



March 1, 2022

Tyrone Poole, OneApp Inc.
% 1813 SW Willowview Terrace
Beaverton, OR 97003

Chair Barbara Smith-Warner,
House Committee on Rules
Oregon State Capitol Building
Salem, OR 97301

Re: Workgroup examining rental access through insured leases

Chair Smith-Warner, members of the House Rules Committee,

Thank you for considering an interim workgroup to examine improving rental housing access through the use of insurance products.

Whether you're a landlord or a renter, we know Oregon has a housing crisis.

Policywise, landlords want tenants to rent to, and tenants want to be able to rent. But under our current rental framework, even applicants who show sufficient wages are often turned away for having an insufficient — or less than perfect — rental history. We can't expect landlords to roll the dice on someone with poor credit or a default in their rental history. On the other hand, individuals who are establishing or rebuilding their financial records still need a place to live, and that growing need is continuing to build pressure locally as we see the debilitating effects of widespread housing instability.

That's where the "Renters Assurance Act" comes in.

When I was going through a troubling time in my life due to a disability, I envisioned a system through which prospective renters would be able to complete a standardized questionnaire and see where they were able to safely apply to rental units. I built this product and the company around it, called OneApp. However, I soon realized that while my system was good at showing

people where they were permitted to live, it was doing nothing to fundamentally change the barriers to housing access.

So, the OneApp staff and I partnered with other stakeholders and nonprofits and developed a model policy that would fundamentally address housing access, which we call the “Renters Assurance Act.”

Under the Renters Assurance Act, we would establish a financial agreement whereby a third-party private sector “lease assurance” (*not related to the “LeaseLock” concept*) provider could agree to insure against losses related to the lease, similar to serving as a co-signer. The provider would take on the landlord's risk for a small monthly fee paid for by the tenant alongside their rent payment.

A rental applicant who earns at least two times the rent but would otherwise be denied for financial or rental history reasons would have the option of getting a lease assurance plan in order to be accepted. The premium for the plan would be a small fee in addition to the rent based on the applicant's rent amount, typically around 4 or 5 percent. Though the tenant is the one paying, the coverage exists between the provider and the landlord. And because the lease assurance fee is paid directly by the landlord, they can be certain that the protection will be there if next month's rent isn't paid.

Based on recent surveys of Oregon landlords conducted by OneApp, over 97% of leases that resulted in bad debt would have been paid in full had there been a lease assurance plan covering three times the rent; the others would have been significantly paid. A statewide lease assurance plan would be an unprecedented level of financial protection for landlords, not to mention significantly diminish or eliminate many denial-driven complaints or regulatory inquiries.

Here's the trade-off, and where the policy becomes politically viable: The actuarial tables work best when all applicants have the option to get lease assurance coverage.

We're not talking about application denials for things like insufficient income or a criminal record — that would remain unchanged. We're talking about the couple who had a bad 2020 and are trying to rebuild their credit rating, or the overseas refugee without a rental history or credit score. Under this policy, they would have the option to enter into a lease assurance agreement, paid as part of their rent. Instead of a denial, landlords would issue a “pending approval” conditioned on an applicant's acceptance of such a policy.

Legislative Concept 119 (2022) sets up this framework and we hope it can be fully developed and ready for Oregon's 2023 Legislative Session. We have been operating a less robust version of this policy to great success, and have already helped house 4,000 families in a similar fashion.

The Act would create a uniform framework for lease assurance providers, which would be regulated similarly to an insurance company in order to ensure that landlords' liabilities can be

covered sufficiently and quickly. Additionally, it streamlines the process for paying the lease assurance premium to ensure that the lease assurance fee can be collected as part of the rent.

The measure must also contain protections for tenants in order to prevent “gaming” of the system. First, the landlord can’t also be a lease assurance provider, because that would create a perverse incentive for landlords to steer applicants into unnecessary or overly expensive plans. Second, security deposits would be capped at 1.5x one month’s rent (above current Portland limits) to avoid circumventing the lease assurance requirements with large deposits.

In preparation for the 2023 Legislative Session, we have been reaching out to a number of stakeholders in the housing industry as well as tenant advocacy groups.

