

Written Testimony of Erin Madden
3746 Se Lafayette Ct. Portland, OR 97202
before the House Committee on Human Services and Housing
March 2, 2017

Thank you for the opportunity to address the committee on HB 2004. My husband and I own three rental properties in Portland: two single-family homes and one duplex. We manage these properties ourselves, take care of the yards, undertake repairs as soon as needs are brought to our attention and make improvements as we can so that our rental units are a good value for our tenants.

My husband and I chose to invest in rental property in Portland instead of investing in the faceless corporate machine that is the stock market. We appreciate the human connection and accountability inherent in our chosen investment strategy. Yet, HB 2004 treats us like nothing more than a faceless, uncaring corporation.

As a landlord, I support efforts to limit the amount a landlord can increase rent each year. Despite reports of significant rent increases in Portland, our rents have not kept pace with market conditions. For example, in November we imposed a 5% rent increase at one of our single-family rental homes. This was the *first rent increase in three years*, despite the fact that our property taxes and insurance increase every year.

Although I agree that skyrocketing rent and instability in the rental housing markets are problems that need rational solutions, I cannot support HB 2004. Stability in the rental market requires a commitment from both sides. In the commercial rental market, that stability is created through long-term leases, often 5 years or more, where both parties make that long-term commitment. HB 2004 requires a landlord to make potentially an indefinite commitment to rent to a certain person, but requires only a 30-day notice of a tenant's intent to vacate.

This "Landlord for Life" bill takes all control over the use of our properties away from us, the homeowners, and puts it in the hands of the tenants. The capital I have invested in my properties, the continuing maintenance I perform, the good credit I maintain, and the mortgage I have committed to repaying, should give me the absolute right to decide how I utilize my property, including whether it continues to be a rental. Yet, pursuant to Section 1.4(c) of this bill, as long as a tenant chooses to renew her lease (and does not otherwise provide "cause" to be evicted), I have no ability to make decisions about the use of my property, other than it will continue to be rented to my tenant for as long as she wants to renew the lease. I could become a "landlord for life."

Under HB 2004, if my father-in-law, who was recently diagnosed with cancer,

should need financial assistance, I am prohibited from selling one of my investments to provide that assistance so long as my tenants continue to renew their leases. If I, or my husband, take a job in another state, we are forced to become long-distance landlords so long as my tenants continue to renew their leases.

This bill overreaches so significantly, that I believe it will have a number of unintended consequences. Rather than create stability, this bill would result in greater instability, as small landlords will be forced to enter into only month-to-month leases with our tenants to avoid the "landlord for life" predicament posed by Section 1.4(c) of the bill. Second, only large corporations with significant capital will be able to afford to invest in rental real estate. My four-bedroom single family home rents for \$2300. Under this bill, I would have to pay my tenants almost \$9,000 in "relocation assistance" if I want to take advantage of one of the limited exceptions to no cause terminations in the bill. The relocation assistance provision further harm landlords because it requires repayment of a security deposit to tenants without regard for any damage they may have caused to the property during their tenancy. Third, I believe this bill will actually exacerbate the so-called housing crisis for several reasons. It creates an incentive to remove rental homes from the available pool by creating exceptions to the prohibition on no cause terminations for demolishing a home or converting it to a non-residential use. Further, due to its onerous requirements, small landlords like me (and several of my friends) will get out of the rental market altogether.

As written, I urge you not to support this bill. However, I do want to offer some suggested modifications that I, and I believe many other small landlords, would support.

- (1) Remove the mandatory lease renewal requirement and allow fixed term leases to expire on their own terms to avoid forcing us to be "landlords for life."
- (2) Provide an absolute exemption for the sale of a home. Although Section 5(e) allows purports to allow the sale of the property, selling a home while tenants are living there is reckless and requiring notification *only after* a sales contract has been negotiated is not in anyone's best interest.
- (3) Provide an exemption for single-family homes or for landlords who own fewer than five rental units.
- (4) Reduce or remove the relocation assistance requirements to ensure that small landlords can continue to afford to own rental property. At the very least, return of the full security deposit, regardless of any damage to the property, should not be part of the relocation assistance requirement.

Thank you again for the opportunity to address you.