

Just Cause Eviction

As affordable housing and renter displacement concerns gain more prominence in the nation's cities, renters' rights advocates are pushing local governments to adopt just cause eviction measures. Proponents of just cause contend long term residents are unfairly being displaced and require protection from unscrupulous owners. In actuality, just cause eviction restrictions hurt residents by severely limiting property owners' ability to respond quickly to resident concerns and remove disruptive or threatening residents. Such policies destabilize rental communities, often conflict with state problem property laws and disincentivize investment in rental housing.

Under a just cause (also known as "good cause") eviction regime, a housing provider is only permitted to evict a resident for reasons explicitly listed under law. Common reasons for eviction under current just cause laws include:

- Nonpayment of rent;
- Lease violation that remains uncorrected after notice is given by the owner;
- Engaging in criminal activity on the property;
- Nuisance or causing substantial damage to the property;
- Interfering with the safety or enjoyment of the owner or other residents; or
- The owner seeks to demolish, substantially rehabilitate or remove the unit from the rental market.

While the protections themselves appear reasonable at first glance, in practice they destabilize apartment communities by preventing owner-operators from effectively managing their properties. For example, just cause policies essentially eliminate a property owner or operator's right to serve a nonrenewal notice on a resident at the end of the lease term, essentially granting residents an indefinite lease. They require an owner to "show cause" and obtain a court order to terminate a lease. Meeting the legal standard required to prove a resident is disruptive requires detailed record keeping on the part of the owner and corroborating testimony of affected residents against neighbors. This can be difficult to obtain, particularly in the case of drug and gang related activities. Residents may refrain from testifying, fearing retaliation from the individuals in question.

Over time, just cause eviction policies strain the owner-resident relationship as residents become frustrated with the inability of property owners to act on their complaints. They inhibit housing providers from effectively managing their properties and put good residents at-risk by limiting the ability of housing providers to remove problem residents. When issues arise, community residents are subjected to living on the property without relief while the

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investigative and judicial process to convict an individual of a crime runs its course. The outcome is good residents move out.

Apartment owners and operators are in the business of providing housing to members of their community. As a good business practice, owners and operators want long-term residents and strive to avoid evictions where possible due to the expensive process of managing resident turnover. Proponents' arguments to the contrary ignore the costs a property owner incurs throughout the eviction process. According to Greystar, units cost an owner up to \$5,000 per month when you factor in lost rent, make-ready costs, advertising, and incentives to get the unit leased.¹ While eviction is unfortunately a necessary part of doing business, high turnover costs mean eviction is used only after all other remedies are exhausted.

Lastly, Policymakers should consider the long-term impacts overregulation when assessing the viability of policy options, as doing so generally results in disinvestment in rental housing. For example, in a study commissioned by the city of Seattle, the University of Washington found that legislation targeting owners has led to, and is leading to, an increase in owners selling rental properties (40% of respondents). This is especially true for mom-and-pop landlords (47% of respondents own / manage 1 unit). Every time owners sell, rents increase for the community overall.² Investors with options and flexibility will look to invest in places without the threat of burdensome mandates, where they will not face the same financial and administrative costs and challenges.

NAA Viewpoint

NAA opposes the adoption of just cause eviction laws. Such requirements adversely shift the balance in the landlord and tenant relationship to the detriment of residents and the community as a whole. These policies put good residents at-risk by limiting the ability of housing providers to manage their properties and act quickly to remove problem residents.

¹ https://www.multifamilyexecutive.com/property-management/apartment-trends/time-is-money-reducing-unit-turnover-time_o

² Crowder, Kyle. "Seattle Rental Housing Study." *University of Washington Center for Studies in Demography and Ecology*. June 2018.