

I own duplexes in Portland. I'd like to share with you the consequences of this bill, if it passes, on me and on the tenants to whom I provide housing.

If SB 282 passes and I am not able to screen potential tenants for nonpayment of rent, and if tenants stop paying rent, I won't be able to cover my expenses. No business owner can afford negative cash flow for very long. In the case of rental housing providers, negative cash flow leads to liquidating assets (whether through foreclosure or regular sale).

Owners can't hold assets with negative cash flow. Constituents like me own small buildings of 1 to 4 units; these qualify for standard residential mortgages for owner-occupants. The housing market is hotter than ever right now. If tenants don't pay their rent and I lose control of my assets as a result of legislation like SB 282, my only rational option will be to sell the asset to an owner-occupant. Demand for owner-occupied duplexes is incredibly high and I would receive a premium price; if ever there were a time to sell, it's in 2021. And with the proceeds from the sale, I would invest in another state.

The implications for rental housing in Oregon are tremendous. 50% of Portland's rental housing is owned by small landlords like me (and considering building types outside of Portland, the percentage of rental housing owned small operators outside of Portland is likely much higher than 50%). SB 282 would force a mass sell-off during the hottest seller's market we have ever seen. This will cause the displacement of a significant percentage of renters, with a corresponding permanent reduction in rental housing supply. At best, rents will increase. At worst, people will lose their housing altogether.

This testimony is public record. No one in the legislature can state, "I didn't anticipate this fallout in rental housing inventory when I voted for SB 282." Authoritarian measures like SB 282 do have consequences.

SB 282 creates more problems than it solves. We must the real problem: the reduced ability for some tenants to pay rent. Provide direct assistance to those individuals. Doing so addresses the actual problem. During a pandemic, elected officials need to make hard decisions if they want to leave a legacy of addressing real problems with actual solutions. Those solutions are in front of you--starting with measures such as SB 330.