



Prevailing Wage for Building Service Workers [A6964/S4630 \(Crespo/Ramos\)](#)

As currently written, [A6964/S4630 \(Crespo/Ramos\)](#) would require prevailing wage for building service workers in all projects that utilize \$1M or more of public financial assistance to pay building service workers, as well as contractors who provide services, prevailing wages.

IMPACT OF PROPOSAL ON STATE'S EXISTING SUPPORTIVE HOUSING UNITS AND PIPELINE

This bill could devastate the supportive and affordable housing pipeline in New York City and the greater metropolitan area, leaving thousands to languish in shelter. **This policy change will require \$741 million in more subsidy, or 3,700 fewer units in the NYC region.**

- In order to meet the state's supportive housing development goals through the Empire State Supportive Housing Initiative (ESSHI), this policy will either require an **additional \$468M in subsidy or will result in over 2,000 fewer units being developed.**
- **In order to meet NYC 15/15's supportive housing development goals, this policy will either require an additional \$273M in subsidy or 1,700 fewer units being developed.**
- This legislation will also put pressure on the existing supportive housing stock to pay prevailing wages, resulting in a combined **\$59M annual operating budget deficit.** These buildings are currently open and housing over 26,000 formerly homeless and low-income individuals and families.

SOLUTION

Any prevailing wage proposal for building service workers should provide an exemption for supportive and affordable housing (developments with a minimum 35% affordable housing governed by a regulatory agreement). This would protect all existing and new development projects that house the most vulnerable New Yorkers, especially supportive housing.

POLICY IMPACT ON SUPPORTIVE HOUSING

- The budget proposals define "prevailing wage" as the wages outlined in Article 9, Section 230 of the NYS Labor Law for a number of titles. This policy disproportionately affects supportive housing due to higher staffing ratios than other types of housing when it comes to maintenance and security staff. Prevailing wages increase the cost of these services by over 75% in supportive housing buildings.
- The language also includes contractors working onsite in those titles as well as a number of services; For example: Security, Exterminators, Fumigators, Fire Safety Directors, Fuel Delivery, Landscape Maintenance, Stationary Engineers, Trash and Refuse Removal, and Window Cleaners.



- Monitoring compliance to the legislation, especially monitoring of contractors and subcontractors, will add a substantial cost and administrative burden for nonprofits.

SPECIFIC EXAMPLES OF FINANCIAL IMPACT

Prevailing wage for buildings service workers comes at an extremely high cost:

- One nonprofit developer is constructing a 245 unit building in the Jerome Avenue neighborhood in the Bronx. This building will serve 122 homeless individuals with Serious Mental Illness (SMI) and 25 formerly homeless households, as well as 98 low-income households. The developer will **have to fill a capital budget gap of over \$7.5M** due to the added cost in the M&O budget. Without additional public subsidy, the project will stall.
- Another nonprofit developer is currently financing a 152 unit building in Mott Haven in the Bronx that will serve low-income seniors and 46 formerly homeless seniors with SMI. **The project will need \$6M in additional capital funding to move forward.**

Whether through requirement or unionization, paying prevailing wages and fringe rates to building service workers in existing supportive housing residences will create fiscal crisis for nonprofits. Nonprofits' older buildings already operate at extremely thin margins and organizations will be faced with the option of ceasing operations without additional government funding.

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