

Submitter: Garlynn Woodsong
On Behalf Of: OCHN
Committee: Senate Committee On Housing and Development
Measure: SB601

Dear Chair Jama and members of the committee,

I would like to respond to a comment questioning whether SB 601 would add to the supply of housing in Oregon. It is my opinion that, in the long run, SB 601 will actually pave the way to add more cooperative housing in Oregon, and here's why:

I mentioned in my verbal testimony that OCHN has been attempting to inventory all of the existing housing cooperatives in state, and we have only found perhaps six to eight of them, anywhere in the state. This is a very low number for a state of over three million people.

What this bill would do is to encourage the creation of new housing cooperatives. Yes, this bill would get there through the conversion of existing buildings to new co-ops. However, once these new co-ops are formed, they will be able to come together and seek financing as a group for the construction of more housing, on their own properties and on others close by.

So, this bill will have a side effect of creating the conditions under which cooperatives can grow their share of the housing ecosystem. Lenders need to see that there are existing co-ops in Oregon, so they can gain experience at lending to co-ops, which use different loan products, such as share loans and whole building loans. Lenders can gain experience working with these loan products on conversion co-ops, growing the market of loans available to co-ops in the state. This will reduce risk and make it easier to obtain financing for co-ops, making it more likely that new co-ops will be able to be developed in the state as well, which could add to the housing supply.

Even though this bill won't directly lead to new units, it can thus help to change the context of the housing market in Oregon in order to make it easier to bring new cooperative housing units to market in the near future. Because existing buildings already exist, while new ones take years to permit, finance, and construct, this bill could make it easier for new buildings to become housing cooperatives, by the time buildings currently being planned are able to obtain their certificate of occupancy.

If a new building can't be rented or sold, as I mentioned in my verbal testimony, then it won't be built because there is no exit strategy viable for the deal. This bill, by supporting housing cooperatives, also supports the addition of housing cooperatives as a viable exit strategy to the options that the market perceives as available. Some marginal deals could be viable as housing co-ops that might not pencil as rentals,

and with developers often unwilling to consider condo deals at all, those deals could be transitioned from no-go to go decisions for the developers when the housing cooperative exit strategy is perceived as a viable opportunity.

Thank you for your holistic consideration of the benefits this bill could bring to the housing market, and how it could indirectly lead to supporting the construction of new housing.

~Garlynn