

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

Informational Community  
Meeting

06.06.2024



**COMMUNITY  
DEVELOPMENT**

# WHY ARE WE HERE?

- **Discuss Construction Workforce Programs and Policies** and their **potential impact and benefits** on housing development.
- Discussion and Q & A.



# 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 / Future Specific Plans.




# WORKFORCE PROGRAMS & POLICIES

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



# ANALYSIS / METHODOLOGY

1. Surveyed California cities.
  2. Literature Review.
  3. Stakeholder meeting/Interviews.
  4. Housing Construction Cost Models.
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# SURVEYED CITIES' WORKFORCE PROGRAMS

## CITIES WITH WORKFORCE PROGRAMS

Berkeley

Hayward

Santa Ana

Los Angeles

Pasadena


San Francisco

# 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 MEETING/INTERVIEWS

- **Roundtable with stakeholders** – December 2022
  - **Individual Stakeholder Interviews:**
    - Development Community (for-profit/non-profit).
    - Union Representatives.
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# HOUSING CONSTRUCTION COST MODELS

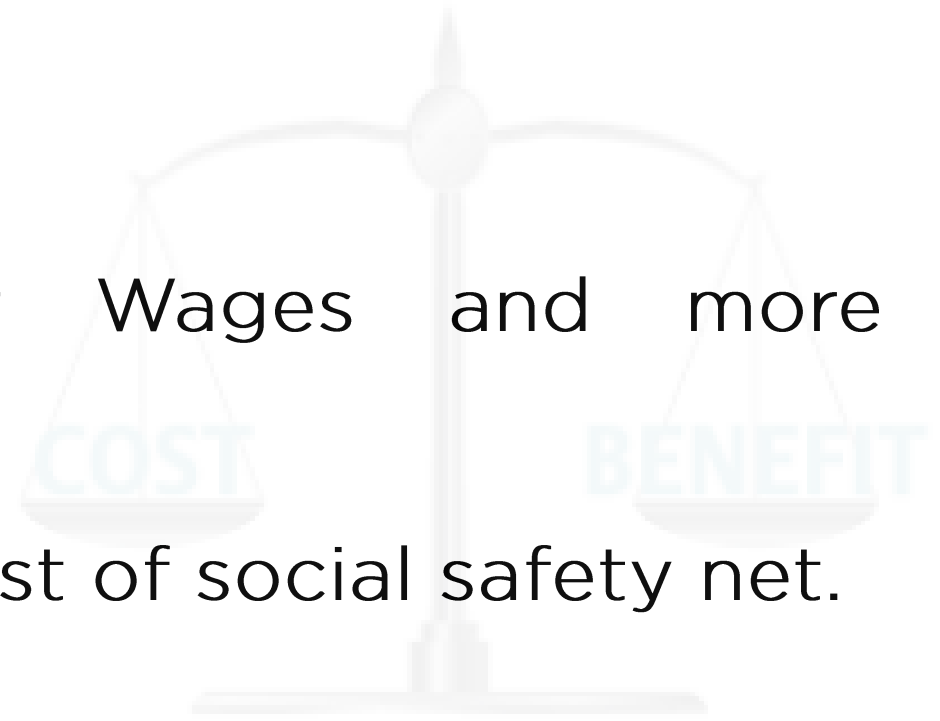
**Table E-4: 87 Dwelling Units per Acre Construction Typology**

