IN THIS ISSUE

CHARTING THE COURSE

Here They Go Again!

By Mitch Siegler, Senior Managing Director

To hear the chatter from the 2020 Presidential candidates – Elizabeth Warren, Bernie Sanders, Kamala Harris and Cory Booker, among others – deregulation and private-sector greed were the primary causes of the 2008 financial crisis. Sorry, Senators, but it just ain't so. Truth be told, excessive government meddling and half-baked policies combined with inept bureaucratic oversight had at least as much, arguably more, to do with it.

Politicians and regulators played a critical role in the Great Recession. Their policy objectives – increasing the availability of mortgages to expand homeownership and affordable housing – allowed far too many people (many without the requisite income, credit or both) to qualify for mortgages. Ironically, these policies and the sub-prime mortgage debacle they spawned brought about the housing downturn, which led to the financial meltdown. (For more on this, check out Peter Wallison's *"Hidden in Plain Sight: What Really Caused the World's Worst Financial Crisis and Why it Could Happen Again"*.)

Government's Role in Housing – a Quick Primer

The government has enabled mortgage finance since the 1930's but things really took off with the passage of the 1977 Community Reinvestment Act. With the collapse of the Savings & Loan industry in the late 1980s, Federal involvement in the housing market exploded. When the S&Ls collapsed, a huge hole was created in home financing and government-sponsored enterprises (GSEs) like Fannie Mae and Freddie Mac happily stepped in to fill the void.

In 1992, Fannie executives successfully lobbied Congress for explicit affordable housing goals. Sounds good, right? *The New York Times* reported in 1991 that the GSEs wrote much of the bill that required Housing and Urban Development (HUD) to establish explicit affordable housing goals for the GSEs. In 1994, President Clinton's National Partners in Homeownership set an arbitrary goal of raising the U.S. homeownership rate from 64% to 70% by 2000. In parallel, Fannie Mae announced a Trillion Dollar Commitment for affordable housing between 1994 and 2000. Guess what? These policies ended badly, ultimately with the housing crash that caused the Global Financial Crisis.

What Went Wrong?

First, there was a good reason the homeownership rate had long hovered around 64% – private mortgage lenders had already helped most qualified buyers purchase a home. So, the only tool remaining for the GSEs to meet their affordable housing goals was to lower the bar by reducing credit standards – which is just what they did. (Reminiscent of the Saturday Night Live scene with music producer Christopher Walken exhorting Will Ferrell for "More cowbell!")

Take lofty goals that aren't founded on credit standards, proper underwriting or sound economics, sprinkle in deteriorating loan underwriting standards and add a dash of other government policies that ensured that risky mortgages would be spread throughout the financial system and magnify the liquidity problems brought about by mortgage defaults and you have a recipe for disaster – which is just what we got.

Unfortunately, Not Much Has Changed

Many of the ingredients in the toxic stew that led to the financial downturn remain in place. But, you'd never know it by listening to many of the 2020 Democratic Presidential contenders' housing policies, which basically double down on bad policy. When your only tool is a hammer, everything looks like a nail.

Take Senator Elizabeth Warren's $1 trillion, 10-year spending plan for affordable housing subsidies. Please. Her plan calls for Federal down payment grants for first-time homebuyers in communities that have faced "racial discrimination" in the past. She also seeks expansion of the Community Reinvestment Act, which is used by Federal agencies to pressure mortgage originators into relaxing their loan underwriting standards for borrowers from certain racial and ethnic groups.

Senator Kamala Harris also has a housing plan aimed at reducing racial disparities by giving a boost to minorities. It starts with down payment and closing cost assistance, up to $25,000. She believes the root cause of differences in homeownership rates between ethnic groups is historical housing discrimination and biases in the way credit scores like FICO are determined.

Senator Cory Booker's housing plan is based on a refundable tax credit for tenants. If your housing costs exceed 30% of income – which is the case for more than half of renters – you would receive a check from Washington for a housing credit. Yippee!

Peter Wallison, the author who is now at the American Enterprise Institute, says that prior to the financial crisis 56% of U.S. mortgages were sub-prime or otherwise risky and 76% of those were held by GSEs Fannie Mae and Freddie Mac. Government bureaucrats set affordable housing targets and quotas for minority borrowers while mortgage lenders and Wall Street happily obliged with creative ways of meeting the goals – sub-prime, stated-income and interest-only loans being a few of their Frankenstein-like creations. Many post-mortem analyses of the housing crisis show that African-Americans received sub-prime loans at much higher rates than Caucasians (who received more than Asian-Americans).

