

My name is Zachary Schmoll, and I live in Orange. I am a landlord with five buildings, totaling 15 units. All of them are in Barre City and Town, and I purchased my first building in 2020. I am quite confident we all agree that we want to attempt to fix what I believe everyone, landlord, tenant, and onlooker, can realize is a broken system. I know that landlords are not popular; I get that there are bad apples. At the same time, I also know that landlords are a necessary part of Vermont's economy, providing a resource that allows people to live in our towns and work for the betterment of everyone. Consequently, I hope that the thoughts I offer below will at least be taken in the spirit of hearing challenges facing one side of this necessary compromise that needs to happen.

I want to focus my testimony on perhaps the most challenging and controversial issue of all, evictions. I understand the bill has more in it than that, but I want to remain focused.

Evictions provide a substantial challenge. I know there is a great deal of conversation about unjust evictions, but the reality is that no one wants to evict a good tenant. Landlords need tenants and tenants need landlords; it is a symbiotic relationship. When an eviction happens, the process takes so long, and significant expenses are incurred. Consequently, any restrictions placed on evictions potentially handcuff this process with administrative problems, pushing problems the state of Vermont refuses to address onto private landlords to bear the burden of non-paying tenants.

First, there is a loss of rent. Secondly, as the process takes longer and longer, the tenant who is unhappy with the situation has more time to allow the unit to fall into disrepair, which creates larger and larger renovation expenses. Lastly, legal expenses, which relative to the above seem insignificant, still total several thousand dollars. Unfortunately, that means that tenants who are paying their rent have to pay more to subsidize the possibility that someone might not pay. Nobody likes evictions; I understand the landlord will always look bad, but there is also the reality of a bill someone has to pay. Unless the state of Vermont is going to start paying the landlord to help with costs when a state-created problem, such as an extremely delayed timeline, incurs significant expenses, the landlord needs to figure out how to account for evictions and run a sustainable business with that risk. That means charging more to responsible tenants to have a small cushion in case someone is evicted, just as any other business owner charges a margin on their products to account for inventory loss or other expenses.

Another challenge related to evictions is that their high cost makes landlords less willing to take risks on tenants with less-than-perfect profiles. For example, imagine a tenant who would not have qualified on her own, but her father was able to cosign. As it turns out, she was just fine. Her father never paid her bill, and everything was smooth. This would be an example of a good situation that worked out for everyone. Housing was provided for a person who fulfilled her obligation to pay the bill, and everything was fine for everyone. Not everyone has a father who is able or willing to do that, however. We talk about how we want young people to come to Vermont, but it is hard for a landlord to take a risk on someone, even if you genuinely want to help them. It is not popular, but ironically, by making evictions easier, you're trying to make it easier for people on the borderline to meet the criteria and likely secure lower rents, because lower reserves are

required for massive eviction expenses. There is a lower risk of incurring extensive expenses, enabling greater risk-taking.

Lastly, I hope the discussions around housing this term are productive. I understand I am a very small landlord. Ultimately, we aim to invest capital, deliver a reasonable return, and provide quality housing. As I said, I know there are bad apples, but I hope these conversations will at least acknowledge both sides. Everyone realizes that both sides are codependent, I hope. I hope you can help, in whatever capacity you can, to identify a solution that works for landlords, tenants, and, ultimately, the state of Vermont's economy, which is suffering from this problem. I appreciate your consideration.

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