

KILLIAN PACIFIC

RE: SENATE BILL 611

March 27, 2023

Senate Committee On Housing and Development:

My name is Michi Slick and I am a Principal with Killian Pacific in Portland, Oregon. We are a regional community-focused owner and developer of properties in Oregon for over 50-years. Our real estate development projects and properties are owned by investors that are also local to our region.

I am writing today in opposition of Senate Bill 611 as well as the recently proposed amendments to Senate Bill 611. Senate Bill 611 will undermine our efforts to address our region's housing crises and to achieve Governor Kotek's call to double housing production in order to keep pace with demand. The current Senate Bill 608 allows a critical 15-year exemption period before rent stabilization. This 15-year period allows the development of a housing project to be sold and the next buyer's investment period and debt financing to be realized before the rent stabilization applies. Without this 15-year exemption period, the initial development of housing will not work financially because the sale value will plummet.

Additionally, investors in and developers of housing count on consistent and stable regulations, and changing Oregon's rent stabilization framework with Senate Bill 611 just four years after passing Senate Bill 608 sends the message that Oregon is a risk place for potential investment in and development of housing.

St. Paul, Minnesota approved rent control measures with no exemption period for new housing projects in November of 2021. Building permits for housing projects plummeted by more than 80%, thus, less than a year later St. Paul City Council added a 20-year exemption to their rent control policy.

Killian Pacific is already facing insurmountable headwinds with continuing to produce much-needed housing in Oregon due to the current market volatility that has negatively impacted investor and lender interest, regulations at the local level that drive costs and uncertainty, and construction cost increases over the last 5-years that have outpaced inflation and apartment rent growth. Even without these challenges, Senate Bill 611 would spell the death knell for housing production in Oregon. Please consider policy that supports the supply of housing in Oregon, in particular affordable and workforce housing, through tax incentives for developers, subsidies for low-income households, and zoning changes that allow for denser housing to occur, particularly around transportation corridors.

Sincerely,
Michi Slick