

MEMORANDUM OF OPPOSITION TO S.2893/A.2472



May 31, 2011

RE: Memorandum of Opposition: S.2893/A.2472 (Espaillat/Lopez) Prevailing Wage Mandate on 421-a Projects

Dear Senator/Assemblymember:

We the undersigned organizations and companies, representing New York's affordable housing, nonprofit, and economic development communities, **strongly oppose the prevailing wage mandates in S.2893/A.2472**, which would impose prevailing wage rates on construction projects that receive 421-a tax exemptions. At a time when New York should be reducing the cost of doing business in this state, the prevailing wage mandate on any privately-owned projects will dramatically increase costs and reduce the supply of urgently needed new housing. **Prevailing wage rates are set far above the market wage rate, nearly double the median wage for New York City, in addition to extraordinarily high supplemental benefits.**

According to the New York State Department of Labor, the median and prevailing wage rates for New York City are:

NYC	Median Wage	Prevailing Wage Salary	Prevailing Wage Benefits	Prevailing Wage Salary & Benefits
Carpenter	\$57,140.00 (27.47/hr)	\$95,992.00 (46.15/hr)	\$71,884.00 (34.56/hr)	\$167,876 (80.71/hr)
Electrician	\$84,750.00 (40.74/hr)	\$101,920.00 (49.00/hr)	\$84,032.00 (40.40/hr)	\$185,952 (89.40/hr)
Plumber	\$58,830.00 (28.28/hr)	\$106,828.00 (51.36/hr)	\$63,939.00 (30.74/hr)	\$170,767 (82.1/hr)

Occupational wage statistics provided by NYSDOL website. Annual prevailing wage and benefit earnings calculated by multiplying hourly wage and benefit payment required by 2080 (40 hours/week x 52 weeks)

Prevailing wage mandates will have a particularly devastating impact on the production of greatly needed affordable housing. Mandating prevailing wage would increase development costs by 25%, cutting the number of affordable homes produced in half, or driving up rents by \$400 per month (*Citizens Housing & Planning Council, 2008*), eliminating thousands of construction-related jobs as a result.

Moreover, mandating prevailing wages on projects that simply receive a state or local tax incentive is a troubling precedent. Prevailing wages are currently required only for *public* projects such as those undertaken by the state or municipalities. If enacted, this bill would for the first time extend costly and administratively-complex wage mandates previously only required on public projects, to privately-owned and developed projects. In effect, it would signal to prospective job-creating businesses that the State favors more costs and regulation on private projects, which would have a chilling effect upon our economy.

We urge members of the New York State Legislature to support job creation, a thriving construction industry, and the production of affordable housing, by opposing prevailing wage mandates on 421-a tax exempt projects, as proposed in S.2893/A.2472.

Yours,

New York State Association for Affordable Housing
 Rochester Gas and Electric
 New York State Economic Development Counsel
 Orange and Rockland Utilities, Inc.
 Association of Towns of the State of New
 Housing Partnership Development Corporation
 Central Hudson Gas and Electric
 The Associated General Contractors of New York State
 National Federation of Independent Business/New York
 Associated Builders and Contractors, Inc. – Empire State Chapter
 New York Association of Homes & Services for the Aging
 The Manufacturers Association of Central NY

National Grid
 Con Edison
 NYSEG
 The Westchester County Association
 Unshackle Upstate
 National Fuel
 Buffalo Niagara Partnership
 CenterState Corporation for Economic Opportunity