

## HB 3042 -2 STAFF MEASURE SUMMARY

### House Committee On Housing and Homelessness

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**Prepared By:** Claire Adamsick, LPRO Analyst

**Meeting Dates:** 2/2, 3/23

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#### **WHAT THE MEASURE DOES:**

Prohibits landlord or owner of formerly publicly supported housing from terminating a tenancy in the three years following withdrawal of property from publicly supported housing. Prohibits landlord or owner of a property withdrawn from publicly supported housing from providing rent increase notice more than once per calendar year in the three-year period, subject to requirements on rent increase limits. Excludes from provisions of measure tenants who received federal rent subsidies. Allows Housing and Community Services Department to assess up to a \$5,000 penalty for noncompliance, and subsequently file a lien against the property for failure to pay the penalty within 90 days. Defines “termination date” for the purposes of this Act, as the date on which affordability restrictions expire and the property is withdrawn from publicly supported housing. Requires landlord or property owner to notify prospective tenants of the termination date. Allows Department to provide notice of extension of affordability restrictions, with specified conditions, if a property owner or landlord does not provide timely notice of intent to withdraw property from publicly supported housing. Allows department to waive termination date notice requirements for property owners that are local governments or housing authorities. Clarifies qualified purchasers must deliver offer to purchase the property no less than 60 days prior to the termination date; clarifies department’s responsibilities in recording notice of first right of refusal. Applies provisions of act to properties with a termination date on or after the effective date of this Act, except for properties with a termination date earlier than 30 months after the effective date. Allows tenant to recover damages for landlord noncompliance with withdrawal notice requirements as described by this Act. Declares emergency, effective upon passage.

*FISCAL: No fiscal impact*

*REVENUE: No revenue impact*

#### **ISSUES DISCUSSED:**

- Considerations for incentivizing properties to remain affordable
- Addressing pending transactions for affordable housing development
- Applicability of current rent increase limits
- Potential impact on landlords who have fulfilled contractual obligation on publicly supported housing property

#### **EFFECT OF AMENDMENT:**

-2 Modifies required landlord notification to tenant of a property's withdrawal from publicly supported housing from between 36 and 30 months prior to the termination date to between 24 and 20 months prior to the termination date. Applies provisions of act to properties with a termination date on or after the effective date of this Act, except for properties with a termination date earlier than 20 months after the effective date.

#### **BACKGROUND:**

Oregon law defines publicly supported housing as multifamily rental housing developments of five or more units that receive government assistance or subsidies under a contract containing an affordability restriction, which is a limit on rent charged or use of a participating property. Oregon Housing and Community Services’ Publicly Supported Housing Preservation program was established with the intent of preserving homes as affordable beyond the expiration of a predetermined affordability period.

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Owners of publicly supported housing are required to provide notice to Oregon Housing and Community Services and to local governments regarding the owner's intent to withdraw a property from publicly supported housing at the expiration of a contract. Qualified purchasers (the department and local governments) have the first right of refusal to purchase a property that is withdrawn from publicly supported housing. In 2021, the Legislative Assembly enacted House Bill 2095, which modified notice requirements for expiring publicly supported housing properties, and increased the notification period for tenants prior to a property's removal from publicly supported housing. According to Oregon Housing and Community Services' (OHCS) publicly supported housing inventory, affordability restrictions will expire on over 7,500 units within the next ten years.

House Bill 3042 prohibits a landlord or owner of formerly publicly supported housing from terminating a tenancy in the three years from the date a property is withdrawn from publicly supported housing, defined by the measure as the "termination date". It prohibits a landlord or owner of a property withdrawn from publicly supported housing from providing a rent increase notice to tenants more than once per calendar year in the three-year period following the termination date, subject to state requirements on rent increase limits, with certain exceptions. The measure clarifies notice requirements for a landlord or property owner, and allows tenant to recover damages for landlord noncompliance with withdrawal notice requirements.