

From:

To:

[MTC-ABAG Info](#)

Subject:

Association of Bay Area Governments Executive Board Meeting No. 475, Agenda Item 8.b (AB 2011)

Date:

Wednesday, July 20, 2022 12:40:01 PM

External Email

Dear Board Members

Please do NOT support AB 2011 (Agenda item 8.b).

While, residential mixed use of empty or underutilized commercial buildings along commercial corridors are good places to add residential units, I oppose AB 2011. **Massive rezoning of local communities across California by the state is not the right way to provide residential housing in commercial zones.** SB 6 is another commercial corridor bill to consider.

- AB 2011 is a massive state taking of flexibility needed by local jurisdictions to place housing where it best meets the needs of the community.
- Ministerial approval of construction across such a broad category of zones is inappropriate – including office, retail, and parking.
- CEQA is an important source of information to the community and developers. It helps protect the environment and should not be circumvented on such a massive scale.
- This bill will physically and culturally displace low-income communities and communities of color. Communities and cultures are dependent on their small commercial zones. These communities and businesses will be the targets of speculators using AB 2011 to maximize their profits.
- The bill's labor requirements make the cost of housing higher than necessary when what we need is more affordability.
- The bill's labor reporting requirements is an unacceptable burden on both construction contractors and the local

governments

expected to enforce the bill's labor requirements.

- Parking should be a matter of negotiation between the developer and

the local jurisdiction and should not be precluded as the bill specifies.

Parking is a necessary feature for many developments. Any developments containing commercial space are particularly sensitive to parking needs.

ABAG should not support AB 2011

Thank You,
Cecelia Littlepage





July 20, 2022

Hon. Jesse Arreguín, President
Executive Board
Association of Bay Area Governments

Dear President Arreguín and Members of the Executive Board,

Two vital interests motivate the Northern California Carpenters Union to write to encourage ABAG to **support of AB 2011, the Affordable Housing and High Road Jobs Act of 2022**: (1) Housing production needs to be doubled to reduce the crushing pressure on California's working class of scarce housing supply and high costs; and (2) California construction workers who *build* housing need a raise.

The legislature found in 2021 that "California has accumulated an unmet housing backlog of nearly 2,000,000 units and must provide for at least 180,000 new units annually to keep pace with growth through 2025."¹ The Legislature further declared that "the absence of meaningful and effective policy reforms to significantly enhance the approval and supply of housing affordable to Californians of all income levels is a key factor" behind our housing supply and affordability crisis. Developers, however, have obtained building permits for only 112,000 housing units per year and have *completed* only 65,000 housing units per year over the most recent 5 years, on average.² To build the housing California needs the construction labor force needs to grow by *at least* 100,000 workers.³

The challenge of producing sufficient new housing is even more acute in the nine counties of the Bay Area. The jurisdictions of ABAG need to *triple* the total rate of regional housing production.⁴ The challenge is compounded by the fact that the Bay Area has a relative *shortage* of construction workers. While construction workers comprise 1 in 25 employees statewide, only 1 in 50 Bay Area employees is a construction worker. The Bay Area will not have a local construction workforce of sufficient size and skill to build needed housing so long as residential builders' wages and benefits are low.

AB 2011 is a bold bill that will help California – and the Bay Area – meet essential housing needs. AB 2011 pairs a right to entitle housing on certain sites located on underutilized commercial corridors with increased apprentice employment opportunities and family-sustaining prevailing wage standards for all construction workers. Homes produced under AB 2011 will include deed-restricted units for low-income households and thereby will direct increasing the supply of affordable housing.

¹ Government Code section 65589.5(a)(2). Emphasis added.

² State of California, Housing and Community Development Department. Annual Progress Report (APR).

³ Smart Cities Prevail (2019). Rebuilding California: The Golden State's Housing Workforce Reckoning

⁴ The State has determined that the 9-County Bay Area ought to develop 55,000 new housing units per year over the next eight years, for a total of over 441,000 units. Building permits issued by Bay Area cities and counties between 2017 and 2021 permitted just half that average annual number of units. Only 77,900 housing units were *completed* over that five-year timespan, or 15,600 units per year, representing less than 30 percent of the annualized 2023-2030 housing need.

