

**SECTION 3  
IMPLEMENTATION PLAN  
AND  
ADMINISTRATIVE GUIDE**

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## I. EXECUTIVE SUMMARY

The Housing Authority of Kansas City (HAKC) is committed to helping the residents of its communities achieve their goals of self-sufficiency by providing opportunities for training and employment. HAKC provides employment opportunities on construction projects by encouraging its contractors to hire qualified residents of HAKC communities, connecting residents to job training and placement activities, and providing program coordination that facilitates economic opportunities to residents. HAKC also provides employment opportunities by hiring qualified residents of HAKC communities to fill available HAKC positions.

Section 3 of the Housing and Urban Development Act of 1968 as amended by the Housing and Community Development Act of 1992 requires that, to the greatest extent feasible, employment and other economic opportunities generated by HUD funds be directed to low- and very-low-income residents. 24 CFR Part 135 establishes the standards and procedures to be followed by Public Housing Authorities in order to ensure that the requirements of Section 3 are met.

In order to be considered by HUD to be in compliance with the provisions of 24 CFR Section 135, HAKC will take four concurrent courses of action. These actions are as follows:

1. HAKC will formalize recruiting and hiring policies and practices that allow at least 30% of the aggregate number of new hires each year at HAKC to be qualifying public housing residents.
2. HAKC will require that all contractors and subcontractors hire qualifying HAKC residents for at least 30% of the new positions created as a result of contracts with HAKC.
3. HAKC will require that at least 10% of the total dollar amount of contracts for construction, repair and rehabilitation be awarded to qualifying Section 3 business concerns and that at least 3% of the total dollar amount of all other HAKC contracts are awarded to qualifying Section 3 business concerns.
4. HAKC will implement programs that ensure that there is a ready pool of public housing residents trained, with adequate support services such as day care available, to fill the positions offered by the HAKC or its contractors or subcontractors. It will also ensure that residents of HAKC communities are aware of opportunities as they become available and that contractors know how to reach the ready pool of potential employees from HAKC communities.

### **HAKC Departmental Responsibilities**

Every HAKC department has a role and responsibilities in ensuring that these courses of action are successfully pursued. The Office of Procurement and Contracts has lead responsibility for this effort. Administrative Services, Resident Services and Construction Management also have key functions in implementing the Section 3 Plan at HAKC.

## **Administrative Services**

The Administrative Services department will:

1. Obtain from every department an annual projection of hiring requirements for the coming year based on expansion plans or turnover history and provide this list of projected needs to Resident Services.
2. Provide to the Office of Procurement and Contracts a monthly list of positions filled and indicate which of the new hires are residents of HAKC communities.

## **Office of Procurement and Contracts**

The Office of Procurement and Contracts will employ a Section 3 Coordinator who will monitor all Section 3 activity and coordinate the Section 3 efforts of HAKC departments, developers, contractors, partners and residents. The Office of Procurement and Contracts will ensure that:

1. Every Invitation for Bid or Request for Proposal includes compliant Section 3 notification language.
2. Qualified Section 3 businesses are aware of the requirement that they be certified prior to their participation in a procurement and that they are in fact certified. The Department maintains a current list of certified Section 3 businesses and their capabilities.
3. Every potential HAKC contractor is aware of the availability of a current list of Section 3 businesses and is aware of the systems that HAKC has in place to facilitate the hiring of qualified residents of HAKC communities.
4. In evaluating bids and proposals, the lead contractor made best efforts to include qualified Section 3 businesses for at least 10% (for building related contracts) or 3% (all other contracts) of the dollar amount of the contract; or that whenever possible, a qualified Section 3 business was chosen as the lead contractor.
5. Every contract includes a certification from the contractor that s/he will comply with the HAKC Section 3 requirements which includes making best efforts to hire at least 30% of new employees from among qualified residents of HAKC properties and failing to achieve the contractually agreed upon number of new hires from among HAKC residents will provide a per capita contribution to the HAKC training fund or other alternative.
6. Every bidder submits a Section 3 Opportunity Plan. This plan will include workforce projections identifying projected new hires; a strategy for ensuring that at least 30% of those new hires are public housing residents; and a method to assure that 10% of the value of a construction contract or 3% of all others is awarded to Section 3 subcontractors.
7. Immediately upon execution of the contract, the contractor submits a schedule of expected new hires for each project and that Resident Services is notified of this schedule.

8. Every contractor submits accurate biweekly reports on new hires and certified payrolls once the contracted scope is underway.
9. Files and data are maintained to document HAKC compliance with Section 3 requirements in contracting and employment, and the required annual performance reports are submitted to HUD.

### **Office of Construction Management**

The Office of Construction Management is responsible for ensuring that:

1. Annual construction hiring projections and regular updates and corrections are provided to Resident Services so that a sufficient pool of residents can be trained and prepared for the projected contracting vacancies.
2. Construction draws are not approved unless all biweekly hiring reports and payrolls are submitted and complete.

### **Resident Services**

Resident Services through its Family Development Learning Center has lead responsibility for overseeing Section 3 outreach to residents and ensuring coordinated service provision to residents. The Full Employment Council (FEC), which provides job skill assessments, job training and job placement to HAKC residents through a Memorandum of Understanding, will be responsible for preparing residents for positions that become available, both at HAKC and through its contractors, and for recommending residents for these positions. FEC will be notified of all positions that become available at the HAKC or through its contractors and will serve as a clearinghouse to maximize the number of HAKC residents that are hired in these positions. Resident Services will ensure coordinated service delivery between the FEC and FDLC.