Like free college tuition and a higher minimum wage, expanding homeownership sounds like a worthwhile idea at first blush. But, not at any cost and let's be honest, folks – there's simply no free lunch. Like so many lessons from history, this one should have been learned the last time around – which wasn't so long ago. Sounds like some of the leading 2020 Presidential candidates didn't get the memo. So, here we go again.

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FINDING YOUR PATH

The Fallacy of Rent Control

By Lorne Polger, Senior Managing Director

Affordable housing! Affordable housing crisis! Affordable housing is the biggest threat to our community since the Black Plague struck in the 14th century! If we don't "fix" the affordable housing crisis by tomorrow, everyone will leave town and California will be an empty dust bowl! Think, Oklahoma, circa 1933.

How do we fix it? More governmental control, that's the answer! Place limits on capital! Restrict improvements on our aging housing stock! Tell business owners how much they can charge! Sure, that's the trick! History tells us this methodology worked beautifully in various industries that did it, right? Like, the telephone business before deregulation! Like the airlines, before deregulation (you know, when it cost $800 to fly round trip to New York 30 years ago, instead of the $200 you might pay today if you found a good deal on the Internet).

Wrong, wrong, wrong, with a ginormous capital W. While the laws of supply and demand are not exactly laws of nature, they're not far from that. Across all historic economic cycles, it's been proven, virtually without exception, that when you increase supply with static demand, prices will drop. When you increase supply with lessening demand, prices will drop more. Conversely, when you decrease supply with static demand, prices will go up. When you decrease supply with increased demand, price will go up more.

When a community artificially restrains rents by adopting rent control, it sends the market a false message. It tells builders not to make new investments and it tells current property owners to reduce their investments in existing housing. Under such circumstances, *rent control has the perverse consequence of reducing, rather than expanding, the supply of housing in a time of shortage.*

What have our local governments and community groups done over the last 20 or so years? They've made it harder to build. They've made it harder to increase supply. They've made it harder to meet our community's housing needs. What has been the result? A significant increase in the cost of housing! Now wait. Are you suggesting that the same officials who have implemented policies to increase our cost of housing are now going to further regulate the sector in hopes of increasing affordability? You betcha. History shows what will happen.

Economists are virtually unanimous in their condemnation of rent control. In a survey of economists of the American Economic Association, 93% agreed that "a ceiling on rents reduces the quality and quantity of housing available."

When I think of rent control, I think of San Francisco, Berkeley, Santa Monica and New York City. Those four cities have deep experience with the rent control experiment. So, we have actual data to show how it works! Perfect! Then instead of holding our finger to the wind to predict the future or using the Farmer's Almanac, we can see what actually happened over time. Brilliant! Rent control worked great, right, which is why the State of Oregon implemented it last year and we are talking about it now for California! Uh, wrong. Couldn't be further from the truth.

Those four cities are all on the top ten list of least affordable housing markets in the country. Wait a second. If you put rent control in Slot A, shouldn't you get cheaper housing out of Slot B? Nope. By forcing rents below the market price, rent control <u>reduces</u> the profitability of rental housing, directing investment capital out of the rental market and into other more profitable areas. New construction declines and existing rental housing is converted to other uses. And owners are disincentivized from investing to improve (and even to maintain) their properties. Remember the rule, if supply stays static or is reduced and demand increases, prices will rise.

Studies have shown, for example, that the total number of rental units in Cambridge and Brookline, Massachusetts, fell by 8% and 12%, respectively, in the 1980's, following imposition of stringent rent controls. Rental inventories in most nearby communities rose during that period. Similarly, in California the total supply of rental units dropped 14% in Berkeley and 8% in Santa Monica between 1978 and 1990. These municipal experiments have shown that rent control has had the exact opposite result than what was intended; shrinking existing supply, dramatically reducing new supply, leading to dilapidated existing housing stock (because owners have zero incentive to make repairs or renovations), and leading to huge increases in price.

Example: San Diego

So, let's focus on the supply side of the equation. As a long-time client used to tell me, developers develop when it makes sense to develop. From 2000 through 2003, an average of 9,325 homes were permitted in San Diego each year before declining 48% to an average of 4,825 homes permitted a year, from 2004 through 2009. The average from 2007-2018? A mere 2,600 homes per year.

