

# Under Walsh, nonunion construction work has risen

By **Tim Logan** GLOBE STAFF APRIL 30, 2016

You might think, with a veteran union leader running City Hall, that organized labor's longtime lock on building construction in Boston would grow even tighter.

Turns out, that is not necessarily the case.

Under Mayor Martin J. Walsh, local developers say, more projects are being approved that use at least some nonunion labor, especially housing developments in outlying neighborhoods. While the city says it does not track the union status of every project it approves, a subset of developments monitored by the Boston Redevelopment Authority shows the number of new buildings with some nonunion jobs doubled from 2013 to 2015.

It is a noteworthy shift, but no sea change in a city with a deep union tradition.

The overall number of open-shop jobs remains small. Of 140 developments the BRA tracked over the past five years, three-fourths of the projects and 90 percent of the man-hours worked were on full-union jobs. And the big-money projects downtown are 100 percent union.

But there are nonetheless more job sites employing at least some nonunion workers, and for that there may be several reasons, according to developers, builders, and some union officials. In the current building boom, there is much more construction work to go around, and developers are also trying to keep costs in check. Also Walsh is pushing for more housing that middle-class residents can afford.

And some in the development industry believe there may be another factor: the specter of a federal investigation into union influence on city permitting, which may be muting opposition to nonunion work.

"There are a lot of people who are nervous about investigations," said John Moriarty, whose construction firm, John Moriarty & Associates, uses almost entirely union labor. "They're all afraid of saying that now."

If more construction jobs do go nonunion, that could put a dent in building costs in Boston, which are among the highest in the nation. While wages and benefits are just one slice of a construction budget, they typically run about 30 percent higher for union workers than nonunion. Increased opportunities for nonunion workers could also eventually dampen wages for union construction workers, who make up a sizable chunk of the city's blue-collar middle class.

Walsh faces a delicate balancing act: He’s built a career advocating for union workers, but, as mayor, he’s also pledged to tackle Boston’s sky-high housing costs.

The Boston Globe reported last week that federal investigators have subpoenaed several developers and union officials as part of an investigation into local unions. Walsh himself was heard on a 2012 wiretap saying a developer would have permitting problems on a Boston high-rise unless he used union labor on a job in Somerville. This was before Walsh became mayor, when he headed an umbrella group of building trade unions.

For his part, Walsh has said he never acted improperly when negotiating jobs for the plumbers, electricians, bricklayers, and other skilled construction workers he represented at the time. And since becoming mayor, Walsh has vowed to make the city’s Byzantine permitting process more open and transparent, without favor to developers or unions.

“No one gets special treatment under my administration,” Walsh said in a statement last week about the investigation.

## Highest-paying metro areas

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San Francisco



Long Island, NY



Chicago



New York City



Boston



National Average



SOURCE: Bureau of Labor Statistics

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Walsh's top appointee on development issues, BRA director Brian Golden, said the union status of a project plays no consideration in the agency's decisions. If there are more open-shop jobs, Golden said, that may be a function of a building boom that's keeping unions busy enough they're willing to let smaller jobs slide.

And while the BRA does weigh input from the community — including from organized labor — Golden said union voices get no more weight than anyone else.

“Labor has a seat at the table just like any other constituency,” he said. “Projects rise and fall on their merits.”

Unions remain an important player at City Hall. The BRA and Zoning Board of Appeal, which must approve most large building projects in the city, each have seats set aside for representatives of labor unions. Union members also often speak out at neighborhood meetings held to review projects.

But a number of developers interviewed said the tone in City Hall has indeed shifted and credited Walsh and his appointees at the BRA.

“I think it's better now than it has ever been,” said Carl Valeri, chief operating officer at The Hamilton Co., a landlord and developer which uses union and nonunion labor on its building projects. “They want to do the right thing, and they're trying to make it as transparent as possible.”

There are large apartment buildings underway in Jamaica Plain, East Boston, and Charlestown using a mix of union and nonunion, or “open-shop,” workforces, according to BRA data. Developers of several projects in Allston and Brighton are also considering open-shop construction.