Resident Services will coordinate with its partnerships to provide:

1. Outreach and recruiting efforts that refer residents to FEC.
2. Ongoing training and testing for residents in the areas of projected hiring needs to qualify residents to fill projected HAKC vacancies.
3. Posting of all vacancy announcements at multiple locations, including every HAKC community and all HAKC sponsored training sites.
4. Other outreach activities, such as job fairs, to promote awareness of Section 3 opportunities.

This Plan and Administrative Guide describes the steps to be integrated into existing procedures used by the Departments and Divisions of the HAKC in their daily operations. Integrating these steps into existing procedures will allow HAKC to successfully pursue the four

courses of action required to comply with Section 3 requirements and to meet its obligations under this Plan.

The Plan applies to bids estimated at \$75,000 and higher. Modified Section 3 requirements will apply to bids estimated to be under \$75,000 (see Section V, Procurement and Contracting).

## II. SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968

Section 3 of the Housing and Urban Development Act of 1968 as amended by the Housing and Community Development Act of 1992 requires that, to the greatest extent feasible, employment and other economic opportunities generated by HUD funds be directed to low- and very-low-income residents. 24 CFR Part 135 establishes the standards and procedures to be followed to ensure that the objectives of Section 3 are met. It is included in this Implementation Plan and Administrative Guide as Appendix A. The terms used in this Implementation Plan are as defined in 24 CFR Part 135.

24 CFR Part 135 requires that the HAKC make best efforts to ensure that 30% of new hires of the HAKC and of its contractors funded through development assistance, operating assistance or modernization assistance from HUD be residents of HAKC communities, or participants in local HUD funded Youthbuild programs or low- or very-low-income residents of the community in that order of priority. Furthermore it requires that best efforts be made to ensure that 10% of all construction or repair related contracts and 3% of all other contracts be awarded to Section 3 business concerns. A Section 3 business concern is defined as a business concern that is 51% owned by HAKC or other Section 3 residents, or 30% of whose permanent full time employees are HAKC or other Section 3 residents or have been within the past three years or who will joint venture or subcontract more than 25 %of the dollar value of the contract to a business that meets one of the previous definitions of a Section 3 business concern.

In order to comply with 24 CFR Part 135, HAKC is required to establish programs and procedures that facilitate the training and employment of residents of HAKC communities by undertaking activities such as:

1. Publicizing the availability of positions with HAKC or its contractors or subcontractors.
2. Providing assistance and counseling in job placement, job interviews and completing job applications.
3. Maintaining current lists of available and qualified residents and making them available to contractors.
4. Providing job training either independently or in conjunction with existing educational institutions.
5. Including negotiated provisions in all contracts specifying the number of residents of HAKC communities the contractor will hire.
6. Maintaining lists of Section 3 business concerns and their specialties.
7. Providing assistance to Section 3 business concerns in obtaining bonding, lines of credit, financing or insurance.

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8. Breaking single large contracts into multiple smaller ones that could be handled by the usually small Section 3 business concerns.
9. Modifying procurement policies to allow award to a Section 3 business concern if its bid is within a maximum of 10% of that of the lowest responsive bidder.

### III. SELF-SUFFICIENCY/EMPLOYMENT TRAINING OPPORTUNITIES AT HAKC

Jobs for residents of HAKC communities, created through the Section 3 program are just one component of a successful Self Sufficiency/Employment Training Program at the HAKC. Section 3 applies only to new hires, and the majority of the contracting jobs created as a result of Section 3 are construction-related and thus not long term at any one site. Therefore, to maximize the benefits of its Section 3 program, HAKC will employ the following techniques:

- Utilize the Section 3 Program as only one of several opportunities to provide jobs for residents that are successful participants in its Self Sufficiency/Employment Training Programs.
- Provide supportive services to help insure the success of residents employed as a result of the provisions of Section 3.
- Work with representatives of the construction industry to increase the access for residents of HAKC communities to existing construction training programs provided by the industry.

#### **Family Development and Learning Center**

The Resident Services Department runs the Family Development and Learning Center (FDLC), which provides services to HAKC residents. The lead job training and employment service provider for the FDLC is the Full Employment Council (FEC). The FEC works with residents of HAKC communities to develop individual training and career development plans, and then refers them to appropriate job training programs and/or jobs. FEC's career planning process relies heavily on the coordinated efforts of residents, human service agencies, other social service providers and potential employers.

The FDLC is HAKC's main training and coordinating resource to ensure that, through FEC referrals:

1. A pool of motivated and prepared residents are available to fill contracting and HAKC vacancies
2. Qualified residents are aware of available positions in a timely fashion
3. Contractors and HAKC have a one-stop source from which to recruit qualified residents in addition to their own outreach efforts to accomplish their Section 3 goals
4. Residents hired as a result of HAKC efforts are provided adequate support to be successful in their new positions



5. Residents are retained in their positions beyond the end of the HAKC contract or are able to use the experience gained from the position to advance in their self-sufficiency efforts

All HAKC residents interested in Section 3 must enroll in the FEC's career planning process in order to be referred to Section 3 jobs.

