



INTERNATIONAL ASSOCIATION OF
**Heat & Frost Insulators
& Allied Workers**

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Office of the General President
January 30, 2020

The Honorable Dr. Benjamin S. Carson, Secretary
U.S. Department of Housing and Urban Development
451 7th Street, SW
Washington, D.C. 20410

Re: Docket No. FR-6187-N-01, Regulatory Barriers to the Development of Affordable Housing

Dear Secretary Carson:

As General President for the International Association of Heat and Frost Insulators and Allied Workers, I am very pleased to respond to your Department's request for information on "Regulatory Barriers to the Development of Affordable Housing."

Our union appreciates the work that the U.S. Department of Housing and Urban Development is doing to identify federal regulations and administrative practices that create barriers to affordable housing. Affordable housing is an important priority for our nation, and our skilled Insulators Union members work across the nation to contribute to this key objective.

Mechanical Insulation Contributes to Housing Affordability

Insulator Union members contribute to affordable housing by working to ensure that the mechanical systems for multi-family housing units are as energy efficient as possible. Public and private housing units that have properly installed mechanical insulation generate heating, cooling and water heating savings. These savings contribute to housing affordability benefit to whoever is paying the utility bills: tenant, property owner, state/local housing agencies or HUD.

In addition to the immediate and cumulative energy savings of mechanical insulation that make housing more affordable, mechanical insulation also improves the performance of mechanical systems. Well insulated and maintained mechanical systems perform better and last longer which makes housing units more affordable over the life cycle of the housing facility.

Mechanical insulation also reduces mold and condensation, which contributes to improved air quality and better health for housing residents. Living in an inefficient dwelling increases the risk of respiratory problems, heart disease, arthritis, and rheumatism.

Unfortunately, far too many Americans pay a considerable part of their income to energy costs, and energy costs have increased at three times the rate of rent between 2000 and 2010. For some, energy costs are 20 percent or more of their monthly expenses, and can equal the cost of their rent. Low-income Americans pay more energy because their housing is not energy-efficient. As residents seek cheaper rents, the savings from reduced rent are often offset because of higher energy costs from inefficient housing units. High energy costs are a barrier to housing affordability.

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There is enormous potential to make housing more affordable if we can make housing more energy efficient. There are numerous barriers as both public and private housing owners often do not have the resources to make energy efficiency investments. In addition, property owners do not have an incentive to make housing units energy efficient if the tenants pay the utilities, and renters do not have the incentive to make energy efficiency investments because a) they don't have the money and b) they may not stay in the unit long enough to recover the costs. HUD should look to best practices to see where local housing authorities, non-profits and utility companies are working to make housing more energy efficient. Investments in mechanical insulation must be a part of any multi-family energy efficiency program.

In short, if you want to make housing more affordable, make sure these housing units are energy efficient with properly installed mechanical insulation when they are first constructed and ensure that there is proper maintenance to ensure these mechanical systems are operating at peak efficiency.

Preservation of Bipartisan Building Trades Standards

To promote long-term housing affordability, it is imperative that housing units are constructed by the best-trained, safest and most productive workforce. As a building trades union, construction value is the cornerstone of what our Insulators Union workers do each day on the job.

Over decades, the Insulators and our contractor partners have developed a business model that works to ensure that construction projects are completed on-time and on-budget. Our business model works because we have worked to develop a local construction workforce that meets the needs of communities across the country.

The federal government and state governments have long recognized the need for ensuring that local construction workforce needs are met with the enactment of prevailing wage laws for public projects. In particular, the federal prevailing wage law, the Davis-Bacon Act, provides that construction wages for federal projects are at the prevailing level for that community.

The Davis-Bacon Act promotes the important societal objective that blue collar construction workers should get paid a decent wage for work on federal projects in their communities. Davis-Bacon prevailing wages make housing affordable for our members.

Prevailing wages also support our business model to promote apprenticeship, an important Trump Administration priority; because contractors are permitted to pay apprentices a reduced wage rate. Apprentices gain valuable experience to build their skills, and the reduced apprenticeship wage makes housing more affordable.

Because prevailing wage laws promote apprenticeship, more apprentices learn from their experienced mentors the importance of workplace safety; construction workplace injuries and fatalities are lower in states with prevailing wage laws.

In contrast, efforts to undermine prevailing wage laws on affordable housing would promote a construction business model that creates many negative societal effects. Every day our members and contractors have to compete for work against some low-road competitors that seek a competitive advantage through illegal labor practices. These illegal practices include: wage theft, the exploitation of undocumented workers, cash-only payments, employee misclassification, tax fraud and unsafe job sites.

In addition, many of our competitors do not make the same investment as we do to skill training as we do in our apprenticeship programs (our apprenticeship programs do not require public subsidies). Also, many of our competitors do not provide the same level of health and pension benefits as our jointly-funded and administered health and pension programs. As a result, the taxpayer is not responsible for paying

Medicaid health benefits for our members as they do for the low-wage construction workers who may not receive health insurance coverage from their employer. Low wage construction workers also receive other public assistance benefits, including HUD housing assistance, which serves as a taxpayer subsidy to low-road contractors.

When you take into account the many benefits of prevailing wage laws and our high-value construction model, and the negative impact where prevailing laws do not exist and a low-road construction model, the choice is clear: Davis-Bacon wages make America work and should not be undermined. To the extent that prevailing wage laws increase housing costs (economic studies differ), the requirements to participate on a Davis-Bacon project make it more difficult for low-road contractors to engage in illegal cost-cutting activity. As a result, the Davis-Bacon prevailing wage simply reflects the true cost of lawful project construction.

Prevailing wages enjoy strong bipartisan support throughout Republican and Democratic Administrations, and irrespective of which party has the majority in congressional chambers. Do not break what is not broken.

To promote housing affordability I encourage your department to promote energy efficiency, and specifically mechanical insulation, to reduce housing energy costs, and to preserve the essential building trades labor standards, and specifically the federal Davis-Bacon prevailing wage law.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "James P. McCourt". The signature is fluid and cursive, with a large initial "J" and "M".

James P. McCourt
General President

JPM:tzh

cc: General Executive Board
Chip Gardiner, Director of Government Affairs