$2.95 JUNE 2020

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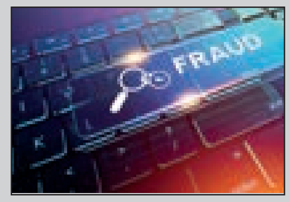

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RHJ RENTAL HOUSING JOURNAL
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Pandemic Leads to Decline in Rents in the Portland Area

RENTAL HOUSING JOURNAL

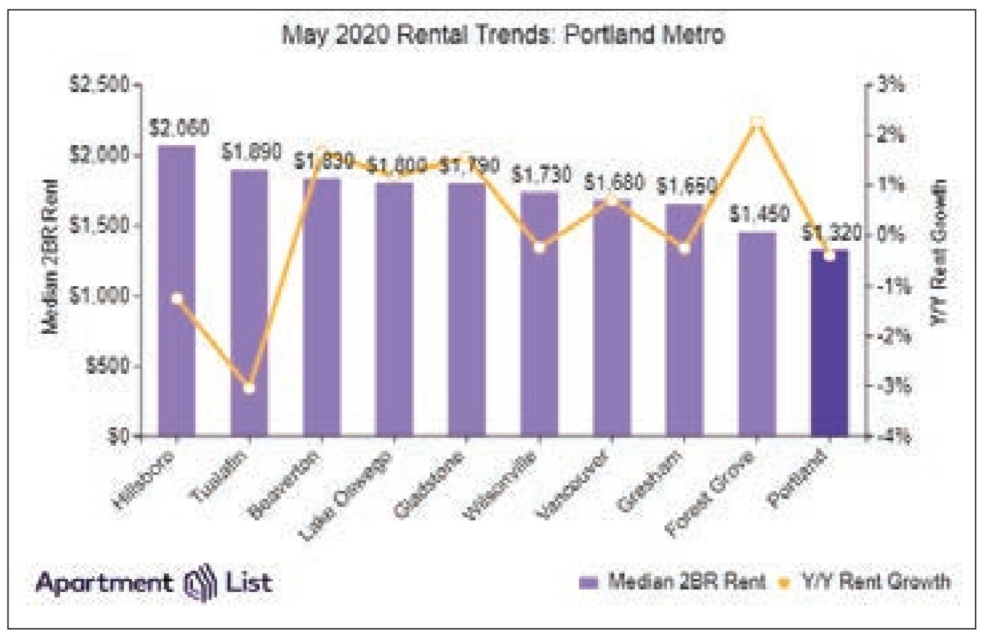
Portland rents declined 0.3 percent in the past month as rents in many places have started to dip during the pandemic, according to the latest report from Apartment List.

Other cities nationwide are also feeling the decline, such as Seattle by 0.1 percent and Phoenix by 0.2 percent.

"It's important to note that the magnitudes of these rent decreases are all quite modest, but on the other hand, this may just be the beginning of a prolonged trend," said Chris Salviati, Housing Economist at Apartment List.

"I would note that the areas where

See 'Pandemic' on Page 8



How Strain From Pandemic Has Impacted Our Business

BY RON GARCIA
GARCIA GROUP PROPERTY MANAGEMENT

I want to give you an update on the status of COVID-19 housing policies. However, I want to be candid and tell you that I wish I had more to say than I do, or at least something better to say than I do. But here goes...

Currently we are into the third month of the 90-day Non-Eviction Order as mandated by Governor Kate Brown.

The statistics have been that about 15-to-17 percent of tenants have not paid rent in either April or in May, statewide, and our company has seen the same.

It is predicted that the number of non-payments will increase in June, as many tenants who have paid at first, have used up their resources.

See 'How' on Page 7

Perspective

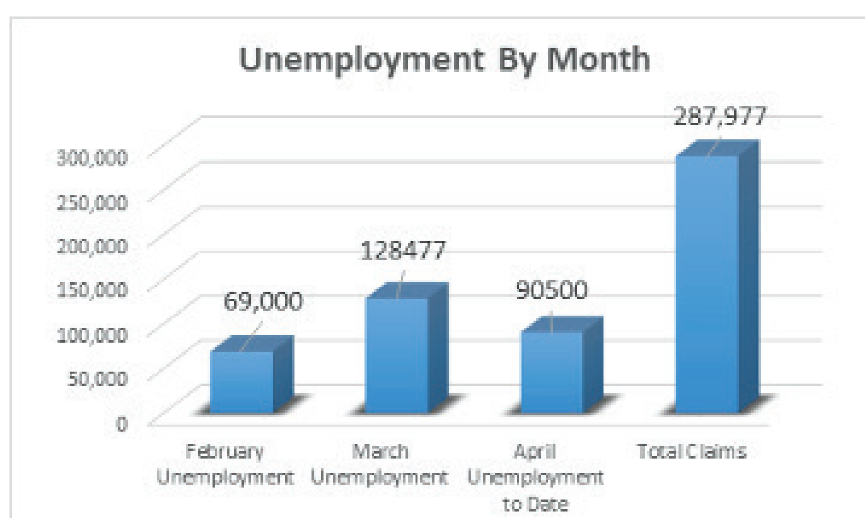
Reflections on Being a Landlord in Portland During the Pandemic

BY CLIFF HOCKLEY

As I am sure you have heard, the national unemployment numbers are dismal; the Bureau of Labor Statistics showed that the unemployment rate rose by 10.3 percentage points between March and mid-April to 14.7 percent; and since then, millions of Americans have continued to file each week, with the current total at more than 40 million as of late May. This may even be lower than the real number, due to the challenges many newly unemployed have had filing and the processing backlog faced by local unemployment offices.

At right is a chart of the number of claims, by month, in Oregon, through April 18.

See 'Reflections' on Page 14



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In a 1031 Exchange? Why Waiting Until After COVID-19 to Complete Your Exchange Could Potentially Be a Bad Idea

By the Kay Properties and Investments, LLC Team

As a result of the COVID-19 pandemic the IRS issued Notice 2020-23 which provided a multitude of tax extensions including the extension of the 1031 exchange deadlines. The typical investor in a 1031 exchange will have 45 days from the sale date to identify a replacement property, and 180 days to complete the purchase of that same property. With the IRS' notice the 45-day, and 180-day deadline has been extended until July 15th 2020 for anyone who originally had their 45th day, or their 180th day fall between April 1, 2020 and July 15th 2020.

One example of how this could affect someone in a 1031 exchange would be if they had sold their property on April 3, 2020 their 45th day would have been May 18, 2020 and they would have had to formally identify their replacement property by then. Under the new guidelines if they completed their sale on April 3, 2020 they would have until July 15, 2020 to identify a replacement property.

