Subsidizing Abuse:

How Public Financing Fuels Exploitation in Affordable Housing Construction

NorthStar
POLICY ACTION

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ABOUT NORTH STAR POLICY ACTION

North Star Policy Action is an independent research and communications institute that is dedicated to improving the lives of everyday Minnesotans by advancing bold ideas that change the conversation and bring communities together. We develop and promote data-driven solutions to persistent problems that allow working people to thrive, no matter who they are or where they live

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Executive Summary

Minnesota faces a significant shortage of affordable housing. Middle and low income Minnesotans are finding it increasingly difficult to rent or buy a home. The supply of low-cost rental housing in Minnesota has actually fallen by a quarter over the last decade, while the cost of buying a home has more than doubled between 2012 to 2022.

In recent years, state and local governments have taken steps to fund new affordable housing while promoting development of market-rate housing to help ease a shortage that is pushing up prices for all Minnesotans. Yet without stronger oversight over the use of Low Income Housing Tax Credits and Tax Increment Financing programs, there is a danger that new housing projects will be built on the backs of vulnerable workers who earn too little to live in the homes they build.

This report details the extent of taxpayer support for low-road construction practices that exploit immigrants and other at-risk workers. The report explores how public financing flows to a handful of private for-profit housing developers that employ contractors that have been charged with or face allegations of exploitation according to interviews with workers and industry experts.

Key Findings:

- Minnesota faces a severe housing crisis caused by a shortage of affordable homes, and the problem is getting worse. The supply of low-cost rental housing in Minnesota has decreased by a quarter over the last decade, from 408,599 affordable units in 2011 to 308,733 units in 2021.
- State and local governments are making unprecedented investments in new housing development. In 2023, lawmakers earmarked a record $1 billion for housing affordability.
- Unfortunately, use of contractors that have a record of cheating workers or face allegations of exploitation is far too common on affordable housing projects.
- While some sources of affordable housing development funding include robust labor standards, two leading sources of funding, the Low-Income Housing Tax Credit (LIHTC) program and local use of tax increment financing (TIF), often lack robust labor standards. Our research found evidence that, since 2016, workers on 25 projects that received approximately $31 million in LIHTC funding were potentially at risk of exploitation by problem contractors.
- Our research further uncovered that, since 2018, workers on 14 projects that received approximately $53 million in TIF subsidies were potentially at risk of exploitation by problem contractors.

- In total, we have documented the use of contractors tied to proven or alleged exploitation of workers on affordable housing projects that have received over $84 million in taxpayer subsidies.
- Three of the largest for-profit recipients of LIHTC and TIF funding - Dominium, MWF and Roers - repeatedly used contractors that have records of labor law violations or face serious allegations of worker exploitation.
- Affordable housing projects sponsored by Dominium, MWF and Roers were awarded over $47 million in taxpayer-funded subsidies across the Twin Cities metropolitan area between 2016 to 2021 to build 30 projects. This includes housing tax credits issued by Dakota County, Washington County and Minnesota Housing Finance Authority; TIF funding from the cities of Richfield and St. Louis Park; and gap funding from Dakota County.

Wage theft and exploitation remain persistent problems in the construction industry. This report highlights widespread use of contractors that have a record of wage theft or other abuses on publicly financed affordable housing projects. We can prevent exploitation by increasing transparency, adopting responsible contractor standards, holding project owners accountable for abuses that occur on their watch, and investing in enforcement and worker education.

Introduction

Minnesota faces a significant shortage of affordable housing. Middle and low income Minnesotans are finding it increasingly difficult to rent or buy a home. The supply of low-cost rental housing in Minnesota has actually fallen by a quarter over the last decade, while the cost of buying a home has more than doubled between 2012 to 2022.[1] In recent years, state and local governments have taken steps to fund new affordable housing while promoting development of market-rate housing to help ease a shortage that is pushing up prices for all Minnesotans. Yet without stronger oversight over the use of Low Income Housing Tax Credits and Tax Increment Financing programs, there is a danger that new housing projects will be built on the backs of vulnerable workers who earn too little to live in the homes they build.

Worker advocacy organizations have documented cases of wage theft, disturbing safety lapses, and the use of irresponsible contractors on affordable housing projects. While tax incentives and direct public financing are critical tools for addressing our housing shortage, we cannot afford to allow public dollars to fund worker exploitation. We can better protect vulnerable workers by tying robust labor standards to eligibility for grant and tax incentive programs.

This report seeks to fill a significant gap in our understanding of the prevalence of worker exploitation in affordable housing construction. Our goal is to document the extent of worker exploitation in the industry, examine how public investments inadvertently exacerbate the problem, and to provide a roadmap for policy changes to ensure that affordable housing is not built on the backs of vulnerable workers.

1 Greta Kaul, "Why home prices in the Twin Cities keep going up," *MinnPost*, April 7, 2022, https://www.minnpost.com/economy/2022/04/why-home-prices-in-the-twin-cities-keep-going-up/.

Section 1: Minnesota's Housing Crisis

Minnesota is in the midst of a severe housing crisis and the problem is getting worse. According to the Joint Center for Housing Studies of Harvard University, the supply of low-cost rental housing in Minnesota has fallen by a quarter over the last decade, while demand for affordable housing grew.[2] In 2011, there were 408,599 units available for less than $1,000 a month. In 2021, that number decreased to 308,733.[3]

As a result, Minnesota families have been forced to devote a growing share of their household budget to housing. More than 10% of Minnesotans, or 590,530, are cost burdened, which is defined as housing costs that exceed 30% of household income.[4] Over 250,000 children live in these cost-burdened households.[5] As Minnesota's population ages, this problem will only get worse. Nearly two in every three seniors who rent are cost burdened.[6]

As costs continue to rise, the number of Minnesotans who are evicted from their homes has increased substantially compared to pre-COVID-19 levels. In 2022, 22,455 evictions were filed around the state, which is a 33% increase over pre-pandemic historic state filings.[7] Of those evictions, 13,137 were filed in Hennepin and Ramsey counties, which accounts for 53% of the statewide total.[8]

The pain isn't only being felt by renters in the Minneapolis-St. Paul metro area either. According to the Minnesota Housing Project, Minnesotans need to earn a salary of $85,620 in order to afford the median-priced home,[9] while the median household income in the state is $77,706.[10] One in five Minnesota homeowners (19%) is currently considered cost-burdened.[11] Minnesota also has a large racial disparity in homeownership: 78% of white Minnesotans are homeowners while only 31% of black Minnesotans own their home.[12] This is particularly damaging because of the historic role of homeownership in generational wealth-building.

