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Bianca, Pam

From: Bill Ethier <bethier@hbact.org>
Sent: Wednesday, March 04, 2015 1:20 PM
To: LABTestimony
Subject: Testimony on HB 6705, Requiring Prevailing Wage Be Paid on Construction Projects that Receive State Financial Assistance

To: Senator Gomes, Representative Tercyak and Members of the Labor and Public Employees Committee

Please consider this testimony in opposition to HB 6705, heard at your public hearing held on February 26, 2015. The HBRA of CT, representing 800 member firms who build between 70% and 80% of all the new housing in the state, have serious concerns with the expansion of CT's prevailing wage law to private construction contracts that are connected with any state financial assistance. Prevailing wage rates, as determined by the Dept. of Labor, do not reflect market rates paid in the residential industry. We believe prevailing wage rates are artificially high, which is why municipalities and many others have worked to change CT's system of prevailing wage laws.

As for this bill's impact on housing, it will have the consequence of removing our industry from a number of otherwise worthwhile state programs. These include incentive housing zones (IHZs), otherwise known as HOME CT, a state program to promote the production of more affordable housing, especially in urban areas, village centers and areas connected with transit. Under HOME CT, state incentives are paid to municipalities who approve IHZs and who further approve building permits for projects that meet the program's affordability requirements. It is designed for and depends on the private sector home building industry engaging municipalities, in cooperation, to produce these new housing communities. If home builders would be required to pay prevailing wages for any HOME CT project, the likely result is that most if not all will abandon pursuing the HOME CT program.

Likewise, certain housing finance programs administered by the Dept of Housing or the CT Housing Finance Agency do not require prevailing wage rates at housing construction sites. We have been working with DOH and CHFA, at their behest, to help these agencies streamline their processes and applications so that more for-profit home building businesses will consider the agencies' resources as a financing source. The new requirement of HB 6705 to pay prevailing wage rates at sites using any DOH or CHFA resources will essentially shut down this cooperative and worthwhile effort.

Additionally, the bill is written so broadly it encompasses energy efficiency rebates, or other rebates, grant or loan programs designed to support energy efficiency upgrades to commercial and residential buildings, including the construction of alternative energy sources, such as solar photovoltaic systems. Forced to pay higher prevailing wages, the many small businesses engaged in these types of projects would likely no longer pursue them.

Since this bill would raise the cost of housing and renovation projects connected with any state financial assistance, and have the disastrous consequence of driving many small construction firms away from pursuing any such project, further depressing economic activity in the state, we urge you to not adopt this expansion of CT's prevailing wage law.

Thank you for considering our comments on this issue,

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