

CAPSTONE

P A R T N E R S

March 26, 2023

Subject: Testimony in Opposition to SB 611

Dear Members of the Senate Committee On Housing and Development:

Capstone Partners is a Portland-based development firm. We are heavily invested in the Pacific Northwest and have completed 1.5 billion in projects during the past two decades. We have built 977 apartment homes in Oregon and are either under construction or in planning for another 288 homes. We care deeply about developing housing in this region and want to continue investing in projects within Oregon. We also agree with state leaders that Oregon has an urgent need to produce more housing.

We urge you to **vote no on SB 611 – this bill will put us further behind on housing production and will not solve our state's need for affordable housing**. The proposed changes to Oregon's existing rent control rules just 4 years after the original regulations went into effect will further destabilize development markets and make it even more difficult to attract investment capital. Attracting capital is non-negotiable if Oregon wants to meet its housing production goals.

The severe reduction in the new-construction exemption timeline to just 3 years puts Oregon at a disadvantage for investment dollars compared with peer markets. Our existing 15-year new construction exemption is necessary because it covers the development and construction of a building, the building's first sale, and the new buyer's initial "hold" period. Investors seek as much certainty as possible during these three critical stages for a new housing building.

We are also concerned by the hard cap on rent increases not tied to inflation. A hard cap in Oregon will make investment here too risky, as investors consider all potential risks, including periods of higher-than-average inflation that impact operations and maintenance costs.

We urge you to instead focus on policies that incentivize developers to invest in new housing construction like streamlining permitting processes and funding for affordable housing development. We are encouraged to see your committee take up these measures as part of a strong push to develop more housing. Please do not negate these potential gains by making changes to our existing rent control program.

Sincerely,



Lauren Jones
Vice President - Development