



SECTION 3 PLAN

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE

Board Approval and Adoption: January 14, 2015

SECTION 3 PLAN

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I. STATEMENT ON SECTION 3 PLAN

This Plan is developed by the Housing Authority of the City of Milwaukee for the exclusive use of the agency, hereafter referred to as HACM, its contractors, subcontractors, bidders, developers, subgrantees, related affiliates or instrumentalities, partnering local government entities, and any other subrecipients of covered funding in partnership with HACM. The funding type and program/grant names may change over the years; however, the intent of this Plan is to encompass all applicable funding from the U.S. Department of Housing and Urban Development (HUD). All hiring and contracting must meet any conflict of interest requirements set forth in federal, state or local laws, regulations or policies and comply with internal HACM hiring policies.

II. BACKGROUND ON THE SECTION 3 REGULATION

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 assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed toward low and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.”

Consistent with 24 CFR Part 135, as a recipient of HUD Public Housing funding, the Housing Authority of the City of Milwaukee (HACM) requires compliance with Section 3 obligations on all contracts that make use of that assistance.

These policies are implemented regardless of the contract amount, whether it is designated as housing construction, housing rehabilitation, or other public construction project, or whether it is any other non-construction expenditure resulting from the use of covered operating funding, modernization funding, or development funding from HUD .

HACM works to ensure the provision of employment, training, contracting, and other economic opportunities to its residents and other low-income persons. In doing so, HACM utilizes Section 3 as a means of promoting stability and self-sufficiency to Section 3 Residents. Implementation procedures may be amended periodically by HACM to ensure that the Plan requirements are being met and/or to enhance efficiencies in obtaining compliance.

III. APPLICABILITY

Section 3 requirements apply to all projects and activities funded in whole or in part with covered funds. If any HUD funding is used for the project/activity, then the entire project budget is subject to Section 3 regulations.

Section 3 requirements do not apply to projects and activities of HACM that do not receive any HUD funding, such as non-subsidized market rate developments owned by HACM.

Section 3 requirements do not apply to any agreement or contract for the purchase of supplies and materials only.

IV. DEFINITIONS

Please refer to the 24 CFR 135.5 for a full list of applicable definitions found in the regulation.

RECIPIENT: Any entity 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, Public Housing Authority, Indian Housing Authority, 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 recipient, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

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.

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.

NEW HIRES: Full-time employees for permanent, temporary or seasonal employment opportunities.

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.

SECTION 3 RESIDENT: A Section 3 resident is:

- A. A public housing resident or Housing Choice Voucher holder; or
- B. An individual who resides in the metropolitan area in which the Section 3 covered assistance is expended, and is a low-income person or a very low-income person.

METROPOLITAN AREA: The metropolitan area means a metropolitan statistical area (MSA) as established by the U.S. Office of Management and Budget. For HACM, the MSA area determined by HUD is the "Milwaukee-Waukesha-West Allis MSA" which includes residents of the four-county area of Milwaukee County, Waukesha County, Ozaukee County and Washington County in Wisconsin.

LOW-INCOME PERSON: Families (including single persons) whose incomes do not exceed 80% of the median income for the area as determined by HUD.

Please refer to www.huduser.org/portal/datasets/il.html for current, local Income Limit information.

- ❖ Select current year.
- ❖ Select "Access Individual Income Limit area"
- ❖ Select "click here for FY XXXX IL Documentation" (where XXXX is the current fiscal year)
- ❖ Select State & County

VERY LOW-INCOME PERSON: Families (including single persons) whose incomes do not exceed 50% of the median family income for the area as determined by HUD.

SECTION 3 BUSINESS CONCERN: A Section 3 business concern is one:

- A. That is fifty-one percent (51%) or more owned by Section 3 residents; or
- B. Whose permanent, full-time employees includes persons, at least 30 percent of whom are current Section 3 residents, or within three years of the date of first employment with the Section 3 business concern were Section 3 residents; or
- C. That provides evidence of a commitment to subcontract a minimum of 25 percent of the total contract award amount (including any modifications) to Section 3 business concerns that meet the requirements described 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.

