

Submitter: Clifford Burnett

On Behalf Of:

Committee: Senate Committee On Housing and Development

Measure: SB611

TO: Oregon Legislative Assembly

FM: Clifford E. Burnett, Email: clfburnett@gmail.com

Subject: 82nd OREGON LEGISLATIVE ASSEMBLY--2023 Regular Session

Re: Senate Bill 611 Commentary

My name is Clifford E. Burnett with rental properties in the following locations:

- (1) Farm home rental, Deadwood, Oregon 97430, partial owner for more than 30 years
- (2) Residential home rental, Yuba City, CA 95991 for more than 10 years
- (3) With plans to add additional rental properties.

Unfortunately, the cost of living has increased for everyone these past several years due to inflation caused primarily by government excessive spending. The legislative process will not stop the inflation process for certain, only exacerbate the problem. As a landlord, cost has increased and continues to increase in property tax, home insurance, liability insurance, earthquake insurance, water, electricity, ground maintenance, general maintenance and on and on... The only choice for the landlord to mitigate the effect of inflation is to increase the rental cost. With the existing Oregon home rental regulations and controls in place, it is questionable our Oregon rental will be profitable and most likely be in the red this calendar year. If SB 611 is passed into law, then it will only exacerbate the housing rental market further by tightening the existing regulations. The operating margins for our property is simply too marginal, slim to non-existent, to be profitable. The passage of SB 611 will most likely force us to vacate the rental business in Oregon.

Consequently, the potential status of SB 611 of being passed will be monitored closely. With the SB 611 bill restricting rent increases from 7% plus CPI with no cap to 3% plus CPI with a cap of 8% will only lower the incentive and make it impossible to support the rental business, especially as inflation increases. Since SB 611 imposes triple (3X) the monthly rental cost for relocation fees instead of a single month, the end result will make the home rental business impossible to function. This is 25% of the yearly gross proceeds that is unavailable and precludes any home maintenance requirement when a tenant vacates the property. This is a going out of business plan. At this stage, we must ask ourselves, what are the options available for the property owner? We must consider the following:

- ? Close the home rental business to preclude any additional financial losses,

- ? Decrease or eliminate all but necessary maintenance thereby degrading the unit over time
- ? Eliminate any improvements,
- ? The above will eventually force the closure of the rental due to habitability concerns.
- ? Repurpose the home for another use or application;
- ? Sell the home to a buyer who has the resources to comply with all the Oregon regulations required.

In closure, the decisions for the property owner are not encouraging. The private citizen must be profitable or he cannot stay in business. He must move onto a business that has a Return on Investment (ROI), unlike Oregon where a tax can be levied to fund its purposes. The private property owner must be incentivized to support the rental business. To this end, SB 611 will not help the housing affordability problem for the poor or homeless, just the opposite is true. The onerous rental and building regulations will only lead to more housing shortages that result in higher prices for rent.

To this end, I recommend SB 611 be tabled and not passed into law by the Oregon Senate unless a better plan is prepared.

Sincerely,
Clifford E. Burnett