

## SUMMARY

We are apartment owners in a rough area of town where it is more expensive and competitive to operate. We don't have the money which historically was here. Most apartment owners are just people working a job and struggling to get by. Apartment owners are individuals and not large corporations.

The City seems to view the landlord as rich and a bottomless pit of money. All landlords know it is bad business to let a property condition fall. And they do not want that. A landlord is a resident of a neighborhood. A landlord provides security, safety, and help to people.

Apartment owners have seen their income drop and expenses increase dramatically. Apartment owners are limited by banks to borrow. Where do we go for money? Our area is in a depressed rental value area

Property owners are asking the city for help. A vast amount of properties are not making it on a monthly cash flow. And that affects the well being of us all.

### Suggestions:

Relieve the landlord of the bills they owe in exchange for the improvements they have made.

Give a "cross the board" green river discount

Give grants in this area to secure our neighborhoods and properties.

Out law banks from stopping landlords from borrowing money for improvements.

Lower real estate taxes for properties out here

Allow more time to get delinquent payments made.

Give us money to go green

Ladies and Gentlemen of the Counsel of the City of Portland:

I am addressing you about a long on going problem in the outer southeast Portland area. And this problem may extend further than what I am aware. I represent a lot of people.

I speak in a personal format but this is the experience of many.

Before the sewers came to the unincorporated part of the city, property owners had money to maintain their properties. I was there when my family had to shell out the money for the sewers. And We paid - for our two tees at 50 thousand a piece (if my memory serves me correctly) plus the piping down the front of our property and the piping in our property. In todays dollar I believe it would calculate to over \$200,000.00. That was OK to take care of our responsibilities to protect the earth.

We believed and was told that government funding would come to help us pay for the costs. It never came. Maybe the city received the federal grants but the people did not. Although it was common business and individual belief the city would help and the FEDS would help. No help came.

Then, came the payments. Our home (a 65 unit apartment building in which I have resided for over 30 years) was in good shape. As we made the payments on our building we found very quickly that we did not have the money for this and the money for that to maintain this immense expensive structure. So this repair waited, that issue waited. In 1994 we refinanced AGAIN to catch up and fix up. Our plan was to have had this place paid for by then and provide 6 full time positions here maintaining the property. But the repairs waited to pay the sewers and caused extensive damage. And I personally went on the dry rot hunt and repair on 10 buildings. We could not afford to pay someone to fix the buildings so I spent my efforts on the raw task to update the structures to fit the changing area. We did employ temporary help for the project. But no permanent positions. We couldn't afford it. Between the county taxes and sewer we are essentially broke.

Over the years I have watched my neighborhood deteriorate. And where a nice building was a shell of what was now stands. I have and/or do know the other landlords in the area. Always the same comment or discussion comes up. The loss of jobs and the cost of sewers. Kay Howard used to own the Croften Apartments next door. She couldn't afford the sewers. She sold. The next owner, can't remember his name, owned it for a while and sold out for the same reasons. He couldn't afford the maintenance and the sewers together. The cash flow damaged his business plans to employ people to operate the building. All apartment buildings in this area are suffering due to the limited ability to create the cash flow needed to maintain the structure and maintain the sewer. All buildings built prior to the sewer construction were not built to maintain the cost of the sewer. And the market does not allow for the addition of the expense.

We are in an area comprised of mainly apartment complexes built in the nineteen seventies. The area is highly competitive and unable to get the market rents of other areas. We live along what has been dubbed "METH ALLEY". A high crime area with low income people who can barely make the rent let alone the addition of sewer costs. To find a qualified tenant is not an easy task and is expensive. And if you make a mistake and rent to the wrong individual or family, you just lost a big hunk of income. And the mistakes happen to us all no matter how seasoned of a manager you are. We bear the cost of eviction, repairs, loss of rents, and any additional costs including the sewers. The people out here renting can't pay it. Welfare does not give our clients the money to pay the sewers. HAP does not include sewer assistance that I am aware of, and most clients on HAP don't have the money for sewers or water.

