SB 611 -1, -2   STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

Prepared By:	Kevin Rancik, LPRO Analyst
Meeting Dates:	3/27, 3/29

WHAT THE MEASURE DOES:

Modifies maximum allowable residential rent increase from 7% to the lesser of either 8%, or 3% plus the September annual 12-month average change in Consumer Price Index for All Urban Consumers, West Region (All Items) as published by the Bureau of Labor Statistics. Limits rent increases on tenancies other than week-to-week tenancies to not more than once in any 12-month period. Applies rent increase limit to units from which tenant was evicted. Increases amount due the tenant upon tenancy termination from one month to three months' periodic rent in cases where landlord intends to demolish, convert, repair, renovate, occupy, or sell to someone who intends to occupy, the unit. Modifies landlord exemption from rent increase to units where the first certificate of occupancy was issued from less than 15 years, to less than three years, from the date of notice of rent increase.

Declares emergency; effective on passage.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Modifies amount due the tenant upon tenancy termination to two months' periodic rent in specified cases. Modifies maximum allowable residential rent increase to the lesser of either 10%, or 5% plus the September annual 12-month average change in Consumer Price Index for All Urban Consumers, West Region (All Items) as published by the Bureau of Labor Statistics. Modifies landlord exemption from rent increase to units where the first certificate of occupancy was issued less than 10 years from the date of notice of rent increase.

-2 Modifies amount due the tenant upon tenancy termination to two months' periodic rent in specified cases. Modifies maximum allowable residential rent increase to the lesser of either 10%, or 5% plus the September annual 12-month average change in Consumer Price Index for All Urban Consumers, West Region (All Items) as published by the Bureau of Labor Statistics. Restores landlord exemption from rent increase to units where the first certificate of occupancy was issued less than 15 years from the date of notice of rent increase.

BACKGROUND:

The U.S. Department of Housing and Urban Development considers households cost-burdened when they spend more than 30 percent of their income on rent, mortgage and other housing needs. The 2021 Census American Community Survey estimates nearly half of Oregon's renters are cost-burdened, with 52 percent of those being severely cost-burdened (spending 50 percent or more).

Senate Bill 608, enacted by the Legislative Assembly in 2019, limited residential rent increases to seven percent, plus the Consumer Price Index for All Urban Consumers, West Region (All Items), as most recently published by the Bureau of Labor Statistics. Exceptions were made for new construction, rent resets after tenants voluntarily vacated, government-subsidized rent, and publicly constructed and regulated affordable housing. Clarification was later added through House Bill 3113, enacted by the Legislative Assembly in 2021, for units regulated as affordable housing, that exempted landlords if the increase did not change the tenant's share of rent or if tenant income changes prompted a change in affordable housing program eligibility. The Oregon Office of Economic Analysis calculated the allowable rent increase for calendar year 2022 at 9.9 percent, and for calendar year 2023

at 14.6 percent.

Senate Bill 611 modifies the maximum annual residential rent increase to the lesser of 8 percent, or 3 percent plus the consumer price index one-year change. It applies the rent increase limit to units from which a tenant was evicted, limits increases to no more than once in any 12-month period on tenancies other than week-to-week. The measure increases from one month to three months the rent due to the tenant in specific eviction cases, and reduces the exemption on rent increases for new construction from fifteen years to three years.