

SECTION 3 PLAN
FOR
THE HOUSING AUTHORITY OF THE CITY OF MONTGOMERY, ALABAMA

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General Policy Statement

It is the policy of the Housing Authority of the City of Montgomery, Alabama (MHA) 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 status, marital status, sexual orientation, or economic status and to take affirmative action to ensure that both job applicants and existing employees are given fair and equal treatment.

The MHA implements this policy through the awarding of contracts to contractors, vendors, and suppliers, to create employment and business opportunities for residents of the MHA and other qualified low- and very low-income persons residing within the City of Montgomery, Alabama and surrounding areas.

Employment opportunities will be offered first, to residents of the housing development where the work is being done, second, to residents of other housing developments managed by the MHA, third, to residents in HUD Youthbuild programs with the City of Montgomery, Alabama and fourth, to residents of MHA's Housing Choice Voucher Program and other residents of the City of Montgomery, Alabama who meet required income guidelines.

The policy shall result in a reasonable level of success in the recruitment, employment, and utilization of the MHA residents and other eligible persons and business by all contractors working on contracts partially or wholly funded with the United States Department of Housing and Urban Development (HUD) monies.

Section 3 Purpose

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

Section 3 Contracting Policy

The MHA will incorporate Section 3 in its existing Procurement Policy and adopt a Section 3 Contracting Policy to be included in all contracts generated for use with HUD funding except "materials only" contracts which are not subject to Section 3 requirements. This policy contains goal requirements for awarding contracts to Section 3 Business concerns.

All contractors/businesses seeking Section 3 preference must submit certifying information prior to submitting bids/proposals to the MHA. Such certifications shall be adequately supported with appropriate documentation. (See Exhibit 1)

Section 3 Employment Goals

It is the policy of the MHA to utilize residents and other Section 3 eligible persons and businesses in contracts partially or wholly funded with monies from HUD. MHA has established an employment goal that contractors and subcontractors should meet in order to comply with Section 3 requirements. (Reference 24

CFR 135.30 – Numerical goal for meeting the greatest extent feasible requirement).

The numerical goal is:

A minimum of 10% resident hiring for contracts over \$25,000.00. This goal applies to all construction contracts, service contracts and professional service contracts that contain a labor component. It is expected that an appropriate number of residents with particular qualifications or a willingness to begin unskilled labor will be able to participate in up to 30% of the contracted labor efforts. A prime contractor may satisfy up to 30% resident hiring requirements through its subcontractors.

It is the responsibility of contractors, vendors and suppliers to make concerted efforts to attain Section 3 compliance. Any contractor that does not meet the Section 3 numerical goal must demonstrate why meeting the goal was not feasible. All contractors submitting bids or proposals to the MHA are required to certify that they comply with the requirements of Section 3.

Section 3 Program Participant Certification

The Section 3 Coordinator will certify Section 3 program participants who reside in the City of Montgomery and who are seeking preference in training and employment by completing and attaching adequate proof of Section 3 eligibility, as required (see Exhibit 2 – Section 3 Resident Employment Opportunity Data-Eligibility for Preference Form). The Section 3 job readiness component is a part of MHA's commitment to provide economic opportunities and training to residents and other eligible participants to become gainfully employed.

- All persons living in the City of Montgomery, Alabama who meet the Section 3 eligibility guidelines can, by appointment, visit with the Section 3 Coordinator to complete a job readiness prescreening.
- Once this assessment is complete, the Section 3 Coordinator will determine if the individual meets the eligibility requirements and is job ready.
- If the individual is deemed eligible for Section 3 participation and deemed not ready for employment, a referral will be made to other appropriate agencies that are better equipped to address the individual's needs.

Assisting Contractors In Achieving Section 3 Goal Hiring and Contracting Goals

The Section 3 coordinator will assist contractors in achieving Section 3 hiring and contracting goals by:

1. Requesting that the contractor provide a list of available jobs and subcontracting opportunities, and the number of subcontracting and/or employment opportunities expected to be generated from the initial contract.

2. Providing the contractor with a list of interested and qualified Section 3 residents for construction projects.
3. Providing the contractor with a list of Section 3 business concerns interested and qualified for construction projects.
4. Reviewing the Section 3 clause in the contract document with contractors and subcontractors to ensure that the requirement is understood. It is not intended for contractors and subcontractors to terminate existing employees, but should make every effort feasible to employ Section 3 program participants before any other person, when hiring additional employees needed to complete proposed work.

