

Oregon State Legislature  
Senate Committee on Human Services  
May 5, 2017  
RE: HB 2004 A

Dear Chair Gelser and Committee Members,

My name is Kimberly Jones. I am a resident of Jackson County, Oregon. I have been a landlord for 10 years as well as a tenant the past 4 years. I am in opposition to HB 2004 A in its current iteration.

In my opinion, No Cause eviction modifications and rent stabilization should be severed and considered individually. If these issues are severed, I may be more willing to support the No Cause eviction modifications yet I will remain in opposition to rent stabilization.

The reason I believe these are two distinct issues and should not be joined in one bill is that the issues are dissimilar on their face, possess different motivating causes, and both fail to resolve the complex housing shortage that is driving this conversation. Neither will bring immediate relief to the tenants facing imminent eviction so there is time to complete higher quality work on this bill and severing the bill into the appropriate pieces will enhance the quality of the outcome.

In addition to separating the issues into separate bills, allowing HB 4143 to have the impact the Legislature intended before adding additional provisions is wise. HB 4143 amended several ORS and became effective in March 2016. The bill amends ORS 90.220 which addresses terms and conditions of the rental agreement. Within this newly effective statute, landlords with month-to-month tenants cannot raise rent within the first year of the tenancy and thereafter must provide 90-day notice of rent raising. I mention this only because several of the tenants who submitted public testimony told stories of landlords egregiously raising rent, causing disruption and displacement. The amended version of ORS 90.220 has only been in effect for a little over a year. Providing time for it to work is prudent.

In support of severing the issues within HB 2004 A, one reason is that No Cause eviction is a landlord remedy but this bill modifies it so greatly that it becomes a tenant benefit. Removal or extreme modification of this tool will make landlords use the other effective tools already available to them. Going through the For-Cause eviction process requires more effort and proof on the part of the landlord but has the upside of quicker results in the tenant vacating the property. From the testimony I heard during the public hearing May 3, 2017, the examples given by landlords who have used No-Cause evictions all had standing in statute to bring either For-Cause evictions or to assess fees to the tenants (examples given: tenant parking too closely to other tenant's vehicle in the driveway in violation of parking rules [ORS 90.302\(4\)\(b\)\(E\)](#); tenant allowed to have a dog but was not picking up pet waste on the premises in violation of apartment complex policy [ORS 90.302\(4\)\(b\)\(B\)](#)). There are many remedies available to landlords but it does require proper notice and clear communication with the tenant.

To address the concerns and stories of the tenants who had No Cause evictions forced upon them in response to things such as complaints or repair requests, there are already remedies provided in statute that those tenants could have used. The multiple avenues for tenants to hold landlords accountable for habitability issues (for example: [ORS 90.360](#)) and retaliatory behavior (for example: [ORS 90.385](#)) are intended to protect tenants and to hold landlords accountable.

Tenants possess strong rights in Oregon. As a landlord, I always make sure my tenants know their rights, I provide information on where they can learn more, and have never evicted a tenant. Adding the additional language that HB 2004 A does, gives tenants even more power and creates even greater risk to the landlord.

The portion of HB 2004 A as it pertains to modification or removal of the No Cause eviction tool that concerns me the most is the language wedged within this removal *requiring* landlords to step outside of time tested (and heavily litigated) contracts law and go above contractual obligation to: offer a renewal or extension of the lease to the current tenants; if using an exception to the No-Cause eviction the landlord must pay the amount of one month periodic rent to the tenant; landlords must allow tenants to provide a 30-day no cause notice to vacate regardless of the lease contract signed; and a host of other tenant empowerment measures. The kicker being if a landlord violates the No Cause eviction, the damages are three months payment of rent to the tenant. In my opinion, this type of language is an overstep.

Separating out the No-Cause issue and all the additional language into one bill will allow a workgroup consisting of concerned parties to focus on this issue alone and provide a more balanced outcome for both tenants and landlords. Either remove the ability to use No-Cause evictions or do not. The retribution language attached to the use of the No-Cause does not make sense, adds to the level of complexity, and will not solve the current issue of No-Cause evictions taking place as a retaliatory response by shortsighted landlords.

