

March 12, 2025

House Committee on Housing and Homelessness
Oregon State Legislature
900 Court Street NE
Salem, OR 97301

Dear Chair Marsh and members of the Committee,

Thank you for the opportunity to share our support for HB 3746, which would modify Oregon's construction deficit liability law.

Oregon's current construction deficit liability law has proven to be a hinderance to multifamily developments here in Gresham and throughout our state. Existing law enables owners to bring suit against a developer up to ten years after a condominium or planned development's construction if there are defects found in the property's envelope. This ten-year time period drives up liability costs for developers, results in lengthy and costly litigation, and has had a chilling effect on the industry.

Given the shortage of housing in the Portland metro region and throughout our state, modifying construction deficit liability law to help reduce barriers to condominium construction is an important step to take to spur housing development. One way in which to do so is to reduce the ten-year liability period to six years, as HB 3746 does. Support of this bill can also add another option around vertical home-ownership models, which adds an additional housing type in the spectrum of housing options.

Importantly, this bill continues to protect property owners by requiring the board of directors of a condominium association to conduct semiannual moisture inspections. Such inspections, particularly prior to the six-year tort eligibility period will protect owners, will uncover potential envelope issues and provide an avenue for accountability with the developer. Yet it will also shorten the lengthy ten-year window, lowering costs and liability, and help developers bring more housing units to the market.

We believe this compromise legislation will help address Oregon's shortage of housing and provide additional opportunities for homeownership. We urge your support.

Sincerely,

Eric Schmidt
City Manager