

**NEWSLETTER** September 2014 Ed.

**ROA President’s Message for September**

Hello everyone I would like to thank everyone for attending the David Tilton night and the great food that Cindy Colter provided. Our board met September 2nd and had a presentation by Kim Elliott from Klamath Falls that was very informative on refining our membership accounting and a way to send reminders to our membership.

We look forward to refining our organization and making it more user friendly. Anyone is welcome to attend these board meetings that are so full of information PLUS YOU GET A FREE DINNER AT THE NEXT MEETING.

We are now the third largest part of the State organization and continue to make leaps and bounds each month to make sure that we are giving you the most information that we possibly can. Anytime you have any kind of input for our future progress we are open.

Laurie Moore, *President*

**This New Law Affects Your Rentals!  
The Housing Choice Act of 2013 Went  
Into Effect July 1st** *(Continued from Aug.)*

By Jim Straub, ORHA Legislative Director

**7. Issue: Rent: Are landlords required to lower their standard rents to make their apartments eligible for Section 8?**

No; see the discussion in # 2 from August’s Issue.

**Can a landlord refuse a section 8 applicant because the landlord doesn’t accept “split payments” – rent payments from the tenant plus from another source, here the PHA/HuD?**

**CALENDAR**

**September 25, 2014**

**Housing Authority 1700 Monroe, North Bend  
5:30pm, dinner \$10 6:15pm, guest speaker  
Our Guest Speaker will be Terry Flora-Turner  
She will be focusing on how to properly fill  
out forms.**

**CREDIT AVAILABLE.**

**October 23, 2014**

**Housing Authority 1700 Monroe, North Bend  
5:30pm, dinner \$10 6:15pm, guest speaker  
Our Guest Speaker will be from Rentec  
Rentec is an Oregon based Property Mgmt software  
company.**

**December 11, 2014 at 5:30pm**

**Association Annual Christmas Party  
Rodeo Steakhouse Grill  
1001 N. Bayshore Dr, Coos Bay.  
Gift exchange \$20.00 limit, and order off the menu.**

**DON’T FORGET OUR BOARD MEETINGS**

**Noon at Oregon Bay Properties, LLC.**

No. That would mean that no Section 8 applicant would ever be eligible for that landlord’s units. Oregon law already protects landlords from the risk of waiver in accepting Section 8 payments from a PHA; see ORS 90.414 (1).

**Can a landlord apply a multiplier criteria, such as requiring that an applicant have a certain income greater than the rent level, such as three times the rent?**

Yes, although there is some disagreement about what the landlord would multiply. The statute now explicitly allows a landlord to screen for an applicant’s “inability to pay rent.” It would seem, then, that any

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criteria involving ability to pay rent must refer only to the applicant's portion of the rent. In the example described in #2 above, the applicant's share of the rent is \$180; three times that rent obligation would require income of \$580, while the applicant's actual income is \$600, so that the applicant meets the criteria.

If the multiplier is applied to the total rent amount, not to the amount that the Section 8 tenant pays, no Section 8 applicant would ever qualify. In the example above, that would mean the applicant's income would have to be at least \$3,000, an income which would likely make the applicant ineligible for Section 8.

The issue becomes more complex if the applicant's income is zero, in which case the PHA will pay all of the applicant's rent. Three times zero is zero, so such an applicant would still meet the criteria. Some landlords express concern that an applicant with zero income couldn't pay for utilities or food or other necessities, making that applicant risky in terms of likelihood of paying rent; they may want to require some sort of minimum income. Tenant advocates note in response that the statute only refers to screening regarding "an inability to pay the rent," which is satisfied if the voucher covers all of the rent. And the risk with requiring a minimum income is that it overlooks that applicants may have other sources of income which, under HUD rules, don't count as income toward determining rent levels, such as earned income disregards, and may receive other forms of assistance, such as utility allowances or assistance or food stamps.

And note, again, that the Landlord Guarantee Program Fund will cover unpaid rent.

And as with everything involving concern about discriminatory treatment, a landlord must apply admission criteria evenly and not just to block Section 8 applicants.

What are the landlord's remedies if the tenant doesn't pay his/her share of the rent? As with any tenant, a landlord

can use regular Oregon law to evict a Section 8 tenant who does not pay his/her portion of the rent.

