

I am a small Oregon landlord. I am opposed to HB 2004-A.

This is an overreaction to a situation that has likely already passed. I was born in Portland, have lived here nearly my entire life, and have worked for nearly 20 years in real estate--including real estate finance and commercial real estate appraising. Portland proper has not seen a building boom of the magnitude it is currently experiencing—especially in residential construction—since the 1960s. Once the current construction comes on line, there will not only be a glut of apartments to be absorbed, and rents will definitely drop. Furthermore, the last buildings under construction in the current wave may well become ghost buildings if the rents are controlled—the financial assumptions underlying the costs will not be supported at a high enough level to repay the banks and/or investors in the project. Those buildings will not be able to charge higher rent than whatever the imposed market may be. It's hard to see how that will be good for anyone.

This bill, like rent control measures in the rest of the country will create (and likely already has created) a “musical chair” situation for rental increases: the landlords who are paying enough attention will and have been raising rents in the expectation that rent control is coming. The landlords who will be the most affected will be those who do not use professional management, or are basically unaware of how this legislation might affect them: in other words, it will fall most heavily on the very smallest and least sophisticated landlords. The largest property owners—those who can actually have a measurable effect on rents—have likely already reacted to this bill.

Furthermore, there is nothing about any proposal you have that addresses the real main concern: the lack of affordable housing in Portland proper. That is mainly a function of construction and real estate costs. Without high enough rents, it is not possible to build any units (see above)—much less affordable units. That will only happen with subsidies of some sort. Perhaps the focus should be more on this?

Thank you,
Mark Chasse