112TH CONGRESS 1ST SESSION

H. R. 3254

To amend the Housing and Urban Development Act of 1968 to ensure access to employment opportunities for low-income persons.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 25, 2011

Ms. Velázquez introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Housing and Urban Development Act of 1968 to ensure access to employment opportunities for low-income persons.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 SECTION 1. SHORT TITLE.
- 4 This Act may be cited as the "Affordable Commu-
- 5 nities Employment Act of 2011".
- 6 SEC. 2. ECONOMIC OPPORTUNITIES FOR LOW-INCOME PER-
- 7 sons.
- 8 (a) IN GENERAL.—Section 3 of the Housing and
- 9 Urban Development Act of 1968 (12 U.S.C. 1701u) is
- 10 amended to read as follows:

1	"SEC. 3. OPPORTUNITIES FOR LOW- AND VERY LOW-IN
2	COME PERSONS.
3	"(a) FINDINGS.—The Congress finds that—
4	"(1) funds administered by the Department of
5	Housing and Urban Development, particularly those
6	intended for housing construction, rehabilitation, re-
7	pair, modernization, management, self-sufficiency
8	community development, and other public construc-
9	tion, provide State and local governments, housing
10	providers, and other recipients of this Federal finan-
11	cial assistance with substantial funds for projects
12	and activities that produce significant economic op-
13	portunities for the communities where the funds are
14	expended;
15	"(2) low- and very low-income persons, espe-
16	cially recipients of government assistance for hous-
17	ing, often face barriers to access training, employ-
18	ment, and contracting opportunities resulting from
19	the expenditure of Federal funds in their commu-
20	nities;
21	"(3) training, employment, and contracting op-
22	portunities generated by projects and activities that
23	receive assistance from the Department of Housing

and Urban Development offer an effective means of

empowering low- and very low-income persons and

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- local businesses that provide training and job oppor-
- 2 tunities for them;
- 3 "(4) prior Federal efforts to direct training,
- 4 employment, and contracting opportunities gen-
- 5 erated by programs administered by the Secretary of
- 6 Housing and Urban Development to low- and very
- 7 low-income persons, and businesses that provide
- 8 training and job opportunities for these persons,
- 9 have not been fully effective and should be intensi-
- fied; and
- 11 "(5) funding provided to other Federal agencies
- may also produce significant employment and con-
- tracting opportunities for the communities where the
- 14 funds are expended;
- 15 "(b) Policy.—It is the policy of the Congress and
- 16 the purpose of this section to ensure that training, employ-
- 17 ment, and contracting opportunities generated by Federal
- 18 financial assistance administered by the Secretary of
- 19 Housing and Urban Development and other Federal agen-
- 20 cies, when feasible, shall be directed to low- and very low-
- 21 income persons, particularly those who are recipients of
- 22 government assistance for housing.
- "(c) Administration.—There is established, in the
- 24 Department of Housing and Urban Development, an Of-
- 25 fice of Economic Opportunities, for carrying out this sec-

- 1 tion. The Office of Economic Opportunities shall assume
- 2 any functions and responsibilities relating to carrying out
- 3 this section that, as of the date of enactment of the Af-
- 4 fordable Communities Employment Act of 2011, reside in
- 5 the Office of Fair Housing and Equal Opportunity.
- 6 "(d) Training.—
- "(1) RECIPIENTS.—If any recipient of funds 7 8 administered by the Department provides on-the-job 9 or job-related training to any employee, new hire, or business in relation to the project or projects funded 10 11 by the Department, priority shall be given to persons 12 and qualified businesses who are eligible for priority 13 under paragraphs (1) and (2), respectively, of sub-14 section (g).
 - "(2) Contractors.—If any contractor that performs work connected to the expenditure of funds administered by the Department provides on-the-job training to any employee, new hire, or business in relation to the project or projects funded by the Department, priority for such training should be given to persons and qualified businesses who are eligible for priority under paragraphs (1) and (2), respectively of subsection (g).
 - "(3) APPROVED TRAINING PROGRAMS.—All training provided pursuant to this subsection shall

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be provided through a program approved by the Federal Government, by a State or local government, or by an endorsed trade association, as such term is defined by the Secretary. Training in relation to the expenditure of funds received by the Department may also refer to secondary, vocational, or higher education programs, as such terms are defined by the Secretary of Education. Recipients and contractors shall be encouraged by the Secretary to provide training by providing performance incentives through the Department's evaluation process.

"(4) Performance incentives.—To encourage establishment of exemplary training programs for training provided pursuant to this subsection, the Secretary shall establish and award performance incentives, including through the Department's evaluation process, to recipients and contractors establishing such exemplary training programs, including programs providing training that promotes career advancement for persons that receive priority under subsection (g).

