

Submitter: Ian Rogers

On Behalf Of:

Committee: Senate Committee On Housing and Development

Measure: SB611

The limitations on rent increases under SB 611 (the lesser of 3% or CPI capped at 8%) and the untenable reduced exemption for new construction (from 15 years under SB 608 to the proposed 3 years) will have a direct negative impact on the volume and quality of housing in Oregon and will force housing providers to build elsewhere:

- Housing providers will not have the financial capacity to rehabilitate or update older properties if allowable rent increases continue to fall below the ever-increasing costs of labor, insurance, utilities, materials, and financing. Additionally, the tripling of tenant relocation costs will render rehabilitation too cost prohibitive to relocate tenants when buildings are in need of rehabilitation. Moreover, residents will remain in existing housing given well-below market rents, which will inevitably lead to stagnancy and a dilapidated infrastructure.
- Governor Kotek's goal of 36,000 new units per year will require participation and investment by all types of housing providers, but especially multi-family housing developers/providers with the expertise to build apartment communities comprising hundreds of units. A new construction exemption of only three years would not incentivize housing providers to build given the extremely high financial outlay required to develop new construction. Our typical new buildings in Oregon add 100-300 units per property (in the past five years we have built almost 1000 new units in the Portland area alone). Our investment and development efforts currently focused on the state of Oregon would be redirected to states with a more equitable, risk adjusted approach to housing should SB 611 become law.
- SB 611 will not lower rental rates or make housing more affordable as the supply of units in the market will stagnate while the demand for units will continue to rise with population growth. The population in Oregon has grown at 40,618 people per year for the past 13 years. Oregon needs to encourage development and additional supply of rental housing units, not make it more difficult to build, if the goal is the stabilize or lower rental housing costs

Thank you

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