SB 722 -1 STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

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Meeting Dates: 3/19, 3/26

WHAT THE MEASURE DOES:

The measure prohibits landlords from using computer software that relies on non-public, competitor data to establish rents or occupancy rates. The measure reduces, from 15 to seven years, the length of time after construction that new dwelling units are exempt from caps on residential rent increases.

Detailed Summary:

Prohibits a landlord from establishing rents or occupancy rates based on the use of commercial software that uses algorithms that rely on nonpublic competitor data. "Nonpublic competitor date" means information that is not available to the public, including information about actual rent prices, occupancy rates, lease start and end dates or similar rental data, regards of whether the data is anonymized. States that each month that a landlord violates the prohibition counts as a separate violation, and that for each violation a landlord is liable for actual damages plus $500 per violation to:

- A tenant whose rent is established in violation of this section; or
- an applicant whose application was denied or delayed because the landlord maintained one or more units as vacant in violation of this section.

Exempts from the prohibition data reports that do not make recommendations about rent or occupancy rates, and software used to establish rent or income limits in accordance with the affordable housing program guidelines of federal, state or local governments.

Reduces, from 15 to seven years, the length of time after construction that new dwelling units are exempt from caps on residential rent increases.

Fiscal impact: May have fiscal impact, but no statement yet issued
Revenue impact: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 The amendment removes language reducing the length of time after construction that new dwelling units are exempt from caps on residential rent increases.

BACKGROUND:

Rapid increases in rents since early in 2020 has made Oregon one of the most rent-burdened states in the nation, 9th in the nation according to the Harvard Joint Center on Housing Studies, with 49.3% of renters paying 30 percent or more of their income on rent and utilities. According to the State of the State's Housing Report from Oregon Housing and Community Services, average rents in Oregon increased by 7% between 2020 and 2021, and by 9% going into 2022. Over these two years, Oregonians spent an average of $3,328 more per year on rent than they had before the COVID-19 pandemic. This was coupled with slow income growth for rental households, such that between 2020 and 2022, an additional $2 went towards rent for every dollar increase in wages. As the rental market stood at the end of 2024, 13 out of the 20 fastest growing occupations can't afford (pay one-third or less of their income towards) a 1-bedroom apartment. Analysis by ProPublica and the White House Council of Economic Advisors (CEA) found that property-management firms using algorithmic software based on aggregated non-public data increased their rents since 2020 faster than comparable buildings in the same markets, and left more units unoccupied. The CEA states that "while the root cause of high housing costs is the under-supply of housing, insufficient competition in the housing industry exacerbates the costs significantly… In total, we estimate that the costs to renters in 2023 was $3.8 billion."

Limits to rent-increases for existing tenants were first enacted in Oregon with Senate Bill (SB) 608 (2019), which limited residential rent increases to seven percent, plus the Consumer Price Index (CPI) for All Urban Consumers, West Region (All Items), as most recently published by the Bureau of Labor Statistics. Exceptions were made for new construction, stating that buildings were exempt from the rent-increase limits for 15 years after first occupancy. The Oregon Office of Economic Analysis calculated the allowable rent increases for calendar year 2022 and 2023, inclusive of 7 percent plus CPI-growth, at 9.9 and 14.6 percent, respectively. Senate Bill 611 (2023) modified the maximum annual residential rent increase to the lesser of 10 percent, or 5 percent plus the consumer price index one-year change. It applied the rent increase limit to units from which a tenant was evicted and limits increases to no more than once in any 12-month period on tenancies other than week-to-week tenancies. It maintained the exemption for properties in the first 15 years of occupancy.