

January 28, 2017

Dear Tina and Kate:

This letter is in response to your thoughts on trying to make it very difficult to be a landlord. There are some issues we as landlords have. Most are barely making it. Some new laws came into effect that hurt us financially and with time consumption. Now you are trying to put even more restrictions on how we manage our property. Most landlords are very good people, trying to make a little extra money or have something for their retirement. I am not only an investor for my retirement; I also sell real estate and work with many investors. The harder you make it for us, the more tempted we are to get out of the business all together. I sincerely hope you have a chance to read this and at least consider what you are doing. Instead of making it harder to be a landlord, you should create and/or modify existing laws to make it easier. When you have a housing shortage, let's create more housing and rental properties, not less...Right?

90 day for rental increase. This has caused us to watch the tenants closely, watch the taxes, insurance and utilities that have all increased a LOT within the last year landlords will pre-empt with rent increases, and larger than what is estimated for the increase on our expenses because we have to make sure those expenses are covered with the rent, also don't forget those wonderful tenants that choose not to pay, or destroy our property. I've seen landlords raise and raise considerable because they are afraid of the upcoming expenses and laws you want to impose. They don't want to get "caught" supporting their tenants, nor should they.

Eliminating no cause evictions. Tenants are not being evicted for unjust reasons. There are at least 2 side effects to this, first tenants will be kept on a lease and that does not help tenant or landlord, not sure why you would want this...? The biggest side effect is that this is a good way for landlords to “get rid” of “bad tenants”. Now saying that, I know this is what you are trying to prevent but none of us want to evict good tenants, those that pay rent and keep the property in good condition. We will now be forced to evict with cause, and these tenants have a bad rental record. They are more likely to damage and destroy our property on the way out and less likely to get in to their next place to rent. This record will follow them when it is time to purchase a home as well, and they may be denied financing. Eviction with cause gives the tenants LESS time to search for a new property. How in the world do you think this helps tenants? If they can no longer get a new place because of what is on their reports, what are they going to do? You have not solved a problem here; you have created a huge one not just for the landlord, but for the tenant.

Rent control, well, we have spoken a little about this with the 90 day notice, and if there is rent control, we both know you will not ever eliminate it. It is going to be permanent. You will reduce property values, and again this is how it hurts the tenant...landlords will make sure that all tenants get the fullest rent increase allowed by law and each time it is able to be enforced. Many of us do not raise rents on our “good tenants” for a very long time, until our expenses demand it or market has so far outgrown the current rents. This will make sure that those tenants are punished with every increase allowable...because we can't afford to miss one and because it cannot be made up later, we will never get caught up with the market if we do. I recently read a quote from you saying landlords should not make

excessive profit? Who determines what is excessive? What about the years where we were carrying the tenants because the market was so bad? How are we supposed to break even? I don't think you have any rentals, or have had them for very long...and if you do, definitely not very many.

Can't raise rents in less than a year, well, congratulations, you have just guaranteed every tenant a rent increase. Again, most good tenants don't get regular increases except when expenses call for it or so far under market that they need a little boost. Now tenants are going to be raised and to the maximum allowable because we have only one shot at keeping up with expenses, maintenance, etc.

A general "tightening" up of rental issues will cause shortage of rental properties. Many of my investors are selling single family homes because of the problems you wish to put on them. Several of my friends have sold all their residential rentals and are moving to commercial or going out of state to buy. While apartments will still be there as rental properties, all of the houses and most of the duplexes (at least one side) are turning to owner occupied. This of course will reduce the amount of properties available to rent, causing more of rental shortage, not helping. Duplexes are being sold much more frequently, and for my own transactions 100% have been owner occupied on 1 side, which eliminates another huge percentage of rentals available. I realize that apartments are being built and if you are in a big city like Portland or Eugene, that might be the place to go, however most of Oregon does not want to be piled one on top of the other, that is why we are here and not in those areas. The restrictions for building are slow and cumbersome and will take a long time to get established, so this is not immediate anyway.

Demanding landlords to keep bad tenants in mandating leases be extended.

This is absurd, what about property rights? How is this going to help anyone except bad tenants. Let's be clear on definitions, good tenant-one that pays rent and on time, and keeps the property in decent condition and clean. Bad tenant – one that either does not pay rent or damages the property. Majority of the time with majority of the landlords, we do not evict or raise rents high to our good tenants. You are only “protecting” bad tenants with this legislature.

Another side effect is that marginal tenants will no longer be considered and a risk taken to “give them a chance” because if it goes wrong, we are stuck with someone not taking care of our property or paying us rent. If it is difficult to get them out, we will be more selective in our tenants.

So I hate people that complain and don't have a solution.

First, why does anything have to be done, it will work itself out as in any market, and much faster without government interference. People can live with their families like they did during the recession until properties open up, or more are built. It is a temporary problem that you are willing to tank the industry over...what did I do when I could not afford rent? I got a roommate, took up a second job, moved to a cheaper place, could have moved in with a family member somewhere. Eventually got a job where I could afford to live and take care of myself and my family.

Second, why not try and reduce restrictions on landlords and encourage more investing, more renting and more building? That is what will ease the burden. Specific restrictions that could encourage more landlords would be any or all of the following

Much of this problem was caused with more restrictions, fees and time wasting steps for building. Why not streamline for developers to create more housing, for owner occupied as well as rentals? Housing shortage is the biggest problem here, let's tackle the real problem.

Get rid of the 90 day notice to raise rents, put it back at 30 days.

Put back a 30 day eviction with no cause, it was recently raised to 60 days, (this eliminates destruction to property), and makes landlords more willing to take chances on tenants.

Make it easier for landlords to evict with nonpayment or damage to property, i.e. if a wrong box is checked don't let the attorney drag out the problem for months, as long as intent was good, or the paperwork is CLEARLY understood, let that be acceptable to the courts.

Take out rent control, the free market will adjust much quicker than one controlled by government. You will prolong the crisis the more you interfere. (Maybe that's your goal.)

Possibly put back in an accelerated depreciation schedule (for state taxes only) for investment properties. Encourage people to buy them, not sell.

Encourage developers to build property with tax cuts, or some type of credit if the property is going for rental.

Have a landlord assistant program like you do for tenants where they could call for information or advice to make sure they are being fair to the tenant while not hurting themselves in the process.

Encourage lenders to ease up financing on non-owner occupied properties when they are purchased.

The goal is to provide more places which will drive rents down. I would be happy to speak with you in person if you were inclined to actually talk with the people that own rentals and work with other owners, if you are going to consider ideas to help. Unfortunately it appears these hearings are just a procedure you go through to do what you want anyway and not consider the long term effects of your plan. You are not helping tenants to be more responsible, you are not encouraging landlords to work with you or tenants, you are creating a hostile situation and once again punishing the people that could actually help the situation.

Thank you.

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