

Dear Congresswomen and Congressmen,

Following my sending the email below to SB 608 sponsor Senators Ginney Burdick, Laurie Monnes Anderson and Representative Tin Kotek, I was just made aware of an upcoming Rent Control Hearing coming up on February 4, 2019. Apologies to Ms. Anderson for receiving this twice.

Brief Background: I am a small business owner who currently lives in San Diego. On December 26, 2018, my business partner and I just recently acquired a 42 unit mobile home park located in Oregon. My business partner has another 18 unit mobile home park in Oregon and I have one other 40 unit mobile home park in Minnesota so we are not a large operation. Like our prior acquisitions, our newest Oregon acquisition has been “underserved” for more than 15 years and our plan is to clean it up for both the residents and the city. Over time as we complete capital improvements we would be raising rents, but as an affordable housing option, our rents are usually tied to approximately 30% of the cost of a nice three bedroom, two bath apartment in the same town. Meaning, if the apartment is renting for \$1,200 our rents are around \$400.

To keep costs to a minimum, part of the clean-up process in aging mobile home parks is sub-metering the water/sewer on all the homes especially when water/sewer charges are included in the rent. This also allows us to identify, locate, fix leaks, control costs and generally water usage decreases significantly once the residents are paying for what they use. Before SB 608 was brought to our attention we were preparing to implement a sub-metering plan based on existing Oregon statutes, but the way SB 608 is currently written, we will not be able to make any improvements without first significantly raising rents before SB 608 goes into effect. I have attached just a couple of the many statute’s relating to the potential conflict. In summary, based on the attached 2017 ORS 90.537, if we install submeters to all the mobile homes and eventually start charging for water and sewer we are required by this Oregon statute to reduce the current rent by the amount additional amount of water/sewer costs so there is a net zero increase to the tenant. Currently, under current Oregon statute, we cannot raise rents AND charge for utilities within a twelve (12) month period. So we either raise rents OR install water meters – not both.

As a point of reference, this link takes you to the improvements completed in Minnesota: [Tower View Mobile Home Park](https://www.youtube.com/watch?v=mVQJy2NLS-8) or safely copy and paste (<https://www.youtube.com/watch?v=mVQJy2NLS-8>)

When I acquired this property in 2007, the rents were \$225/month and included water. It took two (2) years to complete the improvements. Today, rents are \$325.00/month plus water/sewer charges bringing their total monthly rent to just under \$400.00 (less than \$175 of what the residents were paying twelve years ago). We could not financially make these capital improvements with affordable housing properties under SB 608.

In our newest acquisition, rents are currently \$280/month and on average each home uses \$70/month for water that is included in the rent. Under Oregon statute, six months AFTER

installing sub-meters we can start charging for water, BUT we also have to reduce the rent by that same amount. This means the tenants current rents would be reduced to \$210/month plus \$70 for water/sewer charges thereby maintaining the current \$280.00 level. We would have to maintain this level for six more months before we could raise the rental portion of the monthly rent. Under SB 608 with the maximum allowable increase of 7% plus inflation, our now \$210/month can only be increased approximately \$14.70 to \$224.70 plus water/month. Under this scenario we cannot do any type of capital improvements to this affordable housing option.

We have sought the opinion of SB 608 from Oregon legal counsel and here is an excerpt of his opinion:

“Secondly, for recapturing the cost of planned submeter installations, ORS 90.537 (4) permits recovery by raising the rent or imposing a special assessment (over a period of at least 60 months). This approach could be stifled by a rent CAP. I suggest that SB 608 include an exception for recapture of these costs if done under the statute.”

I would like to make the suggestion so affordable housing does not get caught up in SB 608 that it include a provision to only apply for rental properties at \$1,001.00 (or some number) and greater because (except for California) it will be many, many years before normal affordable housing rentals breaks this threshold. Another option might be allowing provisions for capturing back capital improvements. Currently, due to time constraints and notice requirements coupled with the ensuing passing of SB 608, we will have no choice but to immediately raise rents by \$100.00 per month to \$380.00 so we can follow through on the necessary capital improvements needed for our newest acquisition. This 26% increase (without seeing any value for the increase) is not going to make the residents happy and our only excuse to offer them is our hands are being tied by SB 608. Our only other choice is to keep rents at their current level of \$280/month (plus any increase allowed by SB 608) which allows for our normal reserves and maintenance expenses and not install sub-meters or work on the deferred capital improvements and let the property continue into further disrepair. We will adjust our rates accordingly if there are any substantive changes to SB 608, but as of now we have to work with the way the current bill is written.

Your help and/or guidance on this matter would be greatly appreciated!

Kindly,
Paul Martens
(858) 442-2680