

DRAFT: 5/31/19

~~(Date)~~ June 6, 2019

Mr. Larry Mazzola, Jr.
President
San Francisco Building & Construction Trades Council
Business Manager & Financial Secretary-Treasurer, Local 38

Dear Mr. Mazzola, Jr.,

Thank you for sharing your concerns about the **Building and Construction Trades Council (BCTC) members' ability to participate in the work created by the proposed 2019 Affordable Housing Bond**, should two-thirds of San Francisco voters approve the Bond this coming November.

The Mayor's Office of Housing and Community Development (MOHCD) has steadfastly supported the BCTC and all union-affiliated trades employees on the construction jobs for which it is a lender. This support is evidenced by the high level of union participation on projects funded by the 2015 Affordable Housing Bond approved by San Francisco voters. On the five affordable housing projects funded by the 2015 Affordable Housing Bond which have commenced or completed construction, we see union participation rates between 99.25 – 100%. These participation numbers for current projects are reflective of our historical practices as well. We are proud to have collaborated with union contractors and sub-contractors over many years to create thousands of high-quality homes for the City's low and moderate-income residents, seniors, families, transitional aged youth, and those exiting homelessness. MOHCD has no intention of seeking to alter union participation rates for future projects funded under the proposed 2019 Affordable Housing Bond.

The proposed 2019 Affordable Housing Bond currently contemplates different categories of investment -- Public Housing, Low-Income Housing, Senior Housing, Preservation, and Middle-Income. Should the 2019 Affordable Housing Bond pass, you have MOHCD's commitment that we will continue to support and facilitate union labor to the greatest extent possible on affordable housing projects in the following categories of expenditures, or "Covered Work":

- 1) Public Housing Transformation Work: valued at \$150 million
- 2) New Construction Low-Income Housing, valued at \$210 million
- 3) New Construction Senior Housing: valued at \$90 million

The balance of the bond funds will be used for middle-income down payment assistance loans, which involve no construction, and preservation of existing buildings as 100% affordable housing.

The table below provides a summary:

SPENDING CATEGORY	ESTIMATED VALUE	COVERED WORK?
Public Housing	\$150 million	Yes
Low-Income Housing	\$210 million	Yes

Senior Housing	\$90 million	Yes
Middle-Income	\$20 million	No
Preservation	\$30 million	No
Total	\$500 million	Percent Covered Work: approximately 90%

In addition, MOHCD is committed to continuing its longstanding practice of requiring that the construction of new affordable housing projects and the rehabilitation and transformation of existing public housing sites which receive bond funding be subject to prevailing wage requirements.

~~Finally,~~ MOHCD is also committed to ensuring that on-site Covered Work involves a skilled and trained workforce, as defined by Section 2601 of the California Public Contract Code, subject to MOHCD’s obligation to meet hiring requirements imposed by HUD and in conjunction with City local hire and LBE requirements memorialized in the Administrative Code. ~~Additionally, we are committed to meeting with you to collaboratively discuss any additional affordable housing projects which may involve Covered Work and factory built modular construction.~~

Additionally, the prevailing wage and apprenticeship requirements referenced above for Covered Work will be included in the loan agreements that MOHCD executes with the affordable housing developers/owners, agreements which must go before the Board of Supervisors for approval.

We look forward to partnering with you in this effort, and will seek your assistance in ensuring that union sub-contractors are available to submit responsive and responsible bids, knowing that some of our Bond-funded projects bring with them special complexity.

With this collaboration, we believe that voters will pass the 2019 Affordable Housing Bond, which will mean significant work for your members, and new homes for our residents.

Sincerely yours,

Kate Hartley, Director
Mayor’s Office of Housing and Community Development