Minnesota needs to increase the pace of new home construction at all levels of affordability, from subsidized low-income housing to single family homes for homeownership. Government support for new housing is critical. Unfortunately, in some cases government support also fuels abusive practices in affordable housing construction.

2 "MHP Releases Key Facts on Housing," *Minnesota Housing Partnership (MHP), September 2022*, https://mhponline.org/mhp-releases-key-facts-on-housing-2022/.

3 "The Supply of Low-Cost Rentals Continues to Decline," *Joint Center for Housing Studies*, https://www.jchs.harvard.edu/son-2023-low-cost-rentals.

4 "2023 Minnesota State Housing Profile," *MHP*, March 2023, https://mhponline.org/minnesota-state-housing-profile/.

5 "2023 Minnesota State Housing Profile," *Minnesota Housing Partnership (MHP)*, https://mhponline.org/minnesota-state-housing-profile/.

6 Ibid.

7 "Minnesota | Eviction Tracking System," *Eviction Lab*, https://evictionlab.org/eviction-tracking/minnesota/.

8 "2023 Minnesota State Housing Profile," *n.d. Minnesota Housing Partnership (MHP)*, https://mhponline.org/minnesota-state-housing-profile/.

9 Ibid

10 "U.S. Census Bureau QuickFacts: Minnesota," *U.S. Census*, https://www.census.gov/quickfacts/fact/table/MN/INC110221#INC110221.

11 "2023 Minnesota State Housing Profile," *Minnesota Housing Partnership (MHP)*, https://mhponline.org/minnesota-state-housing-profile/.

12 Ibid.

Section 2: Public Money Fueling Worker Exploitation

Despite recent efforts by the Legislature and enforcement agencies to curb the practices, wage theft and exploitation remain persistent problems in Minnesota's construction industry. Recent media coverage has surfaced troubling allegations of construction firms cutting corners and abusing workers on projects in Rochester,[13] Eagan[14] and Minneapolis.[15] These accounts are consistent with research documenting the scale of wage theft and misclassification in the industry. The problems are especially acute in the multi-family housing industry.

The high-profile conviction of Ricardo Batres revealed horrific practices that immigrant workers and advocates say are all too common in the construction industry. Batres – a labor broker and owner of American Contractors and Associates LLC – supplied workers and worked as a subcontractor for two prominent Twin Cities developers. In August of 2019, Batres's company was observed working on the TIF-subsidized Lyndale Gardens apartment project in Richfield, Minnesota. He was ultimately charged by the Hennepin County Attorneys' Office with "severe abuse of workers including threatening people with deportation when they complained about problems in the workplace, stealing wages by withholding them, failing to take basic safety precautions, and more."[16] In another high-profile case, a worker told members of the Minnesota House of Representatives Labor Committee in February of 2019 that a subcontractor on a major affordable housing project insisted on paying him in drugs instead of the wages they were owed.[17]

These abuses are unfortunately all-too-common in Minnesota's multi-family housing construction industry.[18] Intense downward pressures on costs and extreme fissuring of the industry create pressure for developers and contractors to cut corners.[19] While some developers assert that they have implemented internal controls to prevent exploitation, these measures have often proved to be insufficient according to worker advocates.[20]

According to a recent report from the Midwest Economic Policy Institute, about 30,100 Minnesota construction workers are misclassified or are paid off-the-books, accounting for 23 percent of the workforce. These illegally employed construction workers earn 36 percent less ($29,700 annually) in combined wages and

13 Annalise Johnson, "Rochester Wage Theft Law is First Investigation Under New Law," *KIMT 3 News*, July 9, 2019, https://www.kimt.com/content/news/rochester-wage-theft-case-is-the-first-under-a-new-law-512502382.html.

14 Dee DePass, "Subcontractors on Wilf's Viking Lakes project accused of wage theft," *Star Tribune*, May 6 2022, https://www.startribune.com/subcontractors-on-wilfs-viking-lakes-project-accused-of-wage-theft/600171135/.

15 Paul Walsh, "Charges: Twin Cities contractor threatened to report his undocumented workers if they complained," *The Star Tribune*, September 28, 2018, https://www.startribune.com/charges-twin-citis-contractor-threatened-to-report-his-undocumented-workers-if-they-complained/494386221/.

16 Penelope Kyritsis and Sean Sellers, "Building Dignity and Respect: The Case for Worker-driven Social Responsibility in the Twin Cities Construction industry," *Worker-Driven Social Responsibly Network*, November 2019, https://indd.adobe.com/view/ef11f675-0a66-41fb-9146-f673cf999531.

17 February 6, 2019, testimony by Arturo Hernandez in front of the Minnesota State House Legislature available here starting at 32 minutes and 25 seconds: https://youtu.be/wttVvPg_xI0.

18 See citations above including stories from Annalise Johnson, Dee DePass and Paul Walsh for examples.

19 Learn more about workplace fissuring, the challenges of labor law enforcement and the lack of employer accountability in: David Weil, *The Fissured Workplace: Why Work Became So Bad for So Many* (Boston: Harvard University Press, 2014), February 17.

20 Penelope Kyritsis and Sean Sellers, "Building Dignity and Respect: The Case for Worker-driven Social Responsibility in the Twin Cities Construction industry," *Worker-Driven Social Responsibly Network*, November 2019, https://indd.adobe.com/view/ef11f675-0a66-41fb-9146-f673cf999531.

fringe benefits.[21] The state annually loses $136 million in state tax revenues due to construction payroll fraud. Victims of wage theft are also often victims of other forms of exploitation like human trafficking.

A survey of construction workers in the Twin Cities area by a worker advocacy non-profit, Centro de Trabajadores Unidos en la Lucha (CTUL), revealed the widespread nature of the abuse and exploitation in the Twin Cities construction market.[22] Among those surveyed by CTUL, 48% reported experiencing wage theft, 44% reported that their employer does not provide them with proper safety equipment and 30% said that they fear retaliation if they complain to their supervisors.[23] The findings corroborate national research on wage theft,[24] workplace safety,[25] and workplace retaliation.[26] Unfortunately, the use of irresponsible contractors occurs far too often on publicly financed affordable housing projects.

