

Renters' Market? Economy rattles landlords

BY JAKE THOMAS
THE PORTLAND OBSERVER

"Now Leasing" is a phrase you'll see frequently on signs along North Mississippi Avenue. Throughout the street, workmen can be seen wearing hard hats and hauling ladders in and out of sleek residential buildings they're putting final touches on. Things are humming along so well, you might forget that the housing market collapsed just last year.

Real estate has taken a serious drubbing from the economy. A number of development projects have stalled due to lack of credit, including a high-rise tower downtown, while the number of foreclosures in the area has soared.

But real estate developers are still bringing more new housing into a market that is already crowded with empty units. The dynamics of the soggy economy is having a significant impact on residential rental properties, with landlords now reporting that it's changing their relationships with tenants.

Tenants generally have less to spend on rent, and are doubling up with friends or moving in with family members to save costs, according to local land-



PHOTO BY JAKE THOMAS/THE PORTLAND OBSERVER

Construction workers are putting the finishing touches on the Mississippi Avenue Lofts in north Portland. Although the local real estate market has taken a drubbing in the past year, the city's housing inventory is expected to expand.

lords. Now many property owners are offering sweeteners to fill up their rentals.

"Renters have a lot more leverage," said Kathryn King, a landlord who owns residential properties in southeast Portland.

A report from Marcus & Millichap Real Estate Investment Services, anticipates the

economy to have a downward pressure on rents. Landlords will have a harder time filling rentals because the apartment vacancy rate will rise after developers increase inventory by 1.4 percent, according to the report. As employers trim payrolls, they'll have an even harder time finding renters. The report expects asking rents to

slip to 1.2 percent to \$815 and effective rents to drop 2.4 percent to \$746.

According to the Department of Housing and Urban Development's most recent quarterly market report, the apartment vacancy rate jumped to 5.8 percent in the second quarter, up from 5 percent a year ago. Rents have also stayed flat

at \$750 for an apartment.

"Things have changed beneath our feet," said King, who remembers when it was a landlord's market.

Deborah Imse, the executive director of the Metro Multifamily Housing Association, said that the higher vacancy rates have prompted landlords to offer reduced rent, or first month's free. They also throw in sweeteners like gift cards or free parking to lure in renters, she said.

King said that because of the economy more landlords are denying people housing because of financial blemishes on their records, like late payments. King has started waiving some of these red flags on rental applications just to get her units full.

Imse said the association, which represents landlords in the area, is concluding its annual survey, which asks landlords if they expect things to improve. Imse said that there is a common answer: things will pretty much stay the same.

However, things aren't as glum all over town, explained Imse, who said that things are worse for landlords the further away from the central city, where transit and other services are less available.

"It differs from zip code to zip code," she said.

Mark Edlen, the principal of Gerding Edlen Development Company, LLC, said that his properties in downtown Portland and the Hawthorne district are doing well and isn't seeing rents slip.

"Portland, compared to a lot of other places, is in really good shape," said Edlen, who added that as people continue to move here they will absorb the city's excess housing inventory.

But Ari Rapkin, the co-director of the Community Alliance of Tenants, said that he hasn't seen renters make any real gains because of the economy.

Rapkin hasn't heard anything about rents going down, but has encountered a relatively new problem: tenants getting the boot from landlords who failed to pay their mortgage.

He's also heard about tenants doubling up with friends or living in substandard housing to save money on rents that have soared during the housing boom. He said that some tenants pay up to 50 or 60 percent of their income on rent.

"It's not a new story that there is a lot of unaffordable housing," said Rapkin.

Truck Plant Won't Close Military contract saves 650 jobs

(AP) -- In a surprise move, Daimler Trucks North America says it will keep its Portland truck plant operating, located at the former Freightliner factory on Swan Island.

The Oregonian says Monday's announcement will likely save about 650 jobs.

It's been almost a year since Daimler said the plant would close. Now Joe Kear of the machinists union that represents most of the employees says his union hopes for another three-year contract.

The company says the decision resulted from a big military contract.

Managers of the Daimler U.S. truck operation, based in Portland and owned by Germany's Daimler AG, had planned to transfer manufacturing of Western Star commercial vehicles from Portland to Mexico. That move is on hold, as is a plan to transfer all Freightliner-branded military-vehicle manufacturing from Portland to North Carolina.

In a statement, Daimler officials said much depends on negotiating a new labor contract they hope will cut costs. They did not say how many workers will be retained or how many trucks will be built.

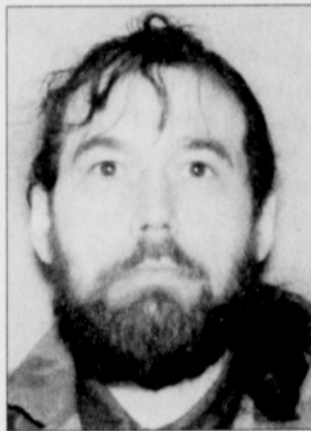
Sizer Rules on Chasse Death

Says offices acted within guidelines

(AP) — Portland Police Chief Rosie Sizer has ruled that officers acted within policy when they chased and then struggled with a mentally ill man who died in police custody three years ago.

Sizer, however, in a Sept. '23 decision, recommended a sergeant be suspended for not directing an ambulance to take James Chasse to a hospital immediately after he was shot by a stun gun.

Chasse, 42, who had schizophrenia, was arrested following a foot chase in northwest Portland in September 2006. Officers said they pursued because they thought he had urinated outside and



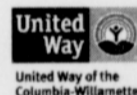
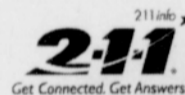
James Chasse

was on drugs.


In an interview with investigators after the incident, an officer said he shoved Chasse to the ground and then fell onto the sidewalk, past Chasse. But a video of officers talking at the jail after they brought Chasse in captures the officer telling a sheriff's deputy "we tackled him."

The video ends with police and jail sheriff's deputies removing Chasse from jail. Chasse, who can be heard moaning, died while police were driving him to a hospital. According to autopsy results, Chasse suffered more than a dozen broken ribs, including some that punctured a lung and caused massive internal bleeding.

In 2006, a Multnomah County grand jury found no criminal wrongdoing.



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