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February 28, 2017

House Committee on Human Services and Housing

Oregon State Legislature: <a href="mailto:hhs.exhibits@oregonlegislature.gov">hhs.exhibits@oregonlegislature.gov</a>

#### Testimony from an owner of two rental properties OPPOSED to House Bill 2004

For the purpose of supporting this testimony, I spent hours gathering information that demonstrates my assertions, and I respectfully ask you to read this 3 page letter and view the following pages with images that carry significant evidence.

HB2004; similar to the Portland's recently enacted housing policies, is completely blind to the realities and causes of Oregon's rental housing emergency. Adopting laws that mirror Portland's new rules will result in financial hardship for small-scale property owners who rent to long-term tenants. Even worse, this is likely to cause a statewide increase in the housing shortage.

My husband and I carry mortgages on two rental properties in Portland, yet we are now lumped in with large-scale developers who engage in abusive rental practices. Although we support fair housing, we may be faced with serious financial shortfalls as a result of these new policies.

The proposed limitations and monetary penalties imposed on property owners are arbitrary and inequitable, and fail to take into consideration annual increases in property taxes, insurance, mortgage increases (on an adjustable rate mortgage, for instance) which will surely put many small-scale property owners, like myself, in a fiscal deficit.

But the most disturbing aspect of HB2004 is its failure to address a serious cause of the housing shortage; and in so doing will generate the unintended consequences of increased housing scarcity.

A leading cause of Portland's housing crisis is the soaring amount of residential properties that are now used full-time for transient accommodations ("TA.") Overlooking the TA issue will cause the TA epidemic to spread throughout the state, because the hardships imposed on landlords actually dis-incentivizes the business of long-term rental investments.

Services like Airbnb, VRBO, and Homeaway help property owners market homes as TAs, even where such use is prohibited by zoning or other local ordinances. Most TAs on these sites were once a part of the long-term housing market, either as tenant or owner occupied. But over the past 15 years investors discovered TAs in popular travel destinations (such as Portland, and now throughout Oregon ) provide a higher return on their investment than long-term rental housing, regardless of appropriateness or legality.

The actual number of "entire homes" used solely for TAs is not known. Online research indicates at least 2,000 ENTIRE HOMES in the Portland area are now available only for TA, but the actual number is probably much higher.

Wouldn't it be better to have these thousands of homes available again for long-term use?

For proof I call attention to one sample area - 4 square miles of SE Portland (between Burnside and Powell, 1<sup>st</sup> to 42<sup>nd</sup> Ave.) Airbnb shows 218 "Entire-House" units (Map #8;) while at the same time VRBO says this area is 70% booked (Map 25.) If 218 entire houses are available on one site when 70% of available rentals are already booked on a competing website, it is reasonable to believe that the 218 units on Airbnb represent 30% of the actual TA inventory; meaning there may be well over 500 homes used only for TA in this one small section of Portland.

#### Imagine how this will translate across the entire state.

The TA marketplace is fully prepared to refute their role in housing shortages across the country. Their websites specifically downplay their impact on residential communities.

For example: when searching Airbnb.com for an "Entire House" listing in the Portland area, the Airbnb site says "300+ Rentals" are available in Portland – but they do not say just how high that number is (Map #0 "Portland ALL.") The actual number of entire homes available for TA can be more accurately identified by searching smaller segments of each area in Portland – which is done by "zooming-in" on the Airbnb map (see #1-24.) Screenshots obtained in a comparative search (included herein) are summarized here:

Map	Area	Notes	Listings
1	North Portland	North Peninsula, west of the I-5	142
2	NE N Inner	North of Fremont, I5 to 32 <sup>nd</sup> Ave	262
3	NE N Central	North of Fremont, 32 <sup>nd</sup> Ave to 60 <sup>th</sup>	64
4	NE N Gateway	North of Fremont, 60 <sup>th</sup> Ave to the I-205	22
5	NE Inner	Fremont to Burnside, River to 33 <sup>rd</sup> Ave	143
6	NE Central	Fremont to Burnside, 33 <sup>rd</sup> to 72 <sup>nd</sup>	85
7	NE East	Fremont to Burnside, 72 <sup>nd</sup> to the I-205	27
8	SE Inner	Burnside to Powell, River to 42 <sup>nd</sup>	218
9	SE Central	Burnside to Powell, 42 <sup>nd</sup> to I-205	88
10	SE S Inner	Powell to Woodstock, River to 37 <sup>th</sup>	49
11	SE S Central	Powell to Woodstock, 37 <sup>th</sup> to 82 <sup>nd</sup>	51
12	SE Sellwood	South of Woodstock, River to 42 <sup>nd</sup>	30
13	SE Outer	South of Woodstock, 42 <sup>nd</sup> to I-205	9
14	SW S Inner	South of Capitol Hwy, River to 35 <sup>th</sup>	22
15	SW S Central	South of Vermont, 35 <sup>th</sup> to 85 <sup>th</sup>	8
16	SW Inner	South of Hwy 26, River to 30 <sup>th</sup>	34
17	SW Central	Hwy 26 to Vermont, 35 <sup>th</sup> to 85 <sup>th</sup>	17
18	NW Inner	Downtown and Pearl, River to Washington Pk	107
19	NW Central	North of Hwy 26, 41st Ave to Hwy 217	22

In one evening's search I was able to find 1400 "Entire House" units available at the same time in Portland City, on Airbnb alone – NOT including VRBO, Homeaway, or any other site.

How would Portland's housing market improve if long-term use of these homes was restored?

Moreover, this fraudulent use of TAs is not limited just to the Portland City area!

"Entire Home" listings outside Portland indicate there are another 228 TA properties in more rural areas and smaller communities. Reduced density in these outlying regions makes the loss of long-term housing even more problematic. Findings are summarized here:

Map	Area	Notes	Listings
20	West	Beaverton and Hillsboro (Larger map area)	62
21	Southwest	Tualatin & Tigard (Larger map area)	26
22	South	Milwaukie to Oregon City (Larger map area)	72
23	Southeast	Happy Valley & Damascus (Larger map area)	26
24	East	Gresham & Troutdale (Larger map area)	42

AirBnB's claims that they primarily serve guests of occupants, support room sharing and house-swapping (while on vacation;) is untrue. To demonstrate this falsehood, I searched 'Entire House' listings in a 4 square-mile section of Inner SE Portland (Map 8,) for every remaining week in 2017.

Maps A1-A40 clearly show the same homes as available for TA use over the course of an entire year.

Please take a moment to review the data. This is very important because it proves that the majority of listings on Airbnb are used solely for Transient Accommodations – all at the expense of long-term occupancy housing. Although there may be a few listings for owners who want to share their house while taking vacation, the fact remains that literally thousands of homes throughout Oregon are no longer available for long-term occupancy.

Transient Accommodations in residential neighborhoods are a primary cause of the housing crisis.

As a side note - the widespread proliferation of TAs also merits consideration with respect to lost tax revenue, but I'll save that discussion for another hearing.

In all reality the small-scale property owners are far more in-touch with tenants and fully committed to keeping properties occupied and generating rent. We agree the chaos and disruption caused by large-scale property management should be addressed, however the recent actions in Portland, and HB2004 overstep viable corrections and instead threatens to cause an even worse housing disaster.

Please do not dis-incentivize long-term rental property investments!

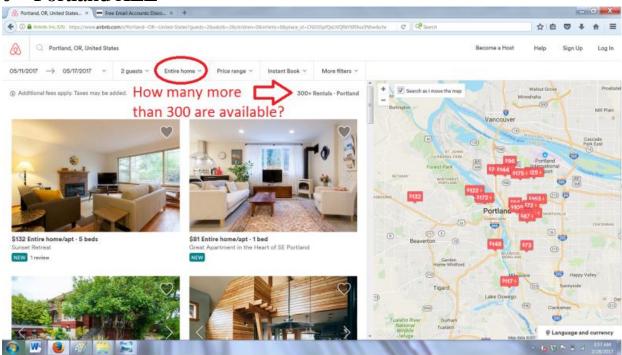
I respectfully urge all parties to vote against HB2004.

