

Chair Courtney and Chair Kotek and members of the committee,

My name is Eric Cress. I am a founder and managing partner of Urban Development Partners. I live and work in southeast Portland. I serve on the executive committee of United for Relief, as co-chair of Prosper Portland's Tenant Eviction Prevention Committee and as Vice President of the Central Eastside Industrial Council. Urban Development Partners is an Oregon property owner and developer with properties including several mixed-use residential apartments, retail storefronts, and offices in Portland.

This testimony is in support of HB 4204-1.

The health crisis has disrupted many of our otherwise healthy business tenants who provide needed services and jobs to Oregonians. Those otherwise healthy businesses who are temporarily disrupted are currently unable to pay rent, thereby starving landlords, many who are generously providing to their tenants rent abatement in addition to forbearance, of the income they need to make debt payments. The risk of foreclosure, and the unpredictable and uneven response of lenders in terms of forbearance, is hampering property owners' ability to provide additional support to their tenants, and risks the unnecessary loss of commercial property to distressed-debt funds, potentially permanently transferring ownership to out-of-state hands. In many cases that property will eventually be 1031-exchanged to out-of-state property, permanently depriving Oregon of capital gains tax income that will ultimately be paid to other states.

In addition, local and national data show that affordable "Class C" apartment properties, occupied by lower-income residents, are disproportionately affected by lower rent collections. Foreclosure on these buildings could lead to the permanent loss of naturally occurring affordable housing as distressed Class C buildings, after acquisition by a new owner, are frequently renovated and marketed to higher-income residents.

Most lenders are offering some form of relief to property owners. What is clear from talking to my fellow property owners and reading their letters, is that relief is uneven, frequently insufficient, and in most cases uncertain. The ad-hoc nature of relief is exposing inequities that negatively affect small property owners and minority property owners in our state.

I am concerned for the mom and pop businesses and property companies that operate here, and unnecessary damage to our economy if there is no intervention during this extraordinary time.

I strongly support a foreclosure moratorium that defines a foreclosure as beginning at the declaration of default, as such avoids unnecessary and punitive expenses and fees, and encourages workable repayment plans that support a healthy real estate and banking economy.

Thank you for your time and consideration.

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