

Dear Senators,

SB 799 has 3 distinct parts which in my view should be reviewed separately.

1. 10 day notice to pay or vacate

Understanding the current timeline of a 72 hour notice vs. notice is crucial. Although its feasible for the market to absorb a 10 day notice change it does fundamentally shift the operations of any housing development because it guarantees that once a notice is sent there is not a path that legally allows you to collect the rent in the same month that the payment is due. This changes the risk analysis for housing providers requiring them to add an additional cost to their base housing operational cost and therefore increases the amount of rent that must be charged in order to break even.

72 hour notice timeline

1st- Rent is due

5th or 6th – depending on the lease agreement rent is late. (This often is concurrent with the mortgage late date)

8th – issuance of notice which requires the full 24 hours to be valid therefore the clock starts on the 9th

12th – earliest expiration date of the 72 hour notice however in practice because of challenges in court most housing providers add 3-4 mailing days to ensure the notice is valid should they need to go to court. We add 4 because we have had notices issued with 3 mailing days challenged due to lag times with the mail system.

15th-16th- true expiration date of the 72 hour notice.

15th-16th, file for first appearance

21st-22nd- earliest 1st appearance, current times are out much further, 30 days is much more typical.

10 day notice timeline

1st- Rent is due

5th or 6th – depending on the lease agreement rent is late. (This often is concurrent with the mortgage late date)

8th- issuance of notice the clock does not start until the 9th .

19th – earliest expiration date of the 10 day notice however in practice because of challenges in court most housing providers add 3-4 mailing days to ensure the notice is valid should they need to go to court. We add 4 because we have had notices issued with 3 mailing days challenged due to lag times with the mail system.

22nd-23rd - true expiration date of the 10 day notice.

23rd -24th-, file for first appearance

Following Month 14th-15th - earliest 1st appearance, current times are out much further, 30 days is much more typical. You are automatically into the next rent collection period. Increasing the risk substantially for small housing providers of missing a mortgage payment which is typically due on the 1st and late by 5th-10th.

60 day eviction protection

The additional 60 day time period places an undue burden on landlords to fund defacto rental assistance that essentially becomes subsidized by the other residents of the property because there is only one source of funding for rental housing, rent. This does so in two ways; the administrative costs associated with tracking and paperwork and the high likelihood of lost rent. This also sets up the expectation for a less efficient distribution system for rental assistance during normal operating conditions.

I would encourage you to review the OHCS dashboard linked here:

<https://public.tableau.com/app/profile/oregon.housing.and.community.services/viz/OERAPDashboard2022/Dashboard1>

42% of applications submitted were either denied or withdrawn. Based on the currently proposed language even if there were an optimal level of rental assistance which is still woefully underfunded in Oregon even with the additional proposed 60 million housing providers would still be placed in a scenario where 42% of the time they would be left without rent being funded. A burden most small operators would not be able to withstand especially without the pandemic era mortgage protections which was a crucial component that averted a massive wave of foreclosures; no longer existing. And please keep in mind that the state does not have the ability to provide those protections outside of state run institutions which make up a nominal amount of the overall lending that takes place in the housing market.

Adding the additional 60 day time period creates a scenario where the landlord will incur 4 months of unpaid rent a full 1/3 of the annual revenue and experience a loss of that revenue 42% of the time.

This needs to be evaluated much more carefully before proceeding. A careful audit of the rental assistance distribution needs to be conducted to learn what went right that can be replicated and what went horribly wrong so it can be avoided. There are a lot of lessons to be learned from what hopefully was a once in a lifetime event that can be applied to the crucial infrastructure necessary for rental assistance distribution.

There are substantial flaws in the Alita rental assistance tracking system that have existed from the initial testing of the software of which I piloted and brought up the concerns around the auto fill challenge that still exist as a flaw within the software today. The system will overwrite the value in the field as one begins to type, will replace information within the historical record on the account when a new value is entered and can be accidentally clicked and dragged into a different field. Housing providers are still cleaning up errors in the distribution of rental assistance to this day with checks being sent to the wrong provider, receiving checks for tenants that are addressed to a building we manage but the tenant listed doesn't reside at the property and receiving checks for other properties. And the reissuance process is so cumbersome that often if those funds are returned they don't get distributed to the correct provider.

If is for this reason I am so strongly opposed to the language in Section 2 5(a) (C) The landlord caused the tenant to not tender rent, including as a result of the landlord's failure to reasonable participate with a rental assistance program . Because often why there was no response from the housing provider, it was because the information in the system sent the request to someone else and they were never notified.

The Guest provision shouldn't be coupled with this language and should be evaluated separately.

We have several clients watching this session carefully before they decide if they will proceed with housing developments specifically in the Eugene area but also other parts of the state that desperately need more inventory. I would like to encourage you to take a thorough and careful approach to policy making to avoid further hampering the investment into desperately needed housing supply.

Thank you for your time.