

I'm a tenant AND a landlord in Multnomah County (97236), and I urge you to oppose HB 2004-A.

This is a long testimony...and I wish I could have contributed more, earlier, but struggles detailed herein will hopefully be enough. Please consider reading in its entirety, as I illustrate very real circumstances; a profound perspective from BOTH SIDES of this topic. You'll find highly-relevant and very specific factual information, with proposed solutions.

To begin...

1) I oppose the no-cause eviction provisions, only because of the relocation assistance requirement of three-month's rent. I would support the proposed no-cause eviction proceedings if it only required one-month's rent when the property is under contract for sale: assistance of a single month's rent would strengthen tenant rights during a pending sale, without significantly injuring a landlord in financial distress: the most common reason for a landlord to sell their property.

2) I oppose attempts to repeal ORS 91.225, as a repeal would summarily dismiss freshman-level economic and social science knowledge. Such an action would appeal to a very vocal minority of rental tenants whom are reacting to a short-term issue, by dismissing decades of well established economic and social science research.

Regarding no-cause evictions, in support of the proposed provisions:

a) While my wife was finishing her Masters at PSU we were tenants renting closer-in (while I rented my own property near Gresham, to others). As tenants renting closer to my wife's school, our landlord hired contractors lacking lead-based-paint certifications, to replace windows throughout his eight-plex property, which included a daycare. After our complaints, which resulted in EPA, OSHA and OHP visits to the property, and fines against the contractor. While the window replacement work had already been completed, the landlord responded to our complaints by issuing no-cause evictions to multiple complaining residents, across multiple units.

Given my self-employment status, and my wife's student status, we were competing with far more desirable tenants during our search for new housing. We were ultimately homeless for about 9 months, and never found another rental in the Portland area.

During this time, we watched our now-former landlord (via new rental listings) proceeded to flip our now-previous two-bedroom 1950's era residence from our rate of \$1175/month to over \$1600/month. The scope of work/remodeling completed during his flip was the replacement of a working stove, while he continued to employ the same unlicensed contractor: as evidenced by detailed rental advertisement photos, and additional construction permits filed by that contractor well after our departure.

As a landlord AND as a tenant, I have experienced first-hand what it's like to be on the receiving end of an unjust and retaliatory displacement. We were already barely making ends meet at that time, and our legal remedies were cost-prohibitive...

b) As a landlord, I support MOST of the no-cause provisions as-proposed. However, an accommodation needs to be considered for properties under financial distress. A very real, and very personal, illustration follows:

Last year I jointly-inherited a property with a sibling, the property was renting at roughly one-half of fair market value (tenant had paid the same rent amount for nearly 20 years). A year's worth of rental income still left the property with thousands in negative cashflow. At the time of inheritance the property had approximately \$50,000 in urgently-needed repairs, including needing to replace a 25 year-old furnace, an expired roof with visible signs of decay and significant dry-rot, gutters you could see daylight through, a complete chimney rebuild, extensive work to unpainted exterior wood/siding (with related wood damage), non-HUD-complaint windows, failing/falling garage doors, a falling fence, etc. The property had a long-term tenant whom was unwilling to voluntarily leave (many times during the tenant's 90 day no-cause period they threatened to squat, while introducing a shocking amount of verbal and behavioral toxicity, and leaving thousands in damages after departure). Without cashflow to pay a large tenant relocation fee, I would have been forced to become a slumlord, and forced to maintain a toxic and personally-damaging business relationship (see next paragraph). My preference was to do the right thing: sell the property, at a fair market rate, to a buyer able to perform urgently-needed repairs.

My sibling, whom equally inherited 50% of the property, had over twenty personal judgement liens and tax warrants against him, and has an ever-growing criminal and civil-violation record. His legal debts totaled nearly his entire equity in the inherited property. This meant that no bank would consider financing needed repairs. It took more than a year for me to force a sale through the courts, and during this time I maxed-out all of my credit options, completely emptied my bank account, and ultimately had barely-enough funds to get the property through a sale (which thankfully closed just a few days ago). I literally had no idea how I was going to pay the next-month's upcoming bills; if the sale failed or if the sale had to be extended a fourth time (tenant's conduct forced the first extension). During this time I had two of my four credit card accounts suddenly cancelled (despite perfect standing across ALL accounts): I was told that a "periodic account review" suggested I had voluntarily entered into a business relationship with a "high risk individual"...the only business and person this could even remotely describe is the rental property inherited with my sibling. There was nothing voluntary about that relationship...