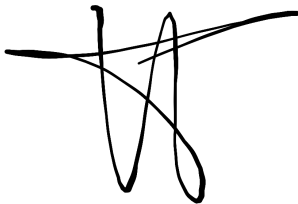
Given that these sideboards are similar to many already-existing practices, we’ve heard from a number of landlords that the trade-off would be welcome in order to protect their investment as well as insulate them from denial-based complaints. Likewise, many tenants advocates are supportive because the policy represents greatly expanded housing access and allows people a chance to get back on their feet.

But this cannot be a unilateral process. It is important to us that we get the details right for all of the stakeholders — managers and tenants alike — who ultimately will benefit. We have an opportunity here to address the housing crisis in a way that makes sense for everyone involved: landlords and tenants both.

I urge you to allow us the space and opportunity to formally develop this concept under the aegis of an official Legislative workgroup and report back to your and your colleagues throughout the interim and for the 2023 Session.

Thank you for your consideration.

Best regards,

A handwritten signature in black ink, appearing to be 'Tyrone Poole', with a stylized, cursive script.

Tyrone Poole

Attachments:

- “Renters Assurance Act” summary
- Letter from greater Portland area pastors



Renters Assurance Act

POLICY BRIEF FOR 2022 LEGISLATION

**More than 70% of
denied rental
applications are due to
insufficient financial
and rental history.**

Let's make it 0%.

The Renters Assurance Act is a proposal that re-imagines the role that financial and rental history plays in rental applications, providing more security for landlords and more access for renters.

Provided by the Oregon Open Door Coalition



Problem: Renters are being turned away from housing

For thousands of Oregon families, there's not much difference between an economic crisis and a housing crisis. Even available housing stock is out of reach for many rental applicants with poor credit or a thin rental history --- even if they have stable jobs and adequate income. In fact, over 70% of all denied rental applications are directly due to insufficient financial history.

Lease assurance protection can change that, allowing these denied applicants an opportunity to access housing while protecting landlords from losses.



The New York Times Magazine

When No Landlord Will Rent to You, Where Do You Go?

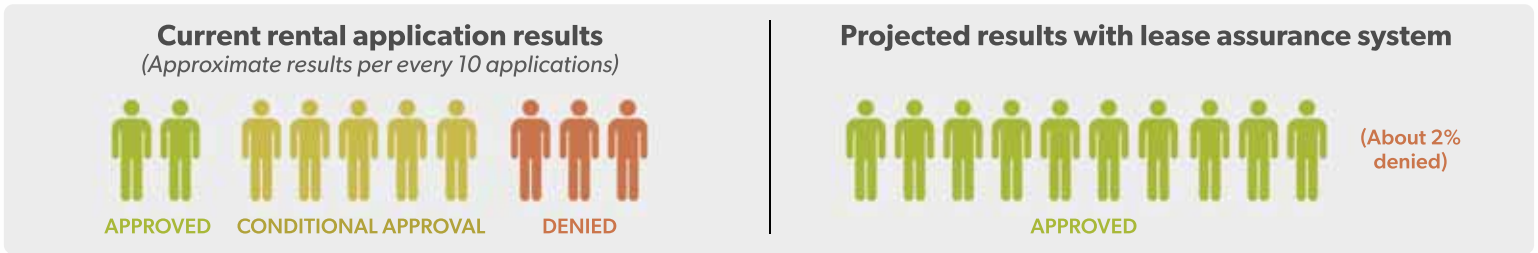
“Lack of supply isn't the only hurdle for low-income renters. Private landlords can legally reject would-be tenants based on their income, bad credit or previous evictions, and in many places they can freeze them out by requiring steep deposits and two months of rent up front. This makes formal housing, with its yearlong leases, set rates and clear tenancy rights, unavailable to millions.”

May 20, 2021

Solution: Lease Assurance Protection

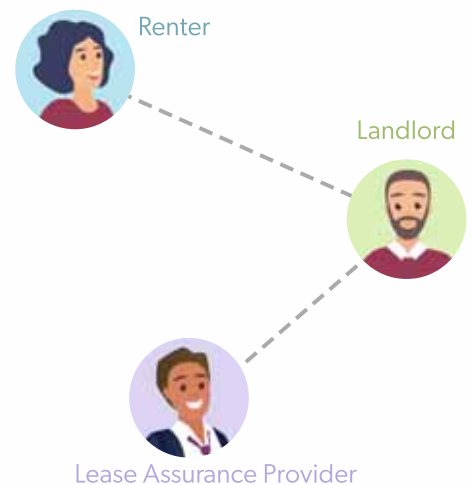
Lease assurance is like an insurance product for renters and landlords, and the nation's first affordable way to dramatically expand access to quality rental housing for the people who have traditionally found those doors closed. If necessary, a third-party lease assurance provider covers a rental application, which guarantees payment to landlords of up to three times the rent amount if needed. It's entirely voluntary for the renter, who pays a nominal fee alongside their rent, based on their history. This assurance reduces risk and increases the number of qualified applicants, so both sides can rent with confidence. Think of lease assurance like an insurance product for your lease, similar to car insurance.