Preference for Contracting with Section 3 Business Concerns

The MHA, in compliance with Section 3 regulations, will require contractors and subcontractors (including professional service contractors) to direct their efforts towards contracts to Section 3 business concerns in the following order of priorities:

- **Priority 1:** Business concerns that are 51% or more owned by residents of the housing development for which the work is performed, or whose full-time, permanent workforce includes 30% of these persons as employees.
- **Priority 2:** Business concerns that are 51% or more owned by residents of the MHA's public housing development(s) other than the housing development where the work is to be performed; or whose full-time permanent workforce includes 30% of these persons as employees.
- **Priority 3:** Business concerns that are 51% or more owned by a Section 3 resident(s), or whose full-time workforce includes no less than 30% Section 3 residents; or that subcontracts in excess of 25% of the total amount of subcontracts to Section 3 business concerns.

Evidence of Section 3 Business Certification

Any business seeking Section 3 preference in the awarding of contracts with the MHA shall complete the Certification for Business Concerns Seeking Section 3 Preference In Contracting and Demonstration of Capability Form (Exhibit 1), which can be obtained from the Procurement/Contract Administrator. The business seeking Section 3 preference must be able to provide adequate documentation as evidence of eligibility for preference under the Section 3 Program.

Certifications for Section 3 preference for business concerns must be submitted to the Section 3 Coordinator prior to the submission of bids or proposals for approval. If the Section 3 Coordinator previously approved the business concern to be Section 3 certified within the last 12 months, then that certification can be submitted along with the bid or proposal.

Efforts to Award Contract Opportunities to Section 3 Business Concerns

The MHA will use the following methods to notify or contact Section 3 business concerns when contracting opportunities exist.

- Conduct pre-bid meetings at which the Section 3 business concerns would be informed of upcoming contracting opportunities.
- Conduct workshops on MHA contracting procedures to include bonding, insurance, and other pertinent requirements, in a timely manner in an effort to allow Section 3 businesses the opportunity to take advantage of any upcoming contracting opportunities.
- Contact the City of Montgomery, Alabama Business Development Department, business assistance agencies, Minority and Women's Business Enterprise (M/WBE), contractor associations and community organizations to inform them of contracting opportunities and to request their assistance in identifying Section 3 businesses.
- Establish relationships with the Small Business Administration (SBA), Minority and Women's Business Enterprise M/WBE association, Community Development Corporations, and other sources as necessary to assist MHA with educating and mentoring residents with a desire to start their own businesses.
- Seek out referral sources in order to ensure job readiness for public housing residents through on-the-job-training (OJT) and mentoring to obtain necessary skills that will transfer into the external labor market.
- Develop resources or seek out training to assist residents interested in starting their own businesses to learn to prepare contracts, prepare taxes, obtain licenses, bonding, and insurance.

Section 3 Residents Recruitment, Training, and Employment

The MHA will seek to provide training and employment opportunities to Section 3 program participants by implementing the following:

- Training opportunities will be advertised by posting in common areas of the housing developments as well as all MHA public housing management offices.
- The resident councils, and resident advisory board, as well as neighborhood community organizations will be contacted to request their assistance in notifying residents of the available training and employment opportunities.
- A database of certified, eligible and qualified Section 3 residents of public housing and other Section 3 residents will be developed.

- A skill assessment database of all Section 3 residents of public housing and other Section 3 residents will be developed and maintained.
- Relationships will be developed with local area employers in an effort to solicit job vacancies to determine skills needed in their workforce, so as to provide the requisite training to residents developing skills that will transfer into the external labor market.
- A provision for a specific number of public housing or Section 3 program participants to be employed by the contractor will be incorporated into the contract.

Employment of Section 3 Program Participants

- The Section 3 Coordinator will screen all residents prior to being hired by a contractor. MHA will only screen residents for skill set and general Section 3 eligibility. Residents who are not in good standing with the MHA will not be eligible to participate in hiring opportunities.
- The screening will assess job readiness (i.e., childcare, transportation, work maturity, job retention skills). Only residents meeting the minimum qualifications of the contractor or subcontractor will be referred to the job site. Residents not deemed job ready would be referred elsewhere. It is imperative that the resident's basic needs are met prior to employment.
- In order to qualify for employment with contractors, public housing residents must have their name(s) on a MHA lease, be current on rent, be at least eighteen years of age, and not be involved in any legal action with MHA (current documented eviction, criminal and drug activity or trespassing).

