



Ohio House of Representatives

State Representative Ted Celeste

**Am. Sub. House Bill 9-
Sponsor Testimony
Senate Finance and Financial Institutions Committee
January 12, 2010**

Mr. Chairman, Ranking Member Miller, thank you for the opportunity to present sponsor testimony on House Bill 9.

No tenant who pays their rent on time and lives up to their end of a contract should have to face immediate eviction because their landlord faces a foreclosure and sheriff's sale. This is an ongoing problem in each of our districts and unfortunately, tenants have largely been forgotten in this crisis and constitute, in essence, the collateral damage from non-owner occupied foreclosures.

House Bill 9 provides a simple, common-sense solution to this problem. It costs taxpayers nothing and creates no new bureaucracies or government red tape.

Simply put, this bipartisan legislation will do the following:

1. Require landlords to notify potential new tenants if their property is currently in foreclosure. In other words, "foreclosure disclosure." A potential tenant will then be well informed of the situation they could be getting into.
2. Require landlords to notify all current tenants residing in any property if that property goes into foreclosure (within 60 days of the foreclosure filing).
3. Require landlords to notify tenants if a foreclosure is not remedied and a sheriff's sale date is set. This gives the tenant an equal opportunity to bid on the property at the sheriff's sale and become a homeowner.
4. Stipulate that all residential rental agreements convert to a month-to-month rental agreement upon court approval of the sale of the property. This allows the tenant at least 30 days to find a new home, compared to the current law which only gives three days notice before eviction.

Passing House Bill 9 can truly help many of our most vulnerable citizens. Proper notification of a foreclosure filing and disclosure at the contract signing will inform our fellow Ohioans so they can make an educated decision throughout this complicated, lengthy and oftentimes stressful process.

This has been a very large, very silent problem that has only recently begun to receive the attention it deserves. When we introduced House Bill 626 in the last General Assembly, it coincided with a story out of Chicago where a Sheriff there refused to kick unknowing tenants to the curb. More recently, CNN ran a news story the very day House Bill 9 passed out of Committee in the House.

Displacing families who pay their rent is bad for our communities. Neighborhood property values drop when area homes are vacated and boarded up. Right now under Ohio law, a tenant who pays their rent today can be evicted by the end of this week with no forewarning from their landlord. Besides dealing with the turmoil and stress of being kicked out, or having to enroll a child in a new school district, it is also very expensive to relocate. According to a recent study, it costs an Ohio family about \$2,500 to pack up and relocate to another home. This includes moving expenses, utility fees and security deposits. In Cuyahoga County alone, tenants lost nearly \$10 million dollars due to renter foreclosures in 2008.

The Ohio Renter's Protection Act was inspired by Gail Ukockis, one of my constituents who was evicted due to her landlord's foreclosure. She began renting a duplex in Grandview Heights in September 2007 and was told in early 2008 that although she always paid her rent on time, she was being evicted due to her landlord's foreclosure and the subsequent sheriff's sale. Gail had no notice or forewarning from her landlord. She was not aware there was a problem until the Sheriff knocked on her door to tell her she had to vacate the premises in three days.

To make matters worse, Gail was incapacitated at the time due to a recent surgery, and physically unable to pack up her belongings and leave her home.

And even worse, we later learned that the foreclosure was filed against Gail's landlord seven months before she even signed her contract. For seven months, her landlord was in foreclosure and he never said a word to Gail.

House Bill 9 will help folks so they are never put in the position Gail was.

Since first introducing a version of this bill in the last General Assembly, we have worked with numerous interested parties including families who rent, the Ohio Real Estate Investors Association, Ohio State Bar Association, Ohio Bankers League, Ohio Association of REALTORS, housing advocates, and legal aid groups from across our state.

The Ohio Apartment Association also supports House Bill 9, saying "...we recognize that the foreclosure crisis has caused hardships not just to us as property owners, but also to our tenants who sometimes find themselves without a home through no fault of their own." Many realtors have also lent their support for House Bill 9 because they see the benefit of selling a property that is occupied, not vacant and blighted.

In closing, tenants who play by the rules, live up to their end of the contract, and always pay their rent on time should never be penalized because of their landlord's foreclosure. Passing House Bill 9 will go a long way in mitigating the hardships that rental foreclosures are causing for thousands of Ohioans each year.

Thank you, Mr. Chairman. Also thank you, Senator Miller, for your leadership on this issue. Representative Foley and I look forward to working with all of the members of the Committee on this important legislation. After his testimony, we would be happy to entertain any questions.