While the extensions were provided for good reason, the unintended consequence may result in demand for quality exchangeable real estate exceeding the available supply in the first two weeks of July. Alex Madden, Vice President with Kay Properties and Investments explained "The sale of a property often requires many months to complete and we have seen many of those sales move forward during COVID-19, but very few new offerings have come to the market for 1031 exchange investors to use as a replacement property. With exchangers extending their identification and purchase dates until July 15th it is a very real possibility that they may face fierce competition over replacement properties when they do finally need to complete their exchange. I don't think we have ever had a time in America where every single 1031 exchanger had the same deadline date."

Many localities have seen a significant drop in real estate listings since the outbreak of COVID-19 which means there may be less properties available for investors who are in the midst of a 1031 exchange. With less real estate coming to market one potential outcome for affected 1031 exchangers may result in overpaying for a replacement property.

Madden went on to say "We have seen a slowdown in the real estate sector during COVID-19, and a result may potentially be that 'turn-key' 1031 exchange solutions like Delaware Statutory Trust offerings (DSTs) could become more scare. 1031 exchange investors may prefer products like the DST as the deadline approaches because the financing, and due-diligence are already in place and it's possible to complete a purchase in three to five business days typically."

Many 1031 exchange investors are rightly taking a re-evaluation of the marketplace in the midst of the COVID-19 pandemic, but with every 1031 exchanger in America facing the exact same deadline on July 15th there is a very real potential for overpayment, deals to fall through, and maybe even failed exchanges for those who wait until the last moment due to inventory running dry.

Coronavirus Causes Biggest 1-Month Slowdown in Rent Growth in at Least 5 Years, Zillow Says

Rental Housing Journal

The pace of year-over-year rent growth saw the biggest one-month slowdown since at least 2014, up just 2.9 percent in April after 3.4 percent growth in March. Rents fell in 16 major markets, according to a release from Zillow.

Rent prices had been chugging along at a remarkably stable pace since 2018, with the growth rate rarely rising or falling much from one month to the next. That changed in April, the first reading since the coronavirus pandemic struck the United States.

The rental market has been hit especially hard because people who are in jobs that faced the most layoffs and furloughs tend to be renters, Zillow said in the release. They also tend to spend more of their monthly income on rent, which means they have less ability to save in case of emergencies.

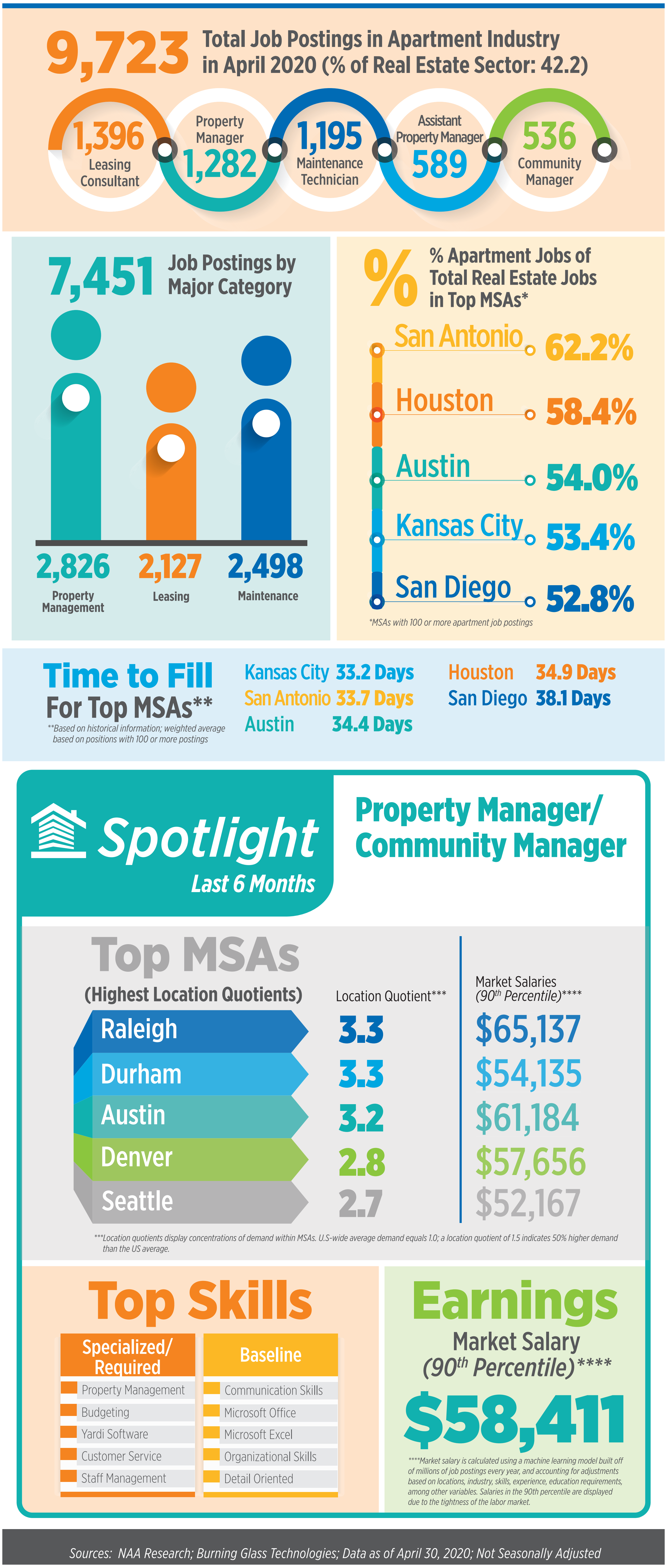
Skylar Olsen, senior principal economist at Zillow, said in the release that, "Housing was in a generally strong position before the pandemic, with low inventory and high prices shutting many would-be buyers out and creating unusually high demand for rentals.

"Rents soared, making it difficult for many to build emergency savings to tap into at a time like now. We're seeing rents slow now as some people are no doubt pursuing more-affordable options, such as moving back in with parents, moving to a less-expensive area, or doubling up in instances where it can be done safely," Olsen said.

The for-sale market continues upward

The for-sale market continues to show momentum, though. Newly pending sales are up 13 percent week over week and nearly 50 percent month over month as of the seven days ending May 10. And they are higher than last year in four large metros -- Cleveland (up 10 percent year over year), Cincinnati (up 3.8 percent), Houston (up 2 percent), and Dallas-Fort Worth (up 0.9 percent).

Home values continued their upward trajectory in April, with the typical U.S. home value growing 4.3 percent year over year to $250,492. The pace of yearly home value growth has now accelerated every month this year after slowing for 20 consecutive months beginning in spring 2018.