Why is it that the city does not see us landlords as a honest qualified business? For some reason the city has been after the landlord and as a standard answer, let the landlord pay for it. Any property owner knows it is bad business to let the condition of your apartments fall. It is a standard business practice to up the condition of a property. Not neglect. Why would the city fine a landlord for a tenant damage when the landlord is trying to get the property he owns in better condition? And why would the city think the landlord does not want to fix? Because of lack of understanding of the industry. So here I wish to correct some false beliefs:

1. A landlord makes his retirement off the hard work he has put into his building. He does not want the condition of the property to go down because that affects his retirement. And that building is his income and retirement and in a lot of cases like mine, his home. In short he loses money if his property is in bad condition.
2. A landlord is not someone who sits behind a desk collecting money. He is a hard working individual who puts more time in his day fixing, cleaning, repairing, and helping than most people do. Most landlords rarely get days off.
3. A landlords day does not end at 5 o'clock. It is a 24 hour a day job for most. A landlord gets up at 2 am for his clients problem so his client will stay living in his apartment and so his client can be happy and comfortable. It costs money to lose a client. All good reasons to repair things correctly and professionally. A landlords workday is usually a 12 hour day and often longer.
4. A landlord cares about his neighborhood. If a neighborhood is bad a landlords job becomes very dangerous. So even though historically quiet, they work hard to keep the bad apples out. A large loss of revenue is caused by the renting to a criminal. Thus loss of a pay check.
5. A landlord operates an honest business just like the store or restaurant but with a much less cash profit margin. I read somewhere, I think a Marcus & Millichap report, that a store or other business will operate with a 40 percent monthly profit margin. Commercial real estate including apartments operate with a standard of 3 percent monthly profit margin. YES THAT IS CORRECT ... A 3 PERCENT MONTHLY CASH PROFIT. Look it up. Maybe it has changed a little but you will find the cash profit that pays a landlord is very very low. A landlord employs people and creates jobs.
6. A landlord helps many people. Helps them with their personal problems, many times financial problems, and a landlord provides security and safety to their clients.
7. A landlord only has actual money in equity. Equity is not solvent cash so not spendable. And in many situations not accessible. So money on paper does not make you rich. It makes you responsible and struggle more than others.
8. A landlord is the actual backbone of a community. Votes and now is starting to speak out about what the lack of understand of this industry is doing to our city and our neighborhoods. We are joining to make our community a better place for us all. We have been joining through the Portland Police Department to restructure our community. I happen to be one of the initiators of the program and the guy who came up with the idea. The Police Department liked and acted on my suggestions.
9. A corporation for an apartment building is almost always a person who is a landlord who is a hard working individual who has a corporation or an LLC because the bank required him to form such a structure to limit the banks liability so he could get the loan on the apartment building. It is rare to have a complex smaller than 100 units to be owned by a large corporation and if so the investment is only for a short term investment.
10. A landlord is extremely limited to his ability to finance, lease, or otherwise financially structure the needs of his property (in a lot of cases everything the landlord owns) by the lending institution, including rents or even owning the rental income. In our case, we do not own our rents. A landlord can not payoff a mortgage in many cases with out extreme financial loss due to

time requirement of the lending institutions. Early payoff is extremely costly to the landlord so most can not afford to go refinance. They simply don't have the money or equity to pay the penalties.

With a high vacancy rate in this area currently and over the last few years. Competition is extremely rough. Moe my neighbor is reporting vacancies as high as 50%. I for the third time this year was slammed with 15 vacancies that needed extensive repair. Re renting those units was not an option because of the kind of people it would bring. And the quality of the units were less than acceptable to the needed clientèle. Being in one of the highest crime rates in the city I had to invest what cash flow was there into the units. There was no option, either fix or leave sit. We ran out of things to sell, and we are in a fixed term mortgage that limits our ability to borrow. Most all landlords out here are having the same problem. So, where do we get the money? Something has to wait to get paid. And what options do we as landlords have. It is obvious to most that this area needs help.

