

Coronavirus

Oregon landlords feeling the strain of eviction moratorium: 'We're just trying to keep our heads above water'

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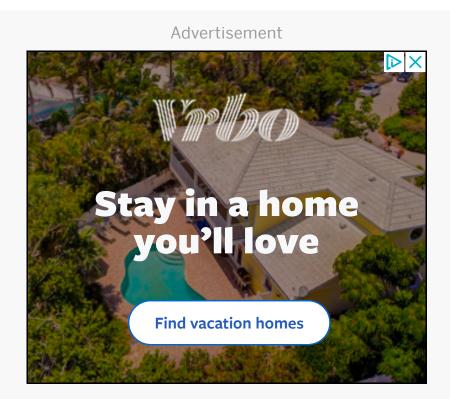
In this Nov. 10, 2015, file photo, apartments for rent are shown in Portland. AP

By Jamie Goldberg | The Oregonian/OregonLive

Carl and Mitsy Dunlap invested their savings into purchasing a fourplex in Southeast Portland in 2008. They bought a triplex nearby four years later. They hoped the modest rental income from the seven units would enable them to live comfortably in their retirement.

Instead, they've lived in a state of anxiety for the last eight months.

Gov. Kate Brown issued a temporary moratorium on evictions shortly after the start of the coronavirus pandemic in March, hoping to prevent struggling renters from losing their homes or being forced into group living situations amid the pandemic. The residential eviction moratorium has been extended twice and now runs through the end of the year. Similar moratoriums are in place at the federal and local levels.



But those regulations have also put a significant strain on landlords as the pandemic has dragged on.

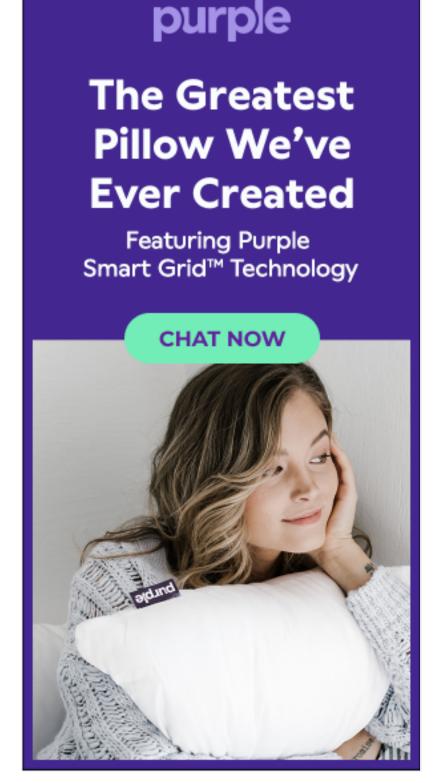
Data compiled by Multifamily NW, a rental industry group whose members include landlords and property managers, shows that between 12% and 15% of renters in Oregon have been unable to keep up with their rental payments during the pandemic. A survey conducted by Portland State University researchers found the situation to be considerably worse with 36% of 460 Oregon tenants surveyed reporting they owed back rent.

The Dunlaps have continued to collect rent from five of their units, but two renters haven't paid since March and owe more than \$16,000 combined. At the same time, the Dunlaps' own bills -- mortgage and utility charges, property taxes and maintenance costs for the rental properties -- have continued to come due.

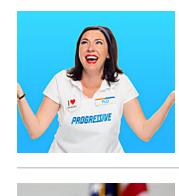
The Dunlaps and other landlords who spoke to The Oregonian/OregonLive said they don't want to evict tenants, but do want to have the option to work with their renters or

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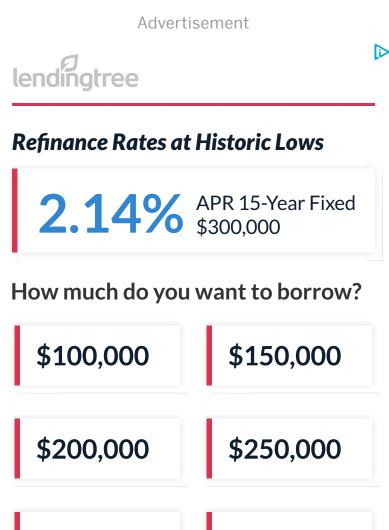


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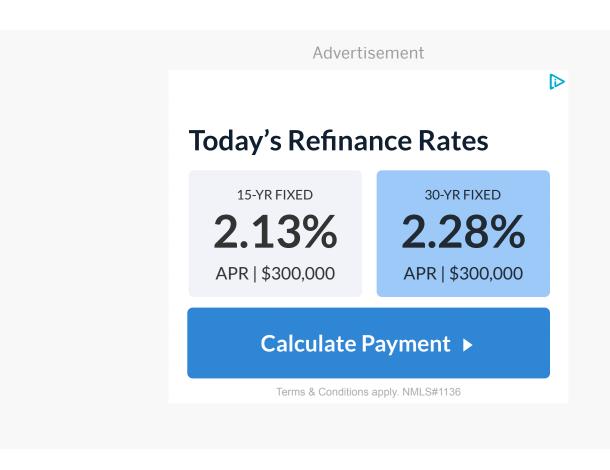
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have access to relief from the state if they are forgoing rent.

