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FAX TRANSMISSION

DATE: 5/13/13

TO: Committee on Transportation
and Economic Development

Number of Pages 4
Including This Page:

FROM: J. Michael Harris

FACSIMILE NO.: 503.373.7807
~~503.987.1814~~

RE: HB 2639

ORIGINAL WILL BE MAILED: _____

ORIGINAL WILL NOT BE MAILED: X

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MESSAGE:

Please see attached letter. Thank you.



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May 13, 2013

Co-Chair Representative Bob Jenson
Co-Chair Senator Betsy Johnson
Joint Committee on Transportation and Economic Development
900 Court St. NE
Salem, OR 97301

RE: HB 2639

Dear Distinguished Committee Members:

I write on behalf of the Northwest Real Estate Investors Association (NWREIA) in regard to proposed House Bill 2639 (HB2639) currently before your committee.

The goal of HB2639 is to enable Oregon residents to pursue rental housing in the community of their choice by prohibiting a landlord from considering an individual's source of income in rental decisions. The purpose is to prevent landlords from declining to rent to tenants who receive public assistance. Like any legislation, the method by which a goal is achieved is as important as the result itself. In its' current form HB2639 is likely to unduly impact Oregon landlords who may fairly be characterized as "part time landlords", who are not in the business of renting out properties as their main source of income. Such landlords often lack the sophistication and resources to fully understand and comply with the myriad requirements of the federal Section 8 program, and will be unfairly targeted by this bill simply because they do not desire to participate in a federal subsidy program.

NWREIA has expressed concern about the potential impact upon the small landlord who may be ill-equipped to interact with the complex regulations associated with participation in the

Section 8 voucher program. A typical small landlord rents between one to fifteen properties and, while they endeavor to comply with the law at all times, they are nevertheless often ensnared by the fine details embedded in Oregon's laws governing the landlord-tenant relationship.

The proposed legislation will add yet another layer of complexity onto an already complex area of the law where even good faith mistakes can prove exceptionally costly to a landlord. HB 2639 will require that a small landlord's rental property remain vacant during the Section 8 inspection period, may necessitate costly upgrades to comply with the housing quality standards required by the housing agency which may exceed the current standards mandated by Oregon law. Landlords will also risk a unilateral rent change by the federal agency.

The proposal before you now is sweeping in its mandate. In essence, it requires all landlords to participate in the section 8 program or risk being the target of a discrimination lawsuit. The prohibition against considering a tenant's source of income will require a landlord to participate in the section 8 program regardless of their interest in doing so. A landlord's rejection of a tenant's application because the landlord does not wish to participate in the section 8 program would be a refusal based upon a consideration of the tenant's source of income. This mandated participation once again subjects a landlord to a series of traps and pitfalls which may result in increased costs, and potentially devastating consequences to a landlord who is already struggling to get by in a tough economy, relying upon this stream of income to be secure in their retirement, or simply trying to cover their mortgage.

The proposed legislation is arguably a taking of a person's property rights and freedom to contract. The supporters of the current bill vociferously assert that the section 8 program will remain voluntary, but fail to explain how a landlord's unwillingness to participate in the housing assistance program could be anything other than a consideration of the source of income for a tenant. The source of the income is inseparable from the strings which are attached to it. Thus any claim that the program will remain "voluntary" is illusionary; a landlord's unwillingness to participate in the program would be an implicit rejection based upon a consideration of the source of funds and the strings which are attached thereto.

While my clients believe this legislation is ill advised, if it is enacted there should be

some amendments. First there should be a sunset provision which would enable the legislature to gauge how effective the bill has been in reaching the goal, assess unanticipated consequences, and guard against the inertial effect that a law can have once it is enacted. Second the bill should be amended to only apply to those who are most readily able to absorb the added costs, while exempting those who are least able to do so. NWREIA suggests that landlord with ten units or less be exempted from the bill's provisions.

The small landlord lacks the resources to fight against potential overreach by the housing authority, litigation brought by tenants, or absorb the costs associated with inspection delays and mandated upgrades by section 8 administrators. The negative consequence to the small landlord will far outweigh the limited benefit associated with including them in the scope of the proposed legislation, and may cause a reduction in the number of available units as the small landowner either raises rent out of the reach of low income families, or divests themselves of their properties in order to avoid the problems created by this legislation

It is the firm belief of the members of NWREIA that every person in our community should have the right to safe, stable housing, and enjoy maximum flexibility in choosing where in the community to live without fear of discrimination based upon their need for assistance from social services. However, in this continuing period of economic uncertainty the small landowner must have the flexibility and ability to manage their investments without the demands and additional expense associated with participation in a housing assistance program. To this end, NWREIA's proposal is targeted at ensuring that those citizens with modest investments are permitted to rely upon the traditional structure of Oregon law in the conduct of their rental activities.

Very truly yours,

REEVES, KAHN, HENNESSY & ELKINS

J. Michael Harris



JMH



CITY OF
PORTLAND, OREGON

Charlie Hales, Mayor
Amanda Fritz, Commissioner
Nick Fish, Commissioner
Dan Saltzman, Commissioner
Steve Novick, Commissioner

May 14, 2013

Senator Betsy Johnson, Co-Chair
Representative Bob Jenson, Co-Chair
Ways and Means Subcommittee on Transportation and Economic Development
900 Court St. NE, Room H-178
Salem, OR 97301

Re: Support for House Bill 2639A

Dear Co-Chair Johnson, Co-Chair Jenson, and Members of the Committee:

We write to urge your support for House Bill 2639A, a thoughtful and balanced approach to reforming the Housing Choice Voucher program (Section 8). It reflects a value we all share: that everyone, regardless of the source or level of their income, should have the opportunity to choose where they live.

Section 8, administered by local housing authorities, is our state's largest housing program. It is also our most effective tool to create access to the private rental housing market for low-income Oregonians.

Under current law, while landlords are prohibited from discriminating against a prospective tenant on the basis of "source of income," landlords are not required to process applications from voucher-holders. This has the effect of limiting choice and concentrating poverty.

HB 2639A promotes choice for low-income families and individuals, while building in important protections for participating landlords. To be successful, the Section 8 program must work well for landlords as well as voucher-holders. Our local housing authority, Home Forward, pioneered forward-thinking reforms to the Section 8 program in Multnomah County, cutting through red tape and making the program more user-friendly. Their work is a model for other jurisdictions, and we're proud that it helped inform this bill.

Under the proposed legislation, landlords will be able to exercise their right to fully and fairly review all rental applications, consistent with Fair Housing laws. At the same time, voucher-holders will no longer be stigmatized by ads in local newspapers that declare "No Section 8."

The City of Portland, through its State Legislative Agenda, supports efforts to "Remove Barriers to Housing Choice." HB 2639A promotes housing choice statewide while reforming

administration of the Section 8 program. We are proud to support HB 2639A and urge your support.



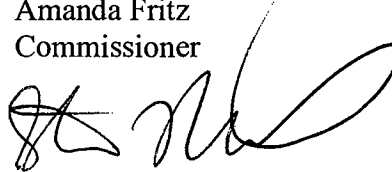
Charlie Hales
Mayor



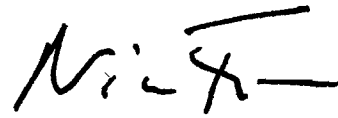
Dan Saltzman
Commissioner



Amanda Fritz
Commissioner



Steve Novick
Commissioner



Nick Fish
Commissioner