

1st rent control, now Coronavirus. We are on the brink.

Under rent control, we are unable to re-finance our properties because our below-market rents are now trapped by law. Lenders consider our property value to be based on current rents, not market rents, which now reduces our property value because market is no longer attainable. So our mortgages payments remain high. Now with Coronavirus we already have some tenants telling us they cannot pay. We are voluntarily allowing tenants to pay late without penalty. But again, with our generous nature, we may lose it all. We have 49 units, mostly in duplex form. When rent control prevents us from selling or refinancing at market value, and Corona impacted tenants can't pay, I predict the following sequence of events:

1. I have already taken over lawn mowing myself. This is easy and saves money, but the next steps get progressively painful.
2. We will cease regular garbage collection service. I may periodically collect with my pickup truck and take to the dump, but that costs money also.
3. All maintenance will be put on hold. I have some space heaters when furnaces need fixing. But there are limits to how much I can provide.
4. After the virus subsides, and the rest of the world recovers, we are likely face with unrecoverable debt burden. Evictions are inevitable, some will be due to uninhabitable conditions.

My wife and I've been duplex owners for over 20 years. This is unbearable. Rent control is counterproductive. Coronavirus may push us over the edge. My recommendations are twofold:

- In the short term, if there is help being considered for tenants, please make payments directly to landlords to ensure healthy housing supply. Our Section-8 HUD tenants payments are made directly to us, not the tenant. This guarantees the tenant remains sheltered.
- In the long term, remove rent control. Restoring property value restores ability to provide and maintain healthy housing. Under rent control, we will continue to refrain from restorative maintenance investments.

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