, I don’t want to see that go up.’ You know, multifamily operators are, contrary to widely popular opinion, do operate on some pretty slim margins, especially fee managers who manage a lot of the units across the country. And so watching every expense is really crucial. What we’re finding is that is much more perception than a reality. There are many insurance companies who do not charge additional for lifting breed restrictions, they don’t have breed restrictions built into their coverage. And there are insurance companies who still do have breed restrictions built into their coverage. And so that is an area that we are actually spending some time looking into, to produce some more data on. I can also tell you that there have been quite a few operators I’ve talked to who actually take a look at their insurance and are surprised to see that the additional cost is either negligible, or there is no additional cost to accepting all breeds. So it sort of falls into that category of, you know, we kind of assume things are as they always have been, and there has been a lot of change in that space.

**Jerry Sullivan 17:00**
Well, it's good to get caught up. Let me ask you, is there anything else you'd like to add or tell us about?

**Judy Bellack 17:05**
Again, I think that the reason that we did this report in conjunction with HABRI is that we really wanted to approach the change that we hope to create within the industry and wider change from a database perspective, right? It can't be purely emotional. We have to be able to demonstrate that this is a good thing, a healthy thing, going forward.

**Jerry Sullivan 17:27**
Great. And could you tell us where, if any listeners wanted to get more information, where would you send them?

**Judy Bellack 17:32**
If people would like to know more about pets and housing and how creating change in this industry can benefit owner-operators, I encourage them to go to the foundanimals.org/pets-and-housing website where they can see some data rich information as well as some resources and information.

**Jerry Sullivan 17:52**
Judy, thank you very much for your time today. It was a pleasure and I appreciate the insights.

**Judy Bellack 17:57**
Thank you, Jerry.
Jerry Sullivan 17:59
This has been 'Making an Impact with Michelson Philanthropies.' For more information, visit michelsonphilanthropies.org. That's Michelsen spelled M I C H E L S O N.