CONSTRUCTION CAREERS AND PROJECT STABILIZATION POLICY

OVERVIEW

The Community Redevelopment Agency of the City of Los Angeles (CRA/LA) is committed to promoting economic opportunity for the people who live in and near our project areas. As CRA/LA works to remove blight and create healthy and viable communities throughout the city, we also work to rebuild Los Angeles’ middle class by creating good-paying, family-supporting jobs for residents.

To promote these critical objectives, CRA/LA adopted the Construction Careers and Project Stabilization Policy (Policy) in 2008. The first of its kind in the nation, the Policy requires development projects that receive a significant level of CRA/LA funding to hire residents—especially those with barriers to employment—from the communities where the project is being built and from high-unemployment areas citywide. Through a Project Labor Agreement, the Policy also encourages partnerships between CRA/LA-subsidized developers and contractors and the Los Angeles/Orange County Building Trades Council that are designed to help residents get access to the support, training and network needed to build a career in the construction industry.

CRA/LA has been working on this landmark policy since 2005. The Policy was developed in collaboration with the Los Angeles Alliance for a New Economy (LAANE), the Los Angeles County Federation of Labor, and the Los Angeles/Orange County Building Trades Council and included input from a variety of community and business stakeholders.

SUMMARY OF PROBLEM

Hundreds of millions of dollars are spent each year in Los Angeles’ commercial construction industry. However, underserved communities have traditionally seen little growth or financial yield from that investment. Moreover, local residents in those communities have rarely benefited from the jobs created by these projects, despite the fact that many of the city’s commercial projects in their neighborhoods are subsidized by public funds.

Some of the most lucrative jobs in Los Angeles are in the construction industry. Skilled construction workers can earn up to $50 hourly and receive health and pension benefits. (In addition, because construction is one of the few remaining career paths open to people with barriers to employment that offers family-supporting wages and benefits, it can provide significant opportunities for individuals in need of employment assistance.)

CRA/LA designed the Construction Careers and Project Stabilization Policy to address these disparities. The Policy ensures that the benefits of
redevelopment are shared throughout our communities and that a larger portion of future construction jobs in Los Angeles go to local residents, especially those struggling to gain access to employment opportunities.

GOALS OF THE POLICY

The specific goals of the CRA/LA Construction Careers and Project Stabilization Policy are to:

- Create jobs for local people;
- Create job opportunities for people with barriers to employment; and
- Create career pathways.

DESCRIPTION OF LOCAL HIRING PROGRAMS

CRA/LA has implemented two different versions of a local hiring program:

- The Construction Careers and Stabilization Policy including a local hiring program plus a project labor agreement, which is a necessary part of implementing the Policy.
- The Local Hire Program, without a project labor agreement, created for projects not covered by the Policy.

Projects that are covered by the Policy include development projects in the following categories:

- Public Improvement contracts with CRA/LA funding equal to or greater than $500,000;
- Proposed development projects that will be constructed on CRA/LA-owned real property under a CRA/LA agreement;
- Proposed development projects that receive CRA/LA investment totaling $1,000,000 or more.

Some projects reaching those financial thresholds will not be covered by the Policy. These exceptions include projects with fewer than 75 units of housing or less than 50,000 square feet of non-residential floor area. In addition, if a public improvement or development project is excluded from a local hiring program by applicable Federal law or regulation, it will not be covered by the Policy.
Local Hiring Requirements

The local hiring requirements are as follows:

1. A minimum of 30% of total work hours shall be performed by Community Area Residents and Local Residents, with priority given to Community Area Residents. (Community Area Residents are workers who live within three miles of the affected CRA/LA project area, and a Local Resident is a worker who lives within a zip code containing at least part of one census tract with a rate of unemployment in excess of 150% of the LA County unemployment rate. Preference is generally given to Community Area Residents.)

2. A minimum of 10% of all work hours on a project shall be performed by Disadvantaged Workers with less than 4,000 hours of formal, indentured experience in the Unions at the time they start the job. (Disadvantaged Workers are those who either have a household income of less than 50% of the AMI or who face a barrier to employment such as being homeless, being a custodial single parent, receiving public assistance, lacking a GED or high school diploma, having a criminal record or other criminal justice involvement or suffering from chronic employment.)

3. During the first year of the Project Labor Agreement, a minimum of 30% of all hours worked by apprentices shall be performed by Community Area and Local Residents. During the second year of the Project Labor Agreement, this minimum shall increase to 35%, and during the third year, this minimum shall increase to 40%.

4. The employer retains authority in making individual hiring decisions.

Project Labor Agreements

It takes more than just a single job on a CRA/LA project to develop a career in the construction industry, which is why the Policy also includes another critical requirement: a project labor agreement (PLA). A PLA is a pre-negotiated agreement between the construction employers and the construction unions that commits construction employers to working with the unions on that project and positions the unions to be the referral source for workers on that project. Employers must invest in the union pension and healthcare funds for that employee and although the employer can use some of its core employees, new referrals will come through the unions.

In exchange for entering into this agreement, the construction unions have agreed to open up their apprenticeship programs to Community Area and Local Residents and Disadvantaged Workers. This is critical because the union apprenticeship programs are essentially the only way
residents in the Los Angeles area can access construction career ladders and family-supporting wages and benefits. (There are a few local non-union apprenticeship programs, but they cover only a few trades, and studies show that they have very low graduation rates.)

Once an individual has been accepted into a union training program, he or she will be offered the training, network, and support needed to advance in this career.

Jobs Coordinator

The Policy requires that the employer hire an organization to act as “Jobs Coordinator.” This organization facilitates implementation of the local hiring requirements by recruiting, preparing, and placing candidates from the target populations.

BENEFITS OF POLICY

While the CRA/LA Construction Careers and Project Stabilization Policy clearly provides benefits to the citizens and economy of Los Angeles, construction employers also benefit.

By participating in the Local Hiring Programs, employers benefit from the creation of a local, skilled construction workforce that is available during times of high demand. Also, a project labor agreement helps to ensure that a project will be delivered on time and on budget and at a high level of performance.

In addition, the Jobs Coordinator provides a service that helps employers find the workers they need at the appropriate skill levels. Employers can take advantage of the lower rates paid to apprentice workers who are enrolled in state-approved apprenticeship programs. The Jobs Coordinator also helps employers apply for tax credits that are available for hiring certain targeted populations.

NEXT STEPS

The CRA/LA anticipates that the Construction Careers and Project Stabilization Policy may cover 15,000 construction jobs over the next five years. Three out of every 10 of those jobs could go to local residents who live in areas targeted by CRA/LA, and one out of every 10 could go to residents with barriers to employment. During the current economic crisis, it is extremely critical for public agencies to increase their efforts to create jobs and support entry to employment for residents who are affected most during a recession.

For more information about CRA/LA’s Policy, please go to www.crala.org, select the tab marked “Policies” at the top of the page, and follow the link to Construction Local Hire Policies and Programs.