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## **A carve-out from Connecticut's prevailing wage laws could be boon for brownfield redevelopment - by Garry O'Connor**

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The Connecticut General Assembly recently passed a key amendment to prevailing wage laws which helps resolve a major challenge to developers, municipalities and businesses seeking to redevelop brownfield sites.

Back in 2017, a legislative revision made any construction project receiving financial assistance of \$1 million or more from the Department of Economic and Community Development subject to the prevailing wage statutes. This included DECD-funded projects for brownfield sites.

It created a huge disincentive for developers, municipalities and businesses, because the Department of Labor generally interpreted the revised statutes as also applying to the vertical construction on the site, not just the remediation work funded by a DECD grant or loan, even when the vertical construction was performed by a new owner and financed by different funds.

This raised concerns of project cost increases of as much as 20 to 30%, according to real estate industry experts. The broad application of prevailing wage requirements to entire projects put businesses and developers in a tough situation, especially taking into account the considerable risk and expense already associated with brownfield redevelopment.

Municipalities that investigated and at least partially remediated brownfield sites with grants from DECD found themselves unable to secure businesses or developers to acquire and redevelop these sites. The prevailing wage statutes made projects financially infeasible. Some developers went as far as returning DECD funds awarded for brownfield sites and putting their projects on hold.

The new amendment corrects this problem. Now for projects that receive DECD-qualifying brownfield financial assistance, the prevailing wage requirements will be limited to remediation, demolition and abatement activities as described in the financial assistance contract between the DECD and the applicant of brownfield funds. Developers can once again commit to the redevelopment of brownfield sites with the assurance that vertical construction will not be subject to the prevailing wage statutes.

Another clarification in the revised bill determines which entities are subject to the prevailing laws, as the previous definition of “business organization” was not well drafted and created uncertainty as to which types were included. The revision makes clear that public entities such as municipalities, regional councils of government, and certified Connecticut Brownfield Land Banks are included in the definition of “business organization.”

It also excludes from the definition of “business organization” any federally tax-exempt 501(c)(3) nonprofit or 501(c)(6) chamber of commerce that accepts DECD financial assistance for a covered project valued at not more than \$10 million.

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