

We are writing because there is legislation being introduced in February that is bypassing the Landlord Tenant Coalition that could be devastating to our real estate business. To that point, I would like to point out various things to you showing how laws being proposed would not only hurt us but also the very people the laws are trying to help.

Rents were low for many years.

For many years the occupancy rates of rental units dropped and landlords had to drop rents to get the places rented. At times landlords had to put money back into their rental units and thus have a negative cash flow just to keep them open and not have to default on mortgages and other expenses.

Now with rents coming back up landlords are just now starting to break even.

There are now more renters and fewer buyers.

We knew this was going to happen as we saw people losing their homes during the great recession. Wages since then have not come back up and people cannot qualify for mortgages. This is also due to the greater difficulty there is to qualify for mortgages. We knew there would be a new normal in which there would be more renters and fewer buyers. What we knew would happen is now taking place.

A no-cause termination is better for a tenant than an eviction.

My wife and I have been landlords since 2012. In the short time we have had tenants we have experienced problem ones that we could have evicted.

A no-cause notice was a tool that could be used to keep the tenant from having a bad record and give them a chance to establish themselves as with a new landlord as a good tenant, giving them a chance to find a place that would still be decent. There are landlords who do not do background checks and would not have caught this. These landlords are usually the ones who do not do repairs and have bad places to live. A no-cause notice gives the tenant a chance to find a good landlord who takes care of the property and does repairs and maintenance in a timely manner.

All expenses are continuing to increase so a rent freeze is unfair and unjust.

Property taxes increase every year. Other expenses go up. If we are limited in how much we can charge, expenses will get out of line with how much we can charge. For many years, expenses were high compared to rents due to market conditions. For many, rents are just now coming in line with what actual expenses are. My wife and I have never raised rents excessively on existing tenants. We have usually just increased by \$25 once a year. Many landlords, not wanting to lose existing good tenants, are the same way. What other industry has a regulation on what they can charge for the product? Think car dealers, furniture sales, or any other service or commodity. The answer is none.

Please exclude the small property owners.

We are not corporate interest property owners. My wife and I have used hard earned money to restore 3 neighborhoods that were blighted by properties unfit to live in, spending thousands of dollars to do so. We have been able to provide places for families to live in by restoring the properties. Legislation like this will provide a major disincentive to do this again as we are not wealthy. We are just average people who were able to save enough money to do this.

Address the real issue – Lack of housing.

Insane land use laws and zoning restrictions are greatly slowing the building of apartment buildings which would provide places to live for many who can't find them. Huge permit fees are keeping developers and contractors from building units as quickly as they could be built in order to make places to live. Market forces would keep rents more in line with what is affordable for people.

We are everyday regular people- not large companies.

One of the most threatening issues proposed by the tenant groups would be for landlords to in some way be responsible to pay tenant relocation expenses if no-cause 30 day notices remain in effect. Again, if the problem with with large Wall Street type real estate conglomerates, leave us small time rental property investors out if it.

More regulation and rent control equals fewer rental units.

Finally, the proposals offered by tenant groups, if enacted by the legislature, will in the long run hurt tenants more. Rental property owners will be forced to increase rents enough to offset more out of pocket expense and we don't think that unintended consequence will bode well with anyone, tenant or rental property owner. All the proposals the legislature is considering which are unfair to landlords who provide needed housing in Oregon will ultimately lead to fewer rental units, further exacerbating the affordable housing problem.

We encourage the Oregon Legislature to focus on the means to remove road blocks that prevent investors from building. This would encourage builders to look at all aspects of the housing market, including low income housing.

Sincerely,

David Brown
Professional Accounting and Consulting Services
503-409-9061