

ANTI- DISPLACEMENT POLICY TOOLBOX



TENANT RELOCATION ASSISTANCE

Portland, OR

—CASE STUDY—

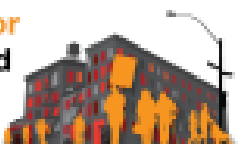
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Portland's housing crisis reached an unprecedented level in 2015, motivating the Portland City Council to unanimously declare a State of Emergency in Housing and Homelessness. At the same time, a newly-formed grassroots Portland Tenants United (PTU), was demanding further city action, specifically a rent freeze and a ban on no-cause evictions. The union's confrontational and unrelenting tactics helped put housing issues front and center on the political agenda in the November 2016 elections, and Portlanders voted in tenant advocate and former PTU organizer Chloe Eudaly for City Council, as well as progressive and pro-tenant Ted Wheeler for Mayor. While a rent freeze was still not politically feasible, newly elected Commissioner Eudaly introduced the Tenant Relocation Assistance Ordinance, legislation that would require landlords to pay a fee to tenants they evict without cause or who are forced to move as a result of a high rent increases. The ordinance was passed unanimously by the City Council in February 2017, and has already had a big impact, with many calling it Portland's most progressive renter legislation in decades. However, landlord lobbying groups have launched legal challenges to the ordinance, and as of this writing the future of Tenant Relocation Assistance in Portland is still up in the air.

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How the Policy Works:

The goal of the Tenant Relocation Assistance Ordinance, or “Relo” as it is colloquially referred to, is to shift some of the burden of displacement from tenants to landlords, by requiring that landlords pay a relocation fee to tenants evicted without a just cause. The fee is substantial – about three month’s average rent – which helps ensure that tenants have sufficient resources to find a new place to live and also that landlords think twice before evicting their tenants or dramatically increasing their rent. The relocation fee applies to tenants who are displaced under either of the following conditions:

- Tenants face a 10% or more rent increase over a 12 month period and have to move as a result
- Tenants receive a no-cause eviction.

The relocation fee is applied slightly differently in each scenario. In the first instance, tenants must ask their landlords for the relocation fee. They have 45 days to inform their landlord in writing that they are moving because of the rent increase, and then they become entitled to the relocation assistance. The landlord then has 31 days after the tenant gives notice to pay the relocation costs, and the tenant has 6 months (from the day the rent increase goes into effect) to either move out and keep the relocation fee or return the relocation fee and remain in place. In the second instance, where tenants receive a no-cause eviction, landlords must pay the relocation fee within 45 days of issuing the no cause eviction; there is no obligation for tenants to ask for the assistance.¹ Landlords with only one rental unit are exempt from paying the relocation fee in either case.

The amount that tenants receive in relocation assistance depends only on the size of their unit, not their monthly rent. The idea behind this is that those who pay the least in rent (and are also often the most vulnerable in cases of displacement) should not also receive the least in relocation assistance, nor should those who can afford to pay very high rents receive more assistance. The amounts of relocation assistance are the following

Studio	\$2,900
One-bedroom	\$3,300
Two-bedroom	\$4,200
Three-bedroom (or larger)	\$4,500

¹ Statewide legislation recently passed in Oregon to require 90-days’ notice for no-cause evictions, overturning the previous 30-days’ notice requirement.

The Campaign for “Relo”: Aiming High

The passage of Relo was possible for a number of reasons, from the escalation of Portland’s affordability crisis to the election of a sympathetic Commissioner and Mayor. But perhaps the most significant reason was the Portland Tenants United’s targeted and unrelenting organizing. The PTU put such immense pressure on elected officials to do something to address the crisis that City Council was desperate to put forward any legislation. The unapologetic tenants’ union aimed high with their demands for a city-wide rent freeze and a ban on no-cause evictions, so that even progressive legislation like Relocation Assistance seemed politically palatable. This section will cover the history of the PTU and the campaign that led to the passage of Relo.



The housing crisis in Portland reached an unprecedented level in early 2015. The city had recently witnessed a large influx of wealthy newcomers, drawn by Portland’s relative affordability compared to other West Coast cities like San Francisco and Seattle. Compared New York City, Portland has less of a rental culture (only 47% of households are renters in Portland, compared to 68% in NYC). However, the vacancy rate of rental units is low.² Rents were increasing dramatically, and an increasing number of families were becoming homeless.

Because of the pervasiveness of the crisis, ordinary people from all backgrounds – not just housing organizers – started having conversations about what could be done to protect tenants. Members of a Facebook group where some of these conversations were happening decided to meet in person, and after a series of gatherings they formed a grassroots, city-wide tenant union – the Portland Tenants United (PTU). PTU adopted a decidedly confrontational stance, using direct action and popular education to organize tenants, advocate for pro-tenant policies, and publically shame landlords and politicians. Their first campaign – “Keep Portland Housed” – demanded a city-wide rent freeze and a ban on no-cause evictions, policies that ran up against state legislation in Oregon that forbids municipalities from imposing rent control

² 2015 American Community Survey

except in the case of a man-made emergency. The PTU contended that the housing crisis was a man-made emergency, and on October 7, 2015, the Portland City Council unanimously voted to declare a State of Emergency in Housing and Homelessness for one year, with the possibility of extension (it was renewed in September 2016).