In order to accomplish its goals, FDLC and FEC will develop training opportunities based on projected employment needs. Each year, based on expansion plans or turnover history, the in the coming year. The Offices of Planning and Development and Construction Management will provide annual construction contract hiring projections and job/skill descriptions, with regular Administrative Services Department will compile information from each department and provide to the FDLC a projection of positions, job descriptions, skills and educational requirements to be filled updates and corrections.

The Section 3 Coordinator, working with Resident Services, will monitor the following activities to ensure that FEC receives relevant and timely information:

1. Office of Construction Management notifies FEC of hiring projections for upcoming construction projects
2. HAKC contractors notify FEC of all actual positions available through contracts with the HAKC
3. HAKC Administrative Services notifies FEC of HAKC job openings and annual hiring projections

The FEC/FDLC staff will refer residents to job openings in a timely manner and will only refer residents whose expressed career goals, skill set and experience meet the requirements of the job opening and who have completed job readiness training.

Immediately upon receipt of notice from HAKC, its contractors or subcontractors of available positions, the FEC staff will implement the following procedure:

1. Prepare a list of qualified residents according to the priorities established in 24CFR Part 135. The best qualified residents of the HAKC development at which the project is to be undertaken (Category 1 residents) and the best qualified residents of the remainder of the HAKC developments will be first and second on the list, respectively
2. Immediately upon notification of available positions, provide a prioritized list to the contractor of three qualified residents for each available position. Provide these residents with a phone number and address of a contact person with whom to make arrangements to apply for and interview for the position. Follow up to ensure that the contractor also contacts the individuals whose names have been provided to them
3. Assist the resident with preparing for and completing the job interview, if needed

4. Provide to the Section 3 Coordinator the names of all residents referred to job opportunities created by HAKC contractors or by HAKC to the Section 3 Coordinator. The Section 3 Coordinator will follow up to determine whether the resident was hired or identify reasons for rejection and provide this information to the FEC/FDLC staff. The Section 3 Coordinator will retain this information in the Section 3 performance files for the duration of the project. If the resident is hired, the Section 3 Coordinator will verify that the FEC/FDLC staff is aware of the status of the employee and the position
5. Monitor the resident employee's needs for supportive services, counseling, dispute resolution, and other job retention assistance

#### **IV. Outreach and Recruitment of Qualified Residents and Businesses**

Outreach and Recruitment of qualified residents and businesses for Section 3 employment or contracting opportunities is a three-stage process that includes:

1. Recruiting residents to participate in employment training programs provided by the HAKC and its partners
2. Notifying qualified residents of positions as they become available
3. Providing residents with the support necessary to successfully apply and interview for the job

##### Resident Services Responsibilities

HAKC's Resident Services Department and its on-site Service Coordinators (formerly Family Self-Sufficiency Specialists) will conduct Section 3 outreach and referrals to the FEC. Outreach efforts will include knocking on doors, job fairs and mailings in rent statements. Coordinators will also be present during each resident's annual recertification.

HAKC's Resident Services will build and maintain a database of residents to target with outreach efforts by conducting an agency-wide survey to collect the following information:

- Employment status
- Income and income source
- Educational level
- Self description of skills
- Job training completed, including type of training and name of organization that provided the training
- Requests for training and support services

On-site Service Coordinators working through the FDLC and with development managers will update the database during annual recertifications.

At least twice a year, the Section 3 Coordinator and Resident Services will prepare and distribute to each resident information and a schedule regarding job readiness and training opportunities available to HAKC residents. These will include programs sponsored by HAKC as well as training opportunities available through other resources in the community.

The catalog will include eligibility requirements and prerequisites, a contact for each program or institution, and a contact person at FDLC who will provide application assistance. Individual flyers will be prepared and distributed to remind residents of impending programs and registration dates.

## V. Procurement and Contracting

The Office of Procurement and Contracts will develop, implement and monitor procurement and contracting policies and procedures to:

- Ensure that HAKC contractors and subcontractors maximize hiring of residents of HAKC communities.
- Facilitate contracting with small, resident-owned, minority-owned and women-owned business enterprises.

To accomplish these goals, the Office of Procurement and Contracts will employ a series of strategies which include, but are not limited to, the following:

1. HAKC will establish standards for structuring and awarding contracts that provide incentives for full participation in the provisions of Section 3 and for enforcing the Section 3 contract provisions.
2. All Section 3 covered contracts will include the "Section 3 clause" as required by 24 CFR 134.38. (For the text of the required clause see Appendix A).
3. Offering documents (see Appendix B – Procurement Notice) will include notification that the bidder/proposer must include:
  - Schedule A Workforce and Hiring Projections (Appendix C)
  - Schedule A Acknowledgments (see Appendix D)
  - Section 3 Opportunities Plan, which proposes a strategy for accomplishing or exceeding the goal of hiring residents of HAKC properties for at least 30% of new positions that become available with the contractor or subcontractors after the contract is awarded. Any bidder/proposer's failure to present a satisfactory projection of new hires, a conscientious Section 3 Opportunities Plan and a commitment to hire at least 30% of new employees on the job from among qualified residents of HAKC communities will render the bid non-responsive and cause the contractor to be disqualified.
4. Contractors will be required to submit as part of their bid package a comprehensive list of all of the firms employees at the time the bid was submitted and those of each of the subcontractors which he/she is anticipating using. This list will indicate the name, address, social security number, race or ethnicity, gender, trade or position and whether they are residents of HAKC communities. This will be the "core employee" list and will be used to determine new hires. Once a preliminary selection has been made before the contract is awarded, an updated list must be provided before the contract can be awarded, negotiated and executed. Similarly, when changes occur in subcontractors, the contractor shall provide the Office of Contracts and Procurement with a core employment list from the contractor before executing the contract.

