

Rosenberg Corey

From: Jim Greenfield <jimgreenfieldshow@yahoo.com>
Sent: Wednesday, May 03, 2017 3:07 PM
To: SHS Exhibits
Cc: Liz Dauw Realtor OR / WA; Sam Lauderdale
Subject: HB 2004 is horrific for landlords

Dear Members of the Oregon Legislature,

I turn 70 years old this Saturday. For the last 22 years most of the income supporting my family has come from rental properties. I believe HB 2004 will put me, and thousands of other small real estate investors, out of business. If the bill passes, I intend to sell my rental properties. Unfortunately many other investors will do the same, which could cause the market to collapse.

Here are the problems with the bill:

1. You lose control as to how to manage your own property. You are only permitted to terminate a lease "for cause." And who determines what is just "cause?" The government - people who have no experience in rental properties. What if I believe I have cause as legally defined to terminate, but the tenant disagrees. I will be in a lawsuit. Even if I win the suit, I will be stuck with legal fees I can't afford. If I lose, I will have to pay my lawyer, plus pay the tenant three months' rent plus "actual damages." What are actual damages? The tenant could claim thousands more in "actual damages." What small investor can afford the risks of losing tens of thousands of dollars in a single case?

2. Why does the government need to dictate to property owners what is "cause" for a termination? If you have good tenants, who take care of the property and pay the rent on time, why would you want to terminate? So why can't you let us decide for ourselves when we need to terminate? This is an unprecedented invasion of our rights as property owners.

The only reason a landlord would terminate when the tenant is good, would be to sell the property. It is easier to sell if the property is vacant. But under Section 4 (e) (A) and (B), the landlord is not permitted to terminate the lease to place the property for sale. You are only permitted to terminate *after* the property has sold to an owner-occupied buyer. Problem: Have any of you ever tried to sell a property that has tenants? Very difficult. The property will probably not look clean if tenants are there. Moreover, the tenants will not be friendly to realtors and prospective buyers who come to look.

3. The worst provision is Section 2 giving cities the right to implement "rent stabilization." This is a euphemism for "rent control." Rent control has been a disaster wherever it's been tried. It causes landlords to allow properties to deteriorate and shrinks the housing supply. If owners can't get a fair market return on their investment, we will all sell. Prices will fall and no new homes will be built. This will make the housing shortage worse.

Section 2(a) provides that the landlord is entitled to a fair rate of return, "*as determined by the city or county.*" Really? Do you think the city is capable of determining what is a fair rate of return? Does the city know how much I paid for the property, how much I borrowed to finance it, what the terms of my mortgage are,

how high the interest rate? Does the city take into account my property taxes, insurance costs, costs of maintenance and repairs, and now with these new regulations, my legal fees? Does the city know how hard I have to work to find suitable properties, deal with tenants, do accounting and bookkeeping, and maintain the property? How high should my return on investment be? You can't possibly believe that the city has the capability to make this determination for hundreds of thousands of rental properties.

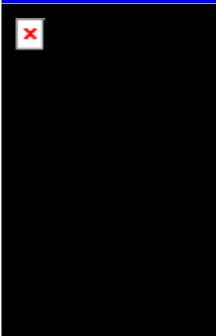
If you pass this law, the Law of Unintended Consequences will soon be apparent. This is a disaster for investors and the Oregon housing market. I've long been interested in politics, but this is the first time I've ever felt that the legislature is trying to destroy my livelihood. And I am not alone. There are thousands of us, and we will fight back with everything we have against those who vote for this.

Jim Greenfield

Jim Greenfield

Author, THE TAXMAN COMETH:

www.taxmancometh.net



www.jimgreenfieldshow.com

(503)968-0499