



# MULTIFAMILY NW

The Association Promoting Quality Rental Housing

June 22, 2020

Co-chairs and members of the Committee,

Multifamily NW’s members collectively own or manage a quarter of a million units of housing in the state of Oregon. Our members include seniors who have one or two rental units as part of their retirement plan and much larger housing providers who employ hundreds of hardworking Oregonians.

As our residents continue to experience the impacts of job and income loss, short term rental assistance will be a critical lifeline in the coming months during a sustained financial crisis. Counties are reopening for business, but the trajectory of recovery is long. The state’s economist forecasts that economic recovery will take years.

***Foremost, we ask that the legislature not take up any bill that relates to a moratorium on residential eviction for nonpayment of rent. We encourage the Governor, through her Executive Order to extend the moratorium, and avoid the political horse trading of the special session.***

In order to assist our legislators mitigate the impacts of COVID-19 on rental housing in Oregon we offer the following policy recommendations.

### **Need for additional emergency rental assistance across our State:**

Multifamily NW has collected data on rent nonpayment throughout the Governor’s declaration of a state of emergency. We have seen rental nonpayment increase, but we fear that because of the nature of the COVID-19 financial crisis, rental nonpayment will be a lagging indicator. As emergency household funds and other assistance runs out, we fear a stark financial cliff for residents.

For the month of June, Multifamily NW collaborated with housing authorities and nonprofits to collect surveys of conventional and affordable rental housing, representing nearly 1/6<sup>th</sup> of the rental units in Oregon. We found that on average, 15.8% of Oregon households could not pay their rent due to loss of income. This is an increase of approximately 4% from May. Digging into data collected in June, we also found that the impacts of COVID-19 continue to be very clearly regressive:

- Newer, high end apartments showed 8.4% nonpayment, an increase of 2.5% from May.
- Affordable Tax Credit Housing was at of 17.6% nonpayment, an increase of 5.8% from May
- Unsubsidized 30-year or older “naturally affordable” housing was at 18.2% nonpayment, a 0.4% increase from May.
- Even more concerning, in May, single-family detached style rentals without subsidy experienced 26% nonpayment. This housing generally representing the “mom and pops” of the industry.

If you apply the percentage for nonpayment findings across the state at an average rent of \$1,286, the cumulative nonpayment of rent for May and June represents \$211,559,335.00.

***Currently rental assistance provided by the legislature in response to the pandemic is roughly \$63,500,000. This leaves an existing funding gap of \$148,059,335.00.***

We will continue to collect this data to share with policy makers in the coming months. *Current survey results are included with this document.*

### **Improved Distribution of Rental Assistance:**

The Community Action Agencies (CCAs) tasked with the distribution of Oregon Housing and Community Services’ COVID-19 Rent Relief Program dollars need additional organizational support to distribute these funds effectively and quickly. These organizations are not equipped to handle a massive influx of requests for assistance due to lack of resources for processing requests.

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This barrier to accessing rent relief funds is genuinely concerning considering the importance of quickly distributing these funds to those who need them. Additionally, with the ongoing increase in need for assistance and the additional \$55,000,000.00 in funding going to CAAs, the problems with processing applications will be even greater.

A uniform application process needs to be established so that Oregonians can receive assistance now.

### **Allow Courts to Process Claims for Losses**

It also needs to be addressed that there are loopholes in every system. Housing providers are encountering renters who are exploiting circumstances in their favor because no legal recourse is available to the housing provider. Any additional moratoriums for eviction of nonpayment or mandatory periods of rental repayment should be enacted simultaneously with the reopening of the judicial system to allow housing providers to seek restitution for losses incurred from renters acting in bad faith.

### **Establish Liability Protection for Housing Providers:**

Housing providers are among a group of essential service providers who are vulnerable to a wide array of personal injury claims related to the corona virus. Because of the communal nature of multifamily housing it is beyond possible to eliminate all possible transmission of the COVID-19. Common spaces are regulated to minimize contact and interactions between residents and cleaned frequently. However, housing acting under orders of the Governor or if they are following the guidelines issued to safely guide their operations, are still liable to lawsuits related to COVID-19.

