



April 30, 2019

To: House Committee on Rules

Dear Chair Holvey, Vice-Chair Williamson, Vice-Chair Wilson and Members of Committee:

My name is Shannon Vilhauer, and I am the Executive Director of Habitat for Humanity of Oregon. I am writing to share our organization's strong support for HB 3432.

Habitat for Humanity helps families achieve stability by building and selling them a key asset: their home. Habitat homeowners pay down an average of \$50,000 in mortgage principal during the first 10 years of ownership, facilitating the very real intergenerational transfer of wealth. We have a proven record of accomplishment of helping to close our state's minority homeownership gap. Over 10% of the households we serve have at least one member with a permanent disability. The average median income of Habitat homebuyers statewide is 41%. That is approximately \$28,000 in annual earnings for a family of four. Thanks to Habitat's diligent homebuyer selection process and thorough financial education, our mortgage repayment rate exceeds 98%.

Today, one in four Oregon renters pay more than half of their income for rent. In communities throughout our state, skyrocketing home prices mean that qualified buyers are priced out of the opportunity to purchase their first home—adding pressure to a rental market already bursting at the seams. The need to provide meaningful options to stabilize families on the brink of displacement has never been greater.

At the same time, Oregon's recent production rates for condominiums has been disconcertingly low. As advocates for affordable homeownership opportunities statewide, we are concerned that this is due in large part to our state's onerous construction defect liability statutes.

Condominiums are a critically important strategy to help promote the development of new affordable homeownership opportunities. Due to tight residential zoning restraints, developers often must plat even single-family detached homes as condominium developments to achieve even a modest level of density—especially in rural Oregon communities.

Especially tight condo defect laws, combined with the lack of an adequate right to cure, work in opposition to the constraints of Oregon's urban growth boundaries, which dictate a modicum of density in order to ensure adequate access to land for residential housing production.

Habitat for Humanity of Oregon

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HB 3432 addresses important changes needed to begin scaling up condominium production in Oregon. We especially embrace the provision that provides a clear pathway to curing construction defects—placing appropriate levels of decision-making control in the hands of the condominium association, who may choose whether to have the original contractor repair defects or pay another contractor of the association's choosing to make critical repairs.

As affordable housing developers, we strive daily to stay current with best practices for durability and energy efficient construction techniques. We welcome the checks and balances of thorough envelope inspections, as developed by the Building Codes Division.

We also believe that it's appropriate to engage the entire condo association in the decision on whether to pursue condo defect litigation—rather than placing the full responsibility of this decision in the hands of a few volunteers who have undertaken this important leadership role.

Throughout Coastal and rural Oregon, little to no market rate affordable homeownership production is currently underway. At Habitat for Humanity of Oregon, we remain hopeful that these thoughtful changes to construction defect liability, specifically for condominium development, will lead in time to greater market rate production of affordable homes for sale statewide.

Thank you for your thoughtful consideration of HB 3432. On behalf of the Board of Directors of Habitat for Humanity of Oregon and the 26 Habitat for Humanity affiliates building and repairing homes across the state, thank you for your service.

Respectfully,



Shannon M. Vilhauer, Executive Director