This inherited rental property, and my efforts to NOT be a slumlord; to do the right thing...had literally put me on the brink of bankruptcy.

Only mandating that a landlord pays a tenant relocation fee of one-month's rent, and allowing no-cause notices when there's an accepted sale contract, strikes me as a more fair balance between landlord and tenant rights and realities, especially when a no-cause is subject to sale. As the most common reason for a landlord to sell a property, especially for small-scale and/or for an involuntary landlord, is when the property is under distress and the landlord is unable to complete needed repairs.

For a stronger long-term balance, the landlord should pay into a general state-supervised pool, with tenant's applying to the pool showing genuine financial need: this could result in higher cash amounts for qualified tenants, while still discouraging abuse of the no-cause process.

Regarding a repeal of ORS 91.225:

a) The already proposed provisions regarding no-cause evictions should already discourage predatory rental rate increases, and therefore it's reckless to summarily dismiss freshman-level economic and

social science knowledge...an action which would undoubtedly result in negative long-term consequences for tenants: benefiting the rich, while hurting the poor. A repeal of ORS 91.225 does NOT address the underlying Portland Metro area housing crisis which inspired this bill. ORS 91.225 needs additional study, discussion, and balanced supporting language, not an outright repeal.

b) A evaluation of over sixty-years in rent control related research, has shown that rent controls favor the rich, while hurting the poor. Published in the Journal of the American Institute for Economic Research, the paper focused upon the impact of rent controls in the American context. Finding that prevailing literature points to a conclusion AGAINST rent control. Source: <https://econjwatch.org/articles/rent-control-do-economists-agree>

c) Paul Krugman, a very well-respected economist, and the recipient of a 2008 Nobel Memorial Prize in Economic Sciences, had this to say on the topic: "...The analysis of rent control is among the best-understood issues in all of economics, and -- among economists, anyway -- one of the least controversial. A poll of the American Economic Association found 93 percent of its members agreeing that "a ceiling on rents reduces the quality and quantity of housing." Almost every freshman-level textbook contains a case study on rent control, using its known adverse side effects to illustrate the principles of supply and demand..." source: <http://www.nytimes.com/2000/06/07/opinion/reckonings-a-rent-affair.html>

d) A recent The Economist article discusses this topic even further: <http://www.economist.com/blogs/economist-explains/2015/08/economist-explains-19>

e) If rent controls were implemented, they will effectively organize a very disorganized group: independent landlords. Rent controls would effectively create a framework upon which to periodically raise rents, in lockstep, every year. Just examine any other US-based rent-controlled market, and you'll find that this strategy, over the long-term, hurts the poor, while helping the rich.

f) Before multiple congenital disabilities worsened in recent years I was lucky-enough to capture my current investment property...however if I cannot at least break-even, I will lose this investment option. Over the past ~12 years, I've barely broken-even on my properties: rent pays the entire mortgage (principle & interest), taxes, and insurance (abbrv: PITI), while vacancies/turnovers, equipment, repairs and updates continue to be funded out-of-pocket. My units (a duplex property) are already priced near HUD compatible market-rates. However, if a proposed response is to pivot upon HUD-published rates, please note that HUD does not recognize rate adjustments for a garage, off-street parking, yards, property age, air-conditioning, or additional property structures such as sheds, workshops, or other amenities that increase a landlord's cost. HUD also does NOT recognize facets which improve a property's appeal, and market value, such as walkability scores, neighborhood-level crime statistics, transit and employment proximity, and overall neighborhood quality. There is no quick answer here, hence a need for additional study and careful adjustment to existing language...not an outright repeal. I became a landlord not to make money on the short-term, but as a place to invest sweat-equity for retirement.

Please DO NOT encourage landlords to become slumlords, by tying their hands during times of financial distress. Please DO NOT foster a climate which encourages more short-sighted and cashflow-focused investment agencies, at the expense of discouraging small-scale landlords. Please oppose HB 2004-A

Sincerely,  
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