



OPPONENT TESTIMONY FOR HOUSE BILL 93

ANDREW CHIKI, DEPUTY SAFETY-SERVICE DIRECTOR, CITY OF ATHENS

Chair O'Brien, Vice-Chair Gavarone, Ranking Member DeMora and members of the Senate Local Government Committee:

My name is Andrew Chiki and I am the Deputy Service-Safety Director for the City of Athens. On behalf of the City of Athens and as a member of the Ohio Municipal League, I am testifying in opposition to House Bill 93.

Being the home to the main campus of Ohio University, Athens is well acquainted with the challenges and opportunities of the rental market. In fact, the percentage of rental housing in Athens hovers around 70% of all housing the city. As a result, the majority of utility payments are coming from rental units.

Like many other communities in Ohio with large universities in comparatively small towns, the turnover of the majority of the rental stock happens in the thousands annually all at the same time. It is a huge endeavor for a city our size for landlords, tenants, the university, and the city. In Athens and other similar cities, systems are being used to ensure a continuity of service in the most efficient manner possible, primarily at the request and in conjunction with rental management companies and landlords. The passage of House Bill 93 will effectively eliminate the ability for us to work with those landlords to turnover their rentals quickly.

What this looks like in practical terms is that under the current system, all rentals are registered in the landlord, property owner, or rental management company's name. Each unit is assigned an identity as a "water customer" in the system and given an account number. The utilities

department does not know who lives at a particular address, though payments can be made by the tenant, the owner, or even a third party like a parent or non-profit utility relief organizations. When the lease expires and the tenant moves out, utilities do not need to be turned off, nor a final reading done. The service continues. This means a landlord can move an old tenant out and a new tenant in on their own timeline and in Athens this will happen within a week.

If House Bill 93 passes, what will happen is that thousands of tenants will have to register their addresses for a new account and be setup in the system and water service will have to be physically turned on at each account's meter. The City has two billing staff and two meter staff to service all of the addresses. Because all of this happens at the same time, it could take weeks for every person to have their account setup and the service connected. At the end of the school year, those same thousands of tenants will then have to request a disconnection of service, have a final physical reading of their meter, the service shutoff, and get a final bill. Compound the end of school year account closings with the same thousands of account connection requests at the exact same time. Our utilities office and other communities similar to Athens will experience the same thing and essentially cripple the ability for landlords to turnover their units, potentially for several weeks. In addition, this is a loss of revenue for landlords and a near-impossible situation for the utility office to contend with.

It is also important to note that often, rental units in university communities will have multiple unrelated persons living together and sharing in paying utilities. Under the current system, a distinction is not made between who is the primary payer or those that aren't. If payment is not made, a landlord is in the best position to recover funds from all of the tenants, precisely because they have a lease agreement with all of the tenants. And this is an important point. A private lease agreement between a tenant and landlord is just that, private. The terms and conditions set in the agreement like, the security deposit, who is responsible for upkeep and maintenance, who is responsible for payment of utilities, etc. is set in the agreement. A landlord is in the best position, through the contract, to set terms that armor against something like non-payment of utilities. We see the results of those agreements regularly, where a tenant stops paying a utility, moves away, and the landlord uses a portion of the security deposit to settle up the account. If there is a concern over the burden on landlords for possible non-payment of a utility, the right and proper mechanism is to use the agreed upon lease terms.

Finally, I will close by stating that passage of House Bill 93 will not create a mechanism of recovery of outstanding balances by the utilities. Three things will likely happen. 1. Utility rates will have to increase for all customers across the board to add staff to account for the added costs and time for conducting the massive amounts of disconnects and reconnects in college

communities. 2. The revenue losses for non-payment being passed to the utility is not just “eaten”. Utility rates will also have to increase to account for potential revenue losses. 3. The tracking and recovery of non-payment will have to be taken to a 3rd party and hope of such recovery is nominal.

In closing, I strongly urge on behalf of communities across Ohio opposition to House Bill 93. Landlords, property management companies, and property owners are best positioned to continue to enforce the terms of the leases and agreements with their tenants. Cities and utility offices will continue to work with landlords to provide appropriate channels for tenants that get behind on payments or fail to pay, but with owning a rental comes certain risks that have to be mitigated through effective lease agreements and not passed through to the hardworking citizens of our communities.

Sincerely,

Andrew Chiki

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