



**HOME BUILDERS & REMODELERS ASSOCIATION
OF CONNECTICUT, INC.**

3 Regency Drive, Suite 204, Bloomfield, CT 06002
Tel: 860-216-5858 Fax: 860-206-8954 Web: www.hbact.org

*Your Home
Is Our
Business*

February 16, 2016

To: Senator Edwin Gomes, Co-Chairman
Representative Peter A. Tercyak, Co-Chairman
Members of the Labor and Public Employees Committee

From: Bill Ethier, CAE, Chief Executive Officer

Re: **HB 5377, AAC the Prevailing Wage**

The HBRA of Connecticut is a professional trade association with about eight hundred (800) member firms statewide employing tens of thousands of CT's citizens. Our members, all small businesses, are residential and commercial builders, land developers, remodelers, general contractors, subcontractors, suppliers and those businesses and professionals that provide services to our diverse industry and to consumers. We build between 70% to 80% of all new homes and apartments in the state each year and engage in countless home remodeling projects.

The HBRA CT opposes HB 5377 as it expands the requirement to pay prevailing wages to all private construction receiving any state funding. This would raise the cost of affordable housing and renovation projects connected with any state financial assistance, and have the disastrous consequence of driving many private construction firms away from pursuing such projects, further depressing economic activity in the state. **If it is to go forward, it should be amended to limit it to non-residential construction in order to keep cost drivers down in proposed affordable housing communities.** However, we hope legislators realize that limiting this new requirement to non-residential will nonetheless raise the cost of any such project that is not currently burdened by prevailing wage requirements. Why would you do this at any time, let alone now when CT is still struggling to return to robust economic growth?

The bill would remove our industry from participating in several worthwhile state housing programs. Certain housing finance programs administered by the Dept of Housing (DOH) or the CT Housing Finance Agency (CHFA) 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 5377 to pay prevailing wage rates at sites using any DOH or CHFA resources will shut down this cooperative and worthwhile effort.**

While unclear, HB 5377 may also adversely impact the Incentive Housing Zone (IHZ, or HOME CT) program. The HOME CT program pays state incentives to municipalities that approve IHZ projects. The program depends on the private sector home building industry to engage municipalities, in cooperation, to produce these new

**Vision: "Building CT's Economy, Communities and Better Lives One Home at a Time."
Mission: "Using Effective Advocacy and New Knowledge to Solve Our Member's Problems."**

housing communities. **If home builders would be required to pay prevailing wages for any HOME CT project, the result is that most if not all will abandon pursuing the HOME CT program.**

Finally, the bill may encompass 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 artificially higher “prevailing” wages, many small businesses engaged in these types of projects would likely no longer pursue them.

Through imposing artificially high wages on private sector employers, this bill will discourage, if not shut off completely, much of the private construction industry from pursuing otherwise worthwhile state grant and loan funds that are used for beneficial purposes, such as affordable housing and energy refit construction. **This is not the direction Connecticut needs to take. Therefore, we urge you to not pursue this legislation.**

Thank you for the opportunity to comment on this legislation.