

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE**

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**NSP****Neighborhood Stabilization Program****MANAGEMENT MEMORANDUM****Memorandum Number 10-01****Date: March 10, 2010****To: All Eligible Grantees and Interested Parties****SUBJECT: NSP and State Prevailing Wage (Single Family Activities)**

There has been some confusion related to the Neighborhood Stabilization Program (NSP) triggering State Prevailing Wage.

The NSP Rehabilitation Guidelines Addendum requires that the grantee agree to comply with the State's Prevailing Wage requirements. This Addendum does not mean the grantee has to pay State Prevailing Wages. It does, however, mean that the grantee must evaluate the activity and determine if State Prevailing Wage applies. HCD will rely on the grantee's determination that the specific NSP activity does or does not trigger State Prevailing Wage.

HCD is not responsible for ensuring compliance with State Prevailing Wages, nor do we plan on monitoring State Prevailing Wage compliance. Each grantee determines whether or not their program triggers payment of State Prevailing Wages. If it determines it does not, and thus is in compliance with State Prevailing Wage law, the grantee may sign the NSP Rehabilitation Guidelines Addendum. HCD does not require any further documentation or explanation.

Department of Industrial Relations (DIR)

The DIR is the only body that can officially interpret California labor provisions, including those related to State Prevailing Wage. DIR has issued a Directors Coverage Determination for at least one city (Fairfield) that their NSP program **does not** trigger the payment of State Prevailing Wages. Please see the link below to review the case directly:

<http://www.dir.ca.gov/dlsr/coverage/year2009/2009-027.pdf>

DIR will not issue these determinations for every city, so there would be no value in requesting individual Determinations.

HCD suggests each grantee review the Determination to see if their program is similar to Fairfield's. If so, it is very likely DIR would agree that their NSP program would not trigger the payment of State Prevailing Wages.