"(e) Employment.—

"(1) IN GENERAL.—The Secretary shall require that recipients of funds administered by the Department, and their contractors and subcontractors, con-

sistent with existing Federal, State, and local laws and regulations, give priority to low- and very low-income persons for training and employment oppor-tunities generated by such funds. To the extent that a recipient or contractor of funds awarded by the Department intends to enter into a project labor agreement, the project labor agreement shall include a strategy to comply with the requirements of this section.

"(2) REQUIREMENT TO EMPLOY LOW- AND VERY LOW-INCOME PERSONS.—

"(A) Condition of any assistance provided by the Secretary to recipients and their contractors and subcontractors, except in the case of rental subsidies provided in accordance with section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) (but not excepting funding provided in accordance with paragraph (13) of such section 8(o)) or other funding streams as determined by the Secretary, for work to be performed in connection with such funds, that—

"(i) for recipients, a minimum of 30 percent of new hires in connection with

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1	such funds shall be low- and very low-in-
2	come persons who qualify for a priority
3	under subsection (g)(1); and
4	"(ii) for contractors, 20 percent of all
5	hours worked shall be performed by low-
6	and very low-income persons who qualify
7	for a priority under subsection $(g)(1)$.
8	Special consideration shall be given to persons
9	enrolled in State-approved apprenticeship pro-
10	grams. The conditions under this subparagraph
11	shall be applicable to, but not limited to, work
12	such as repair, modernization, management, ad-
13	ministrative, professional services, as well as
14	work related to housing rehabilitation, housing
15	construction, or other public construction
16	projects. Recipients that exceed the percentage
17	required under this subparagraph shall receive
18	performance incentives, as the Secretary shall
19	establish, to encourage them to exceed such re-
20	quirements.
21	"(B) Compliance.—As a condition of any
22	contract awarded for the work described in sub-
23	paragraph (A), any recipient, contractor, or

subcontractor awarded such a contract shall—

1	"(i) ensure that all work in connection
2	with their contract complies with the provi-
3	sions of this subsection;
4	"(ii) submit evidence to its awarding
5	agency that clearly describes how compli-
6	ance with the employment requirements
7	will be achieved; and
8	"(iii) submit evidence to its awarding
9	agency that—
10	"(I) clearly describes actual out-
11	comes produced in fulfillment of the
12	employment requirements of this sec-
13	tion; or
14	"(II)(aa) clearly shows that the
15	recipient, contractor, or subcontractor
16	used all feasible means to meet such
17	employment requirements, including
18	the specific actions taken to meet the
19	employment requirements, and why
20	such actions were not successful, and
21	efforts to overcome deficiencies in
22	such actions to meet the employment
23	requirements,
24	"(bb) shows why the low- and
25	very low-income persons applying for

1	the employment opportunities could
2	not feasibly be hired, or
3	"(cc) is sufficient to show why
4	the employment requirements could
5	not be reached.
6	"(3) First-source contracts.—In meeting
7	the requirements under this subsection, recipients of
8	funds administered by the Department, and their
9	contractors and subcontractors may enter into hiring
10	agreements with organizations representing low- and
11	very-low income persons that provide for such recipi-
12	ents, contractors, and subcontractors to make avail-
13	able employment opportunities to such persons rep-
14	resented by such organizations.
15	"(4) Priority for recipients and contrac-
16	TORS CREATING LONG-TERM EMPLOYMENT OPPOR-
17	TUNITIES.—In making available funds administered
18	by the Department, the Secretary may give priority
19	in the award of such funds to recipients of such
20	funds who, or whose contractors or subcontractors,
21	or both—
22	"(A) have a demonstrated history of em-
23	ploying low- and very low-income persons for
24	periods of 12 months or longer in connection
25	with previous such funds; and

"(B) provide the Secretary with such assurances as the Secretary may require that among the employment opportunities generated by such funds awarded will be employment positions having a duration of 12 months or longer that will be filled only by low- and very-low income persons.

This paragraph may not be construed to preempt, alter, or otherwise affect any other provision of law establishing requirements for, or conditions precedent to, award of funds administered by the Department.

