

Feb. 12, 2019

To the members of the HHS Committee:

While I agree with many of the points that others have made opposing the passage of Representative Kotek's **HB 2001** including:

- the lack of **public process**,
- the lack of **factual evidence** to support the contention that this will solve Oregon's housing crisis (Portland's Johnson Economics studies have been criticized by many as being incomplete and faulty in their assumptions and analyses),
- the likelihood that it will instead cause large scale **demolition of market-rate affordable and family-sized housing** causing the displacement of vulnerable families,
- the lack of consideration for essential **infrastructure planning**,
- and the lack of consideration of other unintended consequences including the removal of **mature tree canopy and green space** and a further shift in property ownership to absentee landlords,

I would like to focus on an additional negative externality which the City of Portland will face under its current RIP proposal and will likely play out in other cities across the state if HB 2001 passes. That is the **large-scale shift in property ownership** from the current model in single dwelling neighborhoods where an owner owns both the structure and the land **to a condominium model** where multiple owners own and manage the land and parts of a structure in common.

"When I work in condo-world, it's much bigger volumes, but I have to say the liability associated with condos is just something we all want to run away from." – Katherine Schultz (architect), Planning & Sustainability Commission (PSC) Chair, PSC RIP Work Session 6/26/18

Portland's Residential Infill Project (RIP), on which HB 2001 is modeled, has been promoted as a vehicle for advancing homeownership. Even though PSC commissioners, Katherine Schultz and Eli Spevac, two of the loudest voices in support of the current proposal, have acknowledged serious disadvantages to condominiums, Portland's RIP and HB 2001 (allowing up to 4 units on nearly every R5 (Portland) "single dwelling" lot) will move cities' housing markets, over time, away from single ownership of lots to shared condominium ownership.

In Portland's R5 zone, while duplexes, triplexes and 4-plexes will be permitted on 50' x 100' lots, unless underlying historic lots are present, the land may not be subdivided. If sold, the units may only be sold as condominiums.

Why is this a problem? While there can be some advantages to condominium ownership such as lower price points and shared costs of maintenance, there are also **significant disadvantages** especially **when there are only a few owners**. These include:

- HOA fees in addition to mortgages,
- the need for strict codes, covenants and restrictions that anticipate conflicts, use and maintenance of shared spaces,
- rules related to absentee ownership and rental agreements.

In addition, while large condominiums may be able to absorb **an owner's nonpayment of HOA fees, such nonpayment may be more difficult for fewer owners to handle** both financially and personally as there is no possibility for anonymity. For these reasons, **resale prices tend to be lower.**

Jumping into a large-scale adoption of small condominium (4 units or less) ownership of residential property, eliminating the single-family zone without understanding the impacts on owners of potentially moving the state into "condo-world" would be irresponsible.

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