Lease assurance will be the first product that protects both the landlord and the renter. If things don't work out and the landlord has a financial loss, the lease assurance provider makes them whole, while the renter can walk away with absolutely no debt or impact to their credit. (Though their next lease assurance fee may see a marginal increase.)



How it works:

- 1 A renter applies for housing where they make at least 2-times the rent.
- 2 Based on the renter's history and how much of a security deposit they want to pay, a monthly lease assurance rate is offered.
- 3 If the renter would be denied based on their financial or rental history, they have the option to enter into a lease assurance arrangement to get their application approved. (Renters might still be denied based on criminal history.)
- 4 The renter chooses a security deposit and premium amount and moves into the home they love!
- 5 If there is an outstanding amount to be paid to the landlord at the end of the tenancy, it is covered by the lease assurance provider (up to a cap of 3 months rent). Similar to car or health insurance, the renter is never liable for any funds paid out to the landlord from the lease assurance provider.



From a User Perspective


For Renters:

- ✓ Renters will no longer be required to pay a security deposit or have to worry about how dings in their credit or rental history will affect their ability to get housing. In addition, renters have an opportunity to establish a pattern of paying rent on a regular basis to build or repair their credit and/or rental history (which may mean they can re-apply to lower or eliminate their lease assurance payments).

For Landlords:

- ✓ A recent survey of local landlords with 5,000+ units under management showed that **97% of all leases that resulted in bad debt would have been covered in full had landlords had the ability to access additional coverage of up to 3x the monthly rent.** This means that lease assurance will have an immediate protective impact on landlords.


Examples Here are several examples of how a lease assurance model might help different types of individuals looking for housing:





"Jorge"


Jorge is just starting out on his own. He has a stable job, but no credit rating or rental history. Under current housing laws, his application would likely be denied.

Jorge's lease assurance cost is based on his profile and cost of the unit. With lease assurance, he's able to move in and start building his credit.


INCOME-TO-RENT RATIO: FAIR


CREDIT SCORE: POOR


COLLECTIONS OR PROPERTY DEBT: GOOD


LENGTH OF RENTAL HISTORY: POOR



Premium: **\$36/month**





"Melissa"


Melissa has a good job and fair credit rating, but has trouble finding a place because several years ago she was on a lease with a roommate who didn't pay their share of rent on time. Under current laws, her application would likely be denied.

With lease assurance, she can still get into the apartment she wants, while she looks for better roommates!


INCOME-TO-RENT RATIO: GOOD


CREDIT SCORE: FAIR


COLLECTIONS OR PROPERTY DEBT: POOR


LENGTH OF RENTAL HISTORY: GOOD



Premium: **\$39/month**





"Thomas"


Thomas has an awesome job and a stellar credit rating. Under current housing laws, his application for an apartment would be approved, but he'd still have to pay several thousand in deposits.

Because Thomas is saving up for a down payment on a house, he decides to pay a lease assurance premium in lieu of a deposit.

INCOME-TO-RENT RATIO: GOOD


CREDIT SCORE: GOOD


COLLECTIONS OR PROPERTY DEBT: GOOD


LENGTH OF RENTAL HISTORY: GOOD


Premium: **\$33/month**

(List of factors is intentionally partial, as this formula will be proprietary to each lease assurance provider.)

Legislative Concept

The Renters Assurance Act, planned for Oregon's 2022 Legislative Session, would incorporate lease assurance into Oregon's housing system. Its main components are:

(Measure sunsets in 2026 if no further action is taken.)

Defining lease assurance products:

- Lease assurance products are described as financial products held by the landlord, where a third party provider agrees to guarantee a tenant's financial obligations under their rental agreement.
- Lease assurance providers are regulated by Oregon Housing and Community Services.
- Providers may not be landlords, and landlords may not derive any profit from issuance of lease assurance product.

