



To: Chair Holvey, Vice Chair Williamson and members of the House Rules Committee

From: Diane Linn, Executive Director, Proud Ground

RE: HB 3432

Date: May 6, 2019

Thank you for your consideration of our testimony in support of HB 3432. Proud Ground is a non-profit dedicated to providing permanently affordable homeownership opportunities to working families in Oregon. We work in partnership with Habitat for Humanity of Oregon and many of the affiliates around the state, especially in Portland Metro East.

I serve as Co-Chair of the Oregon Housing Alliance's Homeownership workgroup. Housing Alliance has formally endorsed this bill also.

Overall, condominiums are an important option for first-time homebuyers who are low to middle-income families. They are typically more affordable than a comparable single-family home. However, condo production in Oregon has been virtually suspended due in large part to state's construction defect liability (CDL) statutes designed to protect consumers but in reality it has removed an important option for home buyers in a dynamic market in the middle of an affordable housing crisis in Oregon.

HB 3432 improves the status and still protects condo buyers – something we are deeply committed to as affordable housing advocates.

Proud Ground is lead developer in partnership with Habitat of Humanity Portland Metro East and the Portland Housing Bureau on a 64-unit condo building at Alberta and N. Interstate Ave in Portland. The state has provided LIFT for the project also. It's designed to serve families with historical ties to N/NE Portland, who were displaced by the aggressive gentrification of an established African American community. We are looking forward to welcoming families back to their neighborhood in this project.

However, presently, we are required to provide an expensive insurance WRAP program for this project because of the current law. In conversation with our insurance broker, the reduction of the length of time for the statute of ultimate repose alone could reduce the cost of our policy significantly. The public investment should be dedicated to making the family-sized units more affordable to families who are eligible – and this bill could potentially help reduce our costs for this and future buildings to serve communities shut out of the homebuying market.

Clearly, jurisdictions are moving towards higher and better use of land including infill projects much of which are likely to be structured as condos. Please help us build affordable homeownership units more affordably. The public dollar will be better spent, homebuyers will remain protected and more families will be able to stabilize their children in units of housing they own.

You have heard about the decline, since 2010, of condo production of 94 percent from 2006. You have also heard about

the 2018 report by ECONorthwest (“Impact of Construction Defect Liability on Condominium Production in Oregon”, December 2018). Oregon’s CDL in its current form includes a 10-year statute of ultimate repose – much higher than the comparable six years found in states like Washington and Colorado. At a time we need this type of housing the most, the CDL adds uncertainty and increases the cost of condo production through higher insurance premiums.

Homeownership is a game changer for families – please vote to help Oregon solve a significant barrier to homeownership – especially for people of color. Thank you for your consideration.