RESIDENT-OWNED BUSINESS (ROB): As described in 24 CFR Part 963, a resident-owned business is a business concern owned and controlled by public housing residents. "Owned and controlled" means a business (a) at least 51% owned and operated by a public housing resident; and (b) whose management and daily business operations are controlled by one or more such individuals. If for a specific procurement, HACM decides to elect the alternative procurement process found in 24 CFR Part 963 limiting the solicitation only to ROBs, the ROB must also meet the additional eligibility and other requirements described in the regulations.

SECTION 3 CLAUSE: The contract provisions set forth in 24 CFR 135.38 which must be included in all Section 3 covered contracts and subcontracts.

SECTION 3 COVERED ACTIVITY: Any activity that is funded by Section 3 covered funding.

SECTION 3 COVERED ASSISTANCE: With respect to public housing authorities, Section 3 covered assistance means HUD assistance to which the obligation to provide training, employment, contracting, and other economic opportunities under Section 3 apply, including: (1) Public housing development assistance; (2) Public housing operating assistance; (3) Public housing modernization assistance; and (4) any other HUD funds, regardless of HUD program, utilized for the operation, modernization, or rehabilitation of public housing properties or developments as defined under statutes.

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 assistance 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. 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 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.

V. SECTION 3 GOALS AND PREFERENCES

It is HACM's policy to achieve Section 3 goals by providing opportunities in one or more of the following areas:

A. Training and Employment Opportunities for Section 3 residents:

When the Section 3 regulation is triggered by the need for new hires, HACM and its contractors and subcontractors will make every effort within their disposal and to the greatest extent feasible to attempt to hire Section 3 residents amounting to at least 30% of the aggregate number of full-time new hires .

When hiring opportunities are offered and all requirements are met and remain equal, HACM, contractors and subcontractors shall direct their efforts to hire Section 3 residents in the order of priority preference provided below:

1. Residents at the housing development or developments where the work is being performed (Category 1 residents).
2. Residents of other HACM public housing developments and holders of housing choice vouchers (Section 8 rent assistance) managed by HACM (Category 2 residents).
3. Participants in Youthbuild programs being carried out in the metropolitan area in which the Section 3 covered assistance is expended (Category 3 residents).
4. Other Section 3 residents (Category 4 residents).

B. Contracting Opportunities for Section 3 business concerns:

When the Section 3 regulation is triggered by the need for subcontracting a portion of the work to another business, HACM and its contractors and subcontractors will make every effort within their disposal and to the greatest extent feasible to attempt to subcontract:

- 1. Building Trades:** At least 10% of the total dollar amount of all Section 3 covered contracts or purchase orders for building trades work maintenance, repair, modernization or development of public housing to Section 3 business concerns.
- 2. Other contracts (non-building trades):** For other Section 3 covered contracts or purchase orders that are not building trades work covered above, the goal is to subcontract at least 3% of the total dollar amount to Section 3 business concerns. This includes professional service contracts such as legal, architects, engineers, consultants, or any other contract or purchase order for services that are not building trades work.

When contracting opportunities are offered and all requirements are met and remain equal, HACM, contractors and subcontractors shall direct their efforts to contract/subcontract with Section 3 business concerns in the order of priority preference provided below:

1. Business concerns that are 51 percent or more owned by residents of the housing development or developments for which the section 3 covered assistance is expended, or whose full-time, permanent workforce includes 30 percent of these persons as employees (category 1 businesses).
2. Business concerns that are 51 percent or more owned by residents of other public housing developments or developments managed by HACM or by holders of housing choice vouchers managed by HACM, or whose full-time, permanent workforce includes 30 percent of these persons as employees (category 2 businesses).
3. Youthbuild programs being carried out in the metropolitan area (or nonmetropolitan county) in which the section 3 covered assistance is expended (category 3 businesses).
4. Business concerns that are 51 percent or more owned by other section 3 residents, or whose permanent, full-time workforce includes no less than 30 percent section 3 residents (category 4 businesses), or that subcontract in excess of 25 percent of the total amount of subcontracts to business concerns identified in paragraphs 1 and 2 above.

VI. SELF-CERTIFICATION OF SECTION 3 RESIDENTS AND SECTION 3 BUSINESS CONCERNS

In order to receive preference as a Section 3 business concern, the business must self-certify that it meets the eligibility requirements. The eligibility requirements and the priority preference for Section 3 business concern are described on page 7 of this Plan. HACM has developed self-certification forms for Section 3 businesses (Section 3 Form #2 on page 19).