Thank you for your time.

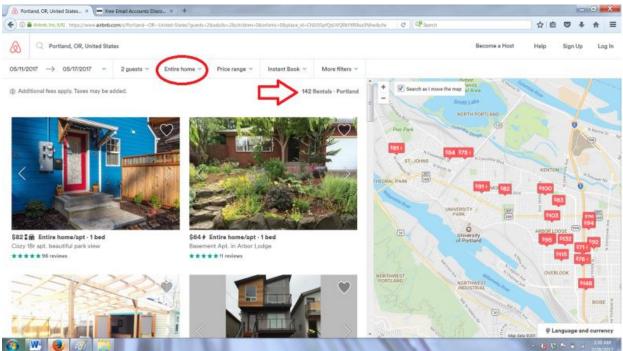
Michele Harris 808 478-1149

Enclosures (within this document): 46 Maps numbered 0-25, A1-A40 (2 per page)

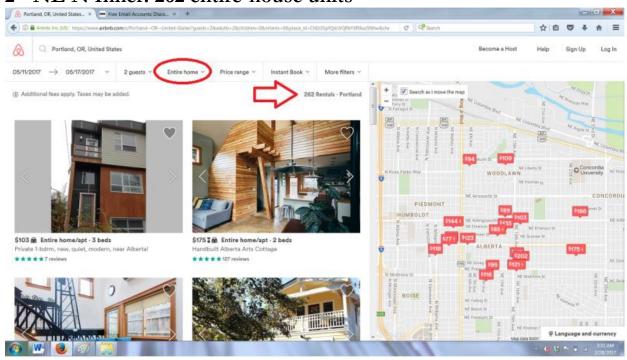
#### 0 - Portland ALL



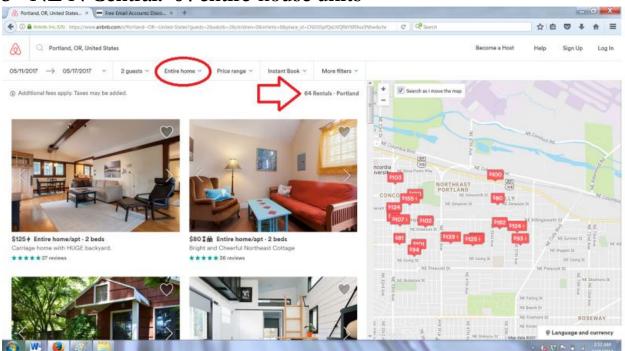
## 1 - North Portland: 142 entire-house units



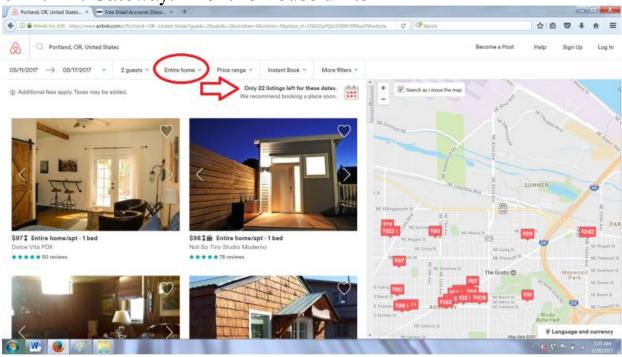
#### 2 - NE N Inner: 262 entire-house units



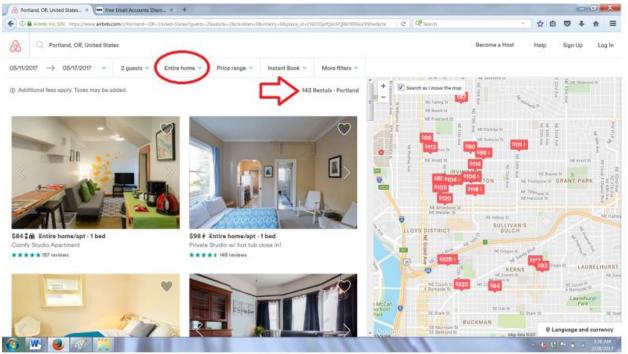
### 3 - NE N Central: 64 entire-house units



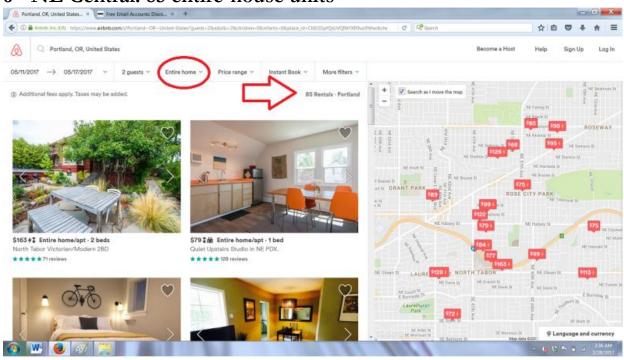
4 - NE N Gateway: 22 entire-house units



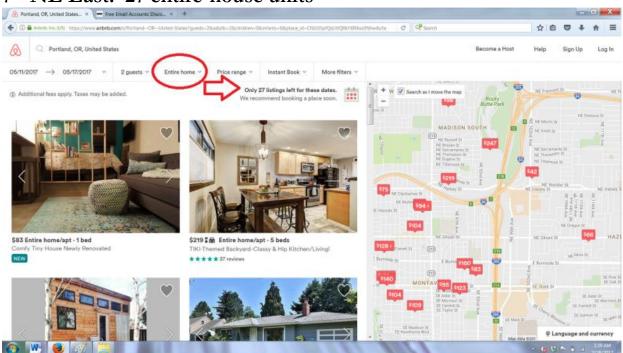
### 5 - NE Inner: 143 entire-house units



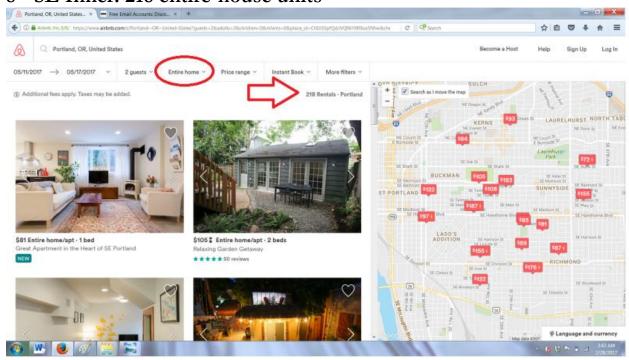
#### 6 - NE Central: 85 entire-house units



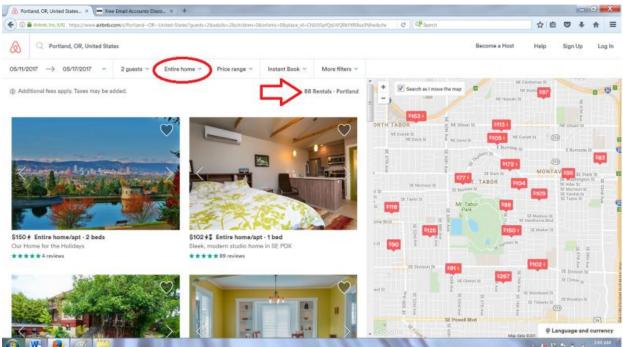
### 7 - NE East: 27 entire-house units



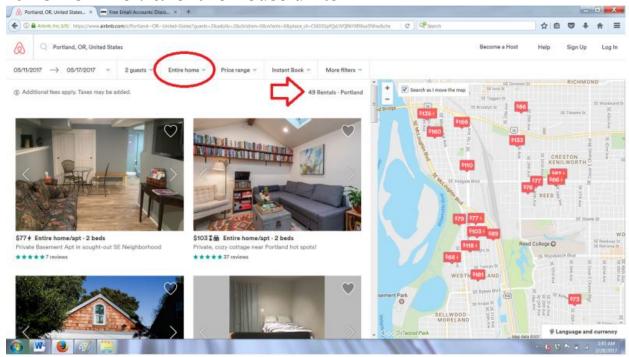
#### 8 - SE Inner: 218 entire-house units