"(f) Contracting.—

"(1) In general.—The Secretary shall require that recipients of funds administered by the Department and their contractors and subcontractors, consistent with existing Federal, State, and local laws and regulations, award contracts for work to be performed in connection with such funds to businesses that provide or retain economic opportunities for low- and very low-income persons. To the extent that a recipient or contractor of funds awarded by the Department intends to enter into a project labor agreement, the project labor agreement shall include

1	a strategy to comply with the requirements of this
2	section.
3	"(2) Requirement to contract with quali-
4	FIED BUSINESSES.—
5	"(A) CONDITION OF ASSISTANCE.—It shall
6	be a condition of any assistance provided by the
7	Department, that recipients, contractors, and
8	subcontractors for work to be performed in con-
9	nection with such assistance award a minimum
10	of 10 percent of the total dollar amount of all
11	contracts to qualified businesses under sub-
12	section (g)(2)(A). Recipients that exceed such
13	percentage shall receive performance incentives,
14	as the Secretary shall establish, to encourage
15	them to exceed such requirement.
16	"(B) Compliance.—As a condition of any
17	contract awarded for the work described in sub-
18	paragraph (A), any recipient, contractor, or
19	subcontractor awarded such a contract shall—
20	"(i)(I) immediately before beginning
21	work under such contract, clearly dem-
22	onstrate to its awarding agency how com-
23	pliance with the contracting requirements
24	of this section will be achieved; and

1	"(II) submit evidence to its awarding
2	agency clearly showing actual outcomes
3	produced in fulfillment of the contracting
4	requirements of this section; or
5	"(ii) if such recipient, contractor, or
6	subcontractor cannot meet the require-
7	ments under subparagraph (A)—
8	"(I) submit evidence to its
9	awarding agency showing clearly that
10	such contractor used all feasible
11	means to meet such requirement; or
12	"(II) provide its awarding agen-
13	cy, as the Secretary shall require by
14	regulation, sufficient evidence to show
15	why qualified businesses that sub-
16	mitted a bid in contracting opportuni-
17	ties could not feasibly have been
18	awarded contracts.
19	"(g) Priority.—
20	"(1) Priority of Low- and Very Low-in-
21	COME PERSONS FOR TRAINING AND EMPLOYMENT.—
22	The efforts required under subsections (d) and (e)
23	(relating to training and employment) shall be di-
24	rected in the following order of priority:

1	"(A) First, to recipients of Federal rental
2	assistance, including public housing residents,
3	residents of other federally assisted subsidized
4	properties, and participants in the program
5	under section 8(o) of the United States Hous-
6	ing Act of 1937 (42 U.S.C. 1437f(o)), who re-
7	side in the service area, and the metropolitan
8	area or nonmetropolitan county, where the as-
9	sistance is being expended.
10	"(B) Second, to low- and very low-income
11	residents of the service area, and the metropoli-
12	tan area or nonmetropolitan county, where the
13	assistance is being expended.
14	"(C) Third, to other residents, as des-
15	ignated by the Secretary by regulation, of the
16	service area, and the metropolitan area or non-
17	metropolitan county, where the assistance is
18	being expended.
19	"(2) Priority of qualified businesses for
20	CONTRACTING.—The efforts required under sub-
21	section (f) (relating to contracting) shall be directed
22	in the following order of priority:
23	"(A) First, to qualified businesses that are
24	majority owned and controlled by low- and very-

low income persons who reside in the service

area, and the metropolitan area or nonmetropolitan county, where the assistance is being expended.

- "(B) Second, to qualified businesses that provide significant training and job opportunities to low- and very low-income persons who reside in the service area, and the metropolitan area or nonmetropolitan county, where the assistance is being expended.
- "(C) Third, to qualified businesses or to disadvantaged businesses, as defined by the Secretary by regulation, that are located in distressed communities that provide economic opportunities to low-income residents of the metropolitan area or nonmetropolitan county where the assistance is being expended.
- "(D) Fourth, to small and disadvantaged qualified businesses as defined by the Small Business Administration.
- "(E) Fifth, to other qualified businesses, as determined by the Secretary by regulation, that are located in the metropolitan area or non-metropolitan county where the assistance is being expended.

- 1 "(h) Reporting and Administrative Require-
- 2 MENTS.—All notices of funding availability issued by the
- 3 Department shall include a provision that notifies appli-
- 4 cants of their requirement to comply with this section, the
- 5 incentives associated with exceeding such requirements
- 6 and the penalties associated with noncompliance. The De-
- 7 partment shall prioritize its funding decisions to recipients
- 8 that demonstrate that their proposal was developed in con-
- 9 sultation with employers, local labor organizations, edu-
- 10 cation and training providers, low- and very low-income
- 11 persons, especially those entitled to the highest priorities
- 12 under this section in accordance with paragraph (1) of this
- 13 subsection, elected bodies representing low- and very low-
- 14 income persons who live in developments where the assist-
- 15 ance is being expended, and community-based organiza-
- 16 tions that work with the targeted individuals and qualified
- 17 businesses. Recipients shall be required to include infor-
- 18 mation regarding their compliance with this section in
- 19 their 5-year plans, annual plans, or any alternative plans
- 20 that provide for similar reporting. The Department shall
- 21 make compliance with this section part of any perform-
- 22 ance standard for recipients and their contractors.
- 23 "(i) Public Accountability.—In order to permit
- 24 public examination and appraisal of the program under
- 25 this section, to enhance the public accountability of recipi-

