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3/2/2017

Testimony regarding House Bill 2004

Dear Representatives:

I am a property manager and a property owner in Portland, Oregon, where we employ close to 100 people. Our company, Bluestone and Hockley Real Estate Services has been providing property management services to Owners of property and tenants for over 44 years. Our goal has been to provide safe, healthy and affordable housing to the community. We believe that the proposed House Bill will not result in more affordable, or safer housing. Rather than using the carrot you are using the stick to discourage property owners from using the no cause notice.

As a company, we do not evict tenants who abide by the lease agreement and pay their rent on time.

Landlords need the right to exercise 'no cause' terminations to **PROTECT** our client's rental properties and tenants from bad tenants who cause damage or otherwise infringe upon the rights of others to quiet and peaceful enjoyment of their residence. We are thoughtful in our use of the no cause notice throughout our portfolio of over 1500 units, we only use this notice approximately four to five times a year. Typically, we use no cause notices to ask tenants to move who are difficult to manage and potentially dangerous to tenants that surround them. We also may choose to use a "No Cause" notice rather than a cause notice if we deem the tenant to be violent either verbally or physically and we want to protect our staff. Our Attorney who works exclusively with Landlord Tenant issues points out "[No Cause Notices have their time and place, and often work when For Cause Notices and Repeat Violation Notices won't.](#)"

Additionally, you leave it in the hands of the tenants to decide if they want to renew their lease on a month to month or annual fixed basis. The result of these changes to the law, specifically ORS 90.427, Section 1, (4), will be that Landlords will choose to transition their rental agreements to month to month agreements rather than keep renewing annual leases, this does not benefit tenants.



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More importantly the state is making changes to existing agreements, creating havoc with existing contract law. Allowing tenants to make unilateral decisions on their leases will discourage developers and property owners from developing and owning multifamily properties in Oregon. These are the people that are investing money to buy, remodel, and rent multifamily housing. Just this week we met with a multifamily developer who indicated that they would stop building multifamily units, because of the uncertainty and lack of ownership control caused by these bills. I have had two significant investors tell me they will not invest in multifamily product in Oregon because HB 2001 and HB 2004 create too much risk. Is this really the message you want to send to investors who you need to develop and maintain multifamily units?

**Passing a law that rebates tenants will significantly reduce the number of investors interested in maintaining in rental housing (which we desperately need), this is not the goal you are trying to accomplish.**

- These bills mandate Landlords will be required to pay 3 or 5 month penalties for relocation expenses at the end of almost **all** tenancies if a Landlord wants to put a unit back on the open market (with the exception of when a tenant gives notice). This cannot be your legislative intent. Not only that the tenants will need to declare the income and Landlords will need to file 1099's. What a management headache.

It was less than a year ago, that the state mandated "ninety day" notices for rent increases to tenants. This gives tenants a significant amount of time to save money and find a new home. This Law wants Landlords to be social service providers, which is not their place.

I have noted below some alternatives that policy makers can implement to increase housing in Oregon!!!



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### **What can policy makers do to increase the immediate supply of rental units?**

#### 1. Encourage co-housing i.e. roommates

- a. Allow homeowners to rent out rooms without charging a room tax. If tenants are not happy with their housing conditions they can rely on the landlord tenant act to protect them.
- b. Reignite and fund a program that used to exist at Ecumenical Ministries of Oregon that acted as a clearing house for senior citizens who had rooms for rent. The burgeoning baby boomer population have vacant rooms in homes and apartments they own and rent. The additional rental income can become a social security subsidy, achieving two policy objectives with one decision.
- c. By policy, increase the number of people that can live in an apartment. Allow for beds to be established in living rooms and basements if proper fire extinguishing is in place.
- d. Allow 2 adults and a child to sleep in a bedroom of at least 180 sq. ft., excluding the closet. High density housing can help solve this short-term problem

As the local economy begins to slow preparing for a 2018 downturn, the demand for rentals will slow as well. Policy makers should use short term decision making to resolve these issues, rather than rewriting the Oregon Landlord Tenant Act. Bear in mind that low income tenants make up only 7.7% of the tenants in the market place, creating a law that affects all tenants and landlords seems out of line.

Thank you for taking the time to read my comments. I urge a no vote on HB 2004 and HB 2001.

Sincerely,

Bluestone and Hockley Real Estate Services

*Clifford Hockley*

Clifford Hockley

President



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