Second reason for separating the issues, rent stabilization is not related in any way to No Cause eviction. Rent stabilization is being promoted as providing tenants protection from rent gouging. It is my opinion that although rent stabilization is intended to help tenants in actuality tenants will be harmed because it will likely drive many landlords out of the rental property business leading to even less supply. This has already started happening in my area even though the bill has not passed.

Rent stabilization may work in some areas – I listened to the conflicting testimony of experts during the House public testimonies. My great hesitation is that Oregon’s rental market is not uniform. Each region presents a different set of needs and availability requirements. Creating a state law that gives local government the authority to permit rent stabilization and to also set what they believe is a “fair rate of return” is overreach. It is the market that determines “fair rate of return”. The unique aspect of each property and each landlord’s particular situation makes it impossible to determine a “fair rate of return” by a governing body.

For example, I purchased my house in mid-2006. The market in Jackson County had already started to decline but had not come even close to 2008-2009 levels. My house has only now come back from being upside down. For years, the break-even amount necessary to cover my first mortgage and equity line put the rent amount over the IRS level of "reasonable" for my area and also put me above going rent prices. Until this last year, I paid money into my rental house each month and had a loss every single month for 10 years. Currently the rental market in my area is at less than 1% availability and I am able to rent my house for top dollar. I am finally making a profit each month of \$56.00. Is that a "fair rate of return"? Will I have to raise my rent even more if my local jurisdiction decides that some higher amount of profit is the "fair rate"? If I do that, will I find tenants that are willing to pay that price for what I am offering? Or will \$56.00 profit per month be seen as too high? The market is what has decided my rent amount.

In my situation, because of the timing of my purchase and the amount I paid puts me into a precarious position. If there is a comparable property in the area of my rental house whose owner purchased after the crash or sometime in the 1990's, and they are renting for the same price I am but are making a profit of \$300 per month, will they be forced to decrease their rent in order to comply with the "fair rate of return" our jurisdiction has decided on? And if the rent is lowered, will I still be able to find tenants willing to rent my place for higher when the tenant can easily see a comparable place for far less per month? In both scenarios, I stand to lose tenants. To be fair, each property will need to be considered on a case-by-case basis but even then it will not actually be fair.

Additionally, having to petition the jurisdiction in order to raise rent to meet the arbitrary bar of "fair rate of return" is burdensome. Not only is HB 2004 A asking the jurisdiction to set the rent stabilization rate but is also asking that the governing body review and decide on petitions for raising rents. That is an undue burden and will take an extraordinary amount of time for our local municipalities.

Landlord/Tenant law is well established, straight forward to use for both parties, and does not require attorney representation in order to be heard or succeed in court. Every court house provides the necessary forms to provide proper notice of actions taken by landlords against tenants and vice versa. There is also an abundance of information available for free on tenant rights. What the law does require is that the person whose rights are being violated actually take action. For tenants who are unwilling to bring a suit or landlords hesitant to use the legal options available to them, no amount of legislation is going to protect their interests. It still requires action.

This is a contract matter. Landlord/Tenant relationships have traditionally been under contract law. Landlords and tenants alike are bound by the lease agreement between them and if one party violates this agreement, the other has standing to hold the that party accountable. As a professor I had once used to say, "Contract better!". My lease agreement covers all the common questions a tenant typically has along with issues that are particular to my property. The provisions I have in place are for the health and well-being of my tenants, neighbors, and property. Landlords and tenants need to contract better.

There are better ways to handle the precarious position Oregonians are in currently with the housing shortage, high homelessness, and rising real estate market than promoting rent control or greatly modifying No Cause evictions. I ask that the bill be severed into two distinct parts, a workgroup assigned to each, and a real plan worked out that deals with both issues. If that is not a possibility, I respectfully ask that this bill not move forward so more time can be spent out of session thoughtfully working on the issues.

Thank you for your time and patient consideration.

Kimberly Jones  
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