



DEVELOPING THRIVING COMMUNITIES

March 29, 2023

Senate Committee on Housing and Development  
900 Court Street NE  
Salem, Oregon 97301

**RE: SB 977 -1**

Chair Jama, Vice-Chair Anderson and Members of the Committee:

My name is Karen Saxe and I work at DevNW, an affordable housing development and asset-building agency serving Lane, Linn, Benton, Lincoln, Marion, Polk and Clackamas Counties.

We support SB 977 with the -1 amendments, as it will help us build more housing, both rental and for ownership, more efficiently. The primary intent is to create a 'split-determination' for affordable housing developments with commercial space on the ground floor. This is a critical change to allow childcare, medical clinics, small business incubators and other needed services located within affordable housing. Currently, creating this type of mixed-used development requires prevailing wage for the entirety of the project, which, more often than not, impedes an affordable housing developer from proceeding.

We also support a minor provision in the bill that would close a loophole for the conversion of commercial buildings into affordable housing. Currently, these projects are being denied the affordable housing exemption from prevailing wages, even if the project will be 100% affordable housing—simply because of the former use. We believe the intent of the statute was to base the exemption on the end-use (e.g. bare land was not formerly residential, but new construction qualifies for the exemption based on the intended outcome of construction). In a recent DevNW project to convert a church into 18 units of housing, BOLI's denial of this exemption added \$870,000 to the project cost. Ending this loophole will be critical in a post-COVID world, for the conversion of office building, hotels and other commercial buildings into needed housing.

Sincerely,

Karen Saxe  
Director of Policy, Advocacy and Strategic Relationships

[devNW.org](http://devNW.org)



212 Main Street  
Springfield, OR 97477

P.O. Box 790  
Corvallis, OR 97339

528 Cottage Street NE, Suite 304  
Salem, OR 97301

421 High Street, Suite 110  
Oregon City, OR 97045