

TESTIMONY OF JOHN DILORENZO  
ON BEHALF OF MORE HOUSING NOW!  
IN OPPOSITION TO S.B. 608  
BEFORE THE SENATE COMMITTEE ON HOUSING  
FEBRUARY 4, 2019

Good afternoon Chair Fagan and members of the committee. For the record, my name is John DiLorenzo. I am a partner of the law firm of Davis Wright Tremaine LLP and am here on behalf of my client More Housing Now! We oppose the concept of rent caps. We adhere to the opinions of the vast majority of economists who believe that rent caps in heated markets create scarcity. Rent caps combined with ineffective strategies for expansion of supply lead to significant increases in the cost of whichever housing is exempt from the caps.

However, it is evident that there currently exists sufficient support in the Senate to enact the caps envisioned in S.B. 608. For that reason, we are proposing amendments to make this bill workable in practice. With Sen. Girod's help, we have proposed 5 amendments to address glaring problems with this bill:

1. The Emergency Clause will cause havoc. There should be a date in the future when this takes effect so owners and tenants can have time to learn about the new law. Section 13 should provide for an effective date. Otherwise, the substantial changes

from current practices will become a trap for the unwary (exposing well intentioned persons to massive penalties). The -1 Amendment addresses this issue.

2. Significant capital expenditures to a building which houses rental units (like Seismic retrofitting, major roof replacement, major upgrades to common areas) or infrastructure repair for manufactured home parks (like repairs to water systems) do not appear to be LL permitted reasons to terminate a tenancy or to raise rents beyond the 7% plus CPI West caps. This is because the exception on pg. 3, ln. 5 (“The landlord intends to undertake repairs or renovations to the dwelling unit within a reasonable time”) only appears to apply to changes made to the dwelling unit itself, not necessarily the common elements and structure (roof, walls, floors) that surround the dwelling units. Owners of URM structures will not be able to afford any seismic retrofits (even with grant/low interest loan assistance) unless they can clear their buildings and then have an exemption from rent caps equivalent to new construction limitations (like another 15 years) when the buildings are re-occupied. Owners who need to make major structural repairs to buildings or infrastructure improvements for manufactured home parks will not be able to afford to finance these either with limited

cash flow. The -2 Amendment allows substantial improvements and retrofitting to the premises as a whole to also be an exception.

3. The bill does not address ORS 100.300 which controls condominium conversions. Ch. 100 is already quite developed and there are significant conflicts between the bill as written and those statutes assuming a conversion is to take place. The -3 Amendment prevents disruption of condominium conversions.
4. Residential Real Estate Brokers need to make sure that a buyer of a former rental house that is destined to be an owner occupied house can have possession at closing. The current notice provisions in the bill do not accommodate what happens in practice. They believe lenders will have major issues with this section of the bill. The -4 Amendment resolves this issue.
5. Finally, the relocation fees provided for in the bill should be statewide in application and should supplant what other local jurisdictions wish to do. As written, the state and Portland can each impose relocation fees. For that matter, the County or METRO might also impose a relocation fee. Those fees could all be cumulative due to home rule and the lack of an express preemption provision in SB 608.

The provisions of this bill should preempt any local enactments which exceed the standards in this bill. An owner or tenant should not have to have a variety of rule books depending upon the jurisdiction. There should be one statewide rule. The -5 Amendment addresses this problem.

Thank you for allowing us an opportunity to propose these amendments in an effort to make S.B. 608 workable in practice.

SB 608-1  
(LC 2082-1)  
1/31/19 (RLM/ps)

Requested by Senator GIROD

**PROPOSED AMENDMENTS TO  
SENATE BILL 608**

1 On page 1 of this printed bill, line 3, delete “declaring an emergency” and  
2 insert “prescribing an effective date”.

3 On page 24, delete lines 34 through 36 and insert:

4 **“SECTION 13. This 2019 Act takes effect on the 91st day after the**  
5 **date on which the 2019 regular session of the Eightieth Legislative**  
6 **Assembly adjourns sine die.”.**

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SB 608-2  
(LC 2082-1)  
1/31/19 (RLM/ps)

Requested by Senator GIROD

**PROPOSED AMENDMENTS TO  
SENATE BILL 608**

1 On page 3 of the printed bill, line 5, after “unit” insert “or make major  
2 mechanical or structural improvements to the premises”.

