

**Testimony at State Legislative for LC-18**

Hello. My name is Jerry Mason.

For 40 years, I have put small investment groups together to buy and sell apartments that my company then manages.

The cries and outrage of testimony you heard are valid. But, the context for their source is as follows:

- I. Private capital is 80 plus % of the source of money for rental housing creation of more, the maintenance of existing, and the mortgage to fund is as much as 75% of the cost.
- II. Private capital is very fluid. It goes to places where risks of loss are low and where perceived safety and competitive returns are found. It avoids investing where risks are high and returns uncertain.
- III. Private capital pays a larger percentage of our state and local taxes then only 1 other state in the Union because Oregonians have traditionally resisted a sales tax.
- IV. A large part, but not a majority, of private capital for rental housing comes from local citizens but it too moves easily to other states.
- V. Many of Portland and Oregon's leaders take a perverse pride in our city and state leading the country in abusing and diminishing the attraction of private capital.
- VI. I talk regularly to local clients and owners who are selling in order to invest elsewhere. I also talk with potential investors who are now passing on investing in Portland and Oregon. Their capitol is fluid. The new construction you see coming on line now was put in the pipeline 2 years ago. There is very little coming behind it. The collateral damages of recent legislation are hitting now and growing.
- VII. For 30 years most of my clients and I invested in Portland and Oregon. In the last 10 years a rapidly growing % of our investment activity has moved to Washington, Idaho, and Arizona. And, we are looking in Nevada, Utah, and Texas. Private capital is fluid. It's

not looking for thank yous. It is looking for safety and competitive returns on the risks it is taking.

- VIII. THE ISSUE is what's the smartest source of funding to create more rental housing, maintenance of existing, and the mortgage funds to pay for 75% of it. Should it be private capital or government using tax dollars that are desperately needed elsewhere? Taxes that diminish when there is less private capital construction to tax. Enough good and affordable housing is a critical element for stable communities and a healthy economy.
- IX. The substantially cheaper, smarter, and more responsible way to pay for decent rental housing is to encourage private capital to put its funds at risk.
- X. The 36-42% of our citizens who rent now are counting on you.
- XI. Private capital is fluid and has alternative places to go.