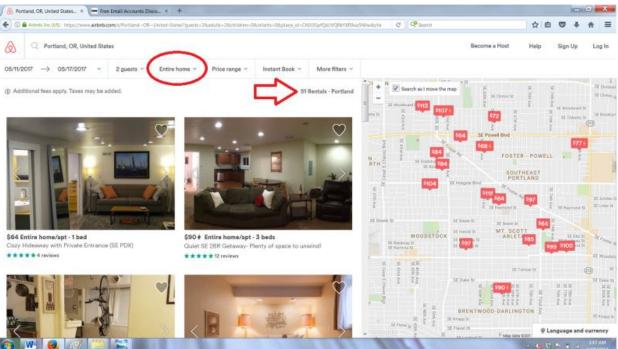
### 9 - SE Central: 88 entire-house units



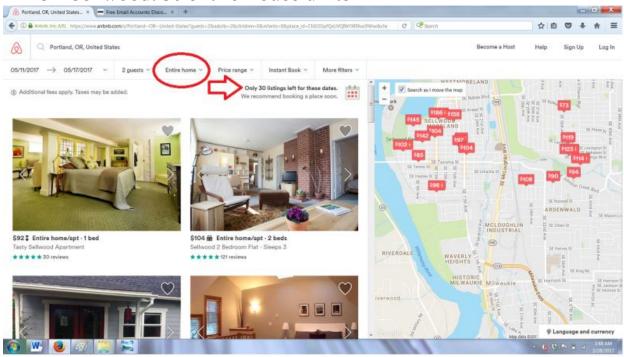
### 10 - SE S Inner: 49 entire-house units



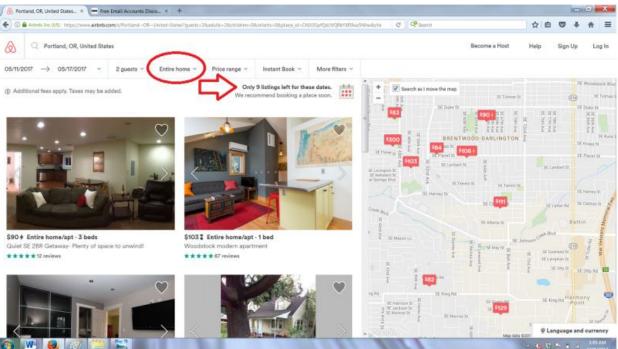
### 11 - SE S Central: 51 entire-house units



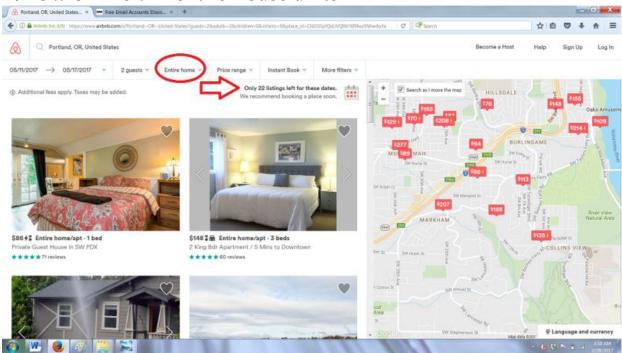
### 12 - SE Sellwood: 30 entire-house units



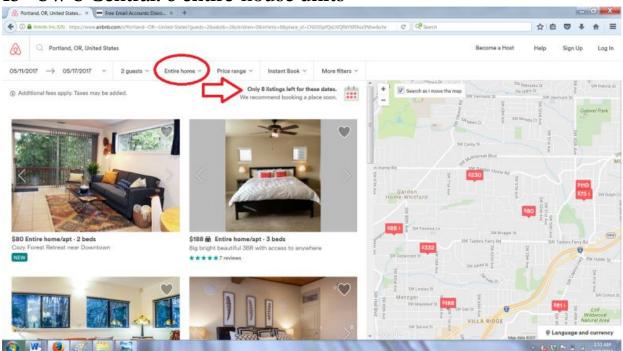
# 13 - SE Outer: 9 entire-house units



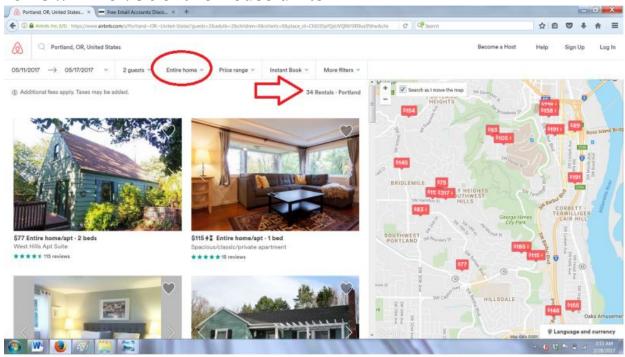
### 14 - SW S Inner: 22 entire-house units



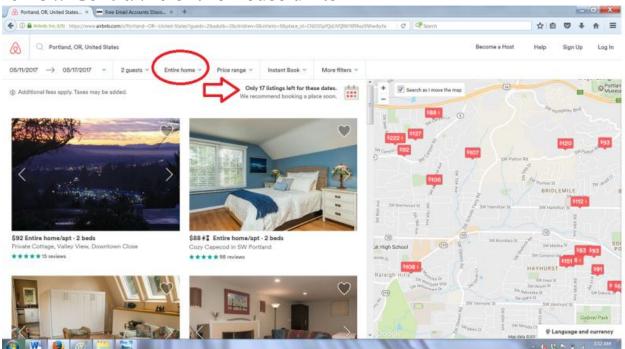
### 15 - SW S Central: 8 entire-house units



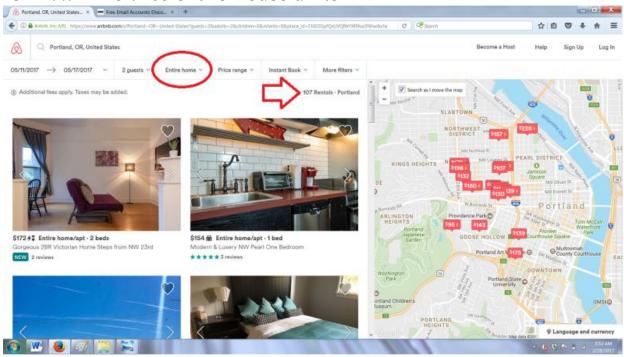
### 16 - SW Inner: 34 entire-house units



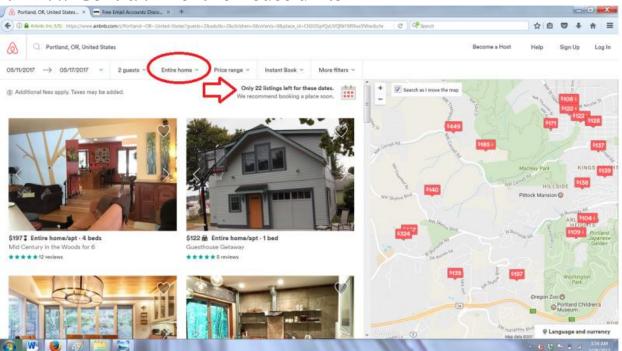
### 17 - SW Central: 17 entire-house units