Apartment Jobs Snapshot

April 2020

Apartment Industry Job Postings Still Strong

National Apartment Association Education Institute

Job postings for the apartment industry have seen little fluctuation during the pandemic so far, as more than 9,700 apartment jobs were available during April, accounting for 42.2 percent of the broader real estate sector, according to the National Apartment Association.

While the coronavirus has caused devastating effects on the labor market – the U.S unemployment rate in April experienced the largest monthly increase in history, climbing 10.3 percentage points to 14.7 percent – the apartment industry did not see the same impact.

According to data from Burning Glass Technologies, between mid-March and the second week of April, online job postings declined by 30 percent compared to the beginning of 2020, according to the NAAEI Apartment Jobs Snapshot April 2020.

Markets that ranked highest for vacancies included San Antonio, Houston, Austin, Kansas City, and San Diego.

The April 2020 edition of the jobs report highlights property manager/community manager positions, with a median salary of $58,411.

In addition to property-management experience, employers are seeking candidates with strong budgeting skills, staff-management skills, and experience with propert- management software.

Salaries for property managers were particularly competitive in Raleigh, as demand for experienced professionals was more than three times the national average.

Unexpected Costs When Tenants Move Out

Keepe

It is common knowledge that tenants cannot live in a single rental property all their lives. They may move out because they got a new job or bought their own home, or they may have been evicted due to one issue or the other.

The big question is, what are the hidden costs you may face as a landlord or property manager when your tenants move out?

Some landlords have false hope that the rental deposit will be enough to cover upgrade costs and cleaning needs. But rarely do tenant deposits provide enough money to pay for everything needed to get a property ready for a new tenant.

Below is a list of unexpected costs you may face as a landlord when your tenants move out.

Vacancy Loss

Vacancy loss is the amount of rental income or cash flow that a property is losing as a unit sits unoccupied.

Without money coming in, but with money going out to upgrade and repair the property, it won't be long before landlords are struggling to make their own mortgage payments. Working with a property-management company is one of the best ways to reduce the risk of tenant turnover and to help find new tenants on time.

When your tenants show signs that they are going to leave and not renew their lease, you could respond by offering free utilities for two months, reducing rent slightly, or freezing it at current rental rates. You might also offer to enhance some aspect of the apartment/condo to increase their comfort. People don't like to leave their comfort zone.

Property Damage

One of the biggest worries you might have as a landlord is that tenants may do significant damage to your rental property before they move out.

When a tenant packs up and moves out, and there is no way to get a hold of him or her, you run the risk of walking into a damaged unit. Some tenants will leave before the rent is paid or at night, and they leave behind a lot of damage. Having an effective tenant-screening process is the best way to find tenants who will care for the property.

Stolen Appliances and Other Property

Theft by tenants moving out of rental properties is very common.

In fact, "a poll of 2,000 adults by landlord insurer Direct Line for Business found tenants have removed items such as fridges, freezers, light fittings, televisions, and even sinks. Tenants estimate that the overall value of items they had taken from a property stands at more than $500." It can feel devastating when a tenant steals your property upon moving out of the rental.

However, to avoid issues such as this, you must obtain a FULL tenant reference check before you go ahead with a tenancy.

This will provide you with detailed information on their financial security and place of work, which will assist in giving you peace of mind that you have selected a suitable tenant.

Keepe is an on-demand maintenance solution for property managers and independent landlords. The company makes a network of hundreds of independent contractors and handymen available for maintenance projects at rental properties. Keepe is available in the Greater Seattle area, Greater Phoenix area, San Francisco Bay area, Portland, San Diego and is coming soon to an area near you. Learn more about Keepe at https://www.keepe.com.

Rise in Remote Work Could Lead to a Suburban Boom, Survey Indicates

Rental Housing Journal

Now that more than half of employed Americans (56 percent) have had the opportunity to work from home, a vast majority want to continue, at least occasionally, according to a new survey from Zillow.

The survey, conducted by The Harris Poll, finds that 75 percent of Americans working from home due to COVID-19 say they would prefer to continue that at least half the time, if given the option, after the pandemic subsides.

Two-thirds of employees working from home due to COVID-19 (66 percent) would be at least somewhat likely to consider moving if they had the flexibility to work from home as often as they want. Only 24 percent of Americans overall say they thought about moving as a result of spending more time at home due to social-distancing recommendations.

The Pew Research Center found that prior to COVID-19, only seven percent of civilian workers in the United States had the option to work from home as a workplace benefit, though 40 percent worked in jobs that could potentially be performed remotely.

Many employed Americans are trying to square the desire to work remotely with the functionality and size of their existing residences. Among employees who would be likely to consider moving, If given the flexibility to work from home when they want, nearly a third say they would consider moving in order to live in a residence with a dedicated office space (31 percent), to live in a larger residence (30 percent), and to live in a residence with more rooms (29 percent).

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How Strain From Pandemic Has Impacted Our Business

Continued from Page 1

At our company, we have tenants from all income brackets who cannot pay rent, from housing voucher contributions of $400 per month up to leases more than $2,500 per month. Business owners that rent housing and are unable to work are just as affected (sometimes even more affected) than tenants who work at minimum wage jobs.

As the tenants' debt mounts and the economy continues to tank, it does not take a lot of imagination to see that many people will not be in a position to repay the delinquencies even in the six-month period that they were granted by the state.

Additionally, it should be understood by everyone here that the governor and State Legislature are aware of this dynamic and they are no doubt crafting some plan that they will announce at some point. My guess is that they will toss a small bone to owners, while new restrictions may be imposed on them that provide even more protection for vulnerable tenants.

So what are we doing about all of this?

The truth is that we don't have many tools at our disposal here. We have reached out to all of our non-paying residents and asked them to fill out and sign our Covid-19 Deferral Plan - which simply spells out the terms they would agree to repay the back-rent owed. About 50 percent of the tenants have signed this and 50 percent have not.

Our working plan (after the 90-day ban is lifted) is to contact those tenants who did not sign the agreement and did not pay part or all of the rent, and let them know we need to make those arrangements or they would face the prospect of an eviction for non-payment. Then if they didn't sign it we would send the FED (Forced Entry Detainer).

But here's where it is going to get complicated, because I suspect that either:

1. The state will forbid evicting anyone for non-payment of rent during the quarantine period, (so that messaging will be moot) and/or

2. Even for those that legitimately could be evicted - the courts will be 90 days backlogged as they have been closed for the last two months to all but extreme cases, essentially not hearing any rental related issues. So the entire process will be prolonged and the losses from continued non-payment of rent would mount.

It will be at this point in time that rental property owners will be at ground zero of the pandemic (much as restaurants and retail stores were at the beginning).

