

Closing California's Housing Affordability Gap with Prevailing Wage



In 2017, California lawmakers enacted a series of reforms to address the state's housing crisis, including prevailing wage requirements on certain projects.

Here's why these reforms were so critical:

- Since the 1990's, inflation-adjusted housing prices have risen as much as 54%.
- Profits for developers and builders are growing 50% faster than either labor or material costs.
- Real wages for California construction workers have declined 25%, and nearly half of all construction workers don't have health insurance.
- Failure to invest in training has reduced construction workforce productivity by 13%.
- Poverty wages for construction workers costs California taxpayers almost \$100 million per year in public assistance expenditures.
- Falling wages and declining industry productivity have led to historic housing labor shortages, dwindling housing supply, and skyrocketing prices.

Latinos are two-thirds of CA's construction workforce and make just 68¢ ON THE DOLLAR of similarly-skilled white workers.

WITH PREVAILING WAGE STANDARDS WE CAN CLOSE THE GAP

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The inclusion of prevailing wage in state housing reform strengthens California's construction industry and helps more of its workers pay the rent.

Q: What Drives California's Skyrocketing Housing Costs?

	1971 <small>INFLATION ADJUSTED</small>	2016 <small>AVERAGE</small>
Apartment Construction Costs:	\$84/sq. ft.	\$188/sq. ft.
Statewide Construction Wage:	\$39/hour	\$27/hour

A: It's NOT Construction Wages.

- Prevailing wage is a market-based, local minimum wage for skilled construction work. It includes pay, benefits, and training.
- By stabilizing the wage "floor," prevailing wage helps to close the affordability gap and reduces income disparities based on race.
- Prevailing wage doesn't increase housing prices. Construction wages and benefits are less than 15% of total housing development costs in California.
- By promoting investment in workforce skills, prevailing wage boosts industry productivity by as much as 16%.
- Prevailing wage helps prevent the labor shortages that drive up prices by attracting more skilled workers to California's construction industry.
- Research consistently shows that prevailing wage produces more local hiring, a stronger overall economy, and reduces reliance on public assistance.