

## Holly Hummel

4343 NE 49<sup>th</sup> Avenue  
Portland, Oregon 97218  
(503) 232-4450 direct/preferred  
(503) 516-8962 mobile/texts  
[holly@hollyhummel.com](mailto:holly@hollyhummel.com)

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Dear House Members:

Please consider this my testimony against HB 2004.

I am a retired attorney. From 1989 to 2009, I practiced in the area of landlord/tenant law, representing landlords. I worked with the Portland Police in their landlord training meetings and lectured about Landlord Tenant law and Fair Housing Law to the City of Gresham and at seminars attended by other lawyers.

I currently have an interest in and manage approximately 19 rental units. These units are in the close-in east side of Portland and I have great tenants. I believe my tenants would tell you that I am a great landlord as well. In the last twelve months, I raised two units \$50, 3 units \$25 and 1 house \$65 – they had not had a rent increase since 2013. I have never given any of my Portland tenants an eviction notice. So, I don't really see this law having a great impact on me.

However, having been a Landlord Tenant attorney, I feel some imperative to share my experience in the hopes that you don't pass bad legislation in this area.

There are some landlords that have been aggressive about increasing rents. These people make it look bad for the rest of us. My guess is that the bulk of these landlords are from out of state. **I fully support the portions of the ordinance that require landlords to pay a relocation fee if they increase a tenant's rent more than 10% over a 12 month period.**

However, I object to imposing a relocation fee if a landlord gives a No Stated Cause notice. This is really bad public policy and likely to have some negative long-term impacts on tenants.

Section 15 in the preamble to the ordinance passed by the Portland City Commission stated that:

“Current law allows for just-cause eviction of tenants who are engaging in unlawful behavior or who are otherwise breaking the conditions of their lease agreement. Remedies for property owners in these circumstances are well established in the court system and are **easy and inexpensive to obtain.**”

This premise is incorrect. Yes, there is a provision for stated cause evictions. But, they are a difficult and very expensive way in which to evict a bad tenant. Furthermore, a landlord has to give the tenant 14 days to correct any lease violation, making the landlord prove that not only did not the tenant break the lease but that they did not correct the lease violation, making it even more difficult to evict the tenant.

I'll give you two examples.

1. Many years ago, a former client of mine, Low Cost Housing, owned a Section 8 Housing Project. They rented to a Section 8 tenant, Deborah, who was involved in drug dealing. At that time, a landlord was not allowed to give a no stated cause eviction notice to a Section 8 tenant. Low Cost Housing gave this woman a stated cause eviction notice because of the drug dealing.

The landlord could not produce evidence that someone had seen the actual drug deals which occurred inside the apartment. The landlord presented evidence that this tenant had a lot of visitors that came at all hours of the day and night, staying only a few minutes at a time and that these “visitors” disrupted the other residents in the community. The landlord lost this eviction action and paid the tenant’s attorney approximately \$5,000.

I was then hired to evict the tenant. I eventually succeeded in evicting the tenant, but it was only after convincing other tenants to testify in court that they had seen the tenant handing something to a visitor and receiving money in exchange. This eviction was memorable because the Portland Police were so motivated to get this woman out of the apartment complex that they hand carried a relevant police report to my office and appeared in Court against the tenant.

After we won in FED court, the tenant’s attorney took the case to the Court of Appeals which ruled in the Landlord’s favor. The tenant finally moved out of the project more than 6 months after the initial notice was given. My client was out of pocket well in excess of \$10,000 trying to evict one tenant.

It is important to note that the landlord's motivation in trying to evict this tenant was not to collect higher rent but to make the project a safe place for his other tenants and their children. This was a Section 8 Project – this landlord's rent was set and he was obligated to rent to another Section 8 tenant.

2. I had another client, Michael Penney, who owned one triplex. He was trying to evict his tenant, who I will refer to as JS. Once again, it took about \$10,000, a trip to the Oregon Court of Appeals and at least nine months to evict this tenant. Michael Penney was just a small landlord who sold his triplex and left Portland after this ordeal.

Tenant attorneys do not get paid by the tenant. They work on a contingency fee. If they are successful, they get judgments against the landlords for their attorney fees. At the time I was practicing in the Landlord Tenant arena, tenant attorneys would send out solicitation letters to tenants on which any nonpayment of rent or Stated Cause notices eviction actions were filed. This is where the big money is. I just googled landlord tenant attorneys in Portland and **91** names came up. If it were so easy to evict tenants with For Cause notices, there would not be this many attorneys practicing in the area.