Outlining requirements and protections for landlords:

- Landlord is not required to offer lease assurance if no products are available.
- Landlord must accept lease assurance agreement if tenant makes at least 2x the rent amount.
- No changes to criminal history screening.

Establishing protections for renters:

- Initial cash deposit is capped at one month's rent to avoid "gaming" the system with high deposits. (The landlord's liabilities are still protected beyond that with the lease assurance amount.)
- Neither the landlord nor the lease assurance provider may seek damages from the renter for any amounts covered by the agreement.
- Acceptance of a lease assurance agreement is optional for the renter.

Frequently Asked Questions

Will every property a renter applies for accept lease assurance coverage?

Yes, when this concept passes, landlords across the state of Oregon would accept lease assurance. This means that a renter can confidently apply for any property where they earn 2x the rent.

Why should a renter use lease assurance?

Lease assurance can open doors to rentals that might otherwise be closed to a renter. There is no fee to apply, and as long as a renter earns at least 2x the rent, they'll be approved. Renters can choose whether or not to pay 0, 25, 50, 75 or 100 percent of the deposit. (Paying a higher deposit amount translates to a lower premium. Paying a lower or even no deposit means a slightly higher premium, but less upfront moving costs.) Renters can decide which option works best for them. And, if the lease ends with money owed to the landlord, lease assurance covers it.

How much does lease assurance cost?

The average monthly premium is about \$50 per month. This is based on an average monthly rent of \$1,000. The price can vary depending on a few things like background check and the payment option chosen. Renters will be able to choose a premium that fits their budget before they sign up.

How long does it take to get approved for lease assurance?

It can take up to 24 hours, but most applications are approved instantly.

When should I apply for lease assurance?

The lease assurance application will be built into the rental application process. Most landlords will show renters their lease assurance premium options at the same time as the results of their application. This means there's no extra step for a renter to take! Simply find a property and apply for the unit.

Will applying for lease assurance affect a renter's credit score?

No. The background check won't impact credit scores.

What if a renter has a criminal history?

The Renters Assurance Act does not affect a landlord's criteria with regard to criminal history.

What happens when a lease expires?

If a tenant's application was initially denied then when the lease expires, they can reapply to see if they qualify without lease assurance or qualify for a lower premium. All renters can always choose to renew their lease assurance coverage for the great protection that it offers!

What are a renter's lease obligations?

Renters are obligated to all the terms and conditions of the lease agreement. If a renter stops paying rent or the lease assurance premium, is evicted, or otherwise breaks the lease, the landlord is covered for lost rent and actual damages up to 3x the rent amount. A claim against the lease assurance policy may affect the renter's future premium amounts.

Will renters be required to use lease assurance?

We believe most renters will be excited to use it to lower their deposit payment or get their application approved if they've had a rocky past. But renters are always free to pay the full deposit, or walk away and find a place they qualify for on their own.

What is the refund policy?

Similar to car insurance or health insurance, the lease assurance premium is non refundable.

Why does lease assurance require landlords to have a cap on deposits?

Without that cap, some landlords could significantly raise deposits in an effort to force renters into choosing lease assurance because it comes with more coverage. That just wouldn't be fair.

How does lease assurance work with a local ordinance like FAIR?

When a landlord approves an applicant under the conditions of them purchasing lease assurance, the applicant is considered "conditionally approved" not denied, so no individual assessment would be required of landlords in that case.

How does a renter pay the lease assurance premium?

Renters pay the premium to the landlord along with the monthly rent. The landlord pays that to the lease assurance provider.



The COVID crisis has been hard on everyone. With the end of the eviction moratorium and the renter protections due to expire, COVID-era evictions and landlord debt will become a major barrier for renters seeking housing. The Renters Assurance Act will get these renters the access to housing that they need, while giving landlords the financial assurances they need.

More Information



The Renters Assurance Act is being proposed by the Oregon Open Door Coalition, a project of OneApp, Inc. OneApp innovates private-sector rental options in order to create housing opportunities for even the most vulnerable renters and lead to more equitable housing outcomes.

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January 2022

To the Oregon State Legislature:

I am deeply concerned about the housing stability of Black residents who make up our region. I write to urge you to lend support and assistance to passage of the Renters Assurance Act in the 2022 Legislative Session.

