



RI BUILDERS ASSOCIATION

BUILDING PROFESSIONALS | SINCE 1945

April 13, 2021

The Honorable Marvin Abney
Chairman, House Committee on Finance
Rhode Island State House
Providence, RI 02903

Re: H 5687

Chairman Abney and Members of the Committee,

I am writing to you today with specific concerns and recommendations regarding H 5687 – a bill that seems to have two main purposes – funding affordable housing production and creating new rules for those who subsequently construct those units. These rules would apparently include specifically defined apprenticeship requirements, dollar and employee thresholds and a designation of public works on such activities.

On the point of a dedicated funding stream, RIBA supports the concept and although we are open to other suggestions besides the conveyance tax, however, if that is the chosen policy method, we believe some threshold adjustments should be made in order to better reflect current market conditions as costs are much different now and properties that were once intended to be exempt may now be inadvertently included.

More concerning, however, are the provisions in Section 3 of this bill pertaining to apprenticeship, the construction thresholds, and public works classifications. RIBA supports the development of apprenticeship and contractor/worker education for the residential construction industry. In fact, we not only support it, we actively participate and promote it, and have been looking over the traditional, generational transfer apprenticeship model since our inception. This family driven knowledge transfer model has existed for hundreds of years in our industry!

However, the rules suggested in this bill are commercial construction rules and without getting into particulars, this proposed rule has the potential to cause unnecessary work disruption and dysfunction in this space. This would occur because the policy would mix behaviors from two industries that function much differently. So, our suggestion is that the residential construction industry, in partnership with DLT and other third parties, be allowed to formalize its own existing program before any such law / policy is passed.

The proposed thresholds of \$5 million or more, and 5 workers or less, are very arbitrary, problematic and again, are existing commercial rules that will likely not fit well as a directive in residential construction. In short, these thresholds would need study and actual data from our industry to support the intent and the search for appropriate trigger variables - and that assumes such rules are even necessary to obtain apprenticeship.

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Many residential construction firms, including Black and Latino Contractors, may now have new, unworkable burdens placed in front of them to participate in this work, grow their businesses, and work within their communities. Before any new workforce rules are imposed on residential construction, the effect on this important segment of our industry must be known and any detrimental effect, prevented.

The classification of affordable housing construction as a "public works projects" subject to potential prevailing wage expenses may have particular issues surrounding it and will certainly drive up the costs of construction. In that context, the residential construction industry does not suffer from livable wage issues, it pays well and is competitive at the same time. So, any forced rule that limits natural competition will drive up costs and reduce overall resources for housing construction.

In conclusion, please know that the RI Builder Association is a large (900 firms) and diverse residential trade group representing all types of firms using labor from union to private employees, many working and building in the subsidized space, but all being small business operating in all areas of residential construction. We submit this testimony as a means to support the discussion and guide appropriate and reasonable policies that help the housing needs of the State and support the businesses and opportunities within our industry. However, due to the points noted above, we oppose this bill as written.

If you have any questions about the above, please feel free to contact me.

Respectfully submitted,



John Marcantonio
Executive Officer – RI Builders Association