

To whom it may concern:

It seems as though this bill is intended to harm landlords without any particular good reason. It appears as though that a landlord is now essentially required to pay a tenant 3 months rent and the security deposit for terminating a month-to-month rental agreement for anything other than cause. This includes even moving back into the property as the homeowner. We might as well get rid of the definition of month-to-month rental agreement and just say that it is the tenant's property that the landlord owns and takes all of the risk.

Let me give you some background of who we are as landlords and then explain the flaws with this bill as well as Portland's similar bill.

My wife owns 3 properties in Oregon. The first one that she owns is a single family home in Gresham. It is the very first house she bought and lived in. When she moved out, she kept it as an investment. It has been refinanced a couple of times to pay for repairs and our current average annual profit from this property according to the IRS is about \$3,000. If you exclude depreciation, which is unfair to do since those are future expenses we are likely to incur, then we cash flow about \$8,000 per year on a house worth close to \$200,000 which means we are making a whopping 4% on our investment. We have been charging about \$995/month in rent despite the fact that Zillow says we could rent it for up to \$1,400 per month because we like the tenant and haven't wanted to hurt him financially.

The second one she owns was her mom's house and the one she was living in until 10 years ago when she and I got married and she moved to live with me. We also supported her sister in this house for several years after we were married. According to the IRS, our average annual **loss** on this property has been about \$3,000. If you exclude depreciation, which is unfair to do since those are future expenses we are likely to incur, then our cash flow is roughly a break even on this house. This house is valued at close to \$400,000 and we rent it out for about \$1,800/month.

The third property is a duplex that was purchased in 2006 as an investment from a relative. Unfortunately, it turns out this property was not in good shape and after having one tenant pass away and also dealing with several tenants that did drugs and trashed the place, we have invested about \$60,000 additional cash into this place. We then got to watch the value of the duplex crash from \$205,000 that we purchased it for to \$125,000 at the lowest point. It is now back close to what we purchased it for. Since it is a duplex, we rent it out for about \$1,500/month total. According to the IRS, our profit on this house is about \$2,000/year.

So, with all that said, we now own properties worth around \$800,000. We are totally at risk for those properties if anything happens to them. So we are risking \$800,000 to make \$2,000/year in profit. And yet, we are now being told that if we want to force a tenant out for anything other than provable cause in court, we have to be prepared to pay anyplace between \$3,000 and \$6,000. That is even if we or our immediate family plan to move back into one of these properties which is the main reason we keep 2 of them. The third one we keep simply because we are finally making money on it and in about 20 years we will make back what we spent on it.

In the meantime, if there is another housing crash, and we are forced to sell any one of the properties, we could easily lose \$100,000. All you are going to do with these laws is limit further the number of rental properties available as we consider selling these properties, cutting our losses and getting out of

Oregon completely. Our only other choice is to raise all of the rents to better cover our risk. Neither of these solutions is helpful to tenants.

In the meantime, we absorb all of the risk. When a tenant moves out and trashes a place, we can rarely recover the costs of renovating a place. Most tenants do not have the income or resources to pay for the repairs, so even though we can go after them in court, we will never recover the money needed to repair a place and instead we just eat it. Tenants can also give 30 days notice, and yet we are required to give 90 days notice and pay their relocation expenses. We are also now forced to give back the security deposit even though the tenant may have trashed the place. It also appears as though we have to provide the relocation assistance at the time we provide notice, which means we could be out 3 months rent, plus a security deposit, plus the tenant could choose to live there for 90 days and fail to pay rent. Our only recourse again would then be to collect the money in court for tenants that rarely have the means to pay back that kind of money, so we could essentially be out 6 months of rent.

If you really want to be fair, start balancing the needs of landlords against the needs of tenants. If we have to give 90 days notice, require tenants to also give 90 days notice on a month-to-month lease. Require tenants to pay a tax into a fund that can be used to reimburse landlords for provable damages that we cannot hope to recover from tenants with low income. Or, create a state insurance fund for such a purpose that landlords can pay into and pass those costs onto their tenants. Make it clear in the law also that we do not have to provide relocation assistance until after the tenant has moved out and paid all of their bills.

Make it easier to evict tenants for cause. Understand that we are distant landlords (4 hours away) not because we are investors making money but because these are places we may want to move back into. However, living far away, it can be difficult and expensive for us to prove that a tenant is violating a rental agreement. As such, we have several times taken the option to just terminate the lease without cause to resolve the issue without causing undue hardship for anyone.

Allow us to terminate a lease at the end of the lease period or with some kind of notice without having to pay relocation expenses. It appears as though the way this is written, even if we have a 1 year lease, at the end of the lease we still have to pay relocation expenses. At the end of any lease, or with 180 days notice, we should not be required to pay any form of relocation expense.

Solve the real housing shortage by making it easier to build rental units. The only reason this problem exists is because Oregon makes it too difficult and expensive to build enough housing so that there is a true free market where rents can stabilize without government controls.

Stop municipal utilities from requiring the landlord to pay for utilities when the tenant fails to pay. If we have a tenant move out of any of our properties and not pay the water bill, we are required to pay it.

If you are going to put these rules into place, exempt the small landlords that are trying to treat people fairly. Exempt anyone that has less than 10 units available to rent. These are not the people that are hurting tenants. Also make it so that if immediate family moves back in to a property, that the landlord does not have to pay relocation expenses. There is a good possibility that we will have a relative that needs one of those properties in the next several years, and now it will cost us a lot to be able to help out our family.

Sincerely,

Jeffrey Bastow