Contractor Requirements in Employing Section 3 Participants

Section 3 residents are hired by the contractor and are not employees of MHA.
Under the MHA Section 3 Program, contractors and subcontractors are required to:

- Provide employment opportunities to Section 3 residents/participants in the priority order listed below:
 - a) **Priority 1**
Residents of the housing development covered by the contract.
 - b) **Priority 2**
Residents of other housing developments managed by the MHA.
 - c) **Priority 3**
Residents in HUD Youthbuild programs within the City of Montgomery, Alabama.

d) Priority 4

Residents of the Housing Choice Voucher Program of the MHA as well as all other residents residing in the City of Montgomery, Alabama who meet the income guidelines for Section 3 preference (refer to Section 3 Income Limits).

- After the award of contracts, the contractor must, prior to beginning work, inform Section 3 participants of the development at which the work will be performed, and provide the following:
 - Names of the Section 3 business concerns to be utilized.
 - Estimates of the number of employees to be utilized for the contract.
 - Projected number of available positions, to include job descriptions and wage rates. Construction wages must be consistent with Davis Bacon wages.
- Notify the Section 3 Coordinator of their interests regarding employment of Section 3 participants prior to hiring. The Section 3 Coordinator will ensure that the participant is Section 3 eligible, and are job ready.
- Document the performance of Section 3 participants (positive and negative), regarding punctuality, attendance, etc., and provide this information to the Section 3 Coordinator.
- Submit a list of core employees (including administrative, clerical, planning and other positions pertinent to the construction trades) at the time of contract award.
- Immediately notify the Section 3 Coordinator of any problems experienced due to the employment of Section 3 participants.
- Immediately notify the Section 3 Coordinator if a participant quits, walks off, or is terminated for any reason.

Internal Section 3 Complaint Procedure

In an effort to resolve complaints generated due to non-compliance through an internal process, the MHA encourages submittal of such complaints to its Section 3 Coordinator as follows:

- Complaints of non-compliance should be filed in writing and must contain the name of the complainant and a brief description of the alleged violation of 24 CFR 135.76

- Complaints must be filed within thirty (30) calendar days after the complainant becomes aware of the alleged violation.
- An investigation will be conducted if complaint is found to be valid. The Section 3 Coordinator will conduct an informal, but thorough investigation affording all interested parties, if any, an opportunity to submit testimony and/or evidence pertinent to the complaint.
- The Section 3 Coordinator will provide written documentation detailing the findings of the investigation to the Executive Director. The Executive Director will review the findings for accuracy and completeness before it is released to complainants. The findings will be made available no later than thirty (30) days after the filing of complaint.

If complainants wish to have their concerns considered outside of the MHA a complaint may be filed with:

Assistant Secretary for Fair Housing and Equal Opportunity
United States Department of Housing and Urban Development
451 Seventh Street, SW
Washington, DC 20410

The complaint must be in writing and received no later than 180 days from the date of the action or omission upon which the complaint is based, unless the time for filing is extended by the Assistant Secretary for good cause shown.

Definitions

Applicant – Any entity which makes an application for Section 3 covered assistance, and includes, but is not limited to, any State, unit of local government, public housing agency or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization, resident management corporation, resident council, or cooperative association.

Business Concern – A business entity formed in accordance with state law, and which is licensed under state, county or municipal law to engage in the type of business activity for which it was formed.

Contractor - Any entity which contracts to perform work generated by the expenditure of Section 3 covered assistance, or for work in connection with a Section 3 covered project.

Employment Opportunities Generated by Section 3 Covered Assistance – All employment opportunities generated by the expenditure of Section 3 covered public assistance (i.e., operating assistance, development assistance and modernization assistance, (as described in Section 135.3 (a) (1)). With respect to Section 3 covered housing and community development assistance, this term means all employment opportunities arising in connection with Section 3 covered projects (as described in Section 135.3 (a) (2)), including management and administrative jobs. Management and administrative jobs include architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups; and jobs directly related to administrative support of these activities, e.g., construction manager, relocation specialist, payroll clerk, etc.