As a business operator, and as a member of my neighborhood, I have worked hard to clean up my streets and volunteered a lot to my community. I have met with the Commander of the Police Department to come up with ways to improve the quality of life out here and lower crime. I have improved my complex to bring a better view for our neighbors and community. I have advised other landlords and neighbors on how to change landscaping in inexpensive ways to improve the neighborhood and fight crime. I have walked my streets casually talking to hookers and druggies that there is a crackdown going on in the neighborhood (even though at the time things hadn't even started with the police to push out the meth) and they don't want to be here anymore. I did my part to speak out to the city officials to pull the neighborhood together and lets fix it. And as all landlords do, I have given to my community more than I have asked. Most all landlords are like me. And right now we all are in urgent need of Immediate help.

Our area is an area with a depression in rental values. We typically will get as much as several hundred dollars less than our neighboring areas of the city. And our turn overs are more expensive due to the quality of the individual that has been out here. And this is a list of standard costs for a turn over to get a decent occupant that other areas or ages of buildings don't contend with:

Debris removal. An occupant has just vacated and left broken furniture, piles of clothing that wont be accepted my charities, usually a full dumpster load.

Painting, usually a full paint work is required along with wall damage repair due to occupant damage

Cabinet rebuilding is typically needed due to the occupant not informing of a leak or the over the years use has required new materials to be put in. In the 70's a low quality particle board was used and years later those cabinets need repair or replacement. Older units had plywood cabinets and newer units have more compatible materials.

Sink replacement has become common due to the age as well as many other components including faucets. The norm used to be to purchase a better quality faucet. The norm now is to buy a disposable component.

Appliances once used to be good for 15 years are now lasting 5. So it has become typical for at least one appliance to be replaced.

Woodwork repair/replacement. We are in a drug infested area and due our best to keep out the drugs. But we all have the drugs and that causes violence which damages doors and other wood work. Even

the best of occupants can damage the wood now a days.

Often times you have to replace under layment. That is a component of a building under the carpeting and above the structures floor. This part of the unit will have damages from unauthorized pets, or drugs, or mentally ill people or an alcoholic who have sat and urinated in their sofa and saturated the floor.

This is just a few of the items that eat from your budget which are now included in the budget. And items that will never be collected from due to the landlord tenant laws and the limited financial ability of the standard client that lives in this area. Although I have stopped renting to welfare people, most landlords do. And I still have extremely low chances of collection. Our turn over costs are much much larger than other areas of town

If you drive the area you will see on all buildings new or old, things that need repair. Those things are not due to the landlord not wanting the items repaired. The reason is the landlord does not have the money to repair. The buildings across and next to me are much newer. Yet look at the buildings, And see the railings. Just a small sample of the issues facing us.

We need relief and help. Our neighborhood has been going through a war to save it. Landlords know that if their property condition falls they loose money. But the banking situation leaves most if not all of us unable to meet our responsibilities. Moe, my neighbor is selling his house to make ends meet. It could kill my 84 year old mother to sell her home. Is she going to be put out of her home to pay a sewer bill? We need help now, not in a year from now.

What all this comes to is what I am asking for. Not just for myself but for the entire community. We need a practical way to get our buildings updated. We need a realistic pricing for our sewer costs. I am attaching my operating expenses to show the situation We are in. We as a industry do not have the money to put out what the city expects. As you will see in my operating cost my pay. It is not much at all. And all of the costs put on these records are for materials and not for labor. I have performed all the labor mostly myself. And the property is at a 50 percent loan to value. If I am scraping by doing the work myself. How are they doing it? THEY ARE NOT.

What I am asking for is relief of the sewer system billing and real estate tax structures to help landlords maintain their buildings. We only have so much money. It either goes here in the community improvement or it goes there to a fat cat in the sewer system punishing landlords for some bad experience he once had.

My suggestions:

**Is to relieve landlords of the bills they owe in exchange for the improvements** they have made in their properties. And allow us property owners to be able to afford our maintenance AND sewers. I personally would like to offer a portion of our property for a police department contact office in exchange. I am not aware if the Police Department has found a location yet. But a Stark Street Frontage would be practical. Or in the alternative allow a grant to be paid when the property is sold.

**Give a cross the board green river discount** which has up to this point un reachable to obtain. I paid off all owing bills and applied two days later only to find out I don't qualify because I owe another 5

thousand dollars. I am not the only one who has experienced this. I did not nor have not had the money. This discount may not even be enough to help this industry. We really need a deeper cut in this bill. A 50% cut is more realistic.

