



March 31, 2021

To Chair Fahey, Vice-Chair Morgan and Campos, Members of the Committee:

My name is Caitlyn Kennedy Young, and I oversee the tenant education program, Rent Well, which is owned by Transition Projects. I am asking for your support for the concept of House Bill 3306, related to alternatives to uncapped lump sum rental deposit. As the bill stands at the moment, I have some significant concerns that the end result will benefit third-party insurers more than it will benefit the tenants if this is not written into the bill more clearly. However, I do feel with some amendments to this, it could be beneficial to Oregonians who are struggling with the housing crisis that predated Covid and the wildfires to secure stable housing for them and their families.

As I said before, I oversee the Rent Well tenant education program. This program teaches tenants about their rights and responsibilities as renters. Through teaching these courses, I have had the privilege of meeting so many individuals within our communities searching for housing. Most of the individuals that access these classes are low-income individuals who had previous rental barriers that they are attempting to overcome. If that wasn't a struggle enough, the idea that they would have to pay a first and last months' rent plus a hefty deposit beyond that leaves them feeling overwhelmed and defeated. It would be hard for most individuals to suddenly come up with several thousands of dollars to move into a place.

Allowing tenants to have the ability to decide whether or not to pay one large lump sum security deposit at the time of move-in or choose alternative ways of making sure they have protection if any damage happens to the property is a great idea. But if this is not closely monitored and thought out now, what this could easily lead to is tenants who don't have the large lump sum to move in have no other alternative but to go the route of paying this ongoing fee to maintain their housing. If an individual was planning on living in their home for a year or less and kept it pristine, this deposit alternative would possibly be less than what they would be charged in a traditional security deposit. However, they wouldn't get any of that money back to move into the next place. Many people rely on having some of their last deposit returned to them to utilize for moving into their next home, and that wouldn't be available to them if they had to choose this reoccurring monthly cost.

On the other hand, if an individual was to decide to stay in that unit for ten years, a reoccurring charge of \$100 a month would vastly outweigh how much it would have been in the end to pay the deposit. And none of that money will come back to them either. This bill sets up individuals to feel like they will

waste an unreasonable amount of money if they truly want to settle in a home and stay there for many years. Their alternative is to move into a place where they can afford the deposit.

I'm also concerned with who gets to create the criteria around how much that monthly charge on the alternative deposit option is. If we leave it up to third-party companies where this is their business model, is that the best protection for our tenants? They may have some concerns about offering their products to individuals who have barriers like low credit scores, a past eviction, or prior property debt. These are the individuals that need those protections the most. Do we know if these third-party companies can charge individuals with higher monthly fees, or even worse, would the third-party companies choose not to work with someone entirely? It doesn't feel like a great option to leave all of these unknowns in the hands of these third-party for-profit agencies to make those decisions for our tenants, especially if this bill's idea is to support tenants that need alternatives and landlords who need some assurance. There is a likelihood that if we don't write-in any provisions, then those details are left up to those companies. I feel strongly that there needs to be limits set on how much individuals would pay towards this monthly recurring charge and how long they would be paying this charge during their tenancy. I'm not sure that that's how these third-party insurance- and bond-type companies work. Renters should have options, but they should have a clear understanding of what those options mean and how it would impact them both at the time of moving and throughout their tenancy.

I support a bill that looks at alternatives to an uncapped lump sum rental deposit, but I strongly urge you to add some sidebars to HB3306 if you genuinely want it to support tenants in the way we hope it would. Thank you so much for your time and consideration on this matter.

Respectfully,



Caitlyn Kennedy Young | Rent Well Program Administrator
Transition Projects

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