

Submitter: JD Michlanski

On Behalf Of:

Committee: Senate Committee On Housing and Development

Measure: SB611

Dear Senate Committee,

I am JD Michlanski. I am a residential property investor and landlord. I operate in Springfield, OR and have been a housing provider for several years. There is a clear housing crisis in Oregon. Finding a place to live is difficult in the current economic climate. However, rent control caps do not have a strong history of resolving the underlying housing crisis.

Oregonians deserve housing. Specifically, we deserve dignified housing. This proposed rent control measures could lead to fewer housing options and lower the quality of housing options for renters. This proposal would be harmful for young adult Oregonians, especially in areas with universities where rental property damages are commonly incurred.

A recent studies on rent control, including the 2018 article published by Brookings, illustrate the unintended longterm consequences of rent control caps. First, rent control deters people from investing in housing because it impairs their ability to recoup a return on their investment. Second, rent control disincentives landlords from investing with maintenance or remodeling endeavors. Since property owners won't be able to recoup these costs with rental income increases, the incentive to provide and improve their investments diminishes.

Economists studied rent control laws that were enacted from December 1970 through 1994 in Cambridge, MA. By the end of the study, controlled units were rented 40+% below the price of nearby rent controlled properties. The rent controlled properties caused a reduction in their neighborhood's desirability and property values. When Cambridge removed the rent control cap, property values increased by \$2 billion in 10 years. The \$2 billion reflected the expected appreciation that would've been incurred without the cap.

I agree that affordability is a growing issue in Oregon, however, rent control caps are not the solution. Please consider expanding incentives to building homes and rent subsidies. First, we need incentives to build more housing. Increasing supply of homes would help drive market prices lower. Second, expanding rent subsidies would help housing affordability for Oregonians and give renters autonomy over their housing. Subsidies also help renters afford living expenses while allowing property investors the flexibility to do what is best for their properties without potentially incurring big and risky expenses.

This proposal is short sighted and will not support the longterm goals of fixing our housing crisis. Please implement effective solutions.

Thank you,
JD Michlanski.