



To whom it may concern,

As a family run real estate company, headquartered in Portland, Oregon, Downtown Development Group is writing in opposition to SB 611 for several reasons:

1. To truly stabilize housing costs, Oregon must urgently prioritize production. SB 611 undercuts that shared priority.
  - a. Governor Kotek has called on Oregon to nearly double annual housing production "to address the current shortage and keep pace with demand." Downtown Development Group strongly supports these bold targets.
  - b. Rent stabilization policies that are overly restrictive will disincentivize construction of new units. When supply is constrained due to underproduction, as it is now, with Oregon behind by 140,000 units – rents will increase drastically.
  - c. An overly restrictive new rent control framework as suggested by SB 611, will harm Oregon's capacity for housing production and affordability both in the near-term and long-term.
2. In a global economy, states need to compete for investment. SB 611 would harm Oregon's ability to compete for investment in the development of new housing:
  - a. When looking at investments, investors and lenders (often pension funds) want certainty and stability. SB 611 does the opposite.
    - i. Investors, developers, and lenders count on consistent regulations, which minimize risk and help attract capital. Changing Oregon's rent stabilization framework, after just four years, moves the goal posts and sends the wrong message - that Oregon is a risky place to invest.
  - b. While Oregon's current rent stabilization framework allows for up to a 14.6% increase, most tenants are not seeing rent increases at the high end of this range. In fact, the current average rent increase in the Portland metro region is 2.8% (per CoStar – Multi-Family Market report 03/2023).
  - c. SB 611 reduces the 15-year exemption for new construction to 3-years. The 15-year exemption provides parity with competing housing markets' exemptions. Simply put, an exemption that's shorter than the current standard of 15 or more years will put Oregon at a disadvantage to neighboring states - increasing the risks associated with our housing market and discouraging capital investment. As an example, please look at St. Paul, MN. In November 2021, voters approved rent control with no exemption for new construction, and building permits plummeted. Less than a year later, St. Paul's City Council added a 20-year exemption for new construction.

While we are all in favor of making housing more affordable, we believe SB 611 is detrimental to that goal.

Thank you,

The Goodman Family