Property Management Licensing

This past year, a representative filed a bill to allow people who manage property for others to do it without a real estate license. Most states require those who manage rental property for others to have a license, which can be a significant barrier to entry. This paper will discuss this issue and the current proposed compromise.

**Exemptions**

Current law creates four exemptions from the requirement that third party property managers have a real estate license:

1. Owners who manage their own property
2. Employees, like those who work at an apartment community
3. On-site managers who receive some sort of rent discount to provide management, and
4. HOAs that manage themselves or companies that manage HOAs

Why Require Licensure to manage for others?

Mike Tuescher, State Representative from South Jordan is running this bill in part because of a constituent who was told by the division of real estate he needed to go take 120 hours of training, pass a test, and pay for a real estate license to manage a couple of house for a family friend. But that’s not all, the constituent would have to affiliate with a real estate broker who would supervise his property management and take a cut. And, of the 120 hours of training he would be required to take, less than 5 hours would apply to property management.

“It seems like Utah creates very high and unnecessary barriers to entry for individuals who wish to manage rental property,” said representative Tuescher. “I think we as a state should take a second look at whether that is appropriate.”

**Office of Professional Licensing Review**

At the same time Rep. Tuescher was starting this bill, Senator Kirk Cullimore Jr., who among other things has practiced landlord tenant law in Utah, asked a new state office to do a review of property management licensing in Utah. This office, created by the legislature in 2022 to be a policy analysis group that would make recommendations to the legislature and executive branch as they consider changes to licensing statutes and rules. They were charged to review every occupational license at least once every 10 years. Property Management was one of the first 4 licenses the office reviewed, and on January 8th they submitted a report to the legislature. This report can be found here.

**Recommendations to simplify barriers, lower barriers to entry and better protect owners, tenants and the Utah Public**

The report found that the current requirements for pre-licensure education are both insufficiently targeted to protecting the public and overly burdensome for PM-focused licensees. It also found negative impacts on tenants from poor PM knowledge appear to be common.

The report recommends the creation of a new separate and streamlined license structure specific to PM, with the goals of lowering barriers to entry and increasing protections for Utah’s property owners and tenants.

**What we are recommending**

Now that OPLR has made a recommendation to create a new PM license structure, we have worked with Senator Cullimore and Representative Tuescher to write legislation that would do this. In the next few weeks we will be working to refine and get this legislation passed.

Draft Proposal Key Points:

Separate license would be administered by the state department or professional licensing.

Dual path to qualify:

Path 1 – Have an agent or brokers license, pay fee, 8 hours of continuing education to renew

Path 2 – Take 28 hours of PM training course, pass test, pay fee, 8 hours of continuing education

Anyone who managed third party rental units or supervised 50 units or more for their job would be required to obtain the license.

Note: This is a draft proposal and as we work with various parties may change.

**Who would be affected**

In the initial example of the constituent who wanted to manage property but, not get a real estate license, the barrier to entry to be a property manager will be significantly lower. For current real estate licensees there would be no initial training required, just continuing education to renew. For on-site property managers, there would be a 28-hour property management essentials training to take and a test to pass.

**How you can be involved**

We will be discussing this bill every week on our government affairs committee meetings Fridays at 10 AM. We also will be having many meetings with stakeholders to discuss. If you have questions or would like to be involved reach out to [paul@rhautah.org](mailto:paul@rhautah.org) or gavin@rhautah.org.