



We build strength, stability, self-reliance *and* shelter.

May 5, 2025

To: Senate Committee on Housing and Development

**RE: Support for SB 3746-A**

Dear Chair Pham, Vice-Chair Anderson and Members of the Committee:

My name is Shannon Vilhauer, and I am the Executive Director of Habitat for Humanity of Oregon. On behalf of our organization and the 23 local Habitat for Humanity affiliates building and repairing homes across Oregon, we urge your strong support for HB 3746-A. Please enact these critically needed condo liability reforms needed to unlock the production of this much-needed, entry level housing type.

Local Habitat for Humanity affiliates are among our state's most steady producers of condominiums—whether the resulting homes looks like multifamily developments, townhomes or single, detached dwellings. Oregon's extensive and burdensome condominium defect liability statutes hamper our ability to hire professionals, like architects. Time and time again, high-performing professionals cite Oregon's rigid condo defect liability statutes as making it too risky for them to engage in this work.

Our state'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 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 of Oregon actively supports the Unlocking Homeownership Coalition, a group of 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** – To more closely align with construction defect liability in other western states, reduce Oregon’s statutes of limitations and repose to seven years (plus one year, if structural defects are discovered 72-84 months after occupancy).
- **Actively Verify Structural Integrity** – Perform three scheduled moisture barrier inspections to ensure home and product performance. The developer will complete the first inspection prior to home sales. The second inspection will take place within 24 months of occupancy and will be paid through the initial reserve account established by the developer. The condo association will take responsibility for the third inspection, at the 60-72 months mark, which aligns with national best practices for condo reserve studies.
- **Reduce Litigation** – Establish the right for a developer to remedy a defect by an agreement with the condo association (the claimant) without going through litigation, saving all parties time and money.
- **Ensure Consumer Protection** – Allow claimant litigation to proceed if an agreement to remedy the defect cannot be reached with the developer.
- **Adequately Notify All Condo Owners of Intent to Litigate** – In the event that the Board pursues construction defect litigation, ensure that all condo unit owners receive robust notification.

Notably, many of these strategies that aim to increase our state’s condominium production align with the suggestions for “Reforming Condo Defect Laws” identified in the 2023 [Up for Growth article “How Condo Defect Liability \(CDL\) Legislation Can Drive Underproduction”](#). HB 3746-A 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,



Shannon M. Vilhauer, Executive Director