Liability protection is a necessary part of Oregon's reopening and is not unprecedented during world changing circumstances. Y2K and Post 9/11 America saw extensive liability protections delivered by Congress to businesses vulnerable to excessive litigation.

There must be liability protections put in place for housing providers.

### **Legislative Concept 90 Analysis**

The current proposed moratorium on evictions is short sighted and does nothing to actually help struggling renters stay in their homes. The collective burden will be put on mom and pop housing providers and will land a devastating blow to Oregon's naturally affordable housing supply. The proposed legislation:

- Does not address the **\$150M** shortfall in rental assistance funding for struggling Oregonians.
- Lacks a minimum objective demonstration that nonpayment of rent is tied to COVID-19 virus, creating a loophole for those looking to exploit a crisis in their favor.
- Declares that the tenant has possession of the unit despite nonpayment of rent, which is rewriting contract law.
- At a minimum, creates a yearlong state seizure of property with no reassurance of compensation.
- Aggressively penalizes housing providers for administrative errors but gives no guarantee of relief to housing providers who incur property damages during the moratorium.
- Provides immunity to shelter operators and public entities but not to rental housing providers.

### **We Are Here as a Resource**

Thank you for considering these important policy items. I, our staff, and members are available to provide you and your staff with additional information in preparation for and during the special session to address these policy issues.

Deborah Imse  
Executive Director  
Multifamily NW



## Multifamily NW 2020 Rent Survey

<b>MAY</b>	Sample Size in Units	Percent of Households Non-PMT
<b>Oregon</b>	91,860	11.8%
Oregon All Conventional	82,230	11.8%
Oregon Class A	21,608	5.9%
Oregon Class B	47,329	13.3%
Oregon Class C	11,218	17.8%
Oregon All Tax Credit	9,630	11.8%
<b>Portland</b>	65,994	12.0%
Portland Conventional	60,020	11.8%
Portland Class A	17,836	6.1%
Portland Class B	33,027	14.2%
Portland Class C	7,332	16.3%
Portland Tax Credit	5,974	13.9%
<b>Salem</b>	13,664	13.4%
Salem Conventional	13,088	13.6%
Salem Tax Credit	556	9.3%
<b>Eugene</b>	9,227	8.9%
Eugene Conventional	8,115	8.7%
Eugene Tax Credit	1,112	9.7%
<b>Central Oregon</b>	1,965	12.8%
Cent. Oregon Conventional	718	16.1%
Central Oregon Tax Credit	1,247	11.0%
<b>Southern Oregon</b>	670	3.0%
S. Oregon Conventional	289	1.4%
Southern Oregon Tax Credit	381	4.2%

<b>JUNE</b>	Sample Size in Units	Percent of Households Non-PMT
<b>Oregon</b>	90,409	15.1%
Oregon All Conventional	68,262	15.0%
Oregon Class A	18,842	8.4%
Oregon Class B	37,303	17.8%
Oregon Class C	9,912	18.2%
Oregon All Tax Credit	22,147	15.4%
<b>Portland</b>	74,420	15.4%
Portland Conventional	56,624	15.4%
Portland Class A	16,748	8.5%
Portland Class B	32,669	18.5%
Portland Class C	6,125	18.5%
Portland Tax Credit	17,796	15.2%
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<b>Salem</b>	6,052	14.7%
Salem Conventional	5,363	15.0%
Salem Tax Credit	689	13.0%
	-	
<b>Eugene</b>	6,852	10.5%
Eugene Conventional	5,563	11.0%
Eugene Tax Credit	1,289	8.5%
	-	
<b>Central Oregon</b>	1,899	16.6%
Cent. Oregon Conventional	442	15.2%
Central Oregon Tax Credit	1,457	17.1%
	-	
<b>Southern Oregon</b>		
S. Oregon Conventional	-	No Data
Southern Oregon Tax Credit	391	21.3%
<b>Eastern Oregon (Tax Credit)</b>	414	31.2%
<b>Oregon Coast</b>	381	20.3%