

**Testimony in Support of Senate Bill 608
Before the Senate Committee on Housing**

February 4th, 2019

Chair Fagan, Vice-Chair Girod, and members of the Committee,

On behalf of the Oregon Law Center (OLC), thank you for the opportunity to submit testimony in support of Senate Bill 608, which would establish fundamental fairness protections for the four in ten Oregon households who rent their homes.

OLC's mission is to achieve justice for low-income communities of Oregon by providing a full range of the highest quality civil legal services. Helping families maintain safe, stable housing is a critical part of our work. Without stable housing, it is difficult or impossible to hold down a job, keep children in school, access neighborhood amenities, and stay healthy. As vacancy rates have plummeted and housing has become less and less affordable across the state, our clients have increasingly struggled to maintain stability for themselves and their children.

In almost every community across the state, Oregonians are rent-burdened and vacancy rates are extremely low. We know that this is not just an urban problem - rural Oregonians are particularly impacted.¹ More than 21,000 students experienced homelessness last year, with some of the highest rates coming from rural districts. Affordable housing is disproportionately difficult to find and maintain for communities of color, single women with children, seniors, and people with disabilities. Nationally, African-American households face the highest rates of eviction, even when controlling for education and income. Households with children are twice as likely to face an eviction threat.²

While the risks and burdens of this rental crisis rest most heavily on the shoulders of low-income families, it is not only they who are at risk. We hear stories of middle income, working Oregonians living in their cars, seeking services from shelters, or desperately afraid of an eviction or an extreme rent spike. The risk of homelessness for all of these families has untold negative consequences for the health, education, safety, and stability of all of our communities.

We appreciate that this legislature is poised to consider a variety of ways to help ensure access to stable, safe, affordable, and secure housing for all of our communities. This session, we hope to encourage the construction and preservation of more affordable housing stock, greater access to supportive housing, and greater support for specialized and general emergency shelter and housing assistance. However, these solutions do not address the crisis immediately threatening the approximately 40% of Oregon households who are renters.

Despite the critical importance of stable housing, under current Oregon law, most renters can be evicted with only 30-60 days' notice at any time, even if they have paid their rent on time and complied with all the rules. And under current law, a landlord can increase rent at any time after the first year of tenancy, as many times and by any amount, with only 90 days' notice. These laws are contrary to any notion of fairness or justice, lead to fear and displacement, and are bad public policy.

¹ <https://oregoneconomicanalysis.com/2018/03/07/update-on-rural-housing-affordability/>

² <https://www.apartmentlist.com/rentonomics/rental-insecurity-the-threat-of-evictions-to-americas-renters/>

Many jurisdictions before us have taken steps to address and correct the unfairness and displacement that can result from allowing arbitrary evictions and extreme rent spikes. Two other states (New Jersey and New Hampshire) have a statewide just-cause standard, and a growing number of local jurisdictions across the country have some combination of rent stabilization and just cause standards. The National Law Center on Homelessness and recently released a report reviewing research on evictions. They link evictions and rent spikes to growing numbers of people sleeping in shelters and outside, and call for protections against no-cause evictions and rent spikes.³ It's time we act to provide reasonable solutions that will stabilize our communities.

Senate Bill 608 would address inequities and unfairness in our system by requiring that a legitimate cause be identified before a tenant of more than a year may be deprived of housing, and by setting reasonable rent increase parameters designed to prevent extreme rent spikes within a tenancy. The bill would provide Oregonians who rent their homes, and our communities, with greater stability. A section-by-section summary of the bill is attached to this testimony.

The just-cause notice standard protects due process for people who rent their homes:

- **No-cause notices provide a landlord with near absolute and often un-checked authority to inflict extreme harm.** The impacts of eviction are severe and long-lasting. Evictions are a leading cause of homelessness, and research has tied eviction to poor health outcomes in both adults and children. Our laws ought not to allow this consequence to be inflicted without cause.
- **For-cause notices are fair to tenants.** For cause notices allow a tenant to know and understand why they are losing their home. If the reason is fault-based, tenants have a chance to correct the error or defend the allegation. If the reason is a legitimate landlord-reason, then tenants can at least know the reason they are being asked to leave, and have adequate notice and assistance to prepare for the move. Because notices must be fact-based, there is less room for implicit or explicit bias to play out in ways that disproportionately impact protected classes.
- **For-cause notice requirements cut down on discrimination and retaliation.** Under current law, and in this current market, there is little protection for a tenant if a bad actor landlord uses a no-cause termination and the threat of eviction as a way to perpetrate abuse, retaliation or discrimination. Under current law, a tenant who gets a notice of eviction after seeking a repair, or disclosing that they are a member of a protected class, may never get justice. A landlord can simply say she or he did not have a reason for termination, and the burden then rests on a tenant to show the absence of a negative.

