

RE: Opposition to HB 3306

Good morning Chair Fahey, members of the committee,

My name is Alli Sayre and I'm the elected organizing coordinator for Portland Tenants United, the Portland city-wide tenant union. Through organizing, direct action, coalition building, and civic engagement, Portland Tenants United fights to keep people in their homes, and to achieve dignity and security for all tenants. I am here to testify in opposition to House Bill 3306, which would legalize a new non-refundable fee and create a massive loophole allowing landlords to unilaterally dictate the terms in which security deposits are refunded, accelerating and exacerbating the problem of security deposit theft in Oregon.

HB 3306 legalizes a new fee "in lieu of a security deposit". The fee can be refundable or not, and the landlord gets to decide what portion of the fee is refundable and the circumstances for any such refund. The landlord must offer the tenant an option to put down a traditional security deposit but there is no limit on what that deposit can be. There is no cap on the fee- a landlord could raise the fee whenever they want. And even if a tenant does opt into the fee scheme, they can still be charged for damages just like if they had a regular deposit. The only difference is, they do not have a right to get any of it back at all.

The backers of HB 3306 are a company named LeaseLock, who sell a new product called lease insurance. Lease insurance is marketed as a "win/win" for landlords and tenants. For landlords, lease insurance provides all the benefits of a security deposit with none of the downsides; namely, that a tenant has a right under ORS 90.300 to their deposit being returned when they leave the rental in good condition. Landlords avoid negative reviews about security deposit theft while being able to make claims for damages caused by tenants. For tenants, the win is that we do not have to put down a large security deposit.

This is where HB 3306 "solves" a problem that doesn't exist. There is no statutory requirement that landlords charge large security deposits. In fact, there is no requirement that landlords charge deposits at all. Many landlords do not charge security deposits. Proponents of HB 3306 claim that this bill will get more tenants housed. This is a classic bait and switch. There is nothing preventing landlords from charging installment payments for a security deposit if tenants cannot afford a large deposit up front.

LeaseLock and landlords want to have it both ways. They want to be freed from the requirements to return deposits to the vast majority of tenants who do not damage their rental units. They claim that this bill is simply about legalizing LeaseLock's product, yet this bill is ridden with loopholes. They claim this bill is about getting more tenants housed but on their own website they state that they only work with landlords who own 1000+ units. So the majority of



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tenants, whose landlords own less than 1000 units, would not benefit from this product anyway. They would just be saddled with the negative effects of the loopholes; for example, a landlord could offer a tenant a \$1500 security deposit or a \$1000 “refundable fee that’s totally not a security deposit” deposit, and in the case of the latter the landlord would have 0 obligation to return any of the money.

The problem with HB 3306 is simple: it would create an open season on security deposit theft and disproportionately affect the low-income tenants it’s ostensibly designed to benefit. Please vote **against** advancing HB 3306.