



Serving Philadelphia's Investment & Rental Property Community

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May 18, 2020

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Your Honors:

Have you had the chance to read the May 12, 2020 Barron's article about the Connecticut landlord named Maribeth Shields? I've attached it here for your convenience.

Know that her non-paying tenants will likely cause her to lose her properties, her life's investment. What is abundantly clear is that landlords are not the greedy, rich fat-cats laughing themselves silly during a pandemic, without a care in the world, while everything and everyone else suffers.

This article is but one of many that demonstrates that most property owners live modestly and have invested their own money into income-producing property to provide themselves and their families with some financial security: their nest egg. Why is it wrong to have a solid plan for one's retirement? Often, they live in the same neighborhoods as their rental properties and as part of the same socio-economic circumstances as their tenants. Rent being duly paid enables landlords to pay for the many things required to properly operate. These include many costs other than mortgages.

Much has been made lately in the press about mortgages, as if they are all landlords are responsible for. Ever-increasing taxes and fees, upkeep, insurance, and labor are but the few things property owners must deal with. Municipal overregulation of honest and legitimate property owners make operations tenuous and margins razor thin. Rental suitability, licensing, trash fees, lead paint, Section 8 inspections and documentation, and more.

Alas, the panacea of federally insured banks who offer mortgages forbearance, which merely kicks the financial burden down the road. The US government will save a bank in event of default yet there's no forgiveness for all the other costs property owners bear.

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It must be understood that, in fact, Landlords provide an extremely important function in the economy as a major driver of a city's well-being and fortunes. Providing both a product and a service to the public, there is obviously a profit motive. No different than any business. After all, if there is no financial incentive, why would anyone do it? Right? Property owners create shelter and service that unit; tenants pay for that product and service. A fair deal.

Moreover, without private sector housing providers, the existing public sector system, rife with bureaucratic excesses and red-tape-filled cost model, make creating safe, quality shelter many times more costly than that which can be created by motivated private sector owners.

If things continue their present trajectory, affordable private rental units will eventually dry up and disappear. Over-taxation, burdensome regulations, foreboding and ominous legislative overreach in the covid-19 world are some of the most egregious causes of this doomsday scenario. Prime examples are the recently introduced package of bills from Councilmembers Gym, Gauthier, and Brooks. As written, their package is both ill-advised and, indeed, unconstitutional. One bill ostensibly legislates free rent, by robbing lawful property owners of their rights to prompt court action and possession of their properties in the event of a lease violation. Willfully delinquent tenants recognize the freebee being handed them with moratoriums and other restrictions placed on their landlords and, therefore, have no incentive to pay, nor vacate. A true recipe for disaster.

Any consideration of these bills will be viewed as a short-sighted and one-sided power grab that promulgates the age-old adage about how doing business in Philadelphia is too hard to be worth the bother. Investors will take their dollars elsewhere. Philadelphia will lose out.

Ultimately, without a thriving private housing sector and the investors and owners who make that possible, our city will be a lot poorer, a lot more vacant and abandoned, a lot less friendly, and a lot uglier.

Please feel free to reach out to either of us to discuss further this urgent and disturbing issue.

Regards,

Victor H. Pinckney, Sr.  
Board of Directors  
1<sup>st</sup> Vice President

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