Making Development Work for Local Residents

Local Hire Programs and Implementation Strategies that Serve Low-Income Communities

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The Partnership for Working Families

Executive Summary
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THE PARTNERSHIP for Working Families

Below, left: Boston youth register for apprenticeships as part of Our Schools, Our Futures
Below, right: Community residents rally for good jobs and local hiring at Denver's Cherokee-Gates redevelopment.
Cover: East Palo Alto's Local Hire Ordinance helps local residents get construction work on redevelopment projects.

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Local hire programs can help residents of low-income neighborhoods get access to jobs created by redevelopment. Permanent jobs employers include retail outlets, service providers, and hotels, like the one that employees these workers.

EXECUTIVE SUMMARY

Over the past decade, the community benefits movement has emerged as a powerful mechanism for challenging the political and economic realities that undermine urban communities. Community benefits campaigns strive to build new political relationships among unlikely allies, uniting labor, community, environmental and faith-based groups behind broad-based agendas focused on economic development that prioritizes high-quality jobs, creates new career paths for low-income workers, marshals resources for environmental cleanup and sustainability, and avails residents of access to more affordable housing options.

In many cities where community benefits coalitions work, research has shown that, too often, new development fails to generate high quality jobs and career paths for residents of the poorest parts of the city. Local hire requirements are a critical component of the community benefits agenda because they create concrete mechanisms for ensuring that investment of public funds in economic development will direct resources into low-income neighborhoods. The point is not only to hire local residents, but to use local hire requirements to target opportunities to low-income residents and people of color who might otherwise not benefit from new development. Local hiring programs are on the strongest legal footing, and are likely to produce the most meaningful outcomes, when they are rooted in efforts to reduce poverty rather than merely to hire city residents.

Community benefits coalitions tend to stress the importance of bundling local hire requirements with job quality standards, affording low-income residents easier access to higher quality jobs that offer better wages and benefits packages than might historically have been available to them.

Community benefits coalitions have developed significant expertise in the organizing, research and policy analysis needed to negotiate strong agreements, but thus far they have advocated for local hire programs with little concrete data on whether or how they operate effectively. This report reviews nine efforts to develop and implement local hire programs, and provides an overview of what makes these programs work. The nature of the cases varies considerably, and they include programs with years of implementation experience as well as brand new programs; programs that cover hundreds of jobs and programs that cover dozens of jobs; and programs created through community benefits agreements (CBAs), ordinances, and project labor agreements (PLAs), as well as other innovative policy vehicles.

Local residents, like this young women, got jobs at the new Four Seasons Hotel through East Palo Alto's first source hiring program.

The research concludes that these local hire programs have developed effective mechanisms for helping low-income local residents find jobs at new development sites and have created job opportunities with existing employers that had previously been unavailable to many low-income workers. The best local hire programs create *first source referral systems* to coordinate worker recruitment and screening, liaise with developers and employers, refer workers and support them as they navigate the hiring process, and link workers with support services that can help them stay on the job. Strong policy language sets the stage for success by clearly articulating the responsibilities of all stakeholders: developers, employers, contractors and the first source referral system. Implementing a good program requires staffing both to create and maintain the first source referral system – which is effectively a service-provision role – and to monitor outcomes and maintain the political will required to address challenges that can arise.

Effective first source programs must be tailored to the realities of the industry sectors in which they aim to develop employment opportunities. Policy architects and implementation teams have tended to address the hiring challenges for construction jobs separately from the hiring challenges that pertain to the jobs offered by businesses that rent space in new developments: the service and retail sector jobs that are commonly referred to as end-user or permanent jobs. Differences in how these industries interact with the development process, and how they approach hiring and retention, abound. For example, whereas construction workers in any given trade might be on site for only a few weeks or months, retail establishments and service vendors, once opened, may maintain employees indefinitely. Further, whereas construction workers have to navigate a complicated hiring process that often includes establishing union membership before getting hired on by a contractor, the hiring process for permanent jobs is much more direct. Among the key findings in this report is the importance of addressing the policy language and implementation needs of permanent and construction jobs separately.