"We're just trying to keep our heads above water," said Carl Dunlap, 83.



Limited help

The Oregon Legislature's Emergency Board allocated \$60 million in federal coronavirus relief funds in June to Oregon tenants struggling to pay rent, but that money has been slow to reach renters and housing officials say it won't come close to meeting the need.

In the meantime, some property owners have been forced to forgo rental payments month after month. Dawn Luethe, who manages 70 units across two apartment complexes in Gresham, said that tenants at the properties are behind a combined \$80,000 in rent since March.

Independent landlords who rely on monthly payments to pay their own bills have been put in a particularly precarious situation. Individual investors owned 41% of rental units in the United States in 2018, according to the Rental Housing Finance Survey.

"Housing providers are feeling an intense financial strain, yet they are required to provide an essential service without compensation," said Michael Havlik, deputy executive director of Multifamily NW, in an email. "No other business sector in Oregon is being treated this way. Forgoing any amount of rent jeopardizes their ability to cover payroll, insurance, taxes, mortgages, and facility maintenance."

In August, Brown extended the state's moratorium on foreclosures through the end of the year, providing a lifeline to property owners willing to negotiate a forbearance with their lenders. Those in forbearance are not allowed to refinance and must work out repayment plans with their banks.

However, landlords haven't received relief when it comes to other bills.

The city of Portland voted in September to require landlords who increase rent by any amount to pay the relocation costs of tenants who choose to leave. The order came two months after the average water bill in Portland was increased by 6.5%. Property taxes throughout the state come due Monday as well. Counties are required to charge interest on properties with delinquent tax amounts.

Liz Rapp, 67, recently paid more than \$9,000 in property taxes for one of her duplexes in Southeast Portland. Shortly after, a \$9,500 bill arrived for a roof she recently had replaced at one of her properties.

Rapp has been lucky that her renters have mostly been able to keep up with their monthly payments. One renter who fell behind for several months was able to make up the missed payments.

But Rapp worries about what she will do if any of her renters miss payments as the pandemic continues. Rapp's husband has Alzheimer's Disease and she relies on the income from the rental properties to pay his medical bills and have a caregiver come to her house in Albany several times a week.

"I saw that property tax bill and felt very lucky that everyone is still paying the rent right now," Rapp said. "But I know other people aren't that lucky. If our tenants weren't paying the rent, I just don't know how we would be living."

Varying regulations

While the federal eviction moratorium announced by the Centers for Disease Control and Prevention in September requires tenants to show they are experiencing financial hardship, Oregon's moratorium doesn't ask renters to prove they have been adversely impacted by the pandemic or provide landlords with notice that they will be unable to pay their rent. Counties and cities have implemented their own moratoriums with separate requirements.

The state's moratorium prevents landlords from issuing a notice of termination without cause or doing anything else to interfere with a tenancy based on a tenant's inability to pay rent. Renters could be entitled to recover three months rent if landlords violate the regulation. Landlords can still evict tenants for cause, but those cases are moving forward slowly due to the pandemic.

\$300,000	\$350,000
\$400,000	\$450,000+

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"We did not use the CDC's eviction moratorium as a model because it is limited in a number of ways — it lacks language access and its paperwork requirements pose accessibility issues for vulnerable Oregonians," said Charles Boyle, a spokesman for the governor. "It also does not prevent late fees, reporting to credit agencies, and does not unequivocally bar notices of evictions."

Boyle said the state's eviction moratorium was used to address the immediate need of keeping Oregonians housed during the pandemic, but said the governor's office remained in conversation with housing stakeholders and legislators about local, state and federal resources that could be available as they address long-term issues around housing.

But Havlik said that rental property owners should have been included meaningfully in discussions about the eviction moratorium in the first place.

He criticized the state's moratorium for not requiring tenants to show they have been financially impacted by the pandemic, which he said has allowed some renters to take advantage of the system. He said the language in the state's moratorium is also preventing landlords from keeping channels of communication open and working with struggling tenants to negotiate payment plans, leading to heightened levels of uncertainty each month when rent comes due.

Maria Sworske, 55, who rents out 10 units across four properties in Portland and Gresham, was still waiting on one of her tenants to pay rent on Nov. 4, but wasn't sure whether she was allowed to reach out to ask about the payment under the moratorium. Another one of her Portland units sat vacant and she said she was considering leaving it empty, rather than taking a risk on a new renter while the eviction moratorium remained in place.

