

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF COMMUNITY AFFAIRS**

Home Investment Partnership Program
1800 Third Street, Suite 390
P. O. Box 952054
Sacramento, CA 94252-2054
(916) 322-0356
FAX (916) 322-2904

**HOME****Home Investment Partnership Program****MANAGEMENT MEMORANDUM****Memorandum Number: 02-01**

TO: HOME CHDOs and Other Interested Parties
FROM: Wayne Walker, Chief

DATE: July 1, 2002

SUBJECT: Statement of Assurances Relating to State Prevailing Wage Compliance

To ensure that Home Investment Partnership Program (HOME) project Borrowers and the project contractors are aware of the state prevailing wage requirement, the Borrower and general contractor for each HOME project shall complete and execute the attached Statement of Assurances. The completed and executed Statement of Assurances is to be submitted to your HOME Loan Officer prior to construction loan closing and assures and certifies that state prevailing wages will be paid on the construction work related to the HOME-funded project.

The Statement of Assurances is in addition to the Prevailing Wage Compliance Certificate which is to be submitted after construction is complete and prior to closing the HOME loan (or prior to the final HOME funding draw request). The Prevailing Wage Compliance Certificate certifies that state prevailing wages have been paid to laborers and mechanics.

The necessity for the Statement of Assurances and the Prevailing Wage Compliance Certificate results from the statutory requirement that effective January 1, 2002, as a condition of the funding of the HOME loan, all construction work on the development shall be subject to the payment of state prevailing wages and compliance with the state prevailing wage law, Labor Code 1720 et seq. "Construction work" includes, but is not limited to rehabilitation, alteration, demolition, installation or repair done under contract. The applicability of state prevailing wage rates to HOME-funded projects is codified in the Health and Safety Code at section 50675.4(c)(2).

To facilitate Borrower requests for prevailing wage rates from the Department of Industrial Relations (DIR), the Department will now provide Borrowers with a form letter on Department letterhead that makes that request to DIR from the Department on behalf of the Borrower. Both the cover letter explaining this procedure to Borrowers and the formatted letter to be used by Borrowers to request the prevailing residential wage rates from DIR for individual classifications are attached to this Management Memorandum.

These requests to the DIR for residential projects typically require a special determination and the request to the DIR must be made well in advance (at least 45 days prior to any bidding process and/or execution of a construction contract). Failure to procure a special residential wage decision for inclusion in bid documents and the construction contract results in the construction project being subject to the higher commercial prevailing wage rates. Requests for information on the process for procuring State prevailing wage rates and on requirements for complying with State prevailing wage requirements should be directed to the Department of Industrial Relations.

If you have questions related to this Management Memorandum, please contact your HOME Loan Officer at (916) 322-0356.

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**STATEMENT OF ASSURANCES RELATING TO
STATE PREVAILING WAGE COMPLIANCE**

PROJECT NAME: _____

HOME LOAN NO: _____

CONSTRUCTION START DATE: _____

Pursuant to the requirements of Health and Safety Code, section 50675.4, subdivision (c)(2), Borrower and contractor hereby assure and certify as follows:

1. The Borrower, as the body awarding the contract, shall perform the duties associated with the "awarding body" that are enumerated in the Labor Code, Sections 1720, et seq. Duties include obtaining, the prevailing wage rate in the locality for each covered worker from the Director of the Department of Industrial Relations. The Borrower shall insure that the general construction contractor will maintain labor records as required by the Labor Code and shall require such records be made available to any enforcement agency upon request.
2. The general contractor and all sub tier subcontractors shall pay laborers, mechanics, and all other construction workers associated with the Project at least the state prevailing wages, in accordance with the requirements of Chapter 1 (commencing with Section 1720) of the Labor Code, for all construction work. The construction contract provides sufficient funds to comply with this requirement. The Borrower shall also insure that the construction contract for the development of the Project (or, if the project is receiving funding from the federal Section 811 program, a side agreement to the construction contract) contains language-requiring payment of at least the state prevailing wages pursuant to Section 1720 of the Labor Code.
3. If the project is also subject to federal prevailing wage rates, then the higher of the two wage rates will be paid.
4. The undersigned acknowledge that the release of loan proceeds by the Department of Housing and Community Development is expressly made upon reliance to the representations made in these assurances and certification.

BORROWER:

GENERAL CONTRACTOR:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

License #: _____ Date Signed: _____

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Maria Robbins, Deputy Chief
Department of Industrial Relations
Division of Labor Statistics and Research
P. O. Box 420603
San Francisco, CA 94142-0603

Re: Request for Prevailing Wage Determination
Home Investment Partnership Program (Health & Saf. Code § 50675 et seq.)

Dear Ms. Robbins:

Please provide prevailing wage determinations for specified job classifications on the project as indicated below:

Project Name:
Project Location:
Date of Notice of Funding Availability:
Job Classifications: (see attached list)

Mail your response to this request directly to the **project borrower** as follows:

[Name, title]
[Mailing address]
[Phone number]

The payment of prevailing wages is required for the construction/rehabilitation of this project pursuant to Health and Safety Code section 50675.4(c)(2). Please be informed that pursuant to those requirements, this Department's responsibilities are limited to requiring the payment of prevailing wages by the above-mentioned borrower and to receive a certification from that borrower that it has done so prior to providing Home Investment Partnership Program funds. The purpose of this letter, on behalf of the borrower, is to facilitate its statutory obligation to pay the required prevailing wages.

If you have any questions, please do not hesitate to contact the project borrower. Thank you for your assistance.

Very truly yours,

WAYNE WALKER, Section Chief

Attachment

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[Date]

[Name]

[Address]

[City, State, Zip]

Re: Project Name:
Project Location:

Dear [Name]:

In accordance with the requirement for payment of prevailing wages for the above-referenced project, the enclosed letter is provided by this Department to facilitate your request to the Department of Industrial Relations (DIR) for a prevailing wage special determination for residential rates. A list of job classifications to be used on the project must be attached to the DIR request.

You may date and submit the letter along with your list of job classifications to the DIR at the appropriate time.

A prevailing wage special determination for residential rates must be obtained prior to bidding or the commencement of any work on the project. **Please allow 45 days for a response from DIR.**

For further information regarding prevailing wage requirements, you may call the DIR Prevailing Wage Unit at (415) 703-4774.

If you have any questions concerning the enclosed, please do not hesitate to contact me.

Very truly yours,

WAYNE WALKER
Section Chief

Enclosure