**Give us grants in this area to secure our neighborhood and properties.** When the MAX came it brought the wrong kind of people here. And for years we have been fighting to stop the crime at our expense. I personally need a front yard security fencing and driveway gating, that is both attractive and functional to stop stolen cars from landing in our yard. And to stop the vagrants from entering the property and threatening me or my occupants, which is a common occurrence. Over the last several years I personally have been assaulted over 10 times from people off the street. Cars get dropped here or stolen from here. It also would serve as a barrier for police to entrap criminals when fleeing through our property which is a common occurrence. We need money to secure our buildings for the betterment of the city and our people.

**Out law banks from stopping landlords from borrowing the money** in the form of a second or third position loans for real estate improvements. Banks are tight right now and it does not help to tie up a property that could other wise borrow to improve cash flow and afford the payments from the improvements.

**Lower Real Estate Taxes for properties out here.** We don't have the money the city thinks we have. We pay more taxes than anybody. And yet we receive less. Our property values have dropped substantially. Rents are dropping. Expenses have gone up. No property owner has the money to keep his structure up and pay the amounts you want.

**Allow More Time To Get Delinquent Payments Made.** We only have so much money and as the market has fallen so has rental values. I need a reasonable plan to put food on my table for my family and mother. This property was worth 4 million 1 year ago. The value has dropped further hampering our ability to borrow and pay. As the attached documents show the value has dropped considerably even through extensive upgrades to stabilize the building.

**Give us the money to go green.** Energy Trust will provide money to install solar cells to manufacture electric. But you have to buy and install first. And that is expensive. For my building alone the cost would roughly be \$350,000.00. But would pay back rapidly. That income producing ability is there for us large roofs. Enough to generate for the neighborhood on my complex alone. Grant the money to install and let Energy Trust of Oregon Pay back the city. Give us the money through grants or liens to be paid when the property is sold to purchase windows and upgraded lighting, appliances, and what else would apply to bring the older properties to a much more efficient operating status.

