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Free Money

(or in other words: the chapter has scholarship money available; apply now!)

Twice each year, the Greater Oregon Chapter awards education scholarship money to chapter members. The scholarships consist of up to \$750 toward tuition for courses presented by GOCAI that meet designation requirements. Preference in awarding scholarships is given to members who have demonstrated progress toward meeting designation requirements and who have supported our chapter, but all chapter members are eligible to apply. The award money must be used within one year of award receipt.

The deadlines for application are June 30 and December 1 of each year. To access the application, please visit the GOCAI website (www.oregonappraisers.org) and click on the "Education Scholarships" link on the left side of the page.

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Greater Oregon Chapter

Message from the 2017 Chapter President:
Owen E. Bartels, MAI
obartels@irr.com



In this president's report I have an update and some good news and debriefing from the first half of the year and will try to help us focus on an Institute matter that will affect the second.

Oregon's House Bill 2189 has been signed by Governor Brown and become law! Again, thanks to all of you who wrote letters, called representatives, and drove to Salem to help with this effort. Thanks, also, to Lana Butterfield (your chapter's lobbyist) and Scott Dibiasio (from AI National) for all their support.

In case we've not yet reached you, HB 2189 introduced a statute of repose (a strongly-worded statute of limitations) relating to real estate appraisal activity. While I'd endeavored to marry that statute to our record keeping rule, considerations to other industry groups warranted an extension to a 6-year timeframe. So please be aware that, though the record-keeping rule requires retention of your work files for 5 years from completion in most circumstances, there is remaining liability until the end of the 6th year from the date of your report. We'll try to circle back on that in a future session but for now keep that 6 year timeframe in mind.

On to Appraisal Institute business. Your input will soon be needed with regards to a proposal for a significant change to the Appraisal Institute. For the past two years there has been a committee working on a proposal for alterations to the Appraisal Institute governance structure. This may sound a bit tedious, but will significantly affect your Institute and warrants your attention. Whether you support, oppose, or need further clarification at least make yourself aware. Among the key components of this proposal are items like;

- Reduce the number of chapters from the 85 current to 50, roughly bounded by states. The target minimum size for chapters would be approximately 300 members.
- Eliminate the Regional governance structure. Regions as a body would no longer exist.
- National would handle all qualifying education, though chapters would participate in continuing education courses.
- The AI Board of Directors would be reduced from 25 voting members to 16. Currently each Region has 2 voting members on the national board. With the elimination of Regions, those seats would be eliminated. Rather, board members would be selected by a National Nominating Committee.

Your chapter, regional, and national leadership NEEDS your feedback on this issue. This is something for you, the members, to decide. Once a formal proposal is made it will be disseminated as a 45-day exposure draft. Please don't ignore that one, and be sure to keep up with the active exposure drafts

at the AI website by going here: <http://www.appraisalinstitute.org/documents/> and searching in the "category" pull-down for "45-day notices and exposure drafts."

Bring your thoughts with you to chapter meetings and express them to your local leadership so we can advocate for you!

Again, thanks to you all for your diligence, professionalism, and engagement, and have a great summer!

Respectfully Submitted



2017 GOCAI President

Featured Article

Rene Nelson, CCIM

Pacwest Commercial Real Estate

rene@1031guru.com

<http://www.eugene-commercial.com/>



Rene Nelson,
CCIM

Tough New Landlord/Tenant Laws Make Multifamily Investors Rethink the Oregon Market

Tough New Landlord/Tenant Laws Sour Multifamily Investors on Oregon Market

Multifamily Investors Sour on the Oregon Market After New Landlord/Tenant Laws

A notable 2016 trend in Oregon that saw mainly out of state investors buying real estate (especially in Portland) has caused new problems for all Oregon landlords. Often these buyers would immediately give all tenants in the complex a 30-day no cause eviction, with the intent to rehab the complex and then raise rents.

The problems started once they were done with the remodel: they often doubled the rents (from \$695 to \$1,200 in one scenario), so most tenants could not afford to move back. Couple this with a shortage of inventory, and you have the perfect storm for a housing crisis.

In February 2017, the city of Portland passed a new housing ordinance requiring landlords to pay relocation fees to tenants, if they are evicted without cause. The new rules require landlords to pay \$2,900 to \$4,350 to these tenants or to any who must move as a result of rent increases of 10 percent or more in one year.

Landlords cried that the policy only took into account the tenant and not all the stakeholders involved in the process. They pointed out that it failed to distinguish between the small investor who owns just a couple of investment properties, and large out-of-state investors who own hundreds. They argued-probably rightly- that the new rules would force many smaller owners to sell. [Read about the new ordinance here](#)

All five Portland city commissioners agreed that the policy was flawed and might have unintended consequences. But, in the end, they felt it was the best way to help tenants who were now facing doubling rents or even the prospect of becoming homeless.

