

Date: May 6, 2022

To: Housing Stability Council  
Andrea Bell, Executive Director

From: James Hackett, Assistant Director Portfolio Administration  
Rick Ruzicka, Interim Assistant Director Planning & Policy  
Natasha Detweiler-Daby, Interim Director Affordable Rental Housing

RE: OHCS Rent Increase Policy – Housing Stability Council Decision

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**Motion: Housing Stability Council approves the proposed updates to the Rent Increase Policy as presented [or with noted revisions] for implementation effective June 1, 2022.**

**OVERVIEW**

At the May 2022 Housing Stability Council (HSC) meeting, Affordable Rental Housing Division staff will be requesting approval of an updated Rent Increase Policy. The changes being presented to the current policy are generally in alignment with changes requested by Tenant Advocacy groups and would align our current policy with the statutory changes found in HB3113.

**HISTORY**

The original Rent Increase Policy was approved by the HSC in April of 2018 and was created in response to large increases in rents that resulted from rapid economic expansion that occurred after recovery from the “great recession”. In June of 2020 changes were made to the Rent Increase Policy, in part, to align with [SB 608](#) which implemented a statewide rent increase cap for market housing. SB 608 specifically excluded affordable housing from the Legislation creating a continued role for the policy. With the passage of [HB 3113](#), affordable housing was no longer exempt from the state statutory rent increase limitations initiating renewed dialog around the continued need for this policy.

With HB3113 in place, OHCS questioned both the need and the standing for continued use of the Rent Increase Policy and began the process of sunseting it. There was push back in this effort, primarily from tenant advocacy groups, requesting that OHCS continue to require an approval process to provide some protections from large rental increases that could potentially destabilize low income tenants.

Looking for a way to balance tenant and property needs, OHCS reimagined the rent increase policy as a guidance process with a technical support arm. At the March Housing Stability

Council meeting, staff recommended a compromised position of a guidance process as a means to provide collaboration and technical assistance to properties in need of financial support for continued viability while also making clear to partners that OHCS’ expectations were for small regular rental increases. This proposal of compromise strived to protect low income tenants while also providing support and assistance to properties with operational and capital deficiencies. However, that staff recommendation was unable to garner confident support from Housing Stability Council with concerns shared from both the tenant and the property owner perspectives.

To many, this is the wrong time for OHCS to pull back it’s approval process for extreme rent increases. The need for this is further highlighted in the recently published [2022 HUD income limits](#) that includes large increases to rents and income thresholds across the state.

**The revised proposal that we bring to Housing Stability Council this month for a motion is one that is more streamlined for partners but continues to require an approval process for rent requests above 5%. Given concurrent factors of market volatility, OHCS must have an avenue to keep a pulse on the conditions and circumstances warranting rent increases above 5%. The streamlined proposal represents the intersectionality of our values and responsibility as a housing finance agency.**

#### RENT INCREASE POLICY SUMMARY

The differences between the current policy and the proposed policy can be summarized as follows:

Rent Increase Policy Comparison				
	Approval Required For Increases 5% & Below	Approval Required for Increase Over 5%	Ability to Increase Rent Above 7%+ CPI**	Increase at Unit Turnover
<b>Proposed Policy</b>	No* <i>(notification only)</i>	Yes	No	Yes - Can increase to program max at unit turnover.
<b>Current Policy</b>	Yes	Yes	Yes**	Limited

\* Approval still required for HOME and HTF funded projects

\*\* This ability was eliminated by HB3113



## **SUMMARY**

The Rent Increase Policy is controversial and likely there will continue to be opinions both supporting and opposing the policy that we are putting forward for approval. As we have worked to propose policy and process updates that effectively balances property and tenant perspectives, we have: provided legal opinions, laid out the arguments for and against continuation of this policy, provided data and heard testimony. We have highlighted the fact that there is no version of a rent increase policy that provides the support – Rent Assistance – that our fixed and low income tenants are actually needing. In fact, during the course of these conversations Housing Stability Council passed a motion specifically to emphasize the need for expanded rent assistance for households within affordable housing.

It is clear that there continues to be instability in our housing market, further highlighted by the large increases seen in HUDs recently published income and rent limitations for Oregon. The proposal before you today builds in the recommendations from tenant advocate groups which support OHCS retaining approval authority for increases above 5 percent; in addition we have worked to streamline the process for rent increases at or below 5 percent as well as for unit turn over in support of greater operational efficiency for property owners and managers.

