



MULTIFAMILY NW
The Association Promoting Quality Rental Housing

To: Chair Keny Guyer and Members of the Oregon House Committee on Housing and Human Services

From: Deborah Imse, Executive Director, Multifamily NW

Date: February 18, 2019

Re: SB 608

Multifamily NW's members provide Oregonians with more than 250,000 rental homes statewide, making us the largest rental provider group in Oregon. We are an independent organization representing rental providers of all sizes, including many who operate affordable housing. Our members include property owners, managers, and vendors, and our industry supports thousands of jobs throughout the state.

You'll probably not be surprised to learn our membership opposes SB 608. You may be surprised to learn why.

We have been in the rental business a long time. And we know that housing in Oregon has become less and less affordable over the last 20-25 years.

But the rising cost of housing is a symptom. It isn't the disease.

People have been moving to Oregon at an unprecedented rate. And yet, Oregon has been slow to build homes for these newcomers. According to a 2018 report by Up For Growth and ECONorthwest,¹ from 2000 to 2015, Oregon built 155,000 fewer homes than it needed. The report states, "This underproduction has created a supply and demand imbalance that is reflected in the housing and homelessness crisis playing out across the state."¹

The reasons for low housing supply in Oregon include:

- A recession that stifled construction for several years.¹
- The fact that building new rental homes in Oregon, especially in the Portland Metro Area, is a complex, costly, and lengthy process. And the fees and requirements associated with new buildings are increasing all the time.¹
- The price of land and construction continue to increase significantly throughout the state.¹
- And finally, local organizations like neighborhood associations often block new multi-family units.¹

¹ 2018. ECONorthwest and Up for Growth. <https://www.upforgrowth.org/sites/default/files/2018-10/UFGHousingUnderproductionInOregon.pdf>

All of us who work on housing in this state seem to agree there's a housing shortage in Oregon – that supply is not meeting demand. And we all know what that means: When supply decreases, cost increases. So in Oregon, we are failing to provide enough homes, while the influx of new residents continues.

This is why housing is currently not affordable for too many Oregonians.

If the real goal is affordable housing, particularly for low- and middle-income families, then let's look at the data on how to make housing more affordable, and how you as policy makers can help.

Some people think rent control or rent stabilization is the answer. It seems logical. If we force rental providers to limit the rents they can charge, then prices will go down. Right?

Unfortunately, that's not what happens. Economists have studied rent control and stabilization throughout the country over the last several decades, and independent data shows that **where rent control or stabilization have been implemented, the results have been higher rents and fewer rental overall units².**

In the long term, rent control or stabilization make housing less affordable.

In addition, the research shows that:

- Rent control or stabilization often helps higher-income households instead of the low- and middle-income households they are intended for.³
- Rent control or stabilization results in poorly maintained housing as rental providers become unable to continue investing in maintaining and improving their properties.⁴
- Rent control or stabilization leads to fewer housing choices for low-income households, as they become stuck in their existing units.⁴

All of those statements are backed by research and footnoted in my written testimony.

Rent control and rent stabilization measures are truly not the way to solve the problem of housing affordability.

SB 608 doesn't solve the problem.

We encourage you to examine the research, because while economists often disagree on a great many things, one thing they agree on is that in all cases, rent control and rent stabilization ultimately make housing less affordable. These measures, whether rent control or rent stabilization, are bad for residents, rental providers, the economy, and the community overall.

² 2017. The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco. Stanford University. <https://web.stanford.edu/~diamondr/DMQ.pdf>

³ 2002. San Francisco Housing Databook. Bay Area Economics. http://www.smallprop.org/downloads/sf_housing_databook.pdf

⁴ 2012. Housing Market Spillovers: Evidence from the End of Rent Control in Cambridge Massachusetts. National Bureau of Economic Research. <https://www.nber.org/papers/w18125.pdf>

I know this committee is interested in long-term solutions. So what can we do to help make housing more affordable in Oregon? We have to increase supply. How can we do that?

- The proposal by House Speaker Kotek to ban single-family zoning in Oregon is a good start. This helps increase infill in our cities.
- Tax incentives for developers building affordable housing are effective in increasing housing supply.
- Smart streamlining of our permitting processes will help encourage development and increase supply.
- Getting the zoning right in each community is also an important factor in encouraging development and increasing housing supply.

If housing supply is the disease, rent stabilization is the equivalent of giving Oregonians two aspirin. It might briefly dull the pain, but it won't alleviate the underlying cause. When the patient calls in the morning, their housing will still be unaffordable and Oregon families will still be struggling.

Rent stabilization has a short-term benefit and significant long-term consequences. I encourage you all as members of the housing committee to examine the studies and listen to the economists so you can make an evidence-based decision that will truly benefit our state and its residents, not harm Oregonians by making our state even less affordable.

Multifamily NW is available at any time to any of you to share research and discuss evidence-based ways to solve the mounting problem of housing affordability in Oregon.