Moriarty said there is a growing realization that building in Boston is so expensive that something needs to give. And in some cases, he added, what gives is a bit of union labor.

“It's so hard to [finance] a project unless you can pay the right price for land and construction,” Moriarty said. “People who in the past were thinking everything had to be all-union in the city of Boston are coming to realize it can work another way.”

In Jamaica Plain, Metric Corp. is using a mixed workforce for a 289-unit apartment building near Forest Hills. Geoffrey Caraboolad, the company's president, said Walsh understands the economics of housing. The mayor set an ambitious goal of 53,000 new housing units in Boston by 2030, and Caraboolad said Walsh has been willing to be flexible about the use of some nonunion labor to achieve his goal.

“He’s open-minded,” Caraboolad said. “He wants to get it done. He wants working-class people in this city.”

To be sure, some in the construction industry aren’t holding out hope for a wholesale change in City Hall.

“Marty Walsh is Mr. Union,” said Jason Kauppi, spokesman for the Merit Construction Alliance, which represents nonunion builders. “I don’t think he has really changed his stripes.”

For their part, union leaders said they are willing to be flexible, too. The New England Regional Council of Carpenters has long offered a lower wage rate on apartment buildings, to compete with nonunion shops. The umbrella group for most construction unions, the Building Trades Council, recently launched a similar rate structure, though it has not yet signed any deals.

Mark Erlich, who heads up the Carpenters Council, said wages are not what’s driving up construction costs. Labor wages are typically set under multiyear contracts.

And last summer the carpenters ratified a four-year deal calling for 3 percent annual hikes to wages and benefits combined, increases far below those for the cost of land and some materials.

“People talk about double-digit increases in construction costs,” Erlich said. “I don’t know where that money’s going, but it sure isn’t going to the people doing the work.”

Union leaders are wary of what happened in New York, where once-mighty building trades unions have watched their share of the city’s \$15 billion residential construction industry shrink in recent years. A shortage of union labor coming out of the recession opened the door to open-shop builders in Manhattan, said Robert Barone, who advises developers for real estate firm CBRE in New York.

Now even longtime union-friendly developers are opening up their workforces.

“We’ve got nonunion trades building 50-story buildings here now,” Barone said. Boston’s unions “should learn from what happened in New York. The New York unions gave it away.”

That doesn’t seem likely in Boston anytime soon.

Erlich said the share of work in Boston going to union carpenters has remained relatively stable in recent years. If there’s more open-shop construction going on, he said, it’s because there’s more development underway around the city.

And whatever the climate might be in City Hall, union officials note they still have many contractors and developers who prefer to build with union labor. And they have no plans to back down when it comes to negotiating work for their members.

“Wherever construction is happening, we’re going to be there supporting and advocating for good jobs,” said Brian Doherty, head of the Boston Metropolitan District Building Trades Council.

## **Metropolitan Boston Building Trades Council**

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Teamsters, Local #25

10,821 members

IBEW Electricians, Local #103

6,162 members

Operating Engineers, Local #4

4,750 members

Painters & Allied Trades, District Council 35

3,574 members

Bricklayers & Allied Crafts Workers, Local #3

3,486 members

Iron Workers, Local #7

3,016 members

Pipe Fitters, Local #537

2,820 members

Sheet Metal Workers, Local #17

2,538 members

Laborers, Local #22

2,089 members

Plumbers, Local #12

1,776 members

Laborers, Local #223

1,135 members

Building Wreckers, Local #1421

1,118 members

Laborers, Local #151

1,109 members

Elevator Constructors, Local #4

935 members

Sprinkler Fitters, Local #550

650 members

Roofers, Local #33

648 members

Heat and Frost Insulators, Local #6

527 members

Plaster & Cement Masons, Local #534

418 members

Boilermakers, Local #29

257 members

Tunnel Workers, Local #88

202 members

SOURCE: US Department of Labor, most recent membership numbers filed

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