

Everything Landlords and Managers Need to Know About Coronavirus

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COVID-19 is a novel coronavirus first identified in Wuhan, China. We sat down with Marcia McNutt, the President of the National Academy of Sciences, to learn more about the facts and myths behind the virus. As of today, there is no vaccine to protect against it, and **scientists estimate a year until a vaccine is found and offered to the general populace**. It took 90 days to get the first 100,000 cases and only 12 days for the next 100,000 cases. The exponential growth in confirmed cases shows that it has the potential to expand more rapidly than generally perceived and drastic measures will need to be taken by federal, state, and local authorities.

While you may be sick of hearing the term “social distancing,” it is the best solution proposed by scientists to date. Social distancing and remote work will reduce the spread of the virus, as cities like San Francisco are asking residents to stay “[home unless it is absolutely essential to go outside](#).” For landlords, Realtors®, and property managers, here is what you need to know in 2020:

What will happen to tenants’ jobs?

The stock market made history on March 9, 2020 with the largest point plunge for the Dow Jones Industrial Average, and it had two more hits on March 12th and 16th. As **restaurants, schools, local shops, live events, theaters and hotels continue to close their doors to prevent the spread of COVID-19**, two things will happen. First, these businesses will struggle to make ends meet during this pandemic. Second, to reduce expenses in hopes of avoiding bankruptcy, businesses will freeze hiring and start laying off employees. Goldman Sachs is estimated **unemployment rates will rise to nine percent nationwide**, which will have an effect on your own customers, your tenants.

Will my tenants be able to pay rent?

Today, the majority of tenants live paycheck to paycheck. Depending on your tenant’s occupation, there is a likelihood that your tenant will be unable to pay rent at some point. If **your tenants have a track record of on-time payments in the past, we recommend you work with them on a revised payment plan**. This new plan should be in writing and agreed by both parties. Only if you reach a point where your tenants are unable to follow the new agreement, should you discuss lease termination options with them.

And, if you **witness rental rates dropping in your area, then you may consider reducing the rent for your existing tenants**. You are far better off dropping rental rates than having months of vacancy during an inopportune time.

If your tenant cannot pay rent:

1. Ask your tenant to declare, in writing, that they cannot pay rent **due to COVID-19**.
2. Ask your tenant to retain documentation and proof.
3. This documentation is important for tax credits, a grace period on your mortgage, and/or eviction proceedings.
4. Record a **traceable record of payments** between January and April to show this change in rent received

Important statewide moratorium for California

California is the first state to pass a statewide moratorium on evictions. On March 27, 2020, Governor Newsom issued an executive order banning the enforcement of eviction orders for tenants affected by COVID-19. This moratorium is effective immediately and is to remain in effect through May 31, 2020. It will provide relief for tenants with rent due on April 1st. Your tenant is required to declare that they cannot pay all or part of their rent, due to COVID-19, no more than 7 days after the rent comes due. The tenant is still obligated to repay all of the past due rent in “a timely manner” and could still face eviction after the enforcement moratorium is lifted.

Should I charge late fees?

We don't recommend an advanced notice on waiving late fees, as you want to encourage on-time payments for those who are employed through this time. But, we **do not recommend charging late fee should a payment be late**. This is a tough time for your tenants and for you. The best way to get through it is by working together.

The most important thing is to build positive relationships with your tenants. **You do not want to be the person stating legal terms and threatening a lawsuit during this time of a pandemic.**

Are eviction rules changing?

There has been talk of local and state governments changing the eviction process during the COVID-19 crisis. Keep in mind that foreclosures will most likely follow a similar policy if any temporary measures are put in place.

While most counties do not have an eviction ban in place to date, you should confirm with a local real estate attorney as the laws are changing daily. It is very plausible that eviction bans will only be for tenants with any of the following circumstances due to COVID-19:

1. They lost their jobs or have reduced hours / pay
2. They have additional child care expenditures due to school closures
3. They have health care expenditures from their immediate family getting the virus

4. They have expenditures from government ordered emergency measures

If my tenant is not paying rent, do I need to perform repairs?

It is important for you to keep the property in habitable conditions and perform necessary repairs. Regardless of whether or not rent is paid, you should follow the lease contract and always perform the necessary repairs. [Emergency requests](#) submitted by tenants should still be immediately addressed.

For non-essential repairs, **you may need to provide an estimated future date to get those scheduled** based on local shutdown ordinances and service professional availability. If you communicate in advance to your tenants on the situation, then they should be ok with the delayed scheduling date due to COVID-19.

Will it be difficult to source service professionals, such as plumbers?