3 On page 5, delete lines 42 and 43 and insert:

4 “(a) The date of the notice of the rent increase was no greater than 15  
5 years after the later of when:

6 “(A) The first certificate of occupancy for the premises was issued; or

7 “(B) Significant mechanical or structural improvements, including seismic  
8 retrofitting, were last completed on the premises; or”.

9 On page 6, delete lines 22 and 23 and insert:

10 “(a) The date of the notice of the rent increase was no greater than 15  
11 years after the later of when:

12 “(A) The first certificate of occupancy for the premises was issued; or

13 “(B) Significant improvements were last completed on the premises; or”.

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SB 608-3  
(LC 2082-1)  
1/31/19 (RLM/ps)

Requested by Senator GIROD

**PROPOSED AMENDMENTS TO  
SENATE BILL 608**

1 On page 3 of the printed bill, line 4, delete "residential use" and insert  
2 "as a residential tenancy".

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Requested by Senator GIROD

**PROPOSED AMENDMENTS TO  
SENATE BILL 608**

- 1 On page 2 of the printed bill, line 14, delete "(8)" and insert "(9)".
- 2 In line 19, delete "(7)" and insert "(8)".
- 3 In line 28, delete "(8)" and insert "(9)".
- 4 In line 36, delete "(7)" and insert "(8)".
- 5 On page 3, line 9, after the semicolon insert "or".
- 6 In line 13, delete "; or" and insert a period.
- 7 Delete line 14 and insert:
- 8 "(6) The landlord may terminate a month-to-month tenancy under sub-
- 9 section (3)(c)(B) of this section at any time, or may terminate a fixed term
- 10 tenancy upon the expiration of the fixed term under subsection (4)(c) of this
- 11 section, by giving the tenant notice in writing not less than 30 days prior
- 12 to the date designated in the notice for the termination of the month-to-
- 13 month tenancy or the specified ending date for the fixed term, whichever is
- 14 later, if the landlord has:"
- 15 In line 15, delete "(A)" and insert "(a)".
- 16 In line 18, delete "(B)" and insert "(b)".
- 17 In line 20, delete "(6)(a)" and insert "(7)(a)" and after "(5)" insert "or
- 18 (6)".
- 19 In line 27, before the period insert "or if the landlord's primary residence
- 20 is in the same building or on the same property as the tenant's dwelling
- 21 unit".



1 In line 28, delete “(7)” and insert “(8)”.

2 On page 4, line 4, delete “(8)” and insert “(9)”.

3 In line 10, after the semicolon insert “or”.

4 In line 12, delete “; or” and insert a period.

5 Delete lines 13 through 19.

6 In line 27, delete “(9)(a)” and insert “(10)(a)” and after “(6)” insert “,

7 (7)”.

8 In line 28, delete “(7)” and insert “(8)”.

9 In line 36, delete “(10)” and insert “(11)”.

10 In line 39, delete “(11)” and insert “(12)”.

11 On page 5, line 1, delete “(12)(a)” and insert “(13)(a)”.

12 In line 4, delete “(8)(a)(B)” and insert “(9)(a)(B)” and delete “(8)(b)” and

13 insert “(9)(b)”.

14 In line 11, delete “(13)” and insert “(14)” and delete “(9)” and insert

15 “(10)”.

16 On page 10, line 17, delete “(11)” and insert “(12)”.

17 On page 11, line 39, delete “(11)” and insert “(12)”.

18 On page 13, line 33, delete “or (8)(a)(B)” and insert “, (6) or (9)(a)(B)”.

19 In line 40, delete “(7)” and insert “(8)”.

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SB 608-5  
(LC 2082-1)  
1/31/19 (RLM/ps)

Requested by Senator GIROD

**PROPOSED AMENDMENTS TO  
SENATE BILL 608**

1 On page 7 of the printed bill, line 5, delete "Section 5 of this 2019 Act  
2 is" and insert "Sections 5 and 5a of this 2019 Act are".

3 After line 19, insert:

4 **"SECTION 5a. A local government, as defined in ORS 197.015, may**  
5 **not require that a landlord pay to a tenant or to the local government**  
6 **any amount as a condition for the termination of a residential**  
7 **tenancy, except as required under ORS 90.427 (6)."**

8 On page 24, line 27, after the period insert "Section 5a of this 2019 Act  
9 and".

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