

## Testimony Regarding HB 2004

March 2, 2017

Government intervention brings with it unintended consequences. Overbearing regulation and interference with private sector contractual obligations always disrupts the natural flow of the free market and the free will of mankind. Well-intended new laws rarely factor in Human nor Corporate "Behavior".

We see it now in the huge exit of medical insurers and rising costs in the wake of the Affordable Care Act. The unintended consequences of less choice and much less affordable care.

When government interfered years ago in the foreclosure processes between lender and borrower; it resulted in bank lending changes about limiting the number of loans per qualified investor. Extremely good landlords could not increase their holdings and began investing elsewhere thereby reducing the available rental inventory.

In the City of Portland, the free market would currently have a natural cooling off on amounts of rent increases with increasing supply. However, now Landlords want to know what the maximum allowable by Ordinance would be permissible because they don't know the overbearing rule changes on the horizon.

The rental investment rules of the game state that the tenant and the landlord may give notice to discontinue their relationship per mutual agreement. Landlords must be able to give Notice Without Stated Cause (not No Cause Eviction as labeled for sensationalism) in order to protect other tenants, move back into the home or sell their investment without penalty. The amounts quoted and proposed for Tenant Relocation Assistance are astronomically out of proportion to the investment returns being achieved by Landlords. These are

rental investments with mortgages, taxes, insurance, repairs and utility expenses-- not slot machines. The rights to increase the amount of the monthly rent and give proper notice to vacate are contractual rights between the parties to the agreement. No third party (Government) should change the rules of the existing contract. If you change the investment game, Landlords will withdraw from playing the game in this State; or altogether and just invest their money in a different investment vehicle. Human behavior and unintended consequences at work once again.

Everyone knows that Rent Stabilization is just new terminology for Rent Control. And Rent Control fails every time it is tried and has severe unintended consequences. I encourage members of the Committee to overstep your bounds on this issue. You need to stop the one-sided attack on Landlords and send a message to the public and other government officials. Extinguish this bill in committee and the fire of unintended consequences that comes with it. Declare a real emergency in which you charge all governmental agencies to recognize they had a hand in creating the Housing Crises in our State.

Charge them with cutting development costs and application timeframes by 50%. Require agency staff members to work 3 shifts for 24-hour per day coverage to flush the backlog of projects. This is actually what is done in a real emergency.

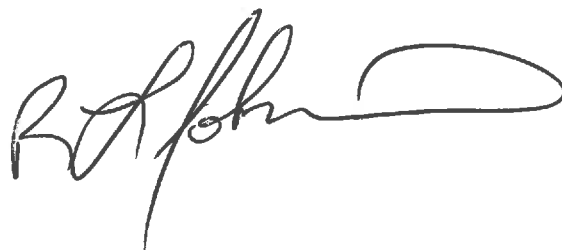
Ask Metro to re-examine the Urban Growth Boundary for possible expansion or to spur growth in prioritized geographical areas. Budget for road improvements and infrastructure near housing center needs.

Rather than regulate your way out of this Crises, build your way out of it.

Let the free market work with a little assistance; not extreme policies without any consideration with regard to human behavior.

Respectfully Submitted,

Robert L. Johnson—President  
InterWest Properties, Inc.

A handwritten signature in black ink, appearing to read "R. L. Johnson", with a large, sweeping flourish at the end.