

ST. CLAIR COUNTY HOUSING AUTHORITY
SECTION 3 POLICY

1. Background on the Section 3 Program

Section 3 is a policy mandated by the United States Congress. It refers to the third section of the Housing Act of 1968, as amended by section 915 of the Housing Community Development Act of 1992. The purpose of Section 3 is to “ensure that employment and other economic opportunities generated by certain Housing and Urban Development (HUD) financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed toward 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.”

Consistent with 24 CFR Part 135, as a recipient of HUD Public and Indian Housing funding, the St. Clair County Housing Authority (SCCHA) requires fulfillment of Section 3 obligations on contracts that make use of that assistance. These policies are consistent with the regulations governing the implementation of federally mandated Section 3 provisions, regardless of contract amount or whether it is designed as construction. The SCCHA works to provide a positive effect of the employment, training, contracting and other economic opportunities to its residents and other low income persons. In doing so, the SCCHA utilizes Section 3 as a means of promoting its mission of assisting qualifying individuals with not only housing assistance but assistance that leads ultimately to self-sufficiency.

2. Statement of Purpose

Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u)(Section 3) requires the SCCHA ensure that employment and other economic and business opportunities generated by the Department of Housing and Urban Development (HUD) financial assistance, to the greatest extent feasible, are directed to public housing residents and other low-income persons, particularly recipients of government housing assistance, and business concerns that provide economic opportunities to low and very low-income persons.

It is the policy of the St. Clair County Housing Authority to require its contractors to provide equal employment opportunity to all employees and applicants for employment without regard to race, color, religion, sex, national origin, disability, veteran’s or marital status, or economic status and to take affirmative action to ensure that both job applicants and existing employees are given fair and equal treatment.

The SCCHA implements this policy through the awarding of contracts to create employment and business opportunities for residents of SCCHA and other qualified low and very-low income persons.

The policy should result in a reasonable level of success in the recruitment, employment and utilization of SCCHA residents and other eligible persons by SCCHA contractors working on contracts partially or wholly funded by HUD monies. The SCCHA shall examine and consider a contractor's or vendor's potential for success by providing employment and business opportunities to SCCHA residents prior to acting on proposed contract awards.

3. Definitions

Definitions are as follows:

- A) *Low-income person*: single persons and families whose incomes do not exceed 80% of the median income for the area.
- B) *Very Low income person*: single persons or families whose incomes do not exceed 50% of the median family income for the area.
- C) *Section 3 Business concern*: a business entity formed in accordance with State law that is either: a) 51% or more owned by a Section 3 resident: b) a business employing at least 30% full time Section 3 residents within 3 years of the date of first employment with the business were Section 3 residents, or: c) providing evidence of a commitment to subcontract in excess of 25% of the dollar award of all subcontracts to be awarded to businesses that meet the description of Section 3 business concern in sections a or b of this paragraph.
- D) *Section 3 resident*: a) A public housing resident or: b) a person assisted by the locally administered Housing Choice Voucher program or: c) a person who resides in the metropolitan area or non-metropolitan county in which Section 3 covered assistance is expended and is a person who is a low or very low income person.

4. Requirements of the SCCHA Section 3 Program

The Section 3 program seeks to aid Section 3 residents to the greatest extent feasible. SCCHA, its contractors and subcontractors have three ways they may satisfy the Section 3 Requirements:

- **Hiring low- and very low-income workers:**

Consistent with Section 3 guidelines, to the greatest extent feasible, hire at least 30% of the aggregate number of full-time new hires created by the contracted or grant driven work with a preference for the residents at the development where work is being performed. If a contractor is hiring 3 employees as a result of the contract at least 1 of them must be a Section 3 worker.

- **Awarding contracts to Section 3 business concerns:**

Attempt to award at least 10% of the total dollar amount of all Section 3 covered contracts to Section 3 business concerns for building trades work including maintenance, repair, remodeling, modernization and abatement of Public Housing or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction.

Attempt to have general contractors award in excess of 25% of the dollar award of all subcontracts to be awarded to a Section 3 business concern.

It is the SCCHA goal to advocate for as many SCCHA residents as possible. Contractors are strongly encouraged to comply with Section 3 by hiring Section 3 eligible persons regardless of whether new hires are necessary.