21 Nathaniel Goodell and Frank Manzo IV, "The Costs of and Wage Theft Payroll Fraud in the Construction Industries of Wisconsin, Minnesota, and Illinois Impacts on Workers and Taxpayers," *Midwest Economic Policy Institute*, 2021, https://midwestepi.files.wordpress.com/2020/10/mepi-ilepi-costs-of-payroll-fraud-in-wi-mn-il-final.pdf

22 The survey was conducted between January and March 2019. Researchers surveyed 76 construction workers on and off job sites about wages, benefits, training, and workplace health and safety. Respondents worked on a diverse range of project types including commercial buildings, multi-family residences (e.g. apartments, condominiums, senior housing, etc.), single-family residences (remodeling as well as new construction). Additional survey methodology details can be found on page 4 of the previously cited Building Dignity and Respect study: https://indd.adobe.com/view/ef11f675-0a66-41fb-9146-f673cf999531.

23 Ibid, pages 8-10.

24 David Cooper and Teresa Kroeger, "Employers steal billions from workers' paychecks each year," Economic Policy Institute, May 10, 2017, https://www.epi.org/publication/employers-steal-billions-from-workers-paychecks-each-year/.

25 Beth Braverman, "The 10 most dangerous jobs in America," *CNBC*, December 28, 2019, https://www.cnbc.com/2019/12/27/the-10-most-dangerous-jobs-in-america-according-to-bls-data.html.

26 Annette Bernhardt et al., "Broken Laws, Unprotected Workers: Violations of Employment and Labor Laws in America's Cities," Center for Urban and Economic Development, National Employment Law Project and UCLA Institute for Research on Labor and Employment, 2009, https://www.nelp.org/wp-content/uploads/2015/03/BrokenLawsReport2009.pdf.

2.1 FORMS OF EXPLOITATION

Construction employers are increasingly relying on multiple tiers of subcontracting, including the use of so-called "independent contractors" who are often nothing more than employees who have been illegally misclassified by employers' payment of "piece rate" which can result in loss of overtime and safety lapses and the use of temporary staffing firms or labor brokers to meet short term labor needs. These employment practices obfuscate employment relationships, offload risk to individual workers and hinder enforcement of health, safety and employment laws.

The situation is made worse when project owners fail to take responsibility for labor abuses on their projects. Developers and other project owners frequently assert that any misconduct that occurs on projects that they control is the sole responsibility of contractors, while contractors often seek to displace responsibility to lower-tier subcontractors.

Yet it is intense downward cost pressure imposed by developers seeking to maximize profits that pushes contractors to offload responsibility through the use of multi-tier subcontracts and so-called independent contractors who are often nothing more than labor brokers. These employment practices lead to what experts describe as a fissuring of the workplace. This fissuring shifts the "basic terms of employment such [as] hiring, evaluation, pay, supervision, training [and] coordination" to multiple organizations, and thus "responsibility for [workplace] conditions [and worker safety] has blurred."[27] These employment models shift risk off employers, while making it increasingly difficult to hold employers accountable for workplace standards.

27 David Weil, "The Fissured Workplace: Why Work Became So Bad for So Many" (Boston: Harvard University Press, 2014), February 17, 7.

GET THE FACTS: PREVAILING WAGE

Research overwhelmingly shows that prevailing wage requirements have little to no impact on project costs

- Three in four peer-reviewed studies conducted between 2000-2018 found that prevailing wage laws have no effect on the cost of public construction projects.[28]
- A 2018 analysis by the Midwest Economic Policy Institute of 640 contractor bids on school construction projects in Minnesota found that winning bids based on the payment of prevailing wages are no more costly than bids that do not require prevailing wages.[29]
- Prevailing wage laws increase apprenticeship training, boost worker productivity, and reduce injury rates – helping to address the skilled labor shortage in construction.[30] This may help explain why the cost of prevailing wage construction is comparable to non-prevailing wage construction: increased reliance on highly trained workers leads to fewer costly mistakes and greater efficiencies.

Prevailing wage policies support the development of a skilled construction workforce and provide pathways into the middle class and boost job opportunities for local workers

- Economic research finds that prevailing wage laws foster middle class careers that attract talented young workers to the construction trades.[31]
- Minnesota's prevailing wage law increases blue-collar construction worker incomes by 5.2 percent, expands health insurance coverage by 5.0 percentage points and increases the share of construction workers with pension plans by 5.3 percentage points.[32]
- Minnesota's prevailing wage law reduces the share of construction workers who receive food stamp assistance by 2.1 percentage points.[33]
- Compared to Indiana, which recently repealed its prevailing wage law, per-worker productivity has grown 7.7 percentage-points faster and worker turnover rates have fallen further in Minnesota.[34]

Prevailing wage policies ensure work opportunities for local workers and contractors

- Prevailing wage laws set the wage and benefit floor based on local survey data of the going rate for particular crafts. This ensures that work on government financed projects do not undercut area standards. It levels the playing field for local workers and local contractors.
- For example, "when school districts in the Twin Cities area include prevailing wages on projects, local contractors account for a 10 percent higher market share– with tax dollars staying in the local economy."[35]

Prevailing wage policies boost the positive impacts of infrastructure investments

- "By protecting work for in-state contractors and their employees, Minnesota's prevailing wage law creates 7,200 jobs in Minnesota, improves the state economy by $981 million, and generates $37 million in state and local tax revenue every year."[36]
- By leveling the playing field for local contractors, prevailing wage policies increase opportunities for local workers. Local workers spend 3-4 times more in a local economy creating positive socio-economic ripple effects throughout regional economies.[37]

28 Frank Manzo and Kevin Duncan. "An Examination of Minnesota's Prevailing Wage Law Effects on Costs, Training, and Economic Development," *Midwest Economic Policy Institute*, July 2018, https://midwestepi.files.wordpress.com/2018/07/mepi-csu-examination-of-minnesotas-prevailing-wage-law-final.pdf, 1.

29 Ibid.

30 Ibid.

31 Ibid.

32 Ibid.

33 Ibid.

34 Ibid.

35 Ibid.

36 Ibid.

37 Katie Hatt and Lucas Franco, "Catching the Wind: The impact of local vs. non-local hiring practices on construction of Minnesota wind farms," *North Star Policy Institute*, June 2018, https://northstarpolicy.org/catching-the-wind-the-impact-of-local-vs-non-local-hiring-practices-on-construction-of-minnesota-wind-farms.

Fortunately, some sources of public financing for affordable housing employ robust labor standards that reduce the risk of wage theft and exploitation on construction projects. Prevailing wage standards, for example, play a key role in preventing exploitation and minimizing the risk of irresponsible conduct on publicly financed projects.

