

# **Yazoo City Housing Authority**

**121 Lindsey Lawn Drive  
Yazoo City, Mississippi 39194**

## **SECTION 3 POLICY, PROCEDURES AND CONTRACTOR CERTIFICATIONS**

**This Policy Statement:**

- **Sets forth YCHA's policy, goals and preferences;**
- **Sets forth the statutory provisions of Section 3; and**
- **Contains a copy of 24 CFR Part 135, the Section 3 Rules.**

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# STATEMENT OF PURPOSE

The purpose of Section 3 of the Housing and Urban Development Act of 1968, as amended by Section 915 of the Housing and Community Development Act of 1992, is to “ensure that employment and other economic opportunities generated by certain HUD financial funding 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 funding for housing, and to Business Concerns which provide economic opportunities to low- and very low-income persons.” The 1992 Act sets forth:

- The types of HUD financial funding, activities, and recipients subject to the requirements of Section 3;
- The specific individuals and Business Concerns who are the intended beneficiaries of the economic opportunities generated from HUD-assisted activities; and
- The order of priority in which these individuals and Business Concerns should be recruited and solicited for the employment and other economic opportunities generated from HUD-assisted activities.

Yazoo City Housing Authority’s (hereinafter referred to as “YCHA”) Section 3 policy is expressed in this statement, the goal statement, and the preference tiers. Implementation procedures may be amended periodically by YCHA to insure that the policy requirements are being met or to bring about efficiencies in the implementation of the program based on the practice and experience of operating the program.

## DEFINITIONS

**NEW HIRES:** full-time employees for permanent, temporary or seasonal employment opportunities for any specific YCHA related contract.

**RESIDENT OWNED BUSINESS (ROB):** A ROB is a Business Concern owned or controlled by public housing residents, that is: (a) at least 51% owned and operated by one or more public housing residents; and (b) whose management and daily business operations are controlled by one or more such individuals. For purposes of Section 3 compliance, a ROB must also meet YCHA definitions of a Section 3 Business Concern as described below.

**EMPLOYMENT OPPORTUNITIES GENERATED BY SECTION 3 COVERED ASSISTANCE:** All employment opportunities generated by the expenditure of Section 3 covered funding (i.e. operating funding, development funding, and modernization funding) and with respect to Section 3 covered housing and community development funding, all employment opportunities arising in connection with Section 3 covered projects, including management and administrative jobs (including architectural, engineering, or related professional services and jobs directly related to administrative support of these activities) connected with the Section 3 covered project.

**RECIPIENT:** Any PHA which receives Section 3 covered funding, directly from HUD or from another recipient and includes, but is not limited to, any State, unit of local government, PHA, IHA, Indian Tribe, 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 PHA, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include Section 3 contractors.

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

**SECTION 3 BUSINESS CONCERN:** As defined by HUD, a Section 3 Business Concern is one:

A. That is Fifty-one (51%) percent or more owned by Section 3 residents; or

B. Whose permanent, full-time employees includes persons, at least 30% of whom are current Section 3 residents, or were Section 3 residents within three (3) years of the date of first employment with the Business Concern if the contractor is working on a redeveloped or replacement asset; or

C. That provides evidence of a commitment to subcontract a minimum of 25% of the total contract award amount (including any modifications) to Section 3 Business Concerns as defined in A or B. Example: If the Contract Amount is = \$1,000,000, contractor must subcontract at least 25% or \$250,000 to Section 3 Business Concern (s) as defined in A or B in this part.

**SECTION 3 CLAUSE:** The contract provisions and sanction set forth in 24 CFR 135.38

**SECTION 3 COVERED ACTIVITY:** Any activity that is funded by Section 3 covered funding including public housing funding.

**SECTION 3 COVERED ASSISTANCE:** There are no dollar amount thresholds for PIH (Public and Indian Housing) funded Section 3 covered activities. Section 3 applies to all contractors and subcontractors performing work in connection with the following funding regardless of the amount of the contract or subcontract:

- Public and Indian housing development funding provided pursuant to Section 5 of the 1937 Act;
- Public and Indian housing operating funding provided pursuant to Section 9 of the 1937 Act;
- Public and Indian housing modernization funding provided pursuant to Section 14 of the 1937 Act;
- Housing Choice Voucher funding for work arising in connection with: housing rehabilitation, housing construction, or other public construction projects.

**SECTION 3 COVERED CONTRACT:** 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 funding or for work arising in connection with a Section 3 covered project. "Section 3 covered contracts" do not include contracts for the purchase of supplies and materials except, 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 funding.

**SECTION 3 JOINT VENTURE:** An association of Business Concerns, one of which qualifies as a Section 3 Business Concern, formed by written joint venture agreement to engage in and carry out a specific business venture for which purpose the Business Concerns combine their efforts, resources, and skills for joint profit, but not necessarily on a continuing or permanent basis for conducting business generally, and for which the Section 3 Business Concern:

- Is responsible for a clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and
- Performs at least 25% of the work and is contractually entitled to compensation proportional to its work.

**SECTION 3 RESIDENT:**

- 1.) A public housing resident or Housing Choice Voucher funded recipient, or 2.) An individual who resides in the metropolitan or non-metropolitan County where the funds are expended and who meets the following criteria:
  - Low-income persons – families (or single persons) whose incomes do not exceed 80 per centum of the median income for the area.

- Very low-income persons – families (or single persons) whose incomes do not exceed 50 per centum of the median income for the area.
- A Homeless person residing in the area of a covered project.

## GOAL STATEMENT

It is YCHA's policy to achieve Section 3 goals through the following means:

**HIRING:**• At least 30% of the aggregate number of full-time new hires must be Section 3 residents, with a preference for residents at the property where the work is being performed or based on the tier structure below.

### **CONTRACTS**

Contractors seeking to receive preference in contracting awards must demonstrate Section 3 compliance by providing a notarized statement or Section 3 Action Plan committing to award to Section 3 Business Concerns:

- At least 10% of the total dollar amount of all Section 3 covered contracts for building trades work for maintenance, repair, modernization, or development of Public housing, or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction.
- At least 3% of the total dollar amount of all other Section 3 covered contracts.
- YCHA's preference is to contract directly with a Section 3 business or contract with contractors that subcontract to a Section 3 business. In either case, YCHA's preference is further defined as prioritizing Business Concern's that employ YCHA residents from the property where the work is being performed. Note that Supply and Delivery contracts are exempt from these Section 3 Policy requirements unless an identified and self-certified Section 3 resident is providing the supplies or providing delivery services.