Sworske, who also works as a realtor, said she has seen an uptick in rental property owners looking to sell as the pandemic has continued. She, too, is considering selling, but worries that out-of-state investors will replace local landlords who decide to get out of the market.

No long-term solutions

Eviction moratoriums at the federal, state and local levels will expire at the end of the year without governmental action.

That could lead to a wave of evictions at a time when coronavirus cases are on the rise. Oregon's eviction moratorium gives renters a grace period to pay back some accumulated rent, but a portion of unpaid rent could be due at the end of the year.

Renters will have until March 31, 2021 to pay back rent accumulated between April 1 and Sept. 30 of this year. But a Sept. 28 executive order from Brown extending the eviction moratorium did not address the grace period, meaning that many tenants will have to pay rent accumulated between Oct. 1 and Dec. 31 at the conclusion of the state's eviction moratorium on Jan. 1, 2021.

Renters in Multhomah County and Portland will have until July to pay back missed payments, but even meeting that deadline could be a challenge for renters who have accumulated months of missed payments and there is concern among landlords that they will never recoup what they are owed.

They also worry that the state will once again extend the moratorium before the end of the year to stave off evictions, without addressing the policy's underlying issues or considering the long-term solutions necessary to both keep renters housed and address the struggles landlords are facing.

"The mom and pops," Sworske said, "the people who deal directly with the tenants, who don't own a ton, who are only doing this for their retirement and aren't making a ton of money, they are the ones really hurting."

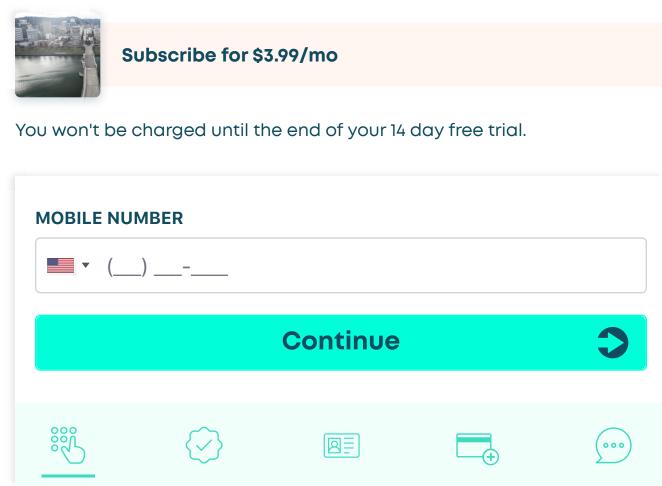
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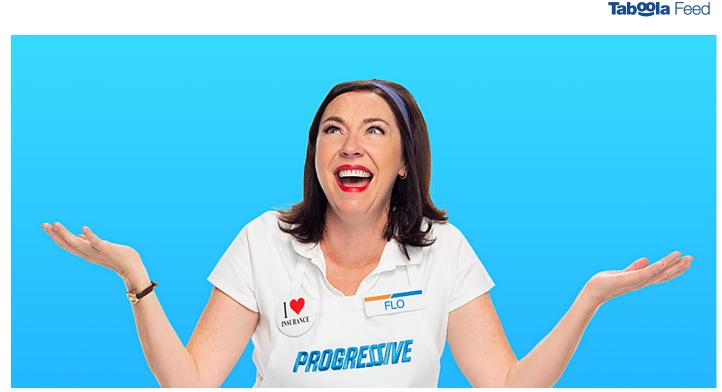
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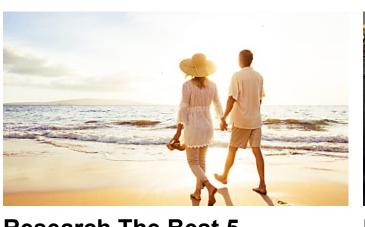


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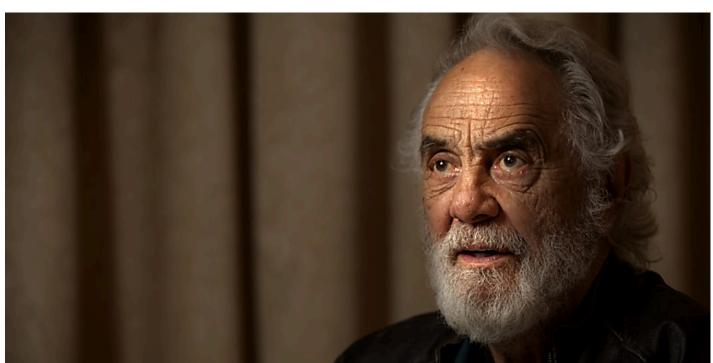


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