



Testimony in Support of House Bill 2944
House Committee on Human Services and Housing

Speaker of the House Tina Kotek
February 23, 2017

Thank you for the opportunity to testify this morning on a proposed update to the Housing Choice Landlord Guarantee Program.

One of the most important housing programs in Oregon is the federal Housing Choice Voucher Program, a program commonly known as the Section 8 voucher program. Administered by twenty-two local housing authorities across the state, more than 30,000 Oregon households rely on these vouchers to subsidize their rent every month. This amounts to approximately \$200 million in federal dollars annually going to almost 13,000 private landlords. Unlike site-based affordable housing, tenant choice – the flexibility to choose where one would like to live due to employment, schools, needed services, or neighborhood safety – is the hallmark of the program.

In 2013, I sponsored House Bill 2639 to ban discrimination based on source of income and specifically prohibit landlords from discriminating against individuals with Housing Choice vouchers. Prior to the bill's passage, prospective tenants with vouchers were being turned away in their search for housing simply because they wanted to use federally-supported vouchers to afford their housing. The legislature took an important step toward protecting Oregonians who rely on vouchers to obtain stable and affordable housing when they passed the bill almost four years ago.

In addition to banning discrimination based on source of income, HB 2639 created the Housing Choice Landlord Guarantee Fund. The fund provides financial assistance to landlords to mitigate damages caused by tenants as a result of occupancy under the Housing Choice Voucher Program. The legislative intent of the fund was a good faith attempt to address concerns raised by landlords who would otherwise not have rented to voucher holders.

It has come to our attention that the structure of the fund has made it vulnerable to abuse by some landlords. Under current law, a landlord must obtain a judgment against the tenant in small claims court. However, under the current structure, such judgments can be obtained without any evidence of actual wrongdoing. Currently, if a tenant does not show up in court, the landlord

wins by default. Over 80 percent of cases relating to this fund are “default judgments,” in part because many low-income tenants face barriers to accessing the court system.

As it stands, a landlord can bring a faulty claim, win on a default judgment, and claim up to \$5,000. Meanwhile, the judgment goes on the tenant’s record. The agency also has the authority to send the tenant to collections for the damages. It was not our intent that an innocent tenant could get a judgment on their record because some landlord found a way to use state funds to cover the cost of repairs that might be part of the cost of running a business. We need to make sure that landlords who access the fund have proof that the tenant caused the damages. Others will testify to some of the ways the fund has been misused.

In addition to being unfair to tenants, allocating money to landlords for disrepair that is part of the cost of doing business is not an appropriate use of public dollars in the face of a budget crisis.

To ensure the fund is being used fairly and effectively, I am proposing a simple addition to the statute that would require landlords to prove the amount of damages in court in order to be able to access the fund.

I urge your support and thank you for your attention to this issue.