Housing Authority (HA) – Public Housing Agency.

Housing Development – Low-income housing owned, developed, or operated by public housing agencies in accordance with HUD's public housing program regulations codified in 24 CFR Chapter IX.

HUD Youthbuild Programs – Programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (42 U.S.C.12899), and provide disadvantaged youth with opportunities for employment, education, leadership development, and training in the construction or rehabilitation of housing for homeless individuals and members of low- and very low-income families.

Low-Income Person – 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 findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low-income families.

Metropolitan Area – A metropolitan statistical area (MSA), as established by the Office of Management and Budget.

Recipient – Any entity which receives Section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State unit of local government, PHA, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

Section 3 – Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C.1701u).

Section 3 Business Concern – a business concern,

- 1) That is 51% or more owned by a Section 3 resident; 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: (1) subcontract 20% or more of the dollar award of the total amount of the contract (including modification); and (2) subcontract in excess of 25% of the amount to Section 3 business concerns.

Section 3 Covered Assistance –

- 1) Public housing development assistance provided pursuant to Section 5 of the 1937 Act;
- 2) Public housing operating assistance provided pursuant to Section 9 of the 1937 Act;
- 3) Public housing modernization assistance provided pursuant to Section 14 of the 1937 Act;
- 4) Assistance provided under any HUD housing or community development program that is expended for work arising in connection with housing rehabilitation, construction, or other public construction project (which includes other buildings or improvements, regardless of ownership).

Section 3 Clause – The contract provisions set forth in 24 CFR 135.38.

Section 3 Covered Contracts – A contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project. Section 3 covered contracts do not include contracts awarded under HUD's procurement program, which are governed by the Federal Acquisition Regulation (FAR). Section 3 covered contracts also do not include contracts for the purchase of supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a Section 3 covered contract.

Section 3 Covered Project - The construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance.

Section 3 Resident –A public housing resident or an individual who resides in the metropolitan area or non-metropolitan county in which the Section 3 covered assistance is expended and who is considered to be a low-to very low-income person.

Subcontractor – Any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of Section 3 covered assistance, or arising in connection with a Section 3 covered project.

Very Low-Income person – Families (including single persons) whose income do not exceed 50 per centum 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 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.

Section 3 Clause

All Section 3 covered contracts shall include the following clause (referred to as the Section 3 Clause):

- A. The work to be performed under this contract 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). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
- C. The contractor agrees to send to each labor organization or representative or workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.
- E. The contractor will certify that any vacant employment positions, including training positions, 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.
- F. 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.
- G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

Exhibit 1

**THE HOUSING AUTHORITY OF THE CITY OF MONTGOMERY, ALABAMA
CERTIFICATION FOR BUSINESS CONCERNS SEEKING SECTION 3
PREFERENCE IN CONTRACTING AND DEMONSTRATION OF CAPABILITY**

Name of Business _____
Address of Business _____

Type of Business: Corporation Partnership
 Sole Proprietorship Joint Venture

Attached is the following documentation as evidence of status:

For Business claiming status as a Section 3 resident-owned enterprise:

Copy of resident lease Copy of receipt of public assistance
Copy of evidence of participation Other evidence
in a public assistance program

For business entity as applicable:

Copy of Articles of Incorporation Certificate of Good Standing
Assumed Business Name Certificate Partnership Agreement
List of owners/stockholders and Corporation Annual Report
% ownership of each Latest Board minutes appointing officers
Organization chart with names and title Additional documentation
and brief function statement

For business claiming Section 3 status by subcontracting 25 percent of the dollar awarded to qualified Section 3 business:

List of subcontracted Section 3 business(es) and subcontract amount

For business claiming Section 3 status, claiming at least 30 percent of their workforce are currently Section 3 residents or were Section 3 eligible residents within 3 years of date of first employment with the business:

List of all current full-time employees List of employees claiming Section 3 status
PHA/IHA Residential lease less than 3 Other evidence of Section 3 status less than 3
years from day of employment years from date of employment

Evidence of ability to perform successfully under the terms and conditions of the proposed contract:

Current financial statement
Statement of ability to comply with public policy
List of owned equipment
List of all contracts for the past two years

Authorizing Name and Signature

Attested by: _____
(Corporate Seal)

Exhibit 2

**RESIDENT EMPLOYMENT OPPORTUNITY DATA
ELIGIBILITY FOR PREFERENCE**

Eligibility for Preference

A section 3 resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the recipient contractor or subcontractor, if requested, that the person is a Section 3 resident, as defined in Section 135.5. (An example of evidence of eligibility for the preference is evidence of receipt of public assistance, or evidence of participation in a public assistance program.)