- **Competitive Bids**

The St. Clair County Housing Authority has chosen to exceed the stated guidelines governing the participation of Section 3 business concerns in the SCCHA contracts for building trades work including the maintenance, repair, remodeling, modernization and abatement of Public Housing or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction.

SCCHA shall provide those businesses that have been determined to qualify as a Section 3 business concern with a monetary advantage in the bidding and award process for all aforementioned contracts.

The SCCHA shall solicit bids from all businesses (Section 3 business concerns, and non-Section 3 business concerns). An award shall be made to the qualified Section 3 business concern with the highest priority ranking and with the lowest responsive bid if that bid:

- (a) is within the maximum total contract price established in the contracting party's budget for the specific project for which bids are being taken, and
- (b) is not more than "X" higher than the total bid price of the lowest responsive bid from any responsible bidder. "X" is determined as follows:

X = lesser of:

When the lowest responsive bid is:

At least \$25,000, but less than \$100,000	10% of that bid or \$9,000.
At least \$100,000, but less than \$200,000	9% of that bid or \$16,000.
At least \$200,000, but less than \$300,000	8% of that bid or \$21,000.
At least \$300,000, but less than \$400,000	7% of that bid or \$24,000.
At least \$400,000, but less than \$500,000	6% of that bid or \$25,000.
At least \$500,000, but less than \$1 million	5% of that bid or \$40,000.
At least \$1 million, but less than \$2 million	4% of that bid or \$60,000.
At least \$2 million, but less than \$4 million	3% of that bid or \$80,000.
At least \$4 million, but less than \$7 million	2% of that bid or \$105,000.
\$7 million or more	1/2% of the lowest responsive bid with no dollar limit.

5. St. Clair County Housing Authority Responsibilities

The SCCHA, as recipient of Public and Indian Housing funding, accepts the responsibility of not only enforcing the Section 3 requirements, but also pro-actively facilitating compliance with Section 3. The SCCHA fulfills this responsibility in the following ways:

1. Notifying Section 3 residents of opportunities through posting job openings in the Central Office and other management offices.
2. Notifying contractors in each pre-job meeting of the Section 3 requirements;
3. Incorporating the Section 3 clause in all of its contracts;
4. Providing applications for employment at the SCCHA front desk and allowing applications to be submitted at the same location; and providing applications for employment on the SCCHA website.
5. Encouraging training of Section 3 residents through support of the SCCHA Resident Councils;
6. Providing an employment data form to interested Section 3 residents (upon admittance to public or Section 8 housing) which is kept on file as a resource for the SCCHA and contractors when seeking to hire Section 3 workers;
7. Documenting actions taken to comply with Section 3 requirements;
8. Reporting annually on its efforts regarding Section 3 implementation (see form HUD-60002 Attachment B)
9. Attempt to award at least 10% of the total dollar amount of all Section 3 covered contracts for building trades work including maintenance, repair, remodeling, modernization and abatement of Public Housing or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction.
10. SCCHA shall refuse to award contracts to businesses or persons found to be in prior violation with Section 3 requirements no matter the venue.

6. Contractor Responsibilities

SCCHA requires that contractors and subcontractors satisfy Section 3 requirements by:

- **New Hires – Section 3 eligible individuals**

New hires are described as full time employees for permanent, temporary or seasonal employment opportunities. The general contractor and its subcontractor(s) have a requirement of 30% of new hires to be Section 3 residents.

- **Section 3 business concerns**

General contractors shall provide evidence of a commitment to subcontract in excess of 25% of the dollar award of all subcontracts to be awarded to businesses that meet the description of Section 3 business concerns as defined above.

- **Documentation of Section 3 Compliance**

1. Contractors must submit, with any and all bids or proposals, an action plan (Schedule "A") describing their implementation of Section 3 regulations. **Omission of this document with a bid or proposal shall deem that bid or proposal non-responsive and therefore ineligible to be awarded a contract.** Allowances may be made by the SCCHA relative to contractor Section 3 submissions in emergency procurement situations.
2. Recommended activities to demonstrate "Training and Employment Efforts" and "Efforts to Award Contracts to Section 3 Business Concerns" are listed on pages 704, 705 and 706 of 24 CFR Part 135, attached.