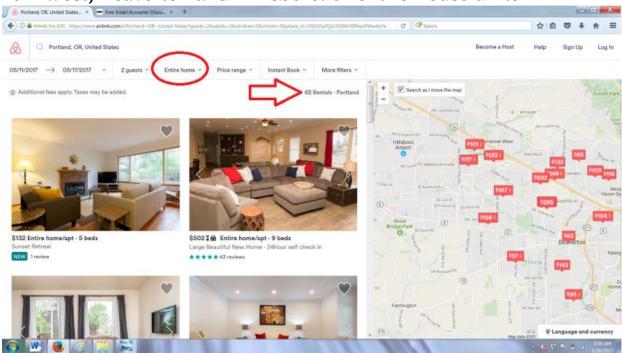
### 18 - NW Inner: 107 entire-house units



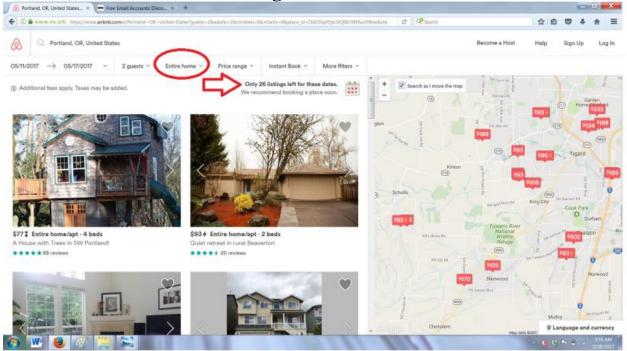
## 19 - NW Central: 22 entire-house units



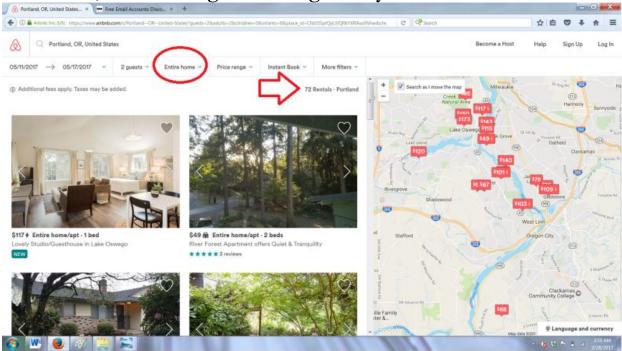
20 - West, Beaverton and Hillsboro: 62 entire-house units



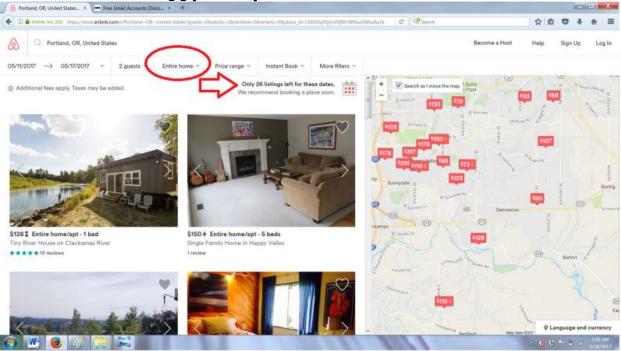
21 – Southwest, Tualatin & Tigard: 26 entire-house units



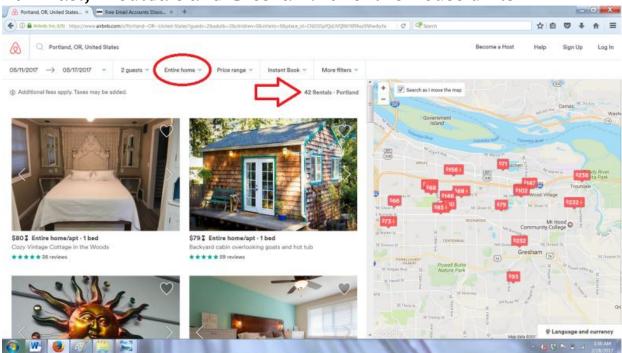
22 - South; Lake Oswego and Oregon City: 72 entire-house units



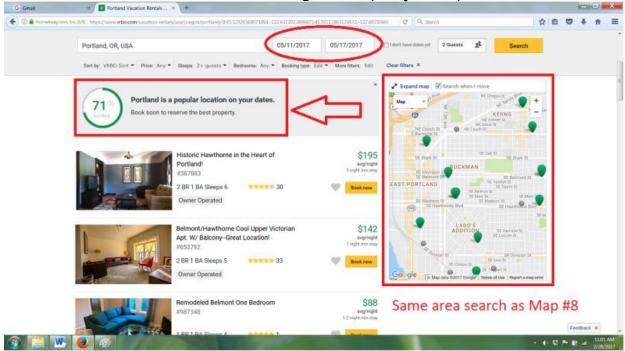
23 - Southeast; Happy Valley and Damascus: 26 entire-house units



24 - East; Troutdale and Gresham: 42 entire-house units



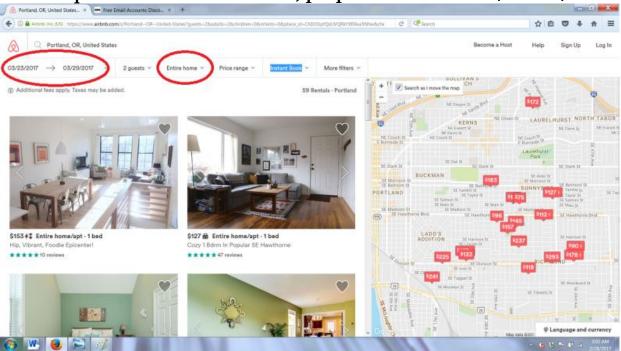
25 - VRBO Inner SE, Same time period (May 2017): 70% Booked!



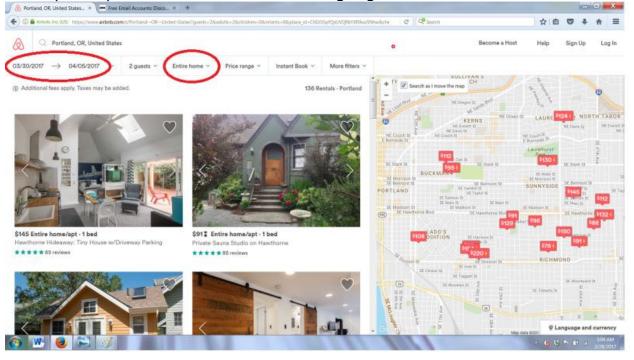
Weekly Availability of TAs in the 4 square mile area of SE Portland,

Note the majority of listings repeat in nearly every week of 2017.