**8. Issue: Screening: Can a landlord still screen Section 8 applicants?**

Absolutely. HB 2639 (1) amends ORS 659A.421 (2) (a) (A) and (B) to expressly authorize landlords to screen all applicants for past conduct and inability to pay rent, consistent with fair housing law. As is already the law, landlords should treat all applicants equally.

**Does the PHA also screen section 8 voucher holders?**

Yes, but only for eligibility in the program. Landlords should not rely on that. PHAs are not responsible for voucher holders.

**9. Issue: Delay in leasing up.**

As noted in the answer to #2 in August's Issue, besides the landlord screening the applicant, the PHA must approve the rental unit, too, both for rent level and for housing quality. The PHA does the latter by scheduling an inspection of the rental unit. An informal survey of Oregon PHAs indicates that the average time to schedule and conduct an inspection ranges from 3 to 14 days. Federal laws say that PHAs cannot take more than 15 days. In some cases, the inspection delay may be because the applicant or the landlord is slow in returning the paperwork to the PHA; in others, it may be because the PHA has too few staff or too big a geographic area to cover.

A PHA cannot begin paying its share of the rent until after the rental unit passes the PHA inspection and the HAP contract is signed between the landlord and the PHA. This means that a landlord can't collect rent for that period; the longer the wait, the longer the landlord goes without rent. In markets where there are more rental vacancies, this may not be an issue, especially for shorter waits. But it is an issue in tight rental markets with lots of qualified applicants.

This is one of the areas where advocates and PHAs are working hard to improve, as HB 2639 requires, with PHAs sharing best practices and some foundations considering

grants to PHAs to make the process electronic.

**How long must a landlord wait for a PHA inspection before rejecting the section 8 applicant?**

The answer is, "It depends." It depends on how long the wait is, and who is responsible for the delay, and whether there are other eligible non-Section 8 applicants seeking that unit, and what the financial impact of the wait and the lost rent revenue is to that particular landlord: If that landlord has many units, the loss of some rent revenue would not be as harmful as it would be to a landlord with only a few units. Again, this requires an individualized analysis. A landlord cannot reject all Section 8 applicants in all cases just because of a concern that the inspection time will take too long.

**Can a landlord require the applicant to pay a deposit to secure a rental unit during the wait for the PHA inspection, under ORs 90.297?**

Possibly, but the landlord would have to approve the applicant first, which poses some risk to the landlord before the PHA approves the rental unit. And the landlord and applicant would have to enter a special written agreement regarding the deposit. As discussed in regard to other issues, a landlord would have to do this with all applicants who require any delay in approval.

**10. Issue: What if the PHA's initial/move-in inspection results in a requirement that the landlord make some repairs before the unit can be approved?**

The PHA inspection is for HUD's Housing Quality Standards, as required by HUD regulation at 24 Code of Federal Regulations Part 982. Here's a link to a HUD FAQ about the HQS: [http://portal.hud.gov/hudportal/documents/huddoc?id=DOC\\_9143.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_9143.pdf).

The 13 areas covered by the HQS are very similar to Oregon's habitability requirements for all rental housing.

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See ORS 90.320. In most cases, an HQS violation would also be a violation of ORS 90.320. As a result, landlords cannot reject a Section 8 applicant because the PHA inspection finds an HQS violation, unless it is for something not also covered by ORS 90.320 and which would be a significant burden on the landlord to fix. An example of an HQS violation which is not also covered by ORS 90.320 and which could be expensive to correct is peeling lead paint. Anecdotally, Oregon PHAs report that few rental units fail an HQS inspection.

### **11. What about other inspections?**

The PHA must do an annual HQS inspection during the tenancy. These inspections benefit the landlord by alerting the landlord to physical problems with the unit. If during the annual inspection the PHA finds a problem, there is a process (written notice to both landlord and tenant) and reasonable time line for correcting an HQS violation. If the tenant caused the violation, the PHA will require the tenant to make the correction or else the PHA will terminate the voucher. If the landlord is responsible and doesn't make the correction, after a reasonable period, the PHA may abate the rent subsidy or even terminate the HAP contract. The PHA has some discretion with regard to these actions.

### **12. Are there types of rental units that are not eligible for occupancy by someone with a Section 8 voucher?**

Not many – college dorms and nursing homes. Section 8 voucher holders can use their vouchers with single room occupancy units, congregate care and group homes, cooperatives, shared housing, and manufactured homes where the tenant rents both the manufactured home and the space for the home. And, with PHA approval, Section 8 can even be used by people who own their manufactured home and rent the space.

