

Agenda Report

TO: City Council

July 15, 2002

THROUGH: Legislative Committee (July 2, 2002)

FROM: City Manager

SUBJECT: Support SB972, Public Works: Prevailing Wages, with Modifications

Recommendation

It is recommended that the City Council:

1. Support SB972, Public Works; Prevailing Wages, with modifications.
2. Authorize the Mayor to send letters to the appropriate authorities in support of the bill.

Bill Summary

SB972 would exclude from the requirements of public works and prevailing wage laws the construction or rehabilitation of privately owned residential projects that are self-help housing projects, operated on a not-for-profit basis as housing for homeless persons, or that provide housing assistance.

Background

SB972 would increase the City's ability to produce affordable housing by extending the use of its redevelopment agency low and moderate income housing the funds by 15% to 30%, depending upon the trades being paid, and, therefore, we would recommend support. However, we would like to request that the authors of the bill increase the exemptions to include:

- a) Funds generated from local inclusionary housing ordinances (in-lieu fees);

- b) CDGB, HOME (home investments partnership program), and other federal funds in which the housing project does not exceed the dwelling unit threshold triggering Davis-Bacon prevailing wages; and
- c) "City of Industry" low/mod income housing trust funds administered by the County of Los Angeles Community Development Commission.

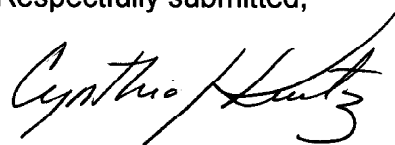
Also, under (d)(3) of SB972, affordable housing projects funded with federal/state low income housing tax credits are excluded from the state prevailing wage requirement. However, this exclusion applies only for projects which receive tax credit allocations by December 31, 2003. Low income housing tax credit projects should be categorically exempt from state prevailing wages, irrespective of tax credit funding cycle.

This would allow the City to make maximum use of its affordable housing dollars in the production of affordable housing units.

Fiscal Impact

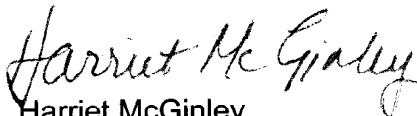
The fiscal impact of this proposed legislation would be to extend what funds could be committed to the production of affordable housing units by 15% to 30%, the estimated cost of paying prevailing wages over the normal construction wages for affordable housing projects.

Respectfully submitted,



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