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February 9, 2026

Senate Committee on Labor and Business
Testimony in Support of SB 1566

Chair Taylor, Vice Chair Hayden, and Members of the Committee,

Housing Oregon is a membership-based statewide association of over 140 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.

We support SB 1566 because, under current practice, whether a housing project will be subject to prevailing wage has become unpredictable. This uncertainty creates significant financial risk and, in some cases, causes projects to stall or collapse altogether.

This testimony is not an argument against prevailing wage. Housing Oregon's members work closely with labor partners, and many projects do pay prevailing wage as a matter of course. The problem SB 1566 addresses is not wages, but clarity. Developers, lenders, and public agencies need to know at the outset whether prevailing wage applies so projects can be scoped and priced accurately.

SB 1566 provides that clarity by refining the definition of "funds of a public agency" and by clearly excluding value added to land through public infrastructure, such as roads and utilities, from triggering prevailing wage on otherwise private housing construction. In doing so, the bill restores predictability without weakening worker protections on true public works projects

The consequences of the current system are real and measurable. In Eugene, a privately financed housing development at the EWEB Riverfront stalled after the Bureau of Labor and Industries determined that prevailing wage applied solely because the City invested in surrounding infrastructure. That determination added unanticipated costs that rendered the project financially infeasible. Today, the site

remains undeveloped, despite more than two decades of planning and an acute local housing shortage. The result is roughly 1,000 homes that exist only on paper

Similar situations have occurred across the state, including fully funded affordable housing projects that could not absorb late-stage cost increases driven by inconsistent prevailing wage interpretations. As highlighted in Sen. Anderson's supporting materials for SB 1566, these determinations have added millions of dollars in unplanned costs and left communities with empty lots instead of housing, jobs, and local tax base

Housing Oregon's members are successfully delivering affordable housing today, including projects that incorporate childcare facilities and other community-serving uses. These projects succeed when expectations are clear. They fail when rules change midstream. SB 1566 ensures that all parties, developers, workers, public agencies, and communities, understand the applicable standards before construction begins.

Right now, primary stakeholders are left disputing interpretations after the fact. That is a signal the statute needs refinement. SB 1566 resolves that uncertainty by clearly establishing when prevailing wage applies and when it does not, while preserving worker protections where they are intended to apply.

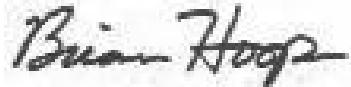
At a time when Oregon faces a severe housing shortage, we cannot afford policy ambiguity that stalls projects and increases costs without improving outcomes. SB 1566 provides clarity, stability, and fairness, and will help ensure that affordable housing projects move forward as intended.

For these reasons, Housing Oregon respectfully urges your support for SB 1566.

Thank you for your consideration.

Questions? You can reach me - Brian Hoop, Executive Director, Housing Oregon, at brian@housingoregon.org or 503-475-6056.

Sincerely,



Brian Hoop
Executive Director
Housing Oregon