

January 31, 2019

Dear Senate Committee on Housing,

I am writing today to endorse legislation that ends "no-cause" evictions, and establishes rent stabilization OR overturns the statewide preemption on the same. I believe SB 608 is a good start, and there are some modifications I will suggest here that will strengthen its intended impacts, and avoid loopholes that speculator landlords are already taking advantage of in jurisdictions with similar policies.

My perspective on this issue is informed by three things: as a native of Los Angeles and Santa Monica, both of which have had rent stabilization and just-cause eviction policy for over 40 years; as a tenant and tenants' rights activist in Portland; and as a doctoral student in the Urban Studies program at Portland State University. In addition to my lived and educational experience, I volunteered as a hotline specialist on the Community Alliance of Tenants' Renters' Rights Hotline for a year and a half, and later interned at as a hotline supervisor during summer of 2016. This entailed speaking with hundreds of (mostly Portland-area) tenants, and hearing their stories of deferred maintenance, harassment, and no-cause evictions from their homes. Last summer I interviewed over 20 rent-stabilized tenants, 2 landlords, 2 landlord-tenant lawyers, and the executive director of a municipal rent control board, all in the Los Angeles area. Contrasting the information I gathered in both of these scenarios informs my recommendations.

First, I want to take a moment to dispel some common myths about rent stabilization, and housing in general.

"Rent control doesn't work" or the "everybody knows" argument

I will begin with a quote I saw in one of the other public comment letters, which perfectly illustrates the faulty logic of the anti-rent stabilization rhetoric:

“Economists are not unanimous about very many things,” Cortright told OPB. “But one of the things that I think the profession is pretty unanimous about is that rent control tends to be a very self-defeating proposition if our objective is to try and make housing affordable.” [3]

The thing is, *making* housing affordable is NOT the intention and never was. How could it be, when there is no mechanism in the policy that *sets* prices? The policy merely *stabilizes* prices by controlling the increase of existing rents. The intention is to curb displacement, and allow people to remain in their neighborhoods so they can be engaged members of their community without living in daily fear of losing their home (this is not an exaggeration - I do) - ideally while supply side solutions are being pursued concurrently. This quote is a perfect example of the flawed logic behind the anti-rent stabilization cohort. Recent reports from USC, UCLA, and even the conservative Stanford Graduate School of Business all share the finding that rent stabilization

mitigates displacement, and that is its stated intention. Ergo, it “works,” though admittedly with less efficacy in California than is within its potential, due to Costa-Hawkins and the Ellis Act.

The truth about "no-cause" evictions

They don't exist. All evictions are for *some* cause, so let's be transparent about it. If the for-cause evictions process is broken, then absolutely let's fix that. But for every landlord who says they never evict people without good cause, there are many *many* who evict people for financial reasons, or in retaliation for requesting repairs or asserting their rights in some other way. No-cause evictions are a logical fallacy. Let's reform the evictions process so it works, and tenants who are abiding by their lease agreements (the majority) aren't penalized for the bad behavior of the minority.

Let the market fix it!

The problem with that argument is, there isn't *one* single housing market in any metropolitan area. Cities have submarkets. For example, Regional Housing Solutions, in Chicago, identifies eight submarkets in the city [4] . So the idea that all housing built will go into one big pool and somehow trickle down immediately to those who need it most is completely untrue, and not how housing submarkets work.

The latest Joint Center for Housing Studies at Harvard report on rental stock nationwide supports this, with a finding that production in the lower two (of five) housing sectors has fallen significantly in the past 14 years, while the percentage of housing produced in the top sector has risen dramatically [5]. They conclude, “Given the lack of new construction of lower-cost rentals, preserving the existing stock of privately owned affordable units is increasingly urgent” [ibid, p. 3]. One need only look to the latest data that shows rents are increasing the most in some of Portland's (formerly) most affordable neighborhoods, to see the action of submarket pressure in effect.