7. Preferences and Eligibility

- A) Regarding the hiring of Section 3 residents, preference shall be given to those residents who live in the complex where the covered assistance is expended. Next, the Section 3 residents from other complexes to include those residents assisted by the Housing Choice Voucher Program shall be sought. If no Section 3 residents are available from the complexes, the SCCHA and the contractors shall give preference to any Section 3 resident within SCCHA's jurisdiction.
- B) Regarding the contracting opportunities for section 3 business concern, preference shall be given to business concerns owned at least 51% by residents of the complex where the covered assistance is expended. Next, Section 3 business concerns that are owned at least 51% by residents of other complexes shall be sought. If no Section 3 business concern is available from the complexes, the SCCHA and the contractor shall give preference to any Section 3 business concern.
- C) Regarding eligibility, a Section 3 resident seeking employment must fulfill the requirements of the position sought and provide evidence of their Section 3 status. (e.g., receipt of public assistance, tax returns). A Section 3 business concern seeking to win a contract must fulfill the requirements of the contract in full and, if asked, provide evidence of their Section 3 status.

8. Complaints and Compliance

Any Section 3 resident or business concern that feels that the Section 3 regulations were not complied with may file a complaint directly to the Assistant Secretary for Fair Housing and Equal Opportunity at the following address:

Assistant Secretary for Fair Housing and Equal Opportunity
Department of Housing and Urban Affairs
Washington, DC 20410

The complaint must be in writing and be received within 180 days from the date of the action upon which the complaint is based. It should include the complainant's name and address, the SCCHA or contractor's name and address and a description of the act in question. The complainant will receive a response from HUD within 10 days in which further investigation will be explained.

Forms to file a complaint are not required but are available upon request.

9. Attachments

1. Section 3 Contract Clause
2. HUD form 60002-Section 3 Summary Report
3. 24 CFR Part 135-Section 3 Regulations
4. Section 3 Bid Submittals

SECTION 3 CLAUSE

The work to be performed under this contract is on a project assisted under a program providing direct Federal financial assistance from the Department of Housing and Urban Development and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u, Section 3 requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the area of the Section 3 covered project, and contracts for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in the area of the Section 3 covered project.

The parties to this contract will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth in 24 part CFR 135, and all applicable rules and orders of the Department issued there under prior to the execution of this contract. The parties to this contract certify and agree that they are under no contractual or other disability that would prevent them from complying with these requirements.

The contractor will send to each labor organization or representative of workers with which he has a collective bargaining agreement or other contract or understanding, if any, a notice advising the said labor organization or worker's representative of his commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employments or training.

The contractor will include the Section 3 clause in every subcontract for work in connection with the project and will, at the direction of the applicant for or recipient of Federal Financial assistance, take appropriate action pursuant to the subcontract upon finding that the subcontractor is in violation of regulations issued by the Secretary of Housing and Urban Development, 24 CFR Part 135. The contractor will not subcontract with any subcontractor where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR part 135 and will not let any subcontract unless the subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations. Compliance with the provisions of section 3, the regulations set forth in 24 CFR part 135, and all applicable rules and orders of the Department issued there under prior to the execution of the contract, shall be a condition of the Federal financial assistance provided to the project, binding upon the applicant or recipient, its contractors and subcontractors, its successors, and assigns to those sanctions specified by the grant or loan agreement or contract through which Federal assistance is provided, and to such sanctions as are specified by 24 CFR part 135.

The contractor will certify that any vacant employment positions, including training position, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

**St. Clair County Housing Authority (SCCHA)
Modernization Department Contracts**

SCHEDULE A-SECTION 3 UTILIZATION PLAN (To be completed by Prime Contractor)
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Prime Contractor's Name _____

RFP/IFB/Contract or PO Number _____ Date Form Completed _____

Project Title _____

Contractor Name/Title _____

E-Mail Address _____

The contractor agrees to comply with all provisions of Section 3 as set forth in 24CFR 135.1 et all and SCCHA Resolutions implementing Section 3 requirements. The contractor hereby submits this document to identify employment, subcontracting and other opportunities for St. Clair County Housing Authority residents and low and very-low income St. Clair County area residents during the term of the contract between SCCHA and the Contractor. Any changes to this Utilization Plan must be approved by a Section 3 Change Form.

