

Submitter: Daniela Chancy

On Behalf Of:

Committee: Senate Committee On Housing and Development

Measure: SB977

[DATE]

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:

Related NW wants to express our support for 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.

Related NW has over 40 years of creating a high standard of affordable housing along the West coast. Partnering with a number of non-profit organizations to provide housing to the most vulnerable populations, including those that have been priced out or pushed out of the city centers due to gentrifications. Extending the current exemption will allow for more funding to go into amenities and development, providing more units while still paying workers a living wage.

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.<sup>1</sup> 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.

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,

Daniela Chancy, Related Northwest