

House Committee on Human Services and Housing
Written Testimony in Favor of HB 2004 – Stable Housing
Submitted by David Krogh, AICP
March 1, 2017

Dear Chair Keny-Guyer and Committee Members:

There have been a lot of misconceptions about rent control and rent stabilization. The fact is, with rents increasing out of control in the greater Portland area, the Portland City Council and State Legislature need to take immediate action to stem a growing housing affordability crisis. Oregon's statutes do not currently permit rent control. So, the City's new relocation cost requirement for substantial rent increases is not rent control. Rather, it is a condition applied when substantial rent increases force displacement of renters without just cause. Considering average apartment rents in the area have risen \$300-400/month in the past 2 years, the City Council should be applauded for finally taking action to help those who have been and continue to be displaced due to gentrification and housing cost excesses. Even more action is needed. However, until the State permits rent control, it can't happen in Oregon.

I am particularly interested in housing costs as I am a retired land use planner and have two adult children who have negatively experienced runaway housing rents and lack of affordable housing. I therefore urge you to support HB 2004.

For your own background information, a good article explaining rent control appeared in Money Magazine in 2015 (link it at: <http://time.com/money/4062981/rent-control/>). At present only 4 states (California, New York, New Jersey and Maryland) and the District of Columbia permit rent control. In these states this is limited to certain cities which adopt rent control regulations. New York also provides for rent stabilization. These regulations vary from city to city depending on the intent of the control desired.

No, rent control doesn't have to affect all rentals. In most cases it doesn't affect small scale rentals (like duplexes, a rental house or a spare room) or many new apartment complexes. And no, it doesn't prevent rents from increasing nor have to place a cap on rents. Rather, it can focus on certain apartment buildings or areas. It can prevent massive and sudden rent increases while still allowing gradual increases over time. It can increase transparency in the rent increase process. And it can help to prevent rental price gouging (which is what has been happening in Portland). Rent control and stabilization laws are what states and cities make them to be. Plus, rent control can be sunsetted when it is no longer needed (it does not have to be permanent).

David Brooks, a conservative columnist with the Washington Post, recently told PBS News that although he supports a capitalistic market supply economy, he acknowledges that without moralistic controls, such a system can lead to greed and price gouging. The implication here is with no controls for a supply and demand system, over pricing will create significant problems until such time as pricing finally stabilizes. When one reads of rents in the Portland area increasing as much as 100% in a year's time just because of so-called supply issues, it is easy to assume that price gouging is at play here.

No, Tina Kotek's proposal for the state to allow rent control and prevent no cause evictions is neither out of line nor new. If done correctly, rent controls and stabilization will help to deal with the immediacy of rent gouging, yet still allow landlords the ability to raise rents, although gradually. And adding a prohibition to no cause evictions is only common sense. Renters deserve due process protections, public process or not.

And no, contrary to what you may be hearing from some parties, rent control will not dissuade housing builders from continuing to build and otherwise provide housing stock. With rents and home values rising much more rapidly than costs, builders and landlords will still be coming out ahead even if rent control is initiated. The demand for housing is still going to be there, rent control provisions or not. Will rent control provisions roll back high rents as they now stand? Probably not. But putting limits on new rent increases will definitely help those who cannot afford the outrageous rents and home values we are now seeing imposed in much of Oregon.

Coupled with a realistic promotion of affordable housing, rent controls and stabilization can help to provide both new and stable housing for persons at all economic levels, which is something that land use planning in Portland has sadly failed to accomplish. Housing in the Portland Metro area should not be just for the "well to do" otherwise gentrification will continue to displace the low income while eroding Portland's cultural and ethnic diversity and corroding older single family neighborhoods.

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