### **OTHER ECONOMIC OPPORTUNITIES**

Providing other economic opportunities to train and employ Section 3 residents or contributing to a Section 3 compliance training fund which provides other economic opportunities. Firms may provide other economic opportunities or make a direct cash contribution to a training fund held and managed by YCHA. YCHA will be responsible for soliciting and contracting a qualified firm experienced in providing demonstrated successful Department of Labor approved curriculum for Section 3 resident training in the following areas:

- Employment Readiness and Professional Development
- Section 3 Small Business Concern Development Training
- Building Construction Trades Classroom Training
- Hands-on Construction Trades Skills Training
- Computer Literacy and Microsoft Training Class

For contractors that cannot meet the other compliance methods of hiring new employees or sub-contracting, YCHA has established the following minimum threshold requirements for contribution to any fund that provides other economic opportunities:

- a) For trade, construction and rehabilitation work the "value" of the other economic opportunity must equal or exceed 5% of the total original contract amount

b) For other types of contracts, including service contracts, the "value" of the other economic opportunity must equal or exceed 1.5% of the total original.

## **YCHA PREFERENCE TIERS**

YCHA's preference is to ensure that as many YCHA residents as possible are employed. In an effort to further that goal, YCHA has created the following preference tier structure. Contractors are asked to comply with Section 3 by first considering Tier IA, hiring at the site where work is being performed. If the contractor demonstrates to YCHA's satisfaction the inability to hire at the site, YCHA's next preference is for the contractor to hire residents from other YCHA properties. If the contractor cannot meet its Section 3 goal in this manner and needs to move to Tier IC, Tier ID or Tier II or III, that contractor must document this inability to comply with the preference and the need to move to Tier IC, Tier ID or another tier. [Such inability must be documented for moves within tiers or any moves to a lower tier.] Accessible documentation for moves from one Tier to another shall include:

1. Copy of flyers/notices distributed to all YCHA properties
2. Copy of flyers/notices distributed to resident organizations representing YCHA residents
3. Copy of flyers/notices distributed to any Youth build program participants operated by YCHA
4. Copy of signs posted at the work site(s) and/or newspaper advertisements for Section 3 jobs

### **TIER I**

- A. Hire Section 3 YCHA residents from property work site.
- B. Hire Section 3 YCHA residents from another YCHA subsidized property or Housing Choice Voucher holders in programs administered by YCHA
- C. Hire non-YCHA Section 3 residents from the Youth build program (If available) and any WIA Board
- D. Hire non-YCHA Section 3 residents from the metropolitan city or the non-metropolitan county including the homeless

### **TIER II**

#### **A. Work Site Specific**

1. Contract directly with a Resident Owned Business whose full-time, permanent workforce includes persons, at least 51% of whom are YCHA residents from the site where the work is being performed
2. Contract directly with a Section 3 business that is 51% percent or more owned and operated by Section 3 residents and whose full-time, permanent workforce includes persons, at least 30% of whom are YCHA residents from the site where the work is being performed
3. Contract directly with any other Section 3 business whose full-time, permanent workforce includes persons, at least 30% of whom are YCHA residents from the site where the work is being performed

#### **B. Residents Living On Other YCHA Properties**

1. Contract directly with a Resident Owned Business whose full-time, permanent workforce includes persons, at least 51% of whom are YCHA residents from other YCHA properties
2. Contract directly with a Section 3 Business Concern that is 51% percent or more owned and operated by Section 3 residents and whose full-time, permanent work force includes persons, at least 30% of who are YCHA residents from other YCHA properties

3. Contract directly with a Section 3 Business Concern whose full-time, permanent workforce includes persons, at least 30% of whom are YCHA residents from other YCHA properties

### **C. Area Residents Not Specifically On YCHA Properties**

1. Contract directly with a YCHA Resident Owned Business whose full-time, permanent workforce includes persons, at least 51% of whom are Section 3 residents

2. Contract directly with a Section 3 Business Concern owned and operated by Section 3 Residents whose full-time, permanent workforce includes persons, at least 30% of whom are Section 3 residents

3. Contract directly with other Section 3 Business Concerns whose full-time, permanent workforce includes persons, at least of 30% of who are Section 3 residents

### **D. General Contracts without Hiring Percentages**

1. Contract directly with a Section 3 Business Concern which is majority owned by Section 3 residents

2. Contract directly with a Resident Owned Business regardless of the number of Section 3 residents employed

### **E. Youthbuild**

1. Subcontract with Section 3 Business Concern that involves the Youthbuild program

### **F. 25% Subcontract Award**

1. Use a Section 3 Business Concern that meets Section 3 requirements by subcontracting 25% of the total dollar value of the contract including any modifications to Section 3 Business Concern (s)

### **G. Section 3/Private Sector Joint Venture**

1. Subcontract with a Section 3 Concern that partners with a Section 3 Joint Venture that demonstrates in writing its agreement with a private sector business or individual whereby the Section 3 Concern receives 51% or more of the profits earned from the contract awarded to the joint venture partnership

## **TIER III**

Providing other economic opportunities to train and employ Section 3 residents or contributing to a fund which provides other economic opportunities. YCHA has established the following minimum threshold requirements for contribution to the fund that provides other economic opportunities:

a.) For trade, construction and rehabilitation work the "value" of the other economic opportunity must equal or exceed 5% of the total contract amount plus any modifications;

b.) For other types of contracts, including service contracts, the "value" of the other economic opportunity must equal or exceed 1.5% of the total contract amount plus any modifications.

[NOTE: There is NO dollar threshold for purchases that qualify as Section 3 covered projects. All contracts and all dollar values apply for the purposes of this policy in line with the regulation.]

# **SECTION 3 COMPLIANCE REQUIREMENTS**

## **I. HIRING**

### **A. Background**

1. The Section 3 regulations provide that recipients, their contractors, and any subcontractors demonstrate compliance by employing Section 3 residents as 30% of the aggregate number of new hires.

2. A contractor is required to hire only when a new hire is needed to perform the work. In the event that no new hires are needed; contractors must pursue other avenues of compliance as set forth in YCHA's preference tier structure.

3. The Section 3 Regulations, at 24 CFR Part 135, require that in public housing programs, compliance efforts shall be directed to provide training and employment opportunities to Section 3 residents in the following order of priority:

a. Residents of the property or properties where the covered funding is expended

b. Residents of other properties managed by the Public Housing Authority that is expending the covered funding and Housing Choice Voucher holders in programs administered by YCHA..

c. Participants in HUD Youthbuild programs in the metropolitan area or nonmetropolitan county in which covered funding is expended.

d. All other low- and very low-income persons within the metropolitan City and Non-metropolitan County.

4. In situations where a new hire is needed, a contractor will not be required to hire persons who are not qualified.

5. If a new hire is needed and a Section 3 resident is identified, that Section 3 resident will be required to submit evidence of Section 3 status to the recipient, contractor or subcontractor.

6. YCHA requires a preference for hiring from the property where work is being performed. However, YCHA will not require a contractor to hire from the property at the work site if:

a. A pre-identified list of Section 3 residents that have previously completed an employment related readiness or skills training, contains no persons qualified to perform the work. Qualified residents from other YCHA properties or Section 3 residents in the area shall then be considered.

b. The contractor's workforce is adequate to do the job and no new hiring is needed.

## **B. Certification and Compliance**

1. As part of each bid or proposal submitted, the respondent must document their workforce by position. Such information will be re-verified at the commencement of the contract.