Regardless of the types of jobs they cover, local hire programs can bring concrete benefits to the table, making development projects better. Though many stakeholders, developers and employers included, initially resist local hire requirements, local hire programs ultimately help address the fragmentation inherent in the development process, establishing better communication among developers, employers, community organizations, local job training resources, and the workforce development system that can provide job readiness and job retention support services. Not only does this improved communication facilitate ease of hiring when new developments open, but the implementation teams that must be developed to make local hire programs function can also help address other development obstacles that arise. The costs and risks to developers of participating in local hire programs are minimal, while the pay-offs can be tremendous.

The Programs

Findings in this report are based on case studies of nine local hire programs that vary enormously according to scope of the development they affect, the types of jobs covered and progress toward implementation. The programs were all established through the efforts of organizations in the Partnership for Working Families network. Taken together, they demonstrate the range of policy approaches being tested and implemented through the community benefits movement. These programs are summarized briefly below.

- Los Angeles' **Hollywood and Highland** development required construction and permanent local hire programs; these requirements were incorporated into development agreements signed in 1999 and were implemented in 2000 and 2001.
- A community-labor coalition won local hire requirements as part of its community benefits campaign for the **North Hollywood Commons Mixed-Use development (NoHo)**. The CBA, signed in 2001, required local hire only for permanent jobs. The first round of hiring began in spring 2007.
- The CBA won in 2001 for **The L.A. Sports and Entertainment District (Staples)** required local hire for the permanent jobs associated with a district-wide development plan, including several hotels, food service and retail outlets. Implementation began in summer 2007.
- The CBA won in 2004 required local hiring as part of the **Los Angeles Airport modernization (LAX)**. The agreement covers a wide array of jobs at the airport, including approximately 300 retail and food service vendors, airline employees, service contractors, baggage handlers and other jobs on the tarmac. Local hire requirements are incorporated into all new lease and contract agreements, and will be applied to renewals as existing agreements expire. Implementation began late in 2006 and is ongoing.
- **The City of East Palo Alto** first established local hiring requirements for a major development project in 1996. Subsequently, those requirements were codified in a city ordinance passed in 2000 that covers all redevelopment that receives more than $50,000 in city subsidy. The ordinance applies both to construction and permanent jobs. Implementation began immediately upon passage and is ongoing.
- The project labor agreement for Oakland's ports modernization **(MAPLA)** requires local hire for all construction work associated with a $1.2 billion modernization program. The Port of Oakland, the general contractor, and signatory unions of the Building Trades Council signed the agreement in 2000 and implementation has been ongoing since then.
- Significant community-labor efforts led the Boston Public Schools to implement **Our Schools, Our Future**, a program that established a local hire pipeline for construction industry work related to summer school painting. The program has been implemented over two summers, 2006 and 2007.

- Community benefits won for Denver's **Cherokee-Gates Redevelopment** in 2006 include enhanced implementation of the city's existing local hire program for both permanent and construction jobs. Developers have yet to break ground for the project, so implementation has not formally begun, though stakeholders are in the process of establishing the infrastructure and relationships needed to implement the program.
- The CBA for **Ballpark Village**, in San Diego, requires local hire for permanent and construction jobs. The agreement was signed in 2005, but changes in the nature of the project have delayed groundbreaking. The current project design includes residential, retail and entertainment venues, and a major hotel. Stakeholders are now preparing the infrastructure in anticipation of groundbreaking sometime in the coming year.

The programs vary according to the types of jobs they cover, the size and scope of the development to which they are attached, and the length of the implementation period. This set of programs also showcases local hire requirements that are built into a wide variety of policy vehicles, including community benefits agreements, project labor agreements, public contracting processes, and the like.

Of the programs included in this report, four cover both the construction phase and the permanent jobs: Hollywood & Highland, East Palo Alto, Cherokee-Gates and Ballpark Village. Three cover only permanent jobs (NoHo, Staples and LAX) and two cover only construction jobs (MAPLA and BPS). Analysis of projects that include both will treat the construction and permanent jobs phases separately, because the issues surrounding implementation differ enormously.

Summary of Findings

A. Local Hire for Permanent Jobs

- **Local hire programs can be developed effectively to provide large-scale opportunities for employment.** The programs reviewed for this report consistently met or exceeded the percentage goals established in CBAs and other policy documents, serving workers and employers in a wide range of possible settings. Even preliminary outcomes already achieved are impressive, but some of the programs have further potential to implicate huge numbers of jobs.
- **Permanent jobs programs function most effectively by setting up a first source referral system, which is essentially a designated clearinghouse that provides job applicants to employers when they are ready to hire.** Employers commit to giving job applicants from this clearinghouse advance notice of the jobs, and refrain from hiring outside the system for the first few days or weeks of the hiring period.
- **Developers and employers initially participate in first source referral systems because they have to, but they quickly realize the systems provide them with a valuable amenity.** First source referral systems streamline recruitment and hiring processes and minimize some of the challenges posed by turnover.

