



Joseph Tessari  
Mayor

March 23, 2017

Clint Lorimore  
Mayor Pro Tem

Brandon Plott  
Council Member

Todd Rigby  
Council Member

Adam Rush  
Council Member

Michele Nissen  
City Manager

Honorable Kansen Chu  
State Capitol – Room 2160  
P.O. Box 942849  
Sacramento, CA 94249-0025  
FAX: (916) 319-2195

**RE: Assembly Bill 199 – Prevailing Wage on Private Residential Construction –  
OPPOSE**

Dear Assembly Member Chu:

The City of Eastvale writes to express our strong opposition to measure AB 199. AB 199 would eliminate the long-standing residential exemption from prevailing wage rates and thereby make private-market rate residential development a public work project which a prevailing wage would be paid. This measure would have dramatic negative cost implications for newly constructed and privately financed housing in our community and across California.

The City of Eastvale has worked hard on implementing policies that allow development in our community to be affordable by revising development fees so increased costs are not passed along to the homebuyers. The increased costs would impact the American dream of homeownership for those living and others wanting to relocate to our community and the State of California. A proposal to add as much as 45-50 percent to the cost of a newly built home will definitely hamper housing production, make housing more expensive, and more out of reach.

California continues to face a monumental housing crisis. The state's long trend of under-producing housing units has led us to a staggering two million home backlog. A recent report by the McKinsey Global Institute estimates that the state will need an additional 3.5 million housing homes by 2025 to close the gap and to accommodate for future need. The crisis in supply goes hand in hand with a crisis in affordability. California ranks 49<sup>th</sup> out of the 50 states in housing units per capita and ranks dead last among states in ability to deliver an affordable home to prospective *first time purchasers*. The evidence is clear – the state needs more, not fewer, houses at prices that the majority of Californians can afford.

AB 199 goes in exactly the wrong direction. A 2005 report out of UC Berkeley found that paying prevailing wages increased costs by 37%. That increase in the cost to produce a house will negatively impact home prices – that is, if the houses are event built in the first place. Instead, many housing projects will no longer make financial sense and production will lag even worse.



## City of Eastvale

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For these reasons, the City of Eastvale opposes AB 199 (Chu). If you have any questions, please feel free to contact Eastvale City Hall at (951) 361-0900.

Respectfully,

Joe Tessari, Mayor  
City of Eastvale

CC: Honorable Sabrina Cervantes, 60th Assembly District  
Honorable Richard Roth, 31st Senate District  
City of Eastvale City Council  
Erin Sasse, League of California Cities, [esasse@cacities.org](mailto:esasse@cacities.org)