Part of the overall problem is also the lack of inventory. Last year, an average of 111 people moved into Portland every day, seeking job opportunities and the benefits of living in a large city.

[More on that explosive growth here](#)

Economists say the tight housing supply is the primary driver of the huge rent increases. And, the state's economist estimates that Oregon has a shortage of 111,000 housing units-incredibly, six times the number that were built in 2016-and Oregon has its lowest housing inventories since 2005.

[More about the severe housing shortage in Oregon](#)

The shortage is also affecting the state's home prices, with Portland now leading the nation with housing costs that rose 11.1 percent last year.

[More on the rise in Portland housing prices](#)

The new housing policy also requires inclusionary housing ([more information here](#)) which requires a portion of all new residential buildings with 20 or more units to include affordable units, or that the builder make payments in lieu of construction. This will have a tremendously negative impact on any future development, because increased costs for landlords will lead to fewer rental units coming onto the market.

The speed with which the city of Portland took action caught the attention of Oregon lawmakers and House Bill 2004 was proposed, which prohibits landlords from terminating month-to-month tenancy without cause, and the payment of relocation expenses. It passed by a 31 to 27 margin on April 4, 2017. It is currently in the Senate and is expected to pass with some changes.

The original bill had two main goals: one to change the relationship between tenants and landlords, and the second was to remove Oregon's statewide ban on rent controls. Both have far-reaching implications- and are expected to have an immediate impact on investors, as well as tenants.

Legislative lobbyists that I have spoken to recently believe that HB 2004 will be modified to drop the rent control component for now. But what is to say that it won't be introduced again next year?

As a commercial real estate broker and an investor myself, it is clear that the cities that are struggling to house tenants need to be building more high-density housing. My concern for the real estate industry is that many developers will skip over Oregon as a "landlord's nightmare" and this will worsen the rental housing market.

[My blogcast on the new rules and their effects on investors](#)

I believe that we will also see a negative impact on prices and cap rates. A healthy real estate market should be established by supply and demand, not government intervention. The new changes will create an inhibitor for out-of-state investor interest in multifamily investments in Oregon. The word is already out and investors fear that each city might adopt rent control, perhaps changing it periodically at their whim, thus exposing investors to an absolutely uncertain future.

Oregon landlords are in uncharted territory. Some out of-state-investors have already decided to bail out of the market and transition into other types of commercial properties, rather than dealing with the new regulations for multifamily.

I think many others are in a wait and see approach. They want to see if rent control passes this session (I believe it's not likely this time), while slowly looking for alternative investments to transition their portfolio into, rather than rushing to dump their properties at a fire sale approach.

Things are never certain in politics or commercial real estate, but the recent and proposed changes to Oregon landlord/tenant laws appear to be moving the state into a poorer multifamily investment climate and an even bigger housing crisis.

Member Spotlight

submitted by: Hillary H. Peterson, MAI, AI-GRS

Daneene "Danee" Fry, SRPA, SRA

ACLB Compliance Investigator

danee.fry@oregon.gov

What do an 80-acre farm, an investigative reporter for the Cleveland Press, college football, and an ACLB Compliance Investigator have in common? All are elements of Medford appraiser Danee Fry's story.

Daneene "Danee" Fry, SRPA, SRA, grew up on an 80-acre farm in rural northwest Ohio. After college at Bowling Green University, where she studied business administration and journalism, Danee worked as a reporter for the Cleveland Press. She later took a job in the Lima, Ohio planning department, where she worked on Federal Community Development and Housing grants. When it was suggested that the grant money could go further if the necessary appraisal work was completed by a staff member, the mayor volunteered Danee for the job and she began taking appraisal classes, eventually leaving the city to be a full-time appraiser. Danee lives and works in the Medford area, but these days-because of her nearly eight years of service on the ACLB board and her new staff job as the ACLB Compliance Investigator-she spends nearly as much time in Salem as in Medford. As a nationally certified USPAP instructor, Danee also travels to teach USPAP and other CE classes.



Daneene "Danee"
Fry, SRPA, SRA

About three months ago, Danee was hired to be the ACLB's new Compliance Investigator. In that role, Danee investigates allegations that have been filed against Oregon appraisers and presents her findings to the ACLB Enforcement Oversight Committee, which in turn makes a recommendation to the full board regarding what action to take. Once the board has decided on a course of action, the ACLB Administrator works out the specifics of the action plan and implements it. Danee's charge is to work through the current backlog of allegations in a way that is thorough and fair. Calling on her investigative reporting skills, Danee seeks to find the truth and present the facts without bias.

Outside of work, Danee is an avid college football and basketball fan (for Ohio State, of course), and she enjoys gardening and exploring the great outdoors. She sees her life and career as "a great ride" (both figuratively and literally; she has done property inspections on horseback and snowmobiles), and as her own appraisal journey continues, she hopes to help bring young people into the appraisal profession.