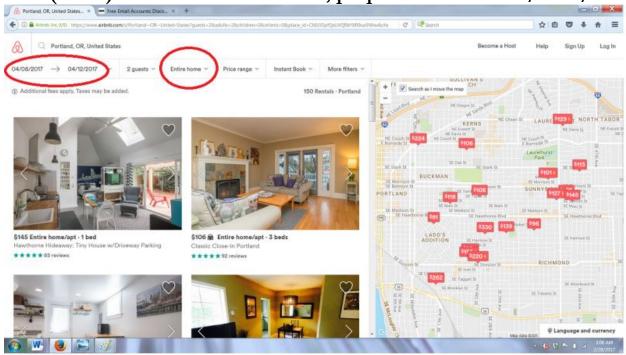
A1 – 4 sq.mi. area of SE Portland, properties available 3/23 - 3/29



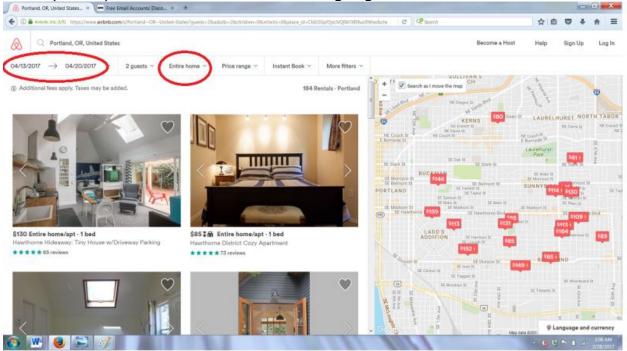
A2 – (Same) Inner SE Portland area; properties available 3/30 – 4/05



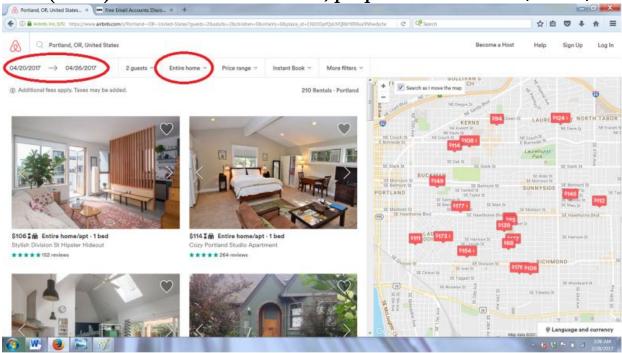
A3 – (Same) Inner SE Portland area; properties available 4/6 – 4/12



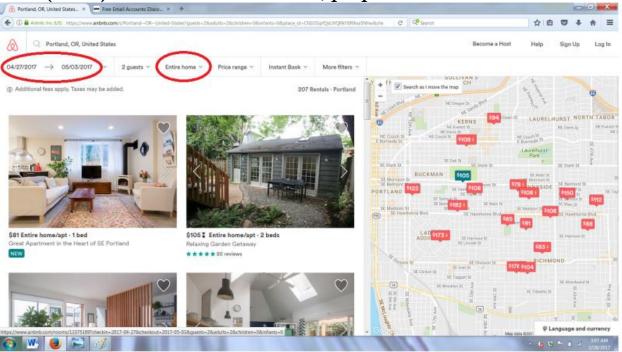
A4 – (Same) Inner SE Portland area; properties available 4/13 – 4/20



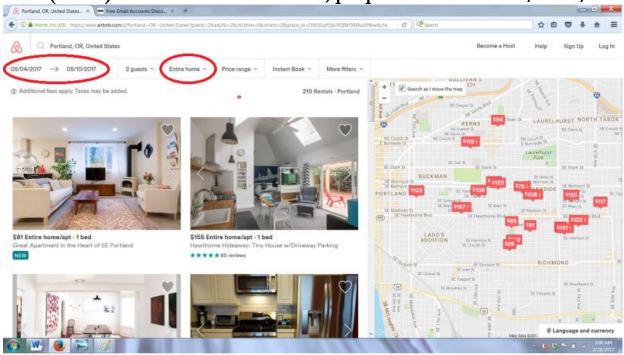
A5 – (Same) Inner SE Portland area; properties available 4/20 - 4/26



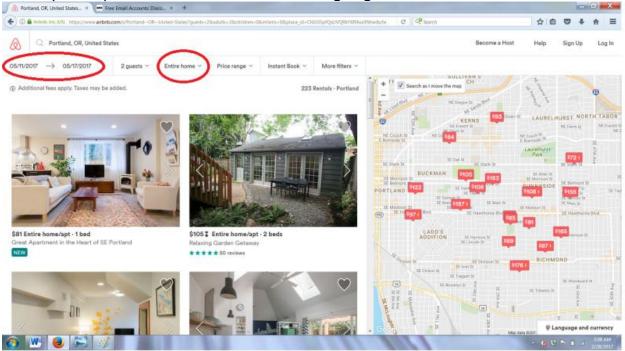
A6 – (Same) Inner SE Portland area; properties available 4/27 – 5/3



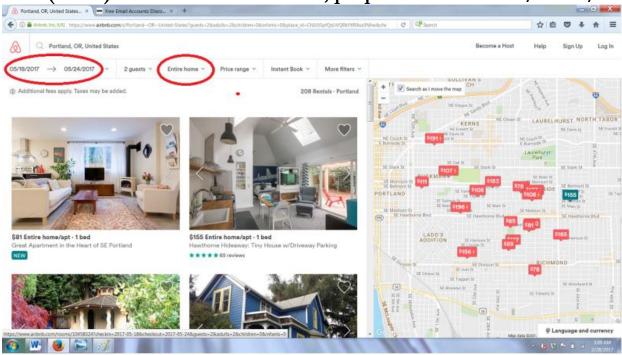
A7 – (Same) Inner SE Portland area; properties available 5/4 – 5/10



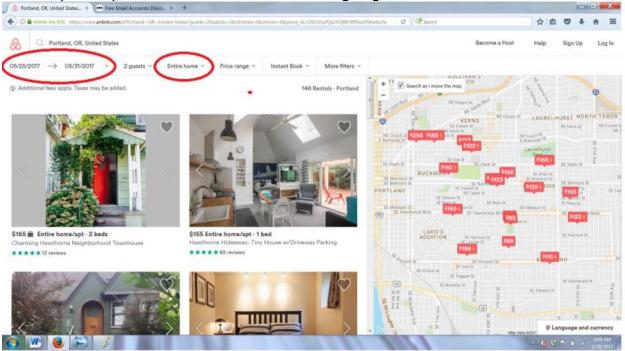
A8 – (Same) Inner SE Portland area; properties available 5/11 – 5/17



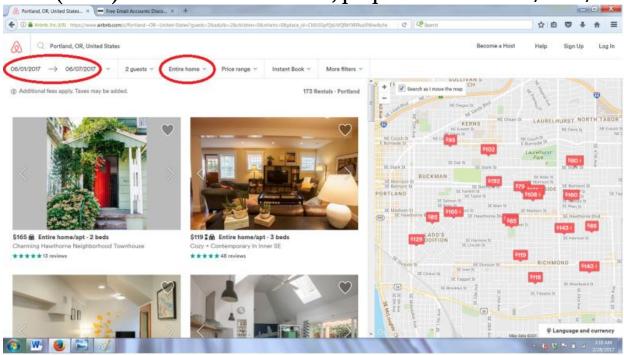
A9 – (Same) Inner SE Portland area; properties available 5/18 – 5/24



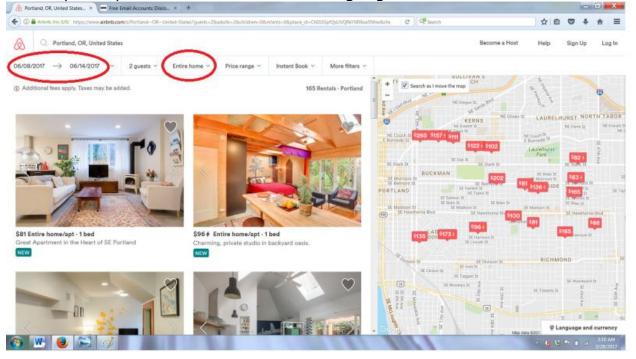
A10 - (Same) Inner SE Portland area; properties available 5/25 - 5/31



