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September 13, 2021

Testimony of the New York Building Congress before the New York City Council's Housing & Buildings Committee on Intro 2278-2021

Chair Cornegy, Jr. and members of the City Council Committee on Housing and Buildings, thank you for the opportunity to provide testimony regarding Intro. 2278-2021, which would establish procedures for the licensing of general contractors. While we support the intent of the bill, to enhance safety, we do not believe it has been written in a manner that explicitly accomplishes that objective and could have unintended consequences that hamper both safety and the growth of the building industry.

The New York Building Congress' membership consists of more than 550 constituent organizations and 250,000 skilled tradespeople and professionals, including architects, engineers, contractors and labor, many of whom design and build projects in your neighborhoods. For 100 years, we have sought to ensure that our city grows and is developed in a manner that is both safe and economically advantageous. The construction industry, ranging from small local businesses to multinational companies, employs over 281,000 New Yorkers and represents over \$50 billion in economic activity annually.

We are proud to have worked with this City Council and the de Blasio Administration to advance safety in the industry. Of note, in 2019 construction-related injuries decreased over 20 percent compared to the previous year as a result of the implementation of new laws and the creation of a safety division at Department of Buildings, and we are eager to continue to build on this success. We agree that all New Yorkers, including those who construct and occupy this city's buildings, should have confidence in construction process; however, we do not believe this bill will enhance safety or contribute to growth of the industry. Intro. 2278 not only ignores the complexity of supervising the construction process, but also has the potential to inhibit our economic recovery.

First, we question the intent of the bill. As written, it calls for a C-suite executive, a person who is significantly removed from the supervisory duties at construction sites across the five boroughs, to be responsible for the entire operation of their corporation and all subcontractors. Section 28-418.8 states, *"In the case of a partnership or corporation, only one licensed general contractor shall be the designee of such partnership or corporation."* While this may advance safety for small contractors, this cannot be the case for nationally or internationally incorporated businesses. We ask that this provision be revisited and that the Council take into consideration the vast diversity of companies, both with respect to size and corporate structure, that operate in New York City.

Second, the bill does not adequately address the complexity of activities that go into the building process, which varies from project to project. While the bill aims to create this distinction by creating a limited license and an unlimited license, it does not go far enough. Allowing one type of licensee to operate on all major buildings, essentially all buildings above 10 stories or 125 feet in height, or buildings with a footprint of 100,000 square feet or more regardless of height, does not capture the difference between building types. One license should not cover a 35-story commercial office building, a 500,000-square-foot industrial structure and a 70-story residential building. At a minimum, there should be additional license categories based on project type and their unique construction processes.

Third, the pandemic has caused tremendous harm to many sectors of our economy, including the building industry. With the State-mandated pause on non-essential construction and the reverberating market effects of the City and State's financial constraints, construction activity in 2020 and the first half of 2021 has been negatively impacted. In our *2020-2022 New York City Construction Outlook* report, NYBC forecasted construction jobs would drop to approximately 128,200 in 2020 and bounce back slightly to 136,650 in 2021 and 140,200 in 2022, which represents 14 percent fewer jobs than the previous three-year period.

While there were restrictions placed on the industry, rules were promulgated in a uniform way all across New York State and did not vary by region or county. By creating a new license for operating a business only within the boundaries of New York City, it is establishing a precedent where other counties may also follow suit. We believe the licensing of general contractors can be done more effectively on a state-wide basis. With the significant impact of COVID-19, we believe this is a precarious time to impose additional burdens on the building industry, which offers opportunities for companies large and small to provide good-paying jobs for a diverse workforce. As we emerge from this economic crisis, this legislation that would impose costly restrictions directly inhibiting our ability to gainfully employ thousands of unemployed or underemployed New Yorkers.

We agree that protecting New Yorkers from unscrupulous and unqualified contractors is a worthy goal; however, we ask that the City Council rely on existing legislation and safety programs to do so. For instance, since the launch of the Construction Safety Compliance Unit at the Department of Buildings, which is dedicated to conducting proactive, unannounced inspections of larger construction sites, injuries were reduced 20 percent from 2018 to 2019. This decrease in injuries also coincides with the implementation of Local Law 196 of 2017, which requires safety training for workers and supervisors at larger construction sites.

To protect all New Yorkers, we sincerely hope that the Council will examine the efficacy of existing regulations and explore alternatives to enhancing safety that do not hamper the building industry's ability to emerge stronger from the COVID-19 pandemic. The New York Building Congress and its members are committed to advancing policies that promote a safer and more productive New York. We look forward to a continued partnership with the City Council to achieve both of those goals. Thank you for your time and consideration.