

TESTIMONY OF CHARLIE HALES BEFORE THE HOUSE COMMITTEE ON JUDICIARY
IN SUPPORT OF HB 2505

April 30, 1985.

TAPE 547

Charlie Hales: Thank you Mr. Chairman and members of the subcommittee. For the record, I am Charlie Hales with the Home Builders Association of Metropolitan Portland. Mr. Irvine has stated our organization's position so my testimony will be brief. Prior to working for the Home Builders, I worked for the Mobile Home Park Association for 5 years and saw some of these issues over and over during that time. I also had the chance to look down the gun barrel at rent control measures in Jackson County and on the ballet in Lane County and the City of Springfield and I think we sometimes forget after a couple of years how close we came in November of 1982 to having rent control underway in Oregon which is what the need was for this legislation in the first place and why it's now being brought to you in making permanent. House Bill 2505 is just that, it's an opportunity. It's an opportunity to preserve Oregon from that kind of a threat and it's an opportunity to benefit from other states' bad experiences with rent control. We provided you with this enormous book not simply to wow you with our ability to make photocopies but to show you the depth of data that is now available from other states. The major issues that are addressed in this book, what rent control does to maintenance and abandonment are now well documented. Maintenance stops and abandonment begins. What it does to new construction is well documented. The comparison of Oregon to Washington DC over the last few years in here is an excellent demonstrator of what happens to construction of rental housing under rent control – it stops. There is no longer any question about it. What happens to tax shifts, the movement of the tax burden from rental housing to single family housing as that rental housing deteriorates under rent control? That is now well documented as well. And the cost of administration finally is also very, very clear from other cities' examples. One of the worst of course is Santa Monica where they enacted rent control in 1979 and where the cost of administration went from an assessment of \$12.50 a unit in 1980 to \$72.00 a unit last year. I'm sorry, in 1982. And in 1983, the Court of Appeals in California ruled that those costs of administration may be passed on directly to tenants. So tenants in Santa Monica, in addition to the other costs of rent control, are paying \$72.00 a year per unit to have it enforced. That works out to a budget of 2.3 million and 60 employees in enforcement control in a city the size of Eugene. That is an inefficient way to regulate the housing market. Now, I think what is also documented well for you is the loss of local control in other jurisdictions that the failure to pass House Bill 2505 would engender. How could Tualatin resist rent control if Tigard had it? And I think equally important is the fact that 7 other states have now done what is asked of you in House Bill 2505 and that is to have enacted permanent prohibitions against local rent control in the interest of state wide concern. Finally, I think the problems of mobile home park tenants remain and the kind of exercise you have had to go through this afternoon is only going to be repeated unless we do something about the time bomb of mobile home parks sitting on conditional uses in industrial zones throughout the State. We sort of blundered into this situation through a series of historical accidents wherein local governments in the post-war decades took land that was one day going to be industrial and said, "Ok, let's put a trailer park there for a few years. That looks like a pretty good temporary use." And trailers were in those days a pretty good form of temporary housing that still had their wheels and axels and trailer tons on them. Trouble is, those units evolved into permanent

TESTIMONY OF CHARLIE HALES BEFORE THE HOUSE COMMITTEE ON JUDICIARY
IN SUPPORT OF HB 2505

April 30, 1985.

TAPE 547

housing and became an attractive lifestyle for many of the people who have testified before you today and they are less mobile then they once were. But the time bomb is there. There are a lot of Terrace Heights out there waiting for us unless we find a way to produce replacement stock in mobile home spaces for those displaced residents and there is very little that we can do to stop that displacement I believe. But stopping House Bill 2505 is not the solution. Allowing rent control to get started in Oregon is only going to exacerbate the problems that 2915 addresses. Those problems need to be addressed in this session and in the future. But what we need to do is remove the threat of rent control in order to have a better and more creative approach to those problems. I would be happy to answer any questions.