

Labor Standards & Affordable Housing

Presentation to Statewide Housing Commission

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Laborers' International Union

Maine State Building & Construction Trades Council

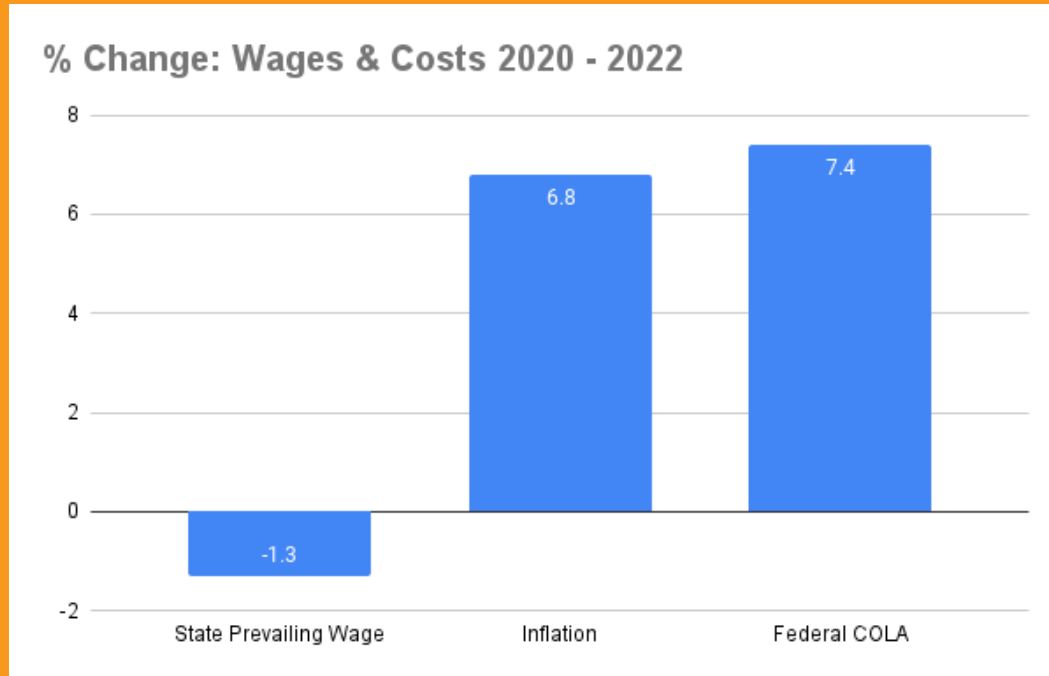
Labor Standards & Affordable Housing in Maine

The Challenge:

A focus on the supplyside of affordable housing is critical and necessary. But we are missing a real opportunity to enact a road-tested solution to address the fundamental causes of our affordable housing shortage from multiple angles while at the same time addressing medium and long-term needs.

