

Rosenberg Corey

From: Julie Leuvrey <jleuvrey@OPIDPortland.com>
Sent: Tuesday, May 02, 2017 5:20 PM
To: Sen Steiner Hayward; SHS Exhibits
Subject: HB 2004-A

Dear Senator Steiner Hayward:

As a constituent I would like to share my concerns about the adopting rent control in Oregon. I have a background in economics, and while I am a native of Oregon and have lived here most of my life, I also lived in California for 15 years and personally experienced the consequences of rent control.

Rent Control has many unintended consequences that have been proven for years in places such as California and New York. Here is a list of some of those negative consequences of restricting rent.

1. Rather than focus on providing affordable housing for those who truly need it, **it favors people regardless of income** who don't move. We have all heard of people who have stayed in apartments for many years and passed it along to roommates who were added on the lease, effectively keeping it under rent control regardless of the renters' ability to pay. Many young professionals in SF and LA play that game and pay rents that are meant to protect people whose incomes are a fraction of what they earn.
2. **It greatly decreases new supply and removes supply from the market.** New properties cannot be built with restrictions unless the government is willing to subsidize the income restrictions. Many landlords—especially those with smaller properties and single family homes will remove their properties from the rental market therefore decreasing existing supply.
3. Restricting rent leads to **properties not being maintained.** Taxes, insurance and utilities increase at rates greater than inflation every year, absorbing any limited rent increases. If bonds are passed to pay for schools and parks, for example, the rates increase much higher than allowed rent increases. The result is that property owners will have less and less income to use to pay for major repairs and maintenance.

The conditions of the interiors will deteriorate as appliances, flooring, plumbing and electrical fixtures typically have a life of 5-10 years. Major capital expenditures can be enormously expensive and need to be done to keep the property habitable. Roofing, painting, siding repairs, deck and dry rot repairs need to be done periodically and can cost more than 50% of the rental income for the year, leaving small property owners forced to use income from other sources. This can pose particular hardships for people living off of their rental income.

Economists from all over the world agree that restricting supply and pricing rather than subsidizing the incomes of those in need does not work. Oregon is smarter than this and needs to implement cutting edge policies rather than old-world, ineffective and counterproductive solutions. It also needs to recognize that we are in the middle of an economic cycle that is already beginning to slow down.

Respectfully,

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