



Expert Testimony in Favor of HB 3746

To: House Committee on Housing and Homelessness, Oregon State Legislature

Date: 1pm Monday April 7th, 2025

Good afternoon, Chair Marsh, Vice Chair Breese-Iverson, Vice Chair Anderson, and Members of the Committee. For the record, my name is Bjorn Beer with SVN and CondoFund. I'm also a member of Housing Oregon. I am a consultant to numerous housing authorities and affordable housing nonprofits across the state. The passage of House Bill 3746 is vital for building more affordable housing units, which condos are. That much should be obvious because we used to build almost 6,000 condos per year but now only a few hundred at most. It needs to be said that HB 3746 is the only meaningful housing production bill that doesn't cost taxpayers a penny.

But I'm not here to state the obvious. I'm here because there is an emergency in the affordable housing world that no one is talking about: the preservation of our current affordable housing stock. Governor Kotek should be commended for her leadership on new production, but it is all for naught if we can't stop the hemorrhaging of affordable housing units. Every single housing authority and affordable housing nonprofit I work with has assets they are selling off, assets that will be lost forever to market-rate forces. Things were bad before the election, and now they are worse. It is a common story where an affordable housing group builds 100 units while they are selling off 100 units. How is this one step forward one step backwards situation good for lower income residents and especially Oregon taxpayers? How will we stop the bleeding?

Now for the ember of good news, which passage of HB 3746 could ignite into a flame with your help. Last year, I put a partnership together with an innovative private sector group and the former head of the Oregon Housing and Community Services. Together, we have implemented a pioneering pilot project that converts at-risk apartments into affordable condos that the tenants themselves can purchase. We even help them with their downpayment, and their monthly payments stay around the same. This preservation model is a game changer in the affordable housing industry, not only for preserving assets but also for putting people on the path to ownership.

With passage of HB 3746, we can sell these condos in Portland for under \$200,000. We have brought back the extinct species called the "starter home." But, on one of our projects we just heard that insurance will cost over \$100,000 per year on a 23 unit affordable condo conversion project. By comparison, if we remodeled and turned to market rate apartments? Only \$10,000. Because of current laws, insurance has no problem with high end apartments that make investors a ton of money. But affordable condos for the current low-income renters? Nearly \$400 per month per unit on insurance. We have a solution to our preservation emergency, but the one and only barrier preventing us from scaling this idea across the entire state overnight is the onerous cost of litigation for condos. Every lender, developer, and insurance provider I know is hesitant to engage with condos for this reason. In fact, the insurance company

who quoted us \$100,000 for a 23 unit apartment might actually retract their quote. So why are condos harder to insure?

A professor of mine at Georgetown University said it the best: "Politics isn't simple, but it simply is the process of figuring out who gets what, when, where, and why." By this measure, the status quo only benefits one and only one party: the extremely small handful of trial lawyers who specialize in condo defect litigation. But if we pass HB 3746, taxpayers benefit, low income residents benefit, seniors who want to down size benefit, first time home buyers benefit, and, most of all, affordable housing nonprofits and housing authorities benefit.

I want to conclude with an anecdote relating to my professor's question of who gets what, when, where, and why: someone I know in the Unlocking Homeownership Coalition overheard a trial attorney after a recent work session lamenting to a colleague: "I used to have many dozens of these condo defect suits per year and now it's completely dried up, we didn't have a single one last year. I don't understand why it all dried up." I would beg the Chair, Vice Chairs and members of the committee to pause and consider the sad irony of that statement. Under the status quo, the trial lawyers have run out of condos to sue. This is what happens when we let narrow special interests dictate policy.

In sum, I encourage the trial lawyers listening to join us in supporting HB 3746 so that they actually have condo developers to sue in the future. All we are asking in HB 3746 is that they don't wait till 9 years and 11 months, at the 11th hour of the last day of a ten-year period at 11:59 PM to file a suit with one tenant. Under HB 3746, they can still sue: it just means the private sector and non-profit world can create more condo projects to sue. And most importantly, with passage of HB 3746 we help each of Oregon's housing authorities and affordable housing non-profits stop the accelerating loss of thousands of affordable housing units to market rate investors.

Thank you for your time and consideration,

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Speaker's Background:



Bjorn Beer graduated from Georgetown University with a degree in economics. Beer's first real estate investment resulted in a land donation to Habitat for Humanity. Beer resides in Corvallis, the state's most rent burdened city. Beer recently served on the Planning Commission in Corvallis. As Vice President at SVN, Beer specializes in working with affordable housing authorities and non-profits on development projects, acquisitions, consulting, and dispositions. He is a voting member of the affordable housing coalition Housing Oregon.