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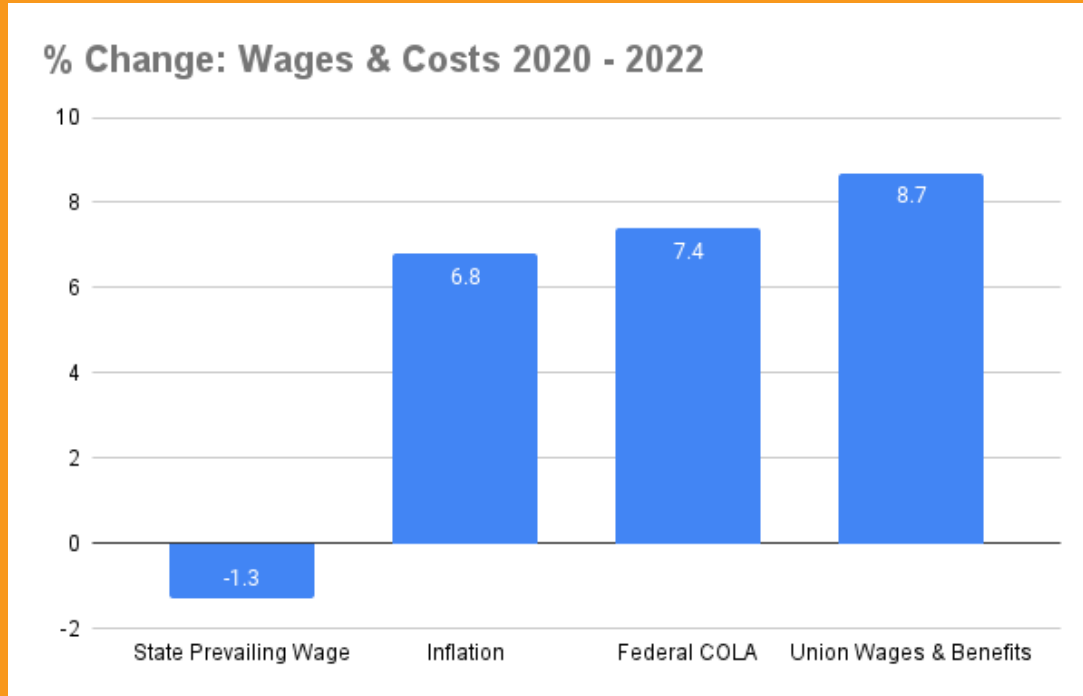
Construction Wage Stagnation in Maine



State Prevailing Wage
Construction Laborer
B2 Classification
Statewide Rate

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Collectively Bargained Wages Have Kept Pace

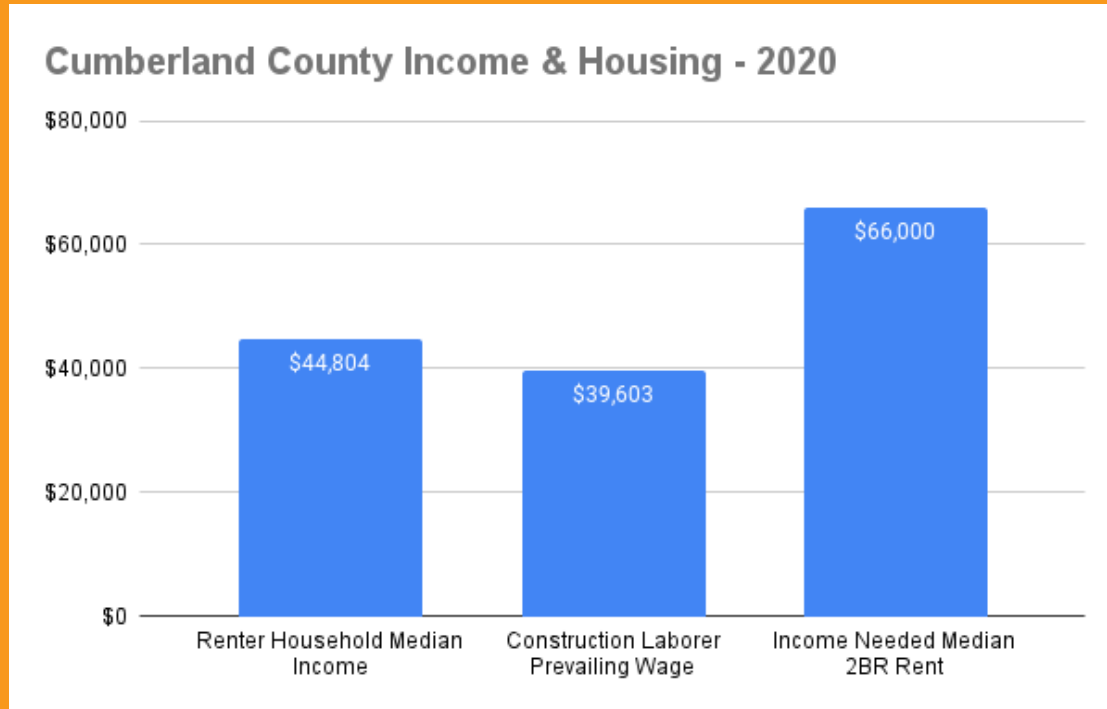


State Prevailing Wage
Construction Laborer
B2 Classification
Statewide Rate

Union Wage Rate
Collectively Bargained Rate
Laborers' International Union,
Local 327

