



March 28, 2023

To: Senate Committee on Housing and Development

RE: Support for SB 977-1

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

My name is Sarah Radcliffe and I am writing on behalf of Habitat for Humanity Portland Region (HFHPR) to urge your support for SB 977-1, which would expand the current exemption from prevailing wage requirements for affordable housing to apply to the affordable housing portion of mixed-use projects.

HFHPR has not built a mixed-use project to date, but we recognize that our model is one successful model among many viable and necessary approaches to addressing our state's vast housing need.

Oregon law currently requires affordable housing developers to pay the higher prevailing wage rate for any development -- including an affordable housing project -- that includes commercial space. SB 977-1 would expand options for affordable housing developers to consider projects they otherwise would likely turn down due to 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.¹ Many affordable housing developers report significantly higher cost estimates when projects are prevailed. During a statewide affordable housing crisis, we cannot afford this additional expense.

By extending the exemption to the affordable housing portion of mixed-use projects, SB 977-1 will 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.

Thank you for the amendment defining qualifying projects as those buildings that are not more than four stories above grade plane. This will exclude basements in the floor count, a floor level that is not utilized for housing and has disincentivized preservation of older buildings.

We call on this committee to expand the exemption to the affordable housing component of mixed-use projects. Please pass SB 977-1. Thank you for your consideration and service,

A handwritten signature in black ink, appearing to read "Sarah Radcliffe".

Sarah Radcliffe, Director of Government Relations
Habitat for Humanity Portland Region

¹ "Affordable Housing Cost Study" Blue Sky Consulting Group for OHCS, 2019.