

February, 4, 2019

Dear Chair Fagan, Vice Chair Girod, and Members of Committee:

I write in partial support of Senate Bill 608.

By way of background, I teach property and local government law at Willamette University. Within those classes, I teach landlord-tenant, rent control, and the division of power between states and cities. I recently co-authored a paper on Oregon's land-use system with Portland attorney Ed Sullivan. The opinions presented here are my own and do not reflect those of my college or university in any way.

I am very pleased to see that the legislature is seriously considering banning no-cause evictions. For too long, Oregon has been the "Wild West" of landlord-tenant law, with few enforceable protections for tenants outside of basic habitability and nondiscrimination standards. As a result, any tenant whose lease expires is at the mercy of a landlord's potentially unlimited rent increase, which might be used as a pretext for getting rid of a tenant who complains about poor housing conditions. By limiting the protection against no-cause evictions only to tenancies of 12 months or longer, however, SB 608 may incentivize landlords to offer 6- or 9-month leases to escape its application. The committee should consider this potential loophole and ways to close it.

Rent stabilization is necessary to allow renters a sense of security in their community. Numerous academic studies have debunked the libertarian argument that rent stabilization kills housing production. One might analogize rent stabilization to the Oregon Constitution's protection against property tax increases. Just as we protect homeowners from getting priced out of their communities by property tax increases they can't afford, so should we allow renters to stay in place when rental values rise significantly. The intangible costs of being forced to move—kids changing schools, losing community connections, etc.—are high and are disproportionately borne by lower-income families and communities of color.

While I am glad that SB 608 endorses some semblance of rent stabilization, it unfortunately adopts a top-down, one-size-fits-all approach to the issue. The rental market in Oregon varies widely among localities. A 7%-plus-inflation rent increase in Portland might still be too much for a low- or moderate-income family to bear, while a 10% increase in areas with lower housing costs might be more tolerable. Indeed, the cities that have rent stabilization—e.g., New York City, Washington, D.C.—use far lower caps on rent increases than the proposed 7%-plus-CPI, which will usually be around 9.5 or 10%. Washington, D.C., for instance, uses 2%-plus-CPI. What is the justification for this magic number of 7% seemingly pulled out of a hat?

Rather than adopt an arbitrary, statewide cap on rent increases, the committee should restore the authority to local governments to adopt caps on rent increases that best fit their communities' needs. This could be done by a simple repeal of O.R.S. § 91.225, which was passed in 1985 and preempts local rent control ordinances. Many city councils and county commissions would enthusiastically accept the responsibility to

protect local renters. Those that don't might face backlash from angry voters. Before stepping in with a mandate from on high, the state legislature should let cities and counties take the first crack at the problem.

Thank you for your attention.

Sincerely,

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