The number of apartments permitted averaged 7,250 a year from 2000 through 2005 as the economy grew and multifamily financing was easy for developers to obtain. From 2006 through 2008, the number of multifamily units permitted declined to 4,825 a year and then further declined to 1,825 a year (75% below the 2000-2005 peak) between 2009 and 2010 as developers found it harder to obtain construction and permanent financing and rental vacancy rates increased. The number of multifamily units permitted rose to 4,400 a year from 2011 through 2014, when rental market conditions tightened, and then increased to over 5,000 units in 2015 and 2016. Wait, that's all? But we're a county with 3.3 million people, with around 50,000 new people arriving every year. How can we possibly meet housing demands with those low numbers? Wouldn't that mean prices are going up and making things less affordable for our residents (see paragraph above on the laws of supply and demand)? Duh. Over the past decade, annual housing growth in San Diego has averaged approximately 0.5%, while the average population growth has averaged 1.2%. No wonder that from 2013 to 2017, monthly rents in San Diego increased by 34%!

So, the solution is simple. Why don't we just build more? Any idea how much it costs in permit fees to the County for the construction of one single-family home before you strike that first nail with a hammer? Would you believe a range of about $15,000 to over $150,000 per single family home, depending on the City (the City of San Diego being the highest). Yup, you read that right. Fees have increased, land prices have doubled over the last ten years, construction costs have increased more than 30% over the last three years, labor costs are way up, so where do you think prices have gone? Up! Because they can't go anywhere else absent a change in one of the four cost drivers above.

Developers build projects when they receive a suitable return on their investment to justify the risk. They know that an apartment unit, a condominium or a single-family house is going to cost them X to build. They are going to sell it, or rent it (then subsequently sell it) for Y. The difference between X and Y must be enough to justify the risk of the development. (After all, they must pay the bank back on the loan they guaranteed for the project; remember the Great Recession when prices dropped, and they couldn't? It wasn't good, in case your memory is short.). If the spread is big enough, to quote my old client, developers will develop. If the spread isn't big enough, they won't. And that's where we sit today.

Over the last ten years in San Diego County, we have significantly undersupplied the marketplace with new housing. As a direct result, prices on both for rent and for sale housing have increased. In fact, they have increased dramatically. While that's been great for owners, it has negatively impacted affordability, and as a result, has made it harder for folks to (i) save for a down payment for a home; (ii) have discretionary money to spend on things other than their housing; and (iii) afford other

basic necessities to enjoy a healthy, productive life. So, the answer is rent control! Let's just slam the brakes down on price increases! You know what happens when you slam the brakes? The car skids. And that is exactly what will happen in California if rent control is legislatively enacted (recall that just nine months ago, a ballot initiative to permit rent control in the State was resoundingly defeated with 62% of voters disapproving the measure). The people have spoken, why aren't the legislators listening?

The solution is far simpler. Make it easier to build and make it easier to build with increased density to reduce the cost per unit. San Diego's Mayor, Kevin Faulconer, was very much in tune with this concept. In 2018, he backed an update to the Affordable Housing Density Bonus Program to incentivize developers to increase the production of smaller and more affordable units and backed several code changes to streamline the development process, remove unnecessary barriers to development and increase production. This past June, the Mayor proposed to wipe out height limits for apartment and condominium projects built near transit lines. He said the proposal would spur construction of more housing, especially housing for middle-income residents, by allowing taller buildings with smaller-sized units and then streamlining the approval process for such projects. Harrumph said the local planning groups! Harrumph said the local NIMBY's (not in my back yard). Harrumph said the local BANANA's (build absolutely nothing anywhere near anything). Quoting one of my favorite singers, Alanis Morrissette, isn't it ironic? Isn't it ironic that many of the same groups leading the charge on rent control are the ones restricting new supply which will lead to more affordable housing? It is, Alanis, it is.

Reducing permit fees, entitlement time frames, density restrictions and arcane rules like overparking buildings will all make a dent in making projects pencil for developers. It won't reduce land, construction or labor costs, but it will make a big difference in allowing some projects to pencil that otherwise would not. And that's exactly what we need in San Diego, throughout California and in other high-cost cities in the western U.S.

Remember, developers develop when it makes sense to develop. Let's make it easier on them to do that so we can solve a problem, not create a bigger one.

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GUEST FEATURE

Seven Tips on Hiring a Contractor and Overseeing a Construction Project

By Matt Quinn, Vice President

"What do you mean he walked off the job?" I asked.

"He's not here and no one from his crew is either," the property's resident manager replied.

"Sooooo… did they walk off for lunch or did they walk off permanently?" I asked.