AB 2011's Labor Standards: Necessary and Strong

California has a public policy interest in raising labor standards in the residential construction industry and backing up those standards with strong enforcement mechanisms. California had 100,000 fewer building and construction trades jobs in 2022 than it had in 2006, and 86 percent of California contractors said that they had open craft positions.⁵ Home builders will not attract the hundreds of thousands of additional workers needed to address California's housing production needs if residential construction remains "low-wage" and "often exploitative."⁶

Residential construction is a major source of wage theft and other unlawful "underground" economic activity that reduces revenues for social safety net programs like Social Security, Medicare, and unemployment insurance.⁷ In a recent example that exposes only the tip of the iceberg, the California Labor Commissioner's Office recently prosecuted a single framing and drywall company for the theft of millions of dollars of wages from employees who helped build prominent new multifamily residences in Los Angeles.⁸

"Low road" business practices in the residential construction subsector result in high public costs:

- Almost one-half of California construction working families participate either in Medi-Cal, the Earned Income Tax Credit, food stamps (SNAP), and/or Temporary Assistance for Needy Families (TANF). They are one-third more likely than all California working families to participate in one or more of these taxpayer-funded social safety net programs.⁹
- One-quarter of construction worker households live in overcrowded housing, a rate nearly two-times the average for all other California working families.¹⁰
- One-quarter of California construction workers are not covered by any health insurance, a rate 2.5 times higher than the uninsured rate for other working families. Another quarter rely on public health insurance. Only 30% of California construction workers have employer-paid health care coverage. The remaining 20 percent rely on coverage provided through a family member or purchase their own individual plan.¹¹

California's prevailing wage laws establish bedrock standards that compensate for inherently dangerous and economically risky construction work. Under existing law, however, prevailing wage standards apply to less than 5 percent of newly constructed California housing units.¹² At most one in twenty

⁵ California Employment Development Department OEWS Employment and Wage Statistics. Associated General Contractors 2021 California Workforce Survey Results.

⁶ UC Berkeley Labor Center (2021). "The Public Cost of Low-Wage Jobs in California's Construction Industry."

⁷ The most recent study of California's underground economy in construction found that 1 in 6 construction workers fell into the informal economy in 2011. See "Sinking Underground: The Growing Informal Economy in California Construction." Economic Roundtable (2014). A Canadian government agency study more recently quantified the phenomenon. See "Residential construction remained the top contributor to underground activity in 2018." Statistics Canada (2020).

⁸ "More than 1,000 L.A. construction workers were cheated out of millions in pay, labor officials say." Los Angeles Times, February 11, 2019.

⁹ *Ibid.*

¹⁰ Carpenter analysis of U.S. Census Bureau American Community Survey (2015-2019) data.

¹¹ *Ibid.*

¹² Smart Cities Prevail (2019). "Rebuilding California: The Golden State's Housing Workforce Reckoning," p. 39.

residential construction workers presently benefit from the enhanced economic security that prevailing wage standards provide.

Under AB 2011, prevailing wages would be paid to all construction workers on all covered projects – whether they are privately or publicly funded. All construction contractors who opt to bid on AB 2011-covered projects greater than 50 units additionally will have to cover workers' family health care costs and will need to abide by the same apprenticeship employment regulations that apply to public works projects. Private, union-related Labor-Management Cooperation Committees will have powerful tools to enforce these groundbreaking labor standards for *100% privately funded projects.*

The labor standards summarized above will help catalyze tens of thousands of “high road” construction jobs per year in an industry subsector renowned for “low road” labor dynamics. Raising pay and benefits to levels found in nonresidential building and infrastructure construction jobs will help attract and retain a larger, more stable, and more productive building trades workforce.

AB 2011's Inclusionary Labor Standards

All construction workers who have committed themselves to the critical, arduous work of building housing ought to be eligible to earn a prevailing wage on a project that benefits substantially from State legislative action or State funds. AB 2011 will not exclude experienced housing construction workers from the benefits of earning prevailing wages.