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Those Who Build Our Housing Cannot Afford to Live in It



*Wages for Construction Laborer
B2 Classification
Cumberland County Rate
2,080-hour year

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Maine's Aging (Construction) Workforce is Real

- Maine: Oldest median age for construction worker in the US (45 years)
- 40% of US construction workers to retire by 2023
 - Maine has oldest median age in US (45)
 - Nearly 1/3 of Mainers are over 60
 - Average retirement age for a US construction worker is 61

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How can we address the construction workforce shortage?

“Apprentices in Maine who completed their program in the last two years, despite the COVID-19 pandemic, increased their wages, on average, by nearly 40 percent, and 94 percent of apprentices continue their employment with their apprenticeship sponsoring business.”

(Jan 2022 Press Release “Mills Administration Announces \$12 Million to Expand Apprenticeship Opportunities”)

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A three-pronged approach when it comes to addressing Maine's affordable housing crisis can change the game.

- Incentivize living wages with family-sustaining benefits
- Mandate registered apprenticeship requirements
- Encourage and reward projects committed to workforce and community benefits

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Wages and Benefit Benchmarks in Recent Maine Public Policy

- LD 1282: "An Act To Establish a Green New Deal for Maine"
 - Registered Apprenticeship requirements on energy generation
 - Currently 10%, 17.5% in 2025, 25% in 2027
- LD 336: "An Act To Encourage Research To Support the Maine Offshore Wind Industry"
 - Project Labor Agreement on offshore wind research array
 - Collectively bargained rates and Benefits
 - Community benefits
 - Local, disadvantaged, veteran hire benchmarks

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Wages and Benefit Benchmarks in Maine Public Policy(Cont.)

- LD 1969: “An Act Concerning Equity in Renewable Energy Projects & Workforce Development”
 - Registered Apprenticeship requirements on energy generation projects (2MW +)
 - Wage requirements on all projects \$50k or more with state assistance
 - Establishes a Registered PreApprenticeship structure and requirements
 - Incentivizes the use of Project Labor Agreements (PLAs)

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Wages and Benefit Benchmarks in Maine Public Policy(Cont.)

- LD 1656: "An Act To Promote Energyefficient Affordable Housing"
 - VIA ARPA: \$20M for Affordable Housing built using a Project Labor Agreement
 - Funding through state's 4% LIHTC WalkIn program
 - High interest: more applications than funding available
 - Slated to fund approximately 2-5 affordable housing projects
 - Workers to earn collectively bargained rate and benefits

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Federal Guidance on Wages and Apprenticeship is Clear

- Federal ARPA Funds
- Bipartisan Infrastructure Law
- Inflation Reduction Act

All incentivize - or require - wage standards and Registered Apprenticeship

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Labor Standards Can Move the Needle

- Incentivize labor standards in affordable housing policy
 - Allow for increased housing height, density or development
 - Encourage affordable rental housing development with tax incentives
 - Consider non-owner-occupied STR and/or condo conversion fees to fund Maine Housing programs for development of affordable housing with Project Labor Agreements

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Labor Standards Can Move the Needle...Without Raising Costs

- Wage standards do not raise housing construction costs
 - ICERES Study (Hinkle & Belman 2020)
- Any wage increases are likely undetectable
 - EPI Study (Mahalia 2008)
 - Average labor costs = $\frac{1}{4}$ of construction costs
 - A 10% increase in wages = 2.5% of contract costs

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Labor Standards Can Move the Needle...While Training Maine Future Builders

- Registered Apprenticeships = Higher Wages and a More Diverse Workforce
 - Earn while you learn model eliminates educational debt
 - Programming at no-cost to learner
 - Clearly defined pathway to career advancement and credentialing
 - Proven opportunities and success for traditionally underrepresented populations
 - Women, people of color, justice-involved individuals
 - Pre-Apprenticeship pathway established

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