



Tuesday, March 14, 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 Section 22 of SB 847

Dear Chair Jama and Members of the Committee:

Housing Oregon wants to express our support for Section 22 of Senate Bill 847, 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 847 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 847 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.¹ During a statewide affordable housing crisis, we cannot afford this additional expense.

In addition, we call your attention to two BOLI rules:

First, is the BOLI interpretations that limits affordable housing development to four stories or less in order to be exempted from paying the higher prevailing wage. BOLI has interpreted this to include

basements in the floor count, even though basements are not utilized for housing and disincentivizes preservation of older buildings.

For new construction, you can just plan for a slab on grade. But for older buildings, if it has a basement, you can't change it, you'll have to pay prevailing wages, which makes it more expensive. There are generations of multi-family apartment housing that are falling out of the intended exemption because of an interpretation of what it means to be four stories.

The change would need to be in ORS 279c810 2 (d) (D), and clarify "four stories" to be "four stories above grade plane (per whatever building code definition)". See https://oregon.public.law/statutes/ors_279c.810. The first sentence of ORS 279c810 2 (d) (D) could be amended to read something like: "Residential construction" includes the construction, reconstruction, major renovation or painting of single-family homes or apartment buildings not more than four stories in height above grade plane and all incidental items, such as...."

Second, 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.

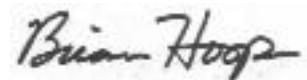
For one park owned by Casa of Oregon, this adds about \$804,000 in prevailing wage costs and \$8,000 in prevailing wage compliance monitoring. The impact to the residents from that additional cost is approximately a \$50 per month increase in their space lease.

We call on this committee to expand the exemption to the affordable housing component of mixed-use projects as well as consider these two issues as amendments. Housing Oregon urges you to support SB 847.

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