

**MEMORANDUM IN OPPOSITION**  
**March 27, 2009**

**A. 3659 Hoyt                      S. 1241 Thompson**

This memorandum is submitted in opposition to the subject legislation on behalf of our client the New York State Builders Association, Inc. This bill would make a number of changes to Industrial Development Agencies (“IDA’s”) including a requirement that any recipient of financial assistance from an IDA must pay prevailing wages, as provided under Labor Law Article 8.

Affordable housing development in New York State has become increasingly dependent on IDA’s as an option to fund projects.

Prevailing wages are required on public housing projects but are not applicable to construction of private housing projects. This bill would result in increased construction costs by as much as 30%. This type of increase would make affordable housing projects uneconomic. There is not sufficient subsidy available from state or federal programs to fill this gap. Nor would increased rents or higher purchase prices be feasible because the projects would no longer be affordable. Passage of this provision would eliminate the use of IDA financing as a vehicle for affordable housing construction.

The major thrust of this bill is to establish increased accountability for IDA’s. The introduction of prevailing wages does not further that goal. Prevailing wage mandates negatively impact the ability to undertake affordable housing projects. There is no rationale in any context where state or local financing for affordable housing should be used as a pre-text for the application of wages. Prevailing wages are designed for public works projects, and not for affordable housing projects.

Based on the foregoing, it is respectfully requested that this legislation be defeated.