

SB 979 -1 STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

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Meeting Dates: 3/22, 3/27

WHAT THE MEASURE DOES:

Clarifies that privately-owned residential projects predominantly providing affordable housing do not become subject to prevailing wage rate requirements (PWR) as a result of constructing a child care facility within the project, and operating one as a commercial enterprise, as long as the facility serves an average of 75 percent of the children residing in the project and who are eligible for government-subsidized child care or early learning, and project owner provides evidence of the child care facility's compliance with that requirement. Specifies PWR applies to labor costs of child care facility construction. Allows Commissioner of Bureau of Labor and Industries (BOLI) to take preparatory action to fulfill obligations of Act. Establishes operational date of January 1, 2024 for amendments made by Act.

Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Clarifies exemption from prevailing wage rate affordable housing that may include a child care facility. Removes specific requirement that project owner provide to Bureau of Labor and Industries (BOLI) Commissioner evidence of child care facility's compliance with Act, and removes prevailing wage rate requirement from labor costs for construction of such facility.

BACKGROUND:

All Oregon counties qualify as child care deserts, locations with more than three children for every regulated child care slot, for infants and toddlers (Oregon State University, 2018). The same study noted 25 of 36 Oregon counties are child care deserts for pre-school-aged children. Oregon House Bill 5011 (2021) directed \$10 million to the Department of Housing and Community Services (OHCS) to develop affordable rental housing co-located with child care or early learning centers. The resulting February 2022 report to the Oregon Joint Committee on Ways and Means determined cost as the biggest inhibitor to co-location, and that child care facility inclusion may add 10-20 percent to total development costs. The report notes that while affordable housing projects are exempt from prevailing wage rates, adding commercial space to plans removes the exemption, including for affordable residential space within the project.

Senate Bill 979 applies prevailing wage rate requirements to the labor costs of constructing a child care facility within affordable housing projects, but it does not apply them to the overall project itself provided the child care facility serves 75 percent of the children residing in the project, and the children are eligible for government-subsidized child care or early learning. The Commissioner of the Bureau of Labor and Industries may take action prior to the Act's operative date of January 1, 2024, to prepare for obligations under the Act.