

Testimony in opposition of SB 608
Senate Committee on Housing
Submitted by Steve and Kelli Winterton, Landlords and Tenant advocates, 2/4/2019

Dear Senator Fagan and the rest of the Senate Committee on Housing,

While I understand the need to limit rent increases by greedy and predatory landlords, I also disagree with the proposed rationale and outcome of SB 608. **This is not in tenant's favor and does not contribute to affordable or stable housing costs.** Take a look at the charts below which show the effect of rent increases at different rates of increase.

Governor Brown made statements which I believe are untrue.

"We also need to help Oregonians who have homes but are struggling with the high cost of rent," Brown said in her inaugural address. "We can help landlords and tenants navigate this tight housing market. Speaker Kotek and Sen. Burdick have innovative proposals that will give renters some peace of mind."

It's undeniable that there is an affordable housing crisis across the entire State of Oregon and the entire nation for that matter. That should be left for a different, difficult, and controversial discussion on methods for obtaining affordable housing. Without massive government subsidies in infrastructure development and permit costs there never will be 'affordable housing'. You simply can't build new housing that is affordable based on the fact that so many renters are making less than \$12-\$15/hour. The proposed SB 608 won't fix or control any aspects of affordable housing as housing costs are already unaffordable.

The free market should prevail for controlling costs, however until there is adequate housing available the fair market rates will continue to be 'unfair' in many markets.

A few points I want to make about SB 608.

- 1) Allowing rent increases up to 10% plus/minus per year is outrageous and adds to the already cost burden of housing. The same landlords you are trying to protect tenants from will take advantage of the new 'law' and increase rents to the maximum 10% +- year over year. Without a rent cap the free market will prevail at controlling rent costs and keep them lower than what predatory and greedy landlords could otherwise legally cause rents to increase astronomically with passage of SB 608. Some of these large landlords control the 'fair market rates'
- 2) Oregon already has a comprehensive Landlord tenant law which has fair rules for both landlords and tenants. No need to add more rules to sway the current balance of rules in either the landlords or tenants favor.

A few changes to consider in SB 608.

- 1) If you vote in favor of SB 608 please consider changing the Maximum rental increase capped at CPI. Period.
- 2) If actual expenses such as insurance, taxes, and utilities increase, operational costs are more than CPI then landlord documents as proof as justification for higher rent increase than CPI.
- 3) Require ORS 90.323 <https://www.oregonlaws.org/ors/90.323> 120 day or more notifications of rent increase. This will allow tenants, hopefully, adequate time to figure out if they need to find a second job or find another suitable place to rent. 90 days is not enough time in tight rental markets such as we have in Eastern Oregon.

Look what even a 3% rate increase year over year does for the tenant over the next 5-6 years. I don't know how anyone responsible for passing SB 608 could sleep at night, unless you are landlords!

Rental rate	Year	3% increase	5% increase	7% increase	10% (7%+CPI)
600.00	2019	618.00	630.00	642.00	660.00
	2020	636.54	661.50	686.94	726.00
	2021	655.64	694.58	735.03	798.60
	2022	675.31	729.30	786.48	878.46
	2023	695.56	765.77	841.53	966.31
	2024	716.43	804.06	900.44	1062.94

Rental rate	Year	3% increase	5% increase	7% increase	10% (7%+CPI)
700.00	2019	721.00	735.00	749.00	770.00
	2020	742.63	771.75	801.43	847.00
	2021	764.90	810.34	857.53	931.70
	2022	787.86	850.85	917.56	1024.87
	2023	811.49	893.40	981.79	1127.36
	2024	835.84	938.07	1050.51	1240.09

Rental rate	Year	3% increase	5% increase	7% increase	10% (7%+CPI)
900.00	2019	927.00	945.00	963.00	990.00
	2020	954.81	992.25	1030.41	1089.00
	2021	983.45	1041.86	1102.54	1197.90
	2022	1012.96	1148.65	1179.72	1317.69
	2023	1043.35	1206.09	1262.30	1449.46
	2024	1074.65	1266.39	1350.66	1594.41

Rental rate	Year	3% increase	5% increase	7% increase	10% (7%+CPI)
1100.00	2019	1133.00	1155.00	1177.00	1210.00
	2020	1167.00	1212.75	1259.39	1331.00
	2021	1202.00	1273.39	1347.55	1464.10

	2022	1238.06	1337.06	1441.88	1610.51
	2023	1275.20	1403.91	1542.81	1771.56
	2024	1313.46	1474.11	1650.80	1948.72

These numbers are typical of rents across Oregon.

https://www.oregonlive.com/expo/news/erry-2018/06/5d11955033353/the_average_oregon_renter_cant.html

Final statement:

How will section 8 hold up under this type of rate increase where tenants typically pay 30%-40% max of their income on their portion of all rental expenses, including utilities? Do you expect HUD to increase the 'fair market rate' of their programs to keep up with Oregon market rates that will most likely increase with the passage of SB 608 as it's currently proposed? There are serious consequences for tenants in passing SB 608 if you stop and take a closer look.

HUD Rates Oregon.

https://www.hudexchange.info/resource/reportmanagement/published/HOME_RentLimits_State_OR_2018.pdf

Thank you for taking this information into consideration.

Steve and Kelli Winterton