



March 20, 2023

Senator Kathleen Taylor
Chair, Senate Committee on Labor and Business
900 Court St NE, S-423
Salem, OR 97301

Re: Senate Bill 850 impacts on affordable housing production

Dear Chair Taylor and Members of the Committee:

The Oregon Housing Alliance is concerned that Senate Bill 850 will significantly increase the cost of building affordable housing. Affordable housing funded by the State of Oregon is currently exempt from the requirement to pay prevailing wages for construction; as introduced, SB 850 would remove that exemption. In the midst of a statewide affordable housing crisis and a declared state of emergency for homelessness, we fear that SB 850 would result in less housing being built because each unit would cost more to build. We call on the committee to amend SB 850 so that it does not eliminate the exemption.

In addition to maintaining the existing exemption, we strongly encourage the committee to resolve the double standard that drives up the cost of building affordable housing if those homes are part of a mixed-use development. As the Bureau of Labor & Industries has interpreted the affordable housing prevailing wage exemption, combining affordable homes with any commercial space results in prevailing wages being required for the entire development – including the housing that would otherwise be exempt. As a result, commercial spaces are rarely included in affordable housing developments, even when those developments are located in mixed-use zones.

Under BOLI's current practice, workers lose out on the higher prevailing wages they could have earned for the commercial portions of mixed-use developments, because those developments never happen. Affordable housing residents lose out on employment opportunities and community services that could otherwise be located adjacent to their homes. And neighborhoods lose out on amenities such as small business storefronts, food carts, child care, health clinics and libraries – all of which are specific uses that had been envisioned by housing developers but were scrapped because they could not afford the higher construction costs for the housing elements of those mixed-use projects.

Sincerely,

A handwritten signature in black ink, appearing to read "Cameron Herrington".

Cameron Herrington
Director of Policy and Advocacy, Oregon Housing Alliance
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