

**BACKGROUND: WHO I AM**

BOOM IN HOUSING CONSTRUCTION IN CAMBRIDGE – FRESH POND, ALEWIFE, EAST CAMBRIDGE. WHILE THE VAST MAJORITY OF THE COMMERCIAL AND INSTITUTIONAL WORK IN CAMBRIDGE IS BEING BUILT ON A UNION BASIS, THE MULTI-UNIT RESIDENTIAL PROJECTS ARE BEING BUILT ALMOST ALL NON-UNION. BEYOND THE ENVIRONMENT BEING NON-UNION, THE MULTI-UNIT HOUSING MARKET HAS BECOME A LOCUS OF THE UNDERGROUND ECONOMY THAT REPRESENTS A GROWING PORTION OF THE CONSTRUCTION MARKET

AS AN EXAMPLE, THE 244 UNIT, \$45 MILLION PROJECT AT 165 CAMBRIDGEPARK DR. IS BEING DEVELOPED BY HINES, A TEXAS-BASED REAL ESTATE FIRM AND THE GENERAL CONTRACTOR IS CALLAHAN INC. FROM SOUTHEASTERN MASSACHUSETTS. CALLAHAN HAS A REPUTATION IN THE AREA CONSTRUCTION INDUSTRY OF ENGAGING IN ILLEGAL AND UNETHICAL PRACTICES. IN 2011, CALLAHAN WAS DEBARRED BY THE COMMONWEALTH OF MASSACHUSETTS FOR HAVING “KNOWINGLY MADE FALSE OR MISLEADING STATEMENTS OF MATERIAL FACT” ON ITS APPLICATION TO BUILD HANOVER HIGH SCHOOL. CALLAHAN IS A CONTRACTOR WITH FEW DIRECT EMPLOYEES WHOSE BUSINESS MODEL IS BASED ON USING SUBCONTRACTORS THAT SKIRT THE LAW. IN THIS CASE, METRO WALLS IS CALLAHAN’S DRYWALL CONTRACTOR ON THE CAMBRIDGEPARK DR. JOB. METRO HAS A LONG HISTORY OF VIOLATIONS, INCLUDING NON-

PAYMENT OF WAGES, EXPLOITING UNDOCUMENTED WORKERS, SAFETY PROBLEMS AND INJURIES ON THE JOB, AND PAYING WORKERS IN CASH. THEY HAVE BEEN FINED AND CITED BY AGENCIES IN SEVERAL STATES AROUND NEW ENGLAND. METRO OWNER MIKE DION HAS SAID THAT IT IS CHEAPER FOR HIM TO CHEAT, GET FINED, AND PAY A NEGOTIATED FINE THAN TO OBEY FEDERAL AND STATE EMPLOYMENT LAWS.

RIGHT NOW, TODAY, THERE ARE ROUGHLY 30 DRYWALL CARPENTERS WORKING FOR LABOR BROKERS OR "JEFES" FOR METRO AND VIRTUALLY ALL OF THEM ARE BEING PAID IN CASH. THIS IS THE TYPICAL PRACTICE ON A CALLAHAN PROJECT.

WHO LOSES FROM THIS SCENARIO? FEDERAL AND STATE GOVERNMENTS (AND THEREFORE MUNICIPALITIES) LOSE SUBSTANTIAL REVENUES WHEN CONTRACTORS PAY OFF THE BOOKS. A 2004 HARVARD STUDY ESTIMATED THAT THE COMMONWEALTH OF MASSACHUSETTS LOST UP TO \$187 MILLION IN UNREPORTED INCOME AND UNEMPLOYMENT INSURANCE TAX FROM CONSTRUCTION EMPLOYEES BEING MISLABELED AS "INDEPENDENT CONTRACTORS". NOW WITH THE GROWTH OF AN IMMIGRANT WORKFORCE AND THE SHIFT TO A CASH-BASED LABOR BROKER SYSTEM, THE SEVERITY OF THE PROBLEM HAS ONLY DEEPENED. WHO ELSE? LEGITIMATE CONTRACTORS WHO PLAY BY THE RULES CAN'T COMPETE AND THEIR EMPLOYEES ARE SHUT OUT FROM JOB OPPORTUNITIES. AND THE WORKERS THEMSELVES OPERATE IN THE SHADOWS, NOT ELIGIBLE FOR WORKERS

COMPENSATION BENEFITS IF INJURED OR COLLECT  
UNEMPLOYMENT ASSISTANCE IF LAID OFF.

CAMBRIDGE HAS BEEN A CITY THAT SUPPORTS UNIONS,  
AND ADVOCATES FOR WORKERS AND IMMIGRANTS  
RIGHTS. ALL OF THOSE CONSTITUENCIES ARE IN  
JEOPARDY WHEN THE CALLAHANS OF THE WORLD BUILD  
MULTI-UNIT PROJECTS THE WAY IT IS BEING DONE AT 165  
CAMBRIDGEPARK DR.

I TALKED ABOUT EVERYONE WHO LOSES FROM THIS  
SCENARIO – TAXPAYERS, WORKERS, AND RESPONSIBLE  
EMPLOYERS. WHO BENEFITS? THE DEVELOPERS AND THE  
GENERAL CONTRACTORS – HINES AND CALLAHAN. THESE  
UNITS ARE MARKET RATE. CERTAINLY THE WORKERS  
WHO ARE BUILDING THEM COULD NEVER AFFORD TO LIVE  
THERE.

I WOULD LIKE TO THANK THE COUNCIL FOR CONSIDERING  
THIS RESOLUTION AND URGE YOU TO LET DEVELOPERS  
KNOW WHO SEEK TO PROFIT FROM BUILDING ON THIS  
CITY'S LAND THAT CAMBRIDGE EXPECTS THEIR BUILDERS  
TO ACT RESPONSIBLY – BOTH FOR THE WORKERS ON THE  
JOB AND THE TAXPAYERS IN THE COMMUNITY.