It will be at this time that we begin the bartering and negotiating and risk management with all of our tenants and clients. It will be at this time that we will need to create new policies and procedures to address unforeseen issues. (Remember, we are still dealing with state and local rent restrictions and housing regulations limiting everything we do more and making the process ever more complicated.)

DISCLAIMER: I may be wrong and it may all work out okay. I feel a little like an oceanfront homeowner boarding up for an approaching hurricane, while my neighbors are having a barbeque.

The strain on our company from the pandemic has taken a toll - we hired new staff in February for staff that left in January, but they were gone by March for their inability to work and our inability to properly train them.

However - we hired a key manager, who has brought incredible resources to bear. This month, we have just formed a new portfolio team as we are actually anticipating a growth surge due to the complexities of managing residential properties at this time.

I am personally going to manage this group of properties as well to make sure we get it right. We will continue to outsource most of our maintenance to companies that are geared and prepped to operate in an on-going health crisis. My political days are on hold for now and if you want to see that messaging go to my website at gogarcia.org.

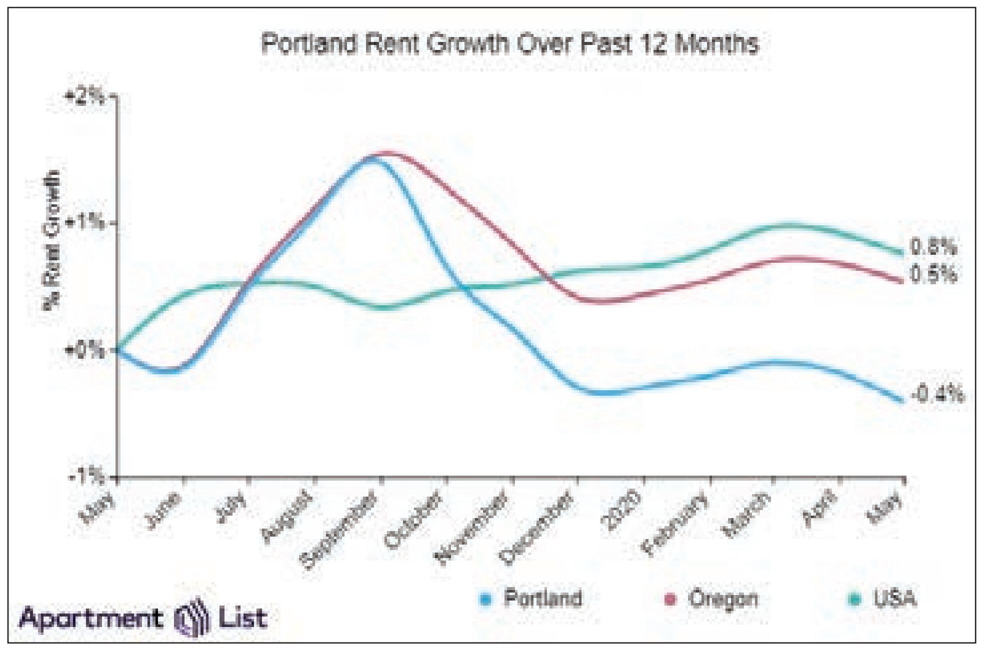
Our business is built on relationships with owners, with tenants and vendors.

Our product is problem solving and communication. Whenever a crisis occurs, those that are able to, go to work. Often those people are called on to work harder. It is time for us in the residential property industry to go to work and help all of those who are affected (tenants and landlords) with the best advice and perspectives and resources we can locate and offer.

In closing, it is still too early to know who will or will not pay rent this month. Please know we are carefully watching it and getting ready to do what is needed.

Ron Garcia owns The Garcia Group Residential Property Management in Portland. He is past president of the Rental Housing Alliance, Oregon and a (former) candidate for Oregon's House of Representatives. He can be reached at ron@garcia-grp.com.

City	Median 1BR Rent	Median 2BR Rent	M/M Rent Growth	Y/Y Rent Growth
Portland	$1,120	$1,320	-0.2%	-0.4%
Vancouver	$1,420	$1,680	-0.1%	0.7%
Gresham	$1,400	$1,650	0	-0.3%
Hillsboro	$1,750	$2,060	-0.9%	-1.3%
Beaverton	$1,550	$1,830	-0.4%	1.6%
Lake Oswego	$1,530	$1,800	-0.2%	1.2%
Tualatin	$1,600	$1,890	-1.1%	-3%
Forest Grove	$1,230	$1,450	0.1%	2.3%
Wilsonville	$1,470	$1,730	-0.8%	-0.2%
Gladstone	$1,520	$1,790	0.2%	1.5%
Fairview	$1,530	$1,810	0.1%	0



Pandemic Leads to Decline in Rents in Portland Area

Continued from Page 1

we're seeing the most significant rent dips are in local economies that are heavily dependent on tourism, such as Las Vegas, Orlando, and Miami. Compared to those cities, Portland, Seattle, and Phoenix all have notably higher shares of workers employed in knowledge occupations that can be done from home, so they're a bit more protected from the harshest economic impacts," he said.Salviati said as far as longer-term impact, the pandemic's effect on rent prices will depend heavily on how quickly the economy is able to recover.

"Even in the best-case scenario, it's highly possible that we could see a protracted uptick in downgrade moves as many households facing financial hardship begin looking for more affordable housing," Salviati said.

"We may also see a significant slowdown in new-household formation, as more Americans move in with family or friends to save on housing costs. These trends could lead to tighter competition for rental units at the middle and lower ends of the market, while luxury vacancies get harder to fill.

"As I mentioned above, Phoenix, Seattle, and Portland are not among the areas that I would consider to have the most at-risk local economies, but there's still a lot of uncertainty in how this will all play out," Salviati said.

ApartmentList is committed to making its rent estimates the best and most accurate available. They start with reliable median rent statistics from the Census Bureau, then extrapolate them forward to the current month using a growth rate calculated from their listing data. They use a same-unit analysis similar to Case-Shiller's approach, comparing only units that are available across both time periods to provide an accurate picture of rent growth in cities across the country. This approach corrects for the sample bias inherent in other private sources.

MULTIFAMILY NW

The Association Promoting Quality Rental Housing

FORM OF THE MONTH

Oregon Partial Rent Payment Receipt – M009 OR

MULTIFAMILY NW
The Association Promoting Quality Rental Housing

OREGON
PARTIAL RENT PAYMENT RECEIPT

EQUAL HOUSING OPPORTUNITY

DATE ________ PROPERTY NAME / NUMBER ________

RESIDENT NAME(S) ________ ________ ________

________ ________ ________
also all other Occupants or persons unknown claiming any right or interest in the Premises.

UNIT NUMBER ________ STREET ADDRESS ________

CITY ________ STATE ________ ZIP ________

Resident understands that Owner/Agent is not required to accept late or partial payments of rent. Resident has asked Owner/Agent to accept a partial payment along with Resident's agreement to pay the balance due. Owner/Agent is willing to do so as an accommodation to Resident. Resident understands that accepting the partial payment and the payment agreement does not waive any of Owner/Agent's rights to terminate Resident's tenancy if payments are not made as agreed.