2. Contractors will be required to submit documentation in the form of payroll forms submitted weekly or as payrolls are processed that clearly identifies the Section 3 hires. The contractor must comply with the Section 3 requirements throughout the life of the contract. YCHA will periodically audit this information. Failure to comply with the weekly submittal of payroll shall result in the delay of payment. YCHA may contract a Section 3 compliance management service to manage all its compliance functions. In such a case the contractor agrees to cooperate with that company as if it were YCHA in terms of providing all requested payroll, contract and personnel data timely. If at any time the contractor or sub-contractor fails to comply they will have a cure period of no more than one new payroll period to meet the contract compliance. If they fail to comply, YCHA will not release any additional payments to them until compliance is met within this policy.

3. YCHA residents by virtue of their income are Section 3 residents. Contractors employing YCHA residents must retain documentation that demonstrates any YCHA residents hired to meet Section 3 employment goals are:

a) Identified on the lease of household, that is lease compliant in accordance with YCHA's Admission and Continued Occupancy Policy; and

b) Able to provide to the contractor or subcontractor a self-certification form identifying them as Section 3 for the classification or Tier the resident is claiming. The identical resident information

(Name and Address) must appear on the routine and certified payrolls submitted by the contractor to verify a Section 3 hire.

4. In the event a Section 3 resident is employed for less than the duration of the job commitment (as indicated on the approved Section 3 Plan), contractors must contribute to a fund which provides other economic opportunities 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) 5% of the actual contract amount if a construction contract; 1.5% for other contracts.

5. Non-YCHA households claiming Section 3 status must be prepared to submit evidence of income and residency in the metropolitan area or Non-metropolitan County at the time of hire. As part of the Section 3 compliance process, contractors will be required to document that employees hired meet the residency and income requirements. This must be done by providing a copy of the resident self-certification form signed by both the resident and the hiring contractor.

## **II. CONTRACTING**

### **A. Background**

1. The Section 3 Regulations, in 24 CFR Part 135, provide that YCHA, its contractors and subcontractors may demonstrate compliance by awarding contracts to Section 3 Business Concerns or to contractors who contract with such firms.

2. YCHA's contracting goals require that Section 3 firms receive at least:

a.) 10% of the total dollar amount of all Section 3 covered contracts for building trades work for maintenance, repair, modernization or development of public or Indian housing; or

b.) 10% of the total dollar amount of all Section 3 covered contracts for building trades work arising in connection with housing rehabilitation, housing construction and other public construction; and

c.) 3% of the total dollar amount of all other Section 3 covered contracts.

3. Requirements apply to the entire amount of Section 3 covered funding awarded to a recipient in any calendar or federal budget year, January 1<sup>st</sup> through December 31<sup>st</sup>. correspondingly; YCHA's requirements shall apply to the total dollar amount of each contract or purchase order.

4. Recipients that award contracts to contractors that will provide training or hiring, must ensure that contractors provide training, employment, and contracting opportunities to Section 3 residents and Section 3 Business Concerns.

5. Efforts shall be directed to award contracts to Section 3 Business Concerns in the following order of priority:

a.) Business concerns that are 51% or more owned by residents of the housing property or properties for which the covered funding is expended and whose full-time, permanent workforce includes 30 percent of these persons as employees or were Section 3 residents of the property within three (3) years of the date of first employment with the Business Concern if the contractor is working on a redeveloped or replacement asset; or

b.) Business concerns that are 51% or more owned by residents of other housing properties or properties managed by YCHA that are expending the Section 3 covered funding and that the Business concerns' fulltime, permanent workforce includes 30 percent of these persons as employees

(Or were Section 3 residents of other YCHA properties within three (3) years of the date of first employment with the Business Concern); or

- c.) Business concerns that are 51% or more owned by residents of the public housing property or properties for which the covered funding is expended
- d.) Business concerns that are 51% or more owned by residents of other public housing properties or properties managed by YCHA that is expending the Section 3 covered funding
- e.) HUD Youthbuild programs being carried out in the metropolitan area or nonmetropolitan county in which the Section 3 covered funding is expended; or
- f.) Business concerns that are 51% or more owned by Section 3 residents; and
  - i. whose full-time, permanent workforce includes 30% of these persons as employees; or
  - ii. that subcontracts 25% or more of the total amount of the contract (including modifications) to Section 3 Business Concerns
- g.) Business concerns that are 51% or more owned and operated by Section 3 residents.

## **B. Compliance**

1. Business Concerns claiming Section 3 status based on ownership (as applicable) must meet that status at the time the bid or proposal is submitted to YCHA.
2. Anyone claiming to be a Section 3 Resident or Business Concern shall be required, as set forth by procedure, to provide evidence of such status.
3. Pursuant to 24 CFR 135.36 (c) any firm, prime or subcontractor claiming Section 3 status must demonstrate to YCHA's satisfaction that the Business Concern is responsible and has the ability to complete the work under the terms and conditions of the proposed contract. In evaluating firms under this provision YCHA will examine:
  - a. the work history and prior performance of the firm;
  - b. the requirements of the job verses the skills evidenced by the firm through its owners, officers, principals, and key staff;
  - c. technical and logistical capability to complete the work considering contracts already awarded to the firm by YCHA or others;
  - d. bonding capability and ability to obtain required insurance (with allowances for disadvantaged or start-up firms);
  - e. evidence of past sanctions imposed by YCHA or others; and
  - f. evidence that the firm, its principals, associates, partners, subcontractors or others have not acted or colluded in order to circumvent the compliance process by structuring contractual or other relationships or engaging in practices designed to comply with Section 3 only to obtain the preference without regard to the work or requirements of the job.
4. A Business Concern need not hire new employees to be considered a Section 3 business provided that:
  - a. the Business Concern is 51% or more owned and operated by a Section 3 resident; or
  - b. the Business Concern's workforce consists of 30% of YCHA's Section 3 residents to qualify the contractor as a Section 3 business (30% or more of the full time, permanent workforce consists of YCHA's Section 3 residents, or persons who were YCHA's Section 3 residents within 3 years of first employment in the case of redevelopment or replacement assets); or

