



March 28, 2023

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

Re: Support for SB 977-1

Dear Chair Jama and Members of the Committee:

Bienestar, a community based affordable housing organization in Washington County, supports Senate Bill 977-1, which would expand the current exemption from prevailing wage requirements for affordable housing to apply to the affordable housing portion of mixed-use projects.

Our experience as a housing organization underscores the perverse outcomes that can occur on project financing without the fix provided by SB 977-1. In 2019, Bienestar was compelled to move our staff office from one of our residential communities in Hillsboro to a rental office as a result of a rehab of the affordable housing. Had Bienestar kept its office in the residential community, it would have triggered prevailing wage requirements on the entire project, and caused the project to become financially infeasible. The consequence was that Bienestar had to move its office and resident services staff away from our community, making it harder to provide services to our community, and also incur rent costs that the organization had previously not had to pay. This perverse result served no one, neither Bienestar as a community based organization nor the community of low-income residents we serve. If SB 977-1 had been in place in 2019, Bienestar could have avoided this outcome.

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 977-1 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 Many affordable housing developers report significantly higher cost estimates when projects are prevailed. During a statewide affordable housing crisis, we cannot afford this additional expense.

Bienestar builds housing, hope, and community for the wellbeing of Latinxs, immigrants, and all families in need

By extending the exemption to the affordable housing portion of mixed-use projects, SB 977-1 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.

Thank you for the amendment defining qualifying projects as those buildings that are not more than four stories above grade plane. This will exclude basements in the floor count, a floor level that is not utilized for housing and has disincentivized preservation of older buildings. There are generations of older housing stock that are falling out of the intended exemption because of an interpretation of what it means to be 4 stories.

We call on this committee to expand that exemption to the affordable housing component of mixed-use projects. Please pass SB 977-1.

Sincerely,

Nathan Teske
Executive Director
Bienestar

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