A prevailing wage requirement reduces the risk of wage theft and exploitation in two key ways. First, it discourages a race-to-the-bottom between contractors in highly competitive bidding processes by setting a wage floor based on the going rate for workers performing similar work within a geographic labor market. Second, prevailing wage requirements increase transparency and reduce the risk of misclassification on a project. Collection of certified payroll reports, which is a key feature of prevailing wage policies, helps to minimize the reliance on informal employment relationships and off-the-books payments on a construction site by requiring contractors to provide accurate data and monitor job sites.

Prevailing wage policies are effective tools to reduce the risk of worker exploitation and other misconduct on housing projects, but they require strong enforcement and additional tools may be needed to protect workers and taxpayers. In general, the public funding sources with prevailing wage requirements are built with responsible contractors adhering to high employment standards. On the other hand, we have found numerous issues on projects built without prevailing wage protections.

The most consistent issues occur on low-income housing tax credit (LIHTC) and tax increment financing (TIF) projects. These are two of the most common sources of public financing for affordable housing projects. They are also two programs that rarely include robust labor standards such as prevailing wage requirements.

2.2 PUBLIC FUNDING WITHOUT SAFEGUARDS

The Low-Income Housing Tax Credit (LIHTC) program was established in 1986 to provide tax credits for affordable housing development. Congress authorizes each state to allocate a certain number of LIHTCs and issues up to a specified amount of tax-exempt bond financing annually. States receive their allocation annually.

There are certain federal requirements for the funding including requirements for how long a property must remain affordable. On top of the baseline federal requirements, state allocating agencies can establish additional criteria through the Qualified Allocation Plan process. In Minnesota, the Minnesota Housing Finance Agency is primarily responsible for determining which housing projects should receive credits and the dollar amount allocated. There are also a number of suballocators of LIHTCs, including Duluth, Minneapolis, Rochester, St. Paul and Washington and Dakota Counties, that apply their own conditions to projects.

TIF is a tool used by cities, counties and other units of government to finance real estate development. TIF is a tool to capture additional property taxes paid as a result of development in the district to pay for development costs. The TIF is calculated based on increased property tax values resulting from the construction of a new building. In 2021, 385 development authorities submitted reports for 1,668 TIF districts including 576 housing TIF districts.[38]

METHODOLOGY

This report brings together evidence of the extent to which contractors that have a record of cheating workers or face serious allegations of exploitation have benefited

38 Julie Blaha, "Tax Increment Financing Legislative Report," *Office of the State Auditor*, 2021, www.osa.state.mn.us/media/f12hihdy/tiflegislative_21_report.pdf.

from public subsidies and been employed on affordable housing projects. The authors reviewed public evidence from court rulings, publicly-available legal settlements, and media reports, and we also interviewed construction workers and worker advocates.

Over recent years, worker advocacy organizations including Centro De Trabajadores Unidos En La Lucha (CTUL), the North Central States Regional Council of Carpenters (NCSRCC) and the Laborers International Union of North America (LIUNA) have uncovered numerous cases in which public housing dollars have apparently fueled worker exploitation. While the focus of our analysis is on publicly funded projects, the scale of wage theft and other forms of abuse is often worse in non-subsidized segments of the industry. What we detail below is sadly just the tip of the iceberg.

THE DANGER OF WORKER EXPLOITATION ON PUBLICLY FINANCED AFFORDABLE HOUSING PROJECTS

In recent years, contractors that have a record of cheating workers or face serious allegations of exploitation have worked on 33 affordable housing projects across the Twin Cities metropolitan area, including 25 LIHTC-funded projects since 2016 and 14 TIF-funded projects since 2018.[39] In total, these projects have received taxpayer-funded subsidies in excess of $84 million. The following are among the more egregious case studies that we have uncovered in the subsidized affordable housing industry.

Painting America Hudson, Wisconsin

Painting America is a drywall and painting contractor based in Hudson, Wisconsin. They have worked on commercial and residential projects in Minnesota and Wisconsin. The company also hired Douglas Drywall, a labor broker, to supply and manage labor. On December 27, 2017, the Minnesota Department of Labor and Industry issued findings that Painting America violated Minnesota law, acting together with its labor broker, by misclassifying employees as independent contractors.[40]

Painting America has a history of wage theft complaints. In 2019, construction worker Arturo Hernandez testified before the Minnesota House of Representatives Labor Committee alleging Painting America failed to pay him the full wages they owed him. Hernandez testified that he worked for Painting America for three weeks without pay, and when he demanded the money he was owed, the company offered to pay him in drugs.[41]

We have documented Painting America on the following publicly financed projects:

- Amundson Flats - MWF Properties (Edina)
- Ellie Apartments - United Properties (Eden Prairie)
- Legends of Minnetonka - Dominium (Minnetonka)
- Legends of Spring Lake Park - Dominium (Spring Lake Park)
- Legends of Woodbury - Dominium (Woodbury)
- Lexington Flats - MWF (Eagan)
- Preserve at Shady Oak - Dominium (Minnetonka)
- Red Rock Square - MWF (Newport)
- Rosemary Apartments - MWF (Hugo)
- Texa-Tonka - Paster Properties (St. Louis Park)

39 Some of these projects had both TIF and LIHTC funding.

40 State of Minnesota Department of Labor and Industry, Licensing Order with Penalty issued to Painting America. REG1608-00028/JOR. December 27, 2017. See also: State of Minnesota Commissioner of Labor and Industry, Consent Order issued to Painting America. REG1608-00028/JOR. January 8, 2019. ("[Painting America] acknowledges that it engaged in the conduct leading to the allegations herein"). Full consent order https://lims.minneapolismn.gov/Download/FileV2/23097/416-420-Hennepin-Ave-E-REzoing-Public-Comment.pdf.

41 February 6, 2019, testimony by Arturo Hernandez in front of the Minnesota State House Legislature available here starting at 32 minutes and 25 seconds: https://youtu.be/wttVvPg_xI0.

ARTURO'S STORY

House Labor Committee Testimony [42]

"Last year I worked for Painting America. A supervisor drove me to the jobsite [and] put me in contact with Eduardo Venezuela, my Foreman. I worked for these guys for almost three weeks. I showed up to get paid and he gave me the address to get to his home. The guys don't want to pay me in money. He wants to give me drugs to sell. He says we make way more money if we sell these drugs. I say no way. I need the money because I need to feed my family. I'm a worker.