|                         | 2008 January  | February       | March           | April          | May           | June            | July            | August        | September      | October         | November        | December       | TOTAL       |
|-------------------------|---------------|----------------|-----------------|----------------|---------------|-----------------|-----------------|---------------|----------------|-----------------|-----------------|----------------|-------------|
| Fees                    | 406           | 171.95         | 519.95          |                | 350           |                 | 37              | 29            | 29             | 29              | 12              | 254            | 1           |
|                         | 350           | 1501.25        | 349             |                | 2240          | 3.75            | 1113.88         | 4.05          | 1321           | 1001.25         | 851             | 1832.25        | 112         |
| renting                 |               | 188.62         |                 |                |               |                 |                 |               | 1200           | 1000            |                 | 1000           | 32          |
| rental value            | 550           | 550            | 550             | 550            | 550           | 550             | 550             | 550           | 550            | 550             | 550             | 550            |             |
| Supplies                | 47            | 54.43          | 48.97           | 203.5          | 174.58        | 118             |                 | 23.09         | 47.99          | 242.07          | 414.6           |                | 13          |
| Finance                 | 1018.59       | 163.8          |                 | 188.54         | 846.25        | 1389            | 656             |               | 194.75         | 829.55          | 716.2           | 175            | 61          |
| Replacements            | 2057.79       | 2709.27        | 3613.17         | 1515.78        | 1577.3        | 5908.42         | 2083.1          | 2512.44       | 3714.54        | 3641.54         | 5026.21         | 1336.48        | 386         |
| nces - New              | 4081          | 2431           |                 |                | 1000          | 1094.17         |                 |               | 737            | 507.8           | 829.32          |                | 106         |
| ing - New               |               | 271.9          | 660.23          |                | 271.92        | 1574.74         | 533.28          |               | 203.79         |                 |                 | 239.34         | 2           |
|                         |               | 960            | 500             | 837.88         | 855           | 315             | 1070            | 423.22        | 476.08         | 845             | 200             |                | 64          |
| Work - Replacements     |               |                |                 |                | 600           | 300             | 430             |               |                |                 |                 |                |             |
| s UT                    |               |                |                 |                |               |                 | 700             | 3400          | 1200           | 8229.69         | 1821.68         |                | 152         |
| UT                      |               |                | 1652.83         |                | 3886.84       | 1950            |                 | 1330.24       |                | 2100.66         |                 |                | 106         |
| as UT                   |               | 438.01         |                 | 137.6          |               | 65.99           |                 | 49.44         | 86.68          | 49.32           | 48.66           |                |             |
| c UT                    | 3396.03       | 338            | 2795.61         | 1844.77        | 2995.65       |                 | 2864.22         |               | 741.44         | 101.57          |                 | 2581.53        | 176         |
| ge/ Debris Removal      |               |                | 1000            | 1500           | 1500          | 1850            | 1500            | 1750          | 1000           | 1000            | 1150            |                |             |
| ising - Other           | 250           |                | 468.91          |                | 380.96        | 1140.69         | 1267            | 490.8         | 642.28         | 193.37          | 220.45          | 1060.7         | 61          |
| ct labor                | 1602.98       | 1602.5         | 1320            |                |               |                 |                 |               |                | 726             |                 | 100            | 52          |
| ry Lease                |               |                |                 |                |               |                 |                 |               | 414            | 414             | 414             |                |             |
| Office                  | 942.29        | 327.47         | 644.41          | 649.65         | 200.67        | 672.71          | 341.35          | 485.13        | 631.1          | 985.36          | 106.93          |                | 56          |
| Auto                    |               | 281.3          | 415.01          | 63.11          | 110.04        | 279.79          | 273             | 353.71        | 471.61         | 153.75          | 139.96          | 227.67         | 27          |
| ng                      | 2550          | 3030.37        | 1250            | 2025           | 2205.95       | 1869.56         | 2237.94         | 1748.9        | 1842.42        | 1550            | 714.56          | 1498.13        | 225         |
| lgmt Fee                | 1792.65       | 1107.9         | 1706.41         | 1099.4         | 1500          | 904.27          | 590             | 1791.02       |                | 2247            | 2076.44         | 656.2          | 154         |
| lgmt Fee                |               |                |                 |                |               |                 | 1000            | 2250          | 3000           | 2000            | 3300            |                |             |
| - Travel                | 116.68        | 9.99           | 1138.15         |                |               | 399.89          |                 |               |                | 29.2            |                 | 60.17          | 17          |
| nce                     | 887.24        | 887.24         | 886.55          | 886.55         | 551.95        |                 |                 | 831.73        | 465.16         | 458.08          | 318.91          |                | 61          |
| / Licenses              | 30            |                |                 |                |               |                 |                 | 50.08         | 1180           |                 |                 |                | 16          |
| ink/refunds             | 34.71         | 58.98          | 225             |                |               |                 |                 |               | 690            | 500             | 206             | 500            | 22          |
|                         |               |                | 173.51          |                | 644.14        | 116.98          | 241.98          |               | 213.43         | 104.54          | 70.97           | 2596.41        | 41          |
| age                     | 15057.22      | 15675.26       | 15675.26        | 15675.26       | 15675.26      | 15675.26        | 15675.26        | 15009.55      | 15009.55       | 15009.55        | 15009.55        | 15009.55       | 1841        |
| rg/tools                |               | 115            | 257.86          | 48.09          |               | 35.73           | 34              | 135           | 143.86         | 414             | 86.41           | 245.95         | 1           |
| vchg bk                 |               |                |                 |                | 737           | 600             | 1075            | 1025          | 695            | 225             | 125             | 1475           |             |
| exp                     | 35170.18      | 32854.24       | 35850.83        | 29815.13       | 36267.28      | 37961.08        | 33415.18        | 36759.35      | 37106.93       | 43261.05        | 37961.08        | 29271.63       | 4256        |
| e                       | 35845.01      | 34641.38       | 34471.7         | 35553.75       | 36718.33      | 35596.1         | 28803.31        | 37255.07      | 38937.01       | 41033.11        | 35244.73        | 30445          | 424         |
| <b><u>LOSS/GAIN</u></b> | <b>674.83</b> | <b>1787.14</b> | <b>-1379.13</b> | <b>5738.62</b> | <b>451.07</b> | <b>-2364.98</b> | <b>-4611.87</b> | <b>495.72</b> | <b>1830.08</b> | <b>-2227.94</b> | <b>-2716.35</b> | <b>1173.37</b> | <b>-114</b> |

