

## Rosenberg Corey

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**From:** Larry Cwik <photogart@gmail.com>  
**Sent:** Tuesday, May 02, 2017 9:52 PM  
**To:** Senator Burdick  
**Cc:** SHS Exhibits  
**Subject:** Please Oppose HB 2004-A; Message from One of Your Constituents

Honorable Senator Ginny Burdick  
Chair, Finance and Revenue Committee  
Oregon Senate  
Oregon Capitol  
900 Court St. NE, S-213  
Salem, OR 97301

May 2, 2017

Dear Senator Burdick –

This is to request, please, that you oppose House Bill 2004-A, to allow rent control rules to be enacted by local municipalities in Oregon. This would be a bad law. Rent control leads to many problems, including gentrification, loss of small businesses such as Oregon-based landlords, and economic inefficiency. As a 2009 article, excerpted below, which reviewed dozens of studies concluded, the inefficiency of rent control leads to many unintended bad consequences.

There is a housing crisis in Portland, where you and I, one of your constituents, live. But the solution is not in rent control. Here are three much better solutions:

- 1) Tax house-flippers, who advertise widely and have done so for many years now on the Portland airwaves. Houses that sell within one year of a purchase should have a 90% tax placed on any profit from the sale, with that percentage decreasing to 80% within two years, and 70% within three years, and 60% within four years. The proceeds could be used 1/2 for housing for the homeless and 1/2 for more affordable housing. That would greatly minimize house-flipping, which causes increased housing prices in Portland. It would lead to people wanting to do house-flipping to hold properties for at least four years.
- 2) Developers should also be required to pay a 1% or 2% surcharge on all new residential property developments in the state, the proceeds of which would be used to provide housing for the homeless.
- 3) Thirdly, and lastly, developers of all complexes of 8 or more units should be required to provide at least 10% of the new units for affordable housing. This will also help with housing affordability in Oregon.

HB 2004-A takes a wrong-headed and negative approach to an important problem. If it passes, the consequences will both make Oregon less affordable in the long term and result in severe impacts to small businesses in Oregon.

You have great influence and have done many good things in the Legislature. I look forward to any assistance that you can provide on this important issue and to hearing from you.

Thank you for your consideration.

Sincerely,

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Abstract of Article Referenced Above:

"Rent control is usually introduced to economics students as a price ceiling and an unambiguous source of inefficiency. Early rent controls mirrored price ceilings, but by the late 20th century the majority of controls had developed into complex systems. This paper organizes the judgments of economists regarding the impact of rent controls in the American context. Research is limited to journal articles listed by the American Economic Association's electronic bibliography, EconLit, under the subject search "Rent Control" performed February 18th, 2008. Articles must also meet the following criteria: the article focuses on rent control policies; data come from U.S. cities; and at least one author must be an economist. An economist is defined as any individual who holds a degree in the field of economics. I focus on the articles generated by the search in EconLit, but also include articles not in the EconLit search, but referenced by articles that are. I have been scrupulous to include any such once-removed articles that go against the main tendency of the literature, and hence assure the reader that my efforts have not accommodated a "picking and choosing" bias on my part. I find that the preponderance of the literature points toward the conclusion that rent control introduces inefficiencies in housing markets. Moreover, the literature on the whole does not sustain any plausible redemption in terms of redistribution. The literature on the whole may be fairly said to show that rent control is bad, yet as of 2001, about 140 jurisdictions persist in some form of the intervention."

Source: Blair Jenkins, California State University Northridge article, Econ Journal Watch, volume 6, number 1, 2009; Link to the full article is at:

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