- c. the business subcontracts 25% or more of the total amount of the contract (including modifications) to Section 3 Business Concern (s); or
5. After award of a contract, if a Business Concern must hire to maintain the Section 3 workforce percentage, new hiring efforts must be made in accordance with YCHA preference tier for hiring (Tier I).
6. If a Business Concern claims Section 3 status by virtue of workforce composition, documentation of the efforts a contractor employs to achieve the 30% Section 3 workforce requirement must be submitted to YCHA as part of the response to the bid, quote, or proposal. Further, the firm must maintain the Section 3 workforce percentage throughout the life of the contract. Workforce composition is subject to audit. If the contractor fails to comply with the regulation and this policy, a cure notice will be sent to them and continued non-compliance will result in contract termination after proper notice of breach of contract has been sent by YCHA.
7. A Business Concern (including joint-ventures) seeking to qualify for a Section 3 preference shall certify and submit evidence that they are entitled to the applicable Section 3 preference and that they are a Section 3 Business Concern as defined in 24 CFR, Part 135 and by YCHA pursuant to this policy. Prime or subcontractors must submit documentation (including work force composition data) as part of any bid, quote, or proposal submitted to YCHA. Additional documentation is required for joint-ventures.
8. Firms that claim Section 3 business status by subcontracting (25% of the total contract) to other Section 3 businesses must require that the subcontractor(s) provide ownership or workforce documentation as applicable. The prime contractors must keep such records on file and available for review by YCHA. Such documentation must also be submitted as part of any bid, quote or proposal.
9. Subcontractors identified by any prime contractor claiming Section 3 status per item 6 must be a Section 3 business by ownership and/or planned workforce as defined in this policy. Subcontractors used by prime contractors to comply with item 6 cannot claim Section 3 status by further subcontracting.
10. Section 3 Joint Ventures -- To meet Section 3 contracting goals YCHA is permitted to contract with an association of firms at least one of which meets YCHA's definition A or B of a Section 3 Business Concern. A definition of a joint-venture is provided in the definition section of this policy. Compliance requirements for joint-ventures are discussed below.
11. Joint-ventures are subject to the following documentation requirements:
- a. The joint-venture agreement must be in writing and must be submitted as part of the response to any bid or proposal solicited by YCHA. In order for YCHA to evaluate the "adequacy" and "capacity", the agreement must describe in sufficient detail the area(s) of work assigned to each member of the joint-venture.
  - b. The joint-venture agreement must reference a completed and fully executed joint venture certification, as provided by YCHA, which must also be attached to the joint venture agreement as an exhibit.
  - c. YCHA requires that the Section 3 joint-venture partner is a bona-fide Section 3 business, therefore the joint-venture shall provide documentation that shows that the Section 3 partner meets the ownership and workforce, or workforce requirements established in this policy. Section 3 joint-venture partners cannot use subcontracting to establish their status as a Section 3 Business Concern.
  - d. Section 3 requires that the joint-venture partner be responsible for a clearly defined portion of the work. Proposals or bids must specify the labor hours assigned to and the compensation to be received by the Section 3 joint-venture firm.
  - e. Section 3 firms in the joint-venture must be qualified to perform the scope of work and have the capability to complete the work assigned under the joint-venture agreement (see item b above).

### **III. OTHER ECONOMIC OPPORTUNITIES**

## **A. Contract Values**

1. For contracts or purchase orders valued at \$1 or more, other economic opportunities may only be used where a contractor cannot comply with the hiring or subcontracting goals set forth in the Preference Tier structure.
2. For contracts valued under \$1 or more for professional services such as A & E, Auditing, professional consulting and training services, other economic opportunities may be used at any time.

## **B. Economic Opportunities:**

1. Scholarships for YCHA residents -- the contractor may contribute to YCHA Compliance fund. The funds will be provided to schools, institutes, etc. via a third party to provide scholarships exclusively for YCHA residents.
2. Daycare/Transportation to support YCHA residents who are working or are in training or education programs -- the contractor may contribute to the Compliance fund. The funds will be used to pay day care providers or provide transportation passes or cards or stipends exclusively for YCHA residents. The daycare/transportation fund will be administered by either YCHA or a third party service provider under a cooperative agreement with YCHA.
3. Part-Time Employment/Job Training Programs -- contractors may provide part-time work or paid training opportunities for YCHA residents (with an emphasis on employment related classroom or on the job training). The hours of part-time work or training when converted to dollars must equal or exceed the threshold requirements established in D. below.

## **C. Contract Values**

YCHA will permit the use of other economic opportunities, without regard to YCHA Preference Tiers, for all contracts or purchase orders. For such contracts, firms may still comply by hiring or subcontracting but are not required to propose these options or provide the reasons why they cannot hire or contract to meet the Section 3 requirements.

## **D. Threshold Requirements for Other Economic Opportunities:**

YCHA has established the following minimum threshold requirements for use of other economic opportunities:

1. For Trades, construction and rehabilitation work the "value" of the other economic opportunity must equal or exceed 5% of the total contract amount plus any modifications;
2. For other types of contracts, including service contracts, the "value" of the other economic opportunity must equal or exceed 1.5% of the total contract amount plus any modifications

## **IV. BID OR PROPOSAL EVALUATION**

**A.** Contractors who fail to address Section 3 requirements will be deemed nonresponsive. This means that in the proposal or bid documents submitted to YCHA, the Contractor's Affidavit and Compliance Commitment must be completed including applicable attachments and supporting documentation to support claims of compliance by hiring, contracting or other economic opportunities.

**B.** After written notice from YCHA specifying the defects in the Section 3 information, contractors will be given no more than Two (2) business days to complete the form and provide all required documents. Failure to respond within the 2 (Two) days will result in YCHA declaring the bidder or respondent non-responsive. The contract or bid will then be awarded to the next lowest bidder or to the respondent with the next highest score. Where the selection is a qualifications based procurement, YCHA will award to the firm that is the next highest ranked or next most advantageous.

Handbook No. 7460.8 REV 2

CHAPTER 15. EMPLOYMENT & TRAINING OPPORTUNITIES AND CONTRACTING WITH RESIDENTS, RESIDENT-OWNED, SMALL, MINORITY, AND OTHER DISADVANTAGED BUSINESSES

15.1 General

HUD strongly supports a policy of providing training and employment opportunities to residents and contracting with residents and resident-owned businesses, including RMCs, whenever possible. In addition, HUD encourages PHAs to establish goals for contract awards to small and minority-owned businesses and minority business enterprises (MBEs), women business enterprises (WBEs), and businesses in labor surplus areas.

15.2 Section 3 of the Housing and Urban Development Act of 1968 (24 CFR 135)

A. Overview. The purpose of Section 3 is to ensure that, to the greatest extent feasible, employment, training, and business opportunities created by HUD financial funding be directed to low and very-low income persons. Efforts to promote Section 3 objectives must be consistent with existing Federal, State and local laws and regulations.

B. Covered Programs. Section 3 requirements apply to:

1. PHA utilization of funds for public housing development, operations, and capital fund programs; these requirements do not apply to Housing Choice Vouchers; and
2. In addition, certain Notification of Funding Availability (NOFA) and grant agreements governing funding to PHAs may contain Section 3 requirements.

C. Covered Work. Section 3 covers contracts for work and does not apply to contracts for the purchase of supplies and materials. However, contracting with PHA resident-owned businesses for the purchase of supplies and materials is considered providing an other business related economic opportunity under 24 CFR 135.40, which can be used to satisfy a PHA's overall Section 3 obligations. Additionally, if the contract includes installation of purchased equipment, the contract would be covered by Section 3.

D. Mandatory Section 3 Contract Clause. The mandatory Section 3 contract clause can be found at 24 CFR 135.38, which applies to all contracts covered by Section 3. Covered contracts described at 24 CFR 135.3(a) include developments, operating and modernization funding. This clause is included in forms HUD-5370, HUD-5370-C, and HUD-5370-EZ

E. Annual Report. Pursuant to 24 CFR 135.90, PHAs must submit to, the Assistant Secretary for Fair Housing and Equal Opportunity, an annual report using the Section 3 Data Reporting System on form HUD-60002- Economic Opportunities for Low- and Very Low-Income persons.

