

Submitter: Thomas Ngo

On Behalf Of:

Committee: Senate Committee On Housing and Development

Measure: SB611

Chair Jama and Senators Anderson, Knopp, Patterson and Sollman—

Thank you for leadership in helping address our housing crisis in Oregon. I'm writing in support of SB 611, with a few suggestions to ensure that regular mom and pop landlords aren't being squeezed by rising costs of utilities and other services needed to provide much-needed safe housing to residents across the state.

My perspective may be a little unique. I'm a landlord and self manage my units in Clackamas County, which allows me to have meaningful and direct relationships with my tenants. I have had to increase rents twice in the past couple years due to the rising cost of utilities. Since utilities are fixed costs, the rent increases were a consistent dollar amount across the board. Annualized as a percentage, the increases were ranged between 3-6%. These rent increases partially but not fully covers the increased cost of doing business.

Sound real estate investment and development should not depend on the exploitation of tenants. If investors need to increase rents on existing tenants by 15% per year, they're doing something wrong. Unfortunately, many investors have bought into the mania of increased valuation — buying properties at such inflated values that the investment only pencils out with exorbitant rent increases. This bill puts an end to that.

I have two recommendations to give landlords in Oregon the flexibility to keep providing high quality housing:

- Take out the limit on frequency: Current Oregon law requires 3 months notice for a rent increase, which effectively means rent increases are limited to four times a year. There are tenants that wish to be on month-to-month leases. As such, there should be flexibility on both tenant-landlord sides. I recommend a limit to overall rent increases in a rolling 12 month period.
- Allow for grandfathering of the 15-year certificate of occupancy exception for units not subject to rent increases limits. Real estate development is costly and needs to pencil out for everyone. Commercial lending and financing is undergoing a tumultuous time. As written, this bill will likely force owners of recently built developments to sell them at a loss to investors who don't care about our communities. This results in poor management and quality of life for tenants. It also stunts the interest in building much needed new housing — a process that is wildly expensive, even for an accessory dwelling unit.

Thank you for your time and consideration.

Thomas Ngo