Section 3 business concerns should also complete the online Section 3 self-certification that is included on the City of Milwaukee's Office of Small Business Development's online certification system. The website address for this system is <https://milwaukee.diversitycompliance.com>. Click on "Apply for Certification." You will need to create an account and have information on your business to self-certify. HACM, the City of Milwaukee, and prime contractors will use this list to help identify Section 3 businesses to use as possible contractors or subcontractors on various projects.

A Section 3 business concern seeking preference in contracting must submit evidence to demonstrate that it is a responsible firm and has the ability to perform successfully under the terms and conditions of the proposed contract. If asked, it also must provide evidence of its Section 3 status.

In order to receive preference as a Section 3 resident, the resident must self-certify that he/she meets the eligibility requirements. The eligibility requirements and priority preference of a Section 3 resident are described on page 6 of this Plan. HACM has developed self-certification forms for Section 3 residents (Section 3 Form #4 on pages 26-27).

Section 3 residents should also complete the online Section 3 self-certification that is included on the HACM website (www.hacm.org). This online list of Section 3 residents will be completed and operational in August 2015. This online Section 3 Resident list will be searchable by HACM and contractors to identify residents who are interested in employment and/or training opportunities.

A Section 3 resident seeking preference in employment must fulfill the requirements/qualifications of the sought position. If asked, he/she also must provide evidence of their Section 3 status (e.g., receipt of public assistance, address of residency, etc.).

HACM will also have a separate web page devoted to Section 3 opportunities where all forms, information including this plan, and the registries will be accessible. That information will be prominently listed on the Home page of the new HACM website that is expected in 2015.

It is important to note that all persons and/or business concerns are self-certifying their eligibility under Section 3 to HACM and to HUD, and that severe civil and/or criminal penalties apply for false certifications.

VII. CONTRACTOR RESPONSIBILITIES IN MEETING SECTION 3 GOALS

All contractors are held to the same Section 3 compliance requirements of HACM as listed in Section V above (Section 3 Goals and Preferences). The HACM Section 3 Plan requires that when the Section 3 regulation is triggered by a need for new hires or by a need to subcontract a portion of the work, every effort within the contractor's disposal and to the greatest extent feasible must be made to direct all available employment, training and contracting opportunities to Section 3 residents and business concerns based on the priorities described in Section V.

Contractors must also proactively facilitate compliance with Section 3 in any Section 3 covered contract. Contractors will have fulfilled their responsibility when they can provide evidence that the following have occurred in the case of every hiring, contracting, solicitation and recruitment effort:

- A) Extra or greater efforts in notifying Section 3 residents of employment or contracting opportunities. This can occur through posting job openings: in HACM offices and housing developments; in the local media; on the HACM website; with the local workforce investment board and with local comprehensive Job Centers; and in mailings, flyers or other outreach to Section 3 residents.
- B) Conveying that the hiring/contract work is a Section 3 Covered opportunity in any advertisement for bids and proposals by placing the following language in each advertisement/public notice and website, **"This job/project is covered under the requirements of Section 3 of the HUD Act of 1968."**
- C) Notifying subcontractors in each pre-bid meeting of the Section 3 requirements;
- D) Incorporating the full HUD-mandated Section 3 clause directly into all contracts and subcontracts;
- E) Including the HACM Section 3 Plan in every Section 3 covered procurement and subcontract;
- F) Providing "Section 3 Resident Self-Certification Forms" for employment at the contractor/subcontractor business offices and allowing applications to be submitted at appropriate local locations;
- G) Encouraging the training of Section 3 residents by the subcontractors;
- H) Facilitating an opportunity or job fair for the contractor and subcontractor to meet interested Section 3 residents for possible employment. A list can be developed as a resource for contractors when seeking to hire Section 3 workers in the future;
- I) Facilitating an opportunity fair annually for small contractors to meet large prime contractors interested in bidding work awarded by HACM;
- J) Documenting actions taken to comply with Section 3 requirements including all results and impediments using the HACM prescribed reporting mechanism or form;
- K) Reporting on its efforts regarding Section 3 implementation using the HACM prescribed reporting mechanism or form;

