

Phase II Renter Protections: Conversations with Tenants and Landlords

Overview:

The City of Eugene held two small group input sessions on Renter Protections on September 30, 2022. One group consisted of eight tenants and tenant advocates, and one group consisted of seven landlords, property managers, and real estate professionals. Eight people were invited to each group. Attending City staff included Genevieve Middleton, Will Dowdy, Rachelle Nicholas, and Amy Cameron. Facilitation was provided by Cogito, a public involvement firm based in Eugene.

Hosted online, the purpose of the 1.5 hour meetings were to listen for specific feedback on components that are currently being researched by staff for Renter Protections Phase II: Displacement Prevention/Relocation Assistance, Limiting Deposits, and Processing Applications in the Order Received. For each component, participants were asked: What outcomes do you foresee? What impacts do you anticipate on tenants and landlords?

The majority of the feedback requested was on Displacement Prevention/Relocation Assistance components, using Portland as an example because it recently implemented a detailed program. Participants were asked to provide feedback on four components of Displacement Prevention/Relocation Assistance: Triggering Events, Assistance, Written Notice, and Exemptions.

Tenant Response:

Triggering Events: *Participants were given the following as triggering events and asked to comment and provide feedback on these events: **No-cause** evictions; **Rent increase** of 10% or more over a 12 month period; **Notice of a non-renewal** of a fixed term lease (not becoming month-to-month); **Qualified landlord reason** for termination; and **Substantial change** of lease terms.*

Tenants were overwhelmingly concerned for vulnerable populations who would be impacted if a landlord chose to No-Cause evict, specifically those on Social Security or with a Disability payment. Tenants commented that support such as Social Security and Disability does not keep up with inflation, and that tenants who should be paying 30% (or less) of their income on housing are often paying 50-60% of their income on housing. Several tenants also expressed concern for those fleeing domestic violence.

Tenants also noted that the term Relocation Assistance implies that tenants are being forced to leave. This could mean someone living in deeply subsidized housing might now have to find market rate housing, which is not an intended outcome.

The tenants discussed the role of student housing in Eugene and how it is important that student housing be treated the same as housing for the general population.

Tenants commented that there is no way to contest a No-Cause eviction like a For-Cause eviction, and landlords who want to abuse the system use the No-Cause eviction.

Tenants commented that a 10% increase in rent was too high as a threshold.

Assistance and Timeframes: Participants were asked about the Written Notice Timeframe as well as the dollar amount of Displacement/Relocation Assistance. Portland's examples that were provided are a 90-day timeframe and the following dollar amounts for different types of housing: Studio/Single Room Occupancy - \$2900; 1 bedroom - \$3300; 2 bedroom - \$4200; 3 bedroom - \$4500.

Tenants were concerned that the numbers in Portland are stationary and have not gone up since they were set in 2017 even though rent prices have increased. Tenants would like to see dollar amounts set as a percentage; several expressed support for setting the amount at current Fair Market Rent. One person suggested that the fee should be three months of rent. One person commented that it should go up each year at least as much as how much rents are allowed to increase.

Tenants were concerned that 90 days is not enough time to find a new unit, especially individuals with health issues or experiencing disabilities. Some tenants did not think that 90 days could be increased because of state law.

Exemptions: Participants were shown a slide with a summarized version of Portland's exemptions and asked to comment. The exemptions shown are:

- *Week to week tenancies*
- *Landlord lives onsite: in same dwelling unit, in duplex, in ADU, or rent out their primary residence for not more than 3 years*
- *Rental unit conditions are uninhabitable or plan to demolish within the next 6 months*
- *Other landlord factors: active military service, rent to family member, plan to sell or permanently convert*
- *Specific designation: regulated affordable unit & issuing rent increase, acquired for public use through eminent domain*

Tenants did not support many of Portland's exemptions, particularly exemptions for ADUs and for landlords that live onsite. They noted that the City of Eugene has worked hard to make it easier to have ADUs, presumably as rental units for many people; these should not be exempt from laws governing rental units.

Several tenants thought the week-to-week exemption was fair. Some tenants did not support the family member exemption.

There was some discussion and disagreement on whether living in the same dwelling unit should count as an exemption. There were examples raised of potential in-home sexual harassment scenarios, but several others noted this would be a For-Cause exemption. One person pointed out that, in some scenarios in Oregon, when a tenant rents a Single Occupant Room, a landlord has the option to go to family court and have them removed without the tenant ever being allowed to show up in court. The tenant does not have the same option.

The tenants agreed that adding exemptions adds loopholes that landlords will stretch to use them. The question was asked, "How is an individual any less displaced for any of these reasons?"

One tenant asked about how this would be enforced, as landlords often have to interact with Portland's Housing Bureau if they do use one of these exemptions. Does the City of Eugene plan to have an enforcement bureau? Currently, tenants' only recourse is to take landlords to court.

