

Who I am:

I am a small landlord – larger than most small landlords. My wife and I have 3 houses and one duplex we solely have control (I can't say own-still have mortgage) In addition to that, we are part owners in another 32 rental units along with 2 of my sisters- about half of them duplex and the rest single family homes.

The myth of the “rich landlord”—Yes, I have a sizable “net worth” now. I was not born to a wealthy family- bottom of the middle class. When my parents helped move me into college dorm, my father shook my hand, gave me a \$20 bill and wished me good luck. They didn't pay for my tuition, dorm costs, books or the car.

I never made a large income- my wife who went to college after our children were born and became a grade school teacher made more money than I did. We did live within our means, saved up for a down payment and bought our first home. We kept that first home as our first rental, and still have it.

In order to purchase the rentals we now have, I have had to: sell all my stocks that I invested in, took out second mortgage on my own home, or remortgaged my own home or the 1st home that became a rental. Put in a huge amount of “sweat equity”—working many nights and weekends. My sisters have also taken out new or second mortgages on their own homes.

I would like you to know that both of my sisters live in other states. There are two reasons they invested here; #1 I am here to manage and take care of the day to day and much of the maintenance. #2 **Oregon has had a balanced Landlord/Tenant law without favoring either side.**

The effects that HB 2004 will have:

HB2004 as proposed will have sever negative effects on landlords, and WILL result in unintended consequences for tenants that will negatively affect them.

Loss of the ability to use a 30 or 60 day termination without cause by the landlord- There is always a reason: (landlords don't make money on the cost of a turnover or on empty units)
The reason the 30/60 day no cause is used as frequently as it is; it is simpler (especially for new landlords) and the tenant may not be so bad that we want to give a “ black mark” of a formal eviction. Losing this option will force landlords into using a formal eviction of the tenant. Now the tenant will have to try and find a new rental with an eviction record—good luck with that.

Another result of losing this as an option will be to eliminate all discretionary accommodation for the tenant. An example—I have tenants who get paid at odd times—not at the 1st of the month. Even though the agreement says due on the first- late if not paid by 6pm on the 5th---I will work with them. This effectively changes the contract under the law. I do this partially because I know I can always fall back on the 30/60 day no cause. There are number other instances but this is the most common. Losing this ability will FORCE landlords to strictly adhere to the terms of the contract so as to not lose any reason they may need for eviction.

The loss of the fixed term contract ending at a finite date-this effectively unilaterally changes the contract by the tenant. Many of my rentals are based on the school year. Giving the tenants the right to extend on a month to month without input or agreement of the landlord could disrupt this ability to

have the rentals available to students at the beginning of the school year—and may result in the landlord having a vacancy at a time that it is much more difficult to find a tenant to fill the vacancy.

Having to pay “Relocation Assistance” would effectively create a penalty at any time the landlord wanted to sell. Most seasoned landlords want the property to be vacant so that they can vet their own tenant and not get stuck with a real problem. I didn’t understand this until I purchased a property with a real problem tenant. Cost me \$6000 in attorney fees in 6 months before I got her evicted-and then had over \$2000 of damages to the property. It would be a huge issue for large apartment complex.

HB2004 along with the proposal floated by Kotek about rent control gives most of the advantages of owning a property to the tenant with NONE OF THE RISK. “Nothing down”- don’t need to budget for a new roof, furnace, water heater, plugged or leaking plumbing, painting, carpeting.....

Having rentals is a business and decisions are based on a business motive; the price of rent is largely determined by the value of the property. Rent must cover PITI, maintenance, vacancy factor, and a management fee to just break even. Even if the property was purchased years before, as a business we have to ask ourselves- If I were to purchase this property TODAY- what would the rent have to be. If it isn’t based on that, we may be best off to just sell the property and invest the money in stocks etc.

HB2004 may result in many small investors to ask themselves if it is worth the hassle or should they just sell? I want to point out that we pay real-estate taxes- AND STATE INCOME TAX ON THE PROFITS—EVEN MY OUT OF STATE SISTERS. Right now, we could sell all of our single family homes in a very short time—weeks or days—most likely to home owners—first time buyers. I think that many of the duplexes would also sell fairly quickly—again to first time buyers. The net result of this would be a loss of rentals available—If this is something I am contemplating, I am sure that many other small investors would do the same- Could be that only the really big money investors will remain with the apartment complexes.

The real case of the rental price increase is twofold:

An increase in demand for housing due to the large influx of people into the state

And

Restrictive building policies do to urban growth boundaries and restrictive zoning laws resulting in ever increasing land values.

We need to address the solution to the real problem- can’t do much about the first unless you want to pull a TRUMP and build a wall around Oregon. I suggest that you time would be better spent on addressing the second part of the problem.

Before any of you vote in favor of HB2004- I challenge you to ask yourself—“What have I personally done to make more rentals available?” Have you put your own savings on the line? Go out and purchase a rental property—take out a second mortgage on your own home to do it. Get some “skin in the game” as the saying goes. After all, it is easy (right) and you will get rich doing it.

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