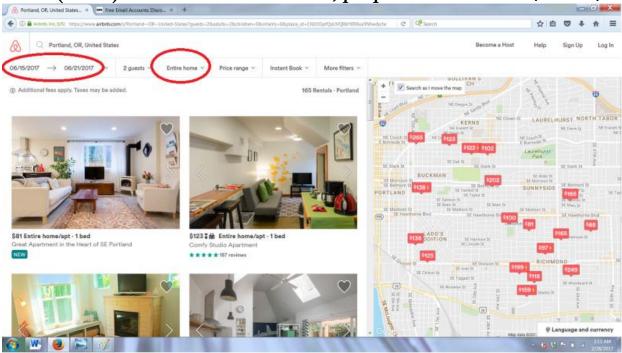
A11 – (Same) Inner SE Portland area; properties available 6/1 – 6/7



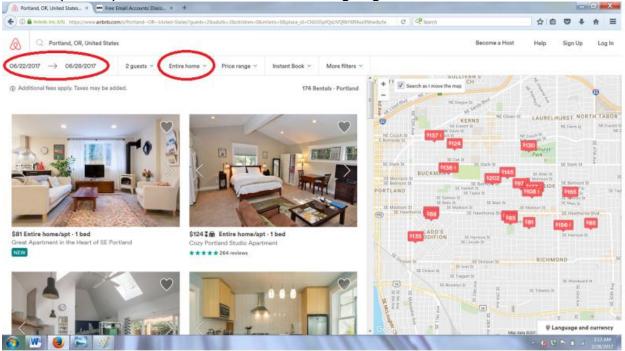
A12 – (Same) Inner SE Portland area; properties available 6/8 – 6/14



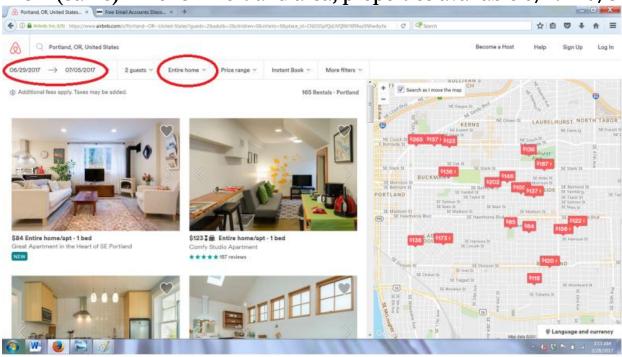
A13 – (Same) Inner SE Portland area; properties available 6/15 – 6/21



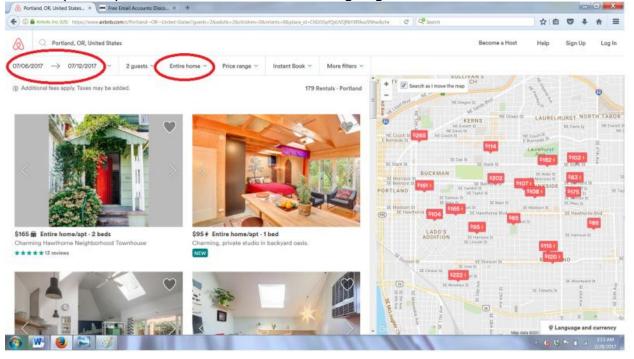
A14 – (Same) Inner SE Portland area; properties available 6/22–6/28



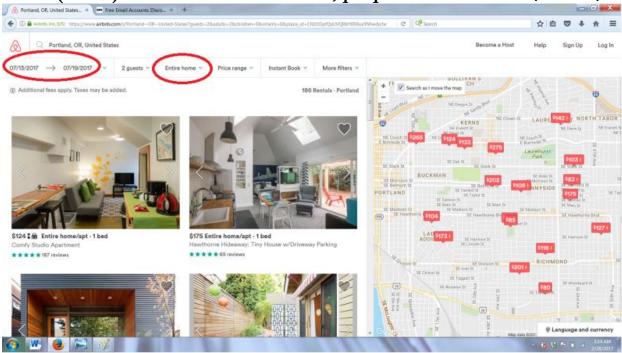
A15 – (Same) Inner SE Portland area; properties available 6/29 – 7/5



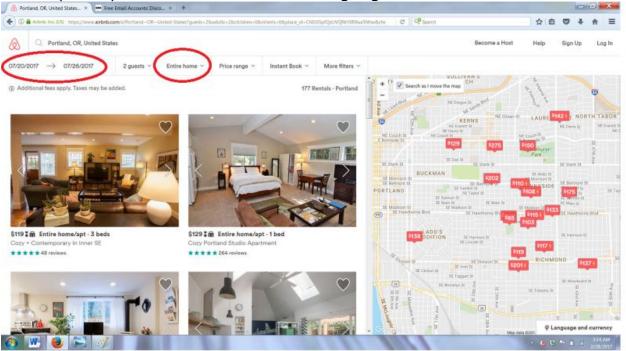
A16 – (Same) Inner SE Portland area; properties available 7/6 – 7/12



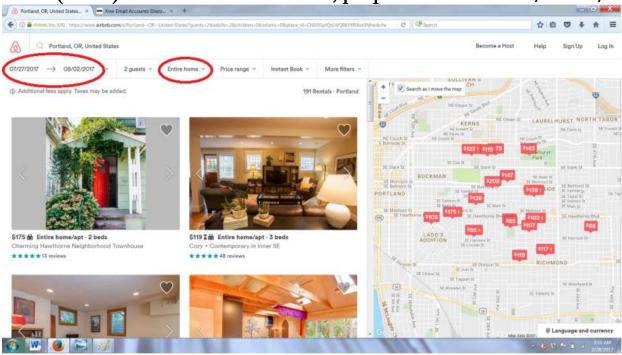
A17 – (Same) Inner SE Portland area; properties available 7/13 – 7/19



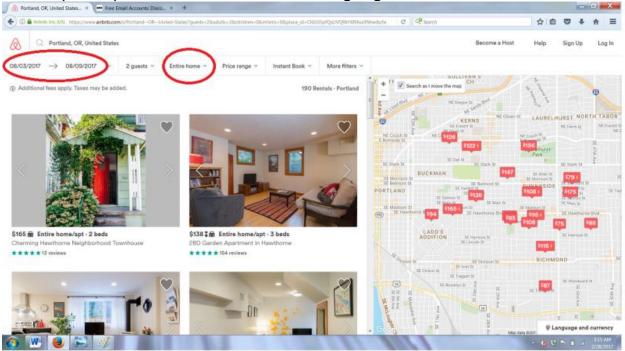
A18 - (Same) Inner SE Portland area; properties available 7/20 -7/26



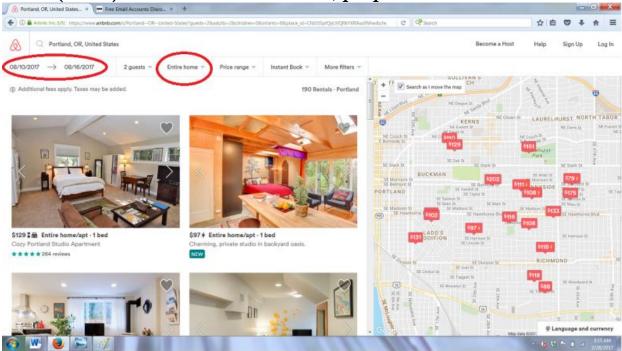
A19 – (Same) Inner SE Portland area; properties available 7/27 – 8/2



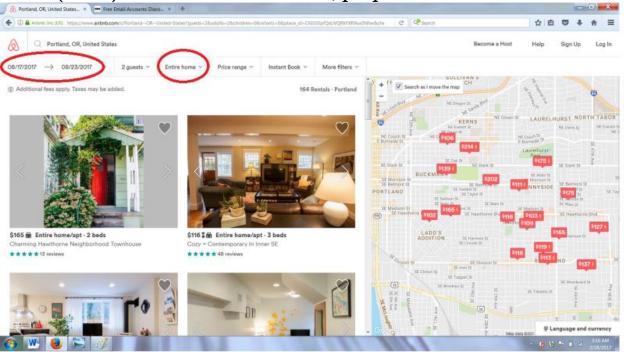
A20 – (Same) Inner SE Portland area; properties available 8/3 – 8/9