**THE CONTRACTOR AGREES TO MEET ITS SECTION 3 REQUIREMENTS THROUGH
THE FOLLOWING:**

Hiring

The contractor affirms that the jobs identified shall be for meaningful employment that may or may not be related to the scope of services covered under Contract/Purchase

Order# _____

The Contractor has committed to employ _____ number of resident(s) in order to comply with its Section 3 requirements.

NOTE: A prime contractor may satisfy the SCCHA Resident Hiring Requirements through the hiring of residents through their subcontractor(s).

A job order form must be submitted with this schedule A when hiring is one of the contractor's methods is satisfying Section 3 requirements.

The contractor must complete the following table as instructed below:

1. Indicate each job title for all phases of this contract.
2. The number of positions which will be needed in each category.
3. How many of those positions are currently filled.
4. Number currently filled by low and very low income SCCHA residents.
5. Number currently filled by low and very low income St. Clair County area residents.
6. how many positions need to be filled for each job title.
7. The number of low and very low income SCCHA residents (LISCCHAR) or Low and very low income St. Clair Metropolitan Area residents (LISCCAR) to be hired at each job title.

**St. Clair County Housing Authority
Modernization Department Contracts**

Schedule A Section 3 UTILIZATION PLAN (To be completed by Prime Contractor)
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In the space provided below, please outline your plan to provide employment and training opportunities to Section 3 or low-income persons (if more space is needed, please provide an attachment to this page) Examples of plans may include: Advertising the training and employment positions by distributing flyers to every occupied dwelling unit and/or post notices in the SCCHA community offices; Sponsoring a job informational meeting. Please note that attempts to directly subcontract with a Section 3 business concern should also be described in the section below.

Hiring Commitments

1. JOB TITLE	2. Total employees needed to complete the work	Currently Filled (total employees currently working)			6. Total new hires needed	7. LISCCHAR or LISCCAR Indicate how many Section 3 employees you will hire for this job title
		3. Total of all employees at this job title	4. LISCCHAR working at this job title	5. LISCCAR working at this job title		
1.						
2.						
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In the event a Section 3 resident is employed for less than the duration off the job commitment, as outlined in the Section 3 job order form, vendors must contribute to the Other Economic Opportunities Fund in the lesser of the following amounts:

- a. The amount of money which the Section 3 resident would have received if employed for the duration of the contract. Or
- b. 3% of the actual contract amount if a construction contract; 1.5% for other contracts.

**St. Clair County Housing Authority
Modernization Department Contracts**

Schedule A-Section 3 UTILIZATION PLAN (To be completed by Prime Contractor)
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Contracting

Per 24 CFR 135.30, Section 3 requires construction contracts to subcontract at least 10% of the work to Section 3 Business Concerns and 3% of the work for all other contracts.

A Section 3 Business concern, under HUD regulations, is a business concern:

- 1. that is 51% or more owned by Section 3 residents; or
- 2. Whose permanent, full time employees include persons, at least 30% of whom are currently Section 3 residents, or within 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 award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in paragraph (1) or (2) in this definition of "section 3 business concern".

The prime contractor will subcontract with a total of _____ Section 3 Business Concerns totaling _____% of the contract value.

In the section below, outline the Section 3 business concern that will hold subcontracts with your firm under this contract (Note: Each subcontractor listed below must submit a corresponding Schedule C)

A. COMPANY NAME: _____

ADDRESS: _____

CONTACT PERSON: _____ TELEPHONE: _____

E-MAIL ADDRESS: _____

ORIGINAL CONTRACT DOLLAR VALUE: _____

AMENDED CONTRACT VALUE: _____

(Note: Amended contract value only used when changes are made and approved by SCCHA during a contract)

WORK TO BE PERFORMED/MATERIALS SUPPLIED: _____

Type of participation: Direct Indirect

Anticipated performance timeframe (When will the contractor be onsite performing work and for how long): _____

**St. Clair County Housing Authority
Modernization Department Contracts
Schedule A Section 3 UTILIZATION PLAN
(To be completed by Prime Contractor)**

