

Dear Chair Fagan and Members of the Committee,

I support the provisions of SB 608 that would end without-cause evictions and limit the frequency of rent increases to once per year. However, I am concerned that the provision that would establish price controls on rent – 7% per year above the consumer price index (CPI) – may have adverse long-term effects on our rental market (and thus our renters). I encourage you to pass SB 608 without the price control provision.

I have heard many stories of Portlanders being evicted from their apartments without just cause and the struggles those circumstances have caused them, and I personally know at least two people to whom this has happened in the past couple of years. I believe that renters should not have to worry about suddenly and unexpectedly losing their homes. I also think that limiting the frequency of rent increases would provide valuable certainty to renters; if renters are aware of when their rent may increase, they can at least prepare for the possibility that they may need to move if it becomes too expensive to stay.

On the other hand, it is possible to be shortsighted about renter protections. I know that the 7% per year above the CPI limit on rent increases is well-meant, but its efficacy is not supported by economic theory or recent policy evaluations. Conventional economic theory states that imposing price controls on the housing market creates a disincentive for landlords to rent out their properties or for developers to build new housing, causing the supply of housing to stagnate. Evidence from a 2018 study by Stanford University researchers Rebecca Diamond, Timothy McQuade, and Franklin Qian suggests that this is a valid concern, given that the introduction of rent control in San Francisco resulted in a 15% reduction in the supply of housing provided by landlords who were covered under the policy. A reduction in the housing supply is the opposite of what we need during a housing crisis.

There may be better methods than price controls to address housing affordability in Oregon. I encourage the committee and the legislature at large to look into better addressing income inequality (perhaps by increasing the minimum wage) and what it might take to subsidize affordable housing units across the state, whether by designating specific units as affordable or providing vouchers to renters with incomes below a certain threshold.

In summary, I support ending without-cause evictions and limiting the frequency of rent increases, but I am not convinced that a 7% annual limit on the amount of rent increases would have the intended effect on housing affordability in Oregon. Please amend SB 608 to remove this price control provision before passing the bill.

Sincerely,

April Hersey

Portland, OR