Statewide rent stabilization will reduce sudden economic evictions and displacement:

Across the state, we hear stories of 20%, 30%, 100% rent increases. To a senior on a fixed income, or a working parent struggling to put food on the table for their children, such an increase is the functional equivalent of an eviction. Limiting the amount of increase that can be imposed on a tenant during a year provides needed stability and predictability for our communities.

The bill contains many provisions that make it reasonable for landlords:

Rents may be increased up to 7% plus the CPI, providing ample leeway for landlords to reasonably recoup maintenance and operating costs without suddenly displacing tenants. Exemptions for new construction ensure that new development can continue apace. And in most circumstances, rents can be re-set to market in between tenancies.

The just-cause standard does not kick in until after the first year of occupancy. Landlords with four or fewer units would be exempt from the relocation assistance requirement. At all times during any tenancy, the bill preserves a landlord's right to use a for-cause termination notice for circumstances in which the tenant has violated the rental agreement. And the smallest landlords, who live on a property with two or fewer rental units, could continue to use no-cause notices.

³ <https://www.nlchp.org/ProtectTenants2018>

In today's market, it is often impossible to find a new home after receiving an eviction notice or extreme rent increase. Eviction and sudden displacement wreak lasting impact on families and communities. A recent Harvard study found that the sudden loss of a home due to eviction or rent increase is not only a risk associated with poverty, but is a **cause** of poverty.⁴ Families who rent their homes, whether white, brown, or black, should not have to live with the constant threat of displacement due to no fault of their own. Oregonians deserve better.

For these reasons, we respectfully urge your support. Thank you for the opportunity to testify.

⁴http://scholar.harvard.edu/files/mdesmond/files/desmondkimbrow.evictions.fallout.sf2015_2.pdf?m=1433277873



Outline of Senate Bill 608

Section One: Establishes a For-Cause Eviction Standard After 12 Month Initial Occupancy Period

- A. During first 12 months of occupancy, all landlords may continue to use no-cause notices:**
1. Landlord may terminate a month-to-month tenancy without cause with a 30-day notice.
 2. Landlord may choose not to renew or extend a fixed-term lease without cause, with a 30-day notice.
- B. After the first 12 months of occupancy, the For-Cause Standard applies:**
1. **Month-to-Month Tenancies: A landlord may only terminate a month-to-month tenancy for-cause.** For-cause terminations can be in 1 of 2 categories:
 - a) **Tenant-based causes:** These reasons are already in law (e.g. 24/48/72-hour notices, 10-day notice, or 30/14 day notice. *See list of current law for-cause notices, attached.*)
 - b) **Landlord-based causes:** Landlord intends to convert the dwelling unit to a non-residential use or to demolish the unit; Landlord intends to make repairs or renovations within a reasonable time and the premises is unsafe or the unit is unsafe or will be unsafe; Landlord or immediate family member plans to move into the unit as a primary residence; or Landlord has accepted an offer to purchase by someone who intends to live in the unit as a primary residence.
 - i. **Notice and relocation assistance:** Landlord must give Tenant 90 days' notice and pay an amount equal to one month's rent towards moving expenses.
 - ii. **Exception from relocation assistance:** Landlords who own four or fewer units would be exempt from paying relocation expenses.
 2. **Fixed-term Tenancies: Unless the parties agree to a new fixed-term tenancy, a fixed-term tenancy automatically rolls over to a month-to-month tenancy at the end of the fixed term, unless there is a tenant-based or landlord-based cause for exemption from the roll-over.**
 - a) **Additional exemption from roll-over requirement:** A fixed-term tenancy does not roll-over at the end of the fixed-term if the tenant has violated the terms of the rental agreement 3 separate times during a 12-month period, with written warnings for each violation given contemporaneously with the violation; each notice must warn of the risk of non-renewal upon three such violations. ORS 90.427(7), page 3, line 28
 - i. **Notice:** Landlord must give Tenant 90 days' notice. The 90-day notice may be given any time prior to the end date of the fixed-term, to take effect at the end of the term or 90 days after issuance of notice, whichever is later.
 - ii. **No relocation assistance:** No relocation assistance required, regardless of how many units the landlord owns.
- C. Damages for violation:** Three months' rent penalty plus actual damages, defense to eviction, suit brought within one year of discovery of violation.