5. When contracts are less than \$100,000 in value and the list of certified resident owned businesses and previous contracting experience indicates that qualified resident owned businesses are available to successfully complete the contract, the Contracting Officer may limit the invitation for bids to certified, qualified resident-owned businesses according to the provisions of 24 CFR Part 963.
6. When the goods and/or services to be contracted for are less than \$100,000 and the contract was procured through solicitation or sealed bids, the Contracting Officer may award the contract to a responding qualified, certified resident owned business if the quotation from the business under consideration is no more than 10% greater than the lowest responsive offer.
7. For contracts greater than \$100,000, solicited through competitive sealed bid, the Contracting Officer may award the contract to a responding qualified, certified resident owned business if the bid from the business under consideration does not exceed that of the lowest responsive bidder by more than the amounts shown ("X factor") in the following sliding scale (see Appendix A, 24 CFR Part 135, p.617):

TOTAL DOLLARS	X FACTOR = LESSER OF
When the lowest responsive bid is less than \$100,000	10% of the labor dollars, or \$9,000
When the lowest responsive bid is:	
At least \$100,000, but less than \$200,000	9% of the labor dollars, or \$16,000
At least \$200,000, but less than \$300,00	8% of the labor dollars, or \$21,000
At least \$300,000, but less than \$400,000	7% of the labor dollars, or \$24,000
At least \$400,000 but less than \$500,000	6% of the labor dollars, or \$25,000
At least \$500,000 but less than \$1 million	5% of the labor dollars, or \$40,000
At least \$1 million, but less than \$2 million	4% of the labor dollars, or \$60,000
At least \$2 million, but less than \$4 million	3% of the labor dollars, or \$80,000
At least \$4 million, but less than \$7 million	2% of the labor dollars, or \$105,000
\$7 million or more	1 ½ % of the labor dollars

In reviewing bid packages, the Contracting Officer will review Schedule A and the Section 3 Opportunity Plan provided by the Contractor to determine if the bid is responsive. In order for a Section 3 Opportunity Plan to be deemed fully responsive by the Contracting Officer, it should include the following basic components:

1. Bidder's commitment to develop and implement the Section 3 Opportunities Plan.
2. Plans for presentations by representatives of the contractor and subcontractors to the Resident Council of the property(ies) where the work will take place. Presentations will include job and application information. This information should also be presented to HAKC work readiness training programs and include information about careers available in the contractor's and subcontractor's field.

3. Sponsorship by the contractor and subcontractors of unskilled residents to be hired in registered union or nonunion apprenticeship programs in order to enable them to perform trade work on the job under the provisions of Davis-Bacon.
4. Assignment of new employees to individual journeyman to learn trade skills and work habits and standards.
5. Agreement to provide to the FDLC, FEC and the Section 3 Coordinator a written work evaluation of employees who are HAKC residents.
6. Acknowledgment that the hiring of a resident of an HAKC community is a commitment to the career development of that employee and that the hiring goals will not be met simply by temporarily hiring a resident.
7. A subcontracting plan and outreach and support strategy for awarding 10% of the value of all construction subcontracts and 3% of all others to Section 3 businesses.
8. Sample language regarding Section 3 compliance to be included in each subcontractor's contract.
9. Identified employee of the contractor who will be responsible for monitoring subcontractor Section 3 compliance and assuring that all required documentation is provided to HAKC.

During the evaluation process and before any contract is awarded, the Contracting Officer will review Schedule A and the Section 3 Opportunity Plan to determine if it complies with HAKC's policies. A detailed review, in conjunction with the Section 3 Coordinator and Construction Management, may result in an adjustment to the number of HAKC residents to be hired or dollar value of subcontracts to be let to Section 3 businesses.

#### Contract Size

If the estimated value of the contract is \$0-24,999, Section 3 requirements will not apply.

If the estimated value of the contract is \$25,000-\$74,999, bidders will be required to submit a modified Section 3 Plan as follows:

1. 30% of new employees will be hired from among qualified Section 3 residents
2. Offering documents will include a modified Section 3 Opportunities Plan (See Appendix E)
3. Any bidder/proposer's failure to present a modified Section 3 Opportunities Plan and a commitment to hire at least 30% of new employees on the job from among qualified residents of HAKC communities will render the bid non-responsive and cause the contractor to be disqualified.