The local hiring component of the Maritime and Aviation Project Labor Agreement helped hundreds of local residents get into construction industry jobs at the Port of Oakland.

- **In order to get the most job opportunities for low-income residents, policy language must to require developers and all eventual employers to participate.** Policy language should require employers both to use the first source referral system and to make a good faith effort to hire the job seekers it refers.
- **Behind the scenes, first source referral systems require a strong implementation team, including community-based organizations, the workforce development system, and any existing job training providers.** The implementation team needs a designated coordinator to staff the effort.

B. Construction Local Hire

- **The hiring process for construction careers is more complicated than for permanent jobs, requiring more extensive knowledge of the industry and the relationships between unions, contractors and developers, and thus requiring different policy language and program structure than for permanent jobs.** Community organizations and construction trades organizations need to work together to develop effective programs. Sometimes this is best accomplished by creating programs that pertain to all trades work on a particular project. Other effective programs target particular trades and establish pre-apprentice and apprenticeship pipelines to provide new workers for those specific construction jobs.

- **Construction local hire outcomes can be achieved by increasing the number of journeymen who are local residents, by increasing apprenticeship opportunities on site for local residents, or both.** Hiring local journeyman onto designated construction projects is usually accomplished through *zip-coding* or *name-calling*. Essentially, this means unions identify members that are already working and who live in the targeted local hire area and make sure they are employed on the site. Case studies in this report suggest that it is important to try to increase local residents' access to both types of construction employment.
- **Getting more low income workers and workers of color into union apprenticeships requires increasing union contractors' access to work.** Without new job opportunities, unions will not open up apprenticeship slots and contractors will not hire any new workers.
- **Like with permanent jobs programs, the implementation team behind the scenes is critical to getting people into jobs.** Successful implementation teams include pre-apprenticeship programs, community-based organizations that can recruit job seekers, and workforce development centers that can provide job readiness and retention services.
- **Programs work best when they are structured to help unions and contractors that already buy in to the importance of hiring locally, while also creating incentives (including rewards and penalties) for those that have not yet bought in to the benefits.**

C. All Local Hire Programs

- **All local hire programs require strong staff commitment.** Good staff can make or break the project. Staffing activities include coordinating the roles of the implementation team, monitoring outcomes and problem solving in real time as obstacles arise.
- **All local hire programs benefit from funding, not only to support staff coordination, but also to provide for job readiness services, orientation, and training.**
- **Monitor, monitor, monitor!** If the program is not being monitored, it will not work. Policy language must require regular reports. Public entities must be diligent about collecting reports. Staff and community benefits coalitions must assess reports to determine follow-up activities. All programs require periodic adjustment to address new needs and unforeseen circumstances. Making the right adjustments starts with good monitoring.

Jobs and Hiring Outcomes

The right approach to implementation can win significant new job opportunities for low-income residents. The community benefits movement is still in its youth, and few negotiated agreements have been in place long enough to establish a significant body of outcomes to consider. Development projects can take years to get off the ground even after formal negotiations have concluded; many agreements negotiated at the outset of this movement, in the late 1990s and early 2000s, are only now reaching implementation. The cases analyzed in this report include two that have a significant body of implementation experience: East Palo Alto's ordinance, passed in 2000 but with roots that go back to 1996, has been in place for eight years, and the Port of Oakland MAPLA, signed in 2000, has also covered almost eight years of work. Two of the programs reviewed – Gates Cherokee and Ballpark Village – have not yet reached the hiring stage. Analysis of these programs is limited to identifying crucial activities that must be undertaken between the time the agreement is signed and the point at which employment begins. Implementation periods for the other five programs range between 6 months and 3 years.

Even the preliminary outcomes already achieved are impressive, but some of the programs have further potential to implicate huge numbers of jobs. A first source referral system that has only completed its first round of major hire-ups may have placed a handful of workers, but over the course of a decade or more, the maturity of the system and the cumulative number of placements may have a significant effect on employment opportunities for local residents.

