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Senate Committee on Housing and Development

RE: SB 847 – Split Determinations of Prevailing Wage requirements for mixed use affordable housing projects

Hon. Senator Jama and Committee Members,

I am writing to express the support of Housing Works for SB 847's provisions on "split determinations" for mixed use affordable housing and commercial use developments. Housing Works is the housing authority for the Central Oregon region. Housing Works has developed nearly 1,400 affordable housing units in nearly 30 separate apartment communities. Within that portfolio we developed one mixed use affordable housing over retail project and several others which include affordable housing combined with affordable child care and affordable housing combined with a Federally Qualified Health Clinic. We have paid prevailing wages or, more commonly had legal disputes regarding the applicability of prevailing wages with the Bureau of Labor and Industry on every one of these mixed use projects.

Colocation of affordable housing with affordable child care facilities is an explicit goal of Oregon Housing and Community Services. The colocation of affordable housing, especially for seniors, with affordable health care providers has long been an evidence based industry best practice. In addition, in many downtown urban areas, housing development is required to include ground floor commercial space. In all of those cases, the current law which requires that prevailing wages be paid for not only the commercial portion of the project but also the otherwise exempt affordable housing component. This application of the prevailing wage rule to the entire project raises the total cost of these projects by 25% usually making them infeasible.

As a result of the current rules, it is quite rare for a housing authority or non-profit developer to develop any type of mixed commercial/affordable housing development. The provisions in SB 847 are quite modest. SB 847 would allow the portion of a mixed use affordable housing project that is affordable housing to retain its current exemption from the requirement to pay prevailing wages. The commercial portion of the project would continue to be subject to the prevailing wage requirement. Housing Works encourage the Committee to support SB 847.

Sincerely,

David Brandt
Executive Director