

Rosenberg Corey

From: Lois Herring <annunciation.oregon@juno.com>
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To: SHS Exhibits
Subject: HB 2004 Unintended Consequences

Although I previously testified on behalf of my church, I am now adding comments of my own.

Though HB2004 has a very worthy goal (to help keep rental housing affordable), **I believe that it will have unintended consequences that actually undermine that goal.**

HB2004 will seriously undermine the ability of a landlord to evict a tenant that is selling drugs out of his rental or engaging in similar undesirable behavior. If the landlord does not personally live or work next to the rental property, it may very well take more than six months for the landlord to be notified about the problem. Or in another possible scenario, the bad behavior may not begin until after an initial period of good behavior. Neighbors or fellow tenants are often afraid to testify in court against a drug dealer or gang member. That's just the way it is. (And there are even a few bad tenants out there who become experts at finding and exploiting the loopholes in landlord-tenant law.)

Technical note: Does "First six months of occupancy" mean "all periods in which any of the tenants has resided in the dwelling unit for one year or less" (similar to First Year of Occupancy), or does it mean something else?? The engrossed version of HB2004 does not say!

HB2004 will provide a hefty, and unnecessary, financial penalty for landlords who may own a multi-unit apartment complex and who may want to hire an on-site manager, where no on-site manager is currently present. Having an on-site manager might possibly help (a little bit) to mitigate the risks described above. Oh, wait ... Can't free up an apartment for an on-site manager without a no-cause eviction. Can't afford that ...

HB2004 hugely increases the financial risk to any landlord of renting to the wrong person (or of being in the residential property rental business at all). If an eviction were needed, a for-cause eviction, with the potential for a court trial, would be much more expensive and complicated than a no-cause eviction. The landlord would need to meticulously line up evidence and witnesses, and probably also hire an attorney to be sure everything went through properly. **The increased financial risk to landlords will result in negative effects on the whole community, as described below:**

People with less-than-perfect references/history/credit will begin to find it more difficult to get affordable housing at all. Most landlords already have criteria (usually formally written) of whom they are willing to rent to. Common requirements include verifiable steady employment (or other verifiable steady income source), income at least twice the monthly rent, good credit, no convictions for certain types of crimes, and excellent previous landlord references (from landlord who is not the tenant's relative). It is also common that if a tenant meets most, but not quite all, of the criteria, the landlord may rent to them, but charge a much higher security deposit, or else require a co-signer. Landlords will always have a lot of discretion in how they formulate their rules for acceptance of tenants. If the financial risk of renting to the wrong person is hugely escalated (a predictable consequence of HB2004), then we can expect that landlords' tenant screening criteria will tighten, and more people than ever will be required to pay huge security deposits, provide co-signers, or else may be turned down altogether.

If landlords face new financial risks, the supply of rental housing in our region will end up being noticeably smaller than if this law were never passed. Many small landlords who own single-family rental

homes are likely to just sell them off, reducing the supply of this type of rental housing. Large developers who had been considering building new apartment complexes here will start thinking about building elsewhere instead, since most other states will have laws that are less landlord-unfriendly than Oregon's. **Lower housing supply does make it easier to jack up rents on the existing units.**

If landlords face new financial risks, many will make the logical business decision of increasing rents as much as possible, in order to help mitigate those risks. I have been a volunteer manager of church-owned property that has in the past been rented out at below market rate. We will certainly be re-evaluating whether we should continue to rent at below-market level ... and I am sure many other smaller landlords in similar circumstances will be doing the same thing!

In summary, I believe that HB2004 punishes all landlords because of the bad behavior of a minority of landlords. I also believe that the bad effects of punishing all landlords will ripple down to tenants as well. **I believe we would be better off in the long run if landlords are permitted to continue to use no-cause evictions.**

Respectfully,

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(I am a very small landlord—rent out a spare bedroom—and also, as a volunteer, help my church to manage rental property. For the first 20 years of my adult life, I was a renter in Portland.)