|                     | 2009 January  | February       | March          | April          | May            | June            | July           | August         | September      | October        | November         | December       | TOTAL      |     |
|---------------------|---------------|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|------------------|----------------|------------|-----|
| Fees                |               | 4              | 307            | 8              | 13             | 14.14           |                | 6              | 35             |                | 2                | 24             | 4          |     |
|                     | 2020          | 1648.2         | 569            | 2207.09        | 315.27         | 480.75          |                | 355            | 200            | 580            | 1730             | 1297           | 215.96     | 116 |
| nting               | 1000          |                | 1000           |                |                |                 |                |                |                |                |                  |                |            |     |
| ental value         | 600           | 600            | 600            | 600            | 600            | 600             | 600            | 600            | 600            | 600            | 600              | 600            | 600        |     |
| Supplies            | 401.38        |                | 685.72         | 965.95         | 402.42         | 87.3            | 237            | 130.18         | 129.92         | 113.28         | 111              | 150.99         | 34         |     |
| enance              |               | 849.12         | 152.14         | 948.87         |                | 95              | 908            | 332.5          | 275            | 80             | 504.11           |                | 41         |     |
| ements              | 936.81        | 886.48         | 3707.82        | 3634.28        | 3622.02        | 1889.48         | 2696.52        | 1679.27        | 1082.8         | 347.01         | 4472.55          | 3988.49        | 286        |     |
| nces - New          | 500           |                | 277            |                |                | 1952.45         |                |                | 984            |                | 1314.73          | 1425           | 64         |     |
| ing - New           | 2105.97       | 381.22         | 2851.52        | 682.24         | 1251.96        | 614.52          |                |                | 561.86         | 236.2          | 431.74           | 2171.17        | 11         |     |
|                     | 175.98        | 438.48         | 1082.26        | 387.5          | 608.25         | 1114            | 692.34         |                | 145            |                | 381              |                | 50         |     |
| work - Replacements |               |                |                |                |                |                 |                |                |                |                |                  |                |            |     |
| s UT                |               |                | 1871.55        | 1839.25        |                | 4730.25         |                | 2000           | 4000           |                |                  |                | 144        |     |
| UT                  | 1840.06       | 1861.05        |                |                | 1847.13        | 1891.84         |                | 2046           |                |                | 2239.39          |                | 117        |     |
| as UT               | 129.3         |                | 44.23          | 100.17         |                | 133.02          |                | 118.77         | 120            |                | 62.11            |                |            |     |
| c UT                | 1364.7        | 3136.08        | 2329.59        | 1458.07        |                | 1415.37         | 988.19         | 615.06         | 393.07         | 1391.85        | 2780.67          |                | 158        |     |
| ge/ Debris Removal  | 700           |                |                |                |                | 463.76          | 736.52         | 711.52         | 821.52         | 93.34          |                  |                | 36         |     |
| ising - Other       |               | 719.89         | 1072.09        | 1082.47        | 3797.66        | 949.35          | 245.14         | 134.16         | 244.16         |                | 408.97           | 284.74         | 86         |     |
| ct labor            | 304           | 497.47         | 479.6          | 686.3          | 365.41         | 1933.5          | 1559.8         | 20             | 2608.7         | 1200           | 885              |                | 105        |     |
| ry Lease            | 1188          | 594            | 594            |                |                |                 | 1782           | 594            | 594            |                | 594              |                |            |     |
| Office              | 585.15        | 199.67         | 289.02         | 501.21         | 157.31         | 427.3           | 664.92         |                | 598.08         | 236.63         | 526.86           | 56.86          | 42         |     |
| Auto                | 235.83        | 260.21         | 325.71         | 554.02         | 483.98         | 366.16          | 128.74         | 34.64          |                |                | 115.9            | 173.17         | 26         |     |
| ng                  | 1718.72       | 1644.16        | 1025.31        | 1236.66        | 1652.95        | 1166.47         | 1830.7         | 1050           | 1450           | 1400           | 1412             | 1541.87        | 171        |     |
| lgmt Fee            | 1169.05       | 150            | 2476.1         | 1725.58        | 677.55         | 1882.98         | 899.6          | 1675           |                | 1900           | 525.01           | 961.4          | 140        |     |
| lgmt Fee            |               |                |                |                |                | 800             | 1707.94        | 4000           |                | 2500           |                  |                | 90         |     |
| - Travel            | 53            | 435.46         | 0.5            | 317.5          | 201.34         | 98              | 94             |                |                |                | 148.27           |                | 13         |     |
| nce                 | 851.88        |                |                | 1448.01        |                | 791.42          | 396.72         | 392.65         | 392.65         | 392.65         |                  | 1082.61        | 57         |     |
| / Licenses          |               |                |                |                |                |                 | 560            |                | 110            |                |                  |                |            |     |
| ink/refunds         | 161           |                | 500            |                | 1100           |                 | 361.71         |                | 2154.82        |                |                  |                | 42         |     |
|                     | 1075          | 84.9           | 131.64         |                | 219.33         | 300.38          |                | 100            |                |                | 87.74            |                | 16         |     |
| age                 | 15009.55      | 16414.5        | 16414.5        | 16414.5        | 16414.5        | 16414.5         | 16414.5        | 16414.5        | 16414.5        | 16414.5        | 15707.19         | 15707.19       | 1941       |     |
| rg/tools            |               | 79.98          | 234.26         | 50             | 465            | 200.32          |                | 16.2           |                | 186.79         | 379.77           | 238.24         | 16         |     |
| u/chg bk            |               |                |                |                |                |                 |                |                |                |                |                  |                | 195        |     |
| exp                 | 34125.38      | 30884.67       | 39020.56       | 36847.67       | 34195.08       | 40812.26        | 33865.34       | 32864.45       | 34293.08       | 28822.25       | 40812.26         | 28816.69       | 4152       |     |
| e                   | 34683         | 32745          | 38882          | 35933.85       | 36235.46       | 39719.19        | 36045.16       | 34503          | 34025          | 33078.5        | 30625            | 30631          | 4171       |     |
| <b>L LOSS/GAIN</b>  | <b>557.62</b> | <b>1860.33</b> | <b>-138.56</b> | <b>-913.82</b> | <b>2040.38</b> | <b>-1093.07</b> | <b>2179.82</b> | <b>1638.55</b> | <b>-288.08</b> | <b>4256.25</b> | <b>-10187.26</b> | <b>1814.31</b> | <b>174</b> |     |