Rent amount due: $________
Partial payment received: ($________)
Rent balance due: $________
Late fees: $________
Other:________ $________
Balance due: $________

Resident agrees to pay the balance due as follows: DUE DATE AMOUNT
________ $________
________ $________
________ $________

All payments must be received by Owner/Agent by 5:00 p.m. on each due date, time being of the essence. All payments must be made by money order or cashier's check.

If Owner/Agent has not yet served a 72-hour or 144-hour termination notice for non-payment of the current rent due, acceptance of the partial payment does not waive Owner/Agent's right to issue such notice on or after the date allowed by statute for the balance of the rent due. If payment is not made by the later of the termination date on such notice or the payment date agreed above, Owner/Agent may terminate the tenancy and commence an eviction action.

If Owner/Agent has previously issued a 72-hour or 144-hour termination notice for non-payment of the current rent due, acceptance of this partial payment does not waive Owner/Agent's right to terminate based on that notice if Resident fails to make any payment required above by the due date. No new 72-hour or 144-hour notice need be given if Resident fails to make any payment due hereunder.

The signature of any one Resident to this agreement binds all Residents of the unit.

X ________ RESIDENT ________ DATE
X ________ RESIDENT ________ DATE
X ________ RESIDENT ________ DATE
X ________ RESIDENT ________ DATE

X ________ OWNER/AGENT ________ DATE
________ ADDRESS
____
________ TELEPHONE
________ EMAIL

☐ ON SITE ☐ RESIDENT ☐ MAIN OFFICE (IF REQUIRED)

This form is designed to document partial payment details when the housing provider allows the partial payment to be accepted. The form tracks the rent due, the partial amount received, the corresponding rent balance due, assessed late fees, etc. The resident in turn agrees to repayment terms of the balance of rent still owing. This form preserves the ability of the housing provider to serve the traditional 72-Hour Notice of Nonpayment of Rent if the terms of this Partial Rent Payment Receipt form are not followed.

Multifamily NW Schedule

JUNE 2	WEBINAR: FAIR HOUSING AND COVID-19	1:00 PM - 2:00 PM
JUNE 3	WEBINAR: LANDLORD TENANT LAW 1-PART A	10:00 AM - 12:00 PM
JUNE 3	WEBINAR: JUNE LANDLORD STUDY HALL - COVID-19 & EVICTION MORATORIA	6:30 PM - 8:00 PM
JUNE 4	WEBINAR: COVID-19 - RE-OPENING PRACTICES ROUNDTABLE	10:00 AM - 11:00 AM
JUNE 8	WEBINAR: LANDLORD TENANT LAW 1-PART B	10:00 AM - 12:00 PM
JUNE 8	WEBINAR: JUNE RENT SURVEY Q&A	2:00 PM - 2:45 PM
JUNE 10	WEBINAR HR ISSUES: PROMOTING EMPLOYEES	12:00 PM - 1:00 PM
JUNE 12	WEBINAR: IT'S THE LAW: PAPER THE FILE	12:00 PM - 1:00 PM
JUNE 15	WEBINAR: LANDLORD TENANT LAW 2-PART A	10:00 AM - 12:00 PM
JUNE 16	WEBINAR: WA IT'S THE LAW: FAIR HOUSING TRENDS	12:00 PM - 1:00 PM
JUNE 22	WEBINAR: LANDLORD TENANT LAW 2-PART B	10:00 AM - 12:00 PM
JUNE 23	LAW AND RULE REQUIRED COURSE (LARRC)	1:00 PM - 4:00 PM
JUNE 29	WEBINAR: ADVANCED LANDLORD/TENANT LAW	10:00 AM - 12:00 PM
JULY 1	WEBINAR: LANDLORD STUDY HALL – TURNOVER TECHNIQUES & PROPERTY INSPECTIONS	6:30 PM - 8:00 PM

Cities That Keep the Most Jobs During Downturns

Rental Housing Journal

Keeping jobs during downturns, often called "durable employment," shows up much more in some cities than in others, according to new research from Yardi Matrix.

Job stability is key to tenants being able to pay rent in the multifamily industry, as well as to landlords who are struggling to collect rent during the pandemic.

Employment losses caused by the COVID-19 pandemic have been unevenly spread across the economy, so Yardi Matrix studied which metros have the highest concentration of jobs in finance, professional and technical services, and government—sectors that have lost the lowest proportion of jobs.

"Metros with the highest percentage of durable jobs generally are home to a government capital, state university and/or strong presence of knowledge-based industries," the report says.

Metros with the most durable jobs include:

- Lansing, Mich. – 44 percent
- Washington, D.C. – 41 percent
- Sacramento – 34.5 percent

Top 10 Markets % Durable Employment	
Lansing	44.0%
Washington DC	41.8%
Sacramento	34.5%
San Francisco	34.3%
Austin	33.2%
Raleigh–Durham	32.2%
Boston	31.7%
San Diego	31.4%
Denver	31.2%
Richmond	31.1%

Sources: U.S. Bureau of Labor Statistics and Yardi Matrix

Bottom 10 Markets % Durable Employment	
Cleveland	24.3%
St Louis	24.0%
Cincinnati	23.8%
Pittsburgh	23.5%
Fort Worth	23.0%
Orlando	22.3%
Inland Empire	22.1%
Memphis	20.6%
Milwaukee	20.5%
Las Vegas	19.8%

Sources: U.S. Bureau of Labor Statistics and Yardi Matrix

"All of which include federal or state government capitals. The Lansing/Ann Arbor metro also is home to the University of Michigan and Michigan State University.

"Washington has for decades been among the most consistently performing U.S. metro for commercial real estate because of the stability afforded by being the capital of the U.S. government. The presence of government-related industries that include lobbying, legal, trade groups, foundations, think tanks, etc., gives the metro an employment base that is extremely stable," the report says.

Jobs in banking, insurance and real estate also help with "durable" jobs.

Roughly two-thirds (33) of the Yardi Matrix top 50 metros are above the national average, which reflects the concentration of financial jobs in urban centers.