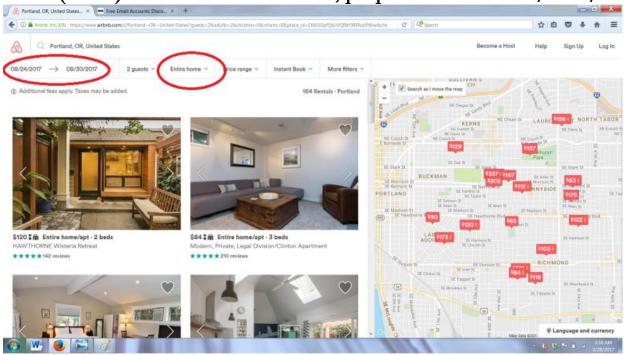
A21 - (Same) Inner SE Portland area; properties available 8/10 - 8/16



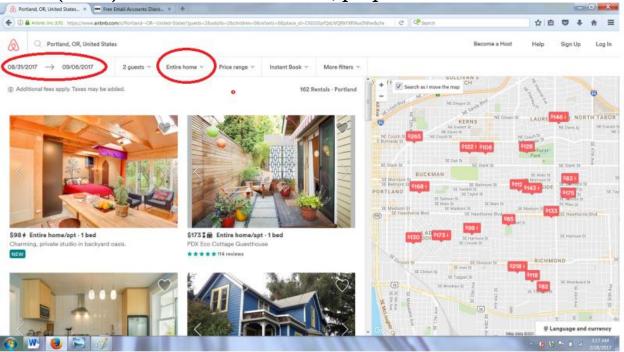
A22 – (Same) Inner SE Portland area; properties available 8/17–8/23



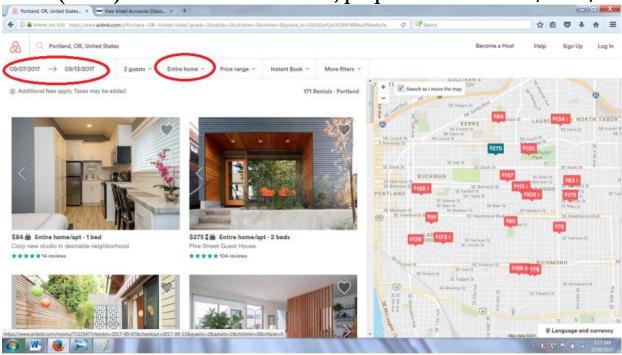
A23 – (Same) Inner SE Portland area; properties available 8/24–8/30



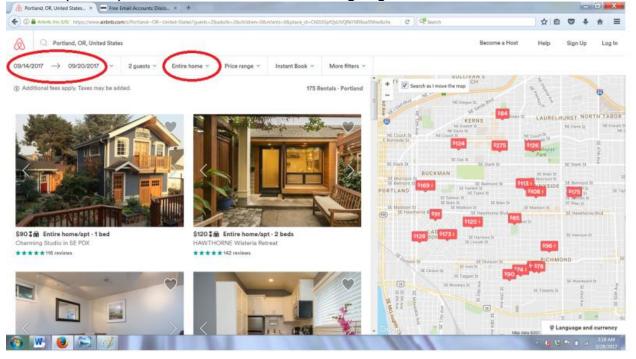
A24 – (Same) Inner SE Portland area; properties available 8/31 – 9/6



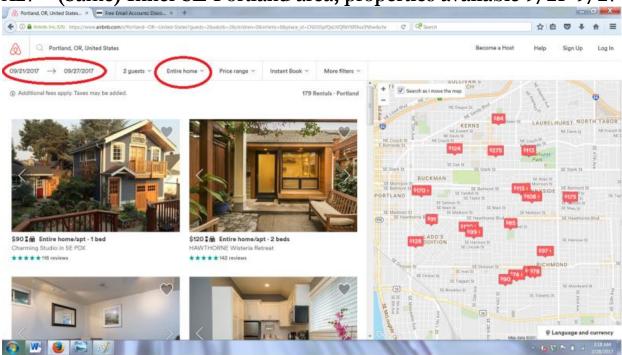
A25 – (Same) Inner SE Portland area; properties available 9/7 – 9/13



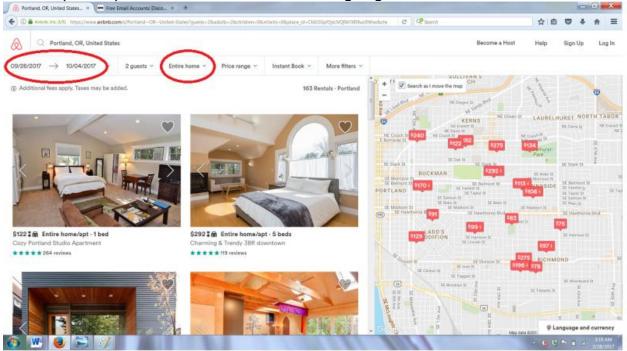
A26 - (Same) Inner SE Portland area; properties available 9/14-9/20



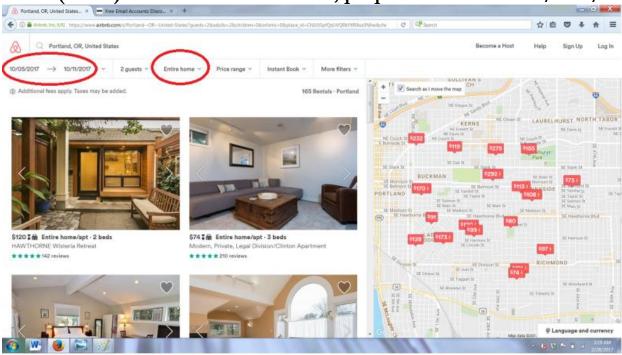
A27 – (Same) Inner SE Portland area; properties available 9/21–9/27



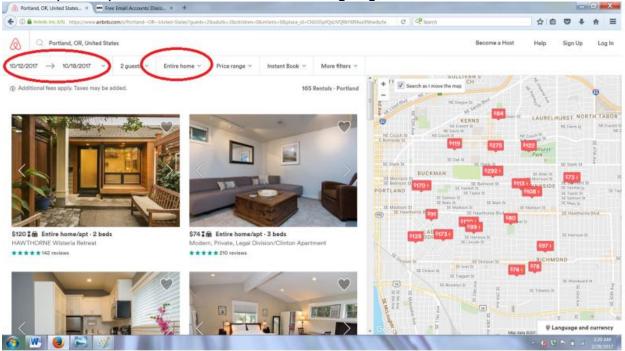
A28 - (Same) Inner SE Portland area; properties available 9/28-10/4



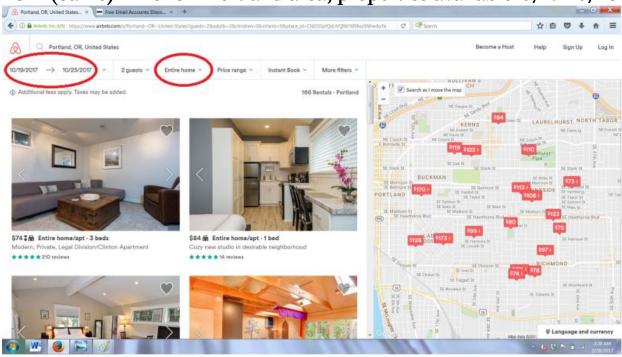
A29 – (Same) Inner SE Portland area; properties available 10/5-10/11



