

Chair Taylor, Vice Chair Bonham, and members of the Senate Committee on Labor and Business:

I am Eli Spevak from Portland, OR – where I've been a developer and general contractor for 30 years, including a decade developing affordable housing through Habitat for Humanity, the Housing Development Center, and more recently in partnership Proud Ground Community Land Trust. While I am speaking today as an individual, I have also served on Portland's Planning Commission since 2016. I strongly support SB 1566.

I'm politically progressive – and find common cause with Sen. Anderson on this bill to adjust and clarify the prevailing wage triggers for affordable housing development. This is the sort of bill that should find favor across the political spectrum. If we are serious about addressing the housing crisis, we need to focus affordable housing funds on... **housing**. When we require affordable housing projects to generate (and cover the costs of) **additional** public benefits, as important as they may be, fewer homes get built for every affordable housing dollar we raise. Prevailing wages are not the only such requirement. But it's big enough, roughly 15% of construction costs, to significantly dilute the impact of affordable housing funds (when they're paid) or cause affordable housing developers to design projects that work less well for residents or for the surrounding neighborhood (when projects are designed to be exempt). Sometimes the rules make projects financially infeasible so they don't happen at all.

These dynamics are illustrated in 5 affordable housing developments constructed within the past few years within a mile radius of my home in the Cully Neighborhood of NE Portland.

- In conjunction with Portland Community College, Home Forward just built 84 affordable apartments. Because it's a residential commercial corridor, the local community requested ground floor retail spaces and Home Forward supported and implemented that plan. I estimate that the additional funds they had to raise to meet the wage requirements could have been used to provide at least 8 more permanently affordable homes in this community.
- A couple years ago, Hacienda CDC built Las Adelitas, consisting of 142 apartments, mostly family-sized. They wanted to integrate on-site child care into the first floor of the building, but that would have required raising an additional \$3M triggered by the prevailing wage requirement. So there is no child care (or any other active ground-floor use) in that building. This bill would solve that problem for future projects.
- NAYA and CDP have teamed up to develop 3 affordable apartment buildings in this same neighborhood, including most recently Mamook Tokatee and Hayu Tillixam. All are located in and zoned for mixed use development. **None** of them have active ground floor uses, making them commercial dead zones, lacking active store fronts on emerging mainstreets.

- Within the past year and a half, a 29-unit and 12-unit affordable apartment project have been proposed for our local NE 42nd Ave. mainstreet, each with site-appropriate ground floor retail. One has already been thwarted by BOLI's insistence (not supported by statute) that LIFT funds trigger prevailing wage. The other is likely headed for a similar fate – or an oddly placed private 'community room' fronting on a vibrant commercial corridor.

These themes play out all over town, with affordable housing developers leaving density on the table (to stay within 4 stories) and a combination of dormant street-facing first floors, often with apartments awkwardly facing onto active commercial strips.

This has even impacted local zoning. As part of Portland's last mixed use zoning code update, we minimized requirements for ground floor active uses because, among other things, we recognized that requiring ground floor retail would drive much-needed affordable housing away from our main street corridors.

I support SB 1566 because it would:

- Allow non-profit child care and limited commercial uses within affordable housing projects without triggering prevailing wages.
- Clarify that LIFT funds, which are generated by bonds and loaned into projects, are not 'funds of a public entity' - so don't trigger prevailing wages. As LIFT funds have become a larger resource for affordable ownership and rental development across Oregon, it's critical that we don't shortchange the amount of affordable housing these funds can provide.

One suggestion for improvement would be to base the threshold of 15% on the square footage of the **entire building** OR apply a 33%-50% threshold based on the area of the ground floor. That way, the full public realm frontage of a building can be "active use" rather than ending up as residential dwellings, which is less than ideal.

Thank you for your consideration!



Eli Spevak, owner
Orange Splot LLC
4757 NE Going St.
Portland, OR 97218