Metros with the highest percentage of jobs in this sector are:

- New Haven, Conn. – 9.5 percent
- Dallas – 9.3 percent
- Jacksonville – 9.3 percent
- Phoenix – 9.2 percent
- Tampa – 8.8 percent

"The goal of this study was to determine metros' exposure to the job segments that have performed the best at the outset of the pandemic. The upshot is that having a base of government jobs (including state universities) and/or concentrations of knowledge-based industries including (but not limited to) finance and technology should help metros weather the downturn," the report says.

"Questions remain about the economy in coming quarters. Our study was based on jobs lost through April, and the composition of job losses may evolve. For example, government has lost relatively few jobs so far, but we could see massive layoffs of state employees if the federal government doesn't provide aid to states. And the job picture could change rapidly as states begin to re-open. Most unemployment claims have been filed by furloughed workers that are subject to call-backs as the economies of those states reopen," Yardi Matrix says in the report.

Handling Maintenance Issues in a Pandemic

By Bradley S. Kraus, Attorney at Law

By now, many of us are growing tired of the burdens that COVID-19 has placed upon us. From job losses to restrictions on travel and other leisure activities, the coronavirus continues to shape our lives. Worse yet, it does not appear to be going anywhere soon.

Many of our elected officials have suspended several tenant obligations by way of moratoriums and proclamations. They have not extended that same courtesy to landlords. One landlord obligation (among many) challenged by an extremely transmittable virus is the handling of maintenance issues. While landlords never had to worry about things like "self-quarantining" or "social-distancing" before this year, these things are here to stay. So how do you handle a lack of manpower if your staff is self-quarantining? What about tenants who cannot seem to maintain proper distance when a maintenance issue is addressed?

First, it is important to remember that it is illegal to ask tenants to waive their rights under the Landlord/Tenant Act. ORS 90.320 requires a landlord to maintain the dwelling unit in a habitable condition at all times ... even during a pandemic. Accordingly, a tenant who makes a maintenance request has the right to have it promptly addressed. This includes those times when you may not have maintenance staff due to illness, vacation, or otherwise. Throughout those times, your obligations as a landlord persist, so it may behoove you to have a back-up list of outside vendors you can call in a pinch.

Some tenant issues are obviously more pressing than others. With small issues, your tenant may desire to have minor maintenance issues—e.g., something which does not substantially diminish the habitability of the premises—taken care of down the road, perhaps when the virus's transmission slows and life returns closer to our previous "normal." Should this be true, be sure to (a) have your tenant indicate such a desire in writing, and (b) continue to follow up with the tenant intermittently to ensure the issue stays on the radar. By properly documenting the tenants' desire to wait and following up, you can protect yourself from any claims down the road that you violated your obligations.

When an issue must be addressed quickly, health and safety protocols advised by experts should be observed. It is important that your staff maintain proper distancing and sanitization while addressing any maintenance requests. This includes wearing a mask throughout their work, and sanitizing after the work is done. This will ensure the safety of both your tenants and your staff in these unsettling times.

Some tenants may not feel the same regarding things like distancing. If your tenant refuses to acknowledge the safety and space your staff needs and deserves, remind them of the importance of things like distancing and wearing a mask around others. Let them know that if they fail to observe the same, your staff will come back another time. If they fail to heed these warnings, your staff's safety should take priority, and they may be required to leave for their own safety. Be sure to document these issues and the reason your staff left, both in an office log and in writing with your tenants, and advise them that your staff will return when their safety will be respected. These communications could be critical down the road, should your tenant blame you for their own failure to respect the safety of others.

These are unprecedented times in which we live. As landlords, issues involving staffing (due to sickness/quarantine), spacing, and safety have now entered the landlord/tenant equation. Both landlords and tenants should respect the gravity of these issues, even though their interaction with the landlord/tenant act continues to evolve.

Bradley S. Kraus is an attorney at Warren Allen LLP. His primary practice area is landlord/tenant law, but he also assists clients with various litigation matters, probate matters, real estate disputes, and family law matters. A native of New Ulm, Minnesota, he continues to root for Minnesota sports teams in his free time. He is an avid sports fan and enjoys exercise and spending time friends and his fiancée, Vicky. You can reach him via email at kraus@warrenallen.com, or by phone at 503-255-8795.

$4.6 Million Lost Annually to Fraudulent Rental Applications

Snappt

Two-thirds of property managers say they've fallen victim to fraudulent rental applications, which drive higher evictions, property damage, and criminal activity, according to a new survey.

Applicant fraud has increased nine percent month-over-month since the COVID-19 crisis hit—a likely response to the current economic climate as well as recent changes to local and state eviction moratoriums, according to the 2020 Fraud in the Rental Industry Survey from Snappt.

The typical property manager reports that 15 percent of their online rental applications exhibit obvious fraud, with an additional 10 percent of fraudulent applications slipping through unnoticed.

"There are a number of factors that are fueling the increase in fraudulent rental applications," said Daniel Berlind, CEO and co-founder of Snappt, in the release.

"The increasing number of self-employed applicants, a move to online rental applications, and the increasing availability of tools to fraudulently alter financial documentation, all make the problem more common," he said.

Two in five (41 percent) property managers say fraudulent rental applications are somewhat to extremely common; they report an annual eviction rate of 12 percent.

Thirty-four percent reported annual eviction rates of 20 percent or higher.

Fraudulent rental applications can involve document alterations

According to the survey, one of the biggest issues is spotting fraudulent documents. Using the documents provided by applicants, property managers must look for alterations manually.

The survey said that those taking the survey report it takes four hours to vet an application and one in five report it takes more than 10 hours. Fifty-eight percent rate this task as somewhat to extremely challenging and half say it takes too long to do manually.

The top five problems reported by property managers who allowed tenants to slip through with fraudulent rental applications in leases include:

- Costs associated with having to evict bad tenants
- Physical damage to the property
- Missing out on renting to good tenants
- Criminal activity at the property
- Loss of reputation

The full '2020 Fraud in the Rental Industry' survey is available at www.snappt.com/confronting-costs-tenant-fraud

Snappt, a Los Angeles based real estate technology company, provides data-driven fraud detection services that can accurately spot fraudulent documentation. Snappt is used by three of the top six property management firms in the country, the company says.

What Can a Landlord Do About a Hoarder?

By Hank Rossi

Dear Landlord Hank: Twenty years ago, we rented the lower part of a duplex to a couple. After about 15 years, she died. Her husband stayed and has really trashed this apartment with his hoarding illness. He has stacks of newspapers that he refuses to recycle, saying "I haven't read them yet." The kitchen is all stacked with stuff that makes it unusable. There is a two-foot path through the whole place. He is a smoker, which doubles our worry about this hoarder situation. I didn't mention that the unit is in Ohio. Does that make a difference in whether he is protected from being evicted in Ohio? **- Beth**

Dear Landlord Beth: I hope you have a lease with your tenant. Most leases will have a section regarding "Use of Premises," usually saying that the tenant shall maintain the premises in a clean and sanitary condition and not disturb surrounding residents or the peaceful and quiet enjoyment of the premises or surrounding premises.

