

PREPARED TESTIMONY OF MICHAEL J ESLER IN SUPPORT OF HB3054

My name is Michael Esler. My wife and I own a floating home that is moored at Big Eddy Marina, 19609 NE Marine Dr. The Moorage is actually in Gresham although it has a Portland mailing address.

The Moorage has 60 rented slips. Many of the homeowners are retirees who are year-round residents and have limited incomes. Their floating homes are their largest investment asset. In the last two years the old owner raised the rent the maximum permitted by law, about 10% each year. He did this while the property was being listed for sale, obviously to make it more attractive to a buyer. There were no countervailing improvements in either year.

The Marina was recently sold, and the onsite maintenance person was fired, because, as one of the new owners said, the purchase debt and loan conditions would not permit the extra expense.

I believe that the only way the Buyers can expect to pay the purchase price is by continuing to raise the rent the maximum permitted by law each year for the next several years. In other words, using the tenants and rent increases to make up for the fact they may have overpaid for the property.

The problem is that floating homeowners are captive tenants. Not only is it cost prohibitive to move a floating home to a new moorage (\$35,000 to \$65,000) but many of the homes are on older logs and are not in condition to move. Those problems are compounded by the fact that there are not very many, if any, open slips for rent on the Columbia River or the Willamette. That situation may worsen if the new I-5 bridge forces marinas to give up spaces.

The proposed amendment would cap the maximum increase of rent to 6%, which is reasonably designed to match or exceed inflation. The exceptions permit the landlord to exceed the cap if it is to finance improvements and 51% tenants agree. That is fair because the tenants and landlord are in a symbiotic relationship.

The problem is that because of the costs of moving out and inability of the tenants to move, the landlord has an unfair economic club. This is exactly the type of situation that warrants protective legislation.

Thank you for your consideration.