Yes, it will be more difficult to schedule repairs. The best landlords and managers communicate frequently with their tenants. It may be a good idea to **mention to your tenants, in advance, that service professionals will be more difficult to source and schedule during this time of uncertainty**. Let them know that you will do your best to contact the licensed and insured professionals, keeping them updated on the status of each request.

In advance, let your **tenant and the service professional know that it's ok to be in separate rooms during the service visit**. You should encourage social distancing, as the tenant can explain the situation through the phone, and even potentially use video over the phone. You may even want to inform service professionals that you **encourage gloves, shoe coverings, masks, and/or goggles**.

How do I handle a building with multiple tenant units?

Regardless of where your building is located, we highly recommend shutting down communal areas in your complex. Whether it's a game room or a pool, you should announce that it will be closed due to COVID-19. We can learn a lot from the sequence of events in Italy and do our part to make sure that our apartment complexes are not the reason for a spread in the virus.

If your residents resist since access to common areas was written in the lease, you can refer to a local medical authorities' recommendations. You can also use these medical authorities' recommendations to require travelers from high risk areas to remain in their apartment for a 14-day quarantine period. If a resident refuses to follow these rules, you can request a court injunction to bar the prohibited behavior and potentially a temporary restraining order for the health and safety of other residents. Most importantly, you should not impose any fines in this situation.

While hallways and lobbies are lower risk areas, since most tenants will not touch surfaces here, **elevator buttons, door handles, and other commonly touched surfaces are of greater concern**. Management should sanitize more frequently and

encourage its residents to wear gloves and wash their hands thoroughly. **Stationing hand sanitizer and antibacterial soap around the building** is another good way to help residents.

What if my tenant has contracted COVID-19?

We highly recommend that you do not have anyone visit the tenant to check on them. Rather, notify the local health department or [Centers for Disease Control and Prevention](#). They will be able to provide next steps for your safety and those around the tenant.

What are the best ways to communicate with tenants?

Online! You should promote having online communications and refrain from in person meetings wherever you can. This includes everything from leasing to management. The following operational tasks are the easiest to take online immediately: applications, tenant screening, leases with e-signature, tenant message communication, maintenance request submission, and lease renewals. If you're looking to learn more, [you can read more about time savings with online software here](#).

What about leasing a rental property?

If your rental is available for lease and you are listing it on the market, here are some important things to consider:

1. **Before Advertising Your Rental:** Deeply sanitize the entire rental property through a third party, professional cleaning company.
2. **Setting up Rental Showings:** While showing the rental property to multiple parties at the same time is the fastest way to re-lease your property, consider booking 15 minute time slots to make sure you do not have multiple attendees at the same time. If you have current residents in the property, **we recommend not showing it until they are moved out and the rental is thoroughly sanitized.** You have a liability risk here.
3. **During the Rental Showings:** Make sure to inform the interested tenants on the importance of social distancing for you and for them. Remind them that they should do their part to limit touching surfaces and doorknobs. In advance, you should open closet doors, bathroom doors, etc. Bring sanitizing wipes for all door knobs or other surfaces that may have been touched. And finally, it is ok to be in a separate room during the rental showing.

What else can I do to help with the situation?

The first thing you can do is to over communicate and stay positive. Your tenants need to hear from you about the current situation and advice on how to move forward. Make sure that you are not panicking when you provide advice.

Here is a sample template to notify your tenants about COVID-19. You may also want to consider a pandemic disaster plan to prepare tenants.

Dear Residents,

As the coronavirus called COVID-19 has been declared a pandemic by the World Health Organization, we want to ensure your safety and help in any way that we can through this difficult time. Here are some answers to your frequently asked questions.

Will maintenance still be done in a timely manner?

Emergencies will be addressed immediately. Any request that is non-essential may be pushed to a later date based on service professional availability. Fewer service professionals are working during this time, so we'll take it on a case-by-case basis.

What if I'm worried about a service professional in my home?

We encourage you to be in another room while a service professional is making a fix to your sink, heating system, etc. The service professional may be wearing gloves, a mask, or something similar to protect themselves from contracting COVID-19. Please do not be alarmed as we are recommending this to them.

Will the common areas be open? [exclude if it's a single family home]

To protect your health and well-being to the greatest extent possible, we will be closing all common areas for events and congregation. Elevator buttons, door handles, and other commonly touched surfaces will be sanitized more frequently.

What if I can't pay rent?

Please reach out to us as soon as possible to let us know. We'll help work out the best path forward during this difficult time.

Continue to wash your hands and reach out if you need anything,

[Your name]