

# **Cost/Benefit Analysis: Prevailing Wage and Skilled and Trained Workforce**

**City Council**  
July 30, 2024



**COMMUNITY  
DEVELOPMENT**

# WHY ARE WE HERE?

- **Discuss Construction Workforce Programs and Policies** and the **potential impact and benefits** on housing development
- Receive Council's feedback



# WHY ARE WE HERE ? *(Continued)*

- **Adopted Burbank 2021-2029 Housing Element (27 Programs)**
- Request from Labor Unions
- Costs and Benefits of Workforce Programs
- City's Housing Production Goals





# WORKFORCE PROGRAMS & POLICIES

1. Prevailing Wage
2. Skilled and Trained Workforce (STW)
3. Apprenticeship
4. Local Hire



# SUMMARY OF ANALYSIS

- There are benefits to construction workers and project completion/safety (according to the labor unions)
- There are cost impacts to private housing development:
  - **1.7% - 16.4% increase in construction cost**, depending on the workforce program/policy
- Findings on benefits and impacts should be considered in future updates to Density Bonus and Inclusionary Housing Ordinances

# ANALYSIS / METHODOLOGY

1. Surveyed California cities
2. Literature Review
3. Stakeholder Meeting/Interviews and Community Outreach
4. Housing Construction Cost Models

# SURVEYED CITIES' WORKFORCE PROGRAMS

## CITIES WITH WORKFORCE PROGRAMS/POLICIES

Berkeley

Hayward

Santa Ana

Los Angeles

Pasadena

San Francisco

# EXAMPLES OF PROGRAMS/POLICIES

- Berkeley's Hard Hats Ordinance
- City of Santa Ana's Inclusionary Zoning Ordinance
- City of San Francisco Local Hire Policy (CityBuild Program)



# LITERATURE REVIEW

Researched both academic and industry specific articles

- **Prevailing Wage/Skilled and Trained Workforce**

Does impose additional cost (*average 19.5% increased hard cost*)

- **Apprenticeship programs**

Usually linked with other workforce programs such as skilled and trained workforce.

- **Local Hire policy**

Could be administered by local jurisdiction or local union

# STAKEHOLDER AND COMMUNITY OUTREACH

- **Roundtable with Stakeholders** – December 2022
- **Individual Stakeholder Interviews:**
  - Development Community (for-profit/non-profit)
  - Union Representatives
- **Community Meeting** – June 2024

# SUMMARY: OUTREACH

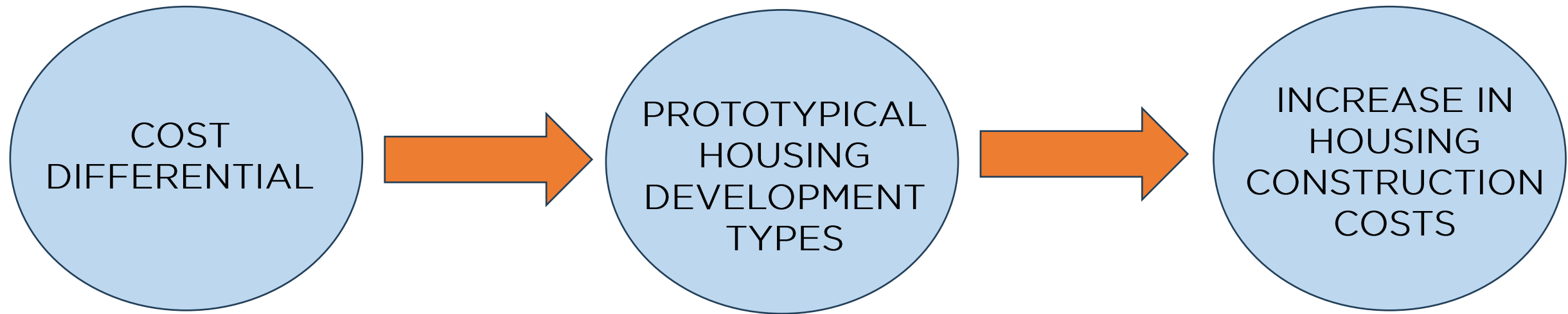
## **DEVELOPER CONCERNS:**

- Higher cost
- Competition for labor (skilled and trained workforce)
- Pressure on financial feasibility of housing projects

