



April 2020 Landlord Survey

APRIL 17

Rental Housing Alliance Oregon

Authored by: Ken Schriver, RHAO President



Overview

Summary

From April 6 – 10, 2020, members of Rental Housing Alliance Oregon were invited to complete an online survey in order to help understand how the recent moratoriums on evictions for non-payment of rent were affecting small landlords. This report summarizes the results of that survey and is being provided to all members of RHA Oregon and other interested parties.

Most tenants paid all or part of rent

For the survey period of April 6 – 10, our data indicates that 86% of tenants paid all or part of their rent by April 10, with 79% of expected revenues received. This is consistent with the results of the National Multifamily Housing Council (NMHC) report showing that 83% of Oregon tenants paid rent by April 5, compared to only 69% of tenants nationwide.

*“We’re fine for April; it’s May and June that we’re concerned about”
– Owners of three units.*

Although the City of Portland and Multnomah County announced a moratorium on evictions for non-payment of rent on March 17, and Governor Brown announced a statewide moratorium on March 22, it appears that most tenants received sufficient wages in March to make their April rent payment and did so, even though they could have deferred their rent payments without penalty.

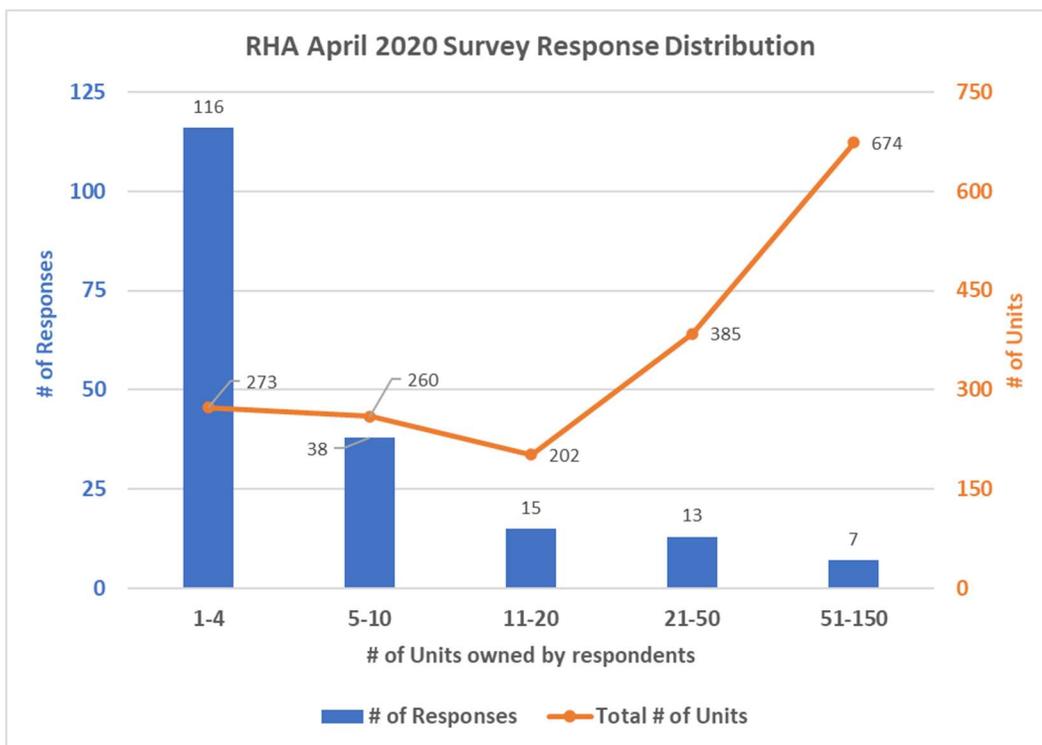
Landlords with the fewest units disproportionately affected:

However, the devil is in the details, and these results appear a bit like the early data for the spread of the COVID-19 disease that has led us here: Things don’t look so bad right now, but without intervention by the State of Oregon, ***the evidence points to a potential disaster in a month or two***. Furthermore, owners of fewer than 10 units experience a much more severe impact on an individual basis when rent isn’t paid. See the section below for the full analysis.

