

Valley Rental Mgt

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RE: Special legislative session for LC-18 and rent forgiveness

In early 2020, I purchased a property management company in Cottage Grove, Oregon. Very shortly afterward, the state shutdowns began.

For many of my owners, this rental income that has been compromised by allowing tenants to withhold rent means a significant disruption to their retirement income. Some of these owners do not have a traditional retirement plan that funds much of their cost of living expenses, the rental properties are their investment in their retirement.

The economic result of continued poor decision making from our government is going to result in many potential rental owners avoiding such an investment, making an already tight rental market nearly impossible to find available units. If the number of investors who wish to own rental property are scared away by continued efforts at the state and federal government levels to only look out for the tenants' welfare, there will no longer be enough rental units available for tenants seeking a unit.

Enough is enough – you are going to break the very people who are providing housing.

Our revenue has already been affected by being unable to enforce late payment fees – a month or two is not tragic, but we are approaching 10 months with no late fees allowed and it appears you will be asking for another 6?

If you truly believe that it is appropriate to ask this many landlords to forgive 20% of their revenue then you are no better behaved than any other person that assumes something to be true without knowing if it is true. You cannot assume that a rental owner is wealthy. You cannot assume that a rental owner has buckets of cash at their disposal. I can tell you that the opposite can be quite true. Just because someone has chosen to use rentals as their investment for retirement, as an example, does not mean that they are not also struggling financially.

It's absurd to ask private owners to forgive rent when their financial institutions, insurance companies and county property tax assessor's have done nothing to forgive any of these costs. Quite the opposite, most of these costs have increased.

Frankly, I am questioning the lawfulness of a forced forgiveness of someone else's debt. It is true that we live in a state that can force a private business owner to forgive a customer's debt? This is the essence of what a required 20% rent forgiveness is going to do.

The gift of time has been a great gift for tenants – especially tenants who truly have a need to delay payment or be allowed to make partial payments. The gift of forgiveness does nothing to hold people accountable for a cost that they agreed to and it puts undo burden on others who have no opportunity to improve the situation.

So that you can have a taste of what the reality is in our state and tenancy, here are some actual examples of current situations that we are working on.

Examples:

Tenant 1: The breadwinner of the unit died suddenly during the summer – after COVID mandates were well in full swing. The surviving spouse has tried to get rental assistance with no success. The surviving spouse has been grateful for the lack of late fees and eviction notices and understands that the situation is completely unrelated to COVID restrictions. Why should the owner be penalized the 20% for this situation?

Tenant 2: This tenant was laid off in October – well after the July 31 deadline for extra unemployment funds. The tenant applied for unemployment, promised payments as unemployment arrived but has yet to pay anything since notifying us of the disruption in employment. While we appreciate that the unemployment system is not perfect, and the tenant's unemployment is likely to have been at least partially caused by COVID related issues, according to the local news, the tenant should have received at least some employment funds to make a partial payment on the 3 months of rent owing. Unfortunately, it appears that the tenant is taking advantage of the moratorium on the evictions and late fees – we will never know for certain

Tenant 3: This tenant was a weak tenant to begin with before the shut downs in March. This tenant works in the restaurant industry and the business was shut down – temporarily at first, then permanently. Once the permanent shut down occurred, the tenant began to look for work. Unfortunately, the flexibility of not holding tenants accountable for rent allowed this tenant to avoid payments to anyone for months. Calls and notes left for the tenant produced zero response – even a personal visit was met with near silence – the TV could be heard inside but no one would come to the door (we felt a welfare check was prudent due to the number of attempts to reach the tenant without any response). Later that day, the tenant finally reached out and admitted that they thought the rent-to-own company was at the door coming to repossess the items they had in the home renting to purchase. To date, the tenant has done little to try to find any rent assistance and the owner continues to pay the water, sewer and garbage – and now the owner is looking down the barrel of a 20% decrease in rent.

You can argue that 80% of the rent is better than nothing, however as owners, they are already being asked to forgo timely payment, therefore the 80% figure isn't nearly as appealing. Additionally, if you were a tenant looking to get away with something and you find out that the state is now going to let other people off the hook with 20% of their rent, what incentive would you have to pay your rent? Instead of punishing the owners with the tenants who haven't paid, we should be rewarding or congratulating those tenants that have paid and made every effort to stay up to date. In our office, we thank our tenants regularly for making their rent payments – we even have an owner of 12 units who has considered rewarding tenants who have regular, timely payments.

I implore you to consider everyone's needs equally. If we are truly "in this together" then owners should not be required to make such a significant sacrifice compared to that of the tenant, who is essentially not making any sacrifice.

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