



March 11, 2025

Re: Support for HB 3746

Dear Chair Marsh, Vice-Chair Breese-Iverson, Vice-Chair Andersen and Members of the Committee:

My name is Sarah Radcliffe and I am writing on behalf of Habitat for Humanity Portland Region to urge your strong support for HB 3746, critically-needed condo liability reform.

Habitat for Humanity Portland Region has 165 affordable homes under construction and predevelopment across the Portland Metro Region. Even as we've scaled up our production in recent years, we cannot come close to meeting the demand for affordable homeownership opportunities. On average, two to four hundred households apply for every development of 20-40 homes that we build. So many families and individuals have worked hard to become mortgage-ready, but what they can afford – a home for \$200,000-\$300,000 – is a product that is simply not being built. In 1980, 40% of homes constructed were considered entry-level homes. In 2019, that number was down to 7%.ⁱ

Oregon's 2024 State Housing Report found that for every dollar that wages increased over the past ten years, home prices increased by \$7.10.ⁱⁱ Non-profit homeownership developers like Habitat Portland Region cannot close this affordability gap on our own. We need private developers to begin producing more affordable homes and reforming our state's stringent condo defect liability standards is key to making that happen.

Oregon's condo defect liability statutes of limitations and repose are longer than many of our western state peers. Due to this extensive period of liability, developers, financiers and insurers take on much higher risk to build condominiums here. This heightened risk has greatly suppressed condo production in Oregon. The proportion of owner-occupied multifamily units permitted in this state is less than half the national average.

As of April 2024, Oregon is the fifth least affordable state for housing relative to median household income. Condos are more affordable entry points to homeownership. The median sale price of a condominium in Oregon was \$341,000 in 2023, 38 percent lower than the \$552,460 price of a single-family home. As the state implements policy changes to increase housing production, it needs to ensure that every housing type remains viable to produce. If Oregon does not address condo defect liability reform, a key component of entry-level homeownership opportunities will remain underrepresented in our state's housing mix.

Habitat for Humanity Portland Region is part of the Unlocking Homeownership Coalition, a group of more than 40 nonprofit and for-profit organizations working together to expand first-time homeownership access for thousands of Oregonians. Homeownership is the key to building household

stability, generational wealth and strong communities, yet it remains out of reach for far too many Oregon households. We are pushing for smart, people-focused investments and policies in 2025 that will make a meaningful difference in addressing our state's housing crisis.

HB 3746 addresses Oregon's need for condo liability reform by enacting the following four key adjustments:

- Lower Risk – Reduce Oregon's statutes of limitations and repose to 6 years, to more closely align with CDL in other western states.
- Reduce Litigation – Establish a means for a developer to remedy a defect by an agreement with the claimant without going through litigation.
- Enact Informed Consent – Ensure that at least half of condo unit owners must vote in writing to proceed with litigation.
- Ensure Consumer Protection – Require special inspections for common defects and still allow claimant litigation to proceed if an agreement to remedy the defect cannot be reached with the developer.

HB 3746 strikes an appropriate balance between condo owners' consumer protections and developers' ability to expand production of this key entry-level homeownership type. We urge your strong support.

Thank you for your leadership and service,



Sarah Radcliffe
Director of Government Relations
Habitat for Humanity Portland Region

- <https://habitatportlandregion.org/in-memory-of-the-starter-home/>
- <https://www.oregon.gov/ohcs/about-us/Documents/state-of-the-states-housing.pdf>

ⁱ <https://habitatportlandregion.org/in-memory-of-the-starter-home/>

ⁱⁱ <https://www.oregon.gov/ohcs/about-us/Documents/state-of-the-states-housing.pdf>