### Section 3 Coordinator Responsibilities

The Section 3 Coordinator (a function of the Office of Procurements and Contracts) will work with all HAKC internal departments, contractors, Section 3 business owners, members of the community, residents and resident councils to coordinate and monitor all activities that contribute to Section 3 compliance. The Section 3 Coordinator will:

1. Work with representatives of the construction industry to increase resident access to industry training programs
2. Work through the FDLC to help interested residents complete necessary prerequisites, such as math and literacy skills
3. Notify FDLC trainees of open application periods for construction training classes/apprenticeship programs
4. Refer construction industry representatives to the FEC
5. Monitor outreach and recruitment efforts to ensure that eligible and qualified residents of HAKC communities are aware of and successfully apply for new positions with contractors working for the HAKC and for vacancies available at the HAKC
6. Monitor the status of referrals to FEC, Section 3 jobs submitted by contractors (including HAKC) to FEC, and Section 3 placements made by FEC
7. Work with Resident Services, the FEC and job contractors to make changes to the outreach and recruitment efforts if Section 3 monitoring reveals problems in the Section 3 process

In addition to the goal of hiring HAKC residents at HAKC and through HAKC contractors, HAKC will also use HAKC resident-owned Section 3 businesses in its contracting, subcontracting and procurement as is feasible. It is the responsibility of the Section 3 Coordinator to:

1. Work with residents identified through the FDLC as being interested in and capable of starting or expanding a business, include information on small business development in the catalog of available training opportunities and develop procurement and contracting procedures that encourage the participation of small businesses
2. Ensure that all residents are aware of HAKC's program of support for resident owned businesses, in part by presenting the program to the Resident Management Council and the Public Housing Resident Council
3. Create a program of support for HAKC Section 3 businesses so that they are prepared to take advantage of Section 3 contracting opportunities
4. Maintain a current and complete list of HAKC businesses and provide it to all contractors as part of the bid document package



5. In conjunction with the FDLC, coordinate training sessions on the basics of small business operation for interested residents through available mentoring and training resources and provide training on the HAKC procurement process
6. Develop resources that will allow bonding and insurance for qualified first time Section 3 business applicants and work with local law schools to make affordable legal services available
7. Ensure that all HAKC Section 3 businesses are registered with the Office of Procurement and Contracting.
8. Distribute all HAKC-issued Requests for Proposals or Invitations for Bids to all Section 3 businesses registered with HAKC
9. Distribute all HAKC-issued Requests for Proposals or Invitation for Bids to area Minority Contracting Associations, Community Development Corporations and other business assistance agencies and community organizations

## VI. Monitoring Compliance

Procurement and Contracts, through the Section 3 Coordinator and the Compliance Specialist, will monitor the contractor's and subcontractor's outreach and hiring practices and gauge them against the Schedule A - Workforce and Hiring Projection; the negotiated resident hiring provisions of the contract; and the finalized Section 3 Opportunities Plan. The Contracting Officer, in conjunction with Construction Management, will review the subcontracts to determine the dollar value awarded to Section 3 concerns.

Failure to achieve the Section 3 hiring and subcontracting goals established in the contract by the end of the job may result in liquidated damages being charged at the rate of up to \$1500 per day for each Section 3 employee not hired. These payments will be credited to a fund to be used to provide additional training and other economic opportunities to HAKC residents.

The contractor will provide the following reports to the Office of Procurement and Contracting to facilitate monitoring Section 3 hiring and contracting activity, compliance with Davis Bacon Wage Rate requirements and the provision of economic opportunity for women and minorities:

1. Report on interview and evaluation of each HAKC resident referred by the FEC or HAKC that is not hired, with a copy faxed to the Section 3 Coordinator when the decision is made and the resident notified
2. Biweekly certified list of all new hires for contractor and each subcontractor indicating name, address, trade, Section 3 category, gender and ethnic group or race, date hired, indication of how contact was made (HAKC referral, FEC referral, walk-in, resident council referral, etc.), and a copy of the employee's lease (for Category 1 or 2 Section 3 new hires)
3. Biweekly certified payroll on OMB Form 1215-0149 for contractor and each subcontractor indicating trade and status (i.e., apprentice, journeyman, master, foreman, superintendent, etc.), wage rate and hours worked each day, whether claimed as Section 3 employee, name and address of each employee (include employees who have been terminated for the first report subsequent to termination and indicate as terminated)
4. Copy of each subcontract when executed, with cover sheet indicating dollar value of contract and gender and race or ethnicity of 51% owner and whether or not 51%owner is a certified Section 3 business

The contractor will submit the above to the Project Manager of the Office of Construction Management, who will maintain a checklist of items received and forward them to the Section 3 Coordinator. If in consultation with the Section 3 Coordinator, the Project Manager determines that the required monthly submissions are not complete, s/he will withhold approval of payment of the monthly draw.

The contractor shall maintain at an office on the construction site, documentation of Section 3 outreach and recruitment activities available for review by the Section 3 Coordinator or Compliance Specialist. Items to be made available for review include:

- Walk-in Applicant list indicating which job applicants were residents of HAKC communities and status of their application/employment
- List of applicants referred by FDLC and FEC and their application or employment status
- Equal Employment Opportunity Policy
- Sexual Harassment Policy
- Certification of non-segregated facilities

Each month, the Section 3 Coordinator will interview a sampling of the residents hired to meet Section 3 goals, including those residents who were referred by the FEC but were not hired and those residents who resigned or were terminated or laid off. These interviews, along with the employment interview reports provided by the contractor, will be included in the project Section 3 compliance file and in the resident's career file at FEC. The interviews will be structured to determine the training needs of the resident, job site problems that could be resolved to make employment more productive for other employees and compliance with basic work place policies.