The hoarding, which in some states is considered a mental health disorder, would clearly be in violation of this section of the lease.

I would put a "Notice to Cure" on the tenant's door or hand it to him, stating that the tenant has 10 days to comply with the lease provision or he could be evicted.

Depending upon Ohio state statutes and local ordinances, the hoarding could be considered a "public nuisance" and your tenant could face the prospect of conviction of a misdemeanor.

I would act today to take care of this and either have the tenant clean up or move out. You will most likely have to evict and clean up yourself. An older person who is a smoker, in a paper-filled environment, seems like a recipe for disaster to me.

***

Dear Landlord Hank: I'd love to know your thoughts or advice on renting during the moratorium on evictions. Can you have a new tenant waive the right of not paying rent?

My husband and I have two units of a triplex ready to rent. However, the day they announced the "no evictions for 120 days," I received 12 leads of "groups" of individuals wanting to rent. Fortunately, our criteria is high and none qualified, but it concerned us, so we pulled them off the market. I don't know how long we can afford to keep doing that, but I heard some larger complexes have put units on hold, too. What are your thoughts on this topic? **- Debbi**

Dear Landlord Debbi: You are right to be VERY cautious during this novel situation, as you know some people are going to try to move in and not pay rent. We have continued to market our rentals.

We are lucky to be in an area of the country where first, last and security up front are standard. You could ask for this monetary arrangement to give you the cushion on one additional month's rent.

When we do our background screening we are looking very carefully at work histories, specifically if someone is in a business considered "essential." That way, the tenant is more likely to continue working. We are also checking to see that their hours haven't been cut.

It sounds like you have high standards to begin with, so you should be OK to accept a tenant that meets your normal qualifications, especially if he or she is in an essential job.

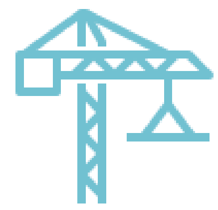
Oregon

Like many other parts of the country, Oregon's rapid growth has resulted in significant housing affordability challenges. Combatting housing affordability issues in the state will require holistic solutions that address the needs of all Oregon residents.

Oregon has seen a sharp population increase, with 9.4% growth since 2010.

465,200 Oregonians call an apartment home, with demand on the rise.

75% of extremely low-income renters spend more than half of their income on housing.



Between now and 2030, Oregon will need to build 4,073 new apartment homes each year to keep up with demand.

Legal Landscape

In February 2019, the governor of Oregon signed into law a measure implementing statewide rent control, allowing for an annual rent increase of 7% plus inflation. This represents a major departure from previous law, which preempted local municipalities from implementing rent control.

A MISGUIDED LAW

Rent control is an outdated concept. It benefits the very few—and not necessarily those in greatest need.

REJECT PRICE CONTROLS

Lawmakers should reject price controls and, instead, pursue alternatives such as voucher-based rental assistance for those in greatest need to better address housing affordability.

If you have questions about our efforts to promote holistic housing policies, please contact us at info@growinghomestogether.org

Growing Homes Together (GHT), a project of the National Multifamily Housing Council (NMHC), is a resource center designed to spark discussions at the state and local levels about policy solutions to improve America's housing crisis. NMHC is a national organization of more than 1,100 member firms involved in the multifamily housing industry.

Reflections on Being a Landlord During the Pandemic

Continued from Page 1

The unemployment rates below are estimates based on initial claims filed and closely track national numbers.

February	3.2%
March	9.42%
April - 18	13.73%

March and April rent collections

Bluestone and Hockley is a large residential and commercial property-management company, and it may be of interest to others how we are faring right now.

Our March rent collections were normal, even as the pandemic rolled into Oregon. We transitioned our operations from the Barbur Boulevard office to working out of home offices in the third week of March.

Thankfully, we've spent the last two years investing in the infrastructure to be able to operate from the cloud. Rents are being collected, bills are being paid, and maintenance operations have continued. Many of our clients receive communications weekly, or as the situation on the ground with their property changes.

April collections have been lower, with about 85+ percent of client revenues received, across all property types, as compared to an average of 95 percent in a normal month.

Bluestone & Hockley Collections Report

94.2% April Rent Collected so far
93.4% Units paid so far
5.7% Units requesting a payment plan

May and June residential rental collections will be affected by the number of unemployed tenants and the eviction moratoriums put in place by the cities of Hillsboro, Beaverton, and Portland; Multnomah County; and the State of Oregon.

Residential Eviction Moratoriums

Multnomah County allows tenants up to six months after the county's emergency declaration is lifted to repay missed rent. (This grace period required tenants to demonstrate a COVID-related impact BEFORE missed rent was due.)

In April, Bluestone and Hockley negotiated payment plans with tenants, based on the then-current language. These rules and regulations have become more restrictive. Based on the current language of the Multnomah County ordinances, payment-plan agreements are still a valid strategy to use, by keeping a current record of understanding, and legally nudging tenants to pay the most they are able (a partial payment for example).

The reason that payment agreements currently have limited practical utility in Multnomah County is twofold:

1. The language of the moratorium creates a repayment obligation that doesn't begin until the emergency status is lifted, and we don't know when that will be (i.e., we don't yet have a "start date" for the 6-month repayment period)
2. Even more significantly, the language does not require any interim rent payments and merely states that tenants have 6 months to repay the covered debt once the emergency is lifted. Accordingly, once the emergency is lifted, the tenant can pay $0 of the owed amount until day 180 and we can't terminate them for it until day 181.

Currently, the rest of the state is covered by either local regulations (i.e. Beaverton, Hillsboro, etc.) or by the Governor's Executive Order 20-13.

Summary: Oregon Governor's Executive Order 20-13:

• Residential Tenancies

During this moratorium, landlords of residential properties in Oregon shall not, for reason of nonpayment as defined in paragraph l(b) of this Executive Order, terminate any tenant's rental agreement; take any action, judicial or otherwise, relating to residential evictions pursuant to or arising under ORS 105.105 through 105.168, including, without limitation, filing, serving, delivering or acting on any notice, order or writ of termination or the equivalent; or otherwise interfere in any way with such tenant's right to possession of the tenant's dwelling unit.

Nothing in paragraph 1 of this Executive Order relieves a residential tenant's obligation to pay rent, utility charges, or any other service charges or fees, except for late charges or other penalties arising from nonpayment which are specifically waived by and during this moratorium. Additionally, paragraph 1 of this Executive Order does not apply to the termination of residential rental agreements for causes other than nonpayment.

