

March 14th 2023

Senator Kayse Jama
Chair, Senate Committee on Housing and Development
900 Court St NE
Salem, OR 97301

Re: Support for SB 847

Dear Chair Jama and Members of the Committee:

Coalición Fortaleza wants to express our support for 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.

Coalición Fortaleza supports this bill because we have been part of the New Spirit Village development conversation and have witnessed how current prevailing wages laws have negatively affected the development of this innovative housing project. In fact, the original development plan that included having a community center had to be changed to a community garden/play area because of these laws. This community center was going to offer childcare, and other important community services that are now being put on hold because the community center cannot be built.

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.

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.

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.

We call on this committee to expand that exemption to the affordable housing component of mixed-use projects.

Sincerely,
Celinés Garcia, Coalición Fortaleza

¹ “Affordable Housing Cost Study” Blue Sky Consulting Group for OHCS, 2019.