One tenant noted that there is no legal way for tenants to check to see if a landlord does follow through on the reason that they evict someone (cannot follow up and see if a family member actually moved into the unit or if a repair was large enough to make a unit uninhabitable).

One person noted that we seem to have an allegiance to property rights rather than people, but that we should have allegiance to people. A tenant said that Displacement/Relocation Assistance is the price of landlord business.

Limiting Deposits & Processing Applications: *Participants were asked to provide feedback on the two other components of Phase II Renter Protections: 1. Limiting Deposits to 2x the Monthly Rent and 2. Processing Applications in the Order Received.*

Tenants recognized that two times the monthly rent can be a large sum of money for market rate renters with low wage jobs. Several people pointed out that housing providers work with landlords and offer 2 times the monthly rent as additional security for tenants that they are helping to place who might not have excellent or any credit history. Tenants were primarily concerned that code be written very clearly to clarify that 2 times the monthly rent must also include the last month's rent.

Tenants identified that landlords sometimes use high security deposits to avoid renting to low-income people.

Landlord Response:

Triggering Events: *Participants were given the following as triggering events and asked to comment and provide feedback on these events: **No-cause** evictions; **Rent increase** of 10% or more over a 12 month period; **Notice of a non-renewal** of a fixed term lease (not becoming month-to-month); **Qualified landlord reason** for termination; and **Substantial change** of lease terms.*

When asked about Triggering Events, several landlords responded and asked what problem the City Council was trying to solve. The landlords commented that state law already has some of these protections in place. Several expressed frustration toward this forum was not the forum that they wanted.

Landlords expressed concern for adding in additional protections, as it makes it riskier for landlords. One landlord commented that they had not evicted someone in their 25 years as a landlord, but that it was important to be able to do so if the relationship did not work.

Several landlords said that a 10% cap would be problematic if their costs increased by more than 10% per year. One noted that they would then be forced to increase by 10% every year.

Several landlords were concerned that the Renter Protections process had created a divide between landlords and tenants, resulting in adversarial relationships.

One person believed that single family rentals are on the decline in Portland because of the new regulations.

One landlord commented that if there was an island of rules outside of state rules, landlords would choose to invest in rentals outside of Eugene, the number of Eugene rentals would decline, and fewer rentals would produce even higher rents.

Landlords had concerns with campus rentals and noted that state law now makes it more difficult to rent large houses to college students, as landlords are required to go month-to-month after the first year. It is more challenging to rent a large house near campus mid-year if students move out mid-year, so now are forced to find new tenants for a full year each year.

Assistance and Timeframes: Participants were asked about the Written Notice Timeframe as well as the dollar amount of Displacement/Relocation Assistance. Portland's examples that were provided are a 90 day timeframe and the following dollar amounts for different types of housing: Studio/Single Room Occupancy - \$2900; 1 bedroom - \$3300; 2 bedroom - \$4200; 3 bedroom - \$4500.

Landlords commented that some low-income tenants do need support when moving, but not all tenants do; state and Portland laws apply to everyone regardless of income. Landlords commented that those that need financial support should apply to the City for the assistance rather than have landlords pay. The landlords agreed that the public sector should help renters who are struggling.

Instead of financial assistance and timeframes, the City should provide renter education.

Several landlords expressed again that they did not like the format of the meeting and still did not understand the problem that Council is trying to solve. They expressed concern about providing input because they do not want City Council to move forward on Phase II. According to a landlord at the meeting: "The biggest problem is that there has never been a problem statement. "

One landlord thought it was unfair that a tenant could only give 30 days notice while landlords had to give 90 days; one landlord thought 90 days was fair as it was uprooting someone's life.

Several landlords were very concerned about the dollar amounts used in Portland and said that would be too much for them as a landlord or for other landlords they represent who might own 6-12 units. The outcome of implementing assistance would be fewer landlords and rental units in Eugene.

Exemptions: Participants were shown a slide with a summarized version of Portland's exemptions and asked to comment. The exemptions shown are:

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One landlord noted that they were feeling very cynical about this process. They commented that Portland's exemptions are convoluted and often require the landlord to get the exemption before notifying tenants.

Landlords noted that some landlords would rather sell than pay Relocation Assistance, and that the current cost of single family homes will mean that new owners of units will need to charge much higher rents than current owners, which will negatively impact tenants.

One landlord said that allowing No-Cause evictions in year one is very important for the landlord-tenant relationship.

Limiting Deposits & Processing Applications: *Participants were asked to provide feedback on the two other components of Phase II Renter Protections: 1. Limiting Deposits to 2x the Monthly Rent and 2. Processing Applications in the Order Received.*

Several landlords said that limiting deposits to 2 times the monthly rent will result in landlords taking less risks with tenants. One landlord said that sometimes they have allowed someone with no credit to provide 3 months rent and have rented to that individual. Assume that the predictable outcomes are less housing and higher rent.