



May 4, 2025

Senate Committee on Housing and Development
Oregon State Legislature
900 Court Street NE
Salem, OR 97301

Re: Testimony in support of HB 3746 A

Dear Chair Pham and members of the Committee,

No new construction of condominiums has occurred in Medford in at least fifteen years. As single-family homes in southern Oregon grow more expensive, a dynamic that has been especially true after the devastating Almeda fire, condominiums are one excellent way for people to obtain the benefits of home ownership. These benefits include building equity, which can help financially improve families for generations.

As we understand current statutes, large commercial structures, which include apartment buildings of five or more stories, are subject to a six-year statute of ultimate repose for alleged latent defects. But condominiums are subject to a ten-year statute of ultimate repose regardless of size. This makes building condos much more of a financial liability for builders than physically-comparable apartment buildings. In other words, the financial implications of Oregon's tort system are inadvertently incentivizing developers to build apartments for rent instead of condominiums.

Some have questioned whether tort liability, instead of other market forces, are actually causing the lack of condo development. As with any situation, multiple variables are certainly at play. But the liability variable remains significant. In fact, from reaching out to the local development community, our understanding is that the insurance rates for condominiums are one of the most impactful factors preventing condominium development. Insurance rates, of course, are directly correlated with the insurer's estimate of tort liability.

Although the current bill moves this limitation to from ten years to seven years, instead of the six-year window we originally supported, this nevertheless represents a



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substantial improvement over the current status quo. As such, the City of Medford supports HB 3746 A.

Sincerely,

/s/ Eric B. Mitton

Eric B. Mitton
City Attorney