



NEW YORK STATE ASSOCIATION FOR AFFORDABLE HOUSING

New York City Council Bill Int. 1169

Damaging the Future of Affordable Housing, Small Business, and MWBEs in New York City

Int. 1169 will make it significantly more difficult to develop and preserve affordable housing by mandating New York State Department of Labor (DOL) approved apprenticeship programs be provided by contractors and subs on all city-assisted projects, redundant reporting requirements, and punitive penalties, without offering any substantiated justification for the requirements set forth in the bill.

Devastating to small businesses, MWBEs, and local hiring:

- Only 87 active DOL approved apprenticeship programs exist within NYC – including only four carpentry, two steamfitter, three sheet metal worker, and three roofer programs.
- Multiple apprenticeship programs are controlled exclusively by trade unions – including cement mason, stone mason, dry wall tapper, cabinetmaker, tile setter and finisher, plasterer, and painter.
- Approval of a DOL apprenticeship program often takes years and is not guaranteed, requiring a substantial financial investment on the part of the employer that is out of reach for many small businesses and MWBEs.
- Int. 1169 will effectively exclude the vast majority of small businesses and MWBEs – who do not currently have access to DOL approved apprenticeship programs – from participating on affordable housing projects.
- Int. 1169 makes no provisions to help existing small businesses and MWBEs establish DOL approved apprenticeship programs.
- Int. 1169 takes effect immediately, denying even those companies that have the resources to develop and register a program any reasonable timeframe to do so.
- Int. 1169 will make it much more difficult to hire locally, as developers are forced to work exclusively with contractors with existing DOL approved apprenticeship programs.

Harming the city's ability to develop and preserve affordable housing:

- The dearth of eligible contractors to compete for city-assisted projects and the requirement to use exclusively union contractors for many trades will significantly drive up cost, cutting deeply into the city's ability to produce and preserve affordable housing.
- Int. 1169 will jeopardize the city's ability to develop and preserve affordable housing as banks or tax credit investors may be unwilling to finance projects due to the risk involved under the bill's recapture penalty provision.

NYSFAH

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Unsubstantiated need for mandating apprenticeships:

- No evidence has been provided by the New York City Council or supporters of the bill that the specific DOL apprenticeship agreements required by Int. 1169 result in improved quality or the reduction of incidents of injury or fatalities on city-assisted construction sites.
- Upon review of Department of Buildings accident reports from 2008-2013, NYSFAH was unable to identify any fatalities that occurred on affordable housing construction sites during these years.¹
- Int. 1169 requires that an employer have a DOL approved apprenticeship program, but does not require that the training is provided to workers.
- Much more analysis is needed of the effectiveness of current construction training practices and programs – including DOL approved apprenticeship programs – prior to considering a mandate that would have such a devastating impact on affordable housing, small businesses and MWBEs.

Redundant reporting requirements:

- Projects receiving assistance through HPD are already subject to extensive disclosure, reporting, and transparency requirements. It is unclear what the Council's intent is by adding an additional layer of reporting requirements.
- The reporting requirements outlined in Int. 1169 will increase costs and further raise barriers to entry into the industry.

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¹ Three fatalities were identified on construction sites for luxury condominiums receiving 421-a abatements, all of which had union contractors. These developments are not typical of the small and mid-size development that characterizes the majority of affordable housing built and preserved with city-assistance.