

Rosenberg Corey

From: Dean Kaufman <dean.kaufman@integrityagents.com>
Sent: Thursday, May 04, 2017 11:57 AM
To: SHS Exhibits
Subject: HB-2004-A

I am an attorney, admitted to the Oregon State Bar in 1969. I spent a year as a VISTA Volunteer and 2 years at Lane County Legal Aid, as a staff attorney, representing tenants, and I've represented landlords and tenants in private practice from 1972-2013. I am currently in-house counsel for a real estate broker and mortgage banker/broker. I would think I've had more experience in landlord/tenant law than all but a very few in this state.

The proposed legislation will do more harm than good for tenants. Capital is deployed where it will earn the greatest rate of return. If I am a lender or developer, why would I lend to/build new residential housing if this bill passes? It will reduce rates of return because it will be much more difficult to evict problem tenants, and the neighboring "good" tenants will flee, rather than live in the same complex as noisy/drug dealing, etc. tenants who are very difficult to evict "for cause" because Oregon law requires a high standard of proof [and a second chance after a 14/30 day "for cause notice"]. Oregon will become more like California [have you looked at the housing crisis in the Bay Area lately?], where most landlords will simply pay ["bribe"] problem tenants to leave, rather than go through the eviction process. San Francisco is a perfect example of the deleterious effects of rent control, with some of the highest rents in the nation and a ridiculous housing shortage. If Oregon allows local jurisdictions to impose rent control, it will see the same results, because who wants to own residential rental property where one's return is at the caprice of the local rent control board, and market returns are limited? There's a reason SFO and New York both have rent control and the worst homeless/housing shortages in the nation and the highest rents. Why would anyone in their right mind, who isn't blinded by the "well, we had good intentions, and that's all that counts, not actual results", pass legislation that will replicate the bad results in California?

The market will supply any need at a market clearing price. Look at the availability of drugs in prisons...all Oregon needs to solve its rental housing "crisis", which of course didn't exist until we passed ORTLA in 1973, and took huge amounts of cheap housing off the market, because landlords had to spend money to upgrade their units to meet the new "habitability" standards, is to allow folks to build housing which will return a profit equal or better than what they could get by investing in commercial real estate, the stock or bond markets, etc. We decided in 1973 that no housing and thus the "homeless crisis" was better than "slum" housing and allowing "slumlords" to profit on the backs of the poor. Better to sleep outdoors than in a slum! This bill would "double down" on the good intentions of ORTLA and similarly exacerbate the crisis. Why do you think the poor, in third world countries, with few exceptions, such as India, live in shanty-towns on the outskirts of town, rather than wander the streets "homeless"? Because they choose to provide shelter for themselves and the government acquiesces, knowing the alternative, homelessness, is worse! These favelas, barrios, etc. would be wholly illegal in Oregon, and thus folks sleep on the riverbanks under bridges, creating a whole new set of problems. If you limit market returns with local rent control, landlords will flee the market, won't build new housing, and will arbitrarily raise rents prophylactically to maximize returns under the thumb of the rent control board. Is this what you want to achieve?

I started out as an idealistic public sector attorney who wanted to help the poor. I soon came to realize the best way to do so was to allow the free market to work its magic, and not to think that the legislature could impose "one size fits all" standards that did more harm than good. P.S. I testified, as a Legal Aid staff attorney in favor of ORTLA before the 1973 legislature, with utter confidence in my good intentions and absolute ignorance of the effect it would have on the economics of providing affordable housing in Oregon.

Sincerely,

Dean S. Kaufman
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