

Submitter: Melinda Duerst

On Behalf Of:

Committee: Senate Committee On Housing and Development

Measure: SB611

I own and personally manage a total of 4 rental units, the 4th one just being purchased last summer. As housing shortages continue, interest rates and prices of owning real estate continues to rise in Silverton it is very hard to purchase property. My 23 year old son and daughter-in-law are just starting out, have been saving and working hard to purchase a first time home. The only way they could do this was for me to go in 50% partnership with them to buy a 16 year old duplex, that had existing renters in both sides. We took a chance with the mortgage that tenants on one side would be able to move out within 60 days of securing the loan, as that was the lending requirement since it would be their primary residence. (You should look into the Federal regulations of loans when its a primary residence, the purchaser signs that they will live there within 60 days or can be found in default of the loan.) Of course we gave the tenant 90 days as was required, but the current rent was less than the 30 year loan payment even with 20% down to avoid mortgage insurance costs at 6.125%. We each pay 1/2 of the payment, and it they would have paid about the same amount to rent in an apartment, and I planned to keep the other tenant but couldn't raise the rent for 9 months as the seller had already done so earlier. This left me to "feed" the expenses from other income sources until a tenant would move out, and I could raise the rent to cover the loan payment that includes taxes and insurance only. If I had more than 4 units, the 3 months' rent that would have had to be paid to the tenants would have made the investment and purchase unattainable for us. This would have left my son and his wife unable to purchase a home, and move out to start their family. They were on waiting lists to rent, and didn't have any confirmation of availability before this off market purchase opportunity came available. The seller had more than 5 units, so he didn't want to give notice of the sale to the tenants before closing, to avoid the refund of 1 month's rent. Since I didn't have 4 units at that time, we agreed to purchase and give 90 days notice after closing. I helped the tenant who were asked to move find a new home to rent; cooperation works. Due to the way this law is already written, I am not inclined to invest in any additional rental units in Oregon to stay under the limit of 5. 10 years ago, it was in my long range investment strategy looking toward creating additional retirement income.

I personally feel the focus should be on increased financial literacy, tax and money management education of all legislators before passing laws to better understand the unintended consequences of these actions. There needs to be more win-win compromises and cooperation in this state on property management matters. I take pride in providing safe affordable housing for families, and laws like this don't allow landlords to do this. I don't see how it helps my family or anyone else's. All other

landlords I know, also have the same goal, but laws like this give the impression that being a landlord as a business is not supposed to create positive cash flow. Everyone has to make more than they spend to be sustainable, and to be able to pay taxes to the state to fund the state budget. Landlords only make income to pay taxes when tenants are in the properties, they don't make money when units are empty. 90 days is plenty of time to figure out a solution, and there is no reason to have to pay them 3 months' rent. You will not fix the housing supply shortage in the state with policies like this proposed revision, and you will continue to harm the tax base as investors will take their money elsewhere.

I do not support this bill, and humbly request you do not pass it.