

MOTION

RESIDENTIAL CONSTRUCTION MINIMUM WAGE

There is a housing supply crisis in Los Angeles. The region has committed to building over 450,000 additional units over the next few years, coupled with the rebuilding of the 6,000 units that were lost during the Palisades fire.

This aggressive building goal we have set for the region requires an adequate work force, which we currently do not have. It is estimated that Los Angeles needs an additional 50,000 construction workers, and right now we are losing them. Many have left due to increasing fears of immigration raids or inadequate pay.

Los Angeles has one of the lowest construction wages in the country when accounting for cost of living. The median wage of a construction worker in Los Angeles is \$18 an hour, the second lowest in the country. As much as 70% of construction worker families are considered low income, with 1 in 5 construction workers having faced an eviction, and 1 in 10 having been homeless.

On top of a low wage, many construction workers also face wage theft. The multi-layered contracting nature of the construction industry leads to multiple opportunities for worker exploitation. Compounded by the fact that 3 in 4 of residential construction workers are foreign born, and roughly half are undocumented, leading to exploitative working conditions that go unreported. Eighty percent of residential construction workers have faced some form of wage theft, including non-payment of wages or overtime pay, receiving no meal or rest breaks, and worker misclassification. Current investigations by the City's Office of Wage Standards confirms that construction trades has the highest number of investigations across industries.

Workers in construction are also prone to workplace injury with no access to healthcare. Construction has consistently been one of the top industries for worker fatalities, and residential construction has twice the number of injuries in comparison to commercial construction due to lack of oversight. One in five residential construction workers will experience an injury on the job, and due to lack of healthcare benefits or workers compensation from the employer, many end up paying for their own medical bills despite being injured on the job.

In order to maintain and attract more workers into the mid-size residential construction industry to build the necessary housing supply our City desperately needs, we need to set a Residential Construction Minimum Wage, and address the high levels of wage theft and worker exploitation in this trade.

I THEREFORE MOVE that the City Council instruct the Chief Legislative Analyst (CLA) to commission a study within 30 days on the effects of establishing a Residential Construction Minimum Wage (RCMW) for all mid-size residential construction in the City of \$32.35 an hour, plus an additional healthcare credit of \$7.65 per hour, which shall increase annually thereafter based on the Consumer Price Index (CPI). The study shall also examine alternative wage rate increases and healthcare credit increases that allow for the




reduction of potential negative effects associated with the establishment of the RCMW. Mid-size residential construction shall be defined as any residential development, including mixed-use, with ten or more residential units and under 85 feet in height. Construction projects subject to prevailing wage rates and project labor agreements shall be exempt from the RCMW.


I FURTHER MOVE that the above study identify factors that differentiate the construction industry, and specifically the mid-size residential construction sector, from other similar labor-intensive industries and occupations, including factors such as injury and illness rates, and wage theft violation rates, among others. The study shall also include construction worker wages disaggregated by construction project type, the impact of a potential RCMW on construction industry employment, housing construction development, individual earnings, and economic impacts to Los Angeles and the greater economy.


I FURTHER MOVE that the City Council instruct the CLA to report back with the results of the study within 60 days, and to solicit feedback from impacted industries and trades, including the Building Industry Association of Southern California, Los Angeles Builders Association, the Council of Infill Builders, the Los Angeles Area Chamber of Commerce, impacted workers and their representatives, and any other relevant organizations.


I FURTHER MOVE that the City Council instruct the CLA, with assistance of the Bureau of Contract Administration and City Attorney, to report on strategies to address wage theft in the construction industry, including increasing staffing for investigative positions and a private right of action.

PRESENTED BY:

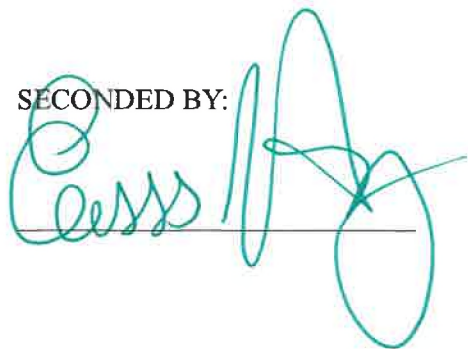

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