

Carson M. Horton, RS®
CIDAnalytics, LLC
8630 SW Scholls Ferry Rd., Suite 2016
Beaverton, OR 97008

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Oregon House of Representatives
Committee on Housing and Homelessness
By Electronic Submission

RE: Why CIDAnalytics & The HOA Detective™ Oppose HB 3746

Oregon Legislature's House Committee on Housing and Homelessness

Dear Rep. Pam Marsh, Vice-Chair Andersen, Vice-Chair Breese-Iverson, and Members of the Committee:

As someone with 25 years in the construction industry, I know firsthand the reality of construction defects - far beyond the theory. With nearly 20 years of experience as a CAI-certified Reserve Specialist®, I am deeply familiar with the financial and governance challenges that condominium and homeowner associations face, particularly when it comes to maintaining complex building exteriors. As the co-founder of CIDAnalytics, LLC (CIDA), the nation's first HOA due diligence service, I have seen from the inside how daunting it is for community associations to navigate construction defect remediation while balancing compliance, funding, and resident expectations. Simply put, I know these challenges better than most - better, frankly, than many of the so-called experts advancing legislation like HB 3746.

Why CIDA Opposes HB 3746: CIDAnalytics and The HOA Detective™ oppose HB 3746 for multiple reasons, each rooted in practical experience and a commitment to real reform rather than political theater.

1. **One-Size-Fits-All Approach** - HB 3746 treats all buildings the same. This might look neat on paper, but anyone with actual building experience knows that a 2-story wood-frame walk-up with no underground spaces is *not* the same as a 10-story concrete tower with multiple underground parking levels, elevators, and rooftop mechanical systems. Grouping these vastly different structures under the same regulatory regime is lazy lawmaking that ignores basic engineering and building science.
2. **A Fundamentally Flawed Inspection Schedule** - The bill proposes a nonsensical inspection schedule: one inspection in **year 2** and another in **year 6** of a building's life. **And then what?**

Answer: Nothing at all. No mandatory inspections after year 6, even though real-world experience tells us that significant building failures often emerge well after these early years, which is one of the reasons why the 10-year **Statute of Ultimate Repose** exists in the first place. Equally troubling, HB 3746 doesn't mandate *annual inspections* or any kind, **or ongoing safety checks**. This alone should disqualify the bill from serious consideration.

3. **Missed Opportunity: Enforceable Compliance:** Perhaps the most glaring omission in HB 3746 is its failure to include what I call the "**One Law to Fix Them All**": i.e. a requirement that any HOA seeking legal redress in Oregon civil courts (for construction defects or anything else) must prove it is in **full compliance** with **all** applicable state and federal laws **and its own governing documents**.

<https://hoadetective.com/the-one-law-that-would-fix-them-all/>

This simple, commonsense measure would prevent bad actors from weaponizing the courts while ensuring that only responsibly governed community associations bring forward claims.

4. **No Meaningful Enforcement Mechanism:** Even if HB 3746 had merit in its current form (which it doesn't), it suffers from a complete lack of enforceability. Without clear, practical enforcement provisions, the bill will do nothing more than create a feel-good illusion of oversight - while leaving owners and residents just as vulnerable as before.
5. **Motivating Forces Behind HB 3746:** It's important to pull back the curtain on who's pushing this legislation. Proponents of HB 3746 fall into two main camps:
 - **Developers** seeking to limit their liability when building attached housing.
 - **Local government officials** eager for a scapegoat to blame for Oregon's sky-high housing costs.

Let's Be Clear: If Oregon's robust **Statute of Ultimate Repose** were truly the driving factor behind the state's high housing costs, we would expect housing in neighboring Washington and Idaho - where construction defect laws are *far* less stringent - to be substantially more affordable. The problem is that they aren't, which reinforces the position that this argument is a red herring.

The Reform We Do Need: To be fair, Oregon's HOA statutes are long overdue for reform - but HB 3746 isn't the answer. Real reform would include meaningful compliance measures, such as statutory mandates ensuring that associations conduct reserve studies, and update those studies *annually*, as the law requires; and while they are at it, complete the Accountant's Review of the financial statement in a timely manner. Of course, the only law that is needed to increase transparency and good governance is the **One Law to Fix Them All**.

Adding statutory language to existing laws that is designed to keep in check the predatory vendors who saddle up to HOA Boards and management companies in search of the much celebrated “*recurring revenue stream*” often turning the HOA’s bank account into nothing less than a defacto retirement fund. Strengthening the existing foundational pillars of Oregon law would do far more to protect homeowners and enhance community stability than the window dressing HB 3746 offers.

The Real Culprit: Oregon’s Land Use Laws: If this Committee is serious about addressing housing affordability, I would urge you to look at the root cause: Oregon’s restrictive land use laws. These laws have created an artificial scarcity of developable land, driving up housing costs across the board. Revisiting and reforming those policies would have a *real* and lasting impact on housing affordability - far more than any tweak to construction defect warranty statutes.

In closing, I encourage the Committee to reject HB 3746 and to focus its energy on reforms that will improve HOA governance, housing quality, affordability, and governance in Oregon.

Respectfully submitted,
Carson M. Horton, RS®
Co-Founder, CIDAnalytics, LLC
AKA: The HOA Detective™