



Chair Gelser and Members of the Senate Human Services Committee,

Thank you for the opportunity to present testimony in opposition to House Bill 2004-A. The Oregon Association of REALTORS® and its 16,000+ members represent a broad swath of the real estate industry, including investment properties, multifamily properties, property management and single family sales and rentals.

In the midst of a housing crisis in many parts of the state, HB 2004-A presents many unintended consequences that will actually make the situation worse. Rather than focusing on increasing supply of housing, the bill will make it even more difficult for existing landlords and will significantly stifle the development of new multifamily units.

The bill removes the current preemption on local governments' implementation of rent control put in place by the legislature to ensure an adequate supply of multifamily units would exist in Oregon. Among the issues with removing the preemption are:

- The bill contains few if any safeguards on what a rent control program will look like, despite the fact that economists almost universally agree that rent control programs are an abject failure.
- It allows a local government to determine rent amounts as well as a "fair" rate of return on their investment. San Francisco recently determined that 2.2% was fair, even though many landlords had cost escalations far in excess of that amount.
- The bill harms those it seeks to protect by discouraging development of multifamily units – especially with an unworkable 5-year exemption for new construction. Development of multifamily units is a significant expense that requires years to amortize the costs.

Particularly problematic for the real estate industry, the bill requires a 90-day notice for sellers selling single family rentals to a good-faith purchaser, and may require payment of one-month's rent if the landlord owns other rental units. Closing periods are not 90 days long in a purchase situation, complicating almost all transactions involving a good-faith purchaser wishing to occupy the home.

HB 2004-A also eliminates no-cause notices for all rentals except for month-to-month tenancies in the first 6-months of tenancy. No-cause notices are an important tool used to protect current tenants.

In complete contrast to current contract law, the bill requires all fixed-term tenancies to convert into either an additional fixed-term tenancy or month-to-month solely at the discretion of the tenant. There is no opportunity for the landlord to terminate the tenancy



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other than for cause. Fixed-term tenancies benefit both landlords and tenants and have always been a matter of contract.

HB 2004-A requires payment of one-month's rent for limited just cause terminations (as designated in the bill) of tenancy, unless the landlord owns fewer than 4 units. This would discourage landlords from making significant, needed improvements to properties as well as complicating sales of single family rentals to future homeowners.

The bill also allows a tenant one year to file a complaint for any violation of the bill with 3-months rent + damages due to the tenant. This will make it even more difficult for smaller landlords to participate in Oregon's rental market, and will further restrict supply. Our membership strongly encourages a no vote on HB 2004-A. Please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Cleave".

Shawn Cleave
Government Affairs Director