



March 20, 2023

*Sheila Stiley, Board
chair – NW Coastal
Housing*

*Kymerly Horner,
Vice-chair - Portland
Community
Reinvestment Inc.*

*Rachael Duke,
Secretary -
Community Partners
for Affordable
Housing*

*Kristy Rodriguez,
Treasurer - Housing
Authority of Malheur
& Harney Counties*

*Trell Anderson –
Northwest Housing
Alternatives*

*David Brandt -
Housing Works*

*Wakan Alferes -
Homes for Good*

*Rita Grady – Polk
CDC*

*Maria Elena Guerra -
Farmworker Housing
Development Corp*

*Nkenge Harmon
Johnson – Urban
League of Portland*

*Brad Ketch –
Rockwood CDC &
Community Dev.
Corp. of Oregon*

*Erica Mills –
NeighborWorks
Umpqua*

*Shannon Vilhauer –
Habitat for Humanity
Oregon*

Senator Kathleen Taylor
Chair, Senate Committee on Labor and Business
900 Court St NE, S-423
Salem, OR 97301

Re: Senate Bill 850 impacts on affordable housing production

Dear Chair Taylor and Members of the Committee:

Housing Oregon wants to express our concerns about Senate Bill 850, which would require affordable housing development projects that procure construction services using \$750,000 or more in sources from public agencies to provide payment of wages at or above the prevailing rate. We ask you to maintain the existing prevailing wage exemption for affordable housing projects.

Housing Oregon is a membership-based statewide association of over eighty affordable housing community development corporations (CDCs) and ally organizations committed to serving and supporting low-income Oregonians across the housing needs spectrum – from homeless to homeowner.

While we don't expect that increasing the cost of affordable housing production was the intent of SB 850, that is what would happen with incorporation of this requirement. A 2019 study from the Oregon Housing and Community Services Department found that prevailing wage rules at that time added about 9 percent to the total cost of each regulated-affordable home. Members report current cost estimates for prevailing wages would drive up costs significantly higher. During a statewide affordable housing crisis, we cannot afford this additional expense.

We urge you to expand the current exemption from prevailing wage requirements for affordable housing to apply to the affordable housing portion of mixed-use projects, which both SB 847 and SB 979 propose to do.

P.O. Box 8427, Portland, OR 97207

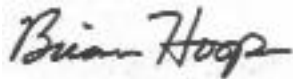
The Bureau of Labor & Industries currently requires affordable housing developers to pay the higher prevailing wage rate for any development -- including an affordable housing project -- that includes commercial space. As a result, commercial spaces are rarely included in affordable housing developments, even when those developments are located in mixed-use zones. In addition, construction workers lose out on the higher prevailing wages they could have earned on those commercial spaces because they never happen.

SB 847 and SB 979 would expand options for affordable housing developers to consider projects they otherwise would likely turn down due to this requirement. By extending the exemption to the affordable housing portion of mixed-use projects, these bills would enable affordable housing developers to incorporate childcare facilities, small business storefronts, and other community-identified priorities that are classified as commercial uses – while creating more work that *does* pay prevailing wages for the construction of those commercial spaces.

We call on this committee to both defend the current prevailing wage exemption for affordable housing projects, and expand that exemption to the affordable housing component of mixed-use projects.

Thank you very much for your consideration of our comments. You can reach me at 503-475-6056 or brian@housingoregon.org.

Sincerely,

A handwritten signature in black ink that reads "Brian Hoop". The signature is written in a cursive, slightly slanted style.

Brian Hoop
Executive Director
Housing Oregon