A 2016 panel by the same institute featured a representative of the housing industry (Stuart Millar of the Lennart Corporation), who made it emphatically clear that there is very little financial incentive to build lower-end housing. And then there are Trump's corporate tax cuts, which make Low Income Housing Tax Credits less appealing as a tax shelter, taking away one of the most viable tools for creating designated affordable housing. Even before the administration change, the amount of funding available through LIHTC was woefully inadequate to meet affordable housing needs [5]. In Portland we are faced with the added challenge of expensive land costs, which makes affordable housing development especially difficult from a financial perspective.

If that isn't compelling, consider all of Portland's vacant brand new apartment units. An April 2018 article reported that apartment buildings built after 2014 were actually reducing their rent, which supports the notion that there is a glut of supply at the higher end [2] . This of course disincentivizes new construction all on its own - never mind the

"permitting is too hard and expensive" argument of the landlord lobby. As for the "let the state pay for housing" answer, it strikes me as highly unfair and self-serving to expect taxpayers to subsidize one's livelihood.

Rent control will disincentivize regular maintenance

Let's be real - in a scenario where renters have little power, maintenance is already disincentivized in all but the high-end submarket. I have spoken on the phone to countless tenants with substantial health issues like mold, who are either fighting with their landlord about fixing it, or have been evicted in retaliation. That's to say nothing of less urgent repairs or upgrades, which most tenants I talk to (this includes me) wouldn't even bring up for fear of retaliation. Unless you are paying top dollar, you simply don't have the leverage. The landlord cohort uses the flawed logic of being incentivized in a free market system to keep their properties in good order to attract tenants, but that doesn't benefit the current tenants if the owner simply intends to renovate and raise the rent by an unsustainable amount (see Titan Manor, Holgate Manor, etc.).

Having lived 28 years of my life in cities with rent stabilization, I can assure you tenants (for the most part) aren't living in slum conditions. Los Angeles has regular scheduled housing inspections so the burden of reporting isn't on the tenant, and the inspector will tell the tenant exactly how much rent they can withhold if violations aren't corrected. Of course the system doesn't always work perfectly, but it's nothing like what Oregon landlords claim. Additionally, many tenants I interviewed in long-term rental situations have a good relationship with their landlord, and view maintenance as more of a collaboration. Since they know they have guaranteed tenure, and since rent is (at least somewhat) reasonable, many people reported they invest their own time and money improving their homes and grounds.

Positive externalities

In addition to the peace of mind that comes with knowing you have predictable housing costs and a place to live in the foreseeable future, I found many other positive externalities in my interviews last summer with Los Angeles-area tenants. They are: the ability to spend more money in the local economy and support local small businesses; donate to nonprofits; work at nonprofits, public interest law firms, and other lower-paying jobs that have a public service element; form community with your neighbors; keep your kids in the same school; develop an attachment to and relationship with your neighborhood and city; pursue educational or other personal development opportunities; save money to eventually buy a home; run for local office or give service to your neighborhood association; age in place; maintain a diverse community.

Proposed amendments

Vacancy de-control has been one of the single most problematic aspects of rent stabilization in California. It incentivizes speculative investment, predicated on the

potential market rents in a building. This necessitates evicting existing tenants by any means necessary, whether that comes in the form of repeated "cash for keys" offers, or blatant landlord harassment. The financialization of rental housing on Wall Street has made this even worse, with sizable discrepancies between a property's purported revenue diverging from actual rents. This again results in harassment tactics, and often in deferred maintenance in the effort to cut costs and increase returns. Furthermore, vacancy de-control means the further depletion of affordable housing stock as units are turned over. The proposed "three warnings" rule provides an easy path to eviction by nit-picking, and without provision of recourse or definitions of how violations need to be documented.

Secondly, a 7% plus CPI increase is not a sustainable increase over time. It's far higher than any other jurisdiction that has rent stabilization in the US, and none of those rental markets have collapsed yet from landlord cost burden. To assist small landlords for whom capital improvements would constitute a genuine financial burden, I suggest low or zero interest loans from an affordable housing fund, or a petitions process for tenant pass-through. It does need to be understood by individuals who choose to invest in rental property, that maintaining your property without unsustainable rent increases is a necessary part of one's business model. It's been proven it can be done, so claims of infeasibility are dubious in all but extreme cases.

