

Submitter: Corlene Blue

On Behalf Of:

Committee: Senate Committee On Housing and Development

Measure: SB611

RE: Proposed OR SB611 as it relates to my Residential Rental Property (4-plex) at 1942 SE 30th Ave. Portland OR 97214

To Whom it May Concern:

I purchased a 4-plex in December 2007. It took two years to make repairs and improvements to a property, that probably should have been demolished. The total cost of repairs and improvements cost more than the original purchase price. Constant work until 2012, when I hired a property manager to find tenants and handle screening and rental agreements. There have been a few years when my rental income exceeded my operating expenses, however, when depreciation was added, most years resulted in a net operating loss. As of the end of 2021 my cumulative remaining NOL exceeds \$185,000 for this property. I had hoped to break even after 10 years, but that hasn't happened.

I have managed this property, and treated my tenants as I would like to be treated; no rent increases until I absolutely needed to cover increased fixed costs. I have increased the rent 3 times, always less than 10%. I never expected to make a lot of money from rents, but I had hoped to cover my increasing costs. If Oregon decides to limit rent increased by a mere 3% it will be impossible for me and other small rental property owners to cover our costs. I compiled spreadsheets identifying my costs, and can identify specific increases which exceed 3% per year. This is especially true of the past 3 years.

Until September 2021, I occupied one apartment. Now at age 80, I live in a senior facility where I have help managing my life. After significant remodeling, the fourth apartment is rented. Over the years I paid off my mortgage to eliminate interest expense. To keep expenses low, I learned to do repairs and maintenance myself by watching You-Tube videos.

I perform routine preventative maintenance each autumn to prevent costly repairs, and to reduce downtime and frustration for my tenants.

A variety of unforeseeable incidents occurred these past few years: a water leak in the main water line resulting in an auger replacing the line, which nicked one of the main electric cables between the breaker and two apartments. Those electric lines had to be replaced. Because the very large tree roots of a massive tree too close to the building, the tree was removed about 6 years ago. First, the house has begun to tilt which resulted windows cracking. Then, the void created by the decayed roots led to water flowing into their space and created a sinkhole, which had to be filled. A sink pipe broke in an upstairs apartment which caused considerable damage to two apartments. Loss of 4 months rents and loss of 2 tenants. Insurance covered most of the repair costs, Because of climate change I added 4 heat-pumps HVAC

units at a cost of nearly \$20,000.

I never realized the broad scope of expenses a property owner faces. A detailed review of my operating expenditures shows steady increases for all utilities ranging from 3% - 15%. I keep changing insurance companies to seek lower premiums. Property taxes increase by at least 3% per year, but on increased appraisal values. My tax increased from \$10,517 to \$17,560 in 11 years. Even with preventative maintenance, as a property ages, repairs and replacement of appliances also increase. I've replaced 3 water heaters, an oven/range and 2 microwave ovens in 3 years. Possibly as a result of the pandemic, the cost of a handyman has increased from \$15/hr to \$60/hr. Everything goes up., yet OR is attempting to cap our rent increases to 3% regardless of property size. That isn't realistic.

Please reconsider the basic premise that all apartments are alike. We can't spread our costs over 100+ units. Every cost is a struggle for some of us. We actually need help not more barriers. Please try to understand our position and not create new barriers to overcome. YT, Corlene