

Submitter: Joshua Sullivan

On Behalf Of:

Committee: Senate Committee On Housing and Development

Measure: SB611

Short term gain for long-term pain

Our society was designed to be a capitalist society and paying tenants to relocate, by placing rent ceilings and limiting increases contradicts our forefathers intent. The market is fluid and rigid policies will inevitably be problematic.

If we have to pay our tenants to relocate because we choose to take action on our properties because the markets' actions puts landlords in a bind. The actions seen in larger cities in California and New York are the result of drastic changes in market value where a couple occupations influence those regions. Following suit of these markets will have catastrophic long term effects in our region. Never mind the fact that 3 months periodic rent payout is 25% of a years worth of rent lost and we still have mortgages to pay!

We don't (normally) place ceilings on food price or vehicle price increases, we call this inflation EVEN as we watch record profits, as they say raw material prices are going up or we need to cut workers to reduce costs. Our landlords went through more than 2 years with some tenants not paying their rent, the bank doesn't care if the landlords didn't pay their mortgage. Now the banks are failing, not because landlords didn't pay but because of bad decisions and a lack of proper risk management. If this bill passes this is a step towards tearing down "our" risk management process. If we cap the rent increases, then the roof might now get repaired as fast or the carpet replaced in-between tenants, or we may choose a cheaper handyman because the good one cost too much. Then every renter is living in a dilapidated structure, if it is not owned by a corporate organization, because the landlords have their hands tied by choosing to pay their mortgage or manage their tenants structures and properties, gentrification will ensue.

This is the Pacific Northwest, we have the lowest cost power in the United States due to hydropower, do we want cheap electricity or do we want to save the Salmon? Do we want low cost lumber and paper products (ie: toilet paper, paper towels, tissue paper, birthday cards, cardboard boxes, etc.) or do we want to stop logging. These are 2 trades that have been regulated heavily and incorporated risk management with other programs to mitigate the effects of these actions.

Rent control will eventually lead to depreciation of our rentals, which will bring neighborhood values down. There could be a mismatch of families in units because they don't want to give up their rent controlled unit even though their familial situation has changed (ie: a family stuck in a 1 bedroom apartment or families whose kids

have moved out and now don't want to downsize even though they don't need the room anymore).

Historically, rent controlled neighborhoods have lower quality amenities which are less desirable over time. We have seen the test results from Cambridge, where the owners borne policy costs of \$2billion and only \$300million was passed on to renters. This is a significant weight placed on land lords, without a mechanism of recoupment. We have seen in San Francisco that there was a reduction in rent control units because the landlords turned them into condos to recoup some losses, which in turn raised rental rates due to a decreased supply of rental units in the market.

I say for those who are on limited/fixed incomes, there are low income programs that provide rent security. For those who don't want to move there are other homes to choose from (though at times they may be scarce). It's not if there will be homes available... it's when they'll be available.

These are just a couple reasons I believe that we ought to OPPOSE this proposed bill SB 611 for the 2023 Regular Season. I say if the government want to provide insurance to tenants against rent increases, provide that as a local tax credit or subsidy. This will prevent incentivizing landlords from removing rentals from the market and give the tenants a rent cap they seek.