[This] basically happened to the Spanish [speaking] people because we don't know the laws…we workers. We work hard to make our money to feed the family and pay the rent.

I reported these guys to the [Department of Labor]. This isn't supposed to happen. This thing. The company supports these guys to do this. To steal the money from these people.

[I spoke to Painting America] to give me an application. They don't do it. They told me Eduardo is in charge. I don't fill out any job application because the guys don't give me any. This case, this doesn't only happen to me. It happened to other guys, other Spanish guys. The guys don't want to make the report or anything because they are scared. I hope you pass the law and help the Spanish people because they are scared to report they stole the money."

42 February 6, 2019, testimony by Arturo Hernandez in front of the Minnesota State House Legislature available here starting at 32 minutes and 25 seconds: https://youtu.be/wttVvPg_xIo.

Absolute Drywall Lakeville, Minnesota

Absolute Drywall is a drywall construction company based in Lakeville, Minnesota.

Government investigations have found that Absolute Drywall deprived workers of more than $126,000 in wages, violated child labor laws, misclassified workers, and submitted false and misleading information during the course of an investigation.[43]

In 2022, Norma, a former Absolute Drywall worker, told investigators that she had been sexually assaulted on multiple occasions by her co-worker, Juan Diego Medina Cisnerso, on the job at construction sites where Absolute Drywall had been hired to install drywall. Norma reported that, on May 20, 2021, she was sexually assaulted while working for Absolute Drywall on a construction project in Eagan, Minnesota. Norma reported that she was again assaulted on another construction project in Roseville, Minnesota.

Norma shared her story of abuse with her supervisor, Absolute Drywall's owner, Daniel Ortega, according to an original report published in the Minnesota Reformer article.[44] Ortega claimed that the relationship was consensual. Norma "told police Ortega threatened to fire her if she continued complaining."[45] Shortly after reporting the incident, Ortega laid Norma off, informing her there was no more work available.

43 All relevant documentation: 1.Minnesota Department of Labor and Industry Licensing Order issued to Absolute Drywall. Reg1505-00021/MG. August 18, 2016. 2. Case ID 1794218. 3. Child Labor, Wage and Hour Division Overview. U.S Department of Labor. Case ID 1800777. Investigative period between August 20, 2014 to July 19, 2016. 4. Minnesota Department of Labor and Industry Licensing Order issued to Absolute Drywall. REG1702-0083/MG. May 21, 2018.

44 Max Nesterak, "She reported sexual abuse on the job. The boss told her it was consensual," *Minnesota Reformer*, October 4, 2022, https://minnesotareformer.com/2022/10/04/she-reported-sexual-abuse-on-the-job-the-boss-told-her-it-was-consensual/.

45 Ibid

We have documented Absolute Drywall on the following public projects:

- Birdtown Flats - The Beard Group (Robbinsdale)
- Oaks Landing - Dominium (New Brighton)
- Legends of Apple Valley - Dominium (Apple Valley)
- Legends of Cottage Grove - Dominium (Cottage Grove)
- Twin Lakes Family Apartments - Dominium (Roseville)

Environmental StoneWorks (ESW) North Branch, Minnesota

Environmental StoneWorks is a national stone manufacturer and installer. Environmental StoneWorks is owned by CornerStone Building Brands, one of the largest manufacturers of exterior building products in North America. CornerStone was acquired by private equity firm Clayton, Dubilier & Rice in 2022.

In September 2021, a worker named Marco fell off a six-foot stepladder while installing stone veneer on an Environmental StoneWorks project and broke his ankle. Marco's boss reportedly told him to go to the hospital and present himself as the boss in order to receive treatment.

Marco explained that, after he refused to participate in the scheme, his boss was outraged and threatened to call immigration enforcement and police if Marco or his coworker Mario ever showed up on one of his projects. The boss later told Mario that he could charge them $10,000 for alleged defects in past stone installation work.

Only after Marco obtained the assistance of a workers' compensation lawyer who intervened did Environmental StoneWorks take responsibility for paying Marco's medical bills through the company's insurance provider.

Marco's mistreatment is just the tip of the iceberg for immigrants that make their living on Environmental StoneWorks projects according to workers interviewed. For example, Mario reported that a previous boss shorted him on pay and had a stated practice of paying immigrants who could not provide a social security number less per square foot of stone installed.

We have documented Environmental StoneWorks (ESW) on the following public projects:

- Legends of Blaine - Dominium (Blaine)
- Risor of Apple Valley - Roers (Apple Valley) - subsidized through Dakota County gap financing[46]

46 The Risor of Apple Valley received "$2.4 million in gap financing to help subsidize the affordable component" according to the following source: Brian Johnson, "Roers pays $3 million for housing site in Apple Valley," *Finance and Commerce*, April 27, 2021, https://finance-commerce.com/2021/04/roers-pays-3-million-for-housing-site-in-apple-valley/.

Wolf Construction Services, LLC West Des Moines, Iowa

Lower tier Wolf Construction Services subcontractors and/or labor brokers have been charged, and in some cases convicted, for conduct that ranges from misclassification[47] to retaliation[48] to sex trafficking.[49] As recently as March 30, 2023, a lower tier subcontractor for Wolf Construction, Giron Construction LLC, was charged with insurance fraud.[50]

We have documented Wolf Construction Services on the following publicly financed projects:

- Amundson Flats - MWF (Edina)
- Ellie Apartments - United Properties (Eden Prairie)
- Legends of Cottage Grove - Dominium (Cottage Grove)
- Legends of Minnetonka - Dominium (Minnetonka)
- Legends of Spring Lake Park - Dominium (Spring Lake)
- Legends of Woodbury - Dominium (Woodbury)
- Preserve at Shady Oak - Dominium (Minnetonka)
- Rosemary Apartments - MWF (Hugo)
- Twin Lake Apartments - Dominium (Roseville)
- Wooddale Apartments - Real Estate Equities (St. Louis Park)

47 MNDOLI Licensing Order: https://drive.google.com/file/d/1ay05yiTtDvHKXKXrr3_KtZLiby1ReDsP/view?usp=sharing.

48 MNDOLI Administrative Order: https://drive.google.com/file/d/1v2ZweCuRz7jlRws_U2B6csCIzwmbiORm/view?usp=sharing.

49 Charging documents for Humberto Rangel-Torres: https://drive.google.com/file/d/1VnZdZMZ-RYZMAbcQfM8VkI7swDSDgJ2l-/view?usp=sharing.

