



**National Employment
Law Project**

**Living Wage Standards for Taxpayer-Funded Development Projects:
A National Trend**

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Since the late 1990's, cities across the United States have begun to use living wage standards to ensure that when they grant businesses substantial taxpayer subsidies to create jobs, the jobs that result provide quality wages and benefits.

- More than fifteen cities have enacted living wage laws that extend to businesses benefiting from tax-payer funded economic development subsidies. While these laws vary in their breadth and details, all require businesses to guarantee that the jobs they create will pay a living wage and provide benefits. Some extend as well to service contractors or business tenants that operate at subsidized development sites or on city-owned property such as airports or sports stadiums.
- Other cities have adopted such standards on a project-by-project basis, sometimes using "Community Benefits Agreements."
- Generally, there is a trend towards making living wage guarantees standard requirements for subsidized development, rather than leaving them to be negotiated on each project.
- Cities have found that these new policies have created quality jobs for local residents without slowing growth. A 2003 survey by NYU's Brennan Center of economic development officials from ten of these cities found only one instance in which they felt that their living wage requirements had limited their city's ability to attract a desired employer.

Example: Los Angeles

- Living wage guarantees have become the norm on all major subsidized development projects in Los Angeles.
- Los Angeles has achieved this by enacting a living wage law, adopting a living wage policy for the city's Community Redevelopment Agency, and negotiating living wage agreements on individual major projects.
- These requirements extend to businesses that receive city subsidies, businesses operating at developments built in whole or in part on city-leased property, businesses serving as service contractors on such sites and, increasingly, business tenants at subsidized sites. They also apply to all large hotels in the Century Boulevard district surrounding the LAX airport.
- Major projects where living wages have successfully been required include:
 - The Staples Center/L.A. Live sports and entertainment district, including the convention center Marriott and Ritz Hotels and all building service contractors
 - The Hollywood and Highland Center's Renaissance Hotel and Kodak Theater – home of the Academy Awards – including building service contractors
 - The W Hollywood Hotel, including tenant businesses such as Trader Joe's and building service contractors
 - The Plaza Pacoima shopping center in the San Fernando Valley, including tenant businesses such as Costco
 - The NoHo Commons mixed-use development project, including tenant businesses

- The LAX airport, including retail and food concessionaires and building service contractors
- One dozen Century Boulevard hotels that benefit from the city's investment in the LAX airport
- These living wage requirements have not interfered with the city's ability to recruit major developers – or prevented developers from obtaining financing or finding business tenants to occupy the new complexes.

Example: Pittsburgh

- Pittsburgh first applied wage standards to its city-subsidized Pittsburgh Penguins sports arena project, where the developer committed to guaranteeing prevailing wages for jobs created at the city-subsidized facility.
- In February 2010, Pittsburgh institutionalized this approach by enacting a local law that guarantees prevailing wages for building service, food service, hotel and grocery workers on all city-subsidized development projects.
- In April 2010, the policy was extended to surrounding Allegheny County.

Example: New York

- Since 2005, New York City has made wage requirements part of its large taxpayer-subsidized development projects. These include:
 - The Greenpoint-Williamsburg waterfront residential redevelopment, where the city required prevailing wages for building service workers
 - The Willet's Point retail and entertainment development project, where the city required prevailing wages for building service workers
 - The recently negotiated Coney Island redevelopment, where the city agreed to require prevailing wages for building service, hotel and construction workers, and a living wage preference for retail workers
- Note that all of these requirements apply to workers at the subsidized sites, regardless of whether they are employed by service contractors or business tenants.
- New York has begun to institutionalize this approach to development. In 2007, the New York legislature made prevailing wages for building service workers a requirement for most new apartment, coop and condo construction financed under New York City's "421-a" housing tax abatement program.
- These requirements have not deterred developers from moving forward with projects or slowed growth. The Greenpoint-Williamsburg waterfront was successfully developed, and new buildings where workers earn prevailing wages have begun to open. And a reported 29 firms have responded to the request for proposal (RFP) for the Willet's Point project, which includes the same requirements.

For more information, please contact the National Employment Law Project, at psonn@nelp.org.