1	ents, contractors, and subcontractors, and to facilitate co-
2	ordination of activities with different stakeholders, each
3	recipient shall in a timely manner—
4	"(1) furnish citizens and, as appropriate, other
5	interest groups information with reasonable notice
6	concerning the amount of Federal funds available
7	that are subject to the requirements of this section
8	by service area;
9	"(2) hold annual community hearings to obtain
10	the views of citizens on performance of the recipi-
11	ents, their contractors and subcontractors in com-
12	plying with this section, and such hearings shall—
13	"(A) provide for and encourage citizen par-
14	ticipation, with particular emphasis on partici-
15	pation by low- and very low-income persons who
16	are residents of the developments, service areas
17	or neighborhoods where funds are proposed to
18	be used; and
19	"(B) identify how the needs of limited
20	English proficiency low- and very low-income
21	persons will be met in the case of public hear-
22	ings where a significant number of such persons
23	can be reasonably expected to participate; and
24	"(3) provide citizens or, as appropriate, units of

general local government or other interested parties

with reasonable access to records regarding its past compliance, and that of its contractors and subcontractors, with the program under this section.

> Recipients shall ensure that outreach efforts under this subsection are coordinated with available resident participation programs in the service area. The Secretary shall publish and make widely available compliance reports for all recipients for at least the last 5 years.

"(j) Reports.—

"(1) AGENCY REPORTS TO SECRETARY.—

"(A) REQUIREMENT.—All recipients shall report annually to the Secretary on their employment and contracting requirements and on their contractors and subcontractors performance. Recipients shall ensure that their contractors and subcontractors provide them with the necessary information to furnish such reports.

"(B) Information regarding failure
TO MEET EMPLOYMENT AND CONTRACTING REQUIREMENT.—For any period in which the recipient, or their contractor or subcontractor, did
not meet their employment or contracting requirement as provided for in subsection (e) or
(f), respectively, the report shall describe ac-

tions that were taken to meet the requirement, including actions taken or that will be taken in future funding opportunities to address the deficiencies in the actions that resulted in failure to meet employment and contracting requirements.

"(C) Public availability.—Each report pursuant to this paragraph shall be made available, in its entirety, to the general public not later than 15 business days after the end of the period covered by the report.

"(2) Annual reports to congress.—

"(A) Requirement.—The Secretary shall report annually to the Congress a summary of information derived from the periodic reports required under paragraph (1) and shall provide information on the total amount of Federal funds that are subject to this section, by program area and jurisdiction, and the outcomes produced, including specific information on the amount of training, jobs, and contracting opportunities generated by such funds.

"(B) Assessment of noncompliance.— Each report shall include an assessment of any noncompliance of any recipients with the re-

quirements of this section, by State, and specific recommendations regarding actions to reduce and eliminate such noncompliance.

"(C) Review of effectiveness.—Each report shall include a review of the effectiveness of the program in providing jobs for low- and very low-income persons, meeting unmet training and job readiness needs in the community, enabling low- and very low-income persons to hold a steady job, providing contracting opportunities for businesses that qualify for priority under subsection (g)(2), and any recommendations the Secretary determines appropriate regarding the program under this section.

"(3) GAO REPORT.—Not later than the expiration of the two-year period beginning on the date of the enactment of the Affordable Communities Employment Act of 2011, the Comptroller General of the United States shall submit a report to the Congress on the implementation of this section, that specifically describes the extent of compliance with this section, amount of funds awarded that were covered by this section, and outcomes, and that makes recommendations to improve the section's effective-

ness and a recommendation for when there should be a follow-up report.

"(k) Noncompliance.—

- "(1) Investigation and enforcement.—In carrying out this section, the Secretary shall develop and implement procedures to review complaints alleging noncompliance by any recipient or contractor with the requirements of this section, and to take such actions as provided in this subsection as the Secretary determines appropriate to ensure compliance and prevent future noncompliance.
- "(2) Sanctions.—Recipient agencies and their contractors and subcontractors that do not comply with this section or the requirements established under the program under this section shall be sanctioned by the Secretary, and such sanctions shall include reduction of future funds from the Department, including any discretionary funds available under the HOPE VI program under section 24 of the United States Housing Act of 1937 (42 U.S.C. 1437v), debarment, suspension, limited denial of participation in programs of the Department, or such other sanctions as determined by the Secretary to discourage noncompliance.