50 Charging documents for Giron Construction LLC: https://drive.google.com/file/d/1zAX-033ytdkHTphIJipiWxNHkSZ8N1oy8/view?usp=sharing.

MARCO'S STORY [51]

"My name is Marco Antonio Ramirez Jimenez. I come from Mexico. I have been in the U.S. for three years. I came here for a better life. I have two children, 10 and 15.

Being here in the U.S. is not what everyone tells us because once I was there everything was different. Things are different. I have worked with bosses that don't care. They don't worry if we don't eat. They don't worry if we aren't well.

They don't care if we are sick. They just want us to work. They obligate us to work because if we don't work they don't pay us. When I came here I had issues coming to the country because I came with people that sold me. They sold me to other people. When I got here I already owed $11,000 that I had to pay from my salary.

I was living in Pennsylvania when I arrived (in the U.S.). I was there for three months. After that, I went to Ohio. I was working (for a woman). She required us to work. She exploited us. Sometimes she didn't give us any food, but she wanted us to work.

Also, she took our money. She wanted us to pay her taxes. She took 10% of our money. From our salaries, she took our money. Not if we wanted. She just took it. Sometimes she used to tell us that she didn't get paid and then she said she couldn't pay us.

After I was able to not owe her any money, I left and went to Chicago. I was there for four months. Once again, I worked for a Latino and the same thing, he didn't take care of us. He just wanted us to work and work and work. He'd spend all of the money on alcohol. Today he still owes us money. He didn't pay us and he's not thinking about paying us.

After that, I came to Minnesota. I have been here for approximately one year. I was working for Environmental StoneWorks. I had an accident with the contractor I was working for. I was working on a house. I fell from a ladder. I broke my foot. I called the boss so he could do something, but he didn't do anything.

He didn't take care of me. I called him. He threatened me saying if we look for him or if we go to his house to get him or if we went to his job sites he will call the cops on us.

He (former boss) hasn't done anything for what has happened. I have a plate on my foot (ankle) and I can't be in the cold or run. I cannot put weight (on it) when I walk. I had to stop doing heavy things because of it.

That is why I am fighting, so all of this can end. We need for this to end because we are only obligated to work, but they don't take care of us."

51 Transcription from April 2022 video.

Merit Drywall
Clearwater, Minnesota

On November 23, 2020, the former owners of Merit Drywall, LeRoy and Joyce Mehr, were sentenced for a fraud scheme that bilked an insurance company out of more than $300,000 in unpaid workers' compensation insurance premiums. The Mehrs were fined $30,000 and ordered to pay Federated Insurance $309,000. The couple was also sentenced to 180 days of electronic home monitoring and, five years of probation, and 30 days of community service.[52]

The Minnesota Department of Commerce's Fraud Bureau found that the Mehrs and their company, Merit Drywall, fraudulently treated employees as independent contractors, allowing them to save hundreds of thousands of dollars in workers' compensation premiums. These practices, in turn, put Merit in a position to underbid honest contractors.[53]

- Merit Drywall was observed on the TIF subsidized Moline Apartments - Doran (Hopkins)

Stone Pro Masonry
Eau Claire, Wisconsin

For years, Stone Pro Masonry company has faced allegations of exploiting immigrant workers, including guest workers employed under the H-2B visa program. Use of H-2B visas has been described as rife with abuses and as a form of indentured servitude by the Southern Poverty Law Center, because immigrant workers are shackled to a single employer, have little recourse when they are cheated or abused, and enforcement of program rules is lax.[54] The accounts of former Stone Pro employees seem to support the Southern Poverty Law Center's conclusions.

Over the past several years, Stone Pro has obtained permission to employ dozens of what the company referred to as "carpenter helpers" on H-2B visa workers in the Twin Cities and Western Wisconsin. The H-2B program requires employers to pay minimum wage rates based on the location and type of work performed in order to protect immigrant workers from exploitation and prevent the program from displacing local workers or eroding area wage standards. But worker testimony and field observations suggest that Stone Pro H-2B employees have been underpaid and mistreated.

For example, one H-2B visa worker interviewed by LIUNA described performing masonry and concrete work that evidently should have earned them roughly $8 to $12 in additional hourly pay.[55] The worker also indicated that company representatives were well aware that they were hiring skilled block masons and concrete laborers, but encouraged them to conceal that fact from the U.S. Consulate in Monterrey. The worker also detailed other pay irregularities, including being shorted pay for driving the company van and working in the shop and being paid in cash, and he described being crammed into a residential home in Eau Claire, Wisconsin, with more than a dozen other workers.

52 Kate Raddatz, Hennepin Co. Attorney Mike Freeman Announces Felony Charges Against Former Owners Of Merit Drywall, *WCCO News*, January 21, 2020, available here: https://www.cbsnews.com/minnesota/news/hennepin-co-attorney-mike-freeman-announces-felony-charges-against-former-owners-of-merit-drywall/.

53 Estefan Saucedo, Former owners of Merit Drywall charged with insurance fraud and theft by swindle, *Kare 11 News*, January 21, 2020, available here: https://www.kare11.com/article/news/local/former-owners-of-merit-drywall-charged-with-insurance-fraud-and-theft-by-swindle/89-9541fc84-dc3b-4e7d-b219-eacf0a0d5515.

54 "Close to Slavery: Guestworker Programs in the United States," *Southern Poverty Law Center*, Feb. 19, 2013, https://www.splcenter.org/20130218/close-slavery-guestworker-programs-united-states

55 Construction workers that place concrete are classified as Laborers under Federal and state prevailing wage laws, and have been consistently designated as Construction Laborers by other area concrete contractors that employ H-2B workers. The applicable rates can be found in U.S. Foreign Wage Certification Data Center Online Wage Library "Mean Wage (H-2B"} listing for the Minneapolis-St. Paul-Bloomington Metropolitan Statistical Area:: https://flcdatacenter.com/OesQuickResults.aspx?code=47-2061&area=33460&year=19&source=1

Field observations by LIUNA indicated that workers who identified themselves as H-2B visas performed masonry or concrete work that clearly should have entitled them to much higher rates of pay. Another immigrant worker formerly employed by Stone Pro who was not on an H-2B visa confirmed that H-2B employees performed concrete work and said that workers referred to the H-2B lodgings as "Casa de los Espantos" ("Fright House") due to the poor living conditions.

