



June 22, 2020

Co-Chairs Courtney and Kotek  
Joint Special Committee on First Special Session  
State Capital  
Salem, OR 97301

Dear Co-Chairs Courtney and Kotek and Members of the Committee,

Oregon Smart Growth (OSG) appreciates the opportunity to share our thoughts about LC 45 and actions the State and local jurisdictions can provide to help businesses and, most importantly, their employees during this challenging time. As an organization committed to policies that encourage walkable, compact development that is economically, environmentally and socially sustainable, we urge the following actions take place as quickly as possible.

**First and foremost, thank you for helping employees and their families maintain stability by demanding better performance of the Unemployment Insurance (UI) Funds** so that all workers, small business owners and sole proprietors are covered if laid off or faced with reduced hours, or if they are quarantined or caring for family members that are quarantined.

**Within LC 45 and other duplicate draft legislation, we urge you to:**

- **Provide support/relief for property owners whose own stability is significantly impacted by a tenant's inability to pay rent due to the coronavirus and eviction moratoriums, for both residential and commercial.** LC 45 requires that rent assistance a tenant receives must be paid to a property owner, if rent is past due, which OSG supports. **It should be made clear what constitutes "publicly funded rent assistance," including residential rental assistance through OHCS, local government small business assistance grants for rent, and federal assistance, such as the Economic Injury Disaster Loan and the Payroll Protection Program (where up to 40% can now go toward rent and still be forgiven.)**

Including these types of payments as publicly funded rent assistance will prevent a chain of instability in housing and employment. Many multifamily properties have 1:1 debt service coverage ratios, so it won't take much to put them underwater. Many building owners are already reducing tenant payments (multifamily and storefront/office) to help and they realize that other businesses, especially hospitality and small businesses, have shuttered and have little ability to pay rent.

The executive orders in response to coronavirus produced significant rent shortfalls, which translated directly to reduced income for many property owners beginning in April. According to Datex, only 58.6 percent of retail businesses were able to pay rent in May.

**Although budget and funding issues are not a part of the scope of this first special session, it is critical that additional funds be made available to support residential and commercial tenants for the duration of any eviction moratorium.**

- **Enact a foreclosure moratorium for properties where financial distress is directly tied to emergency declaration orders.** A moratorium would push a much needed "pause button" on the economic consequences of COVID-19, enabling business tenants and property owners to plan for recovery with confidence and in collaboration. What is needed is a safe harbor for Oregon property owners and our tenants, so that we can weather this economic storm together. **We support these key elements of LC 45 (and duplicate drafts):**
  - **The foreclosure moratorium defines a foreclosure as beginning with the declaration of default,** because that is the point at which permanent harm can be inflicted on a property owner.
  - **The foreclosure moratorium avoids punitive costs, such as fees and penalties at the end of the period of emergency.**

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- **The foreclosure moratorium requires workable repayment plans, such the** ability to add unpaid mortgage to the end of the loan timeframe at the same monthly payment amount.

**However, the length of the foreclosure should also be the same as the eviction moratorium extension: currently 90 days. These two policies are inextricably linked and must apply over the same time period, whatever that period of time ends up being.**

**Property owners range from big to small, and often their entire livelihood is tied into just one or a handful of properties. The expected shortfalls in revenue will create a widespread inability to make mortgage payments.** As that occurs, many property owners won't be financially able to provide ongoing support to tenants at the levels needed for both short-term survival and long-term recovery.

**In summary, eviction moratoriums must be paired with mortgage foreclosure moratoriums in order to ensure stability throughout the residential and commercial tenant/property owner continuum.**

Thank you for all your work to help Oregonians in these challenging times.

Sincerely,

A handwritten signature in blue ink that reads "Gwenn A. Baldwin". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Gwenn A. Baldwin  
Executive Director