

## City of Portland Ordinance on Relocation Assistance

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On February 2, 2017, the Portland City Council unanimously passed an amendment to its renter protection ordinance. The amendment requires a landlord to pay tenants relocation assistance if: (i) the landlord issues an end of tenancy termination notice or fails to renew a fixed term lease upon substantially the same terms; or (ii) increases the rent by 10% or more in a 12-month period and the tenant elects to vacate. The ordinance applies only to dwelling units located within the City limits.

Termination notice. If the landlord issues a termination notice without cause (which includes a landlord declining to renew a fixed-term lease on substantially the same terms except for rent) the landlord must pay relocation assistance not later than 45 days prior to the termination date.

Rent Increase. If a landlord issues a rent increase notice of 10% or more in a 12 month period, and the tenant, within 14 days after receipt of the increase notice, gives written notice that the tenant will terminate the tenancy, the landlord must pay relocation assistance within 14 days after receiving the tenant's termination notice. Rent increases include all associated housing cost increases, such as adding utility costs or increasing a fixed monthly utility payment, garage/carport rent, etc. A notice that conditions the renewal or replacement of an existing fixed-term tenancy on paying increased rent or associated housing costs is subject to this ordinance.

Amount of Relocation Assistance. The amount of relocation assistance depends on the size of the unit.

\$2,900 for a studio or single room occupancy  
\$3,300 for a one-bedroom  
\$4,200 for a two-bedroom  
\$4,500 for a three-bedroom or larger.

Exemptions. The new ordinance does not apply to:

- (i) week-to-week tenancies;
- (ii) a landlord who temporarily rents out their principal residence during the landlord's absence of not more than 3 years;
- (iii) tenants who occupy the same dwelling unit as the landlord; and
- (iv) a landlord who rents only a single dwelling unit in the City of Portland.

Transition. **The ordinance applies to all end of tenancy notices and rent increase notices pending as of February 2, 2017.** To clarify transition issues, the ordinance provides: (i) for pending termination notices, a landlord must, no later than March 4, 2017, either notify the tenant that they are rescinding the termination notice or pay the relocation assistance; and (ii) for

pending rent increase notices of 10% or more, no later than February 18, tenants must notify the landlord they are electing to terminate the rental agreement, and the landlord then has 14 days from the tenant's notice to either rescind the rent increase, reduce the rent increase to 9.9% or less, or pay the relocation assistance.

Expiration Date. The ordinance expires on October 7, 2017, unless the housing emergency declared by the Council is extended by a new Council vote.

## FAQ

Following are some questions we have already received and our best guidance at this time.

Q. Does the ordinance apply to a termination notice that expired prior to February 2, 2017?

A. No.

Q. If we timely rescind a currently pending 90-day termination notice or pending rent increase notice and the tenant vacates anyways, are we responsible for relocation assistance?

A. No. The ordinance allows you to rescind a pending termination notice by March 4, or rent increase notice within 14 days after the tenant notifies you they are terminating, and avoid paying any relocation assistance. However, it is unclear what happens if the tenant vacates prior to March 4 based on a pending termination notice that expires prior to March 4, which you have not rescinded as of the date the tenant vacates. Based on the language of the ordinance, you should not have to pay relocation assistance. However, to be safe, if you are going to rescind a notice that expires prior to March 4, we recommend issuing the rescission prior to the termination date.

Q. There is a pending rent increase notice of 10% or more. If a tenant notifies you of their election to terminate the rental agreement on or before February 18, what are your options?

A. You may either: (i) give written notice rescinding the rent increase notice; (ii) give written notice reducing the rent increase to less than 10%; or (iii) pay relocation assistance. Based on the language of the ordinance you can elect to reduce the rent increase amount to 9.9% or less without having to issue a new 90-day notice. It is unclear if this complies with the 90-day rent increase notice requirement under state law, but we feel confident a judge would allow the original notice to stand since the rent increase is being decreased and not increased.

Q. How do we determine if a rental unit is within the City of Portland?

A. Do not rely on street addresses or zip codes. Refer to the map of the city boundaries which can be found at <https://www.portlandoregon.gov/bps/article/51672> Only areas within the incorporated city are subject to the ordinance.

- Q. If a landlord offers to renew a fixed term lease, and any one of the options (including the MTM option) involves a rent increase of 10% or more, and the tenant timely elects to vacate, does the ordinance apply?
- A. Yes. The ordinance applies to any rent increase of 10% or more, even if the tenant has the option of accepting a lower increase under a fixed term option.
- Q. Does the ordinance apply to a “for cause”, 24-hour or non-payment of rent termination notice?
- A. No. The ordinance only applies to a “no-cause” end of tenancy notice, or the refusal of a landlord to renew a fixed-term tenancy on substantially the same lease terms, except rent.
- Q. How must a tenant give notice of his/her election to terminate after receiving a rent increase notice?
- A. State law requires a tenant to give a written termination notice at least 30 days prior to the termination date. The ordinance does not change this requirement. The ordinance simply says the tenant must give written notice “of the Tenant’s intent to terminate the Rental Agreement”. We read this as requiring a formal termination notice since you must pay relocation assistance based on the tenant actually terminating the tenancy.
- Q. If the tenant timely elects to vacate after receiving a rent increase notice of 10% or more, must the tenant specify that they are leaving because of the rent increase, as opposed to other reasons, as a condition to receiving payment?
- A. No, the tenant is not required to provide any reason for terminating.
- Q. What is the penalty for failure to follow the ordinance?
- A. The tenant can recover the relocation assistance amount PLUS a penalty of up to three months’ rent, attorney fees and court costs.