

Dear Senators;

I am writing to ask you to vote NO on HB 2004 A. Passing of this bill will have many unintended consequences on the landlord/tenant market for many years to come.

My husband and I have been landlords in the Portland area for 30+ years. We strive to provide good quality housing, renting vacant apartments at the market rate and keeping our rent increases to a minimum and keeping a stable renter base. This benefits our tenants as well as us as landlords.

We have used the NO CAUSE notice only a handful of times in those years. We have NEVER used it to get rid of a tenant solely so that we could rent at a higher rate. The No CAUSE notice can be used to benefit the tenant as well, as the landlord. It can make a way out of a rental agreement that prevents costly and time consuming eviction processes and allows the tenant to keep from having an eviction on their record. It can allow landlords to move out tenants that may be creating situations that are making things unlivable for the other tenants.

I believe that there are many other small business landlords out there that are like us. Landlords that are doing the right things, providing a service and being responsible business owners that contribute positively to the community, including paying taxes and buying supplies and services that benefit the local economy.

Not every landlord is a large company with deep pockets who can absorb the kinds of costs that you are talking about permitting and encouraging. It is unfortunate that there are those out there who may be moving people out of apartments and housing solely to increase profits.

Please remember that the decisions you make will impact all of us and as I said in the beginning, will have long lasting unintended consequences.

Most small business landlords are in the housing market either as a day to day business income to make a living or as part of a retirement plan, It would be nice if being a landlord meant kicking back and collecting money from polite and responsible tenants and watching your bank account go up. I fear this is the impression some have of what it means to be a landlord. If you have not walked in our shoes, and I suspect that many or most of you have not, I ask you to listen to those of us who are out there on the front lines every day.

In reality, being a landlord means receiving phone calls 24/7, 365, about problems and then an outlay of time and money to fix those problems. It means listening to he said/she said stories from neighboring tenants and trying to resolve situations. It means losing good tenants who are tired of putting up with those that refuse to follow the rules, or live so close to the edge of the rules that it is unlivable to be their neighbor, but they have not crossed the line that allows the landlord a cause for eviction. The landlord is then stuck with the difficult tenant and loses good tenants and has difficulty attracting new desirable tenants.

It can mean unauthorized tenants being moved in resulting in extra tenants, using larger amounts of utilities, which increases expense for the landlord. Sometimes original tenants move out leaving the the landlord with unauthorized tenants in possession of the property with no rental agreement. It can mean unauthorized pets being moved in and the damage they can bring with them.

It can mean things that are broken and damaged, during the occupancy or on move out that are far beyond security deposits. These must be repaired by the landlord before the unit can be re-rented. It means going to court to try to recoup your losses. Even if the landlord secures a judgement for the money rightfully owed to them these judgments can be difficult and, not infrequently, impossible to collect.

It means rising costs for the landlord like utilities, taxes, business licences, insurance over which the landlord has no control. There are also maintenance costs and improvement costs.

There are foreseeable costs that the landlord must prepare for such as roof replacement, gutters, painting, landscape maintenance, furnace and water heater replacements. There are also appliance repair and replacement costs. Not all tenants care for the landlords property carefully and sometimes these expenses come and unexpected and inopportune times and yet, must be covered by the landlord. And these things are just to maintain the property in its current condition. It does not include trying to improve the property to meet the current tenants needs/wishes. Providing internet access and wifi and the entire spectrum of TV connectivity choices available out there today are things that were not foreseen even just a few years ago. And these needs will continue to evolve and change and be a challenge to landlords in the years to come.

Not all landlord income is profit. Much of it goes to maintaining and improving the property. The changes you are proposing impose an onerous burden for the landlord. You seek to impose rent controls which will serve to limit the income a landlord is allowed to make. This may mean that the landlord no longer has the money to maintain or improve the property. The landlord may well not have the profit margin to move a marginal tenant out of a property. The result will be retaining the marginal tenant, very likely losing the good tenants and increasing vacancies as landlords may be unable to attract quality tenants. Vacancies hurt tenants as well as landlords.

With increasing expenses and a cap on profits it will force landlords to reevaluate their properties and financial goals and whether or not they can or want to still participate in the rental market. It will provide incentive for landlords to sell single family homes as owner occupied and to convert what multifamily they can to condos and then sell those as owner occupied. This will DECREASE the supply of available rental property, not increase it, thus making the problem of available housing worse, not better.

Additionally, it provides incentive for those who can to sell their properties and move their assets out of the rental market and / or out of the state of Oregon rather than continue to deal with these oppressive rules and restrictions. That might seem like a reasonable solution for those who do not want to cope with the rules, but in and of itself it changes the market considerably. There

will be a limited number of people willing to jump in and keep coping with the ever changing landlord market. A decreased buyer pool forces a buyers market on multifamily properties and drives the price of the properties down. It can make them difficult or impossible to sell. Buyers will be reluctant to take on a property that is barely making a profit. This is not insignificant to the state. As property values fall it will decrease the amount collected in property taxes. And if the money is moved into properties out of state then any taxes or value to the state is lost. This WILL affect the economy in Portland and in Oregon both now and for a long time to come.

For some, a decrease in profits will mean they can no longer pay their daily living expenses. For others, for whom it is investment and retirement income, it will make a huge impact on their resources. The nest egg they have spent years to acquire is now worth vastly less. What if someone came along and all of a sudden made sweeping changes to the stock market that would limit your net investment profits to 1 or 2 percent. How would you cope? Would you be able to retire?

For those who have slim profit margins and/or can not get out of the situation they will continue to try to cope. But with decreased profits they will not be able to maintain and improve their properties readily. This will contribute to the decline in the quality of available rental properties out there. It has great potential to create the same kind of under water properties as were seen recently in the owner occupied housing market.

It also does nothing to bring resolution in the tensions between tenants and landlords. It will, in fact, make the situation much worse. Painting all landlords as greedy and self serving and all tenants as earnest and hardworking people seeking to be good tenants is not an accurate portrayal of either group.

You are seeking to address the issue of homelessness. I think we can all agree that this is a good goal. Homelessness increases health crises of the homeless and also crime and decreasing property values in neighborhoods due to homeless encampments.

Making the landlord the bad guy and imposing all these rules and restrictions will decrease incentive and decrease the number of people who are able and willing to participate in the rental market. It may keep those who are in housing currently where they are. It will NOT increase the amount of available housing. It will mean less available housing, not more, as landlords consider exiting the market.

I think the better and wiser solution to the problem is to provide incentives for people to build more housing or to take on that marginal tenant and house them. Making it a win/ win proposition for the landlord and the tenant encourages people to want to join the market and be part of the solution and may promote some healing in the landlord /tenant relations arena.

Imposing punitive restrictions on landlords will not achieve the result you are looking for. Thank you for your time. I hope that you will think long and hard before you make these decisions.

Sincerely,

Susan Bohrer
Landlord