The Section 3 Opportunity Plan, which is required to be prepared by the contractor and included in its final negotiated form in the contract documents, will have a projected monthly hiring schedule. Compliance with the plan will be determined at the end of the contract prior to substantial completion. At that time, HAKC will evaluate resident hiring and retention and Section 3 business subcontracting, consider construction delays and other planning modifications, and assess any liquidated damages.

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The Section 3 Coordinator will be responsible for preparing the annual report to HUD on Economic Opportunities for Low-Income Persons in conjunction with Assisted Projects. (Form HUD 60002).

# Appendix A 24 CFR Part 135

## SECTION 3 PROCUREMENT NOTICE

The purpose of Section 3 of the Housing and Urban Development Act of 1998 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

The Contractor will be required to hire Section 3 employees as 30% of all new hires. A new hire is defined as any persons hired after the signing of the contract. At the time of contract negotiation specific new hires will be determined based on the contractor's plan/schedule for completing the job. Positions for new hires shall not be filled immediately prior to undertaking work in order to circumvent regulations set forth at 24 C.F.R. Part 135.

### Procurement Documents

Each bidder/proposer must include a Section 3 Opportunities Plan and Schedule A, which indicates its commitment to meet the Owner's resident hiring requirement.

If a bidder/proposer fails to submit a Section 3 Opportunities Plan and Schedule A and the related data along with the bid/proposal, such bid/proposal will be declared as non-responsive.

### Section 3 Plan

The proposal submitted by the interested bidder shall include a Section 3 Plan outlining the plan of the company for incorporating Section 3 as part of the contract. Prior to award of any contract, the contractor shall negotiate with the Owner the number of HAKC residents or other Section 3 residents to be trained or employed through the contract. This number shall be subject to HAKC's approval. The resulting provision will be incorporated into the contract and shall obligate the contractor to achieve the stated goal. The Owner and HAKC reserve the right to review the plan and request additional information and/or changes to the plan. This plan shall include the following:

1. A narrative of the steps that will be taken to aggressively pursue and comply with Section 3.
2. Job categories of construction trade, administrative or other jobs that will be necessary on this project (Column 1 on the attached spreadsheet – Schedule A).
3. Total number of expected hours to be spent on the job in each of the above employee/trade categories provided throughout the life of the contract. These numbers should reflect both existing and new employee time (Column 2 & 3 on the attached spreadsheet – Schedule A).
4. Total number of expected new hires in each category. These numbers should reflect the total number of expected employees in each category, minus the

number of existing employees in each category (Column 7 on the attached spreadsheet – Schedule A).

5. Total number of expected Section 3 new hires in each category. This number should reflect all the low- and very low-income individuals the contractor intends to hire in order to comply with the numerical goals of Section 3 which is 30% of all new hires (Column 8 & 9 on the attached spreadsheet – Schedule A).
6. Expected hire date(s) of new hires by category. This should reflect the progression of work on the project, i.e., when the workers will be needed on the project for concrete work, framing, plumbing, finish work, etc.
7. Total number of expected Section 3 new hires that the contractor will aggressively pursue.
8. List of any anticipated needed training relating to this project. This training does not have to be exclusive to construction.
9. Type of training available and the number of expected training hours available by the contractor per the training category.
10. Narrative plan for the outreach, implementation, monitoring and enforcement of the Section 3 program.
11. A list of core employees with the bid package. This list is to include the names and dates of hire of all employees, including clerical, supervisory, warehouse and other staff for the General Contractor and all Sub-contractors.

### **Compliance**

The Owner will monitor contractor performance over the life of the contract as follows:

1. Review compliance monthly and cumulatively.
2. Monitor contractor response to deficiencies in compliance.
3. Assessment of liquidated damages where appropriate for non-compliance

The contractor shall provide a status report identifying its progress in meeting the Section 3 goals established in this Schedule A on a monthly basis throughout the contract period. The monthly status report shall be submitted no later than 15 days after the end of each calendar month of the contract (e.g. April 15 for March). The status report shall provide at least the same detail as the approved Schedule A. For any goal not met, the report shall identify any other economic opportunities, which the contractor has provided or intends to provide to HAKC residents. This report will provide the Owner with all information required to monitor compliance with its Section 3 plan including, but not limited to, new hires, core employees, certified payroll, workforce utilization and other relevant data to be specified.

The contractor will be required to employ a full time Section 3 Coordinator.

Contractor compliance and liquidated damages will be assessed by subtracting the number of Section 3 hires for the month from the goal number of Section 3 hires. If the goal is not met, liquidated damages of \$1,500 (fifteen hundred dollars) per Section 3 designated position not filled by a Section 3 Qualified resident will be assessed against the contractor. The contractor may appeal the assessment of section 3 liquidated damages by delivering a written appeal to the contracting officer within three (3) business days of receipt of the deficiency notice.

The Contractor and Sub-contractors will be required to be in compliance with the Owner's Section 3 Plan throughout the duration of the contract.

### **Alternative Compliance**

Contractors may demonstrate compliance with Section 3 by committing to employ Section 3 residents as 30% of the aggregate number of new hires for the duration of the contract or by contributing to an HAKC resident training fund in an amount equal to eight percent (8%) of the total contract amount.

### **Definitions**

**Core Employee** - The core crew employee is an individual who is a bonafide employee of the contractor at the time the contract is awarded, and was employed by the contractor not less than 120 days prior to the contract award or worked not less than 350 hours during the 120 days preceding the contract award. The contractor is responsible for verifying that core employees are defined by and meet the criteria of the Housing Authority.

