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April 16, 2024

Assemblymember Liz Ortega
Chair, Assembly Labor and Employment Committee
1020 N Street, Room 155
Sacramento, CA 95814

RE: AB 3190 (Haney) –Public Works – STRONG SUPPORT

Dear Assemblymember Ortega:

On behalf of the California State Council of Laborers, I write to express our strong support for AB 3190, authored by Assembly Member Matt Haney and referred to your committee. For over 90 years, California's Prevailing Wage Laws have required contractors on publicly funded projects to pay construction workers occupation- and geographic area-specific prevailing wages. AB 3190 will close loopholes in the Prevailing Wage Laws that have allowed affordable housing developers to receive state and local public subsidies without paying prevailing wages. AB 3190 is a logical next step to recently enacted housing legislation such as AB 2011 (Wicks, 2022), SB 423 (Wiener, 2023), and SB 4 (Wiener, 2023) that condition state intervention in favor of housing production on prevailing wage standards.

In recent years, hundreds of millions of dollars in State Low Income Housing Tax Credits (LIHTCs) and below-market-rate interest state and local government loans have been awarded annually to private affordable housing developers in California without a requirement that contractors on these projects pay prevailing wages.

The affordable housing prevailing wage loopholes have perpetuated poverty- and near-poverty-levels of compensation for thousands of California residential construction workers building publicly financed projects without the benefit of prevailing wage standards. Exploitative pay rates in the residential construction trades often are aggravated by contractor wage theft and tax fraud. Research has shown that "low road" construction contractor employment practices have a public cost that tallies in the billions of dollars annually in safety net program expenditures and foregone tax revenues.

The Laborers have a deeply vested interest in housing affordability and building the infrastructure needed for residential communities. Our members and their families desperately need a more abundant supply of affordable housing. State and local government-subsidized affordable housing should be built by workers who do not add to mile-long waiting lists of Californians seeking spots in affordable housing developments.

The effects of the lack of prevailing wage standards and accompanying enforcement tools have a stark impact on our state's construction workers. According to HUD standards, over half of California's estimated 641,000 construction worker families are classified as either low-income or very low-income. Similarly, half of California construction workers either are uninsured or rely on Medi-Cal for their health care insurance. The rate at which construction workers do not have any health care insurance coverage is 2.6 times higher than the rate for all other California workers. The status quo of lower-than-average pay and rare fringe benefits impedes attracting roughly 100,000 more residential construction workers to meet the state's affordable housing production need.

While State LIHTC and below market-rate interest loans have been excluded from prevailing wage requirements for the last twenty years, ample precedent has been established in recent years to expand the Labor Code to cover these public subsidies. Both the Inflation Reduction Act (2022) and the CHIPS and Science Act (2022), which offer tax credits in exchange for investment, require construction workers to be paid prevailing wages. Regarding prevailing wage requirements on public funds for affordable housing specifically, the Minnesota Housing Finance Agency has written into law requirements comparable to AB 3190. Prevailing wages are required on all new construction housing projects that receive funding from their State Housing Tax Credit program, as well as grants and below market-rate interest loans made by state agencies. The Minnesota law was written to address the same issues we face in California, where, without prevailing wage requirements and meaningful enforcement mechanisms, public investment in affordable housing is at risk of flowing to developers and contractors that exploit vulnerable workers who earn too little to afford the very homes they build.

The Legislature has clearly established that state intervention in favor of housing development should require strong labor standards. It is time to bring California tax credits and loan funds for affordable housing development and construction under the Prevailing Wage Laws. Since their inception, the purpose of the Prevailing Wage Laws has been to prevent public funds from benefitting employers at the expense of workers, and only through lobbying and legislative inaction have affordable housing projects remained exempt from those aims. Construction workers should be paid prevailing wages when they are employed on affordable housing projects funded with capital raised from the State LIHTCs and/or below-market State or local loans, the same wages they are paid on any other project receiving public funds.

For these reasons, we proudly support AB 3190 and urge your "AYE" vote when it is heard before your committee. Should you have any questions or concerns, please contact James Thuerwachter or myself at (916) 447-7018. Thank you for your consideration.

Sincerely,



Joseph Cruz
Executive Director

cc: Honorable Members of the Assembly Labor and Employment Committee
Assembly Member Matt Haney – Author
Oscar De La Torre – LiUNA Vice President and NCDCL Business Manager
Jon P. Preciado – SCDCL Business Manager
Ernesto Ordoñez – LiUNA Vice President and PSW Regional Manager