15.3 Resident-Owned Businesses

A. A resident-owned business is any Business Concern that is owned and controlled by public housing residents.

B. HUD strongly encourages PHAs to contract with resident-owned businesses to the maximum extent feasible.

C. The regulation at 24 CFR Part 963 allows PHAs to use an alternative procurement process when contracting with businesses owned in substantial part by PHA residents (resident-owned businesses) for public housing services, supplies, or construction. The alternative procurement process must comply with procedures and requirements as set forth in HUD's procurement regulations at 24 CFR 85.36, except that solicitations are limited to resident-owned businesses. Use of this alternative procurement process is not a requirement.

D. The alternative procurement process under 24 CFR Part 963 is as follows:

1. The PHA prepares an ICE for the procurement.
2. The PHA selects the appropriate method of procurement (small purchase, sealed bidding, competitive proposals, or noncompetitive proposals).
3. The PHA solicits a bid, proposal, or offer from one or more resident-owned businesses.
4. The PHA receives offer(s) from one or more resident-owned businesses and ensures that:
  - a. The offeror has submitted the required certification described in 24 CFR Part 963 regarding previous contracts received under the alternative procurement process and the total amount of such previous contracts is less than \$1,000,000;
  - b. The PHA performs a cost or price analysis of the offer(s) received and determines that the price is reasonable, i.e., the price that normally would be paid for comparable supplies, services, or construction in the project area;
  - c. The PHA makes an award to the responsive and responsible

Bidder/offeror/respondent whose bid/offer/proposal is most advantageous overall to the PHA, consistent with the evaluation factors stated in the solicitation. The resident-owned business must be capable of performing satisfactorily; and

d. The PHA documents the procurement file and complies with all other procurement requirements of 24 CFR 85.36, including the requirement for economy and efficiency.

#### 15.4 Contracting with an Resident Management Corporation (RMC)

A. A PHA may enter into a contract with an RMC to provide property management under 24 CFR Part 964, Tenant Participation and Tenant Opportunities in Public Housing. As with any other property management contract, the management agreement must specify the functions for which the RMC will be responsible.

B. The property management contract between the PHA and the RMC is administered as any other contract for services, and is subject to any collective bargaining agreement provisions. However, the requirements for competitive procurement and prior written contract approval by HUD, where applicable (see Chapter 12), do not apply to the decision of a PHA to contract with an RMC for property management.

C. In order for the PHA to make a sole source award to an RMC, certain conditions must be met that differentiate an RMC from a resident-owned business. They are:

1. The duly elected resident council or councils of the development(s) and a majority of the residents must officially approve the RMC;
2. If no resident council exists, a majority of the residents of the development must approve the RMC;

3. The RMCs voting members must be 18 years of age, or heads of households (of any age) whose name appears on the lease of the development to be represented by the RMC;

4. The RMC must be a validly incorporated nonprofit organization; and

5. The RMC must be governed by an elected Board of Directors and include representatives from each participating Resident Council. It must have by-laws stating qualification of officers, frequency of elections, and procedures for recall. Elections must be held at least every three years.

D. Before making a sole source award, the PHA must ensure that the organization meets all criteria to qualify as an RMC, that the RMC can demonstrate that it is capable of performing the proposed work, and that the price is reasonable.

E. The RMC is obligated to provide fidelity bond coverage and insurance or equal protection to the PHA and HUD against loss, theft, embezzlement or fraudulent acts by the RMC or its employees.

F. In performing services, the RMC must comply with the requirements of 24 CFR Part 84. The RMC must also be audited each year by a licensed CPA and submit the audit report to HUD and the PHA within 30 days of issuance.

#### 15.5 Assistance to Small and Other Disadvantaged Businesses:

A. Required Efforts. Consistent with Presidential Orders 11625, 12138, and 12432, the PHA shall make every feasible effort to ensure that small businesses MBEs, WBEs, and labor surplus area businesses participate in PHA contracting. Suggested steps are included in the sample Procurement Policy in Appendix 1.

B. Goals. PHAs are encouraged to establish goals by which they can measure the effectiveness of their efforts in implementing programs in support of Section 3 and contracting with disadvantaged firms. It is important to ensure that the means used to establish these goals do not have the effect of limiting competition and should not be used as mandatory set-aside or quota, except as may otherwise be expressly authorized in regulation or statute. Some localities have adopted minority contracting set-aside policies or geographic limitations, which may be in conflict with Federal requirements for full and open competition.

C. Form HUD-2516, Contract and Subcontract Activity Report. PHAs are required to report MBE progress on this form semi-annually. Where the prime contract is awarded to a MBE, the PHA counts the entire dollar amount of the contract toward the MBE goal. Where the prime contract is not awarded to a MBE, but one or more of the subcontracts are awarded to a MBE, the PHA counts the dollar value of such subcontract(s) toward the MBE goal. The dollar value of the prime contract and each of its subcontracts are not to be double counted.

When developing an outreach program for small, WBE, MBE, or labor surplus area, or Section 3 businesses, consider how to ensure that the program has the effect of enhancing competition by increasing the number of potential bidders and contractors capable of competing effectively for work generated by the PHA. Among the steps that have proved effective in some PHAs are:

1. Study the existing barriers facing low-income persons and disadvantaged businesses;

2. Examine PHA policies and procedures that may contribute to these barriers and determine how to improve those policies and procedures;

3. Communicate directly with disadvantaged firms and resident-owned businesses about contracting opportunities, the standards the PHA requires for quality work at a reasonable cost, and how to succeed in bidding for PHA work;

4. Maintain a list of disadvantaged and resident-owned firms and notify them of planned procurement activities;

5. Establish partnerships with other community agencies, Federal, State and local agencies, and educational institutions. Many have as their mission the fostering of job creation, training, and business development; and

6. Consider partnering in a consortium or interagency agreement with other PHAs or units of local government to enhance capability to achieve Section 3 and disadvantaged contracting goals.

Remember that the best programs will serve the needs of the PHA, assist resident-owned businesses and low-income persons, and promote a more competitive environment.

## SEE THE ATTACHED FULL REGULATION

§ 135.1 24 CFR Subtitle B, Ch. I (4–1–03 Edition)

APPENDIX TO PART 135

AUTHORITY: 12 U.S.C. 1701u; 42 U.S.C. 3535(d).

SOURCE: 59 FR 33880, June 30, 1994, unless otherwise noted.

EFFECTIVE DATE NOTE: At 59 FR 33880, June 30, 1994, part 135 was revised effective August

1, 1994 through June 30, 1995. At 60 FR 28325, May 31, 1995, the effective period was extended until the final rule implementing changes made to section 3 of the Housing and Urban Development Act of 1968 by the Housing and Community Development Act of 1992 is published and becomes effective.  
Subpart A—General Provisions

§ 135.1 Purpose.