"Well they actually didn't show up at all today. I'm thinking it's the latter scenario," she answered.

This was 2012, many of the general contractors still in business following the Great Recession were cash-strapped and bidding jobs at razor-thin profit margins in order to keep their doors open and workers employed. This contractor – we'll call him Stevie – had managed to stay afloat for the four years following the downturn but his company had fallen apart smack in the middle of an exterior renovation at one of Pathfinder's Phoenix projects. When we finally tracked him down a few weeks later, he had filed bankruptcy and relocated out of state. Stevie cost us some time and a little money, but other owners had given him material deposits and suffered large losses. This wouldn't be my last contractor disagreement, but I learned some important lessons about hiring the right general contractor and protecting the company from similar headaches in the future.

Over the past decade, we've hired numerous contractors and subcontractors in many different cities. Through this process, I've learned a few things about what works and what doesn't. I've boiled down the more important lessons in an effort to share a few helpful tips and assist with your future construction jobs, both small and large.

1) Define Your Scope of Work – Unless you're hiring a local artist to build a custom abalone shell-and-driftwood backsplash for your fourth guest bathroom, the first step in any typical construction project is to create a well-defined scope of work. If you're remodeling your kitchen, hire an architect or designer to create a plan outlining the specifications and materials so the project is well defined before you start the bidding process. If you're redoing your backyard, hire a landscape architect or landscape designer to do the same. When you meet with the architect/designer, let them know your budget and be very clear about their need to create a design within that budget; perhaps give them a number that is 10% to 20% below your actual budget. Once the scope of work (i.e. "plan") is created, you will be able to bid the work in an apples-to-apples approach with your contractors.

2) Get Referrals from People you Trust: Don't use Google. There is no correlation between a contractor's Google ranking and their ability to get your job done on time, on budget and without headaches. Instead, ask around for referrals from you friends, family, co-workers and neighbors. When you inquire, make sure you're asking the right questions. Start with what is most important to you – is it the cost, the experience with similar jobs, the quality of work, the speed of execution or the personality of the contracting team? I would refer two totally different contractors to my sister-in-law who is redoing her kitchen and a colleague who is building multiple units on a vacant investment property. (In the first scenario, I would refer a high-quality contractor that employs a team without neck tattoos; in the second scenario, I would refer a larger, lower-cost contractor who is accustomed to adhering to schedules.)

3) Check Licenses and References: Once you've received a few referrals and confirmed with the contractor that they're interested in bidding your project, check their license online and obtain additional client references (most states, including California, have a free website where you can do this). Do this before you have the contractor bid your job – you don't want to waste your time meeting with them and bidding the work only to realize their license is no longer valid or they have 42 pending complaints. And when the contractor gives you client references, take the time to call them. Visiting a couple of the contractor's current projects can also provide insight into how they work. Be mindful of the cleanliness of the job site as that provides clues about the company's attention to detail. Chat with the neighbors as well – they can often tell you where the bodies are buried, so to speak.

4) Bid the Job: Get multiple bids, always, and ask the contractor for proposed start and end dates as part of the bid. Unless you're a major investor doing several large construction jobs per year (and you can create an ongoing and open book relationship with a single contractor), you want multiple bids. Make sure the contractor walks the job site with you, receives a printed copy of your plans and commits to a deadline to provide their bid. If you really want to be organized, create a line-item spreadsheet with each of the items in your scope of work (i.e. countertops, appliances, flooring, etc…) and have each bidder plug in their numbers directly into your worksheet so you can quickly cross compare overall bids and understand the variances. Do your best – it's okay to admit that you're not a professional construction manager and have limited knowledge – and take comfort in the fact that by bidding the work to multiple contractors you're significantly reducing your chance of getting ripped off. Once you have the bids, compare the price, referral quality, schedule and general likeability of each contractor. Now it's time to pick one.

5) Get a Contract: Ask the winning contractor for a written contract and a formal job schedule. It is not uncommon for people to engage a contractor through an email or handshake without agreeing to start and end dates – don't do this. When it comes to the quality and length of the contract, think about the money you're going to spend. Is this a $20,000 landscape job? Your contractor's standard form is likely fine. Is this a $75,000 kitchen remodel? Ask for an American Institute of Architects (AIA) certified form. Is this a $1,000,000 new home? Spend a few bucks to have a lawyer review it. Try to incorporate some basic protections including outlining the process for payments (don't fully pay for anything before it's completed) and recourse from the contractor if he doesn't finish the job on time or within budget.

