

SB 611 B STAFF MEASURE SUMMARY

Carrier: Rep. Valderrama

House Committee On Rules

Action Date: 06/22/23
Action: Do Pass the B-Eng bill.
Vote: 4-3-0-0
Yeas: 4 - Fahey, Kropf, Nosse, Valderrama
Nays: 3 - Breese-Iverson, Scharf, Wallan
Fiscal: Has minimal fiscal impact
Revenue: No revenue impact
Prepared By: Kevin Rancik
Meeting Dates: 6/21, 6/22

WHAT THE MEASURE DOES:

Modifies maximum allowable residential rent increase for affected units, from seven percent plus the September annual 12-month average change in Consumer Price Index (CPI), to the lesser of either 10 percent, or seven percent plus the CPI. Clarifies language limiting rent increases on tenancies, other than week-to-week tenancies, to not more than once in any 12-month period. Clarifies language applying rent increase limit to units from which tenant was evicted. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Connection between rent increases and homelessness
- Effect of inflation on cost of living and allowable rent increase percentage
- Potential effect of measure on lease term lengths
- Community and tenant stability
- Effect of housing supply on rent cost
- Effect of Senate Bill 608 (2019) and best approach to addressing rent cost

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The United States Department of Housing and Urban Development considers households cost-burdened when they spend more than 30 percent of their income on rent, mortgage, and other housing needs. The Census Bureau's 2021 American Community Survey estimates nearly half of Oregon's renters are cost-burdened, with 52 percent of those being severely cost-burdened, spending 50 percent or more of their household income on rent, mortgage, and other housing expenses.

Senate Bill 608 (2019), limited residential rent increases to seven percent, plus the Consumer Price Index for All Urban Consumers, West Region (All Items), as most recently published by the Bureau of Labor Statistics. Exceptions were made for new construction, rent resets after tenants voluntarily vacated, government-subsidized rent, and publicly constructed and regulated affordable housing. Clarification was later added for units regulated as affordable housing through House Bill 3113 (2021), that exempted landlords if the increase did not change the tenant's share of rent, or if a change in the tenant's income prompted a change in their eligibility for an affordable housing program. The Oregon Office of Economic Analysis calculated the allowable rent increase for calendar year 2022 at 9.9 percent, and for calendar year 2023 at 14.6 percent.

Senate Bill 611 B modifies the maximum annual residential rent increase for affected units to the lesser of 10 percent, or seven percent plus the consumer price index one-year change. It clarifies language applying the rent increase limit to units from which a tenant was evicted and language limiting increases to once during any

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12-month period on tenancies other than week-to-week tenancies.