Results & Discussion

Demographics

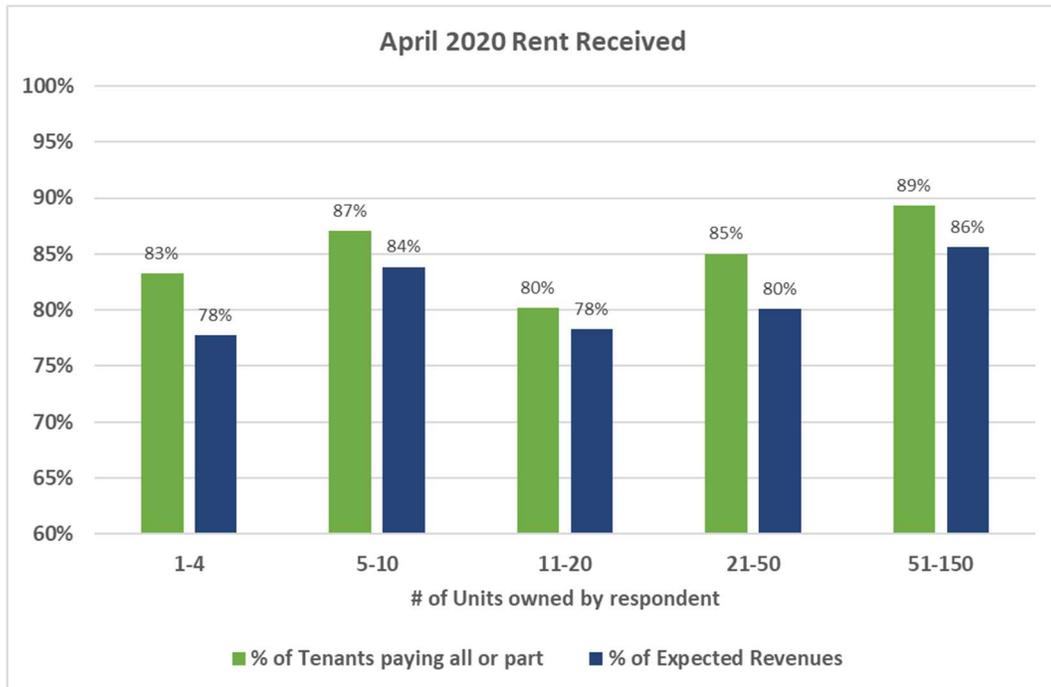
The survey was conducted online using Google Forms between April 6 and 10, 2020. The survey questions are included in the Appendix. A total of 208 responses were received. After removing personal identifying information, the data were sorted into two groups: owner-managed properties and properties managed by a property manager. There were too few results from manager-managed properties to conduct statistical analysis, so those 13 responses were excluded, although they aligned generally with the results for owner-managed properties. Six other excluded responses were duplicates, had confounding data, or misinterpreted the question. A total of 189 responses are included in the results below. All are for owner-managed properties, the traditional “mom and pop” landlords that form the core membership of RHA Oregon. These 189 responses represent 1794 rental units and ~10% of RHA members, with a distribution that mirrors the overall distribution of our membership: 61% of survey respondents own four or fewer units and 82% of respondents own 10 or fewer units:



Rents Received

Fraction of Rent Received

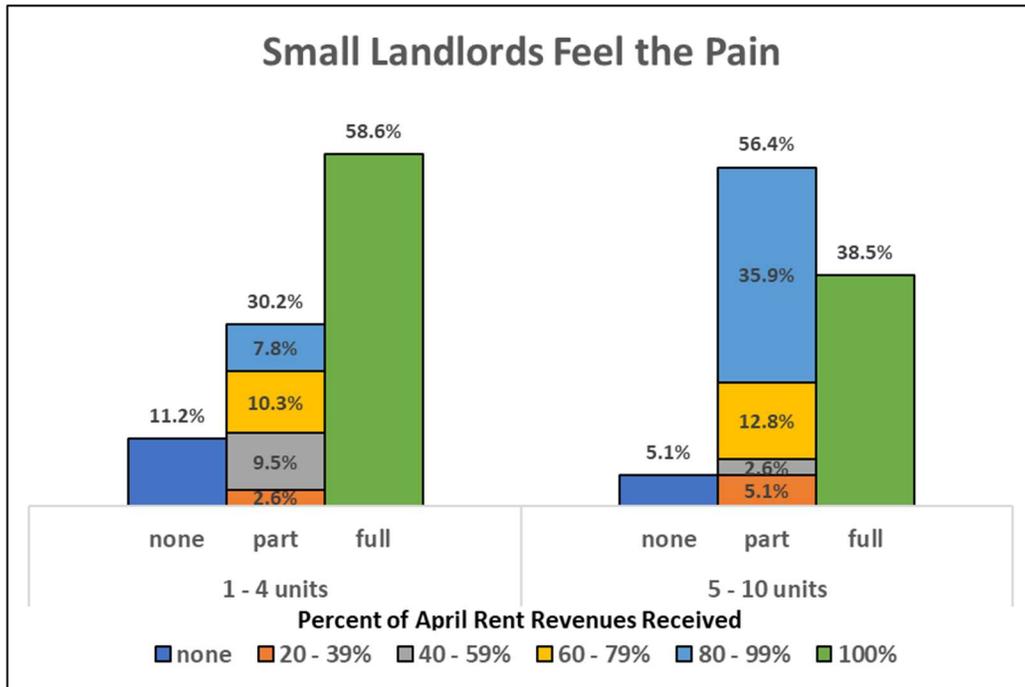
- Survey respondents reported a total occupancy rate of 95% as of April 1.
- Across all respondents, 86% of tenants paid all or part of their rent.
- Respondents received an overall average of 79% of expected rent revenues.



“We are elderly people (74). We are on Social Security with no way of making additional money.” – Owner of a single unit who did not receive rent in April

Small Landlords hit hard by deferred rents

The impact of lower rent collection rates disproportionately impacts landlords with the fewest units, as the loss of just one rent payment may represent a 25 – 100% reduction in their monthly rental income. As might be expected, ***the highest incidence of no rent received occurred with owners of the fewest rental properties.***



As a corollary, owners with more than 10 units reported receiving 40 - 98% of their expected rental revenue.

“We rely on the income from this property to support our retirement.”
 – Owners of two units.

Financial Impact

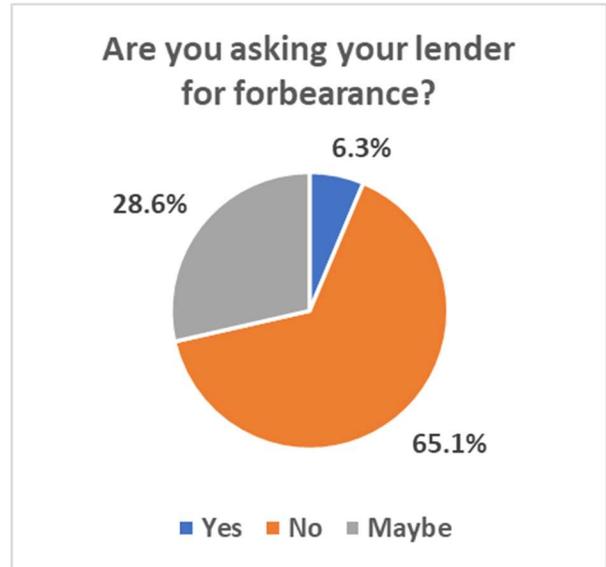
How long can we go on like this?

Concern over May and June expressed by many landlords, and especially landlords with the fewest properties, is supported by the results of Question 8 regarding operating reserves:

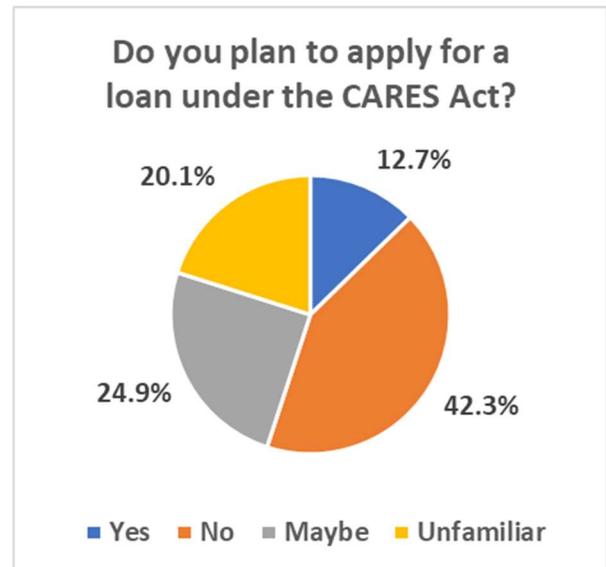
- At April rental income levels, 18% of landlords cannot cover their expenses beyond two months; some have even less capital reserves.
- Another 23% will not last longer than 6 months. This includes many of the larger landlords in RHA with 50 – 150 units.
- If May and June rents are reduced from April, the situation will only worsen.

