## 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 lowincome 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 PER7 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:

"(a) FINDINGS.—The Congress finds that—

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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;

"(2) low- and very low-income persons, especially recipients of government assistance for housing, often face barriers to access training, employment, and contracting opportunities resulting from
the expenditure of Federal funds in their communities;

21 "(3) training, employment, and contracting op-22 portunities generated by projects and activities that 23 receive assistance from the Department of Housing 24 and Urban Development offer an effective means of 25 empowering low- and very low-income persons and local businesses that provide training and job oppor tunities for them;

"(4) prior Federal efforts to direct training, 3 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-10 fied; and

"(5) funding provided to other Federal agencies
may also produce significant employment and contracting opportunities for the communities where the
funds are expended;

"(b) POLICY.—It is the policy of the Congress and 15 the purpose of this section to ensure that training, employ-16 17 ment, and contracting opportunities generated by Federal 18 financial assistance administered by the Secretary of Housing and Urban Development and other Federal agen-19 cies, when feasible, shall be directed to low- and very low-20 21 income persons, particularly those who are recipients of 22 government assistance for housing.

23 "(c) ADMINISTRATION.—There is established, in the
24 Department of Housing and Urban Development, an Of25 fice of Economic Opportunities, for carrying out this sec-

tion. The Office of Economic Opportunities shall assume
 any functions and responsibilities relating to carrying out
 this section that, as of the date of enactment of the Af fordable Communities Employment Act of 2011, reside in
 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 15 16 performs work connected to the expenditure of funds 17 administered by the Department provides on-the-job 18 training to any employee, new hire, or business in 19 relation to the project or projects funded by the De-20 partment, priority for such training should be given 21 to persons and qualified businesses who are eligible 22 for priority under paragraphs (1) and (2), respec-23 tively of subsection (g).

24 "(3) APPROVED TRAINING PROGRAMS.—All
25 training provided pursuant to this subsection shall

1 be provided through a program approved by the 2 Federal Government, by a State or local govern-3 ment, or by an endorsed trade association, as such 4 term is defined by the Secretary. Training in relation to the expenditure of funds received by the De-5 6 partment may also refer to secondary, vocational, or higher education programs, as such terms are de-7 8 fined by the Secretary of Education. Recipients and 9 contractors shall be encouraged by the Secretary to 10 provide training by providing performance incentives 11 through the Department's evaluation process.

12 "(4) Performance incentives.—To encour-13 age establishment of exemplary training programs 14 for training provided pursuant to this subsection, 15 the Secretary shall establish and award performance 16 incentives, including through the Department's eval-17 uation process, to recipients and contractors estab-18 lishing such exemplary training programs, including 19 programs providing training that promotes career 20 advancement for persons that receive priority under 21 subsection (g).

22 "(e) Employment.—

23 "(1) IN GENERAL.—The Secretary shall require
24 that recipients of funds administered by the Depart25 ment, and their contractors and subcontractors, con-

sistent with existing Federal, State, and local laws 1 2 and regulations, give priority to low- and very low-3 income persons for training and employment oppor-4 tunities generated by such funds. To the extent that 5 a recipient or contractor of funds awarded by the 6 Department intends to enter into a project labor 7 agreement, the project labor agreement shall include 8 a strategy to comply with the requirements of this section. 9 "(2) REQUIREMENT TO EMPLOY LOW- AND 10 11 VERY LOW-INCOME PERSONS.-"(A) CONDITION OF ASSISTANCE.—It shall 12 13 be a condition of any assistance provided by the 14 Secretary to recipients and their contractors 15 and subcontractors, except in the case of rental 16 subsidies provided in accordance with section 17 8(o) of the United States Housing Act of 1937 18 (42 U.S.C. 1437f(o)) (but not excepting fund-19 ing provided in accordance with paragraph (13) 20 of such section 8(0)) or other funding streams 21 as determined by the Secretary, for work to be 22 performed in connection with such funds, 23 that— 24

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24 "(i) for recipients, a minimum of 3025 percent of new hires in connection with

•HR 3254 IH

1 such funds shall be low- and very low-in-2 come persons who qualify for a priority 3 under subsection (g)(1); and "(ii) for contractors, 20 percent of all 4 hours worked shall be performed by low-5 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,  $\mathbf{or}$ 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 sub23 paragraph (A), any recipient, contractor, or
24 subcontractor awarded such a contract shall—

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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

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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-
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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—

"(A) have a demonstrated history of employing low- and very low-income persons for
periods of 12 months or longer in connection
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.