### **13. Are there types of housing projects that are not eligible?**

Yes, generally speaking, those where the resident is already benefitting from a significant rent subsidy which is attached to the unit and not to the tenant, such as public housing projects, HUD-subsidized projects, Rural Development (formerly Farmer's Home) projects, and project-based Section 8 projects. 24 CFR 982.352. Section 8 vouchers may be used with projects financed under the federal Low Income Housing Tax Credit Program.

### **14. What happens if a landlord violates the new law? How is it enforced?**

As a result of HB 2639, discrimination on the basis of source of income – against an applicant or tenant because they have a Section 8 housing choice voucher or other rental housing assistance – is now treated under Oregon law the same as discrimination against people who are Catholic or Black or Irish. Someone who thinks that a landlord has violated the law may sue in an Oregon court. Or they may seek help from the Fair Housing Council of Oregon, which can help get a lawyer or can sue on their behalf. <http://www.fhco.org/>. Or they may file a complaint with the Oregon Bureau of Labor and Industries, BOLI, which enforces fair housing laws in Oregon. Here's a link to an explanation of BOLI's complaint process: [http://www.oregon.gov/boli/CRD/Pages/C\\_Crcompl.aspx](http://www.oregon.gov/boli/CRD/Pages/C_Crcompl.aspx). By law, BOLI may assess a penalty of up to \$11,000 for a first violation of fair housing law; penalties increase for additional violations. ORS 659A.855.

### **15. How does the Housing Choice Landlord Guarantee Fund Program work?**

HB 2639 creates a fund to compensate landlords who incur losses – primarily property damages or unpaid rent – as a result of renting to a Section 8 voucher holder. The fund is administered by the Oregon Housing & Community Services Department. To submit a claim against the fund, a landlord will need to obtain a court judgment – Circuit Court, Small Claims Court, or Justice

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Court – from the county where the rental property is located. The judgment must be for damages resulting from the Section 8 tenancy, and those damages must have been incurred after the effective date of HB 2639, July 1, 2014 (although the tenancy could have begun before that date). Any damages must have been caused by the voucher holder's occupancy, must exceed normal wear and tear, and must be more than \$500. Claims are limited to \$5,000. Claims must be submitted to OHCS within one year after the judgment is final (meaning any appeals have been resolved or the appeal period has run). OHCS is required to make the responsible Section 8 tenant repay any amounts paid out of the fund, although OHCS may waive that requirement for good cause, and OHCS must offer the tenant a reasonable payment plan. The rules for the Housing Choice Landlord Guarantee Fund Program are available on the web site of the Oregon Housing & Community Services Department, at [http://www.oregon.gov/ohcs/pdfs/public\\_notices/813-360-Administrative-Rule-Housing-Choice.pdf](http://www.oregon.gov/ohcs/pdfs/public_notices/813-360-Administrative-Rule-Housing-Choice.pdf).

#### **16. What should you do if you have questions or problems with this?**

If you are a landlord, you should talk to one of the three landlord trade groups. If you are a tenant, you should talk to the Community Alliance of Tenants (in the Portland area only) or to the Fair Housing Council of Oregon or to your local legal services office (see [oregonlawhelp.org](http://oregonlawhelp.org) for a link to legal resources). And you can always talk to the members of the HB 2639 advisory committee. And to your local PHA.

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## **Gipson Insurance Agencies**

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### **Mrlandlord.com Monthly Tips On Management:**

#### **Good Story In The Life Of A Landlord (For Both Landlord And Residents)**

Today I had a tenant in tears - but not because she was sad. A couple with a young child has been renting from me for a year during a low-paid graduate internship for the wife. They will be moving back home at the end of July. This morning I had some appointments scheduled to see the house for renting at the beginning of August. I scheduled first another young couple, who were so interested in the house that they had asked me to send the application materials in advance and then sent them back to me yesterday.

As I was looking over things, it dawned on me that the couple moving out was going to have an expensive move back to their home state. I knew the house would "show" really well and they would leave it very clean, as they have done a great job with it. Why did I need to hang on to all of their security deposit until after they moved? I wrote out a check to them for the first half of it and gave it to them this morning before my first appointment.

The wife looked stunned and then had tears in her eyes. It was just what they needed for the deposit of the one of the two pods they were going to be using to pack their things in and have them moved. They had been trying to figure out how to get all the money together they needed for moving. She was so touched and grateful. Incidentally they and the first appointment couple really hit it off.

