

**I urge you to vote NO on HB 2004-A.**

**Rent control does not lead to more affordable housing for those who need it.**

My name is Diana Hwang, I live at 1133 NE 37th Avenue, in Portland, Oregon and own 2 multi-family apartment buildings in Portland--one in my Laurelhurst neighborhood and another on NE Belmont Street. But I also grew up in San Francisco and I know first hand what decades of rent control does to the housing market.

When rent control is enacted, the benefactors are those who are already in affordable housing. But what this does is it takes away many incentives from a building owner to upgrade their buildings. It is easy to pick out which buildings in San Francisco are suffering from decades of rent control. These are the occupied buildings whose window frames are rotting and ones which haven't had paint jobs in over 15 years, They are the apartments which still have their original plumbing, original bathroom and kitchen sinks, and few upgrades with work limited to only what is necessary to maintain essential services of a building.

Giving tenants up to 3 months rent plus relocation costs if given a notice to move is exorbitant. All combined it approaches a half years rent. To give this kind of power to a tenant who has no interest in the maintenance of the building except to live there cheaply is ripe for abuse. San Francisco is filled with apartments where one tenant remains indefinitely through a series of rotating roommates.

In another case, my mother had a tenant in her old San Francisco home who stayed until he had to go to a nursing home 5 years ago This tenant refused to allow my parents into the home to inspect or do repairs because he knew it could ultimately result in a rent raise. At the time he left 5 years ago, his rent was \$300 per month, a rent literally unheard of for a 2 bedroom house in San Francisco! In this particular case, it is fortunate that there was one other duplex on the same tax lot. Obviously, the lack of rent that could have come from this tenant had to be made up by charging maximum rents at the duplex upon each turnover. Without rent control, all three residences could have had affordable rents and all residences would been kept in good shape, not just the duplex.

At least in San Francisco, when rent control was passed, the trade off to building owners was to limit property tax increases to a minimum. A relative of mine has a 6-unit apartment building at 1333 Page in San Francisco. This building has been subject to which has been subject to rent control since it was established in 1997. The property tax on this building went from \$2131.54 to \$2222.70-- an increase of only \$41.16 from 2016 to 2017. This is only 1.9 percent and this figure includes fess and other add ons onto the tax bill that one could say wasn't really just property taxes alone. Is Oregon ready to do hold property taxes to a similar low level for building owners if rent control goes forward? Oregon already has one of the highest property taxes in the country. So 2 percent is still a big increase for Oregonian property owners. But then, in 30 years, where will Oregon be with rent control?

**All economists agree, aside from a small group of renters who benefit from rent control, everyone else suffers.** The supply of housing actually reduces. Rents on vacated apartments

will have to be escalated to the maximum possible to make up for those tenants who rents can't be raised to market levels. This starts the inequality that will start to occur and then escalate to the extremities of haves and have not renters that you now see in San Francisco.

Ultimately you will lose the affordable housing, because owners who can't raise rents to keep up with the maintenance of the buildings will sell rather than deal with another layer of Government regulation which will become known as the Rent Control Board.

**Affordable housing will not be going to people who need affordable housing.** Affordable housing will be locked up by tenants who refuse to move regardless of their economic status. The available number of affordable housing units will actually decrease over time, because as buildings sell, they will be demolished or renovated to the point of justifying the highest rent possible. At this point, you are actually encouraging changes in the housing market that you were hoping to delay.

**Let property owners maintain their flexibility to maintain their properties.** The market is the market. Rents at older buildings are more affordable, new buildings are more expensive, older buildings with upgrades are somewhere in between. Older buildings are more expensive to maintain. So, owners of older building are already on a slippery slope and challenged with new codes when work is needed on an older building. Rent control won't make it easier for building owners to maintain their aging building. **With seismic retrofitting requirements around the corner especially if the work requires that the building be vacated, rent control and payment of relocation costs become the nails that seals the coffin.** As building owners, we don't need another layer of government tying up our hands and removing every financial incentive and legal tool (like no-cause notices that need to be selectively used one time here and there, not building-wide) in our tool box to keep our buildings affordable, livable, safe, and maintained.

**Please Vote NO on HB 2004-A.**

Diana Hwang