Tables 1 and 2 show hiring outcomes to date, alongside program characteristics that place these outcomes in proper context.[1]

The local hire programs for permanent jobs have created hundreds of new job opportunities for low-income local residents. The programs reviewed for this report consistently met or exceeded the percentage goals established in CBAs and other policy documents, serving workers and employers in a wide range of possible settings. It is important to note that two of the projects pertained to single developments – Hollywood and Highland and NoHo Commons. The rest of the programs reviewed attached local hire requirements to permanent jobs associated with multiple constructions sites and dozens of employers. The success of these programs suggests the applicability of permanent jobs local hire requirements across a broad range of sites and settings, and provides a glimpse of the massive scale of the new job opportunities that could be leveraged by such efforts.

[1] All non-confidential documents – including the text of local hire policy language and outcomes reports — are posted on the Partnership for Working Families website, www.communitybenefits.org. Some of the documentation of outcomes was provided personally to the author and is not available publicly. Contact the author at kmh@communitybenefits.org with questions.

TABLE 1 | **Local Hire for Permanent Jobs, Programs and Outcomes**

Program	Development	Implementation Period	Outcomes to Date		Anticipated expansion over time	Notes
Hollywood and Highland *Development Grant Agreement*	260,000 sq. ft. Kodak Theater	2000 - 2001	234.8 jobs filled by local residents; 36% of jobs created in the development		None; program has ended	Policy language did not specify process, only outcomes requirements
East Palo Alto *Local Hire Ordinance*	All redevelopment projects in the City that receive $50,000 or more in subsidy	2000 to present	Q1 2007	381 positions; 43% of retail/service jobs in subsidized developments	Moderate	Currently ordinance covers 12 retail and service establishments including a total of 888 jobs; this number has been relatively stable over the last 3 years, but new redevelopment projects are on the horizon
			Q1 2006	368 positions; 41% of retail/service jobs in subsidized developments		
			Q1 – 2 2005	322 positions; 40% of retail/service jobs in subsidized developments		
North Hollywood Commons *Community Benefits Agreement*	60,000 sq. ft. retail & mixed-use development, including food service, retail and a bank branch	January 2007 to present	42 entry-level jobs and 3 upper-level jobs at Hows Market		Minimal	Policy language does not *require* participation by all permanent jobs employers; so far only one employer has utilized the system
LA Live *Community Benefits Agreement*	4 million sq. ft. retail and entertainment district adjacent to the Staples Center; will include Nokia Theater & Nokia Plaza as well as 2 hotels	September 2007 to present	338 workers placed Sept through Dec 2007		Tremendous growth potential	Only fraction of anticipated development has been completed. On the horizon: 6000 hotel jobs, hundreds of jobs at smaller food, entertainment and retail outlets
LAX *Community Benefits Agreement*	Over 300 vendors and contractors at LAX airport, including service, food & retail workers, baggage handlers; covers all non-construction jobs not covered by collective bargaining agreements	October 2006 to present	Estimated 125 positions filled with local residents to date		Tremendous growth potential	Currently working with 50 employers. Anticipate all 300 coming online over next few years. Program language requires all hiring to first go through first source referral for entry-level and management positions

Construction local hire outcomes are also impressive, especially in cases where the programs were established and negotiated with direct buy-in from building trades unions. In East Palo Alto, the outcomes reflect challenges that the program continues to face, including the unwillingness of trades unions to take ownership over the program's success. In the Oakland and Boston cases, however, where trades unions were directly involved in negotiations over the programs and where they have continued to support their implementation, the outcomes are much better.

Construction outcomes can be achieved through two different sets of requirements and practices. On the one hand, simply requiring a percentage of the workforce on any given construction project to reside in targeted neighborhoods is likely to result in journey-level workers who are already established in construction careers to get work on that project. There are clear benefits to this practice. Those workers may be out of work. Ensuring that they receive opportunities to use their skills and get hired onto a particular project not only gives them and their households income they might otherwise lack, but it can also leverage other benefits: relationships with new contractors who might hire them in the future, and access to additional work hours credits that can improve their standing in the field, among others. Simple percentage requirements, however, are unlikely to do much to create opportunities for new job seekers to get access to construction trades careers. In order to increase the likelihood that unemployed residents of low-income neighborhoods get into good jobs in the trades, construction local hire programs have to require utilization of apprentices on site and ensure that some or all of those apprentices will be residents of low-income neighborhoods.

