

Counting Construction Jobs

November 8, 1988

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-7000

OFFICE OF THE ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT

MEMORANDUM FOR: Raymond A. Harris, Regional Administrator-
Regional Housing Commissioner, 4S

ATTENTION: Charles N. Straub, Regional Director
Office of Community Planning and Development, 4C

FROM: Jack R. Stokvis, Assistant Secretary for Community Planning and Development,

**SUBJECT: Counting Construction Jobs
Dade County, Florida**

This memorandum is in response to your May 19, 1988, memorandum asking for a policy determination on Metro-Dade County, Florida's request for an opinion on whether construction jobs created or retained through a working capital loan guarantee and technical assistance activity which provides assistance directly to small construction contractors could qualify in meeting the CDBG national objectives of benefit low and moderate income persons.

Mr. Ernest Martin, Director of the Office of Community and Economic Development for Dade County, in making the request, argued that the nature of the construction industry and the small size of the companies receiving assistance create "cycles of temporary employment for persons of low- and moderate-income for whom temporary construction jobs are their principal occupation." Mr. Martin further argued that the "principal occupation" criteria for seasonal employment covered in question 18 of the June 2, 1987, memorandum by Jack Stokvis entitled Questions and Answers on Economic Development Activities in the CDBG Entitlement Program was applicable rather than the "temporary job" criteria in question 16.

Of special concern to us for special economic development activities is that the assistance provided to the business be directly linked to the creation of permanent jobs (seasonal or otherwise) for persons of low and moderate income. Question 16, which equates construction jobs with temporary jobs, applies in a case such as a community using CDBG funds to construct a new farmer's market. The temporary jobs of the persons building the market may not be counted toward the national objective of benefit to low and moderate income persons. In this example the principal purpose of the assistance is to construct the market, not to increase the capacity of the construction firm.

Under question 18, the seasonal jobs of the low and moderate income workers who will be employed ten months of the year, every year, operating the farmer's market could be counted as permanent jobs. Similarly, in a case in which the construction firm is being assisted and the assisted activity is one that could reasonably be expected to increase the number of persons employed by the construction firm, not just for one short-term project, but on a long-term basis, then the construction jobs created may be considered permanent jobs rather than temporary.

For construction jobs to be counted as permanent jobs for the purposes of meeting the national objective, the business and the grantee or subrecipient must have a reasonable expectation of the continuity of employment for the low and moderate income persons employed. The assisted business must agree, in writing, not only to hire a sufficient number of low and moderate income persons for the jobs created, but also to employ the same low and moderate income persons after each period of unemployment between contracts, assuming that those persons have not accepted other employment and desire to return. This stipulation must apply for a duration of at least one construction season, from the beginning of one season through the beginning of the next, but may extend over one or more years, at the grantee's discretion. When a particular low and moderate income person is unavailable to be rehired, due to death, disability, employment elsewhere, refusal to return, or in cases in which the business refuses to rehire for good cause, the same job may be offered to another low and moderate income person under the same expectation of employment continuity, and the job may still be counted as a permanent job.

Please provide this guidance to Mr. Martin and let us know of any further questions you, your staff, or Mr. Martin may have on this subject.