## **UNIONS:**

- There are benefits to having construction workforce programs/policies
- Higher project quality and efficiency
- Increase safety and fewer workplace accidents

# HOUSING CONSTRUCTION COST MODELS



# SUMMARY: COST MODELS

## **All analyzed programs increase construction costs:**

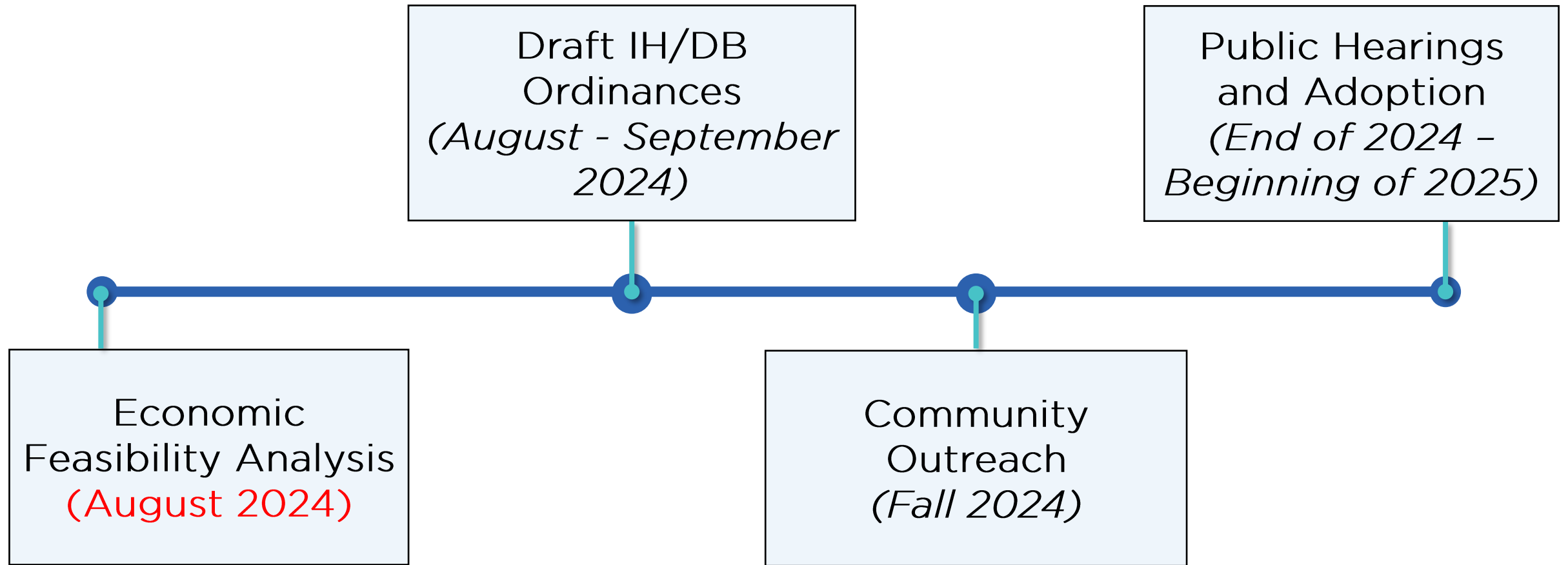
- Prevailing Wage or STW cost impact – 16.4%
- Apprenticeship cost impact – 14.1%
- Local Hire cost impact: 2.0%

# STATE LAWS – HOUSING

- SB 35 and SB 423
- AB 2011
- In the past 3 years, City has received and processed nine (9) SB 35 applications



# PROJECT SCHEDULE



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# RECOMMENDATION

- **Note and File**
- **Provide City staff with feedback on report findings** as work progresses on updates to the City's Inclusionary Housing and Density Bonus Ordinances

# PROJECT PLANNER CONTACTS

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