



**Oregon State Legislature
State Senator Chris Gorsek - District 25**

Introduction: Good afternoon, Chair Pham, Vice-Chair Anderson and members of the committee. For the record, my name is Senator Chris Gorsek, and I represent Senate District 25. I am here today to introduce SB 722, a bill that addresses serious issues in Oregon’s rental housing market. This legislation prohibits the use of algorithm-based commercial software for setting rents and occupancy rates and reduces the rent cap exemption period for new housing from 15 years to seven years.

Preventing Algorithm-Based Price Fixing

- SB 722 responds to growing concerns about how rent-setting software enables price fixing in the rental market, much like insider trading in the stock market.
- Price-fixing software distorts fair market competition by artificially coordinating rent prices with non-public information.
- These algorithms enable landlords to coordinate rent increases without direct communication, driving up costs for tenants.
- Without regulation, renters face rent hikes that far exceed fair market rates, worsening affordability and increasing evictions.

Ensuring a Fair and Transparent Rental Market

- Rent stabilization is an effective tool to prevent extreme rent increases that function as de facto evictions..
- Fair market rents should be based on the unique conditions of a property—not dictated by third-party AI software.

Reducing the Rent Cap Exemption for New Construction

- Under current law, landlords can impose unlimited rent increases on newly built housing for 15 years.
- SB 722 reduces this exemption to seven years, balancing development incentives with tenant protections.
- There has been some debate around that and we have a -1 and -2 that look at the status quo or a 10 year exemption to balance certainty for lenders and investors with certainty for tenants, considering both markets equally.
- Annual rental turnover is already 40-50%, meaning landlords can reset rents freely on nearly half their units each year—SB 722 does not change this.



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- Tenants who wish to remain in their homes deserve basic protections against extreme rent increases.

Evidence Supporting Rent Stabilization

- If SB 722 passes, over 80,000 Oregonians—based on Census data—will benefit from stronger housing stability and rent protections.
- National studies have found no significant relationship between rent stabilization and new housing construction, including:
 - **Massachusetts:** A 2007 study showed rent control repeal had little impact on new construction in Boston, Cambridge, and Brookline.
 - **New Jersey:** Longitudinal studies covering four decades found no effect on housing production.
 - **Washington, D.C.:** A 1990 study found no significant relationship between rent control and new construction.
 - **California:** The Urban Displacement Project found that rent-controlled cities in the Bay Area produced more housing per capita than those without rent control.

Holding Violators Accountable

- Landlords who violate SB 722's rent-setting provisions will face statutory damages, including actual damages plus a \$500 penalty per violation.
- Tenants who were unlawfully charged excessive rents or denied housing due to market manipulation will have legal recourse.

Conclusion

Oregon renters are facing an affordability crisis, and the need for fair, transparent rental practices has never been more urgent. SB 722 is a necessary step toward preventing manipulative pricing tactics and ensuring stability in our rental market. It strengthens protections for tenants, prevents price manipulation, and extends Oregon's rent stabilization policies to thousands of additional households.