B. COMPANY NAME: _____

ADDRESS: _____

CONTACT PERSON: _____ TELEPHONE: _____

E-MAIL ADDRESS: _____

ORIGINAL CONTRACT DOLLAR VALUE: _____

AMENDED CONTRACT VALUE: _____

(Note: Amended contract value only used when changes are made and approved by SCCHA during a contract)

WORK TO BE PERFORMED/MATERIALS SUPPLIED: _____

Type of participation: Direct Indirect

Anticipated performance timeframe (When will the contractor be onsite performing work and for how long): _____

C. COMPANY NAME: _____

ADDRESS: _____

CONTACT PERSON: _____ TELEPHONE: _____

E-MAIL ADDRESS: _____

ORIGINAL CONTRACT DOLLAR VALUE: _____

AMENDED CONTRACT VALUE: _____

(Note: Amended contract value only used when changes are made and approved by SCCHA during a contract)

WORK TO BE PERFORMED/MATERIALS SUPPLIED: _____

Type of participation: Direct Indirect

Anticipated performance timeframe (When will the contractor be onsite performing work and for how long): _____

**St. Clair County Housing Authority
Modernization Department Contracts**

**Schedule A Section 3 UTILIZATION PLAN
(To be completed by Prime Contractor)**

D. COMPANY NAME: _____

ADDRESS: _____

CONTACT PERSON: _____ TELEPHONE: _____

E-MAIL ADDRESS: _____

ORIGINAL CONTRACT DOLLAR VALUE: _____

AMENDED CONTRACT VALUE: _____

(Note: Amended contract value only used when changes are made and approved by SCCHA during a contract)

WORK TO BE PERFORMED/MATERIALS SUPPLIED: _____

Type of participation: Direct Indirect

Anticipated performance timeframe (When will the contractor be onsite performing work and for how long): _____

E. COMPANY NAME: _____

ADDRESS: _____

CONTACT PERSON: _____ TELEPHONE: _____

E-MAIL ADDRESS: _____

ORIGINAL CONTRACT DOLLAR VALUE: _____

AMENDED CONTRACT VALUE: _____

(Note: Amended contract value only used when changes are made and approved by SCCHA during a contract)

WORK TO BE PERFORMED/MATERIALS SUPPLIED: _____

Type of participation: Direct Indirect

Anticipated performance timeframe (When will the contractor be onsite performing work and for how long): _____

OTHER ECONOMIC OPPORTUNITIES

Per 24 CFR 135.40 other economic opportunities offer an effective means of empowering low-income persons, contractors are encouraged to undertake efforts to provide to low-income persons economic opportunities other than training, employment and contract awards, in connection with Section 3 covered assistance.

**St. Clair County Housing Authority
Modernization Department Contracts
Schedule A Section 3 UTILIZATION PLAN
(To be completed by Prime Contractor)**

In the space below, please outline your plan to provide other economic opportunities to a Section 3 or low-income person (if more space is needed, please provide an attachment to this page) Examples of plans may include: internship programs, mentorship programs and teaming agreements. Please note that any indirect subcontracting should also be described in the section below.

Modernization Department Contracts
Schedule A Section 3 UTILIZATION PLAN
(To be completed by Prime Contractor)

By signing below, the contractor hereby agrees to comply with the Section 3 requirements indicated above. To the extent of this form is contingent upon future information, for example price negotiations, request for specific services, etc. the undersigned hereby affirms and agrees to fully adhere to the SCCHA Section 3 policy. Furthermore, the undersigned acknowledges and affirms responsibility for completion and submission off this form **prior to bid award** of a contract from the SCCHA.

Name of Prime Contractor (print or type)

Name of Authorized officer

Name of Notary Date: _____

State of _____ County of _____ on

This _____ Day of _____, 20 _____

BEFORE ME APPEARED (NAME) _____

TO ME PERSONNALLY KNOWM WHO, BEING DULY SWORN, DID EXECUTE THE FOREGOING AFFIDAVIT AND DID STATE THAT (HE OR SHE) WAS PROPERLY AUTHORIZED BY THE PRIME CONTRACTOR TO EXECUTE THIS AFFIDAVIT AND DID SO AS HIS OR HER FREE ACT OR DEED.

NOTARY PUBLIC: _____ (SEAL):
MY COMMISION EXPIRES: _____

SCCHA APPROVAL: _____
Director of Modernization Date