

113TH CONGRESS
1ST SESSION

H. R. 2437

To authorize the Secretary of Housing and Urban Development to establish a national program to create jobs and increase economic development by promoting cooperative development.

IN THE HOUSE OF REPRESENTATIVES

JUNE 19, 2013

Mr. FATTAH introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To authorize the Secretary of Housing and Urban Development to establish a national program to create jobs and increase economic development by promoting cooperative development.

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 “Creating Jobs Through
5 Cooperatives Act”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—The Congress finds the following:

1 (1) That Federal policy can promote coopera-
2 tive development, which demonstrably has the fol-
3 lowing benefits for communities located in such
4 areas:

5 (A) Advancing local economic stability.

6 (B) Increasing local circulation of capital,
7 thereby increasing economic multipliers and the
8 impact of community investment to spur locally
9 oriented economic growth.

10 (C) Developing, attracting, and anchoring
11 new productive capital in low-income commu-
12 nities.

13 (D) Expanding investment opportunities
14 and asset creation for low- and moderate-in-
15 come Americans.

16 (2) Cooperatives operate in all 50 States and
17 across all sectors of the United States economy, in-
18 cluding industries such as energy, telecommuni-
19 cations, food distribution, insurance, credit unions,
20 agriculture, health, housing, and wholesale and retail
21 purchasing and distribution.

22 (3) There are 29,000 cooperatives in the United
23 States that account for more than \$3 trillion in as-
24 sets, over \$500 billion in total revenue, \$25 billion
25 in wages and benefits, and nearly two million jobs.

1 (b) PURPOSE.—The purpose of this Act is to estab-
2 lish a Federal program that will create jobs and increase
3 economic development by promoting cooperative develop-
4 ment.

5 **SEC. 3. DEFINITIONS.**

6 In this Act:

7 (1) COOPERATIVE DEVELOPMENT.—The term
8 “cooperative development” means technical assist-
9 ance provided for the purpose of—

10 (A) providing financial forecasting, feasi-
11 bility analysis, business planning, and other
12 preparatory activity to ensure that a coopera-
13 tive organization, or organizations that are in
14 the process of establishing such an organiza-
15 tion, are grounded in sound business practices;

16 (B) assisting with establishing incorpora-
17 tion documents, bylaws, and policies that ensure
18 that cooperative organizations—

19 (i) adhere to legal obligations of a
20 local or State government or the Federal
21 Government; and

22 (ii) are governed by transparent and
23 agreed-upon rules;

24 (C) educating, with respect to how cooper-
25 ative organizations function—

1 (i) board members, management, and
2 employees of cooperative organizations;

3 (ii) local communities affected by such
4 organizations and the general public; and

5 (iii) professionals involved in coopera-
6 tive development;

7 (D) providing organizational planning for
8 cooperative organizations, including board meet-
9 ings and board development, and strategic plan-
10 ning;

11 (E) hosting networking activities and con-
12 ferences involving cooperative organizations, en-
13 tities that work with such organizations, and
14 professional organizations that engage in coop-
15 erative development;

16 (F) providing professional development of
17 professionals involved in cooperative develop-
18 ment by offering training focused on coopera-
19 tive development; and

20 (G) providing administrative and oper-
21 ational set-up of cooperative organizations.

22 (2) COOPERATIVE ORGANIZATION.—The term
23 “cooperative organization” means an autonomous
24 association of persons united voluntarily to meet
25 their common economic, social, and cultural needs

1 and aspirations through a jointly owned and demo-
2 cratically controlled enterprise.

3 (3) ELIGIBLE PROJECT AREA.—

4 (A) IN GENERAL.—The term “eligible
5 project area” means an area located within—

6 (i) a census tract that is defined as
7 low- or moderate-income by the Bureau of
8 the Census of the Department of Com-
9 merce;

10 (ii) a population census tract that is
11 treated as a low-income community under
12 section 45D(e) of the Internal Revenue
13 Code of 1986; or

14 (iii) subject to subparagraph (B), an
15 area that—

16 (I) is adjacent or close to an area
17 that meets the requirements of either
18 clause (i) or (ii); and

19 (II) is given special approval by
20 the Secretary to be classified as an el-
21 igible project area.

22 (B) LIMITATION.—The Secretary shall
23 limit the number of projects funded under this
24 Act that are located in an area described in
25 subparagraph (A)(iii).

1 (4) LOCAL COOPERATIVE DEVELOPMENT CEN-
2 TER.—The term “local cooperative development cen-
3 ter” means a nonprofit organization, college, or uni-
4 versity, or a group of such organizations, colleges, or
5 universities, with expertise in establishing and devel-
6 oping cooperative organizations.

7 (5) PROGRAM.—The term “program” means
8 the National Cooperative Development Program es-
9 tablished under section 4.

10 (6) SECRETARY.—The term “Secretary” means
11 the Secretary of Housing and Urban Development,
12 or the Secretary’s designee.

13 **SEC. 4. NATIONAL COOPERATIVE DEVELOPMENT PRO-**
14 **GRAM.**

15 (a) ESTABLISHMENT.—The Secretary of Housing
16 and Urban Development shall establish a program to be
17 known as the National Cooperative Development Program
18 to carry out the purpose described in section 2(b).

19 (b) ASSISTANCE FOR COOPERATIVE DEVELOP-
20 MENT.—

21 (1) USES.—The Secretary shall use amounts
22 made available for the program for—

23 (A) providing grants to local cooperative
24 development centers, to carry out activities that

1 promote cooperative development, that are se-
2 lected for such grants under paragraph (3)(B);

3 (B) partnering with one or more financial
4 institutions to—

5 (i) establish a revolving loan program
6 that will provide loans to cooperative orga-
7 nizations to undertake cooperative develop-
8 ment; and

9 (ii) develop other loan programs and
10 financial products that can be accessed by
11 cooperative organizations; and

12 (C) carrying out any other activities that
13 the Secretary deems necessary to the further-
14 ance of the purposes of this Act.