In the 20 years I represented landlords I never met any landlord who woke up in the morning and for no reason decided to evict a good tenant. Landlords give no stated cause notices because they have situations in which it might be difficult to prove a lease violation or in which there is no precise lease violation, just a bad tenant.

An example is a tenant who is drug dealing. Your neighbors are complaining of the traffic, your other tenants are complaining, cars are coming and going at all hours of the day and night. Everyone is afraid. Can you prove a lease violation, no. Do you need to protect your other tenants, yes.

Or maybe your tenant is a gang member. You see the colors, your building is getting tagged, your tenant is hanging around with people who are threatening your other tenants and the neighbors and then someone shoots a gun at this person's apartment. What can you prove here? Can you prove that the individual is a gang member or is it even a lease violation to be a gang member? Your tenant did not fire the gun, so you don't have a violation there. Maybe you can't prove a lease violation, but you know that all your other tenants are fearful that the next bullet will hit them. Should

you have to pay a relocation fee to get this tenant out of your building?

Another example might be a landlord who takes a chance and rents to a tenant with a pitbull or other dog commonly thought to be aggressive. The landlord might tell the tenant – if I get any complaints about this dog, you're out.

A landlord would not want to give her a Stated Cause notice, because that notice: 1. Gives the tenant 14 days to correct the lease violation; and 2. Would require the landlord to prove the threatening behavior. This would involve getting someone to testify about the aggressive behavior which might be difficult to do. And, maybe the court would think that the behavior wasn't really threatening or that the proof wasn't strong enough that the tenant violated the lease. So, then the landlord has a dog which is a menace and the potential that someone will be injured and she will be liable.

I am the reluctant owner of one condo in California. I recently had a situation in which my tenant's son was seen shooting his BB gun in the condominium complex. At about the same time, lights in the complex were shot out, one person had his rear car window shot out and one person had his kitchen window shot out.

I did not have any proof that my tenant's son did the shooting. But, what I did have was a case in which I WOULD BE LIABLE if this young man injured someone with the BB gun because I knew he was shooting his BB gun in the complex. Did this violate my lease agreement, NO. Were the police interested when the property manager called them, NO. Did I give this woman a No Stated Cause notice. YES. I did not want to take the chance of losing on a For Cause notice. Did those other residents want me to pay for their damages, YES. If I had not evicted this woman, I believe I would have also been liable for any subsequently occurring damages or injuries. Not surprisingly, there were no other shootings after my tenant vacated.

I am attaching a 1996 Willamette Week article about Terry Perkins, the Tenant from Hell. This guy was a professional tenant who I evicted 5 times. Each of those evictions were brought with No Stated Cause notices. Most of these elderly landlords had no written rental agreements and they had inadequate proof of a lease violation. If you read the article, you will get a glimpse of the other side of the coin – there are some tenants that are just bad tenants, and some landlords who are victimized by these tenants. These

landlords should not be victimized again by legislation that would add insult to injury by forcing them to pay relocation fees to these bad tenants.

## **UNINTENDED CONSEQUENCES**

So, here is one unintended consequence of this legislation. People like me will not rent to anyone with marginal income, marginal credit or marginal references or to anyone who might potentially give them problems. I would certainly not have rented to the woman with the pitbull. I would not rent to people who come to town without jobs or to the students that have inadequate income. I would only rent to the solid gold tenants. So, the tenants who are not solid gold will get pushed further and further out of town.

I was speaking today with my friend, Harriet Anderson, an 80 year old woman who consistently rented her units at about \$300 under market. She would give her tenants a break if they were out of work or had kids in school, or if they had any other excuse, or were just down on their luck. After she turned 78 and was diagnosed with cancer, she sold all of her units.

Harriet told me today that if this law had been in effect when she had rental units, she would have felt like she had to get top dollar for her units because she would have had to factor in the relocation fee into the equation. It would have been a sad situation if she had to pay relocation costs for the people she had been subsidizing for all those years, just because it was time for her to take care of her health and get out of the rental market.

HAP (now called Home Forward) at one time required all Section 8 evictions to be done with For Cause Notices. They changed that requirement when landlords were dropping out of the program, left and right. No one wanted to rent to Section 8 tenants because evicting someone on a For Cause notice was just too expensive.

I realize that it is currently illegal to discriminate against Section 8 tenants, but I do believe that if this legislation is passed, we will eventually see that the same thing will happen, small landlords (the ones that give tenants a break) will get out of the rental market and there will be less affordable rental housing and out there.

Please call me with any questions. I would be happy to share my knowledge and my experience with you. Thank you for taking the time to read this missive.

Holly J. Hummel, JD  
Retired from the practice of law