

DEPARTMENT OF INDUSTRIAL RELATIONS

Katrina S. Hagen, Director

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June 26, 2025

Maura Johnson, Director
Abbey Road, Inc.
15305 Rayen Street
North Hills, CA 91343

Sean Alred, Project Manager
Abbey Road, Inc.
15305 Rayen Street
North Hills, CA 91343

Re: Public Works Case No. 2023-003
15260 Rayen Street Renovation
Abbey Road

Dear Ms. Johnson and Mr. Alred:

This constitutes the determination of the Director of Industrial Relations regarding coverage of the above-referenced project under California's prevailing wage laws and is made pursuant to California Labor Code section 1773.5 and California Code of Regulations, title 8, section 16001, subdivision (a). Based on my review of the facts of this case and an analysis of the applicable law, it is my determination that the 15260 Rayen Street Renovation project (Project) performed for Abbey Road is not a public work and is therefore not subject to prevailing wage requirements.

Facts

In 2009, Abbey Road, Inc. (Abbey Road), a 501 (c)(3) community-based nonprofit organization, was formed to expand, develop, and preserve supportive housing opportunities for low-income and homeless youth, families, and veterans. Abbey Road has developed approximately 312 units of housing—286 units of permanent supportive housing and 26 transitional housing units.

In any given year, Abbey Road provides housing to 52 homeless Transitional Age Youth (TAY). The homeless TAY are between the ages of 18-24 (with or without dependent children), including emancipated unaccompanied minors and those exiting supervision from the County of Los Angeles Department of Children and Family Services. TAY do not pay rent while they occupy a transitional housing unit and can stay for up to 36 months.

Currently, six homeless TAY are housed at an Abbey Road-owned apartment complex located at 15260 Rayen Street, North Hills, California 91342 (hereinafter, Rayen St.). In September 2012, Abbey Road acquired Rayen St. by quitclaim deed from Penny Lane Centers, another 501 (c)(3) nonprofit organization. Rayen St. consists of six units—each is a two-bedroom, one-bath unit. Penny Lane Centers now leases from Abbey Road and provides supportive services for TAY housed at Rayen St. The Los Angeles Homeless Services Authority (LAHSA) compensates Penny Lane Centers for its TAY supportive services and for providing a certain number of “beds” for TAY from LAHSA’s Coordinated Entry System. LAHSA, has not, and will not be a signatory to a lease agreement involving Rayen St.

Abbey Road intends to renovate Rayen St. The interior of the building will be stripped down to the studs to replace outdated plumbing, electrical, and mechanical systems. New drywall and a new roof will be installed. All windows will be replaced with energy-efficient double-pane windows and all units will be painted. Exterior site improvements include new pathways, American with Disabilities Act (ADA)-compliant access to the building’s entry and first-floor units. The irrigation system and landscaping will also be replaced. The total cost of the Project is estimated at \$1,884,515.70. The Project will be paid with \$1,000,000.00 from a federal grant, “Community Project Funding” (CPF), and with private funds donated by the Stone Family Foundation.

CPF, a federal grant available through the Consolidated Appropriations Act of 2022 (Public Law 117-103),¹ is administered by U.S. Department of Housing and Urban Development. Members of Congress, as sponsors, must request funds for specific projects, such as community and regional development, natural resource and environmental conservation, and transportation infrastructure. Accordingly, Abbey Road, with Congressman Antonio Cardenas as its sponsor for the Project, applied for, and was granted, a CPF grant.

Abbey Road confirms no fees, costs, and/or other obligations associated with the Project have been reduced, discounted, waived, and/or deferred by the State or any of its subdivisions. The only source of funds for the Project are the CPF and private funds. Abbey Road states LAHSA has had zero involvement in the decision to renovate, the design of the building renovations, the funding of the renovations, or the timing of the renovations. LAHSA did not participate in the selection of the general contractor and will not review, negotiate, or approve the contract between Abbey Road and the general contractor.

Discussion

Labor Code section 1771² generally requires the payment of prevailing wages to workers employed on public works. Section 1720, subdivision (a)(1) (hereinafter, section 1720(a)(1)) defines “public works” to mean “[c]onstruction, alteration, demolition,

¹ The funding under the Consolidated Appropriations Act of 2022 is referred to as “Congressionally Directed Spending” in the U.S. Senate and as CPF in the House.

² Unless otherwise noted, all subsequent citations are to the Labor Code.

installation, or repair work done under contract and paid for in whole or in part out of public funds” (§ 1720, subd. (a)(1).) According to the Supreme Court of California, “there are three basic elements to a ‘public work’ under section 1720(a)(1): (1) ‘[c]onstruction, alteration, demolition, installation, or repair work’; (2) that is done under contract; and (3) is paid for in whole or in part out of public funds.” (*Busker v. Wabtec Corp.* (2021) 11 Cal.5th 1147, 1157.) A project that is “paid for in whole or in part out of public funds” includes a project that is subsidized through the “payment of money or the equivalent of money by the state or political subdivision” (§ 1720, subd. (b)(1).)

While the Rayen St. renovations involve the type of work that is covered under section 1720(a)(1), the Project is solely funded with private funds and with federal grant money. Since section 1720(b)(1) defines payment out of public funds as money from the “state or political subdivision,” the federal CPF grant does not fall within the definition of public funds, as the money is provided directly from the federal government and does not pass through a state or local public entity. Abbey Road confirms it has not and will not receive any form of subsidy or assistance from a state or local public entity with regard to the renovation.

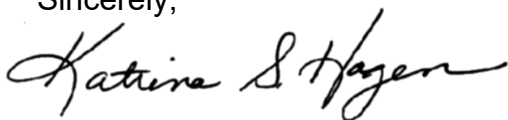
This determination is based on the facts presented. “If the assumed facts concerning this project change, a different result may obtain.” (PW 2003-014, *Phase II Residential Development Victoria Gardens – City of Rancho Cucamonga* (July 20, 2005).)

Conclusion

For the foregoing reasons, the 15260 Rayen Street Renovation project performed for Abbey Road is not a public work and is not subject to prevailing wage requirements.

I hope this determination satisfactorily answers your inquiry.

Sincerely,

A handwritten signature in black ink, reading "Katrina S. Hagen". The signature is fluid and cursive, with the first name being the most prominent.

Katrina S. Hagen
Director of Industrial Relations