Go Buckeyes!

GOCAI sends Representatives to Leadership Development and Advisory Council in Washington D.C.

submitted by:

Michael Hinnant, SRA

michaelhinnant@gmail.com

Each year approximately one hundred appraisers from across the U.S. are selected to participate in the Appraisal Institute's Leadership Development and Advisory Council (LDAC) in Washington, D.C. LDAC brings together individuals involved in the real estate profession to foster creative thought while developing the future leaders of the Appraisal Institute. Further, LDAC establishes an "appraiser-presence" in Congress. For this year's LDAC, the Greater Oregon Chapter of the Appraisal Institute nominated and sponsored Michael Hinnant, SRA and Lenka M. Keith, MAI to attend.



Michael Hinnant,
SRA

May 3-5, Lenka M. Keith, MAI and I represented GOCAI at the Appraisal Institute's Leadership Development & Advisory Council in Washington D.C. It was my first time attending LDAC along with 99 other appraisers from across the country. I learned about how the Appraisal Institute is working on the national level and got to network with other appraiser from different states.

We were able to meet with staff of local representatives from the House and Senate on issues that impact our profession. Several talking points were expressed during our meetings such as establishing a national portal for licensing and background checks that all states can access data for license renewals. The decline in the number of appraisers nationally was a hot topic and one of our suggestions was to reduce the amount of regulations in which appraisers must comply. We also discussed improving appraisal quality by urging Congress to authorize financial institutions to "raise the bar" by hiring appraisers with professional designations that exceed minimum licensing requirements.

Other highlights of LDAC included brainstorming and discussion groups that talked about issues that impact appraisers and the Appraisal Institute. All of the groups were very informative but the "Branding" discussion group was my favorite.

Overall, I met a lot of bright appraisers from across the country and found the LDAC experience most memorable. Having been my first time at LDAC and not knowing exactly what was expected of me I found that having Lenka M. Keith, MAI as a second year mentor really helped. My experience would not have been nearly satisfying without her guidance. If any of our members are thinking of attending LDAC I would highly encourage participating in this very rewarding experience. I look forward to next year's LDAC.

Lenka M. Keith, MAI
LKeith@columbiabank.com

This was my second year at LDAC. I first attended in 2015, and I must say it only gets better! I find the exchange of ideas quite stimulating; it forces the participants to step out of their comfort zone and look at the issues at hand from different angles. The discussions are a great consensus-building exercise, and even if a clear consensus is not always reached, the participants are certainly left with plenty of food for thought and topics for subsequent discussions.

After getting my feet wet in 2015 under the lead of Owen Bartels, I found myself truly enjoying our lobbying efforts this year! Honestly, without the nudge from LDAC, I am not sure I ever would have sought such opportunity on my own initiative. While Michael and I we were only able to meet with staff members in United States Senator, Ron Wyden((D), United States Senator, Jeff Merkley(D), and United States Representative Kurt Schrader's offices, the opportunity to educate the staff members regarding current issues facing the appraisal industry provided a sense of empowerment, and based on questions that followed our presentation, our message was received with true interest. Together we can make a difference in shaping our profession.



Lenka M. Keith,
MAI

Overall, LDAC is a great networking, brainstorming, and leadership-building experience, and it is an honor to have the opportunity to participate on behalf of our chapter.



In Congressman Kurt Schrader's office, (L-R), Michael Hinnant, SRA, Stephen A. Holland, current staffer for Rep. Kurt Schrader(D) and Lenka M. Keith, MAI



Library of Congress, Washington D.C.



2017 LDAC group photo

Upcoming Events for 2017



September 20	3-Hour Seminar Hot Legal Issues for Northwest Appraisers presenter: Peter Christensen, LIA	Doubletree by Hilton, Tigard, OR
September 21-22	Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications	Doubletree by Hilton, Tigard, OR
October 2	7-Hour National USPAP Update(2016-2017 USPAP)	Doubletree by Hilton, Tigard, OR
October 12	2-Hour Seminar/Chapter Meeting/Social, presenter: Owen E. Bartels, MAI	Rogue Valley Assn. of Realtors Office Medford, OR.
November 27-30	General Appraiser Sales Comparison Approach	Roth's Hospitality Center 1130 Wallace Rd NW, Salem, OR
November 30	7-Hour National USPAP Update(2018-2019 USPAP)	Doubletree by Hilton, Tigard, OR
December 1	Advanced Land Valuation: Sound Solutions to Perplexing Problems	Doubletree by Hilton, Tigard, OR

[Register Online Now](#)

Sincerely,

Zoe R. York, MAI
Newsletter Editor, Greater Oregon Chapter of the Appraisal Institute