



MULTIFAMILY NW
The Association Promoting Quality Rental Housing

April 2, 2020

Dear Governor Brown:

On Wednesday, April 1st, the Portland City Council issued a letter calling for the suspension of rent and mortgage payments as a result of the COVID-19 pandemic. It is critical that you understand that the City’s proposal is not only dangerous to our community in the near term, but that it would result in a cascading series of events threatening our basic economic structures.

Before further explaining these consequences, it should be restated that we believe that the only way for the State of Oregon to preserve housing stability for families is through a dramatic short-term expansion of the Rental Assistance Vouchers program. Make no mistake about the size of this need – our industry’s initial calculations show that an infusion of \$350 million per month will likely be necessary for the duration of this crisis. This should be your first and highest priority with regard to allocation of funds provided through the Federal CARES Act.

The City of Portland’s call for waiving all rent and mortgage payments for renters and businesses whose income or expenses have been substantially impacted by COVID-19 in not in any way a viable solution to this crisis, and it reveals a deep misunderstanding of how our housing and financial systems work. If enacted, the consequences would be dire.

Most large multifamily developments are not financed through Fannie Mae or Freddie Mac. Rather, they are financed through a range of sources including investment banks, private individuals, private equity firms and public pension systems like PERS. Oregon government has neither the authority nor financial wherewithal to restructure or back these investments in the way that the city is proposing.

Should such a policy be enacted, housing providers across the state will be forced to take immediate management actions to reduce expenditures to as close to zero as possible. That would mean across the board layoffs in leasing, resident services and maintenance staff, resulting in thousands of job losses.

Initial steps will also include non-payment of property taxes and utility bills for water, sewer, electric and cable/internet. Given the sheer size of our industry, that would send a cascading economic shockwave through local governments, school district, power and gas utilities, and internet and cable service providers. It would force management actions within those organizations, resulting in more layoffs and a greatly exacerbated situation. It would also have dire budget consequences for police, fire, parks and other essential services.

Housing providers would also be forced to eliminate private security, including in affordable housing communities. This would cause a significant increase in the burden felt by police and first responders across Oregon. And more job losses.

Given the lack of staff and funding that would occur as a result of the City of Portland’s proposal, housing providers would be unable to continue their partnerships with social service agencies and non-profits, including local Aging & Disability Resource Centers and the Oregon Department of Human Services. Essential navigation services for immigrants and the homeless, along with programs like domestic violence supports would be eliminated overnight.

Housing providers would also be forced to suspend all repairs to dwellings except those deemed life threatening. This means residents would not be able to have things like plumbing, lighting, appliances, or roof leaks fixed in their buildings. Maintenance companies who rely on multifamily properties would be forced to take management actions, including staff layoffs, in response to the immediate reduction in their revenue.

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Finally, in the midst of such an action, rental housing providers would stop renting any new units. This means that those looking for homes to live in would not be able to find one. Our entire rental housing market would essentially go to zero percent vacancy overnight, as units would sit idled.

Please ignore the misguided and uninformed correspondence that you received yesterday from the City of Portland. In light of the realities outlined in this letter, I hope that we can all agree to expect better from our leaders during this time than reckless and reactionary pandering.

The Federal Government has given you a significant windfall to provide rescue to Oregonians facing an unprecedented crisis. We urge you to use it to take care of their most basic needs, extending a historic and substantial expansion of our state's rental assistance voucher program so that the most vulnerable can remain housed without collapsing our entire regional economy. \$350 million per month reflects the most conservative need, and we are relying on you all to provide it.

Sincerely,

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