

Opinion

# Editorial: A rent control bill that keeps Oregon in crisis

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By [The Oregonian Editorial Board](#)

On her first full day in office, Oregon Gov. Tina Kotek [set a housing construction target](#) of 36,000 homes a year. With a shortage of some 110,000 units just to meet current need, Oregon must immediately and substantially boost its building. Such a target may be more symbolic than it is achievable. Adding 36,000 units would be 80% more than what the state typically sees in a year. But Kotek's public declaration made clear the imperative that Oregon climb out of its housing hole.

If only some of her fellow Democrats would stop digging. Instead, 11 Democratic legislators are sponsoring [Senate Bill 611](#), which would [lower Oregon's cap on rent increases](#) to a maximum of 8% and dramatically narrow an exemption for newly constructed buildings. As currently written, the bill, which is scheduled for a work session Monday in front of the Senate Committee on Housing and Development, would also require landlords to pay three months of rent to tenants who are forced to vacate their units due to no fault of their own.

While some legislators are proposing amendments to raise the cap and drop the other provisions, the bill in any form is the perfect recipe for how to worsen Oregon's housing crisis. Rather than present Oregon as a stable place to finance new housing, this bill sends the message to investors, builders and landlords that what they may earn is up to politicians who may change the rules at any time. Why would they choose Oregon as a place to do business when the state – already a morass of land-use restrictions, permitting delays and special fees – misunderstands the economics and so clearly disdains the role they play?

To be sure, Oregon opened this can of worms in 2019 when the Legislature decided to impose a statewide cap on rent increases in the first place. With Senate Bill 608, the [Legislature adopted a cap of 7%](#) plus the rate of inflation for buildings that are 15 years or older. While economists have long warned that rent control can discourage building of new housing – the key to getting out of a crisis caused by a lack of supply – the generous range in SB 608 offered a middle ground of sorts. It would prevent the most extreme increases while acknowledging the need for those in the rental industry to cover their costs, reserve funds for maintenance and earn a profit in exchange for the risk such investment carries.

But plugging last year's runaway inflation rate into the SB 608 formula translated into a whopping rent [cap of 14.6% this year](#), and some landlords are choosing to go for the maximum, tenants said at a legislative hearing last week. Even tenants who aren't

facing the maximum are still struggling with increases on rent that they are barely affording now, they said.

The prospect of Oregonians losing their homes and facing homelessness is an emergency that deserves immediate attention. And to their credit, elected leaders are already delivering. In an impressively quick and bipartisan fashion, the Legislature passed two bills that dedicate \$200 million to housing-related initiatives – including \$34 million in rent assistance to keep 8,750 families housed. Kotek, who has made quick action on housing and homelessness a top priority, [signed the bills last week](#) and money is expected to get out the door this month. More funding is expected before the session is over.

But even with that action, one of SB 611's chief sponsors, Sen. Wisnvey Campos, D-Portland, contends that the state must further lower the rent cap, noting that it's the "only policy tool under discussion this session that can have an immediate impact on unreasonable rent increases in communities across the state."

Certainly, replacing the 14.6% rent cap with a lower cap will have an immediate impact across the state and offer some relief to current tenants. But the problem is that the fix she proposes is exceedingly temporary while potentially triggering long-term damage. In fact, it might not be enough to help many tenants even temporarily. The bill, as written, calls for a maximum rent hike of 8% while an amendment under discussion would raise that to 10%. Those are still large rent increases, especially for tenants who are having to pay a third or more of their income to rent.

Consider Portland – the poster child in so many ways for Oregon gone wrong. In 2017, the City Council passed an ordinance that sought to keep rent hikes to less than 10% by requiring landlords to pay tenant relocation costs for increases over that amount. Landlords at the time warned that the requirement would drive many out of the business of offering rentals. And while it's impossible to pinpoint the effects of any one policy in our housing crisis, an [ECONorthwest report for Multifamily Northwest](#) found that nearly 4,000 single-family homes – 14% of that type of housing – were taken off the rental market between 2017-2020. The city added a paltry 450 units of three-bedrooms or more in that same time period. That is not a winning strategy for solving a housing shortage.

If Oregon wants to have any shot at climbing out of our housing crisis, it needs to hold onto the housing it has and [encourage private investment to finance more](#). SB 611 does the opposite. Legislators taking up SB 611 on Monday should recognize that and quit digging.