It should probably come as no surprise, given the company's evidently poor treatment of immigrant workers, that Stone Pro owner Gerald Manning apparently has hostile views of immigrants based on a review of Facebook content.[56] It is troubling, however, given the worker accounts described above that Gerald Manning and Stone Pro are apparently benefiting from public housing subsidies.

We have documented Stone Pro Masonry on the following publicly financed projects:

- Lexington Flats - MWF (Eagan)
- Lake Isabel Flats - Stencil Group (Hastings)

Stone Pro is not the only contractor involved in apparent exploitation of H-2B visa workers in Minnesota. LIUNA have also identified H-2B guest workers employed by Rosales Masonry on a Roers multi-family housing project in Oakdale, Minnesota.

In the case of Rosales, workers who were observed setting block appear to have been misclassified as "mason helpers" rather than masons – a designation that potentially allows the employer to substantially underpay H-2B employees for their work. Further, based on a search of the national H-2B visa database, Rosales apparently failed to obtain H-2B visa certifications to work in Minnesota, raising the possibility that the company is not only underpaying workers but also violating program rules and cheating local masons of job opportunities that should first be made available to them.

Ed Lunn Construction Rochester, Minnesota

Ed Lunn has been accused of misclassifying workers, failing to pay payroll taxes, and of systematically underpaying employees. According to a July 6, 2019, Star Tribune article, advocates allege that the company's business model relies on wage theft and worker misclassification.[57]

According to Nick Wille, with North Central States Regional Council of Carpenters: "Contractors like Ed Lunn Construction are hiring subcontractors and independent contractors and paying them off-the-books in cash and under the table."

In some cases, workers allege that they simply weren't paid for their work. For example, workers accused Ed Lunn of failing to pay thousands of dollars in back wages for work on the River Glen Apartments in Rochester. "Trouble began...when the men didn't get paid and approached Lunn's representative, Josh Tinker. Tinker told them they had to finish building garages first... but agreed to give the men $1,000 each to tide them over. Later, the men were told they had to finish some porches, but when they finished the work, they still didn't get their money."

56 See examples from a Facebook page identified as belonging to a Gerald Manning of Eau Claire, Wisconsin and listed as the owner of Stone Pro Masonry, including, among others, a video titled "Father's Story About His Son Is A Perfect Example of Why We Need A Wall"; a purported photo of a sign in Dearborn Michigan that reads "Advancement Of Islamic Agenda For America; Allah Be Praised. American We Will Kill You All And Nothing You Can Do To Stop It. Allah Be Praised."; and a statement that reads "If you cross the U.S. border illegally you get a job, a drivers license, food stamps, a place to live, health care housing & child benefits, education, & a tax-free business for 7 yrs ...No wonder we are a country in debt. Re-post if you agree!!!!"

57 Matt McKinney, "Rochester case is first test of new wage theft law," *Star Tribune*, July 6, 2019, https://www.startribune.com/workers-claim-they-were-shorted-wages-on-rochester-apartment-project/512305452/.

"You know they kept kind of saying 'Oh, you know your check will come later, oh we'll pay you,' but that was a lie. It didn't come on time," Adalid Zavala said through translator Ruth Schultz, with Centro de Trabajadores Unidos en la Lucha.

- Ed Lunn was observed on the TIF subsidized River Glen Apartments - Village Capital Corporation (Rochester)

PUBLIC MONEY FUELING THE GROWTH OF CONCERNING BUSINESS PRACTICES

Our research highlights a troubling lack of oversight or accountability for recipients of public funding with respect to labor standards on affordable housing projects. Dominium, Roers and MWF are three of the largest private recipients of LIHTCs and frequent recipients of TIF. All three have used contractors that have a record of cheating workers or face allegations of exploitation on multifamily housing projects.

Since 2016, these three developers have received at least $47 million to build affordable housing projects across the Twin Cities metropolitan area. The total includes housing tax credits backed by Dakota County, Washington County and Minnesota Housing Finance Agency; TIF funding from the City of Richfield and the City of St. Louis Park; and gap funding from Dakota County.

Project developers have the power to select the contractors they want to use on their projects.

Public financing should not flow to developers that consistently use irresponsible contractors. Developers that receive public funding should be held to the highest standards.

BAD FOR WORKERS, BAD FOR TENANTS

Discussion of labor conditions in affordable housing construction can pit workers against tenants, but all too often, projects that are built using exploitative practices end up being managed in ways that exploits tenants. Dominium, one of the largest developers of affordable housing in the country, also manages more than 30,000 apartments in 22 states. In Minnesota, Dominium managed one of the largest apartment complexes in the state until it was sold in 2019. A MinnPost article about that sale found that "residents for years have reported safety issues, unfair treatment from management and poor living conditions, including mold and asbestos in the walls." [58]

Last year, residents of senior-living apartments complained about a 12.5% rent hike and sued Dominium, alleging they were illegally charging parking fees after using federal tax credits to cover the cost of building the parking lot.[59] Other news reports have alleged "bed bugs, a lack of heat and hot water and unsafe living conditions" at Dominium managed properties.[60] We believe this is an area ripe for further investigation.

58 "Why the Possible Sale of a Massive Brooklyn Park Apartment Complex Matters," *MinnPost*, November 21, 2019. https://www.minnpost.com/metro/2019/11/one-of-the-states-largest-and-most-controversial-apartment-complexes-is-expected-to-be-sold-why-it-matters/.

59 "KARE 11 Investigates: Affordable Senior Apartment Developer Accused of 'Double-Dipping," *Kare 11*, 2022, https://www.kare11.com/article/news/investigations/kare-11-investigates-senior-apartment-developer-accused-double-dipping/89-5256e3b1-8106-44d2-8c6e-f2ad8b7d6464.

60 "Unsafe Living Conditions Reported at Senior Living Apartment Complex," *KSDK*, February 14, 2018, https://www.ksdk.com/article/news/local/unsafe-living-conditions-reported-at-senior-living-apartment-complex/63-518992827.

Section 3: A Roadmap to High-Road Affordable Housing

Minnesota recently adopted one of the strongest wage theft laws in the country, and this law has the potential to be a powerful tool to punish employers that steal from workers. Punishment after a crime has occurred, however, is not sufficient. Greater emphasis on prevention is needed to root out the problem.

Prevailing wage policies are an important tool for preventing exploitation of vulnerable workers. Greater employment transparency and a fair wage floor vastly reduce the risk of problems on publicly-subsidized projects. In fact, almost all of the evidence that we have gathered is tied to projects that do not carry prevailing wage requirements. Expanding and fully enforcing prevailing wage requirements would be an important first step.