8 This paragraph may not be construed to preempt, 9 alter, or otherwise affect any other provision of law 10 establishing requirements for, or conditions prece-11 dent to, award of funds administered by the Depart-12 ment.

13 "(f) CONTRACTING.—

14 "(1) IN GENERAL.—The Secretary shall require 15 that recipients of funds administered by the Depart-16 ment and their contractors and subcontractors, con-17 sistent with existing Federal, State, and local laws 18 and regulations, award contracts for work to be per-19 formed in connection with such funds to businesses 20 that provide or retain economic opportunities for 21 low- and very low-income persons. To the extent that 22 a recipient or contractor of funds awarded by the 23 Department intends to enter into a project labor 24 agreement, the project labor agreement shall include a strategy to comply with the requirements of this
 section.

3 "(2) REQUIREMENT TO CONTRACT WITH QUALI4 FIED BUSINESSES.—

"(A) CONDITION OF ASSISTANCE.—It shall 5 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.

"(B) COMPLIANCE.—As a condition of any 16 17 contract awarded for the work described in sub-18 paragraph (A), any recipient, contractor, or 19 subcontractor awarded such a contract shall— "(i)(I) immediately before beginning 20 21 work under such contract, clearly dem-22 onstrate to its awarding agency how com-23 pliance with the contracting requirements of this section will be achieved; and 24

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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-
25	low income persons who reside in the service

2 politan county, where the assistance is being expended. 3 "(B) Second, to qualified businesses that 4 provide significant training and job opportuni-5 6 ties to low- and very low-income persons who 7 reside in the service area, and the metropolitan 8 area or nonmetropolitan county, where the as-9 sistance is being expended. 10 "(C) Third, to qualified businesses or to 11 disadvantaged businesses, as defined by the 12 Secretary by regulation, that are located in dis-13 tressed communities that provide economic op-14 portunities to low-income residents of the met-15 ropolitan area or nonmetropolitan county where 16 the assistance is being expended. 17 "(D) Fourth, to small and disadvantaged 18 qualified businesses as defined by the Small 19 **Business** Administration. "(E) Fifth, to other qualified businesses, 20 21 as determined by the Secretary by regulation,

that are located in the metropolitan area or
non-metropolitan county where the assistance is
being expended.

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area, and the metropolitan area or nonmetro-

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 and the penalties associated with noncompliance. The De-6 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 persons, especially those entitled to the highest priorities 11 12 under this section in accordance with paragraph (1) of this 13 subsection, elected bodies representing low- and very lowincome persons who live in developments where the assist-14 15 ance is being expended, and community-based organizations that work with the targeted individuals and qualified 16 businesses. Recipients shall be required to include infor-17 mation regarding their compliance with this section in 18 their 5-year plans, annual plans, or any alternative plans 19 20that 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-

ents, contractors, and subcontractors, and to facilitate co ordination of activities with different stakeholders, each
 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—

"(A) provide for and encourage citizen participation, with particular emphasis on participation by low- and very low-income persons who
are residents of the developments, service areas,
or neighborhoods where funds are proposed to
be used; and

"(B) identify how the needs of limited
English proficiency low- and very low-income
persons will be met in the case of public hearings where a significant number of such persons
can be reasonably expected to participate; and
"(3) provide citizens or, as appropriate, units of
general local government or other interested parties