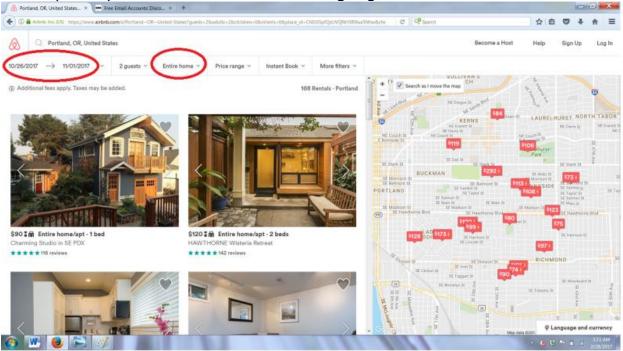
A30- (Same) Inner SE Portland area; properties available 10/12-10/18



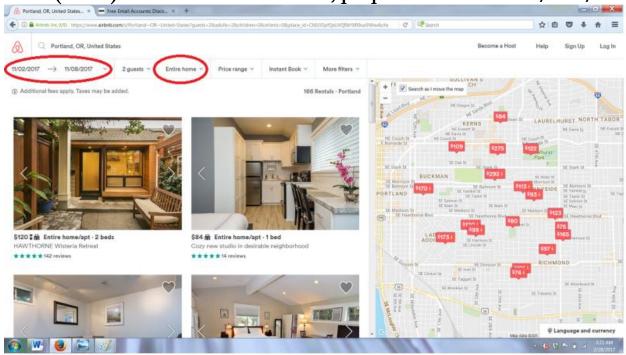
A31- (Same) Inner SE Portland area; properties available10/19-10/25



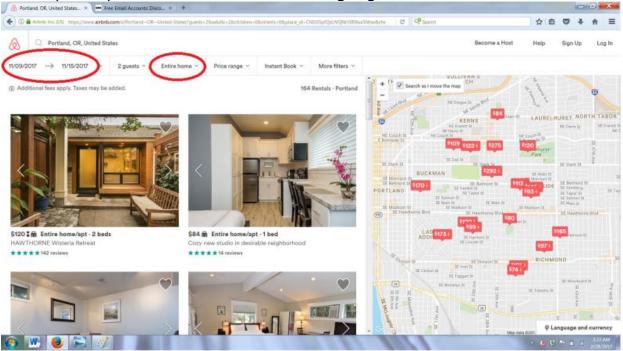
A32- (Same) Inner SE Portland area; properties available10/26-11/1



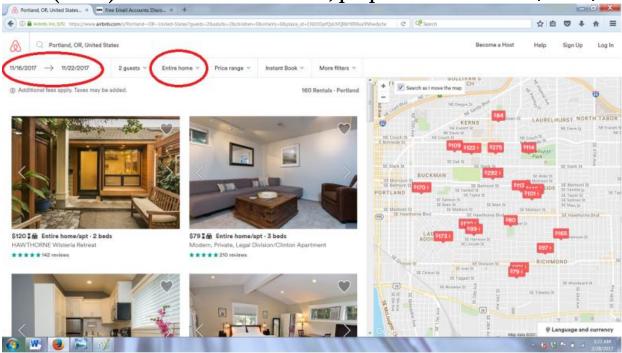
A33- (Same) Inner SE Portland area; properties available 11/2-11/8



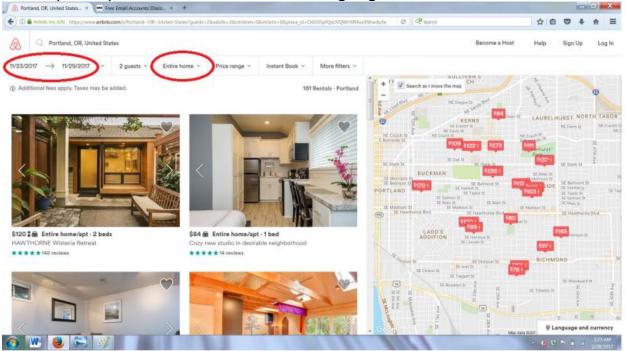
A34- (Same) Inner SE Portland area; properties available11/9-11/15



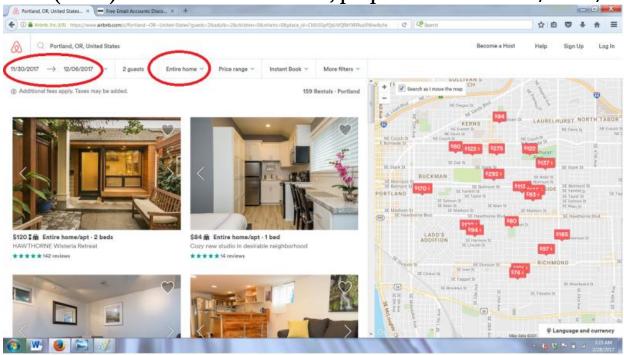
A35- (Same) Inner SE Portland area; properties available 11/16-11/22



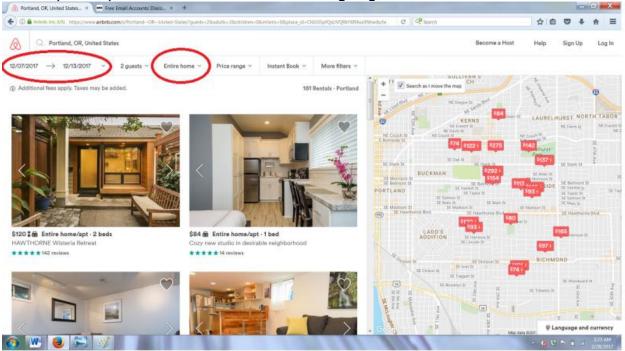
A36- (Same) Inner SE Portland area; properties available 11/23-11/29



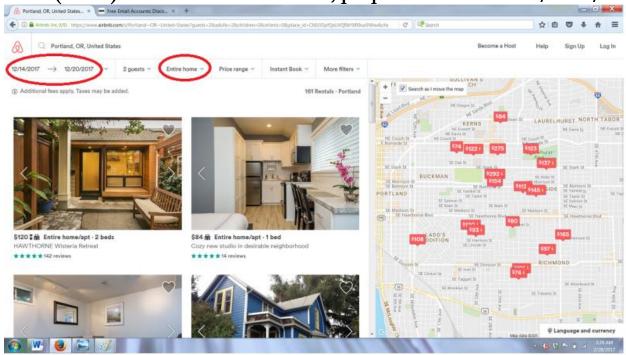
A37– (Same) Inner SE Portland area; properties available 11/30-12/1



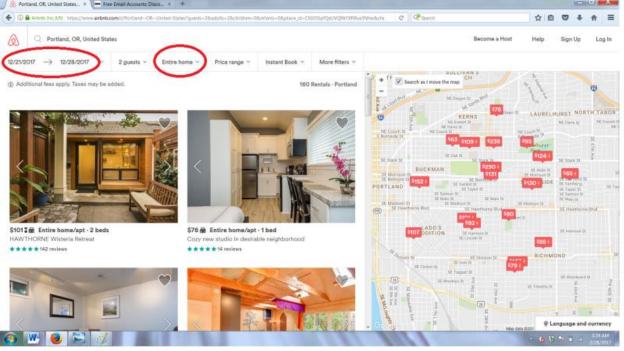
A38- (Same) Inner SE Portland area; properties available 12/2-12/13



## A39- (Same) Inner SE Portland area; properties available 12/14-12/20



# A40- (Same) Inner SE Portland area; properties available12/21-12/28



End enclosures.