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Act now to stop job-killing AB 199

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By Joseph W. Brady / Contributed Content

Just as the High Desert economy is finally recovering from the devastating effects of the Great Recession, our region is about to be dealt another crippling blow by the impending passage of Assembly Bill 199. This bill, if passed by the California Legislature and signed by the governor, would eliminate the long-standing residential exemption from prevailing wage rates, effectively making private residential development a public works project for which prevailing wage rates would have to be paid.

Prevailing wage rates, already in effect for public works projects such as schools and government buildings, have been estimated by Beacon Economics, the California Building Industry Association and other experts to add at least 40 percent to the cost of construction. This has certainly been my experience as a Trustee of the Victor Valley Community College District, which has undertaken numerous taxpayer-funded construction projects under prevailing wage law. Our Assemblyman, Jay Obernolte, has recently estimated that this legislation, once passed and signed, will add roughly $90,000 to the price of new residential homes on the High Desert.

This measure could not come at a worse time. While home ownership levels are at the lowest level since the 1940s, and California's home ownership level is ranked 49th nationally, the California Department of Housing and Community Development (CHCD) estimates that the state must be able to provide at least 180,000 units a year to keep pace with demand.

At a time in which the California Legislative Analyst Office and CHCD estimates that California's average housing costs are nearly 2.5 times the national average, this proposed legislation would bring new home construction to a screeching halt. Moreover, because commercial and industrial developers regard the availability of housing as a key factor in deciding whether to locate new businesses and industries in a region, the bill would act as a job killer throughout every sector of the High Desert economy.

The few Southern California residential developers that have expressed to me an interest in re-establishing operations in the High Desert have indicated that if this bill is approved and ultimately signed by Gov. Jerry Brown whatever projects that they currently have in the "due diligence" phase will be immediately cancelled. As for the many existing uncompleted housing developments scattered throughout the region, they are likely to remain fallow for years to come.

In a state as diverse as ours, one-size-fits-all policy solutions rarely achieve their intended effect. Policies such as prevailing wage law and the recently enacted increase in the state's minimum wage, while perhaps appropriate for the affluent coastal portions of California, can throw impoverished regions like the High Desert, the Central Valley and the far north deeper into the economic abyss.

I strongly urge all those in the High Desert region to immediately reach out to the 33rd District Assemblyman Jay Obernolte to voice your strong opposition. His office phone numbers are 916-319-2033 and 760-244-5277. Should this ill-conceived measure reach the desk of Gov. Brown I would further urge you to contact his office at 916-445-2841 to remind him that he is the governor of all citizens of this great state and urge him to veto the legislation.

Joseph W. Brady is president of The Bradco Companies, a trustee at Victor Valley Community College District and a former executive board member of the Building Industry Association/Baldy View Chapter.