

To: House Committee on Human Services and Housing

Background

As a family, we own 9 single family homes and 3 Townhouses in the Portland area including Tigard, Beaverton, Hillsboro, Metzger, Garden Home and Aloha. Our family entered the rental business as our father was a homebuilder in the 1970's, 1980's and 1990's, averaging one to two homes a year. The homes that he wasn't able to sell turned into rentals.

My sister and my husband and I own six of the rental houses. Our parents own the other six rental properties. We manage all the rental properties without the help of a rental agency.

We consider ourselves to be great landlords. All of our homes are currently rented at substantially below market value. All the homes are in very nice family neighborhoods. We proactively take care of our homes, and we address any home issues immediately. We do not have, and have never had, a high rental turnover rate. We currently have tenants who have been with us for 4 years, 8 years and over 10 years. In the past, we have had tenants that have rented from us for over 14 years, and one for 20 years. We have a face-to-face relationship with our tenants.

As an example, consider our tenant that we had for over 20 years. My parents essentially left her rent the same from when she moved in in 1994 to when she moved out in 2014. Our current tenant of 14 years has only seen an increase of approximately \$150 over her entire tenancy. We believe that it is beneficial to have long term tenants — it's good for the neighborhood, we do not lose income when the house is empty, and we can establish a good relationship with our tenants.

Rental Market

We understand the recent growth that Oregon has seen, and it's impact on the rental market, with a growing shortage of rental units, and increases in rents. However, we do not feel that all landlords caused the problem, and we do not believe that typical/common landlord practices caused the problem. We feel that a "one size fits all" approach to this issue is NOT the answer, and will hurt a lot of landlords that are trying to responsibly manage their property, and who are providing many of the rental units that the city needs.

Also, although the current rental market is "hot", there are others when it is cold... bitter cold. Back when my father began renting homes, he and my mother said that they "put money on top" to meet the mortgage, insurance and other expenses. As my father worked as a homebuilder, my mother was a maid at the downtown Portland Hilton and other hotels. My father was also a bricklayer and took on extra bricklaying jobs to supplement his income. Whenever we go to Washington Square or the Kaiser Hospital in Clackamas we know our father worked hard laying bricks in the buildings.

We also remember when purchasing houses was easier (before the housing bubble). At that time, we could only attract tenants with monetary incentives or offering a free month's rent plus very low deposits. Tenants were typically shorter term, as they would leave to purchase homes or move to lesser priced rentals in that competitive market. During this time, we were still expected to pay our mortgages, property taxes, etc. The State of Oregon did not provide us with any assistance as we struggled to rent the homes and still pay all expenses.

Our homes are not luxury high end homes and they are not low income apartments. Our tenants are average, hardworking households and many times do not have good credit due to a foreclosure, health reasons, or other personal reasons. We have taken risks on families that have been through a financial hardship, and most have worked out very well — a win for us as landlords since they typically become long term tenants — a win for the tenants who rent a home from a landlord who believes in them and respects and values them. The bills that are being considered will cause landlords to take fewer chances, and use tougher criteria to screen potential tenants, impacting this segment of tenants.

Feedback on the Bills

We feel that there are several aspects of this bill that are discriminatory and unfair to us as landlords:

Selling a Rental Home — Our parents are elderly: our father is 88, our mother will be 81 in April. They had been planning to sell one of their rental homes. However, this bill severely impacts their ability to do so.

- They could not showcase the home as other homeowners selling in the neighborhood are able to.
- Significant updates that would improve the sell-ability of the house would not be possible with a tenant living in the house.
- Any repairs due to inspections would be difficult to coordinate with a tenant still living in the house.
- They would make less than other homeowners selling in the neighborhood, because of the relocation expense.

This is my parents' retirement money. They didn't have jobs with 401k's or pensions. They should be allowed to sell a property after years of risk and investment, and being great and fair landlords. It seems contrary that rental properties (and landlords such as us) are a value to the community, yet being put in this position.

One of Our Homes Needs Significant Updating — We had planned to replace the entire kitchen and the bathrooms. Additionally, we know that we need to update plumbing which will require us to open up walls. Although we have updated our rental houses through the years while tenants were living in the house (e.g. new carpet, new flooring, new appliances, new toilets, new roof, new hot water heaters, new furnaces and air conditioning, new garage doors, etc.), this renovation would require that we have full access to the house. We would probably also take advantage of the empty house to update anything else that was required such as gutters, roof, lighting, etc. Although this type of renovation would allow us to maintain the quality of our property investment, and allow us to again get a long term tenant and avoid further updates after they are living in the house, the proposed bill adds more expense in the form of relocation expenses and other damages. We are only trying to maintain our investment and continue to manage it as a nice rental property.

Summary

I would like to summarize by saying Thank You very much for listening. A few key points:

- We do agree that there should be a cap on rent increases and landlords should not be able to double their rents or increase rents by hundreds of dollars. However, the cap should be reasonable, keeping in mind increases in property taxes, insurance costs and yearly maintenance expenses.
- We do not believe that this bill should take a “one size fits all” approach. Restrictions should be targeted and scoped accordingly. Large corporations owning multi unit complexes should have different requirements than small, family run businesses with single family homes.
- Although the bill lists a “No Cause” exception with 90-day notice plus moving expenses, this option is unfair to landlords who will profit less than other homeowners in the same neighborhood when selling a property.
- This elimination of “No Cause” would require us to attempt to reduce risk when signing up new tenants, being more critical of those who have been through financial hardship.
- This bill would have us rethink our participation in the rental business, potentially eliminating our dozen nice units from the rental market.
- As a small family business we would have to rethink our rent increase amount and frequency for all tenants; knowing that we may have to pay relocation expenses.
- We feel this bill will require us to be less lenient on rental infractions and would require us to implement a formal process which would cause unnecessary friction with our tenants.

And, at the very least, absolute minimum, non-starters for us are:

- There must be a path for landlords to sell their property, afforded every opportunity as any other property owner: empty property, renovate and improve, stage for sale.
- There should be a path for landlords to do significant upgrades to a property, that require a property to be vacant.

Passing a state law that attempts to eliminate vacancy, through the elimination of no cause evictions, and requiring a property owner to show proof of sale before giving notice to a current tenant (as appears to be what section 5e states), is not right.

And, finally, we just now saw on KGW news that stated that Portland rents had dropped slightly... previously in the top 10 most expensive, has move down to 17th.

Please feel free to contact us if we can provide any additional information.

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