Leading up to the November 2016 elections, the PTU helped put the affordability crisis at the forefront of local political debates. In an unexpected victory, tenant advocate and former PTU organizer Chloe Eudaly won election to Portland's City Council, defeating incumbent Steve Novick in what the local newspaper *The Oregonian* called the "most stunning City Council upset in three decades."³ Ted Wheeler also won his campaign for mayor after running on a progressive, pro-tenant platform. With close allies in government, PTU was well-poised to put forward legislation to protect renters.



Photo by Clay Showalter; taken from Portland Tenants United Facebook page.

³ Government in Portland is based on a city commission system; Portland has a mayor, a city auditor, and a city council made up of 5 commissioners.



After Eudaly's and Wheeler's victories in the 2016 elections, City Council was – in PTU co-founder Margot Black's words – “terrified.” Eudaly had endorsed the PTU's call for a rent freeze, and there was significant momentum and popular support behind the campaign. Reluctant to move forward with something as radical as a rent freeze, City Council were instead eager to take up the idea of Relocation Assistance, which Eudaly put forward shortly after she took office. The Tenant Relocation Assistance Ordinance was approved in February 2017 as an emergency measure, which required that all City Commissioners vote in favor for it to pass.

Designing the Policy

After winning election, Commissioner Chloe Eudaly put together a team to draft the legislation for Relocation Assistance. The goal was to create a policy that would provide assistance to displaced families reflecting the actual cost of moving, not just minor compensation. Furthermore, the policy was intended to work as a disincentive, forcing landlords to think twice before raising rents or issuing a no-cause eviction. This section describes how the team arrived at the policy they designed.

When “Relo” Takes Effect in Economic Evictions

One of the first policy questions to solve was at what percent increase in rent should Relo take effect? In other words, how much of a rent increase causes a tenant to move and therefore qualifies as an economic eviction requiring relocation assistance? There is no standard definition for an economic eviction. Advocates wanted to set the bar at an increase of 5% over the course of a year, or a \$100 increase in rent for an apartment costing \$2000 a month. However city attorneys were concerned about Relo becoming a de facto form of rent control and therefore making the policy vulnerable to legal challenges. They suggested 20%, meaning Relo would only kick into effect for an annual increase of \$400 in rent for an apartment costing \$2000 a month. After doing some number crunching for what 5, 10 and 20% rent increases would look like for a rent burdened household, the team settled on 10%.

Monthly Rent	% Rent Increase	Amount of Rent Increase	Monthly Rent After Increase	% Income Paid in Rent for a Household Making \$60,000/Year
\$2000	0%	\$0	\$2000	40%
\$2000	5%	\$100	\$2100	42%
\$2000	10%	\$200	\$2200	44%
\$2000	15%	\$300	\$2300	46%
\$2000	20%	\$400	\$2400	48%

How Much Landlords Pay in Relocation Assistance

Another major question was how much to require landlords to pay for tenants displaced either due to rent increases or no-cause evictions. The policy team discussed a few different metrics. One option was to base the fee off of the amount of monthly rent, and require landlords to pay 3 months' rent in relocation assistance, in line with the 3 month (90 day) notice requirement for no-cause evictions. However, this would mean that those paying the least rent (likely the poorest and most vulnerable) would get the least assistance, and those paying the most rent (likely wealthier households) would get the most assistance. Therefore, a different metric was proposed. The team averaged monthly rents for a studio across the city and multiplied it by 3 months to come up with \$2900. Relocation Assistance then increases proportionately for a one-bedroom, two-bedroom or three-bedroom, but stays flat across those categories; it does not change regardless of how much or how little one pays in rent.

Studio	\$2,900
One-bedroom	\$3,300
Two-bedroom	\$4,200
Three-bedroom (or larger)	\$4,500

Trade-offs and Challenges

While the passage of Relo was an overall success, there were nonetheless a number of trade-offs and challenges, which are discussed here.

Capturing the Momentum of the Moment

The momentum behind Chloe Eudaly's election to City Council and the PTU's Keep Portland Housed campaign helped pass Relo quickly and without significant pushback. In fact, this was a deliberate tactic; advocates knew that the policy had to be passed quickly and go into effect immediately, because taking time would allow landlords and the real estate industry more opportunity to act against or water down the measure, perhaps by increasing the percentage rent increase at which Relo takes effect, reducing the amount of the relocation fee, or increasing exemptions for small landlords. However, acting fast also meant less time to spread awareness about Relo among the public and inform tenants about what the legislation would mean for them. The fact that the measure took effect is not enough to ensure that tenants are able to utilize it; more time would have allowed for a public awareness campaign to educate tenants about their right to Relocation Assistance and help them make full use of the new law.