# Marcus & Millichap

## Real Estate Investment Services

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### Memorandum

**To** Portland City Council  
**From** Tyler Johnson-Multi Family Apartment Broker  
**Subject** Current Market Conditions  
**Date** July 20, 2010

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Dear City Council Members,

I am writing on behalf of the Albright Family, the owners of Patia's Corner Apartments in Portland. Like many apartment building owners, the Albrights are struggling to make ends meet while providing Portland residents an affordable place to live. As you may be aware the commercial real estate market had fallen on difficult times as property values have plummeted 15-20% since 2007. In addition apartment rents are down 10-15%, operating expenses have increased, and financing has become more difficult than ever to obtain.

The combination of low rents, increasing expenses, and lower property values has created the "perfect storm" for many owners whom traditionally relied on a line of credit and/or short term financing to make capital improvements to their properties. Today the market is saturated with apartment buildings in disrepair and units that are close to uninhabitable as many owners are unable to make the necessary repairs to tenant's apartments.

I believe there is a misconception prevalent in Portland that "landlords" are the wealthy class whom take advantage of the lower classes. While there are some property owners who live in the white castles and own 1000's of units, most property owners are "Mom & Pop" owners who own one property and today are forced to operate their property on a month to month basis. The Albrights have made difficult decisions to improve the condition of their units to the benefit of the tenants while operating at an annual loss.