(a) Section 3. 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 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.

(b) Part 135. The purpose of this part is to establish the standards and procedures to be followed to ensure that the objectives of section 3 are met. § 135.2 Effective date of regulation. The regulations of this part will remain in effect until the date the final rule adopting the regulations of this part with or without changes is published and becomes effective, at which point the final rule will remain in effect.

## STANDARD OPERATING PROCEDURE

Policy Effective Date: March 15, 2011

Procedural Change Date: \_\_\_\_\_, 2011

### Procedure Title: Section 3

This operating procedure is tied to the Operating Policy on Section 3 designed to achieve and maintain compliance with the HUD Act of 1968.

The procedures contained within are relative to the Section 3 daily operations in:

- Hiring
- Procurement
- Contracting
- Compliance Management

#### **Section 1 - Hiring**

This procedure encompasses all employment types including full time, part time, long term, short term, temporary and special assignments. In the process of seeking new employees for YCHA, the following procedures should be followed in an effort to create as many employment opportunities for Tier 1 HUD direct recipients:

**Step 1** Refer to any list of graduates from any employment readiness training programs sponsored by YCHA. Notify those Tier 1 persons first of any employment opportunities and invite them to apply for the position. Only make direct contact with Tier II or beyond persons when no Tier I residents can be secured through any other means listed below.

**Step 2** Post the position in common areas such as bulletin boards, mail box areas, management offices and other areas where residents normally gather on property.

**Step 3** When timing allows, place a notice of the position(s) in any resident newsletters, notices or bulletins.

**Step 4** Place an advertisement in the local newspaper of the open position. Be certain to list that the position is a **“Section 3 Covered Position and that HUD Recipients are encouraged to apply”**.

**Step 5** In reviewing all applicants, be certain to first select candidates that best fit the position requirements, if a Tier 1 resident is identified as a qualified candidate all things being equal with others in consideration, a preference should be given to YCHA residents for employment.

**Step 6** As a means of compliance, we will establish a relationship and requirement with any temporary employment agency contractor that any person identified for placement with YCHA complete the YCHA's Self Certification form clarifying their qualifications as an YCHA resident. Any person certifying as a YCHA resident must be given preference for any assignment with YCHA providing they meet all other position requirements.

## **Section 2 - Procurement**

This policy on procurement procedures is relative only to Section 3 and is not designed to re-write the approved procurement policy for this authority.

Whenever a service or service contract is solicited, these steps must be followed to provide priority in contracting to a Section 3 Resident Owned Business Concern (ROB) in line with the authorities Section 3 Policy approved March 15, 2011.

**ROB Verification** Whenever ROB status is sought, YCHA staff shall request address and ownership verification of the 51% Owner/Operator rule as stated in the HUD Act of 1968. Use of the **“Section 3 Self-Certification Form”** attached to this policy is an acceptable statement of address and business data, when presented along with all other required incorporation documents including any Letter of Issuance of a Federal Employer Identification Number (FEIN) and state Articles of Incorporation.

**Step 1** During the development process of any solicitation or work project, there should be a determination as to whether or not the work can be and/or should be isolated to Resident Owned Businesses (ROB's) under the **24CFR Part 963.12 Alternative Procurement Method**. If so, than Steps 2-8 should be followed with respect for **ROB's ONLY**. Keep in mind, a qualified ROB can be one that is a Joint Venture Partnership where a non-ROB can participate at no more than 49% ownership, operations and profit. A statement where both parties have committed to these terms is required as validation of ROB status.

**Step 2** Refer to any list of graduates from any small business development training programs sponsored by YCHA. Notify any of those persons that are known to have a small business of any contract opportunities first and invite them to pick up a bid package. Though the work being solicited is not directly in line with their capabilities or line of work, they may be able to secure some sub-contracting opportunities. Encourage them to attend any pre-bid meetings to meet and introduce themselves and business concern to other contractors.

**Step 3** Post notice of the solicitation in common areas such as bulletin boards, mail box areas, management offices and other areas where residents normally gather on property.

**Step 4** YCHA must place a notice of the contracting opportunity(ies) in any resident newsletters, notices or bulletins.

**Step 5** YCHA must place an advertisement in the local newspaper of the contract opportunity(ies). The ad must include a notice that the contract opportunity is a **“Section 3 Covered Contract and that HUD Resident Owned Business Concerns are encouraged to apply”**.

**Step 6** All procurements must include the attached **“Section 3 Action Plan and Certification”** for contractors to complete and return with their responses. Any response that is received without the completed form, signed and notarized should be considered non-responsive and the response rejected.

**Step 7** In reviewing the solicitation responses, any contractors that are identified as qualified Section 3 Concerns should be reviewed and if legitimate, granted a preference in contracting according to the HUD example on the policy attachment titled, **“Examples of Procurement Procedures That Provide for Preference for Section 3 Business Concerns”**.

**Step 8** When procurements require point scores as part of the award process, there should always be bonus awards of **15 Points awarded to Qualified ROB's** and **10 points awarded for non-ROB Section 3 Business Concerns**.

**Step 9** All solicitations shall require that respondents convey prior compliance with Section 3 on any HUD funded contract. **If the contractor has not complied on any contract issued since January 2010, they should be considered non-responsive** and not eligible for award unless they are certifying as a current Section 3 Concern or committing to hire at least one (1) Tier 1 Resident for the life of the contract to be awarded.

**Step 10 Beginning in January 2012** all solicitations must include a Certification **of prior compliance with HUD Section 3 as a requirement for participation in the current solicitation**. The respondent should be required to list any HUD funded contracts they worked on in the past three years and list how they complied with Section 3. See the attached form titled: **“Previous Compliance Certification”**.

Effective January 2012 for all solicitations, there should be no contracts awarded if the respondent has performed work on HUD funded projects and failed to previously meet compliance as agreed to in their contract. This determination must be based on their statement and verification by the previous HUD funded entity.

### **Section 3 - Contracting**

**Step 1** The following language is to be added to all new contracts effective immediately:

“All contractors claiming a preference in contracting by meeting any of the three qualifications including; a Resident Owned Business, Hiring 30% of New Hires and/or Sub-contracting at least 25% of total award to a Section 3 Concern shall maintain that status throughout the life of the contract. Failure to meet this requirement will result in penalties up to and including contract termination. YCHA shall execute these remedies to achieve compliance in this order:

- A. Based on the first observation or report of non-compliance with Section 3, the contractor will be sent an e-mail by the compliance management contractor notifying them of their non-compliance issue. The contractor will have until the next payroll or 14 calendar days, whichever is lesser to bring the contract into compliance.
- B. If at any time a contractor fails to bring the contract into compliance, YCHA must withhold all future payments until the contract is in compliance.
- C. The contractor shall have up to 15 business days from the most recent notice of non-compliance to meet compliance as a final cure period or justify in writing to YCHA why it cannot meet compliance. The YCHA must render a response to the contractor within 10 business days<sup>72</sup> of receipt of its letter of reason for non-compliance. If YCHA deems the cause to be unacceptable it, at its option, can extend the cause period one time for up to 10 days to allow the contractor to identify and secure other compliance options, or
- D. If the contractor fails to take any corrective action to bring the contract into compliance within 20 business days from the most recent notice of non-compliance, or YCHA does not accept any of their corrective plans or justifications for non-compliance, YCHA must terminate the contract immediately. All funds due to the contractor shall be held and a financial workout of the agreement shall proceed within 24 hours of termination. The workout is to include a contract deduct equal to 5% of the total contract award to be deposited into an account held and managed by YCHA to pay for future Section 3 employment related training for YCHA Tier 1 residents. All remaining funds can be paid out based on work satisfactorily completed per the agreement.

