

# Tennessean.

## The economy is struggling. Should you pay rent?

The miserable economy hasn't delayed the vast majority of rent payments in the Greater Nashville region.

Nearly 88% of renters in the area made payments during the first two weeks of April, according to the National Multifamily Housing Council survey.

That's down from 91.5% during the same period last year but higher than the U.S. average.

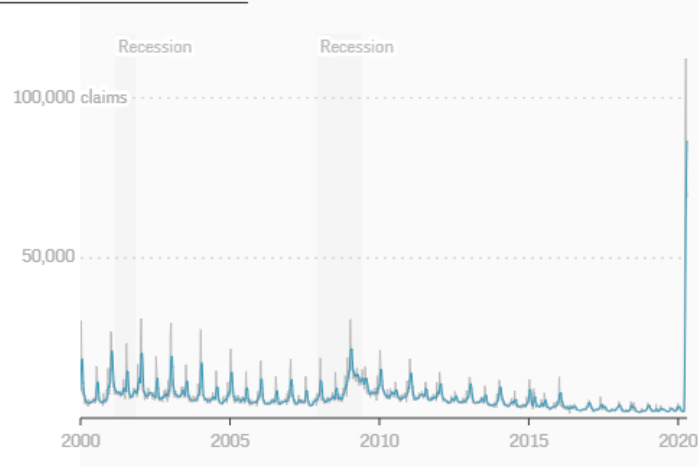
Nationally, 84% of renters made full or partial payments by mid-April compared with 90% the year prior, NMHC found.

Industry leaders were braced for a bigger hit considering that 22 million Americans, including more than 250,000 Tennesseans, have filed for unemployment benefits since March.

### Weekly Unemployment Claims

Claims are applications for temporary financial assistance paid for by state governments to eligible individuals who have been laid off. The red line (available only for national data) represents the **seasonally-adjusted number of claims**. The gray line represents **total claims before adjustment**. The blue line (available only for state-level data) represents an **unadjusted four-week moving average**.

Unemployment claims in Tennessee since 2000



"There are still some challenges that lie ahead, but it appears to be more manageable," said Adam Couch, a market analyst with RealPage real estate data firm. "The amount of renters who have paid on time in Nashville now ranks in line with Raleigh, which initially showed solid numbers. It comes in about 1%-2% higher than what's seen in Charlotte and Atlanta, and about 4% higher than the nation as a whole."

## **Evictions delayed, payments still due**

The Tennessee Supreme Court [blocked all eviction proceedings](#) and encouraged judges to limit or eliminate wage garnishments through April 30.

But the order doesn't exempt any renter from the terms of their lease contract.

"Nothing in this order affects the obligations, terms, or conditions for payment under existing contracts," Chief Justice Jeffrey Bivins wrote.

Tenant groups around the country are calling for political intervention to forgive rents. But, so far, no laws have been proposed to help renters in Tennessee, though legislators are likely to consider the matter when they return to session in June.

Lawyers recommend tenants negotiate payment plans with their landlords.

"Landlords and tenants are trying to come together to work out arrangements to avoid going to court," said Matt Harris, an attorney at Baker Donelson who chairs the firm's real estate and finance group. "It's in the interest of the landlord that they preserve the rent stream and keep an otherwise good tenant in place who has fallen on hard times shared by all."

"The primary thrust of the loans to small businesses under the CARES Act is for employers to keep people on payroll," Harris said. "Renters should reach out to landlords to reach an accommodation. I would expect most landlords would be receptive to that."

**Newsletter:** [Stay safe and informed with updates on the spread of the coronavirus](#)

One major Nashville-area property manager offered renters a monthlong payment deferral or the option to amortize the payment due over the remainder of the lease term.

The Metropolitan Development and Housing Agency, which operates subsidized affordable housing as well as market rate rentals, offered payment arrangements to tenants who aren't receiving government subsidies. Section 8 renters are only required to pay 30% of their actual income.

## 'We've never had this happen before'

Commercial business renters, forced to close up shop to prevent infections, are even more likely to have skipped a rent payment because of the pandemic, industry leaders said.

Equinox Group fitness centers, Burlington Stores, Staples office supply and Victoria's Secret are some of the national brands that withheld rent payments.

Like residential tenants, businesses must negotiate with their property owners to alter lease terms.



Brothers Gavin and Joey DeGraw own The Nashville Underground. (Photo: Submitted)

Some business owners, including [singer-songwriters Gavin and Joey DeGraw](#), who own Nashville Underground honky-tonk, are taking their insurance companies to court for denying their business interruption claims because disease isn't counted as physical damage.

"The issue is whether or not COVID-19 circumstances constitute a force majeure or not — circumstances regarded as an act of God," Harris said. "There is little law on this topic, if any, because we've never had this happen before."

## Need help paying rent?

Several charitable organizations are providing payment relief to renters and homeowners who can't keep up with their bills:

- United Way COVID-19 Response Fund has raised nearly \$4 million to help struggling individuals and organizations. Applicants can call 833-496-0661 or visit [NashvilleResponseFund.com](https://www.nashvilleresponsefund.com).
- Catholic Charities of Tennessee is offering grants to help struggling residents. Applications can be made online at [cctenn.org](https://www.cctenn.org) or by calling 615-352-3087.
- The Tennessee Department of Human Services can provide emergency cash grants of up to \$1,000. The agency can be reached at 615-743-2000 or online at [tn.gov/humanservices](https://www.tn.gov/humanservices).