



MULTIFAMILY NW

The Association Promoting Quality Rental Housing

Dear Governor Brown, President Courtney and Speaker Kotek,

At the outset of 2020, COVID-19 changed our world forever. Millions of lives were thrown into uncertainty. Swift action was needed to address the social distancing required to stem the spread of the virus and the widespread impacts of the state of emergency.

One of those impacts was a spike in unemployment unlike anything our state had seen before. With many Oregonians out of work and struggling to stay afloat, our governor and legislators passed a series of executive orders and laws meant to provide additional protections for people who could not pay rent.

Now, after nearly a year of Oregon's state of emergency, Oregonians are facing hundreds of millions of dollars in past due rent and a great deal of uncertainty about how these additional protections will conclude.

As committed housing and business advocates in the state of Oregon, we are asking for your support of the following policy proposals which will safely and equitably resolve the COVID-9 rental housing crisis in Oregon.

Direct Assistance for Renters and Housing Providers

Currently there are two methods for administering assistance. Both methods are necessary to ensure broad access because both have limitations.

The first is the customary method of delivering assistance in which the tenant applies for their own household, and rent is paid in full on their behalf. One of the limitations is that not all Oregonians who need emergency rental assistance will qualify for it or know when and where to apply. The previous delays with distribution of assistance need to be addressed. Renters have protections right now for nonpayment of rent, those same protections do not exist for housing providers who need to pay mortgages, utilities, maintenance fees and payroll. Oregon Housing and Community Services must streamline the application process and expand promotion of the fund to encourage those who need it not to wait until June of 2021 to apply.

The second method is the Housing Provider Compensation Fund established under HB 4401. To access these funds, a housing provider can apply on behalf of all their renters who need help. However, to access these funds the housing provider is required to arbitrarily forfeit 20% of the past due rent. Further, it appears that many housing providers, and by extension renters, are extremely unlikely to receive these funds.

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Multifamily NW developed the following chart based on the weighted application criteria provided by Oregon Housing and Community Services (OHCS). As you can see properties with 40 or more units, and arrearages of up to 25% receive very low scoring and will be pushed to the end of the line on each funding round. The date you apply does not matter. The score you receive establishes priority, even after applying for multiple rounds of funding.

Rent Debt	0 - .5	.5 - .6	.6 - .65	.65 - .7	.7 - .75	.75 - .8	.8 - .85	.85 - .9	.9 - .95	.95 +
1-4 Units	75	70	65	60	55	50	40	35	30	25
5-10 Units	70	65	60	55	50	45	35	30	25	20
11-40	65	60	55	50	45	40	30	25	20	15
41-100	60	55	50	45	40	35	25	20	15	10
101-500	55	50	45	40	35	30	20	15	10	5
501+	50	45	40	35	30	25	15	10	5	0

We believe the funding will go quickly, and there will not be enough rental assistance to make both the renters and the housing providers whole after the toll this terrible pandemic has taken.

2021 JANUARY	Sample Size in Units	Vacancy Rate	% Unable to pay
Oregon	90,101	6.7%	11.7%
Oregon All Conventional	72,073	7.9%	12.4%
Oregon Class A	21,952	9.3%	8.7%
Oregon Class B	39,430	7.9%	13.4%
Oregon Class C	9,331	4.5%	16.2%
Oregon All Tax Credit	18,028	2.1%	9.2%

The chart above provides a summary of our January 2021 rent survey findings. Class C properties are naturally affordable units in buildings with 10 or more units. Renters living in Class C properties have been disproportionately impacted and have the greatest need for rental assistance. In evaluating the landlord compensation fund, it appears unlikely that funding will flow to those properties.

The total amount of rent arrearages in Oregon has been difficult to come by. A [new report](#) from Portland State University's Homelessness Research & Action Collaborative (HRAC) estimates that rental arrearages are \$378 million on the high end through last September. By our estimates, the number for January of 2021 alone is approximately \$125 million. This indicates the grand total will certainly be well above \$500 million by July 2021, making robust assistance a critical part of the solution but not the only part.

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Housing Provider Tax Credits for Rent Forgiveness

In the absence of adequate direct assistance to renters and housing providers Oregon needs a tax relief-based policy as well. Senator Betsy Johnson's bill, SB 330, is a bipartisan solution with growing support in the Senate and House.

SB 330 would allow a housing provider to forgive back due rent for those renters who have no viable way to become current and do not qualify for assistance. SB 330 allows a housing provider to claim a series of tax credits for the forgiven rent over 5 years, giving the renter certainty that they will have stable housing and the housing provider a way to steady their business.

SB 330 provides tax credits to housing providers, immediate relief to renters and it can be implemented over a time horizon that is more practicable for the state's current budget situation.

Economic Implications of Non-Action

The moratorium was imposed in response to a significant economic disruption associated with the current pandemic and is designed to increase housing security for vulnerable households. The series of moratoriums on residential evictions also changed the contractual agreements between property owners and tenants. While the objectives of the moratorium are necessary, the unrestrained intervention in the market has the potential to generate significant adverse outcomes, impacting both property owners and tenants.

The investor market will be concerned that the State of Oregon has shown a willingness to modify contractual agreements, but policies that offset the impact on property owners could provide assurance that investments in this region should not be overlooked.

As property owners are bearing nearly all financial costs of the moratoria, public policy responses to mitigate the negative impacts would seem appropriate. In addition, to the extent that property owners can be compensated it will reduce many of the negative market impacts associated with investor confidence in the region's rental residential sector.

For a detailed look at the economic impacts of the moratorium please review the Johnson Economics White paper titled "[STATE OF OREGON EVICTION MORATORIUM DISCUSSION WHITE PAPER ON ANTICIPATED AND OBSERVED IMPACTS](#)".

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We Can Solve the Rental Housing Crisis Together

To resolve the COVID-19 rental housing crisis Renters and housing providers need all three legs of the stool: direct conventional rental assistance, direct housing provider assistance and tax relief options through SB 330.

We know that rental assistance alone will not be able to meet the demand, that is why we're asking you to join the housing advocacy community and our allies to support SB 330 because it protects both renters and housing providers.

We hope that you will join us in supporting these policy proposals so that Oregonians can have some certainty about their future, whether it is knowing they have a place to rest their head at night or they will be able to continue to operate a business, pay their employees and provide for their families.

Sincerely

Deborah Imse, Executive Director

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