**Step 2** Any contractor claiming to meet Section 3 compliance by committing to hire residents, fund training itself or contribute to a training fund held and operated by YCHA shall meet compliance within seven (7) calendar days of contract start or YCHA shall halt all work related to the agreement and the actions listed in steps 1-4 in this section shall apply.

#### **Section 4 – Compliance Management**

**This is a Proposed Service Only and should be considered a placeholder for the YCHA actual procedure:**

YCHA has hired Motivation, Inc. to monitor all its contracts for compliance with Section 3. The contract calls for YCHA to provide the necessary contract data for management to Motivation, Inc. upon contract signing. That data is to be provided on the attached form entitled, “**Section 3 Compliance Management Service Client Set-up Form**”.

Motivation, Inc. will provide immediate notice to YCHA, and its respective contractors via e-mail of any non-compliance issues for any contract it manages. It will provide follow-up notice with each successive payroll of non-compliance. Phone calls to both YCHA and the contractor will begin with the second non-compliant payroll. The phone calls will be polite reminders of non-compliance with any recommendations the contractor can employ to meet compliance immediately. Those suggestions will be in-line with the authority’s Section 3 policy.

Once the contract is closed out, YCHA shall provide e-mail written notice to Motivation, Inc. so the final compliance data can be verified and the contract closed in its data base.

Upon request or annually, YCHA shall receive a complete HUD FORM 60002 accurately identifying all the contract data from contracts it managed during the annual period to date.

**-End of Section 3 Procedure-**

**Yazoo City Housing Authority  
Bidder/Offeror/Proposer – Exhibit \_\_\_\_\_  
Required Section 3 Action Plan and/or Certification**

Name of Business

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Address of Business

---

Type of Business (Circle One):    Corporation    Partnership    Sole Proprietorship    Other

Business Activity:

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All firms and individuals intending to do business with Yazoo City Housing Authority MUST complete and submit this Action Plan with their bid, offer, or proposal. Any solicitation response that does not include this document completed, signed, and notarized will be considered non-responsive and not eligible for award.

**I am Certifying as (Select only One Option):**

1. A business claiming status as a Section 3 Resident-Owned Business Concern (ROB) entity:  
**Initial here to select this option \_\_\_\_\_**

Provide Certification for Section 3 Residents and proof that they own a minimum 51% of the business

2. A business claiming Section 3 status, because at least 30% of the existing or newly hired workforce for this specific contract will be Section 3 residents throughout the entire contract period. If a Prime or General Contractor is electing this option, the 30% employment requirement will be for the entire project including all the sub-contractors employees:  
**Initial here to select this option \_\_\_\_\_**

**Check all methods you will employ to secure Section 3 Residents/Persons**

- Distribute Flyers door-to-door to ALL public housing apartments
- Run multiple advertisements in the local paper announcing the hiring opportunities
- Post signs at the entrance to the job site that it is a Section 3 covered project
- Notify residents and local community organizations including shelters and churches
- Defer to any list of Employment Readiness trained residents provided by the authority
- Other: \_\_\_\_\_

I anticipate my total number of employees for this contract to be \_\_\_\_ and \_\_\_\_ will be Section 3.

3. A business claiming Section 3 status by subcontracting 25% of the dollar award to qualified Section 3 Business:  
**Initial here to select this option \_\_\_\_\_**

Provide a list of intended subcontract Section 3 business(es) with subcontract amount  
Provide certification & all supporting documentation for each planned subcontract Section 3 Business

I am **NOT** certifying as a qualified Section 3 Business Concern but will comply by (Select from below)

4. I commit to hiring and maintaining throughout the life of any contract awarded as part of this solicitation (Including and changes or modifications) at least \_\_\_\_\_ Tier 1 Section 3 Residents from the housing authorities lease holders or housing choice voucher holders administered by this authority. Only if no Tier 1 Resident can be secured, the contractor may hire from Tiers II or III in that order. Sufficient justification will be required as to why no Tier I Resident could be hired.

Check all methods you will employ to secure Section 3 Residents/Persons

- Distribute Flyers door-to-door to ALL public housing apartments
  - Run multiple advertisements in the local paper announcing the hiring opportunities
  - Post signs at the entrance to the job site that it is a Section 3 covered project
  - Notify residents and local community organizations including shelters and churches
  - Defer to any list of Employment Readiness trained residents provided by the authority
  - Other: \_\_\_\_\_
5. I will commit to funding, from my contract, a qualified Section 3 training in place of Employment or Contracting. That training will be commenced within ten (10) days of my contract start. My training will be:
- Employment Readiness Related Training 40 hours Classroom for up to 50 people
  - Employment Skills w/Readiness-Classroom Only 80 hours Classroom for up to 50 people
  - Employment Skills w/Readiness-Classroom and Job Site for a minimum of five (5) people  
*(Contractor understands that if Job Site training is completed by having the trainee complete work comparable to HUD defined employment categories, than the trainees must be paid Davis-Bacon wages and covered under their workers compensation insurance)*
6. I will provide a single payment to the Yazoo City Housing Authority equal to five (5%) percent for trades contracts and 1.5% for all other contracts of my total contract award to assist the authority in facilitating employment related training. That payment will be payable from the first payment issued on the contract. The funds may be a part of the mobilization funding requested by me/my firm if any. I further agree that if there are any increases to the value of my contract, I will make additional payments to this fund that will maintain the listed percentage level at all times including any final incentives or additional payments. The authority will be fully responsible for soliciting, managing and paying for the selected training services under this part and I will have fully met my obligation to comply with the Section 3 regulation. If for entire Contract Value please explain.

Small contractors or service vendors receiving single payments or undeterminable payment cycles based on services on request, the YCHA will arrange for any payment into the fund based on the terms of each agreement independently.

My selected method of compliance is # \_\_\_\_\_ from above options #4 - #6.



**Yazoo City Housing Authority  
Bidder/Offeror/Proposer – Exhibit \_\_\_\_\_  
Required Previous Section 3 Compliance Certification**

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**Name of Business** \_\_\_\_\_

**Address of Business** \_\_\_\_\_

**Type of Business (Circle One):** Corporation Partnership Sole Proprietorship Other \_\_\_\_\_

Business Activity:  
\_\_\_\_\_

All firms and individuals intending to do business with the Yazoo City Housing Authority **MUST** complete and submit this certification of prior compliance with their bid, offer, or proposal. Any solicitation response that does not include this document completed, signed, and notarized will be considered non-responsive and not eligible for award.