During this moratorium, any residential or non-residential tenant who is or will be unable to pay the full rent when due under a rental agreement or lease, shall notify the landlord as soon as reasonably possible; and shall make partial rent payments to the extent the tenant is financially able to do so.

• Commercial Eviction Moratorium

Another thing that's clear is that businesses not open as a direct result of COVID -19 cannot be forced to pay rent and cannot be evicted. The governor's order explains that commercial tenants need to pay rent as they are able. This implies that use of the PPP (Payroll Protection Program) or other funds to pay rent is expected. Those companies that cannot pay have until six months after the end of the officially declared emergency to pay for those months that were missed.

As you review our commercial-rent collection charts below, you will see that our property managers worked very closely with our clients and tenants to collect 87 percent of April's commercial rent.

• Non-Residential Tenancies (i.e. Commercial Tenancies)

During this moratorium, landlords of non-residential properties in Oregon shall not, for reason of nonpayment as defined in paragraph 2(b) of this Executive Order, terminate any tenant's lease; take any action, judicial or otherwise, relating to non-residential evictions pursuant to or arising under ORS 105.105 through 105.168, including, without limitation, filing, serving, delivering or acting on any notice, order or writ of termination or the equivalent; or otherwise interfere with such tenant's right to possession of the leased premises.

Paragraph 2 of this Executive Order shall apply if a tenant provides the landlord, within 30 calendar days of unpaid rent being due, with documentation or other evidence that nonpayment is caused by, in whole or in part, directly or indirectly, the COVID-19 pandemic. Acceptable documentation or other evidence includes, without limitation, proof of loss of income due to any governmental restrictions imposed to mitigate the spread of COVID-19.

Nothing in paragraph 2 of this Executive Order relieves a nonresidential tenant's obligation to pay rent, utility charges, or any other service charges or fees, except for late charges or other penalties arising from nonpayment which are specifically waived by and during this moratorium. . During this moratorium, a non-residential tenant who is or will be unable to pay the full rent when due under a rental agreement or lease, shall notify the landlord as soon as reasonably possible; and shall make partial rent payments to the extent the tenant is financially able to do so.

KPIs - April Payments/Concessions

Friday, April 3, 2020 9:32 AM

Date	Total April Original Charges	Total April Payments	Total April Concessions Posted	% Original Charges Paid	% Revised Charges Paid	% Original Charges Deferred	# Tenants Requesting Relief
2020-04-24	$1,459,441.84	$1,146,284.87	$139,524.59	79%	87%	10%	91/345 - 26%
2020-04-23	$1,459,441.84	$1,126,679.95	$136,383.00	77%	85%	9%	91/345 - 26%
2020-04-22	$1,459,441.84	$1,122,016.10	$136,383.00	77%	85%	9%	91/345 - 26%
2020-04-21	$1,459,441.84	$1,083,739.94	$158,419.57	74%	83%	11%	92/345 - 27%
2020-04-20	$1,459,441.84	$1,075,678.53	$155,275.55	74%	82%	11%	92/345 - 27%
2020-04-17	$1,459,441.84	$1,039,018.94	$155,275.55	71%	80%	11%	90/345 - 26%
2020-04-16	$1,459,441.84	$1,036,485.75	$155,275.55	71%	79%	11%	90/345 - 26%
2020-04-15	$1,459,441.84	$1,009,157.45	$155,275.55	69%	77%	11%	89/345 - 26%
2020-04-14	$1,459,441.84	$993,610.34	$155,275.55	68%	76%	11%	89/345 - 26%
2020-04-13	$1,459,441.84	$986,880.58	$126,750.73	68%	74%	9%	89/345 - 26%
2020-04-10	$1,459,441.84	$940,214.23	$126,750.73	64%	71%	9%	89/345 - 26%
2020-04-09	$1,459,441.84	$931,241.50	$115,532.90	64%	69%	8%	84/345 - 24%
2020-04-08	$1,459,441.84	$911,148.13	$115,532.90	62%	68%	8%	84/345 - 24%
2020-04-07	$1,459,441.84	$889,559.59	$87,509.33	61%	65%	6%	84/345 - 24%
2020-04-06	$1,459,441.84	$845,867.61	$87,509.33	58%	62%	6%	76/345 - 22%
2020-04-03	$1,459,441.84	$655,629.22	$86,165.63	45%	48%	6%	73/345 - 21%

2020-04-27

Date	% Original Charges Paid	% Revised Charges Paid	% Original Charges Deferred	% Tenants Requesting Relief
OVERALL	79%	88%	10%	26%
RETAIL	70%	81%	13%	41%
OFFICE	94%	97%	2%	8%
MEDICAL	87%	97%	11%	28%
INDUSTRIAL	86%	90%	5%	14%
ASSOCIATION	97%	N/A	N/A	N/A

Forbearance

Most of our property owners have had enough reserves to get through the month of April. Those in trouble have started negotiating with their banks to buy some breathing room.

Some financial institutions are agreeing to put off payments for a couple of months, others are putting off principal payments and asking for interest-only. There are no consistent lender policies at this point. Freddie Mac will offer forbearance up to 90 days (three consecutive monthly payments). If a borrower accepts this arrangement, Freddie Mac will also waive any associated late charges and default interest.

This is different than foreclosure, where a financial institution will take a property back from a property owner, through strict foreclosure or deed in lieu of foreclosure.

Association Collections

As of the 13th of April, approximately 86 percent of our association homeowners had paid their assessments, compared to approximately 93 percent in a normal month. We expect that the month of May will result in a lower collection percentage as some owners were laid off.

Summary

Yes, COVID-19 does exist. We have tenants that are infected with COVID who live and work in buildings we manage. We also have tenants who are taking care of sick family members, and many tenants who have been laid off or who lost their jobs permanently as a direct result of this pandemic. Businesses have either closed or severely reduced the scope of their operations to comply with the governor's executive orders. The impact of this disease and the efforts to flatten the curve will be felt for many months.

There is a glimmer of hope on the horizon with the May 1 openings of hospitals and dental offices for minor procedures. (Of course, this is dependent on the ability to obtain personal protective equipment (PPE). The governor's order requires a two-week supply before work can begin.) If this is successful, we should see the opening of the state as soon as the governor thinks it is safe.

We are on the edge of a new frontier and need to adjust our expectations. Investors are resourceful and will find a way to cope with all these changes. The only way property owners will obtain all their rent payments will be full employment. We will all have to work as a community to open the state in a safe manner and get everyone back to work, with the appropriate social distancing and PPE. There is still danger in the promised land.

Cliff Hockley is President, Bluestone and Hockley Real Estate Services and Executive Director, SVN | Bluestone and Hockley.