

From:
To: [Exhibits SHOUS](#)
Subject: I OPPOSE SB 608
Date: Friday, February 1, 2019 1:14:07 PM

To Whom it May Concern,

This is the first time I have been compelled to enter written testimony and write my state representatives (Senator Michael Dembrow and Representative Barbara Smith Warner). I run a property management company (since 1997) and we operate apartment buildings in Portland. I am writing in voice my opposition to SB 608. I think the bill comes from the right place as our state has an underdeveloped housing market. Our state is awesome and people keep moving here. SB 608 does not address the core issue of the housing shortage, a lack of affordable housing supply. Zoning and land use laws limit the buildable land. In Portland, drawn out and expensive permit process and inclusionary zoning provide more obstacles to build new housing where we need it most. SB 608 will add yet another layer to discourage development of new housing units in our state.

Rent control has not had the desired effect in other locations. Studies show that it reduces housing supply in the long term. Developers will look to other locations outside of OR with less regulation to build. SB 608 also unfairly targets owners of buildings more than 15 years old. I own and operate several historic buildings in Portland built in the 1890s to the 1920s. We are a family business and we provide 235 units of affordable housing that is well located near jobs and transit in Portland. Older buildings are more expensive to maintain. On top of taking care of old pipes and fixtures, we are subject to other expensive mandates to load test fire escapes (about \$1000 per landing per year), update elevators (about \$200K each) and seismically upgrade roofs (it essentially doubles the cost of a new roof). None of which result in increased rent. As a longtime owner of older buildings, units periodically need to be updated with new cabinets, counters, flooring, etc. Limiting what I can charge for rent in newly updated units unfairly penalizes me. It also will have dire implication in terms of financing. Rent limits means banks will limit loan dollars. Less money will lead to less renovations and ultimately to deterioration of existing affordable housing units.

SB 608 also concerns new eviction limits. City of Portland already has complicated rules on no cause evictions and this will muddy the water even further. It unnecessarily increases eviction costs for rental providers. Fortunately, with good screening policies, evictions are rare. However, the City is contemplating an ordinance that would severely limit that screening process. Landlords will be at increased risk of renting to bad residents with the proposed screening limits and not have an important tool to remove them.

We have a housing issue in our state, but SB 608 is not the solution. Rent control will have a significant negative impact and decrease housing supply when we need it most. If SB 608 passes it sends a very clear message to developers that Oregon is not a place to invest in. Those dollars will go elsewhere and our housing supply will remain woefully and increasingly depleted as more people continue to move to our great state. I would like to see a solution that incentivizes building of more units, rather than penalizes rental providers of older affordable units. Proper zoning in communities, streamlined permitting and tax incentives to build affordable housing will go much farther towards solving the housing shortage.

Thank you for your time and have a good day.

Sincerely,

Dave Dernbach

President, Heritage Property Management

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