**I am certifying that I have complied with the HUD Section 3 Regulations in my past contracts by employing the following:**

- 1. I was a Section 3 Resident-Owned Business (ROB). List the Contracts Work and HUD Funded Entity:**

_____	_____
_____	_____
_____	_____

- 2. I complied with Section 3 by employing at least 30 percent of the newly hired workforce for these contracts and maintained them throughout the entire contract period:**

**Check all methods you employed to secure Section 3 Residents/Persons**

- Distribute Flyers door-to-door to **ALL** public housing apartments
- Run multiple advertisements in the local paper announcing the hiring opportunities
- Post signs at the entrance to the job site that it is a Section 3 covered project
- Notify residents and local community organizations including shelters and churches
- Defer to any list of Employment Readiness trained residents provided by the authority
- Other: \_\_\_\_\_

**List the Contracts Work and HUD Funded Entity:**

_____	_____
_____	_____
_____	_____

**3. I complied with Section 3 by subcontracting 25% of the total dollar award to a qualified Section 3 Business:**

**List the Contracts Work and HUD Funded Entity and Section 3 Concern you Subcontracted to:**

_____	_____	_____
_____	_____	_____
_____	_____	_____

**4. I complied with Section 3 on a previous HUD funded contract by doing these things and with these entities:**

**(What was done?)**

---

List Entities:

_____	_____	_____
_____	_____	_____
_____	_____	_____

**5. I have never done any HUD funded contracting.  Check this box.**

**I attest that the above information is true and correct.**

---

Print Name

Title

Date

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Signature

STATE OF MISSISSIPPI)

\_\_\_\_\_ COUNTY)

I, the undersigned authority, a Notary Public in and for said County and in said State, hereby certify that \_\_\_\_\_, whose name is signed to the foregoing conveyance, acknowledged before me on this date, that, being informed of the contents of the foregoing conveyance, he/she, in his/her capability and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal, this the \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_.

\_\_\_\_\_

Notary Public

My Commission Expires:

\_\_\_\_\_

**Assurance of Compliance Certification**

**Section 3 Action Plan**

**Housing and Urban Development Act of 1968**

**(12 U.S.C. 1701 U)**

**RE: Yazoo City Housing Authority**

**Contract:** \_\_\_\_\_

**Purpose:** To ensure that regulations promulgated under 24 CFR Part 135 Employment Opportunities for Businesses and Lower Income Persons in Connection with Assisted Projects and the Section 3 Plan and Policy of Yazoo City Housing Authority to the greatest extent feasible is adhered to, and to serve as the 'assurance of compliance' certification and action plan as required in the bid documents, supplemental general conditions, and HUD Form 5370 for the contract for any work with the Yazoo City Housing Authority.

**Description of the project's work detail:** The project work will be as listed in the final scope of work in the contract with the authority including any change orders.

**Contractor:** \_\_\_\_\_

**Subcontractor(s):** \_\_\_\_\_

**Preliminary Statement for Work Force Needs:** Though employment readiness training is our preferred method of Section 3 compliance, it is our intent to identify any short-term and long-term employment or contracting opportunities for qualified Section 3 persons and concerns during the course of our contract with this housing authority.

**Category**

**Position**

**Status of Position**

Skilled

Semi Skilled Labor

Trainees

**Good Faith Effort:**

The Contractor has identified \_\_\_\_ # of positions with respect to this contract. The positions are filled by the \_\_\_\_\_ (Position title) of the Contractor.

Should the scope of work or duties of the contractor change to a degree requiring a modification of the work force needs, the contractor shall put forth a good faith effort to fill vacant positions with the City of Yazoo City Housing Authority resident applicants and/or very low-income area residents.

**Documentation of Good Faith Effort:**

The contractor will work with the housing authority property managers and staff to notify residents of any opportunities afforded under our contract. The contractor will partner with the housing authority by giving preference of any employment opportunities to the Section 3 persons or concerns that have successfully completed the authorities most recent or previous employment readiness type training. It is the contractor's intent to partner with the housing authority in selecting new employees or businesses from the list they provide, or to execute its own company sponsored training. The contractor will seek to have the housing authority provide a referral for a qualified training firm that can also provide technical assistance in working with the Section 3 covered persons and/or businesses to advise the contractor on how best to comply with the HUD regulations.

The contractor shall recruit or attempt to recruit from the Section 3 area the necessary number of low-income and very low-income residents through documentation of the following:

1. Local media advertising
2. Signs placed at the proposed site for the project and the Authority's Property Management offices and flyers hand delivered to all Public Housing Apartments
3. Maintain a list of all low-income area residents who have applied, either on their own or on referral from any source, and employ such person if otherwise eligible and if a trainee vacancy exists.
4. Provide evidence that the contractor has not filled vacant employment positions in its workforce immediately prior to undertaking work in an attempt to circumvent Section 3 regulations.
5. Review and determine if low-income and very low-income residents meet minimum hiring qualifications. Applicants meeting such minimum qualifications, but not hired due to lack of job openings or for other operations reasons, will be placed on a priority hiring list and offered positions upon the occurrence of the first available appropriate job opening.

**Utilization of Businesses Located or Owned in Substantial Part by Persons Residing in the Area:**

The contractor does \_\_\_ does not \_\_\_ intend to subcontract any of the work identified in the scope of work cited in the bid specifications, scope of work or General Conditions.

Should the scope of work or needs of the contractor change, the contractor shall, to the greatest extent feasible, assure that subcontracts be awarded to business concerns within the Section 3 covered area, or to business concerns owned in the substantial part (at least 51%) by persons residing in the Section 3 covered area.

**Record Keeping:**

The contractor shall maintain on file all records related to employment and job training of low-income and very low-income residents or other such records, advertisements, legal notices, brochures, flyers, publications, assurances of compliance from subcontractors, etc, in connection with this contract. There is a bi-weekly and monthly report that is needed as part of the submission. The contractor shall, upon request, provide such records or copies of records Yazoo City Housing Authority, its staff, or agents.

**Reports:**

The contractor shall provide bi-weekly and monthly reports as required in connection with the contractor specifications. All certified payrolls shall clearly detail which employees qualify under Section 3.

**Certification:**

The contractor will certify that any vacant employment positions, including training positions that filled:

- 1) After the contractor is selected but before the contract is executed, and
- 2) With persons other than those to who the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the subcontractor's obligations under 24 CFR Part 135.

**Grievance and Compliance:**

The contractor or subcontractor hereby acknowledges that they understand that any low-income and very low-income resident of the project area, for him/her or as representatives of persons similarly situated, seeking employment or job training opportunities in the project area, or any eligible business concerns seeking contract opportunities may file a grievance if a good faith effort was not followed. The grievance must be filed with HUD not later than ninety (90) calendar days from the date of the action (or omission) upon which the grievance is based.

I attest that the above information is true and correct.

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Print Name Title Date

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Signature