- L) Refusing to award contracts to businesses or persons who have previously violated Section 3 requirements;
- M) Posting all job sites funded by HACM with a location or phone number of how to apply for any opportunities for employment, training or contracting. The sign should be no smaller than 24" x 24" in Black ink and should specifically read: **"This project is covered under Section 3 of the HUD Act of 1968 which requires that any new employment, training, and contracting opportunities be directed to low- and very low income persons in this community. Please contact (list the contact person name and number) for information on any employment and contracting opportunities."**
- N) All Section 3 covered procurements must be communicated to current and potential Section 3 contractors and residents as part of the bid process before final bids or applications are submitted to HACM and its contractors.
- O) Any contractor or subcontractor self-certifying itself as a Section 3 business concern must maintain that status throughout the life of the contract. Any change in status must be reported to the Section 3 Coordinator immediately.
- P) Where appropriate, breaking out contract work items into smaller scopes of work to facilitate participation by section 3 business concerns.

Q) Exercising all efforts indicated below regarding notice, encouragement, and facilitation as indicated below.

REQUIREMENTS <i>Applicable to all awards and contracts REGARDLESS OF AMOUNT</i>	ADDITIONAL INFORMATION	WHEN EXECUTED
<p>NOTICE – Extra or greater efforts must be undertaken to make the low and very low-income persons in the project area aware of the existence of the opportunity before it is filled with non-Section 3 persons or businesses. This means the notice MUST be given in multiple methods (See Part VII of this Plan for a list of methods) and documentation saved for audit purposes.</p> <p>As an example, contractors, subcontractors and developers cannot simply call their normal service providers and contractors for bids without including a host of notices to other low-income people, groups and organizations locally and beyond before committing to any contracts or potential contracts.</p> <p>Remember to keep every document and record demonstrating your efforts for audit and verification. If there are no records verifying the efforts made, it will be assumed there were none. The contractor, subcontractor and developer will also have access to the HACM Section 3 Business Concern and Resident Listings as indicated in Part VI above.</p>	<p>This applies to all contracts using Section 3 covered assistance from HUD and begins prior to the securing of the first contract service related to the proposed project, including professional services such as legal, architecture, engineering, consultants, etc.</p>	<p>Give notice to residents and businesses before or while soliciting bids/proposals/ employees</p> <p>Notice must be provided prior to the execution of any contracts via: publication, flyers, posters, social media, email, letters, web-postings and any other such method elected</p>
<p>ENCOURAGEMENT - Contractors, subcontractors and developers must be able to document they did something to encourage low-income people, the businesses they own and the businesses that substantially employ them to apply for their opportunities before filling them with non-Section 3 people or businesses. This includes activities such as hosting opportunity fairs for contracting and employment, informational sessions on how to achieve Preference in consideration or other verifiable methods designed to enhance participation by these groups.</p> <p>HACM requires that contractors, subcontractors and developers review and consider the listings of self-certified Section 3 residents and business concerns both initially and if new opportunities open during the contract life. However, contractors, subcontractors and developers should also do other encouragement and outreach efforts to the extent that new Section 3 persons and businesses can be attracted and secured if qualified. There is no requirement to hire or contract any unqualified person or business.</p>	<p>These shall be in the form of: Opportunity Fairs, Meetings, Presentations, Inducements such as Transportation or Child Care Assistance, etc.</p> <p>Most importantly you must use the attached forms when bidding and you must often mention Preference during meetings</p>	<p>This is executed prior to every major contract and annually for all small purchases but definitely before awarding any contracts or employment</p> <p>It's important this be done early so the contracting phase can begin immediately after confirmation of award</p>
<p>FACILITATION - Contractors, subcontractors and developers must be able to provide documentation in the form of actual signed agreements or commitments to contract and employment verification like payrolls or offers of employment they facilitated in compliance with the actual award of contracts and/or employment based on what opportunity was available.</p>	<p>Because there are various phases of contracting in a project, this step must be central to the award of contracts</p>	<p>This must be completed at every step in the contracting and employment phase from pre-award through the life of the project.</p>

As HACM does not execute subcontracts, HACM requires its general contractors to execute aggressive Section 3 subcontracting initiatives.

If the overall Section 3 goals above cannot be met by the contractor, other training and economic opportunities may be provided to Section 3 residents and business concerns as described in Section VIII of this Plan. However, these opportunities may be exercised only with prior written agreement of HACM and satisfactory documentation explaining why employment or contracting goals could not be met.

