



March 24, 2023

Chair Jama, Vice-Chair Anderson, Members of the Committee,

Thank you for the opportunity to submit testimony in strong support of SB 611. My name is Kim McCarty and I am the Executive Director of the Community Alliance of Tenants.

We strongly urge you to pass SB 611 as a critical homelessness prevention strategy, to protect seniors, families, individuals, and communities across the state from extreme rent increases and displacement.

As the membership-based statewide association of tenants, we educate and empower tenants to demand safe, stable, and affordable rental homes. We believe that housing is the basis of a strong community. So we bring tenants together to organize and collectively advocate for fair and equal protections in housing practices and policies. We represent thousands of tenants throughout Oregon. This summer we polled our members to learn about the most pressing issue for them as tenants. The top issue in every survey and focus group was the cost of rent and the potential for rent gouging if landlords made 14.6% rent increases. When it became clear that unprecedented inflation had taken hold and rent could increase to 14.6% in older buildings tenants were in shock and panic. Year after year increases up to 10% had been difficult, but everyone knew that a 14.6% increase would tip households into homelessness.

The fear expressed last summer is coming true. Every day tenants call our hotline to tell us that they are at risk of homelessness because they received an unreasonable rent increase notice. An unreasonable rent increase is one that knowingly increases rent beyond the implied contract between the owner and tenant when the tenant agreed that they could afford the cost of the unit being offered. Rent increases year after year to the maximum allowed, violating that contract.

Imagine coming to a community that you can afford, enrolling your children in the local school, and within three years your rent has increased by 30%, and in five years it has increased by 50% but your income did not increase. If mortgages were to increase at that rate there would be outrage. In fact, this year tenants are seeing increases ranging from 14.6 percent in older buildings and 30% to 50% in newer buildings. These rent gouging amounts are even happening in regulated affordable housing. If even one building displaces the majority of its tenants there is no jurisdiction in Oregon that can absorb the blow by helping those families quickly relocate. Rent increases of this magnitude absolutely cause the visible homelessness that we see in every community in our state. Even if most landlords only raise the rent to what is reasonable it takes only a few landlords with the intent to displace tenants, at a time when they can make unprecedented profits, to pile on to the homelessness crisis.

Our members feel that the provisions of SB 611 are reasonable, and sensible and will not negatively impact the interests of owners. First, by ensuring reasonable rent increases we give communities, tenants, and owners predictability. The profitability of the rental market says to us that this bill will not have a negative impact on the reasonable viability of rental businesses. We have not seen compelling information about why we should not reduce the 15-year exemption to 3 years. The proponents of keeping the 15-year exemption use information that fails to point out the particular market forces



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related to COVID during the time period or they fail to point out how other rental markets are very different

from Oregon because we lack a large base of older multifamily rental housing.

The three months of relocation assistance is not unreasonable when you consider the fact that owners are selling because they can get exceptional profits at this time. While sales are strong, at the same time the rental housing stock is so limited that a person that suddenly is forced to move, out of no fault of their own, cannot reasonably find equivalent housing in this market. And remember, landlords with four units or less they are exempt from this provision. And SB 611 set no limits on rent resets between tenants.

Data about the impact of rent increases on our community should be compelling.

Four in 10 Oregonians rent their homes and they already pay the ninth highest rent in the nation. The statewide stories of massive rent increases in communities large and small show that we have a rent crisis that must be addressed. Whether these increases are hitting entire buildings or mobile home parks or individuals, each and every one puts people at risk of displacement and homelessness.

SB 611 is an action that the legislature can take now to have an immediate impact on our state's housing crisis as we also work on the longer term solutions of increasing supply and providing support to rehouse our currently homeless neighbors.

Here is the problem we are facing. Under current law:

2023 rent increases for properties 15 or more years old can be as high as 14.6%. That is too high for anyone to afford, outpacing wages and Social Security.

There are no limits at all on rent increases in buildings 15 years or newer. Reports of extreme increases such as 32%, 47%, 50% are becoming more common. These increases are the functional equivalent of an eviction.

When people have to vacate due to no fault of their own, Oregon's tight and expensive rental market makes it hard to quickly find a new home.

SB 611 would:

Limit rent increases to 3% + inflation with maximum increase of 8% during a calendar year.

Narrow the loophole, applying rent stabilization to buildings older than 3 years, which increases the number of people protected while exempting new construction.

Increase relocation assistance to three-months' rent to help tenants displaced through no fault of their own avoid homelessness. Landlords with four units or less are exempt from this provision.

Set no limits on rent resets between tenants.

The rent increase reports from across Oregon show the great need for SB 611. Studies show that just a \$100 increase in median rents in a community is tied to a 9% increase in homelessness in that community. At a time when Oregon is experiencing some of the highest rates of homelessness in the nation, we cannot afford to let rent spikes go unchecked. A reasonable rent limit will help prevent high-rent home loss and prevent our state's homeless crisis from getting worse just as we are all pulling together to treat it as the emergency that it is. The legislature did the right thing in passing the first rent limit in 2019 but as we have all learned now, the limit did not account for runaway inflation.



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We know these extreme rent increases are not isolated incidents. There are so many that the results are playing out in eviction court and in media headlines. More than 86% of all eviction filings are due to unaffordable rent. This reasonable proposal prevents extreme rent increases and displacements, while allowing landlords to take inflation into account and preserving the ability to reset rents to market rates in between tenancies.

Oregon's housing emergency goes beyond lack of supply and the number of people living without homes or shelter. We have a rental emergency as well, with tenants living just one rent increase notice away from displacement and possible homelessness. Without SB 611 to stop runaway and extreme rent increases, we will continue to see people displaced onto the streets more quickly than we can rehouse people. Without the passage of SB 611, Oregon's success in addressing the housing crisis is at grave risk.

Please pass SB 611 as soon as possible. Thank you.

Sincerely,

Kim McCarty
Executive Director
Community Alliance of Tenants