TIF "clawback" policies are another critical tool in the fight against worker exploitation on publicly financed projects. These allow local units of government to force recipients to repay TIF subsidies when the terms of the TIF agreement are violated. For example, in Richfield, "fail[ure] to comply with labor laws" is considered an Event of Default for a TIF agreement.[61] This is a critically important policy and should serve as a model for other TIF authorities. This creates a substantial disincentive for exploitation.

Prevailing wage and TIF clawback policies are vital tools in the effort to root out exploitation, but they are not enough. Contractors that violate the law frequently go unpunished because many workers are too afraid for their jobs or residency status or, in the worst cases, their safety to file a complaint or provide testimony. Further, developers that routinely employ such contractors almost never face legal consequences for the mistreatment of workers on their projects. Exploitation of vulnerable workers is unlikely to end until state and local governments begin to hold project developers accountable for conduct that occurs on their jobsites.

While our policy recommendations primarily focus on increasing standards tied to public financing, we also suggest important actions municipal leaders can take to prevent wage theft on all construction projects. Minor policy changes at the permitting level to increase transparency and oversight of projects could have a major impact on preventing crime on multi-family housing projects.

3.1 PREVENTION AT THE STATE LEVEL

Affordable housing developers that repeatedly allow wage theft and human trafficking and fail to maintain safe workplaces need to be held accountable. It is far too easy for them to pass the buck to construction contractors on publicly financed projects where labor exploitation occurs. Additionally, we should not allow contractors that cheat or exploit workers to profit from publicly financed projects.

To increase public transparency on publicly financed projects and to prevent wage theft and exploitation, the legislature should make modifications to increase transparency and create a framework for disqualification from receiving funds for egregious behavior.

61 Article IX 9 from example TIF agreement under Events of Default, *City of Richfield*, document https://drive.google.com/file/d/170LQe0Sxj2G7rZY6R55DApPM7CvaxQSO/view?usp=drive_link.

TRANSPARENCY

First, the Project Owner should be required to disclose incidents of wage theft, human trafficking, misclassification fraud, child labor and workplace safety violations on all past projects. This would provide critically needed transparency to disincentivize the use of contractors with a track record of issues.

Second, the project owner should maintain and make available, directly or via the General Contractor, a list of all contractors and subcontractors that have been or are expected to be employed, is currently employed, or is expected to be employed on a housing project. Many elected officials and members of the public are surprised to learn that project owners are not typically required to provide local officials, agency funders, or interested members of the public with lists of contractors and subcontractors that are employed on construction projects. This lack of transparency makes it easy for contractors to misclassify workers as third- and fourth-tier subcontractors, and difficult for workers to prove or sometimes even know who employed them – leaving the public and sometimes even the developer in the dark. A requirement to list contractors would help to prevent misclassification by making it easier to recognize the illegal use of independent contractors.

RESPONSIBLE CONTRACTING

Irresponsible contractors that cheat workers or engage in other serious misconduct should not be allowed to work on taxpayer-funded housing projects any more than they should be allowed to participate in public works construction projects. Minnesota's Responsible Contractor Act (RCA) establishes clear guidelines for determining contractor responsibility that could also be applied to taxpayer financed projects to minimize the risk of publicly-subsidized misconduct.

PREFERENCE FOR HIGH-ROAD CONTRACTING

MHFA uses a wide range of criteria to evaluate funding proposals, including applications for LIHTC funding. But these criteria do not currently include any metrics related to the past performance or present commitments to contracting practices designed to maximize the benefits of construction jobs and careers to low-income communities and residents, or to minimize the risk of wage theft and other forms of exploitation on subsidized projects. MHFA should consider incorporating metrics that recognize the value of family-supporting jobs, health and retirement benefits, registered apprenticeship career pathways, and worker protections resulting from collective bargaining and worker-driven social responsibility programs.

3.2 PREVENTION AT THE LOCAL LEVEL

Municipalities also have a vital role to play in wage theft prevention on multi-family housing construction projects since local governments grant permits and zoning approvals for new development. Municipal leaders often adopt policies designed to prevent other types of criminal activity in their cities, and they should take wage theft just as seriously. Municipalities could require applicants for construction permits to disclose information on a developer's track record with respect to wage theft and other forms of misconduct, and they could also require transparent reporting on the contractors and subcontractors used during construction.

Finally, cities should look for creative ways to increase their enforcement capacity. This is a critical need at the local level. Policy changes alone are insufficient alone without more robust investment in enforcement. One way to increase enforcement capacity is to expand cooperation with neighboring

communities through joint enforcement efforts and co-enforcement models. Another approach is to empower workers to know their rights and establish effective reporting avenues through a worker-driven social responsibility framework such as the Building Dignity and Respect (BDR) Program.

BDR requires developers to enter into legally binding participation agreements that require all contractors and subcontractors at every tier of a project to abide by basic standards that protect against wage theft and payroll fraud and guarantee the rights of workers to fair treatment, a safe workplace, and a voice in their working conditions. In addition to providing independent monitoring to verify compliance, workers are educated and empowered as frontline monitors and defenders of their own rights, with protections against retaliation. This type of worker education and compliance monitoring could be a vital tool to ensure compliance.

Conclusion

We have seen too many instances of publicly-subsidized affordable housing projects that were built with the help of workers who could not afford to live in them due to low pay, lack of benefits, and wage theft by unscrupulous employers. Beyond undermining efforts to address Minnesota's affordable housing crisis, awarding public subsidies to developers that facilitate or allow wage theft, misclassification fraud, or other forms of worker exploitation that disproportionately affect vulnerable Latino and immigrant workers encourages the spread of abusive practices in the construction industry and undermines the State's commitment to equity.

This report has shown how the failure to condition access to key affordable housing financing sources on responsible conduct allows taxpayer money to flow to unscrupulous developers and contractors. This fuels abuse not only on publicly financed projects, but it fosters low-road practices throughout the multi-family housing industry.

Minnesota can meet its ambitious affordable houseing development goals without sacrificing worker dignity and safety. The use of irresponsible contractors should not be tolerated on publicly financed projects. Greater transparency, a responsible contractor standard, systems of accountability for issues on a developer's past projects and investments in enforcement are all important concrete steps that elected and appointed officials can take at all levels of government to ensure high-road affordable housing development.

NorthStar
POLICY ACTION