Contractors and subcontractors are expected to do everything possible and feasible to ensure all opportunities are directed to HACM residents first, as described in Section V of this Plan. This requirement includes all labor-regulated agreements with union contractors. Examples of such outreach include:

1. Notifying Section 3 residents of employment or contracting opportunities through a number of outreach efforts, including: postings in HACM offices and housing developments; in the local media; on the HACM website, with the local workforce investment board and with local comprehensive Job Centers; and in mailings, flyers or other outreach to Section 3 residents.
2. Review, consider, and actively reach out to the online Section 3 Resident List prior to making new hires. If those hired are not Section 3 residents, or are in a lower preference category, the Contractor must explain in writing the qualifications that those on Section 3 Resident List lacked, or other reason for non-hire (e.g., job offer declined).
3. Holding informational meetings and/or job fairs for Section 3 residents and/or Section 3 contractors and subcontractors.

Additionally, HACM expects that contractors shall, to the greatest extent feasible, ensure that Section 3 new hires work approximately the same number of hours as other new hires in similar positions on the project.

Contractors must submit with any bid or proposal the prescribed forms describing the implementation of Section 3, including:

- Section 3 Form 1: Section 3 Clause
- Section 3 Form 2: Section 3 Business Concern Self-Certification form (for prime contractor and subcontractors)
- Section 3 Form 3: Contractor Section 3 Assurance of Compliance and Action Plan

Contractors and subcontractors must keep on file all completed Section 3 Form 4: "Section 3 Resident Self-Certification and Skills Data" forms for any and all applicants for positions you are hiring for related to the HACM project and for all Section 3 new hires.

All contractors and subcontractors **MUST** review and consider the Section 3 Resident List provided by HACM prior to making new hires by promoting the job opportunities to qualified residents on the list. If those hired are not Section 3 residents, or are in a lower preference category, the Contractor must explain in writing to HACM the qualifications that those on the Section 3 Resident List lacked, or other reason for non-hire (e.g. job offer declined). This must be done **prior** to making the new hire.

For each new hire, a contractor will immediately complete a Section 3 Form 6—Contractor New Hire Report (page 30) and must attach required documentation for the review of the HACM Section 3 Coordinator. Contractors must report via the Section 3 Form 6—Contractor New Hire Report the following information to HACM regarding any new hires by contract or subcontract: (1) name of new hire; (2) position or title; (3) date of hire; (4) whether the new hire is a Section 3 resident; (5) which Section 3 priority preference category the Section 3 resident belongs to; (6) if the new hire is not a Section 3 resident or is a lower category Section 3 resident, the number of all Section 3 resident applicants passed over in favor of the non-Section 3 hire or the lower-category Section 3 hire.

In the absence of evidence to the contrary, a contractor that meets the minimum numerical goals set forth in Section V of this Plan (Section 3 Goals and Preferences) will be considered to have complied with the Section 3 Preference requirements.

Contractors will report actual Section 3 performance on the contract by submitting Form 5, Contractor Section 3 Reporting Form (pages 28-29).

In evaluating compliance under this part, a contractor that has not met the numerical goals set forth in Section V of this Plan has the burden of demonstrating why it was not feasible to meet the numerical goals set forth in this section. Such justification may include impediments encountered despite actions taken. Contractors also can indicate other economic opportunities, such as those listed below, which were provided in its efforts to comply with Section 3 and the requirements of this part.

If a contractor has not adequately documented or justified their efforts to comply and why it was not feasible to meet numerical goals, HACM's Section 3 Coordinator will inform the contractor of the need to immediately cure the deficiency. Additionally, contractors should realize that non-compliance with Section 3 requirements by a contractor may be taken into account by HACM in any future bidding or procurements.

