



Expert Testimony in Favor of HB 3746

To: Senate Committee on Housing and Development, Oregon State Legislature

Date: 1 PM, Monday May 5th, 2025

Good afternoon, Chair Pham, Vice-Chair Anderson, and Honorable Members. For the record, my name is Bjorn Beer with SVN and Condo.Fund. I'm also a member of Housing Oregon. I am a consultant to numerous housing authorities and affordable housing nonprofits across the state, all of whom face extreme challenges preserving aging affording assets as federal monies dry up.

The passage of HB 3746 will help. It's not just about new construction; it's also about preservation. A group I work with is now selling condos in Portland for around \$200,000 in buildings that would have otherwise become high-end market rate apartments. We have brought back the extinct species called the "starter home." But, on one of our newer projects we just heard that insurance will cost over \$100,000 to \$150,000 per year on a 23 unit affordable condo conversion project. By comparison, if we remodeled and turned to market rate apartments? Only \$5,000 to \$10,000. Because of current laws that are unique to Oregon, insurance has no problem with high end market rate apartments that make investors a nice profit. But affordable condos for the current low-income renters? Nearly \$400 per month per unit on insurance.

The passage of HB 3746 will help. But when you hear the testimony of those who oppose the bill, I want to make the case that the bill is already taking all parties into consideration. The moisture inspections are onerous and add costs. The needs of tenants are already being taken into consideration. What the House has brought you already strikes a fair balance between all stakeholders.

HB 3746 is not perfect, but it strikes a balance. One and only one party benefits from not passing this legislation: the extremely small handful of trial lawyers who specialize in condo defect litigation. But if we pass HB 3746, taxpayers benefit, low-income residents benefit, seniors who want to down-size benefit, first time home buyers benefit, and, most of all, affordable housing nonprofits and housing authorities benefit. And, **this is the only housing production bill that doesn't ask for taxpayer funds.**

I want to conclude with an anecdote. We recently overheard a trial lawyer lamenting to a colleague: "I used to have many dozens of these condo defect suits per year. We didn't have a single one last year. I don't understand why it all dried up!" I would beg the Committee to pause and consider the sad irony of that statement. Sad because we are almost last in the nation in terms of home ownership, affordability, and condo production. **Under the status quo, the trial lawyers have run out of condos to sue.** This is what happens when in the past we let narrow special interests dictate policy.

In sum, trial lawyers can still sue under HB 3746. All we are asking in HB 3746 is that they don't wait till 9 years and 11 months, at the 11th hour of the last day of a ten-year period at 11:59 PM to file a suit with one tenant. Everyone wins here under HB 3746,

even the trial attorneys who will have more condos to sue. And most importantly, we help each of Oregon's housing authorities and affordable housing non-profits stop the accelerating loss of thousands of affordable housing units to market rate forces. Conversion of affordable apartments to affordable condos is an essential part of solving the preservation challenges, which is every bit as important as new construction. HB 3746 is a step in the right direction.

Thank you for your time and consideration,

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Speaker's Background:



Bjorn Beer graduated from Georgetown University with a degree in economics. Beer's first real estate investment resulted in a land donation to Habitat for Humanity. Beer resides in Corvallis, the state's most rent burdened city. Beer recently served on the Planning Commission in Corvallis, and is on the finance committee for Greenbelt Land Trust. As Vice President at SVN, Beer specializes in working with affordable housing authorities and non-profits on development projects, acquisitions, consulting, and dispositions. He is a voting member of the affordable housing coalition Housing Oregon.