



DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL

DATE: March 27, 2023

TO: Chair Jama and Members of the Senate Committee on Housing and Development

FROM: Kimberly McCullough, Legislative Director
Oregon Department of Justice

SUBJECT: SB 611 Reasonable Rent

This testimony is presented in support of SB 611.

Rent increases across Oregon have reached unprecedented levels. The rate increase has already reached 14.6 percent in 2023, which drastically outpaces the rate increases of wages and Social Security. Because these increases are coupled with extreme inflation, very few Oregonians can afford these housing-cost increases: statistics show that more than 86 percent of Oregon's court evictions are for non-payment. Further, high-rent home loss is contributing to Oregon's rapidly increasing homelessness rates: the federal Government Accountability Office reports that each \$100 increase in community median rent equates to a nine percent increase in local homelessness.

In 2019, the legislator took an important first step towards preventing extreme rent spikes when it passed SB 608. However, because of skyrocketing inflation and loopholes in that legislation, many Oregonians remain unprotected. For example, SB 608's rent stabilization protections only apply to buildings that are at least 15 years old. Therefore, people living in buildings built in the last 15 years are still vulnerable to gouging and unlimited rent increases. Further, that bill inadequately accounts for extreme inflation spikes: while it limits rent increases to seven percent plus inflation, it doesn't have an upper cap on the percent increase. As 2023 has shown, this allows landlords to increase housing costs at rates as high as 14.6 percent. Finally, SB 608 only provides one-month's rent in relocation assistance to tenants displaced through no fault of their own. For many people, this assistance is insufficient to avoid homelessness.

SB 611 will redress each of these shortcomings in Oregon's existing rent stabilization laws. The bill will reinstate the protections SB 608 originally intended to achieve by setting reasonable, predictable rent increases for tenants. First, the bill will narrow the loophole exempting newer buildings from rent stabilization requirements by requiring buildings that are more than three years old to comply with its rent stabilization standards. This will ensure that more people are protected by rent stabilization, while still protecting new developer investments. Further, SB 611 will account for cases of extreme inflation by limiting rent increases to the lower of three percent plus

inflation or an eight percent cap. Finally, SB 611 will help tenants who have been displaced through no fault of their own avoid homelessness by increasing relocation assistance to three-months' rent.

Everyone deserves a safe place to call home. As we continue to work towards long-term solutions by increasing the housing supply, and address the immediate crisis of people living outside, we must take swift and decisive action to prevent more homelessness. SB 611's affordability protections are a key component to this immediate action.

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