Certification for Resident Seeking Section 3 Preference in Training and Employment	
I, _____ am a legal resident of the _____	
_____ and meet the income eligibility guidelines for a low- or very- low-income person as published on the reverse.	
My permanent address is: _____	

I have attached the following documentation as evidence of my status:	
Copy of lease	Copy of receipt of public assistance (i.e. TANF- Food Stamps)
Copy of document verifying participation in a public assistance program (Jobs Program)	Other evidence _____
_____	_____
Signature	Date
_____	_____
Print Name	

EXHIBIT 3

THE HOUSING AUTHORITY OF THE CITY OF MONTGOMERY, ALABAMA

SECTION 3 INCOME LIMITS

All residents of public housing developments of the MHA qualify as Section 3 residents.

Additionally, individuals residing in the City of Montgomery, Alabama, who meet the income limits set forth below, can also qualify for Section 3 status.

A picture identification card and proof of current residency is required.

Eligibility Guideline

Number in Household	Very Low Income	Low Income
1 individual	\$21,550.00	\$34,450.00
2 individuals	\$24,600.00	\$39,400.00
3 individuals	\$27,700.00	\$44,300.00
4 individuals	\$30,750.00	\$49,200.00
5 individuals	\$33,250.00	\$53,150.00
6 individuals	\$35,700.00	\$57,100.00
7 individuals	\$38,150.00	\$61,050.00
8 individuals	\$40,600.00	\$64,950.00

Note: The listed incomes represent the current year of this document and may change on annual basis. See website below for current income requirements:

<http://www.huduser.org/portal/datasets/il/il12/al.pdf>

Exhibit 4

SECTION 3 CONTRACTING POLICY

INTRODUCTION

It is the mission of the MHA to create affordable, sustainable housing while improving the quality of life for families and encouraging independence.

The purpose of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) 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 individuals, especially recipients of government assistance for housing, and to business concerns which provide economic opportunities to low and very-low income individuals. Section 3 means section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u).

Section 3 requirements apply to all contractors and subcontractors performing work in connection with projects and activities funded by public housing assistance covered by Section 3, where the amount of the contract exceeds \$25,000.00. Section 3 covered contracts do not include contracts for the purchase of supplies and materials unless the contract includes the installation of the materials.

A business concern seeking to qualify for a Section 3 contracting preference shall certify or submit evidence that the business concern qualifies as a Section 3-business concern. The Section 3 business concern must also be able to demonstrate its ability to complete the contract. The ability to perform successfully under the terms and conditions of the proposed contract is required of all contractors and subcontractors subject to the procurement standards of 24 CFR 85.36, 24 CFR 85.36b(8).

Contractors who do not qualify as Section 3 business concerns, but who enter into contracts with the MHA, must agree to comply with certain general conditions (refer to Section 3 Clause). All contractors and subcontractors, including Section 3 businesses, must comply with these general conditions. Included in these conditions is the requirement that each contractor and subcontractor submit with each pay request a report of Section 3 compliance. Failure to comply with these general conditions may lead to sanctions which can include termination of the contract for default and suspension or debarment from future HUD-assisted contracts.

Please direct any questions you may have regarding this information to:

Montgomery Housing Authority
Attn: Procurement/Contract Administrator
525 South Lawrence Street
Montgomery, Alabama 36104

Exhibit 5

SECTION 3 – FREQUENTLY ASKED QUESTIONS

WHAT IS A SECTION 3 BUSINESS CONCERN?

A Section 3 Business Concern is a business concern, as defined in this section—

1. That is fifty-one percent (51%) or more owned by Section 3 residents; or
2. Whose permanent, full-time employees include persons, at least thirty percent (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, (1) subcontract twenty percent (20%) or more of the total dollar award of all contracts (including modification) and (2) subcontract in excess of twenty five percent (25%) of the amounts to Section 3 business concerns.