I urge the City Council to recognize the trouble which "Mom & Pop" apartment owners are facing in the current environment and to work to create solutions which benefit both the tenants and the owners. Thank you for your consideration,

Tyler Johnson  
101 SW Main St, Suite 1850  
Portland, OR, 97204  
503-200-2042  
Tyler.Johnson@MarcusMillichap.com

To City Council,

My name is Moe Farhoud and I own several properties in the southeast area. I have been in business for over 20 years most of which has been on or near Stark Street. Almost all of the properties I have purchased were built in or about 1970. These properties were in poor condition and in need of refurbishing, some more than others, in order to keep competitive.

The cost of operation over the past few years has risen considerably, forcing landlords to raise rents just to cover basic needs. Rents were on average \$650 per month 5 years ago and are now averaging \$750. The most expensive bill we receive is our sewer bill. For a 40 unit complex this can average around 2,000 - 2,500 per month. We have removed three swimming pools located on our sites because the water and sewer bills were more than we can afford. It just was not cost effective to maintain a pool anymore.

Finding a good honest tenant is not an easy task anymore. We screen between 20-30 applicants per month and to get a tenant that meets the "approval" status happens maybe twice in a year. Most of the time we are finding ourselves compromising and taking people whom we otherwise wouldn't, the best of the worst so to speak.

To Summerize, it is becoming more difficult to stay in business with the increases in utilities over the past several years, and business owners have had to cut back on some amenities that help to sell an apartment in order to maintain the curb appeal or to update some older features of their building. This in turn does not attract the better renters in the area and therefore the quality of the neighborhood suffers.

Respectfully

Moe Farhoud

**Moore-Love, Karla**

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**From:** kurtalbright@hotmail.com  
**Sent:** Tuesday, June 29, 2010 10:05 AM  
**To:** Moore-Love, Karla  
**Subject:** City Counsel Request

Madam:

I am requesting time to speak to the city counsel about the problems apartment owners are having here in the outer east side of Portland and the desperate situation many of us landlords whom are members of this community providing jobs and stability to this community. Here is a summery:

We as hard working business operators have been hit hard financially for numerous reasons in a depressed area of the city. And we live here as well making us not only investors but residents whom have invested heavily in this community to remove the crime. I personally have lived in this neighborhood for over 30 years, I am an active member of my neighborhood.

Our community has been hit hard by extensive repairs from the kind of people this neighborhood. Being an older apartment complex we are in need for some financial relief due to the expensive repairs we have incurred from our out of pocket revitalization of our neighborhood. I have put as much as five thousand dollars per unit in many of my re rents. An example of the situation is prior to renovation unit is rented for \$750.00 and after re rent the unit is rented at \$750.00. No increase.

As a property owner, the job is hard and dangerous. If we don't make changes to the older complexes to update, we can not be competitive. At the same time we can only charge what the market will allow. Being a depressed neighborhood our rents are lower and charges are limited to what can be collected and usually the landlord bears the expense of the damages caused by others or tenants. The costs can not be transferred to insurance but has become a battle for survival. We are not a group of lazy people whom sit in an office and collect rents.

I summery, This has been my home since 1972. The city is pushing out my entire family of our home of so many years due to the expenses from the sewer system, taxes, and extreme damage expenses. The market does not allow for many reasons to pass off these expenses to the resident. The people who rent from us do not have the money and barely make their rent. If you loose us to California or New York investors what will happen out here? Your police street officers were afraid of this area until we stepped in. If we sell you will loose the foundation of this part of the city.

Respectfully

Kurt Albright

6/29/2010

1042

Request of Kurt Albright to address Council regarding problems apartment owners have in the outer east side of Portland (Communications)

JUL 21 2010

PLACED ON FILE

Filed JUL 16 2010

**LaVonne Griffin-Valade**  
Auditor of the City of Portland

By 

| COMMISSIONERS VOTED<br>AS FOLLOWS: |      |      |
|------------------------------------|------|------|
|                                    | YEAS | NAYS |
| 1. Fritz                           |      |      |
| 2. Fish                            |      |      |
| 3. Saltzman                        |      |      |
| 4. Leonard                         |      |      |
| Adams                              |      |      |