Table 2 presents program characteristics and outcomes for the construction local hire programs reviewed in this report. Programs tended to be more successful at meeting journey-level workers requirements than new apprenticeship requirements. Nonetheless, these programs were successful in developing new job opportunities, through apprenticeships, for low-income local residents. The scope of the projects varies from a few dozen apprenticeships in Boston to hundreds of new job opportunities at the Port of Oakland modernization. Both approaches are probably needed and in both cases, program advocates developed structures and systems appropriate to the scope and scale of the projects.

TABLE 2 | **Construction Local Hire Programs and Outcomes**

Program	Development	Implementation Period	Jobs Outcomes	Expansion over time	Notes
Hollywood and Highland *Development Agreement*	Construction of Kodak Theater	2000-2001	19% worker hours completed by local residents; primarily achieved through zip-coding	None (construction complete)	Largely achieved through zip-coding
Port of Oakland *Project Labor Agreement*	$1.2 billion planned modernization of Port of Oakland	July 2001 to present	Through September 2007: • Total of 3,144,954 hours worked; • 31% worked by local residents; • 12.8% completed by apprentices; • 6.2% completed by *local resident* apprentices;	Minimal (construction winding down; agreement set to expire in December 2008)	Broad definition of local impact area, but all accounts suggest made profound progress in getting low-income local residents into construction jobs
East Palo Alto *Local Hire Ordinance*	All redevelopment projects that receive $50,000 or more in subsidy	2000 to present	Q1 2007: 84 jobs; 23% of construction hires Q1 – 2 2006: 24 jobs; 6.5% of construction hires Q1 – 2 2005: 40 jobs; 5% of construction hires	Moderate	Little to no buy-in from construction trades; lacks mechanism to get apprentices into the trades
Our Schools, Our Future *Boston Public Schools Summer school repainting program*	Summer school repainting overseen by Boston Public Schools; approx. $2.5 million in work annually	Summer 2006 and 2007	Outcomes available from Summer 2006: • 44 total new apprentices recruited into Painter's apprenticeship program • 13 local resident/low-income apprentices worked on these projects • 30 total apprentices worked on these projects • 51 Boston residents worked on summer repainting 2006	Minimal	Intention is to institutionalize program in the workforce development system; scope of annual work expected to remain stable for the foreseeable future

Conclusions

Generating real local hire outcomes requires real investment of effort, yet the case studies in this report show that with good policy language, a strong implementation team, and a committed, diligent staff coordinator, local hire programs can succeed in creating significant new job opportunities for low-income local residents.

Documenting the extent of unemployment and joblessness in urban areas, and the negative effects of the cycles of violence and poverty that undermine urban communities, is beyond the scope of this report. But its essential reality is at the heart of community benefits work, and inspires these coalitions to seek innovative methods for redirecting resources outside of the protected urban enclaves that continue to benefit from the back-to-the-city movement and expanded use of TIFs and other development subsidies.

Advocates of incorporating local hire requirements into development often meet with skepticism and unwillingness, not only on the parts of developers, but also from the elected officials who represent low-income urban communities. Some of that unwillingness stems from lack of concrete documentation that these programs can work: that they can operate effectively without scaring developers off nor unnecessarily complicating the development process, and that the low-income workers they recruit can meet the challenges of the jobs. This report provides strong evidence that they do.

Threaded throughout this report is the need for public institutions to take a leading role. To maximize the benefits to their communities, public entities, including elected and appointed officials and redevelopment administrations, should:

- Establish local hire requirements in their jurisdictions, especially for large-scale projects with strong public investment;
- Support community benefits coalitions' efforts to strike private agreements with developers to participate in first source referral systems;
- Ensure timely and regular collection of reports, and make them available to the community;
- Ensure that programs staffed by public employees are seen as a high priority, and work to maintain the political will needed to see them succeed.

Many cities and local governments maintain local hire policies, but it is unclear how effectively they have been staffed. This report focuses on programs that are connected to the Partnership for Working Families network, prohibiting an exhaustive review of all of the issues related to local government policies. But extrapolations can and should be made from the success of the programs profiled here. On the face of it, there seem to be no real reasons why these programs cannot be made to work.

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