



Sightline Institute is an independent think tank working to advance sustainability in the Pacific Northwest. We believe it exists at the intersection of environmental health and social justice.

We're writing in **opposition to SB 493**, which would change Oregon's system for calculating prevailing wages, in the absence of a more complete fiscal analysis that would help lawmakers understand the implicit tradeoffs for the many other public bodies which bear the costs of above-market wages for public projects.

A 2019 study for the Oregon Housing and Community Services Department found that **current prevailing wage rules already add about 9 percent to the total cost of each regulated-affordable home Oregon is desperately trying to build more of.**<sup>1</sup> Setting wages for public projects based on the highest wage in a survey of collective bargaining contracts would risk driving these costs up further.

At any given level of public funding, the people who end up paying for these higher wages would be those who don't get to live in the affordable housing that will never exist.

The concerns about data accuracy raised by union representatives in their testimony for this bill seem legitimate, but the state should look for ways to address those problems without risking big new costs for affordable housing construction. **At the very least, lawmakers should be able to see some estimate of the number of affordable homes this bill might prevent Oregon from being able to create.**

In San Francisco, the average new unit of affordable housing costs \$737,417 to build, as of 2019.<sup>2</sup> Though wage rules are far from the only reason for those costs, Lawmakers should be dubious of any steps that move us in the direction of the catastrophe many low-income San Franciscans face each day.

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<sup>1</sup> "Affordable Housing Cost Study." Blue Sky Consulting Group for OHCS, 2019.

<sup>2</sup> "How Much Does it Cost to Construct One Unit of Below Market Housing in the Bay Area?" Bay Area Council, 2019.