1 with reasonable access to records regarding its past 2 compliance, and that of its contractors and sub-3 contractors, with the program under this section. 4 Recipients shall ensure that outreach efforts under 5 this subsection are coordinated with available resi-6 dent participation programs in the service area. The 7 Secretary shall publish and make widely available 8 compliance reports for all recipients for at least the 9 last 5 years. 10 "(j) REPORTS.— 11 "(1) Agency reports to secretary.— 12 "(A) REQUIREMENT.—All recipients shall 13 report annually to the Secretary on their em-14 ployment and contracting requirements and on 15 their contractors and subcontractors perform-16 ance. Recipients shall ensure that their contrac-17 tors and subcontractors provide them with the 18 necessary information to furnish such reports. 19 "(B) INFORMATION REGARDING FAILURE 20 TO MEET EMPLOYMENT AND CONTRACTING RE-21 QUIREMENT.—For any period in which the re-22 cipient, or their contractor or subcontractor, did 23 not meet their employment or contracting re-24 quirement as provided for in subsection (e) or 25 (f), respectively, the report shall describe ac-

1	tions that were taken to meet the requirement,
2	including actions taken or that will be taken in
3	future funding opportunities to address the de-
4	ficiencies in the actions that resulted in failure
5	to meet employment and contracting require-
6	ments.
7	"(C) PUBLIC AVAILABILITY.—Each report
8	pursuant to this paragraph shall be made avail-
9	able, in its entirety, to the general public not
10	later than 15 business days after the end of the
11	period covered by the report.
12	"(2) ANNUAL REPORTS TO CONGRESS.—
13	"(A) REQUIREMENT.—The Secretary shall
14	report annually to the Congress a summary of
15	information derived from the periodic reports
16	required under paragraph (1) and shall provide
17	information on the total amount of Federal
18	funds that are subject to this section, by pro-
19	gram area and jurisdiction, and the outcomes
20	produced, including specific information on the
21	amount of training, jobs, and contracting op-
22	portunities generated by such funds.
23	"(B) Assessment of noncompliance.—
24	Each report shall include an assessment of any
25	noncompliance of any recipients with the re-

1 quirements of this section, by State, and spe-2 cific recommendations regarding actions to reduce and eliminate such noncompliance. 3 "(C) REVIEW OF EFFECTIVENESS.—Each 4 report shall include a review of the effectiveness 5 6 of the program in providing jobs for low- and 7 very low-income persons, meeting unmet train-8 ing and job readiness needs in the community, 9 enabling low- and very low-income persons to 10 hold a steady job, providing contracting oppor-11 tunities for businesses that qualify for priority 12 under subsection (g)(2), and any recommenda-

12 and subsection (g)(2), and any recommendation
13 tions the Secretary determines appropriate re14 garding the program under this section.

15 "(3) GAO REPORT.—Not later than the expira-16 tion of the two-year period beginning on the date of 17 the enactment of the Affordable Communities Em-18 ployment Act of 2011, the Comptroller General of 19 the United States shall submit a report to the Con-20 gress on the implementation of this section, that 21 specifically describes the extent of compliance with 22 this section, amount of funds awarded that were cov-23 ered by this section, and outcomes, and that makes 24 recommendations to improve the section's effectiveness and a recommendation for when there should
 be a follow-up report.

3 "(k) NONCOMPLIANCE.—

4 "(1) INVESTIGATION AND ENFORCEMENT.—In 5 carrying out this section, the Secretary shall develop 6 and implement procedures to review complaints al-7 leging noncompliance by any recipient or contractor 8 with the requirements of this section, and to take 9 such actions as provided in this subsection as the 10 Secretary determines appropriate to ensure compli-11 ance and prevent future noncompliance.