- D. Exceptions:** The For-Cause law would not apply to a landlord who lives on the same property as the tenant with 2 or fewer units. These landlords may continue to use a no-cause notice to terminate a month-to-month tenancy or to terminate a fixed term tenancy at the end of the term, regardless of the length of the tenancy.

Sections Two and Three: Establishes Statewide Rent Stabilization for Month-to-Month and Fixed-Term Tenancies

- A. Section Two applies to the general landlord/tenant provisions; Section Three applies to Manufactured Home Parks**
- B. Annual Allowable Rent Increase**
- a. A landlord may not increase the rent above 7% plus CPI in a 12-month period during a tenancy.**
 - b. Landlord may re-set the rent to market rate at the start of a new tenancy.**
 - c. Exceptions:**
 - i. New construction:** If the certificate of occupancy for the dwelling unit was issued less than 15 years ago, a landlord may raise the rent without limitation.
 - ii. Regulated affordable housing:** The bill does not apply when the landlord is providing regulated rent to the tenant as part of a federal, state or local program or subsidy.
 - iii. No-cause notices during first year of tenancy:** A landlord terminating a tenancy with a 30-day notice without cause or allowing a fixed term tenancy to end during the first year of a tenancy may not re-set rent for the next tenancy in an amount greater than 7% plus the consumer price index above the previous rent.
- C. Damages for violation:** Three months' rent penalty plus actual damages, defense to eviction for non-payment of rent set in violation.
- D. Calculation of CPI**
- a.** 12-month average of the Consumer Price Index (CPI-U) West Region as regularly reported and published by the U.S. Dept of Labor, Bureau of Labor Statistics.
 - b.** The 12-month average will be calculated for the 12-month period ending the previous Sept.

Sections Four and Five: Publication of Maximum Allowable Rent Increase Percentage

- A.** The Department of Administrative Services (which hosts the Office of Economic Analysis) will calculate the upcoming calendar year's annual maximum rent adjustment no later than September 30th of each year.
- B.** DAS will issue a press release re: the maximum allowable increase to take effect in the coming year, along with information about 90.323 and 90.600, no later than September 30th of each year.
- C.** DAS will maintain publicly available information on its website for the prior, current, and upcoming year.

Sections Six through Ten: Cross-references and conforming amendments

Sections Eleven through Thirteen: Effective Date and Emergency Clause

- A.** Applies to Fixed-Term tenancies entered into or renewed on or after the effective date.
- B.** Applies to terminations of Month-to-Month Tenancies occurring on or after the 30th day after the effective date.
- C.** Applies to notices of rent increases after effective date.
- D.** Emergency clause, takes effect on passage.

EXISTING AUTHORITY FOR LANDLORDS TO TERMINATE RESIDENTIAL TENANCIES IN OREGON For TENANT CAUSE

VanLandingham/Hebb Oregon Law Center (contact 503-936-8959)

January, 2019

Note: These are the for-cause grounds for termination of a month-to-month tenancy. They can also be used during the term of a fixed term tenancy. None of this would change as a result of SB 608.

1. For-cause 30-day termination notices. ORS 90.392

a. “Cause” is defined as a violation of the rental agreement, including nonpayment of rent, non-payment of a late or utility-pass-through charge, or any material violation of ORS 90.325, which lists tenant duties, such as keeping the unit clean, not disturbing others, not causing damage, etc.

b. The tenant may cure the cause within 14 days.

c. If the tenant commits substantially the same violation within 6 months, a 10-day for-cause termination notice can be used, with no right to cure the violation/cause.

2. For-cause 10-day termination notice for an unpermitted pet capable of causing damage. Tenant may cure. 90.405

3. For-cause 72-hour non-payment of rent termination notice if rent is unpaid within 7 days of the due date; tenant can cure within the 72 hours. ORS 90.394

4. For-cause 48-hour termination notice for possession or use of alcohol or drugs in alcohol-and-drug-free housing. Tenant may cure. ORS 90.398

5. For-cause 24-hour termination notice for outrageous conduct, including causing or threatening substantial personal injury or damage, providing false information regarding a criminal conviction on an application, or “any act that is outrageous in the extreme,” including prostitution or illegal drugs. Tenant may not cure. ORS 90.396

6. For-cause 24-hour termination notice for an unauthorized person in possession of a dwelling unit. ORS 90.403

7. For-cause 24-hour termination notice for drug or alcohol use in a group recovery home (e.g., Oxford House). No FED required. 90.440

8. For-cause 24-hour termination notice for perpetrating domestic or sexual violence. 90.445