**New Hires** – Any person hired after the signing of the contract or who is not a core employee.

**Low Income Persons** – Families (including single persons) whose incomes do not exceed 80 percent of the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of the Secretary's finding that such variations are necessary because of prevailing levels of construction costs or unusually high or low-income families.

**Very Low Income Persons** – Families (including single persons) whose incomes do not exceed 50 percent of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 percent of the median for the area on the basis of the Secretary's findings that such variation are necessary because of onerously high or low family incomes.

**Qualified Section 3 Resident** - Any individual who meets the low-income ore very low-income criteria, who is 18 years of age or older, who is a resident in good standing of public housing, whose name appears on the lease, or who is a resident of the surrounding community.





## SCHEDULE A ACKNOWLEDGMENT

NAME OF PRIME CONTRACTOR:

### RESIDENT EMPLOYMENT AND TRAINING CONTRACT COMPLIANCE

#### I. EMPLOYMENT AND TRAINING OF HAKC RESIDENTS AND LOW- AND VERY LOW-INCOME AREA RESIDENTS

- A. The contractor hereby agrees to comply with all the provisions of Section 3 as set forth in 24 CFR 135.38 and Owner's Section 3 requirements. The contractor hereby submits this Schedule A as its Section 3 Opportunities Plan. The contractor agrees to employ a full time Section 3 Coordinator for the duration of the project.
- B. The contractor shall provide a status report identifying its progress in meeting the Section 3 goals established in this Schedule A on a monthly basis throughout the contract period. The monthly status report shall be submitted no later than 15 days after the end of each calendar month of the contract (e.g. April 15 for March). The status report shall provide at least the same level of detail as the approved Schedule A. For any goal not met, the report shall identify any other economic opportunities, which the contractor has provided or intends to provide to HAKC residents.
- C. Each Bidder/Proposer for a construction or labor related contract shall complete this Schedule A and submit all relevant information required herein. A prime contractor through his/her subcontractors may satisfy the Owner's resident hiring requirements. Please complete the Employment Needs on the attached page with the following:
  1. Job categories of construction trade, administrative, or other jobs that will be necessary on this project.
  2. Total number of expected hours to be spent on the job in each of the above employee/trade categories provided throughout the life of the contract. These numbers should reflect both existing and new employee time.
  3. Total number of expected new hires in each category. These numbers should reflect the total number of expected employees in each category, minus the number of existing employees in each category.
  4. Total number of expected Section 3 new hires in each category. This number should reflect all the low- and very low-income individuals the contractor intends to hire in order to comply with the numerical goals of Section 3 which is 30% of all new hires.

## II. SECTION 3 BUSINESSES - SUBCONTRACTING OPPORTUNITIES

In a one-page letter on your firm's letterhead please provide the following:

- A. Your company's goals, expressed in terms of percentage of planned subcontracting dollars, for the use of Section 3 business concerns as subcontractors.
- B. A statement of the total dollar amount to be subcontracted, total dollar amount to be subcontracted to Section 3 business concerns for building trades, and total dollar amount to be subcontracted to Section 3 business concerns for other than building trades work (maintenance, repair, modernization and redevelopment).
- C. A description of the method used to develop the goals above and the efforts to be undertaken by the contractor to meet those goals.

## III. COMPLIANCE

- A. Positions shall not be filled immediately prior to undertaking work in order to circumvent regulations set forth in 24 C.F.R. Part 135 et seq., as amended.
- B. Each bidder/proposer must include a Section 3 Opportunities Plan and a Schedule A, which indicates its commitment to meet the Owner's resident hiring requirement.
- C. If a bidder/proposer fails to submit a Section 3 Opportunities Plan and a Schedule A and the related data along with the bid/proposal, such bid/proposal will be declared as non-responsive.
- D. Failure of the contractor to comply with the approved plan shall be a material breach of the contract.

Acknowledged By:

\_\_\_\_\_  
Name of President or Authorized Officer)

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Signature and Title

\_\_\_\_\_  
Date

## SCHEDULE A ACKNOWLEDGMENT

NAME OF PRIME CONTRACTOR:

### RESIDENT EMPLOYMENT AND TRAINING CONTRACT COMPLIANCE

#### I. EMPLOYMENT AND TRAINING OF HAKC RESIDENTS AND LOW- AND VERY LOW-INCOME AREA RESIDENTS

- A. The contractor hereby agrees to comply with all the provisions of Section 3 as set forth in 24 CFR 135.38 and HAKC Resolutions implementing Section 3 requirements. The contractor hereby submits this Schedule A as its Section 3 Opportunities Plan. The contractor agrees to employ a full time Section 3 Coordinator for the duration of the project.
- B. The contractor shall provide a status report identifying its progress in meeting the Section 3 goals established in this Schedule A on a monthly basis throughout the contract period. The monthly status report shall be submitted no later than 15 days after the end of each calendar month of the contract (e.g. April 15 for March). The status report shall provide at least the same level of detail as the approved Schedule A. For any goal not met, the report shall identify any other economic opportunities, which the contractor has provided or intends to provide to HAKC residents.
- C. Each Bidder/Proposer for a construction or labor related contract shall complete this Schedule A and submit all relevant information required herein. A prime contractor through his/her subcontractors may satisfy the HAKC resident hiring requirements. Please complete the Employment Needs on the attached page with the following:
  1. Job categories of construction trade, administrative, or other jobs that will be necessary on this project.
  2. Total number of expected hours to be spent on the job in each of the above employee/trade categories provided throughout the life of the contract. These numbers should reflect both existing and new employee time.
  3. Total number of expected new hires in each category. These numbers should reflect the total number of expected employees in each category, minus the number of existing employees in each category.
  4. Total number of expected Section 3 new hires in each category. This number should reflect all the low- and very low-income individuals the contractor intends to

HAKC  
Appendix D  
Schedule A Contractor's Acknowledgment  
HAKC as Contractor

hire in order to comply with the numerical goals of Section 3 which is 30% of all new hires.

