



May 2020 Landlord Survey

MAY 20

Rental Housing Alliance Oregon

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Overview

Summary

From May 8 – 11, 2020, members of Rental Housing Alliance Oregon were invited to complete an online survey in order to help understand how the COVID-19 driven increases in unemployment, stay-at-home orders, and moratoriums on evictions for non-payment of rent were affecting small landlords. This is the second consecutive month that we have surveyed our membership. Our key conclusions from this survey are:

- Although better than April, less than 90% of tenants paid full rents, exacerbating a potential crisis of evictions and abandonments that is worsening every month.
- Most RHA Oregon member landlords received enough rent in May to cover expenses but continue to be concerned about summer.
- Some small landlords continue to be at risk of financial failure; those who own the fewest units are being disproportionately affected.

“We understand the difficulty of the situation on our tenants. However, we are concerned that the government will shift the entire burden to landlords by “forgiving” rent. We are small and can better afford a brief interruption in rent collection. But our mortgage holders, personal and on our rental property, are not offering any relief.” – Owner of four rental units

Results & Discussion

Demographics

The survey was conducted online using Survey Monkey between May 8 and 11, 2020. A similar survey was provided by Multifamily Northwest to their members during the same period, which will allow the two organizations to “compare apples to apples,” as we share information during the Covid-19 shutdown. The survey questions are included in the Appendix. A total of 235 responses were received. Identifying information was removed and duplicate or confounded submissions were deleted, leaving a total of 231 responses. These responses represent 2894 rental units and ~12% of RHA members, with a distribution that mirrors the overall distribution of our membership: 60% of survey respondents own four or fewer units and 81% own 10 or fewer units. Almost all respondents (96.5%) owned rental units in the Portland Metro area. The remainder were in Salem (2.2%), Corvallis, or did not respond.

Rents Received

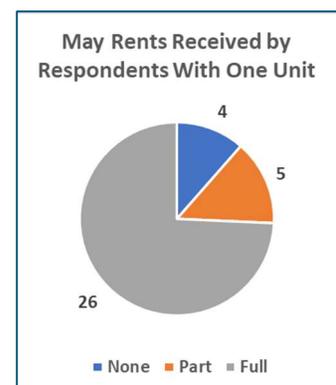
How many paid full rent?

- Respondents reported an overall occupancy rate of 95.7% as of May 1. Responses were binned according to # of units owned by the respondents; the results are shown in the table below.

Table 1:

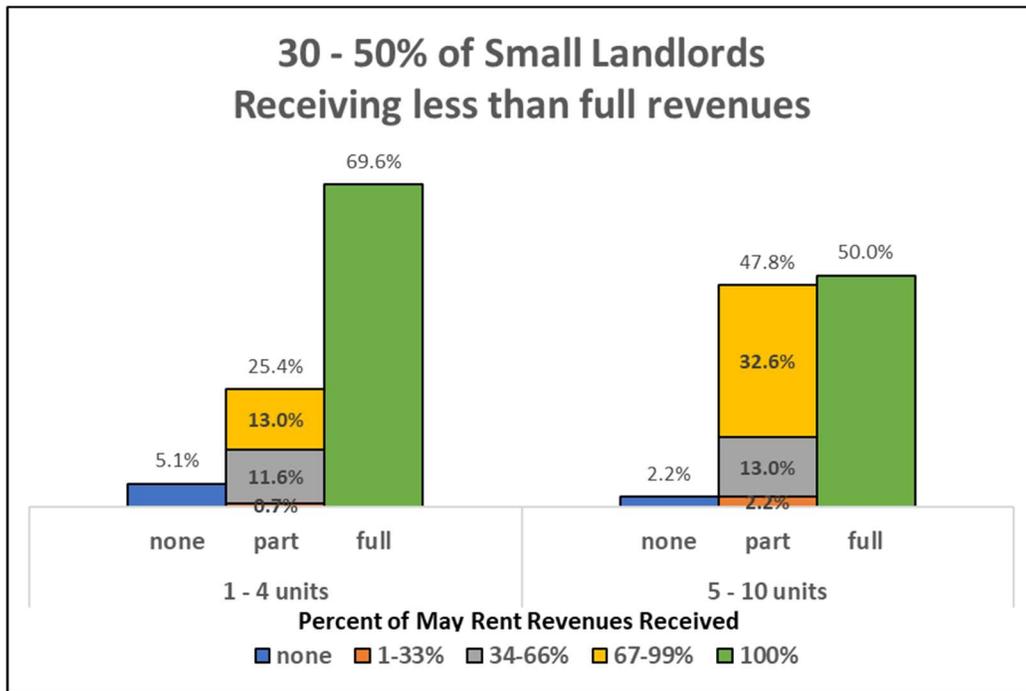
# Of units	# of Responses	Total # of Units	Occupied		Did NOT Pay Full Rent	
			#	%	#	%
1-4	138	351	332	95%	54	16%
5-10	48	326	302	93%	36	12%
11-20	21	314	307	98%	46	15%
21-50	12	393	384	98%	31	8%
51-100	5	363	350	96%	34	10%
101-250	7	1147	1095	95%	90	8%
TOTAL	231	2894	2770	95.7%	291	11%

- Across all respondents, 89% of tenants paid full rent. However, as seen in the table above, owners of fewer than 20 units had a larger relative percentage of tenants who did not pay full rent, with owners of one to four units seeing only 84% paying full rent. *For owners with just a single occupied unit, just under 75% paid full rent, as shown in the data at right.*



Small Landlords hit hard again by deferred rents

The impact of lower rent collection rates disproportionately impacts landlords with the fewest units in much the way that vacancies do, as the loss of just a single rent payment may represent a significant reduction in their monthly rental income. While the fraction of small landlords receiving full rent increased from April, between 30 and 50% of our small landlords are collecting less than full revenues.



