

# Senate Bill 608 Summary & FAQ's

## Eviction Standards

- Eliminates no-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;
  - Significant repair or renovation of the unit;
  - Removal of the 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 1 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

- 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 3 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 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 thereafter.

### 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.
- 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.

## Frequently Asked Questions: SB 608

### What date do the changes go into effect?

Senate Bill 608 bill has an "emergency clause" and thus will become effective upon passage and signature by Governor Brown. We anticipate this could be as early as March 1, 2019.

### If I have a transaction that closes after the law goes into effect, can the new owner evict the tenants?

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Depends. Generally, you may only evict for a tenant cause or a “qualifying reason for termination” under of the enumerated circumstances that the law provides.

Once you become an owner of qualifying rental property, you become a “landlord” whose conduct is governed by the bill and you should review both the current law and existing tenant contracts of the property you’re purchasing.

However, the law does allow for specific circumstances under which a landlord, including a new landlord, could evict a tenant landlord-based reasons including significant renovations, demolitions, safety, or owner-occupancy.

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### **How does this impact closing timelines for rental occupied properties where the new owner will occupy the residence?**

The closing date in the sale of real property is a construct of contract law between the parties and thus would not be affected by the new law which governs landlord-tenant relations.

However, displacing a current tenant (and thus effectuating the intent of new owner who would like to move-in) is another issue (because notwithstanding the transaction between the buyer and the seller, the tenant has their own rights subject to their lease agreement and current law).

If the tenant is a week-to-week tenant, or a month-to-month tenant within the first year, you have some flexibility to displace them without cause (so long as you give them the specified amount of notice) and certain circumstances apply.

If the current tenant is a month-to-month renter who has been occupying for more than a year or is under a fixed term lease, evicting a tenant is subject to more regulations. Fixed-term leases will always continue, unless there is a tenant-based reason (failure to pay rent) for eviction. On a month-to-month tenancy, 90-days’ notice and the payment of relocation expenses (1-month’s rent) will be required.

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### **I heard that the law caps rent increases, but that cities and counties will be able to set high rent caps if they want?**

There are no exceptions for cities and counties, and therefore the rent increase cap would apply to the entire state equally. Further, any local ordinances that conflict with the statewide cap on rent increases would likely be preempted by the legislature’s acts. We advise seeking legal counsel to determine where estate and local laws may conflict and the potential impact of such a situation.

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### **When it says that it applies to buildings 15 years or older, when does that date start? Is it rolling?**

The time period is calculated by the difference between when a notice of rent increase is sent out and when a certificate of occupancy was issued for the dwelling unit.

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### **Does selling your home count as a for-cause or no-cause eviction?**

The bill is intended to provided protections for tenants. Thus, if a home owner wishes to sell their home, this law would have no effect on that transaction (which is between the buyer and the seller) unless the rights of a tenant are affected.

Fixed-term leases will always continue, unless there is a tenant-based reason (failure to pay rent) for eviction. On a month-to-month tenancy of under a year, a no-cause notice may be issued with 30-days’ notice. On a month-to-month tenancy of over a year, 90-days’ notice and the payment of relocation expenses (1-month’s rent) will be required.

**(Additional Updates 4/1/19)**

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### **How do we find out what the CPI/inflation number is each year?**

No later than September 30<sup>th</sup> of each year, the Oregon Department of Administrative services ("DAS") is responsible for calculating the maximum annual rent increase percentage.

The number will be calculated as "seven percent plus the September annual 12-month average change in the Consumer Price Index for All Urban Consumers, West Region (All Items), as most recently published by the Bureau of Labor Statistics of the United States Department of Labor."

The law requires DAS to publish the maximum annual rent increase percentage in a press release. This information can best be found by contacting DAS directly.

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### **Do these laws apply to commercial leases as well?**

Generally, no. The new law is part of Oregon's "Residential Landlord and Tenant Act." Most of the provisions of the law govern conduct by the type of landlords who own or control "dwelling units" (units intended for the purposes of maintaining a living space).

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### **Are there exceptions if Seller/Landlord is going through a short sale or tax foreclosure?**

There are no blanket exceptions for short sales or tax foreclosures: only if one of the explicitly stated "qualifying reason[s]" under the new law apply will there be a landlord or owner-based exception to the general requirements of the bill.

The tenant will generally have the protections of the bill (such as the enhanced notice and eviction requirements) as against the "landlord," regardless of any changes in ownership or who is legally the "landlord."

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### **Can relocation assistance be paid out of the proceeds of the closing of the home?**

The law does not distinguish where the relocation funds come from. If an eviction requires a landlord to pay relocation assistance, the landlord must provide an amount equal to one month's periodic rent, and that amount must be provided at the time you deliver notice of termination. So long as these requirements are met, funds could be drawn from the proceeds of the closing.

The key factors to consider are the amount of relocation assistance required (an amount equal to one month's periodic rent) and the time you must deliver it (concurrently with the notice terminating the tenancy).

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### **If a Landlord is using a property management company, who is liable for a violation?**

The law states that "[t]he landlord shall be liable to the tenant" for a violation of the law. The law defines a "Landlord" in this context as: "the owner, lessor or sublessor of the dwelling unit or the building or premises of which it is a part. 'Landlord' includes a person who is authorized by the owner, lessor or sublessor to manage the premises or to enter into a rental agreement."

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Liability is a highly fact-specific question and both the owner and property manager should be cautious. An attorney should be consulted regarding questions on individual circumstances.

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### **I thought that leases that ended after the first year become month-to-month, is that true?**

The law distinguishes between week-to-week, month-to-month, and fixed-term leases. After the first 12 months of occupancy, assuming a new fixed-term lease is not agreed upon, a fixed-term lease will automatically roll into a month-to-month tenancy (and thus subject the landlord/tenant to the laws governing month-to-month relationships) unless the landlord has a landlord-based reason (as defined in the bill) or cause for termination at that time.

There is an exception, however, at the landlord's discretion. If a tenant has violated the terms of the rental agreement 3 separate times during a 12-month period - with written warnings that comply with statutory requirements for content for each violation (given contemporaneously with the violation) - the fixed term may not roll over if the landlord so chooses and provides appropriate timely notices pursuant to the law.

<https://olis.leg.state.or.us/liz/2019R1/Downloads/MeasureDocument/SB608>