



Tuesday, March 28, 2023

Sheila Stiley, Board chair – NW Coastal Housing

Kymberly 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 Kayse Jama
Chair, Senate Committee on Housing and Development
900 Court St NE, S-409
Salem, OR 97301

Re: Support for SB 977-1

Dear Chair Jama and Members of the Committee:

Housing Oregon wants to express our support for Senate Bill 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.

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.

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.

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. 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.

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. There are generations of older housing stock that are falling out of the intended exemption because of an interpretation of what it means to be 4 stories.

In addition, we also ask the proposed bill add an amendment to include preserved manufactured dwelling parks as affordable residential housing, and thus exempt from prevailing wage requirements. Currently, BOLI is concluding that because the majority of planned construction work is related to infrastructure, it is not “residential housing” and, therefore, not exempt from payment of prevailing wages for affordable housing. The additional cost is directly absorbed by the low-income families that live within the park through higher rents.

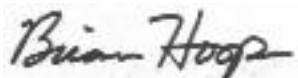
For one park owned by Casa of Oregon, this adds about \$804,000 in prevailing wage costs and \$8,000 in prevailing wage compliance monitoring. The impact to the residents from that additional cost is approximately a \$50 per month increase in their space lease.

We call on this committee to expand the exemption to the affordable housing component of mixed-use projects. Housing Oregon urges you to support SB 977-1.

Housing Oregon is a membership-based statewide association of over 80 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.

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

Sincerely,



Brian Hoop
Executive Director
Housing Oregon