15 (2) ALLOCATION OF AMOUNTS.—The Secretary
16 shall allocate not less than 50 percent of the
17 amounts made available for the program for grants
18 under paragraph (1)(A) to local cooperative develop-
19 ment centers.

20 (3) GRANTS TO LOCAL COOPERATIVE DEVELOP-
21 MENT CENTERS.—

22 (A) GRANTS.—The Secretary may make
23 grants, pursuant to paragraph (1)(A)(i), to
24 local development centers selected under this
25 paragraph, and shall enter into grant agree-

1 ments with such centers selected and provide
2 grants in accordance with such agreements.
3 Each grant agreement for a local development
4 center shall provide for a grant for at least one
5 fiscal year and may provide for grants for a pe-
6 riod not to exceed 3 fiscal years.

7 (B) SELECTION.—The Secretary shall se-
8 lect, through a competitive process, local coop-
9 erative development centers to receive grants
10 pursuant to paragraph (1)(A)(i).

11 (C) CRITERIA FOR SELECTION.—In select-
12 ing local cooperative development centers to re-
13 ceive such grants, the Secretary shall take into
14 consideration the following:

15 (i) The technical capacity of the cen-
16 ter to carry out eligible projects.

17 (ii) The ability of the center to deliver
18 technical assistance.

19 (iii) The capacity and commitment of
20 the center to offering cooperative develop-
21 ment.

22 (iv) Whether the center can provide
23 matching funding of at least 15 percent of
24 grant amounts provided under the program
25 to the center.

1 (v) The record of the center in devel-
2 oping successful cooperative organizations.

3 (vi) The ability of the center to have
4 a positive economic impact on an area
5 through job creation or retention, afford-
6 able housing creation, or wealth creation.

7 (vii) Such other considerations as the
8 Secretary may consider appropriate.

9 (4) FAILURE TO MEET PERFORMANCE TAR-
10 GETS.—If the Secretary determines that an entity
11 awarded funds under the program has not met the
12 performance targets established pursuant to sub-
13 section (e), is not making reasonable progress to-
14 ward meeting such measures, or is otherwise in vio-
15 lation of a grant agreement entered into pursuant to
16 paragraph (3)(C) of this subsection, the Secretary
17 may—

18 (A) withhold financial assistance under
19 this Act until the performance measures are
20 met; or

21 (B) in the case of a grant made pursuant
22 to paragraph (1)(A), terminate the grant agree-
23 ment.

24 (c) OTHER ACTIVITIES.—Under the program, the
25 Secretary shall—

1 (1) develop and provide technical assistance,
2 educational, and other materials to assist local coop-
3 erative development centers that are receiving funds
4 under the program to develop cooperative organiza-
5 tions;

6 (2) monitor and evaluate the performance of
7 such local centers;

8 (3) provide guidance, information on best prac-
9 tices, and technical assistance to communities seek-
10 ing to establish cooperative organizations;

11 (4) establish the eligibility criteria for projects
12 to be carried out using assistance provided under
13 this Act; and

14 (5) develop program and reporting guidelines.

15 (d) **PERFORMANCE TARGETS.**—The Secretary shall
16 establish performance targets for the program, which shall
17 include, at a minimum, a requirement that a significant
18 percentage of projects funded under the program shall in-
19 volve cooperative organizations that are women- or minor-
20 ity-owned.

21 **SEC. 5. REPORTS.**

22 (a) **BY LOCAL COOPERATIVE DEVELOPMENT CEN-**
23 **TERS AND FINANCIAL INSTITUTIONS.**—For each grant
24 that a local cooperative development center or financial in-
25 stitution receives pursuant to section 4(b)(1)(A), the local

1 center or institution shall submit to the Secretary, not
2 later than the expiration of the 12-month period after ini-
3 tial receipt of such grant amounts, a report that in-
4 cludes—

5 (1) identification of the total amount of such
6 grant amounts that have been expended;

7 (2) a description of the activities undertaken by
8 such local center or institution with such grant
9 amounts; and

10 (3) other information as the Secretary may re-
11 quire.

12 (b) BY THE SECRETARY.—Not later than 3 years
13 after the date of the enactment of this Act, and annually
14 thereafter for each year assistance is provided under this
15 Act, the Secretary shall submit to the Congress a report
16 that includes—

17 (1) identification of the number of cooperative
18 organizations created using amounts made available
19 under this Act;

20 (2) best practices from the local cooperative de-
21 velopment centers that are awarded grants under
22 this Act and the economic benefits to the local com-
23 munities that such centers serve resulting from such
24 use of funds;

1 (3) an evaluation of compliance with the per-
2 formance targets established pursuant to section
3 4(d);

4 (4) case studies featuring select cooperative de-
5 velopment organizations that benefitted from the
6 program; and

7 (5) any additional information, including statis-
8 tics, that would help promote future cooperative de-
9 velopment.

10 **SEC. 6. REGULATIONS.**

11 Not later than 180 days after the date of the enact-
12 ment of this Act, the Secretary shall issue regulations nec-
13 essary to carry out this Act.

14 **SEC. 7. AUTHORIZATION OF APPROPRIATIONS.**

15 There are authorized to be appropriated to the Sec-
16 retary to carry out the National Cooperative Development
17 Program, to remain available until expended, \$25,000,000
18 for each of fiscal years 2013 through 2017.

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