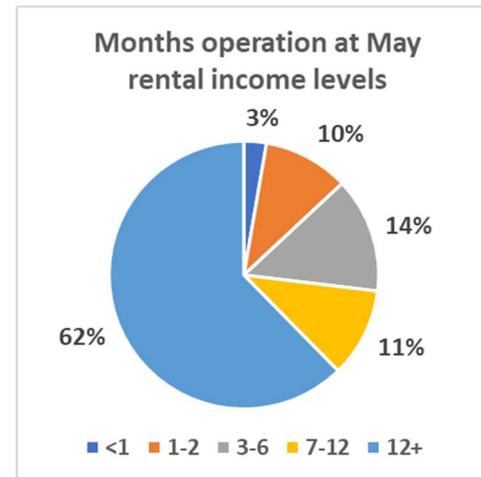
“I waived April rent for my tenant in my one rental property. They have paid May rent and plan to continue paying rent monthly.” – Owner of a single rental unit

It should be noted that tenants paying less than full rent are not uniformly distributed among landlords. For example, 30 respondents owning three units (three houses, or a triplex, or a duplex plus a house), reported 87 occupied units, of which 11 tenants (13%) did not pay full rent. But these 11 tenants were distributed among just eight owners, indicating that 27% of three-unit owners received less than full rent.

Financial Impact

How long can we go on like this?

- The good news is that at May rental income levels, roughly 73% of landlords are secure for at least six months if rent collections continue at the current level.
- The bad news is that 13% of landlords may face a financial crisis of their own in less than three months. This represents potentially hundreds of small landlords and thousands of tenants.



How are we responding?

Most respondents indicated that they were not pursuing mortgage forbearance. Many have offered concessions to their tenants in the form of discounts, deferrals, and waivers. Landlords are aware that once unemployment and stimulus funds run out, tenants are unlikely to be able to pay rent, much less catch up on back rents.

“Tenants will have such a big burden once restrictions are lifted that I will never get the rent due to me.” – Owner of a duplex.

Since the last survey, the Small Business Administration has clarified that “Passive businesses owned by developers and landlords that do not actively use or occupy the assets acquired or improved with the loan proceeds,” are ineligible for the Economic Injury Disaster Loan (EIDL) and IEDL Advances. Landlords with no employees are ineligible for PPP and EIDL grants in any case. Clearly, economic relief for landlords must come from the State in the form of an Emergency Rental Voucher program.

Conclusions

- 1. With fewer than 90% of tenants paying full rents, a potential crisis of evictions and abandonments is worsening every month.**

Even considering the deferrals, discounts, and waivers being offered to tenants, there will be many that will likely face eviction if they are unable to pay rents or make up unpaid rents once the metro area re-opens.

- 2. Most RHA Oregon members received enough rent in May to cover expenses but continue to be concerned about summer.**

While the slightly higher level of full rent receipts is encouraging, landlords are concerned about what will happen when the extra unemployment benefits and stimulus funds provided in the CARES act run out in July. They are not optimistic that rents missed up to this point will be repaid.

- 3. Small landlords are, once again, impacted disproportionately.**

Even with “only” 11% of tenants unable to pay full rent, these tenants are not evenly distributed throughout the market. Multifamily Northwest reports that tenants in work-force “Class C” housing had a significantly higher rate of inability to pay (~18%), and RHA Oregon found that 30 – 50% of small landlords (those holding fewer than 10 properties) are receiving less than full revenues.

Our members are eager to see the stay-at-home rules relaxed, especially in the Portland Metro area, so that our tenants may safely return to work. We continue to encourage tenants and landlords to continue to work together, and we have heard from many members that are going above and beyond to keep their tenants safely housed. We at RHA Oregon will continue to demand our state leaders fund an emergency rental voucher program to make up for past, current, and future missed rent.

*“Have not applied for forbearance as I know I will have to pay it back. I also know from past experience that getting any back due rent is nearly impossible. I will hang on as long as I can but expect that foreclosure is very likely.” –
Owner of a 14-unit complex, with only half paying full rent.*

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

Appendix: Survey Questions

Q1: How many rentable dwelling units in the portfolio or property? (Enter a number, NOT a percentage)

Q2: How many vacant units in the portfolio or property? (Enter a number, NOT a percentage)

Q3: How many Households are not paying full RENT? (Enter a number, NOT a percentage. Include non-payment, partial payment, skips identified in May.)

Q4: What PERCENTAGE of your expected total May rent revenues (including utilities and any other extra charges) have you received?

Q5: If you pay all your usual expenses (mortgage, utilities, etc,) how many months can you continue to operate with this (May) level of rental income?

Q6: Comments: (e.g, Have you received mortgage forbearance? Have you waived or discounted your rents? What is your greatest concern?)