Setting the Percentage Rent Increase at Which Relo Takes Effect

Determining the point at which a rent increase would qualify as "economic eviction" and trigger Relo was another difficult trade-off. Setting the bar at 10% would imply that rent increases below 10% (9.5%, 9%, etc.) are acceptable. Normalizing annual rent increases at 9.9% where the landlord is able to significantly increase rent and still avoid paying relocation assistance does not benefit tenants. However setting the bar too low, would open the legislation up to more resistance from the real estate industry and make it more vulnerable to legal challenges.

Legal Vulnerabilities & Expiration Date

Almost immediately after the policy took effect, the City of Portland was sued by attorney John DiLorenzo of Multifamily North West, an association of landlords. DiLorenzo made the case that the policy went against an Oregon state law prohibiting rent control, arguing that by requiring landlords to pay a fee for raising rents, the city was essentially forbidding them from doing so. The city argued that the policy does not prohibit landlords' from raising rents, but instead requires them to share some of the financial burden when they displace tenants by significantly increasing rents. The City won the lawsuit and the measure stayed in place.

Nonetheless, the future of the policy is still up in the air. To make the measure more politically palatable, the Relocation Assistance Ordinance was passed with an expiration date of October 2017, at which time City Council can vote again to continue it. A technical advisory group was formed shortly after the policy passed to address loopholes, make technical fixes, and evaluate any unintended consequences of the ordinance. The goal was to put together recommendations for a stronger, longer term policy for Relocation Assistance policy that would be passed after the first ordinance's expiration date. At the time of this writing however, City Council had not yet voted on the future of Relo. The pushback from the real estate industry has been strong, and it will certainly be a battle to keep Relo in place.

Implementation and Impact

Keeping track of how Relo is working is difficult; Portland maintains little data on rental housing, and so most of the information about its impact is anecdotal. There are two specific cases that demonstrate the impact Relo has had. During the time leading up to Commissioner Eudaly's election, no-cause evictions were issued in two large apartment buildings, comprised mainly of low-income and immigrant tenants. One building issued a 110% rent increase, which would have displaced most if not all of the tenants, and the other building issued no-cause eviction notices to all of the tenants. After Relo passed, the building that issued the 110% rent increase rescinded the increase. They later reissued it, but all the tenants who left received relocation assistance. The second building rescinded the eviction notices and the tenants are still there. According to the PTU, there seems to have been a decline overall in no-cause evictions, and they are hearing of fewer and fewer cases of rent increases above 10%. Unfortunately, though, rent increases of 9.9% are not uncommon.

One of the major challenges to implementing Relo has been spreading awareness. The PTU receives many emails, phone calls and Facebook messages from people with questions about no-cause evictions and Relocation Assistance, but as an all-volunteer, member-run organization, they have difficulty responding to everyone. They find that many people still don't know about Relo, especially immigrant and non-English-speaking populations, the elderly, people not connected to the Internet, and other vulnerable groups. While the PTU and the City were planning an awareness campaign to spread information about Relo, it was delayed due to the lawsuit and the future of the policy being in limbo.

Landlords, too, are not properly informed about the policy, particularly smaller landlords. They may not know the details of when they need to provide the assistance, and some may purposely give misinformation to their tenants about Relo to avoid paying. The only way to enforce Relo in these cases is for tenants to take their landlords to court. The PTU connects tenants to pro-bono lawyers who will take these cases on, but the burden still falls on the tenant to know their rights and take action when landlords don't comply. Overall, there may be many more people who are eligible for Relo than actually receive it.

Looking Forward

Relocation Assistance has not solved Portland's housing crisis. Despite the measure, tenant harassment, no-cause evictions, and economic displacement remain widespread. The PTU has larger goals on their agenda – ending the state-wide prohibition on municipalities implementing rent control, and implementing a state-wide ban on no-cause evictions – as well as addressing other tenant issues. The affordability crisis is spreading outside of Portland's city limits as well, and there is talk of expanding Relo to the entire metropolitan area or beyond. The PTU itself faces challenges as an all-volunteer, member-run, limited resource organization, though their status does enable them to do things that an institutionalized non-profit might not, including taking direct action and applying political pressure without fear of losing donor support.

For now, the battle is focused on making sure Relo stays in place after its initial expiration in October 2017, and to craft the details of a permanent policy. Landlords will push for more exemptions, or a decrease in the amount of relocation assistance paid. Advocates will try to push for a lower percent increase than 10% for Relo to take effect, keeping in mind that there are many low-income tenants who really can't afford even smaller rent increases.

This case study is based on interviews with the following individuals:

- Jamey Duhamel, Director of Policy in Commissioner Chloe Eudaly's office
- Margot Black, co-founder of Portland Tenants United
- Katrina Holland, Community Alliance of Tenants (CAT)