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House Urban Affairs Committee

Thank you for giving me and my Coalition members the opportunity to share our views on the Abandoned Property Law.

The Abandoned Property Law needs to be amended. It hurts both rental property owners and tenants. Very rarely is a rental unit returned to the owner broom swept clean. There is always something left behind when a tenant moves out. Once the owner has been duly notified that the tenant is leaving and the tenant has turned in their keys there is no problem. But that does not always happen. In fact the opposite happens more than one would think. Tenants leave and do not inform owners that they are doing so. This means that an owner must start an eviction to be able to legally take repossession of the unit and remove anything left behind. This has 2 negative effects. One being the owner has to do an eviction on the tenant, and the tenant now has an eviction on their credit report. Also, the owner cannot take repossession of their unit.

The owner may pay up to \$500 to process all the steps of the eviction. In Philadelphia this can take up to 2 1/2 to 3 months. If you look at the simple cash flow chart I gave you for a modest 3 bedroom house whose gross rent income is \$750 a month that is a loss of \$2250. The monthly expenses of \$542 do not stop and, they still must be paid.

Many rental property owners are of the mom & pop variety who are trying to supplement their income. They are saving for their retirement or their child's college education. They cannot afford to pay these unnecessary expenses. To have to pay these additional expenses because of an old mattress, dresser, or whatever else someone has left behind is ludicrous. What this law will do is force honest law abiding rental property owners to go out of business or force them to break the law. As I said previously it hurts tenants by affecting their credit rating. This will then cause them to have to deal with slumlords instead of law abiding rental property owners.

MONTHLY CASH FLOW
THREE BEDROOM HOUSE

Rent	\$ 750.00
Repairs	75.00
Exterminating	50.00
Management Fee	75.00
Insurance	76.00
Real Estate Tax	38.00
Rental License	4.00
Miscellaneous	20.00
TOTAL	\$338.00
Mortgage	204.00
Monthly Cash flow	\$208.00

Mortgage
Property value \$60,000
Mortgage \$36,000
30-year term
5.5% interest
Monthly payment \$204.00

Did not include dust sample wipe test, deferred maintenance, snow removal and major repairs (roof)