

Letter in Opposition to SB 611 2023 session of the Oregon Legislature

Dear Honorable Senators,

My name is Clifford Hockley and I own rental units in Portland and Salem. I have worked in the rental housing industry for thirty five years. I urge you to vote NO on SB 611.

This is a bill designed to punish landlords, for doing their job, to provide rental housing. Tenant advocates don't realize, that in fact for every punitive bill, fewer and fewer developers and Landlords will operate in the State of Oregon.

- A three-month termination fee is onerous and punitive. Landlords need more not less flexibility. The current 1-month termination penalty seems fair. At three months rent tenants would move every year creating an expensive rental churn, much like when landlords pay the first few tenants in a new property “move in incentives” to move in newly constructed units to lower their initial move in costs. After the move in special expires they move to the next property offering specials.
- For rent control 3% plus CPI with a cap of 8% seems unreasonable given the increase of operating costs which are increasing at the CPI rates. What happens when the CPI is 10 or 11% who is responsible for paying the bills.
- Limiting what a landlord can charge for renting a unit to 3% plus CPI when the landlord has a tenant turn is unreasonable. I just turned a unit that tenants trashed. It cost me close to \$6000 and it was a 450 sq ft 1 bedroom unit. How am I going to make up that expense. Why would I stay a landlord if there is no way to recapture my expenses. Other industries recapture their operating expenses. Grocery stores can increase prices and deliver smaller packages of food. Are Landlords a special class of business that need to be targeted. Replace these caps with government issued rental vouchers, that need to be qualified for on the basis of income.
- There is a misconception that all Landlords are wealthy and have an endless supply of money to pay operating expenses. That is not the case. Please consider that due to government policies not only property and income taxes but also inflation have increased all operating expenses. Maintenance labor for example has increased from \$50 an hour to more than \$72 an hour in the last five years. Cleaning crews charge more,

utilities charge more every year. It's a never-ending battle of trying to cover ever increasing expenses.

- Candidly if there were less regulation, developers, builders, and property owners would increase the number of units in the marketplace. Regulation has increased the cost of construction in an astronomical way. In the early 200's you could build for \$90 a foot. Today it cost closer to \$175 a foot. Increased construction costs and increased property pricing inevitably increase rents. It is increasing difficult if not neigh impossible to build housing to today's standards, cost effectively enough for tenants to afford a newly built apartment.<https://www.sightline.org/2023/02/07/yes-oregon-there-is-a-way-to-build-enough-homes/>

It's clear that rent control isn't working in Portland or around the state. Most of our cities are growing more unaffordable by the day. This bill will make things even worse and doesn't address the root cause of housing instability.

Housing Oregonians at the sole expense of those providing their housing is not sound public policy and is not a sustainable way to address housing instability. We need to focus on permanent rent assistance and increasing supply.

If the state wants to achieve the goal of 36,000 new housing units per year, we cannot pass this bill. More rent control will only disincentivize new development and ownership of rental units. This bill leads us further away from our housing goals.

SB 611 will drive small and large rental owners out of the market and hamstring much needed multifamily developments. Lack of housing supply makes it harder for businesses to grow, for local governments to have a solid tax base, and for Oregonians to stay in their own communities.

Rent prices are set by several factors like rising utility and insurance costs, inflation, increases in the cost of maintenance and payroll, and local tax burdens. All of these costs are only increasing.

I for one am putting my units on the market, it costs more to run property here especially in Multnomah County than almost anywhere else in the Union. I just hope there is someone that will buy them.

Sincerely,

Clifford Hockley, Cliff.Hockley@Gmail.com