Development Program Assumptions (a)	No Workforce Requirement		Prevailing Wage/ Skilled Labor		Apprenticeship		Local Hire	
	1	43,560	1	43,560	1	43,560	1	43,560
Site Size - acres / square feet	1	43,560	1	43,560	1	43,560	1	43,560
Total Dwelling Units		87		87		87		87
Built Project Density		87		87		87		87
Gross Building Area		97,765		97,765		97,765		97,765
Average Unit Size		955		955		955		955
Total Parking Spaces		165		165		165		165
Surface Spaces		0		0		0		0
Podium Spaces		0		0		0		0
Subterranean Spaces		165		165		165		165
<b>Construction Cost Assumptions</b>								
Site Prep Costs (per site, sf)		\$25		\$30		\$29		\$25
Hard Cost per residential sf		\$330		\$394		\$384		\$330
Surface Parking Cost per space		\$5,000		\$5,963		\$5,819		\$5,000
Podium Parking Cost per space		\$35,000		\$41,742		\$40,731		\$35,000
Subterranean Parking Cost per space		\$50,000		\$59,631		\$58,187		\$50,000
Soft Costs (% of hard costs)		18%		12%		12%		20%
Impact Fees (per unit) (b)		\$7,269		\$7,269		\$7,269		\$7,269
<b>Construction Costs (c)</b>								
Site Preparation								
Hard Cost		\$1,089,000		\$1,298,771		\$1,267,305		\$1,089,000
Surface Parking Cost		\$32,262,450		\$38,477,077		\$37,544,883		\$32,262,450
Podium Parking Cost		\$0		\$0		\$0		\$0
Subterranean Parking Cost		\$0		\$0		\$0		\$0
Soft Costs		\$8,250,000		\$9,839,175		\$9,600,798		\$8,250,000
Impact Fees		\$6,003,261		\$6,003,261		\$6,003,261		\$6,670,290
		\$632,416		\$632,416		\$632,416		\$632,416
<b>TOTAL CONSTRUCTION COST</b>		\$48,237,127		\$56,250,699		\$55,048,664		\$48,904,156
Cost per Unit		\$554,450		\$646,560		\$632,743		\$562,117
Cost per SF		\$493		\$575		\$563		\$500
Premium over base		N/A		16.6%		14.1%		1.4%

# FINDINGS: BENEFITS

## Construction Labor Benefits:

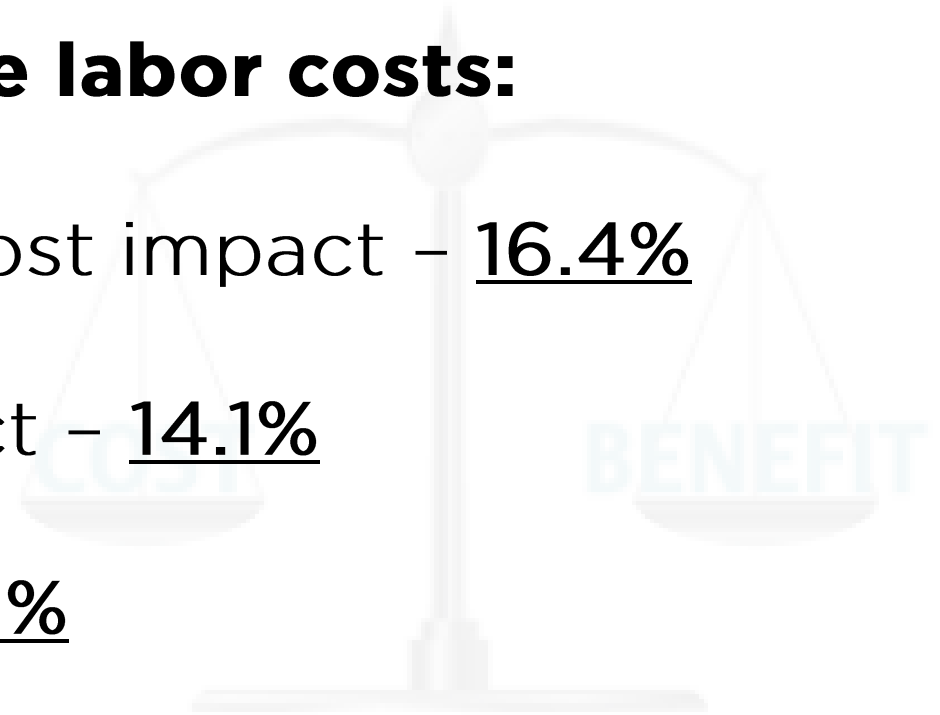
- Living Wages = Higher Wages and more disposable income
- Reduced reliance on and cost of social safety net.
- Higher project quality, efficiency, and safety.



# FINDINGS: COST IMPACTS

## All analyzed programs increase labor costs:

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



# SUMMARY: PROS & CONS

## PROS

- Increased wages = living wage
- More disposable income.
- New opportunities for workforce development.
- Higher project quality, safety, and efficiency.

## CONS

- Increased cost and time.
- May further discourage development of housing production.
- Offsetting cost to development may require subsidies.

# PROJECT SCHEDULE

Draft IH/DB  
Ordinances  
*(August -  
September 2024)*

Report to Council  
on Cost/Benefit  
Analysis  
*(July 2024)*

Public Hearings and  
Adoption  
*(November 2024)*

# CONCLUSION

- Benefits and Impacts of Workforce Programs.
- Will be considered in Density Bonus and Inclusionary Housing Updates.
- Housing Production Needs.



# Q&A & Contact Info

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