12 "(2) SANCTIONS.—Recipient agencies and their 13 contractors and subcontractors that do not comply 14 with this section or the requirements established 15 under the program under this section shall be sanc-16 tioned by the Secretary, and such sanctions shall in-17 clude reduction of future funds from the Depart-18 ment, including any discretionary funds available 19 under the HOPE VI program under section 24 of 20 the United States Housing Act of 1937 (42 U.S.C. 21 1437v), debarment, suspension, limited denial of 22 participation in programs of the Department, or 23 such other sanctions as determined by the Secretary 24 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 no tice or knowledge that the contractor has violated
 this section or the requirements of the program
 under this section.

7 "(4) RELIEF AND RIGHT OF ACTION.—If an in-8 vestigation by the Department results in conclusive 9 findings of noncompliance, the Department may re-10 quire the recipient or contractor to grant relief, such 11 as compensation of costs or damages incurred or 12 suffered, to the aggrieved party, as determined by 13 the Secretary. The aggrieved party also shall have 14 the right to bring a civil action against the recipient 15 or contractor found to be in noncompliance by the 16 Department to recover costs or damages incurred or 17 suffered.

18 "(5) EFFECT ON OTHER RIGHTS AND REM-19 EDIES.—This subsection shall not be construed to 20 interfere with judicial review regarding compliance 21 with this section pursuant to chapter 7 of title 5, 22 United States Code, or an action regarding such 23 compliance under section 1979 of the Revised Stat-24 utes of the United States (42 U.S.C. 1983), or any 25 other rights or remedies of an aggrieved party and

1 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 "(1) 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-10 ance from the Department of Housing and Urban 11 Development. 12 "(2) DEPARTMENT.—The term 'Department' 13 means the Department of Housing and Urban De-14 velopment. 15 "(3) Low- and very low-income persons.— 16 The terms 'low-income persons' and 'very low-income 17 persons' have the same meanings given the terms 18 'low-income families' and 'very low-income families', 19 respectively, in section 3(b)(2) of the United States 20 Housing Act of 1937, or such other definitions as 21 the Secretary may determine appropriate to facili-22 tate the employment of a low- and very low-income 23 persons in a designated area or areas, on a tem-24 porary or permanent basis, based on a family's re-25 ceipt, in such area or areas of Federal, State, or

1 local government housing, income, food, or other 2 subsidies, and on such other criteria as the Sec-3 retary may establish through regulation. Notwith-4 standing any provision of this paragraph, any person 5 who qualifies for a priority under subsection (g)(1), 6 and who was very low income shall, for purposes of this section, continue to qualify, as initially verified, 7 8 for a period of 5 years, irrespective of any increase 9 in the person's income or other change in that per-10 son's priority status during such period. 11 "(4) QUALIFIED BUSINESS.—The term 'quali-12 fied business' means a entity that meets such cri-

teria as the Secretary may establish, which may in-clude a national certification process.

15 "(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.

22 "(6) SECRETARY.—The term 'Secretary'
23 means, except as specifically provided otherwise, the
24 Secretary of Housing and Urban Development.

"(m) COORDINATION WITH OTHER FEDERAL AGEN CIES.—

3 "(1) COLLABORATIVE AGREEMENTS.—Within 4 180 days after the enactment of the Affordable 5 Communities Employment Act of 2011, the Sec-6 retary shall enter into formal collaborative agree-7 ments regarding training, employment, contracting, 8 or other areas as determined by the Secretary for 9 low- and very low-income persons and qualified busi-10 nesses with the Secretary of Labor, the Secretary of 11 Health and Human Services, the Secretary of Com-12 merce, the Administrator of the Small Business Ad-13 ministration, the Secretary of Transportation, the 14 Secretary of Education, and the heads of such other 15 Federal agencies as the Secretary determines nec-16 essary to carry out this section and to promote and 17 maximize access to existing resources and programs. 18 "(2) REPORT.—Within 12 months after the en-19 actment of the Affordable Communities Employment 20 Act of 2011, the Secretary shall submit a report to 21 the Congress on changes needed in the programs ad-22 ministered by other agencies that interact with the

program under this section to facilitate the effective
implementation and outcomes of the program under
this section.".

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