I already had all of the application materials for the couple, and it seemed extremely likely I would be renting to them even before we met in person. They were as good as they

*(Continued Page 5)*

had looked on paper.. By the time I left the two couples had exchanged phone numbers and were texting each other about how they could handle the transition if the new couple got the house, did they want to buy the bed in the guestroom, etc..

I did a little more checking and accepted the new couple as the next tenants this afternoon. It was a good day in the life of a landlord. I need these from time to time.

<p style="text-align: center;"><b>Weldon &amp; Sons</b> <b>Building &amp; Remodeling</b> Coos Bay 267-2690 <b>ASSOCIATE MEMBER</b></p>
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### Reach Out To Former Good Residents

I received a letter in the mail today from my local cable company which offers phone, internet and TV service. I bring this up, because this is a company that is doing what I suggest landlords do. The cable company is reaching out to me almost one year since I used to be one of their customers but switched to another company. I strategically received their letter about 10 to 11 months after “moving” away from using their services. In other words, the cable company kept track of when I left and thereby knew that I was coming up on the time of year when I would be making a decision on whether I would renew and continue staying with my current provider or possibly switching to another. Sooooooo, during this “decision making renewal period” they made a point of reaching out to me, INVITING and RESELLING me on the idea of once again coming back to them.

On the outside of the envelope from the cable company it stated:

### It's An Exciting Time To Come Back To ...

On the inside letter, it started out: (Top of the letter):

**Is your contract (lease) with your current provider expiring**

**soon? Come back to us for this exciting offer!**

The letter went on to read in part:

**Dear (my name)**

**We really enjoyed doing business with you. And we would like you to be our customer again. That's why we have this special offer.....**

And of course they go on to try and resell me on what they believe would appeal to me becoming their customer again.

Likewise, with the ease of today's technology, you as rental owners can easily be alerted/reminded (even done automatically) 10 to 11 months after any of your good residents move out. Send them a letter (email at a minimum) inviting/reselling them on the idea of coming back to one of your rentals. I have had MANY former residents come back and rent from me again. The thing is, for most landlords this happens by mere chance. The landlord does not do anything proactively to make this happen. I'm recommending to you today, that you systematically reach out, perhaps close to one year intervals, to former residents and make it part of your business model to invite GOOD former residents to come back to your rentals, especially since this can be done very easily and inexpensively.

If you have a current or upcoming vacancy, test out this suggested strategy. Go back to the applications of former good residents and identify email addresses or reference or emergency contact information and send out “Invite You Back” letters. And yes, I realize, that some emails or addresses may no longer be valid, that's why you try reaching out to ALL your former good residents (even

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GOOD applicants for that matter). With email, reaching out to one address can be just as easy as reaching out to dozens or even hundreds. Filling just one vacancy with a former good resident will prove how worth while this simple strategy can be to your cash flow!

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## How Landlords Can Have A Great Vacation (And Not Worry About Their Rentals)

Are you going on vacation this summer? Do you wish you could, but are afraid your rental business will explode or fall apart while you're gone?

Many landlords do not go on vacations (especially extended ones), because they don't have any (or effective) systems in place that allow their rental business to run whether they are present or not.

For example, at a minimum, landlords should have systems in place for

- 1) who (other than you) handles regular maintenance requests or various types of emergency calls.
- 2) how prospective residents can still see available rentals and apply without you being physically present.

And even landlords who try and put "back-up" systems in place, the big problem is that these same landlords

only utilize these systems when they try to go on vacation so they never really "test" the systems under real life conditions. So when the systems are actually tested, sure enough, problems pop up that have not been fine-tuned. As a result, landlords are now even more unlikely to test the system again.

Here's a great tip: I like how one landlord put it; **"In order for landlord vacations to work well, I think you need to practice on a regular basis being on 'fake vacation' so you can see how your backup systems will respond...** Because if you only use your backup systems when you go on a real vacation, it is unlikely that things will go smoothly the first time or two, and then it's late too."

The above tips are shared by regular contributors to the popular MrLandlord.com Q&A forum, by real estate authors and by Jeffrey Taylor, Founder@Mrlandlord.com. To receive a free sample of Mr. Landlord newsletter, call 1-800-950-2250 or visit their informative Q&A Forum at LandlordingAdvice.com, where you can ask landlording questions and seek the advice of other rental owners 24 hours a day.

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