

Submitter: Mike Stokes

On Behalf Of:

Committee: Senate Committee On Housing and Development

Measure: SB611

I am writing in opposition to SB 611. Passage of this bill would produce unintended consequences to owners and tenants and further drive smaller owners like me away from the housing rental industry.

A 3% plus the Consumer Price Index (currently 6%) cap on rent increases does not keep up with inflation. The new proposed cap would currently limit rent increases to 8%. With the current inflation rate around 6% owners are barely staying even or losing money as costs increase. This will drive some to put off needed repairs or sell to limit losses - especially those smaller owners that have purposely keep rents below market rates to long term renters.

Tripling the relocation assistance payment will put undue hardship on many small owners who rely on the income from rents to survive. Again, this may cause some owners to put off or sell when major repairs are needed. The unintended consequences for tripling relocation assistance could be lower quality of housing in general and a smaller pool of independent owners that value long term renters and the stability of income long term renters bring.

Changing the 15-year exemption for new construction to 3 years puts further pressure on small owners that might add an Accessory Dwelling to their residence or invest in new construction in the form of single or multifamily dwellings. Recouping a reasonable amount of construction and financing costs in 3 years would be very difficult for most small owners. Amortizing those costs over 15 years with rent increases determined by market pressures is financially more viable. Large developers are not immune to these costs. Reducing the exemption to 3 years can only make the pool of developers willing to invest smaller. The unintended consequence here is a smaller overall investment in new rental properties that will actually cause rents to move even higher because of lack of availability.

Finally, the cumulative effect of all three of these changes would likely be a trend towards corporate ownership of rental properties in general. The loss of smaller owners that tend to work more closely with their renters will mean that corporate profit agendas will drive rental market rates and availability. On the surface the intention of these changes appears to be to help renters with rent increases, eviction for needed repairs, rebuilds or owner occupancy and further capping rent increases by reducing the exemption time. In reality these changes will reduce the pool of ownership to a select few and ultimately increase rents because those entities can and will control supply of available units. With rental housing (especially affordable

rental housing) being such a big issue in Oregon I urge you to reject these proposals and not put roadblocks in the way of smaller owners and investors.

Mike Stokes