



TO: State and Portland Regional Elected Officials

FROM: Central Eastside Industrial Council

DATE: March 24, 2020

RE: Central Eastside Industrial District Property Owners response to COVID-19

One of state's quickest growing business districts, the Central Eastside Industrial District is home to 22,000 jobs, a 38% increase in employment since 2010. The extent of the long-term impacts of COVID-19 are yet to be known, but it is clear that the ripple effects on many industries will be dire.

In order for Property Owners to support commercial and residential tenants in this time of crisis, the private and public sector need to start to develop creative solutions that will allow property owners and managers to continue operations. Not only will this support tenants now but also into the future as they begin to recover.

Many property owners and managers in the Central Eastside Industrial District are already working closely with their tenants who are facing immediate losses due to the pandemic, with a goal of finding quick, equitable and effective solutions. Many of our member property owners and managers are already offering rent abatement and/or are considering these tactics to support tenants immediately, among others:

- Drawing down rent against tenants' deposits,
- Filing Business Interruption coverage on Property Owners' insurance policies
- Encouraging tenants to file insurance claims for Business Income Loss,
- Offering reduced rent in the future based on a percentage of 2019 profits, and
- Offering rent deferral with repayment amortized over a reasonable period of time.

We are concerned that there has been pressure to quickly place moratoriums on residential and commercial evictions without considering the needs of property owners as

part of the process. This just shifts the burden upstream without solving the problem. Indeed, while banks were bailed out during the financial crisis of 2008, many borrowers were left with all of the burden, resulting in them losing their properties. Property owners need to have a voice in the conversation.

We ask that the City, the Region and the State, through the work of a task force including **large banks, financial institutions, insurance companies, property owners, and business owners (major and small)**, generate concrete solutions for relief. During this planning, a conditional moratorium on evictions should be enacted, conditioned upon the tenant's remaining rent term and inability to pay rent. However, this should only be considered as a short-term solution while a clear exit strategy is developed. We also ask that you work with our congressional delegation to advocate for federal reimbursement to insurers for Business Interruption and Business Income Loss claims.

Property owners need flexibility from lenders to take care of retail tenants. Swift action and early communication with the lenders and insurers are essential for the survival of the businesses that define our district. When recovery from the pandemic begins, we will then be better equipped as a community.

Sincerely,



Deane Funk
CEIC President

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