What are we doing to prepare?

Just 6.3% of respondents indicated that they planned to ask their lender for forbearance on their mortgage payment. Approximately 2/3 of respondents currently do not plan on requesting forbearance. However, this includes respondents that do not have mortgages, for whom the question is not applicable. Among the respondents that chose “maybe,” there were many comments indicating that they would wait and see what happens in May and June before deciding.



Roughly 13% of respondents stated an intention to pursue relief through one of the programs offered under the CARES Act. Over 40% stated that they did not intend to file an application, 25% responded “maybe,” and 20% were not familiar with either CARES Act funding program (PPP or the SBA Economic Injury Disaster Loan). Most landlords with only a few units do not have employees and are therefore ineligible for PPP grants. Whether any funds from SBA will be available to small landlords without employees is unclear at this time.



“Much of how I will proceed depends on whether my tenants are able to pay their rent next month, as I have been laid off myself and do not have a great deal of savings to pay the mortgage myself, if it comes to that.” – Owner of a single rental unit.

Conclusions

1. Most RHA Oregon members received enough rent in April to cover expenses, but are very concerned about May, June, and beyond

As mentioned in the overview, tenants appear to have prioritized payment of their rent. However, many of those same tenants have advised their landlords that they are unemployed or have had their wages significantly reduced. This does not bode well for projected rent receipts in the future.

2. Small landlords are, once again, impacted disproportionately.

Although some landlords are prepared to endure this crisis, many are already in peril. Those that have just a few units can ill afford a loss of 50 – 100% of their rental income and would be devastated by the failure of tenant to pay rent for months on end.

The long-term impact of the COVID-19 pandemic will not be known for many months. RHA Oregon is providing guidance and resources to our members to allow them to weather this situation while keeping their tenants safely housed. In addition to the mandated waiver of late fees, etc., many of our members are offering full or partial waivers or temporary discounts. We encourage tenants and landlords to work together as best they can, while imploring our state leaders to dramatically expand the rental voucher program to help tenants and landlords alike.

“If tenants don't pay, I can't pay my mortgages. If I apply for a forbearance, I won't have a way to catch up on my mortgages because I'll be in such a hole. I will simply lose everything my husband and I have worked for all these years to provide housing for those that can't buy a home themselves. I have 2 little kids that depend on us to take care of them and 2 college students. We are scared.” – Owners of three units.

Ken Schriver may be reached at belmontparkproperties@gmail.com

For further information about Rental Housing Alliance Oregon, see www.rhaoregon.org.



Appendix: Survey Questions

Section 1: For owners who manage their own properties

Q1: How many Oregon rental units do you currently own that you also manage?

Q2: Of the units that you manage, how many were occupied on April 5, 2020?

Q3: Of the units that you manage, how many have paid all or part of their April rent?

Section 2: For owners who hire a manager for their properties

Q4: How many Oregon rental units do you currently own that are managed by someone else? (Enter 0 if you do not use a manager)

Q5: Of the units that are managed by someone else, how many were occupied on April 5, 2020? (Enter 0 if you do not use a manager)

Q6: Of the units that are managed by someone else, how many have paid all or part of their April rent? (Enter 0 if you do not use a manager)

Section 3: Financial Impact

Q7: What percentage of your expected April rent revenues (total \$ including utilities and any other extra charges) have you received?

Q8: If you pay all your usual expenses (mortgage, utilities, etc.) how many months can you continue to operate with this (April) level of rental income?

Section 4: Financial Response

Q9: Are you applying for mortgage forbearance from your lender for any of your rental properties?

Q10: Do you plan to apply for a grant or loan under the CARES act? (e.g., PPP or SBA Disaster Loan)

Section 5: Comments