Untangling the complex policy underlying our state's housing crisis has unquestionably become a moral issue. As the COVID pandemic has halted much of our collective progress in this area, it further imperils those among us who are already most vulnerable: the heat kills in the summer, and the cold in the winter. Each story, whether moving from shelter to shelter, living in a vehicle, or barely surviving in a tent, represents a human being whose potential is stunted — if not destroyed — by their circumstances. These are often individuals with families and jobs. Worse, data from Multnomah County show that already-marginalized populations such as Black residents are disproportionately likely to find themselves without a home or dead as a result.

There are a number of broad factors contributing to this trend — wealth disparity, racially biased financial systems, low wages, etc — each of which may take decades of concerted effort to fully rectify. But there is a step we can take immediately.

The Renters Assurance Act (submitted by Representative Mark Meek as LC 119) provides an avenue to housing for thousands of Oregonians who desperately need it.

Currently, over 70% of rental application denials are due not to a lack of income, but due to insufficient financial or rental histories. This includes things like poor credit ratings, which, as the Urban Institute and U.S. Consumer Financial Protection Bureau have noted, show a strong bias against people of color. Biases like this have been exacerbated for generations by systemic barriers such as the lack of intergenerational wealth due to redlining or historical (and ongoing) employment discrimination, until resulting in an institutionalized barricade to accessing rental housing options — essentially housing discrimination by proxy.

The Renters Assurance Act tackles a simple question: “How can we provide access to rental housing for those who have income but lack sufficient financial or rental history?” Spearheaded by Black business owner Tyrone Poole, the Act creates an optional insurance product designed to address a landlord's risk and, in turn, ensure access to those applicants with less than perfect records. In this sense, the Renters Assurance Act does not undo generations of biased financial treatment of people of color; rather, it provides a more level playing field moving forward, and at least begins to clear a path through those obstacles that are vestiges of institutionalized racism.

This is not a panacea to our housing crisis, and passing this Act is far from the final step in what will be a long march toward housing and economic justice. However, for many families who feel trapped in a cycle of poverty and hopelessness, this Act will provide salvation in the form of a roof and four walls. For the student making their way into the world, it provides a more equitable start comparable to a well-off applicant with a co-signer. For a lost sheep re-entering society with a renewed sense of purpose, it allows them stability to rebuild.

But maybe most poignantly, it provides freedom of movement — or in some cases to not move. Rather than policies that simply point to where marginalized populations are begrudgingly allowed to find purchase and then facilitate that, the Renters Assurance Act boldly up-ends that

legacy of redlining, gentrification, and other forms of discrimination. Systemically forcing people of color to move and exist in specific areas welcomes the blight of “root shock” — the ripping away of community connections and social organization that dilutes people’s support networks, political influence, spiritual life, as well as their capacity to build wealth. With over 70% of Blacks as renters, policies like the Renters’ Assurance Act that empower these communities and provide wider access to housing options will be essential in strengthening our communities.

The Renters Assurance Act is a step in a larger effort. But make no mistake: it is a significant step, and vital.

Fundamental to all of our community’s efforts toward justice is a right to exist in society. As sung in the Psalms: “Even the sparrow finds a home, and the swallow a nest for herself.” Surely, the Oregon Legislature may find a path toward ensuring at least as much for its historically marginalized.

I urge your passage of the Renters Assurance Act.

Signed,

George Merriweather
Northeast Community Fellowship
Church

Jessica Brown
So Much Love

Edward D. Williams
Executive Pastor, Mt. Olivet Baptist
Church

Sean Hicks
Emmanuel East Worship & Outreach
Center

Rev. Dr. J.W. Matt Hennessee
Vancouver Avenue First Baptist Church,
Portland, OR

David Greenidge
Tigard Covenant Church, Pastor

Pastor Mark Jackson
Oasis of Praise International Ministries

Apostle Clifford Chappell
St. Johns All Nations Church Of God In
Christ

Dr. Shon Neyland
Highland Christian Center, Senior
Pastor

Imam Mikal H Shabazz Director
InnerCity Muslim American Movement
and Associates (IMAMA)

Lisa Saunder
Pastor

Levell Thomas
Oasis of Praise / Senior Pastor

Craig L Brown
St. Paul Missionary Baptist Church