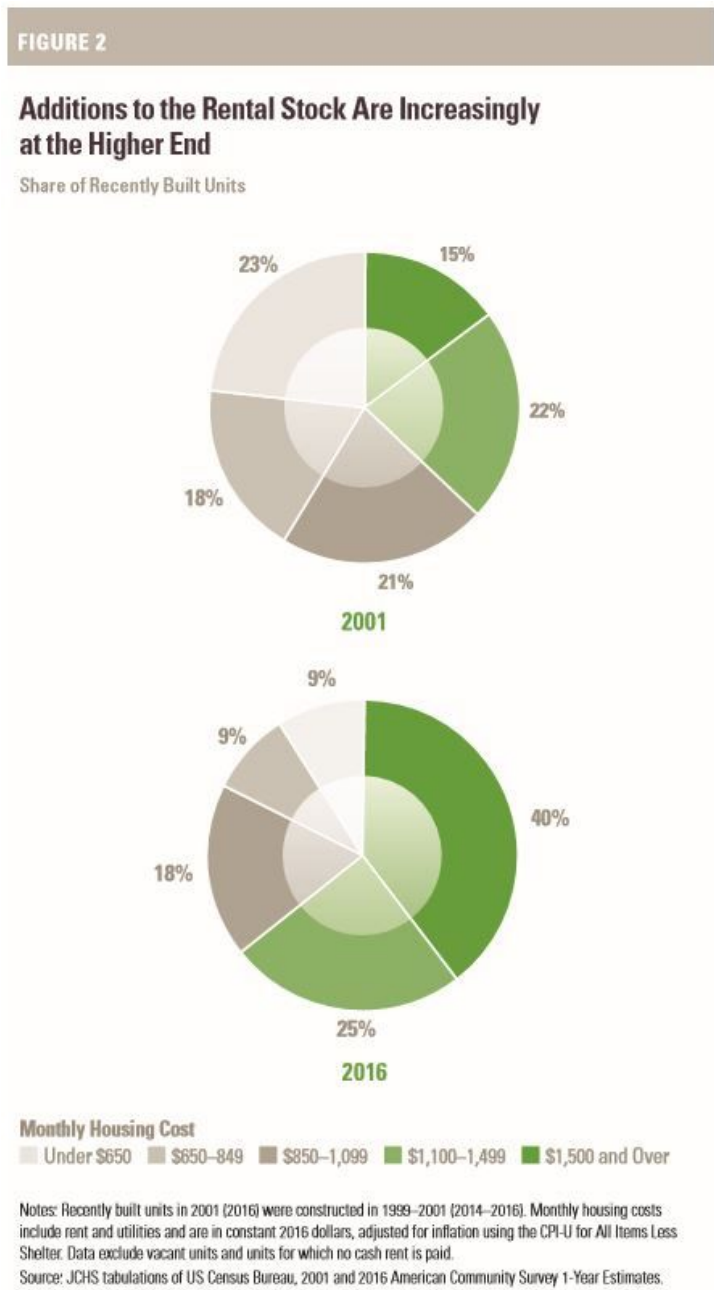
In conclusion, rent control is NOT a perfect policy. It is not a silver bullet to solve all of our housing challenges, but then, nothing is. However, it is one of the best tools we have to stem the tide of displacement, in at least the short term, while we look toward the long term and the bigger picture. We owe it to the working class of our state, who are an integral part of our economy and community. Let Oregon take its place with the rest of the nation's progressive leaders, and take a stand for tenants in 2019.

Thank you,
Lauren
Tenant, North Portland, OR

1. <https://www.youtube.com/watch?v=evjr-tUBkGQ>
2. <https://www.wweek.com/news/city/2018/04/27/rent-declined-in-the-newest-buildings-in-portland-in-2017/s>
3. <https://www.opb.org/news/article/oregon-portland-rent-control-ban-housing-history/>
4. <https://www.regionalhousingsolutions.org/submarkets>

5.

http://www.jchs.harvard.edu/sites/default/files/harvard_jchs_americas_rental_housing_2017_0.pdf



From The Joint Center for Housing Studies at Harvard's *State of Rental Housing 2017* report