



**OHIO REAL ESTATE INVESTORS ASSOCIATION  
GOVERNMENT AFFAIRS COMMITTEE**

TO SUPPORT GOOD GOVERNMENT THAT IMPACTS THE PROFESSIONAL INVESTMENT  
PROPERTY INDUSTRY AT STATE AND LOCAL LEVELS.

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**Dan Acton  
House Bill 282 Proponent Testimony  
House Financial Institutions, Housing, and Urban Development Committee  
October 10, 2017**

Chairman Dever, Vice Chairman Sprague, Ranking Member Smith, and members of the House Financial Institutions, Housing, and Urban Development Committee my name is Dan Acton and I am the Government Affairs Director of the Ohio Real Estate Investors Association (OREIA). OREIA represents 12 local chapters across Ohio whose membership consists of the smaller real estate investors and housing providers who typically own single family housing units. My background has been more than 30 years in the property management and ownership industry. I am providing a brief proponent statement on House Bill 282. OREIA supports this bill because we want you to understand that investors operate on razor thin profit margins for a property. An unexpected repair, a tenant who does not pay rent, terminates a lease early or vacates without notice, damages the property, leaves unpaid water bills, or any layering of government fees that we are subjected to reduce the profits for a property owner that could otherwise be used to reduce the overall debt or make improvements on the property. The opportunity to support a bill that subjects a tenant to a criminal mischief charge for knowingly damaging a property is in the opinion of our members a welcome tool in the property ownership toolbox.

As it stands now, a property owner's main recourse is to seek damages through civil litigation for these acts against a property. Under ORC 5321.05, tenant obligations are spelled out to include from a list of nine items, "(p)ersonally refrain and forbid any other person who is on the premises with his permission from intentionally or negligently destroying, defacing, damaging, or removing any fixture, appliance, or other part of the premises;". Landlords have a list of ten similar obligations expected of them in ORC 5321.04. These lists of expectations are excellent guideposts for each party in these contracts. The law is clear that in exchange for a landlord providing safe and sanitary conditions, the tenant is expected to pay rent and not harm the property. It is common sense that dictates this policy and the execution of a form of the "Golden Rule"; treat another's property as you would treat your own.



Landlords insert typical terms and conditions into their leases allowing for “normal wear and tear”. We understand that there will be knicks in hardwood floors, dents in walls, pictures hung, pet accidents and odors and food stains in carpets. These are people’s homes and these are accidents that happen in our own homes. We understand that these things will happen. We ask for certain deposits to partially pay for these incidents. Please consider the cost to “turnover” a unit after a tenant has ended a lease and to prepare for a new tenancy is not an insignificant amount of money. The national average cost of a turnover is equal to three month’s rent not including the lost rent during the vacancy. Consider a \$1,000/mo. rental. If the property goes vacant, you may have to pay a \$500 lease up fee, have a month of vacancy worth \$1,000, plus do some improvements such as painting (\$500-\$1,000). The turnover could cost you \$2500. The cost will be more if there is intentional damage done to the property.

Every landlord has a “horror story” to tell about a tenant experience. The option available is to seek civil damages in a court of law. This is expensive, most likely requires an attorney and will only be successful if the tenant can be located and they can repay the damages. Landlords also can withhold the security deposit to remedy the damages. However, many times this deposit does not cover the extensive damage done by a tenant. Passing House Bill 282, will be another avenue to remind tenants of their obligations to maintain order in their unit. I can foresee some of our members adding language to their leases that advise tenants that if they knowingly destroy, deface, damage the rental property they may be subject to civil and criminal actions.

The knowingly standard is the key to this bill. A tenant must have knowingly engaged in this behavior for the application of the law to occur. House Bill 282 encourages responsibility for one’s actions and may make a person think twice before committing an act against the property.

OREIA is proud to support a common-sense effort that seeks to protect a property owners’ investment. Again, we thank Representative Hambley and the co-sponsors of the bill for putting forward House Bill 282. I would be happy to answer any questions you may have.