



March 14, 2025

House Committee on Housing and Homelessness  
Oregon State Capitol  
900 Court St NE  
Salem, OR 97301

**Re: Support for HB 3746**

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

My name is Megan Parrott and I am writing on behalf of the [Unlocking Homeownership Coalition](#), a group of more than 40 nonprofit and for-profit organizations working together to expand first-time homeownership access for thousands of Oregonians. We urge your strong support for **HB 3746**, critically-needed condo liability reform.

Homeownership is the key to building household stability, generational wealth and strong communities, yet it remains out of reach for far too many Oregon households. The Unlocking Homeownership Coalition is pushing for smart, people-focused investments and policies in 2025 that will make a meaningful difference in addressing our state's housing crisis. **HB 3746 is a key step toward expanding entry-level homeownership opportunities in Oregon.**

Oregon's condo defect liability statutes of limitations and repose are longer than many of our western state peers. Due to this extensive period of liability, developers, financiers and insurers take on much higher risk to build condominiums here. This heightened risk has greatly suppressed condo production in Oregon. The proportion of owner-occupied multifamily units permitted in this state is less than half the national average.

As of April 2024, Oregon is the fifth least affordable state for housing relative to median household income. Condos are more affordable entry points to homeownership. The median sale price of a condominium in Oregon was \$341,000 in 2023, 38 percent lower than the \$552,460 price of a single-family home. As the state implements policy changes to increase housing production, it needs to ensure that every housing type remains viable to produce. If Oregon does not address condo defect liability reform, a key component of entry-level homeownership opportunities will remain underrepresented in our state's housing mix.

HB 3746 addresses Oregon's need for condo liability reform by enacting the following four key adjustments:

- Lower Risk – Reduce Oregon's statutes of limitations and repose to 6 years, to more closely align with CDL in other western states.
- Reduce Litigation – Establish a means for a developer to remedy a defect by an agreement with the claimant without going through litigation.
- Enact Informed Consent – Ensure that at least half of condo unit owners must vote in writing to proceed with litigation.

- Ensure Consumer Protection – Require special inspections for common defects and still allow claimant litigation to proceed if an agreement to remedy the defect cannot be reached with the developer.

HB 3746 strikes an appropriate balance between condo owners' consumer protections and developers' ability to expand production of this key entry-level homeownership type. We urge your strong support.

Thank you for your leadership and service,

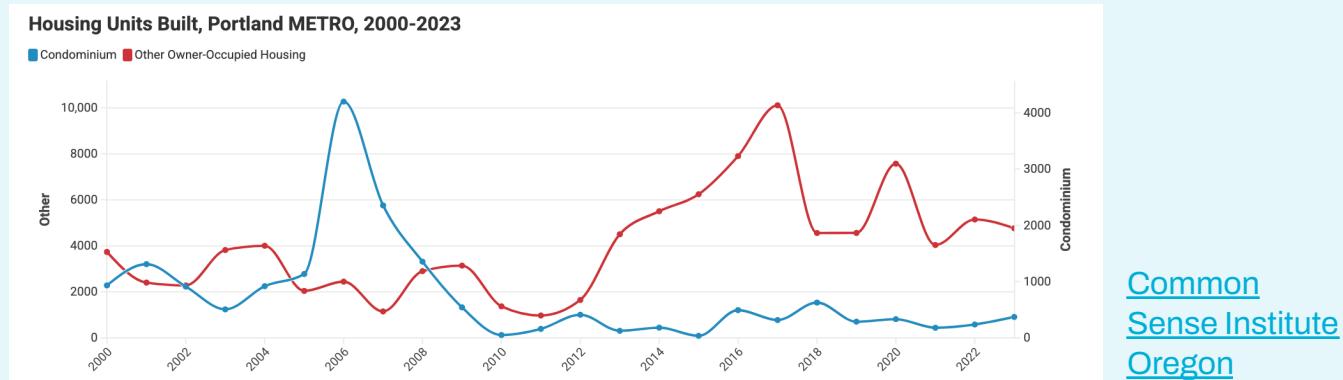
A handwritten signature in black ink that reads "Megan Parrott". The signature is fluid and cursive, with "Megan" on top and "Parrott" below it, both starting with a capital letter.

Megan Parrott  
Habitat for Humanity of Oregon  
Unlocking Homeownership Coalition

## **HB 3746: Condominium Construction Defect Liability (CDL) Reform**

### Problems caused by existing CDL in Oregon

Oregon's CDL statutes of limitations and repose are longer than many of our western state peers. Due to this extensive period of liability, developers, financiers and insurers take on much higher risk to build condominiums here. This heightened risk has greatly suppressed condo production in Oregon.



- Condo production in Oregon has dropped significantly. Between 2006 and 2023, annual condominium development fell by 92 percent, with only 309 units built per year on average, down from a peak of 4,199 units in 2006.
- Condos are more affordable entry points to homeownership. The median sale price of a condominium in Oregon was \$341,000 in 2023, 38 percent lower than the \$552,460 price of a single-family home.
- Oregon faces significant challenges with owner-occupancy rates. The proportion of owner-occupied multifamily units in the state is less than half the national average.

**Heightened Cost of Condominiums Produced** – Oregon’s long statutes of limitations and repose force developers, financiers, and insurers to mitigate their financial and legal risk in ways that increase the cost of construction. This often comes in the form of more expensive building materials, higher financing fees, and higher insurance premiums. For developers, it frequently means using different building materials than they otherwise might – materials that come at a higher cost.

**Fewer Options to Address Oregon’s Housing Crisis and Limited Housing Type Choice** – Over the past few decades, development trends have shifted to a more balanced mix of housing types. However, since CDL makes condominium development riskier, this more affordable, denser, ownership-enabling housing type remains underrepresented in our housing mix.

### **Why is CDL reform important?**

As of April 2024, Oregon is the fifth least affordable state for housing relative to median household income [[National Association of Realtors](#)]. Condominiums often provide an entry opportunity for homeownership at a price point more affordable to the median family. As the state implements policy changes to increase housing production, it needs to ensure that every housing type remains viable to produce. If Oregon does not address CDL reform, a key component of entry-level homeownership opportunities will remain underrepresented in our state’s housing mix.

### **What’s the solution?**

- **Lower Risk** – Reduce Oregon’s statutes of limitations and repose to more closely align with CDL in other western states;
- **Reduce Litigation** – Establish a means for a developer to remedy a defect by an agreement with the claimant without going through litigation; and
- **Ensure Consumer Protection** – Require special inspections for common defects and still allow claimant litigation to proceed if an agreement to remedy the defect cannot be reached with the developer.

**Common Sense Institute Oregon: Oregon’s Construction Defect Liability Laws: A Barrier to Homeownership?**  
<https://www.commonsenseinstituteus.org/oregon/research/housing-and-our-community/oregons-construction-defect-liability-laws-a-barrier-to-homeownership>

**REALTORS® Affordability Distribution Curve and Score**  
<https://www.nar.realtor/research-and-statistics/housing-statistics/realtors-affordability-distribution-curve-and-score>