6) Monitor the Progress: Once your contractor has started the work, you want to stay involved. On the flipside, you don't want to micromanage the project. You're hiring the contractor because you can't do the work yourself (or don't have time) and you need to respect their expertise. That said, having a quick daily phone call or meeting is not asking too much. Also, make sure to walk the job with the contractor at regular intervals – perhaps once a week – to confirm everything is being done to your expectations. Nowadays, technology can help make this communication process easier; many contractors are accustomed to uploading daily photos (or streaming video of the job in real time). Always treat the contractor and their employees with the same respect you expect to be treated with. If you must blow your lid because the countertops are crooked for the fifth time, that's okay, but don't make a habit of it. If you hired an architect or designer, make sure they are involved at key moments during the process to help you monitor the work.

7) Wrap it Up: When the work is done, walk the site with your architect/designer and create a "punch list" of the items that are incomplete or done sloppily (I like to carry blue painter's tape and put tape wherever there is an issue). Depending on the job size, you should be holding back a minimum of 10% of the total job cost until all punch list items are complete and you've received any final permits from the local municipality, if applicable. Lastly, request a project closeout book with all as-built plans, warranties and maintenance manuals. Now pay the contractor any final amounts owed and bask in the greatness of your construction management!

While construction projects vary greatly in terms of size and scope, following some basic guidelines will help protect you from major catastrophes and keep your project on time and on budget (hopefully). In the construction world, nothing ever goes perfectly but with a little planning and oversight, you can come close. Good luck.

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ZEITGEIST – SIGN OF THE TIMES

Historically High Rental Demand Spurs Continued Rent Growth

New household formation, strong economic growth and lagging home sales (due to the lack of affordable inventory) have contributed to record rental demand in the U.S. In parallel, land constraints and rising construction costs have resulted in inadequate new supply. As a result, housing prices continue to climb. According to a recent article by *The Wall Street Journal*, "The volume of existing home sales on an annualized basis has fallen for 15 straight months but the asking price of homes is still increasing at a rate that is faster than income growth." As a result of the decreasing affordability of home ownership and overall lack of inventory, potential homeowners are being driven toward renting.

Real estate analytics firm *Real Page* recently reported that the U.S. apartment absorption rate – which measures the rate at which vacant apartments are leased – increased 11% year-over-year in the second quarter of 2019. In parallel, the national occupancy rate hit 95.8%, which is essentially "full" when accounting for the time required to clean and make repairs to an apartment between an old tenant moving out and a new tenant moving in. As affordable, for-sale housing becomes more and more out of reach for many in major U.S. markets, apartments have been picking up the slack.

Reach for the Stars

In today's technology-driven society, websites like Yelp, Google and Apartment Ratings are quickly becoming the first stop on many prospective renter's apartment searches. A recent survey conducted by *J Turner Research* – a market research firm serving the multifamily industry – reveals that 83% of respondents used online ratings and reviews during their apartment search and over 70% indicated that they would be more likely to visit a community with better online reviews. According to the survey, the three most influential aspects of reviews are (i) the highly visible "star" ratings, (ii) the number of reviews and (iii) the relevancy of reviews (including responses from landlords and property management). Many multifamily operators are now using reputation management software to provide real-time alerts and monitor the activity on the various review sites. In order to keep their communities' reputations intact, operators must respond to reviews, both good and bad, in a timely manner with personalized messages. Proactive operators will solicit reviews from happy tenants and provide them with incentives to leave positive reviews.

(Editor's note: We try to proactively manage our communities' online reputations through reputation management software and good ol' hard work. That said, when taking over a new community, it can take months (or even years) to turn around a previously negative online reputation.)

A New Breed of Apartment Renters

In recent years, the apartment market has experienced tremendous growth in the number of renters with pets. A study by *RealPage Analytics* revealed that pets now outnumber children in U.S. apartments. The study reported a 38% increase in pets per apartment from 2010 to 2017. During that same period, the number of children per apartment declined 14%. According to *Apartments.com*, 72% of today's renters have pets, an astounding number by all accounts.

These statistics trend in parallel with the explosive growth of the overall pet industry. In 2017, according to the *American Pet Products Association*, owners spent nearly $70 billion on their pets. Nearly 85 million U.S. households have a pet and over the last 30 years overall pet ownership has increased from 56% to 68%. Most of the growth can be contributed to changes in culture –

Millennials and Gen Zer's are embracing the pet-owning lifestyle to a far greater extent than previous generations. Baby boomers only account for 32% of pets owned while the younger cohorts account for 62%.

