

# ORHA Legislative Update for January 2019

By Jim Straub, Legislative Director – Oregon Rental Housing Association

The 2019 Legislative session started on January 22<sup>nd</sup>. So far over 1,400 bills have been introduced, and we expect at least that many more to come to light in the next few weeks. Twenty one bills deal directly with our industry. Each one of ORHA's local affiliates has designated a legislative liaison that will be helping track these bills, and provide feedback to me on how ORHA should respond as a group.

As most of you know, in 2017 we successfully defeated an egregious tenant advocate bill, HB 2004, by the narrowest of margins. That bill would have removed many of the things we landlords hold most dear. That narrow margin was a single vote in the Senate from longtime supporter and fellow landlord, Senator Rod Monroe. He was an incumbent and was defeated in his re-election campaign by fellow democrat Shemia Fagan, who ran on a platform of housing, and identified herself as a tenant advocate. This, coupled with losing another key senate seat in Ashland, has sent shockwaves throughout the landlord industry. Some of us thought all might be lost. Democrats held a super majority, and the expectations of tenant advocates grew immensely.

First, let's start with what the tenant advocate groups wanted in a housing bill this year:

1. Rent control: They wanted all future rent increases to be limited to a maximum of around 2% per year.
2. Elimination of all No Cause Notices.
3. Vacancy Control: This means even if a tenant moved out, you could not increase the rent more than the 2% per year.
4. Relocation costs of up to \$5,000 paid by landlord to tenant, before the tenant even moves out.
5. Elimination of Leases. Tenants would be able to leave whenever they choose, but if a landlord asks a tenant to leave, they would be responsible for the relocation expense.

These are just a few, but they would have had a devastating impact to Oregon landlords.

We landlords fully expected a housing bill that was so severe, that many of us would simply exit the industry, and find a different investment vehicle. Thankfully, I think Speaker Kotek and other legislative leaders also realized this might be a possibility, and would serve to further exacerbate the constricted rental housing market. This year, we now have [SB 608](#). There is a lot here for landlords to dislike, but more importantly we should recognize it for what it isn't, an industry killer. House Speaker Kotek, Senate President Courtney, and Gov. Kate Brown have all voiced their support of this bill, the Gov. referencing it in her State of the State address. The long and the short of it is, it would be an immense uphill battle to stop any tenant advocate bill from passing this session. Below, you will find a brief summary of the 24 page bill. I expect SB

608 to move very fast through the Senate, into the House and then on to Gov. Kate Brown's desk for signature. There is an emergency clause, which means it will become law upon her signature. Expect that in or around April, maybe sooner. This is a lot to take in, I know. But as you break it down, compare it with what the tenant advocates could have done. All things considered, it could have been a lot worse. I think we can make this work.

Jim Straub, Legislative Director

## 2019 SB 608

### **For-Cause Eviction**

- Establishes a for-cause eviction standard after the first year of occupancy.
- Landlords can continue to evict for a tenant-based cause (current law – i.e., non-payment, violation of the rental agreement, outrageous conduct, etc.).
- Adds new landlord-based, for-cause reasons to evict a tenant (sale to a person who will move in, landlord or family member move-in, repair or renovate, and demolish or remove unit from residential use).
- If landlord uses one of these four landlord-based reasons, they must provide the tenant with 90-day notice and relocation expenses in the amount of one month's rent.

#### *Exceptions:*

- Small landlords (4 or fewer units) do not have to pay relocation expenses.
- Landlords who live on the same property as their tenant (owner occupied, 2 units or less) may still use a no-cause eviction at any time.

### **Month-to-Month Tenancies**

- For the first 12 months of occupancy, a landlord may terminate the tenancy without cause with a 30-day notice.
- After the first 12 months of occupancy, a landlord may only evict a tenant for cause, by using an existing tenant-based reason or by using one of the four new landlord-based reasons.

### **Fixed-Term Tenancies**

- For the first 12 months of occupancy, a landlord may terminate a fixed-term tenancy without cause by giving a 90-day notice.

- After the first 12 months of occupancy, the fixed-term lease will automatically roll over to month-to-month unless the landlord has a tenant or landlord-based reason to terminate.

*Exceptions:*

- A fixed-term lease might not automatically roll over at the end of the fixed term per landlord discretion if the tenant has violated the terms of the rental agreement three separate times during a 12-month period, with written warnings for each violation given contemporaneously with the violation.

### **Annual Rent Increase**

- Landlords may increase rent by no more than 7% + consumer price index West (CPI-W) in a 12-month period.
- Maintains current law regarding rent increases: prohibits rent increases in first year of month-to-month tenancy and requirement that landlords give 90-day notice of rent increases.

*Exceptions:*

- New Construction: A landlord may increase the rent above 7% +CPI in a 12-month period if the certificate of occupancy was issued less than 15 years ago.
- New Tenancy: If the previous tenant vacated the unit voluntarily or their tenancy was otherwise terminated in compliance with other applicable law, the landlord may reset the rent on the new tenancy without limitation.
  - If the previous tenant received a no-cause notice or their fixed-term lease was terminated and not allowed to roll over, they did not leave voluntarily and the landlord may only increase the rent on the unit by 7% + CPI above the previous rent.
- Subsidized Housing: If the landlord is providing reduced rent to the tenant as part of a federal, state, or local program or subsidy, they are exempt.

### **Enforcement**

- If a landlord violates the new provisions, they are liable for three months' rent plus actual damages.