



April 17, 2023

Public Testimony
Senate Committee on Housing and Development
Support for HB 3042

Good morning, Chair Jama, Vice-Chair Anderson, and members of the Committee. My name is Rob Prasch, I am the Preservation Director with the Network for Oregon Affordable Housing. As NOAH's Preservation Director I focus on policies and best practices for preserving existing affordable housing.

I'm testifying today in support of House Bill 3042, which proposes important changes to Oregon's preservation statute. Some of the proposed changes are technical in nature, related to things like how notices are filed and processed. Other provisions are more substantive, and focus on the impact to residents who live in expiring affordable housing communities.

Over the next 10 years, use restrictions will end on 163 affordable housing properties with over 7,600 rental homes. House Bill 3042 will help preserve expiring affordable housing by making sure all affected parties are informed in advance, about properties approaching expiration. And, when we are unable to preserve an expiring property - because we simply can't preserve them all - it will provide a little peace of mind for residents while the property transitions to market rents.

In 2021, Oregon's preservation statute was revised to require owners to provide residents, a one-year notice of expiration. Unfortunately, due to how the 2021 bill was written, the tenant notice requirement has not yet gone into effect. That meant when use restrictions on six properties expired last December 31st, the residents were not advised of the change in their housing situation. HB 3042 will correct that oversight and extend the tenant notice period to a minimum of 20 months.

Some of you may have heard arguments that the notice to tenants would unnecessarily alarm them, or that some entity other than the owner should be responsible for informing them of the approaching expiration. But only the owner can be responsible for issuing the notices required by HB 3042 to **their tenants**. Owners, often through their management agents, regularly communicate with their tenants throughout the year. From everyday announcements about planned maintenance, to more important announcements regarding lease changes and rent increases. It's the owners that have a contractual relationship with their tenants through the lease. And only the owners have the rent rolls. If any entity other than the owner was made responsible for issuing the notice to residents, it would not be possible to sanction the owner for noncompliance. For these reasons, it's just not practical for any entity other than the owner to provide the notice to the residents.

HB 3042 requires owners to inform prospective tenants of the approaching expiration, before they are asked to pay application or screening fees, or sign a lease. Today, residents are moving into rent restricted properties that could be expiring in a matter of months. **That's just not fair.**

HB 3042 establishes a three-year safe harbor period for residents living at the property at the time of expiration. The safe harbor period would provide modest protections against large rent increases as the property transitions to market rate. Let me be crystal clear here. **HB 3042 does not cap the rents.**

During the safe harbor period, rent increases over 5% would be subject to review and approval by Oregon Housing and Community Services. This is something owners of affordable rental housing with OHCS resources, are already required to do.

I recently asked Oregon Housing how the rent review process is working. This is what I was told:

“Properties that genuinely need a rent increase above 5% get one”.

Since July of 2022, OHCS has received a total of 46 requests for rent increases over 5%. 9 are currently under review.

Of the 37 that have been processed, 24 have been approved, 10 were either modified in order to immediately implement a 5% increase, which does not require approval, or they were withdrawn by property management. Only 3 requests have been denied.

The average increase requested from July through February was 9.3% and the average approved increase was 8.24%. And the majority of those requests were turned-around in 13 days.

Let me just repeat that. **An average increase of 8.24% was approved and requests were processed in an average of 13 days.**

Some of you may have heard something like “it’s not fair to change the rules”. That’s a reasonable point, but what about the residents who moved into an affordable housing property, only to learn shortly after moving in, that the rules have changed on them, and their affordable housing will soon be charging market rents? And what about the long-term residents who face potential displacement from their homes?

Every time the legislature is in session, legislators change the rules by passing new laws or amending existing ones. One of the most important things lawmakers are empowered to do, is pass legislation to protect the public welfare. The provisions in HB 3042 offer modest protections to vulnerable households from displacement when affordability restrictions expire. And, it provides time for local jurisdictions and preservation-focused housing organizations, to match an offer to preserve affordable housing in their communities.

HB 3042 is endorsed by over 25 organizations and local governments across the state.

HB 3042 has chief sponsors from both parties. It passed out of Committee, and on the House floor, on a bi-partisan basis.

I urge Committee members to support HB 3042. Thank you.

Rob Prasch, Preservation Director



Network for Oregon Affordable Housing