

Testimony on HB 3746

Chair Pham, Vice Chair Anderson and Members of the Committee,

Thank you for the opportunity to provide testimony in support of HB 3746. My name is Mike Riddle, and I am the current President of the Oregon Home Builders Association and a home builder in Oregon with firsthand experience navigating the challenges of residential construction.

Oregon is facing a housing crisis, and one of the most effective ways to increase attainable homeownership opportunities is by expanding condominium development. Condos offer an affordable entry point to homeownership, yet current construction defect liability laws discourage builders from taking on these projects.

A 2024 report from the Common Sense Institute Oregon highlights this issue: in 2023, the median price of a single-family home in the Portland Metro area was approximately \$552,460, while the median price of a condo was just \$341,000. Despite this affordability advantage, condo construction has plummeted—falling from 4,199 units built in 2006 to just 309 in 2023, a staggering 92% decline. Builders like me want to provide more housing options, but the legal risks associated with condo construction make it nearly impossible to justify these projects.

HB 3746 addresses this problem by making much-needed adjustments to Oregon's construction defect laws. I won't go into detail on the specifics of the bill as it's already been stated but I will broadly say, the specifics that are meaningful and have been negotiated very fairly include: the reduction in statute of repose, the right to remedy, notice to owners, and inspections (I must say the inspections on smaller units are concerning and could be costly to some of the smaller builders - we hope there is not an unintended consequence in the inspection section). While I conduct similar moisture inspections on my single-family homes as a preventative measure now, I understand there could be issues with multiple inspections after construction especially with units that are essentially independently owned. I have not found these inspections to be too costly but could be challenging to have completed after turnover without an active association. No one set of stakeholders (including us) left the table with everything they wanted but we know good compromises were made.

We've seen similar reforms work in other states. For example (per a Sightline Institute report), when Colorado made changes to reduce developer risk, condominium production increased by 112% in just one year. Oregon needs to follow suit if we want to make meaningful progress in addressing our housing shortage.

As a builder, I want to deliver homes that are high quality, affordable, and accessible to Oregonians. HB 3746 removes barriers that currently prevent us from building the condominiums our communities desperately need.

Thank you for your time and consideration.