To cater to this growing renter base, many apartment communities have adopted pet-friendly policies and are providing dog parks, dog spas and doggy daycare services for residents and their pets. Some communities are even holding weekly "yappy hours" so pets can relax while you drink that well-earned Friday cocktail.

TRAILBLAZING: BULL MOUNTAIN HEIGHTS, TIGARD, OR

A Small Town in the Big City

New Fire Pit and BBQ Area

Renovated Apartment Interior

Tigard, "one of the most livable cities in Oregon", is Portland's closest suburb just eight miles from downtown. Tigard, a family-oriented community, is known for its diverse economy, historic charm and abundance of recreational activities. The City's safe neighborhoods, small town vibe and high quality of living attracted Pathfinder to acquire Bull Mountain Heights last fall.

Bull Mountain Heights, built in 1996, is situated on 5.4 acres and includes 147 apartments averaging 819 square feet. All apartments come with attached storage rooms and a large private patio/balcony, many of which have expansive views. The property also contains a variety of community amenities including a 24-hour fitness center, swimming pool and spa, clubhouse, T.V. lounge, playground, covered parking and garages. The property is surrounded by tall evergreens and mature landscaping that provide a peaceful and serene environment for its residents. Additionally, the property is just two miles from Tigard's charming historic downtown district and near major transportation corridors and commuter rail lines, offering convenient access to top employers, high-end dining and retail centers, nationally recognized schools and more than 16 miles of paved trails and 550 acres of parks and open space.

Tigard's economy is anchored by Portland with a population of nearly 2.5 million. Portland is the cultural and economic heart of Oregon, emerging during the past decade as a 24-hour city with a diversified economy. The unrivaled work/life balance and affordable cost of living are key factors attracting highly educated professionals to the area. With diverse cultural attractions and an abundance of outdoor recreation, Portland offers one of the most active, healthy and educated populations in the country. Continued employment growth across several industries (including technology, manufacturing, healthcare, athletic apparel, construction and financial services), strong net in-migration, and thriving real estate and infrastructure investment all point toward a positive future for metro Portland.

When we purchased Bull Mountain Heights, most apartments were in original condition and in need of upgrading while the common areas amenities were outdated and missing key components found on renters' wish lists today. Our business plan included rebranding the property (www.bullmountainheights.com), enhancing the common areas by upgrading the clubhouse, installing a new package locker, dog park and gas BBQ island and updating the pool area furniture and fitness center. Our interior renovations include upgrading the kitchens (modern appliances, new cabinet fronts and hardware, countertops/backsplashes, light fixtures and flooring), bathrooms (sinks, faucets, light fixtures, hardware, mirrors and bathtub surrounds) and replacing the living area carpet with faux wood vinyl flooring.

To date, we have renovated 26 apartments, remedied several deferred maintenance items, completed a comprehensive renovation of the clubhouse, leasing office and fitness center and constructed a dog park, BBQ/picnic area and gas fire pit. In the clubhouse, we added new vinyl plank flooring, furniture, kitchen upgrades (new countertops, appliances, cabinets, plumbing fixtures, hardware and a Starbucks® coffee machine) and modernized the fireplace. Additionally, we expanded the fitness center and installed new state-of-the-art exercise equipment. Our residents are now enjoying these enhanced amenities and we plan to add a package locker system this summer.

We look forward to providing an elevated and comfortable living environment for our Bull Mountain Heights residents – one that embraces Tigard's small-town charm and family atmosphere.

NOTABLES AND QUOTABLES

Opportunity

"A pessimist sees the difficulty in every opportunity, an optimist sees the opportunity in every difficulty."

- Winston Churchill

"Opportunities are usually disguised as hard work, so most people don't recognize them."

- Ann Landers, *American Author*

"To succeed, jump as quickly at opportunities as you do at conclusions."

- Benjamin Franklin

"If a window of opportunity appears, don't pull down the shade."

- Tom Peters, *American Author*

"In the middle of difficulty lies opportunity."

- Albert Einstein

"Victory comes from finding opportunities in problems."

- Sun Tzu, *Chinese Strategist*

"The entrepreneur always searches for change, responds to it, and exploits it as an opportunity."

- Peter Drucker, *American Consultant*

"The Chinese use two brush strokes to write the word 'crisis.' One brush stroke stands for danger; the other for opportunity. In a crisis, be aware of the danger – but recognize the opportunity."

- John F. Kennedy

"If opportunity doesn't knock, build a door."

- Milton Berle, *American Comedian*

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