"(3) LIMITATIONS ON CONTRACTS.—Recipients shall refrain from entering into contracts with any contractor in any case in which the recipient has notice or knowledge that the contractor has violated this section or the requirements of the program under this section.

"(4) Relief and right of action.—If an investigation by the Department results in conclusive findings of noncompliance, the Department may require the recipient or contractor to grant relief, such as compensation of costs or damages incurred or suffered, to the aggrieved party, as determined by the Secretary. The aggrieved party also shall have the right to bring a civil action against the recipient or contractor found to be in noncompliance by the Department to recover costs or damages incurred or suffered.

"(5) Effect on other rights and rem-Edies.—This subsection shall not be construed to interfere with judicial review regarding compliance with this section pursuant to chapter 7 of title 5, United States Code, or an action regarding such compliance under section 1979 of the Revised Statutes of the United States (42 U.S.C. 1983), or any other rights or remedies of an aggrieved party and

- shall not preempt and State or local laws that facili-
- 2 tate achieving the purposes of this section and pro-
- 3 vide additional protections to low- and very low-in-
- 4 come persons or qualified businesses, or both.
- 5 "(l) Definitions.—For the purposes of this section,
- 6 the following definitions shall apply:
- 7 "(1) Contractor.—The term 'contractor'
- 8 means any entity that contracts with a recipient to
- 9 perform work generated by the expenditure of assist-
- ance from the Department of Housing and Urban
- 11 Development.
- 12 "(2) DEPARTMENT.—The term 'Department'
- means the Department of Housing and Urban De-
- velopment.
- 15 "(3) Low- and very low-income persons.—
- The terms 'low-income persons' and 'very low-income
- persons' have the same meanings given the terms
- 18 'low-income families' and 'very low-income families',
- respectively, in section 3(b)(2) of the United States
- Housing Act of 1937, or such other definitions as
- 21 the Secretary may determine appropriate to facili-
- tate the employment of a low- and very low-income
- persons in a designated area or areas, on a tem-
- porary or permanent basis, based on a family's re-
- ceipt, in such area or areas of Federal, State, or

- local government housing, income, food, or other subsidies, and on such other criteria as the Sec-retary may establish through regulation. Notwith-standing any provision of this paragraph, any person who qualifies for a priority under subsection (g)(1), and who was very low income shall, for purposes of this section, continue to qualify, as initially verified, for a period of 5 years, irrespective of any increase in the person's income or other change in that per-son's priority status during such period.
 - "(4) QUALIFIED BUSINESS.—The term 'qualified business' means a entity that meets such criteria as the Secretary may establish, which may include a national certification process.
 - "(5) RECIPIENT.—The term 'recipient' means any entity that receives assistance directly from the Department, and includes any State, unit of local government, public housing agency, Indian housing authority, Indian tribe, and any other public body, public or private nonprofit or for-profit organization, and private agency or institution.
 - "(6) Secretary.—The term 'Secretary' means, except as specifically provided otherwise, the Secretary of Housing and Urban Development.

1 "(m) Coordination With Other Federal Agen-

2 cies.—

"(1) Collaborative agreements.—Within 180 days after the enactment of the Affordable Communities Employment Act of 2011, the Secretary shall enter into formal collaborative agreements regarding training, employment, contracting, or other areas as determined by the Secretary for low- and very low-income persons and qualified businesses with the Secretary of Labor, the Secretary of Health and Human Services, the Secretary of Commerce, the Administrator of the Small Business Administration, the Secretary of Transportation, the Secretary of Education, and the heads of such other Federal agencies as the Secretary determines necessary to carry out this section and to promote and maximize access to existing resources and programs.

"(2) Report.—Within 12 months after the enactment of the Affordable Communities Employment Act of 2011, the Secretary shall submit a report to the Congress on changes needed in the programs administered by other agencies that interact with the program under this section to facilitate the effective implementation and outcomes of the program under this section"

- 1 (b) REGULATIONS.—Not later than 120 days after
- 2 the date of the enactment of this Act, the Secretary of
- 3 Housing and Urban Development shall issue regulations
- 4 to implement the requirements of section 3 of the Housing
- 5 and Urban Development Act of 1968 (12 U.S.C. 1701u),
- 6 as amended by subsection (a) of this section.

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