## II. SECTION 3 BUSINESSES - SUBCONTRACTING OPPORTUNITIES

In a one-page letter on your firm's letterhead please provide the following:

- A. Your company's goals, expressed in terms of percentage of planned subcontracting dollars, for the use of Section 3 business concerns as subcontractors.
- B. A statement of the total dollar amount to be subcontracted, total dollar amount to be subcontracted to Section 3 business concerns for building trades, and total dollar amount to be subcontracted to Section 3 business concerns for other than building trades work (maintenance, repair, modernization and redevelopment).
- C. A description of the method used to develop the goals above and the efforts to be undertaken by the contractor to meet those goals.

## III. COMPLIANCE

- A. Positions shall not be filled immediately prior to undertaking work in order to circumvent regulations set forth in 24 C.F.R. Part 135 et seq., as amended.
- B. Each bidder/proposer must include a Section 3 Opportunities Plan and a Schedule A, which indicates its commitment to meet the HAKC's resident hiring requirement.
- C. If a bidder/proposer fails to submit a Section 3 Opportunities Plan and a Schedule A and the related data along with the bid/proposal, such bid/proposal will be declared as non-responsive.
- D. Failure of the contractor to comply with the approved plan shall be a material breach of the contract.

Acknowledged By:

\_\_\_\_\_  
Name of President or Authorized Officer)

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Signature and Title

\_\_\_\_\_  
Date

HAKC  
Appendix D  
Schedule A Contractor's Acknowledgment  
HAKC as Contractor

## SECTION 3 PROGRAM

### *Contractor Certification of Efforts to Fully Comply with Employment and Training Provisions of Section 3*

The bidder represents and certifies as part of its bid offer that it:

Is a Section 3 Business concern.

A Section 3 Business concern means a business concern:

1. That is 51% or more owned by Section 3 Resident(s); or
2. Whose permanent, full-time employees include persons, at least 30% of whom are currently Section 3 residents, or within the last three years of the date of first employment with the business concern were Section 3 residents; or
3. That provides evidence of a commitment to subcontract in excess of 25% of the dollar value of all subcontracts to be awarded to business concerns that meet the qualifications set forth in paragraphs 1 or 2 herein.

Is Not a Section 3 Business concern but who has and will continue to seek compliance with Section 3 by certifying to the following efforts to be undertaken.

### EFFORTS TO AWARD SUBCONTRACTOR TO SECTION 3 CONCERNS:

(Check ALL that apply.)

By contacting business assistance agencies, minority contractors associations and community organizations to inform them of the contracting opportunities and requesting their assistance in identifying Section 3 businesses

which may solicit bids for a portion of the work

By advertising contracting opportunities by posting notices, which provide general information about the work to be contracted and where to obtain additional information, in the common areas of the applicable development(s) owned and managed by the Housing Authority

By providing written notice to all known Section 3 business concerns of contracting opportunities. This notice should be in sufficient time to allow the Section 3 business concerns to respond to bid invitations

By following up with Section 3 business concerns that have expressed interest in the contracting opportunities

By coordinating meetings at which Section 3 business concerns could be informed of specific elements of the work for which subcontract bids are being sought

By conducting workshops on contracting procedures and specific contracting opportunities in a timely manner so that Section 3 business concerns can take advantage of contracting opportunities

By advising Section 3 business concerns as to where they may seek assistance to overcome barriers such as inability to obtain bonding, lines of credit, financing, or insurance, and aiding Section 3 businesses in

qualifying for such bonding,  
financing, insurance, etc.

- ☐ Where appropriate, by breaking out contract work into economically feasible units to facilitate participation by Section 3 businesses
- ☐ By developing and utilizing a list of eligible Section 3 business concerns
- ☐ By actively supporting and undertaking joint ventures with Section 3 businesses

training efforts as may be necessary to ensure the continued employment of Section 3 residents previously hired for employment opportunities

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Authorized Signature of the Bidder

EFFORTS TO PROVIDE TRAINING AND  
EMPLOYMENT TO SECTION 3  
RESIDENTS

- ☐ By entering into a "first source" hiring agreements with organizations representing Section 3 residents
- ☐ By establishing training programs, which are consistent with the requirements of the Department of Labor, specifically for Section 3 residents in the building trades
- ☐ By advertising employment and training positions to dwelling units occupied by Category 1 and 2 residents
- ☐ By contacting resident councils and other resident organizations in the affected housing development to request assistance in notifying residents of the training and employment positions to be filled
- ☐ By arranging interviews and conducting interviews on the job site
- ☐ By undertaking such continued job