

HB 3503 -1 STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

Prepared By: Claire Adamsick, LPRO Analyst

Meeting Dates: 3/30, 4/4

WHAT THE MEASURE DOES:

Repeals prohibition on local rent control.

FISCAL: No revenue impact

REVENUE: No fiscal impact

ISSUES DISCUSSED:

- Local government ability to set rental rates in alignment with local cost of living and other needs

EFFECT OF AMENDMENT:

-1 Allows city or county to adopt ordinance or resolution implementing a rent stabilization program for dwelling units within the city or county's jurisdiction, if the program: provides landlords with a fair rate of return for renting a dwelling unit as determined by the city or county, subject to state maximum rent increase limits; and provides an exemption for any new residential development for the first five years following issuance of certificate of occupancy.

BACKGROUND:

ORS 91.225 prohibits cities and counties from enacting an ordinance or resolution which controls the rent that may be charged for the rental of any renter-occupied dwelling unit. The prohibition does not limit a city or county's ability to approve rent increases or establish base rents or limitations on specified low-income housing properties. ORS 91.225 also allows cities, counties, and state agencies to impose temporary rent controls when a natural or man-made disaster occurs that "materially eliminates a significant portion of rental housing supply."

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. 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.

House Bill 3503 repeals the state prohibition on a local government's ability to impose rent control limits through a locally-adopted ordinance or resolution.