



March 20, 2023

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Senate Housing Committee
Oregon State Senate
Salem, Oregon

Re: SB 847 – Section 22 – “Prevailing Wage” Requirements on Mixed-Use Affordable Housing Projects

Dear Senators Jama, Anderson, Girod, Patterson, and Golden,

New Spirit Village is a not-for-profit, affordable community of 87 homes under construction in Medford, Oregon. It is being built with the assistance of \$4.3 million in Oregon State LIFT funding.

Originally, this development included a Community Center, which could provide a wide variety of services to the neighborhood, including day care, classes, job training, and other services beneficial to lower income families. Unfortunately, this important amenity had to be eliminated from the development due to BOLI requirements for “prevailing wage.”

The LIFT funding is provided thru federal funds to the state, and therefore requires a BOLI determination regarding “prevailing wage.” We had been told that if any portion of the project charges fees, then it is deemed to be “commercial,” in which case “prevailing wage” applies to the entire project.

Our contractor estimated that the additional cost to the project to meet “prevailing wage” would be \$3,582,758. Considering that housing projects, both affordable and market rate, are not subject to this requirement, it would be a tragedy to add this expense to homes intended to be affordable, and which prioritize Alameda Wildfire victim families. To put this in perspective, while New Spirit Village is attempting to deliver homes for \$180,000 to \$230,000, this would, on average, add over \$41,000 to the cost of each home.

We call on your committee to pass SB 847-Section 22 expanding the current exemption from “prevailing wage” to the affordable housing component of mixed-use projects.

Thank you.

New Spirit Village (a 501 C3 not-for-profit corp.)

www.newspiritvillage.com

Barry Thalden, President

bthalden@thalden.com (702) 860-5000