

AB 199 (CHU): PUBLIC WORKS: PRIVATE RESIDENTIAL PROJECTS

POSITION: The Chamber's Infrastructure, Housing & Land Use Committee voted to OPPOSE AB 199 on March 21, 2017.

STATUS: AB 199 was introduced by Assemblyman Kansen Chu on January 23, 2017. It was passed out of the Committee on Labor and Employment on March 16, 2017 and referred to the Committee on Appropriations.

AT-A-GLANCE

AB 199 requires prevailing wage for workers on residential projects that use public money.

SUMMARY

AB 199 would require that any residential project paid for in part or in full with public funds include prevailing wage payment.

ANALYSIS

Current law dictates that prevailing wage is only required on a project that has an agreement with a redevelopment agency, state agency or public housing authority, with a long-standing exemption for residential development. AB 199 greatly expands the kinds of projects that would require prevailing wage by including residential projects that have some type of public component, thereby potentially ensnaring privately developed residential units. This is particularly alarming as the cost of construction will skyrocket, increasing the cost per unit between 45 and 60 percent (for reference, San Diego's median priced home is \$495,000). Given the current housing shortage and its impact on the regional economy, AB 199 could further exacerbate the housing crisis by making homebuilding infeasible due to cost.

In addition to the significant increase in labor cost, the ambiguity of which projects would trigger prevailing wage has yet to be clarified.

SUPPORT

- California Labor Federation, AFL-CIO
- California State Association of Electrical Workers
- California State Council of Laborers
- California State Pipe Trades Council
- California Teamsters Public Affairs Council
- Engineers and Scientists of CA, Local 20
- Los Angeles/Orange Counties Building & Construction Trade Council
- Others

OPPOSITION

- Apartment Association of California Southern Cities
- Apartment Association of Greater Los Angeles
- Apartment Association of Orange County
- Associated Builders and Contractors- San Diego Chapter
- Bay Area Council
- Brea Chamber of Commerce

- BIA- San Diego County
- Business Council of San Joaquin
- California Apartment Association
- California Business Roundtable
- California Council for Affordable Housing
- Fountain Valley Chamber of Commerce
- Greater Riverside Chamber of Commerce
- HomeAid San Diego
- NAIOP of California
- LENNAR Homes
- Others