Only one in seven participants in the California construction labor force presently are eligible to fill construction positions that are restricted by other housing legislation to be filled by “skilled and trained workforce”-qualifying workers.¹³ We estimate that *one-half of California building trades union members do not qualify as “skilled and trained.”*¹⁴ And of those union members who can produce the necessary apprenticeship completion certificate, the lion's share are gainfully employed building *nonresidential* infrastructure and buildings.

¹³ To qualify as both “skilled and trained,” a construction worker must have hold an apprenticeship certificate of completion (see PCC section 2601). There are nearly 900,000 Californians in the construction industry's construction craft workforce. (U.S. Census Bureau 2019 ACS 1-Year Estimates Public Use Microdata Sample. [link to custom table](#)). Approximately 127,000 California residents, or 14.4% of the total construction trades workforce, have completed construction industry building trades occupation apprenticeships. Source: microdata current as of January 5, 2022 provided by the State of California Department of Industrial Relation, Division of Apprenticeship Standards.

¹⁴ Over half of journey-level building trades union members would be ineligible to fill jobs reserved only for workers who can prove they meet the definition of being “skilled and trained.” California-based building trades local unions that represent workers employed by private construction contractors have about 299,000 active members. There are about 57,000 active union apprentices from the construction industry-related building trades. The remaining 242,000 are journeypersons. About 115,000 Californians have completed a “joint” (union-cosponsored) construction industry building trades occupation apprenticeship program, which is 48% of 242,000 journeypersons. Sources: U.S. Department of Labor Union Reports for 2021; California Division of Apprenticeship Standards microdata, which are available in summary tabulations via https://public.tableau.com/app/profile/california.apprenticeship/viz/CompletionDashboard_16301020658110/CompletionDashboard.

The reality is that the baseline percentage of current residential construction workers who are unionized is in the single digits.¹⁵ While apprenticeship programs can, if they are willing, expand their enrollment in accordance, only a fraction of residential construction jobs can be filled lawfully by apprentices. It would take years to enroll, train, and graduate a supply of “skilled and trained workers” that would be sufficient to enable residential contractors to bid on projects that otherwise would be eligible for state-sanctioned streamlining. Working-class Californians who are being pressured out of their homes now cannot afford to wait for years.

By ensuring that hundreds of thousands of current residential construction workers will be eligible to work on streamlined housing projects for prevailing wages, AB 2011 is consistent with both California’s goals and California’s inclusive values.

AB 2011 represents “meaningful and effective policy reform”

California needs additional “meaningful and effective policy reforms to significantly enhance the approval and supply of housing affordable to Californians of all income levels.” The co-authors and co-sponsors of AB 2011 have attempted to craft a bill that builds upon the lessons of past legislative experiments.

Two laws passed into law in 2017, SB 35 and AB 73, paired streamlined local entitlement approvals with inclusionary housing requirements with labor standards. In both cases, the standards required prevailing wages for projects that consist of 100 percent subsidized affordable housing and “skilled and trained workforce” employment standards for *mixed-income* projects. Since January 2018 dozens of subsidized affordable housing projects have moved forward thanks to the streamlining afforded by SB 35. In contrast, our extensive research has failed to uncover a single mixed-income project that has produced any housing under the auspices of skilled and trained workforce standards.

The Carpenters union wishes to expand the successful application of inclusive prevailing wage standards, reinforced by strong, private enforcement mechanisms, to many more projects. We are joined in support of AB 2011 by multiple associations of affordable housing developers. The early support and co-sponsorship by the California Housing Consortium marks a remarkable shift that indicates that a pro-housing, pro-worker legislative agenda is possible.

As affiliates of the California Council of Carpenters, which proudly co-sponsors AB 2011, the Nor Cal Carpenters Union respectfully asks for the support of the Committee to move AB 2011 forward.

Sincerely,



Jay Bradshaw
Executive Officer

¹⁵ CalMatters, June 17, 2021. <https://calmatters.org/housing/2021/06/california-affordable-housing-unions/>