Note: A business concern seeking to qualify for Section 3 shall certify and submit evidence that the business meets one of the guidelines stated above. (Refer to Certification for Business Concerns Seeking Section 3 Preference in Contracting and Demonstration of Capability Form – Exhibit 1)

WHO IS A SECTION 3 RESIDENT?

A Section 3 resident is:

1. A public housing resident.
2. An individual who lives within the City of Montgomery, Alabama and whose income falls within the guidelines for low- or very-low income.
3. Participant(s) in the Youthbuild Program in the City of Montgomery, Alabama.
4. All other residents (including Housing Choice Voucher recipients) of the City of Montgomery, Alabama who meet the income guidelines for Section 3 preference (refer to Section 3 Income Limits).

ORDER OF PROVIDING PREFERENCE TO SECTION 3 BUSINESS CONCERNS

When considering the award of contracts to business concerns, and more than one Section 3 business concern is being considered, to the greatest extent possible, awards shall be made in the following order of priority:

1. A Section 3 business concern that is fifty-one percent (51%) or more owned by resident(s) of the public housing development where the work is performed, or whose full-time, permanent employees include at least thirty percent (30%) of the residents of the public housing development where the work is performed;
2. A Section 3 business that is majority owned by resident(s) of other developments owned by MHA, but not the housing development where the work is performed, or whose full-time, permanent employees include at least thirty percent (30%) of the residents of other developments owned by the MHA but not the housing development where the work is performed;
3. A Section 3 business concern that is majority owned by a Section 3 resident who is not a public housing resident or whose permanent, full-time workforce includes no less than thirty percent (30%) of Section 3 residents who are not public housing residents or that subcontract in excess of twenty-five percent (25%) of the total amount of subcontracts to Section 3 business concerns.

Note: A Section 3 business concern seeking any of the above preferences shall submit evidence that it meets the guidelines of that preference.

WHAT IF MY BUSINESS DOES NOT QUALIFY AS A SECTION 3 BUSINESS?

The MHA will, to the greatest extent feasible, offer contracting opportunities to Section 3 business concerns. However, in the event no Section 3 business bids on a contract, or bids but is not able to demonstrate to MHA's satisfaction that it has the ability to perform successfully under the terms and conditions of the proposed contract, then that contract will be awarded to a non-Section 3 business concern that can meet the terms and conditions of the proposed contract through the competitive bidding process.

That business concern must meet, as all businesses must (including Section 3 businesses), the general conditions of compliance (refer to Section 3 Clause [Construction Contracts] and Section 3 Clause [Non-Construction Contracts]).

This will include:

1. Submitting a list of all positions necessary to complete contract, name of employees who will fill those positions, and names of all other employees.
2. Posting notices of any vacant positions, including training and/or apprenticeship positions, qualifications for positions, place where applications will be received and starting date of employment.
3. To the greatest extent possible, making available vacant positions, including training to Section 3 residents (all categories) in order of priority.
4. As positions are vacated during completion of contract, following guidelines enumerated in numbers 2 and 3 above.

5. Submitting Compliance Reports as required.
6. If notified of non-compliance, correcting non-compliance within the allowable time period.

ORDER OF PROVIDING EMPLOYMENT PREFERENCE TO SECTION 3 RESIDENTS

When considering the employment of a Section 3 resident, the following order of priority is followed as outlined in 24 CFR 135.32:

1. **Priority 1**
Residents of the housing development or developments in which the contract shall be expended.
2. **Priority 2**
Residents of other housing developments managed by the MHA.
3. **Priority 3**
Residents of the Youthbuild Program in the City of Montgomery, Alabama.
4. **Priority 4**
All other residents (including Housing Choice Voucher recipients) of the City of Montgomery who meet the income guidelines for Section 3 preference (refer to Section 3 Income Limits).

In all cases, applicants must meet the minimum qualifications for the position. In no instance shall it be construed that preference is given to Section 3 residents who do not meet these minimum qualifications.



Exhibit 6

Section 3 Reporting

In accordance with regulations set forth by the U.S. Department of Housing and Urban Development, the MHA will ensure that for each Public and Indian Housing grant that involves development, operating, or modernization assistance it receives, a Section 3 Summary Report will be submitted. A Section 3 Summary Report will be submitted for each individual grant program.