

## Rosenberg Corey

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**From:** Steve Philpott <slphilpott@comcast.net>  
**Sent:** Thursday, May 04, 2017 1:56 PM  
**To:** SHS Exhibits  
**Subject:** Please oppose HB 2004A

My wife and I are retired native Oregonians, who are now investors. Our investments include a couple of single family residential rentals in Eugene. I urge you to oppose HB 2004A. This one-sided bill does a number of things that will reduce affordable rental housing, starting with a repeal of the statewide ban on rent control measures adopted at the local level. Cities would be able to adopt rent control measures, creating a patchwork of different rules for landlords to follow within a given region, e.g. Eugene/Springfield. Promoters of this bill say it will help renters find and keep affordable housing. Nothing could be further from the truth. Prospective tenants who are looking for housing will find that there are even fewer opportunities available to them. Governmental intrusion into the economics of a voluntary contract between landlord and tenant will only distort the market and provide disincentives for landlords. You would be hard-pressed to find a single economist that says rent control or its new euphemism “rent stabilization” creates a healthy market for affordable housing.

Among other negative provisions, HB 2004 does the following:

1. Eliminates no-cause notices by landlords for all rentals except for month-to-month tenancies in the first 6-months of tenancy.
2. Requires all fixed-term tenancies to convert into either an additional fixed-term tenancy or month-to-month at the discretion of the tenant. There is no opportunity for the landlord to terminate the tenancy other than for cause.
3. Requires a 90-day notice for sellers selling single family rentals to a good-faith purchasers, and may require payment of one-month’s rent.
4. Requires payment of one-month’s rent for just cause terminations of tenancy, unless the landlord owns fewer than 4 units.
5. Requires first right of refusal to prior tenants where significant improvements or upgrades are made to a rental unit.
6. Allows a tenant one year to file a complaint for any violation of the statute, with 3 months’ rent + damages due to the tenant.

Most of us can agree that the problem is a shortage of affordable rental housing. After the difficult years of the great recession and the resulting decrease in home ownership, coupled with several years of net in-migration to Oregon, we simply don’t have enough rental housing. The question is how to address the problem. Single family residential rentals are largely held by small, private investors. Rental housing is not too expensive in our market. If it were, vacancies would be increasing instead of decreasing to historic lows. There are plenty of tenants who are willing to pay rent at current levels. But there are also many prospective tenants who are priced out of the market. The problem is a lack of adequate supply of rental housing, especially at lower price points.

Does one increase supply by erecting barriers and disincentives to build and own rental housing? The answer is a resounding “No”! One need only look at the major markets that have implemented these controls to see that the

resulting market distortions have priced ordinary folks out of the market entirely because no new housing stocks are created or, to the extent they are built, they cater only to the high-end market and low to mid-market units are locked up by those tenants who have stayed in their rent-controlled unit for years.

As real estate investors, we not only maintain our properties, we improve them. For example, we might install underground sprinklers, air conditioning or upgrade the kitchen. When we improve them, we want time to improve them and the ability to price the unit to reflect the amortized cost of the improvement and the increased value of the home. We don't want to be penalized for simply ending a tenancy at the end of an agreed upon fixed term so that the unit can be vacant during repairs and upgrades.

As investors, we also have choices. If the burdens on residential landlords become too great, we can and will move out of residential rentals into commercial rentals or into the stock market. When we sell our rental homes, they will likely be purchased by homeowners, not investors, further reducing the rental stock in Eugene/Springfield.

So what is the answer? More supply. Please support policies that encourage building residential rental units. Support land use policies that provide for reasonable UGB expansions for residential development, reduce permit timelines, reduce development fees, eliminate foolish code requirements and otherwise encourage home building. Support landlord-tenant legislation that encourages investors to be landlords, which, in turn, encourages developers to build rental housing to sell into a stronger investor market. At minimum, oppose legislation like HB 2004A, which discourages ownership of residential rentals, particularly by individual owners.

It took several years to get into this tight housing market and it will take a few years to get out of it. But never underestimate the power of the market to quickly meet a demand if developers and investors are incented to, not discouraged from, building and owning residential rental units.

Thanks for your time and attention and best wishes.

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