



February 9, 2026

Senate Committee on Labor and Business  
Oregon State Capitol  
900 Court Street NE  
Salem, Oregon 97701

RE: SB 1566 – Testimony

Chair Taylor and members of the Senate Committee on Labor and Business,

The City of Bend recognizes the need for legislation that furthers the construction of affordable housing projects and supports mixed-use developments where residents can enjoy neighborhood amenities where they live. We appreciate you providing a hearing on SB 1566 in order to receive input from stakeholders. Here are some points to consider in the conversation about refining prevailing wage requirements that have been sparked by this bill.

Affordable housing has become an integral part of Bend's development landscape, with nearly 10 percent of all housing built in the past five years deed-restricted for affordability. However, financing and funding for affordable and mixed-income projects has become increasingly scarce. As Bend develops, we need supportive affordable housing that includes services, as well as mixed-use and middle-income housing. These types of developments create environments where residents can secure the services they need, build relationships, and create stability for long-term social and economic success. It also supports the State's goals for neighborhoods with a mix of services, uses, and housing types.

### **Limited Ground-Floor Commercial in Mixed-Use Housing**

The Nine Peaks affordable housing project by Housing Works was originally designed to include a medical clinic on the ground floor in partnership with Mosaic Medical. When the development team learned that including the clinic would trigger prevailing wage requirements for the entire project, including the affordable housing component, those plans were abandoned. The development is now moving forward as a stand-alone residential building with a future medical clinic planned for an adjacent site. However, because constructing two separate buildings increases overall costs, the timeline for the medical clinic is delayed. Allowing up to 15% of ground-floor area to be commercial space would enable affordable housing projects to include essential support services, such as medical clinics or other community programs, within the existing building footprint.

Climate-Friendly and Equitable Communities (CFEC)(OAR 660 Division 12) rules require cities with populations over 50,000 to set performance targets and to designate Climate Friendly Areas (CFAs) to incentivize and accommodate urban, vertical, mixed-use, mixed income, and affordable housing developments that also support local retail and services. Bend's first set of housing targets under the CFEC rules anticipates that 30 percent of the additional housing located in the CFAs will need to be



affordable units. Allowing up to 15 percent of ground-floor area to be commercial space in conjunction with an affordable housing or mixed income project advances Bend's efforts to achieve statewide climate and housing goals.

### **Expanding Affordability Qualifier to 120% AMI**

The City of Bend was a supporter of the State's Moderate-Income Revolving Loan (MIRL) program that the Legislature created. However, developers who are interested in MIRL report their projects become financially infeasible once they learn that participation requires payment of prevailing wage, and they are therefore unable to provide units at the mixed income levels. Raising eligibility for the affordable housing exemption from prevailing wage to 120 percent Area Median Income (AMI) would allow more developers to utilize the MIRL program and incorporate units at a range of income levels – enabling true mixed-income projects.

Prevailing wage requirements are a long-standing mechanism to support skilled workers in Oregon. Similarly, there has been a long-standing exemption from these requirements for deed-restricted affordable housing which recognizes the impacts of additional costs on these projects. Ambiguity in the law has caused the application of prevailing wage standards in ways that increase costs and delay or stop much-needed affordable housing projects, especially in cities outside the Portland Metro area where we have seen the available construction labor force decline in recent years; and the lines have become blurred when affordable housing seeks to co-locate with important community services. SB 1566 is a good start to the conversation we need to have in Oregon about these competing interests, and how to best balance them in order to produce the amenitized, quality, affordable housing our state desperately needs while maintaining a healthy, skilled workforce that can build these homes.

Thank you for opportunity to provide testimony.

Sincerely,

A handwritten signature in cursive script that reads "Matt Stuart".

Matt Stuart  
Director – Real Estate, Facilities, Housing  
City of Bend