VIII. OTHER ECONOMIC OPPORTUNITES TO ACHIEVE CONTRACTOR COMPLIANCE

If a HACM contractor can demonstrate that while it does have need or plans to subcontract or hire and has attempted, to the greatest extent feasible, to meet Section 3 hiring and contracting goals but still could not achieve the numerical goals, then the contractor may provide other economic opportunities to Section 3 residents and business concerns, consistent with 24 C.F.R. § 135.40, as follows:

- All contractors that have a need to hire as a result of the award of a Section 3 covered contract will be required to work with the HACM Section 3 Coordinator to identify an aggressive outreach effort to HACM residents and other Section 3 residents on the HACM Section 3 Resident listing.
- If a qualified Section 3 resident can be identified meeting all of the pre-employment requirements for the position, the contractor must hire them in the position that was needed/triggered by the contract. The contractor should use the priority preference categories as described in Section V of this Plan.
- In the event the contractor, by working with HACM's Section 3 Coordinator, cannot identify a qualified Section 3 resident from the listing, the contractor must exercise outreach outside of the

registry into the service area by running employment ads, contacting other employment agencies that work with Section 3 residents like nonprofit organizations, job centers, shelters, transitional housing operators, and others.

- Similarly, all contractors that have a need to subcontract as a result of the award of a Section 3 covered contract will be required to work with the HACM Section 3 Coordinator to identify and outreach to qualified Section 3 business concerns. If a qualified Section 3 business concern can be identified, the contractor should enter into the subcontract. The contractor should use the priority preference categories as described in Section V of this Plan.
- Only after the contractors have fully exercised acceptable and verifiable efforts toward identifying and hiring qualified Section 3 persons or subcontracting to qualified Section 3 business concerns will they be allowed to provide other economic opportunities other than hiring or contracting.

If a contractor can demonstrate the above facts, then the contractor may offer other economic opportunities as follows:

- A. The contractor will provide to HACM a plan as to how it will offer other economic opportunities to Section 3 residents and business concerns. HACM will report in its semi-annual reports to HUD, the nature, extent and outcome of the other economic opportunities thus provided.
- B. HACM may not require a contractor to make a Section 3 Fund contribution in lieu of indirect participation, mentorship program participation, or other results-oriented economic opportunities.
- C. A contractor may provide one or several of the following "other economic opportunities" under this subsection:

i. Training and Employment: "Training and Employment" related opportunities will be designed to train and/or employ Section 3 residents. A detailed plan for training should be described in a written narrative and provided for HACM review. Contractors seeking to provide training may identify a qualified training firm that has the proper experience working with low-income and public housing residents in particular. The contractor may procure the training firm/individual at its expense to provide direct recruitment and solicitation to HACM residents for employment-related training. Verification of the agreement between the contractor and training firm/individual must be provided to HACM's Section 3 Coordinator.

ii. Indirect Participation: "Indirect Participation" allows a contractor to count a percentage of payments, made to Section 3 business concerns unrelated to a HACM contract for the purposes of calculating whether the contractor met Section 3 goals for that HACM contract. As an example of Indirect Participation, assume a company cannot meet contracting goals to Section 3 business concerns on the specific contract with HACM and has demonstrated such to HACM. However, they can contract with Section 3 business concerns for other work that is not chargeable to the HACM contract (e.g., cleaning of the main office of the prime contractor, work on a separate

non-HACM contract, etc.). The Contractor may propose to hire Section 3 business concerns for non-HACM work that will count towards the achievement of Section 3 goals as "Indirect Participation."

iii. Mentorship Program Participation: "Mentorship Program" is a program designed to provide mentorship and/or training that benefit Section 3 residents or business concerns. The specific operation of "Mentorship Program Participation" is:

- a. Where HACM acknowledges the existence of Resident-Owned Businesses (ROBs) within its service area, identifies a need for or receives a request directly from that ROB for certain technical assistance;
- b. HACM, through its Section 3 Coordinator, will meet with the ROB owner(s) and determine exactly what their needs are relative to how it can grow and/or better manage its business;
- c. The Section 3 Coordinator will then meet with contractors that have expressed a desire to provide such technical assistance or training to such businesses; and
- d. HACM's Section 3 Coordinator will then request a meeting of all parties to discuss the expectations and service delivery design between both the contractor and ROB. Once the parties have agreed to a schedule for assistance/training to the ROB, the Section 3 Coordinator will formalize a schedule and agree to quantifiable goals and anticipated outcomes for the mentorship program.

iv. Other Results-Oriented Economic Opportunities: "Other Results-Oriented Economic Opportunities" are results-oriented and quantifiable programs designed to provide economic opportunities to Section 3 residents, including, but not limited to: Section 3 joint ventures or other economic opportunities. A contractor must submit to HACM a plan detailing these "Other Results-Oriented Economic Opportunities" and receive approval prior to implementation.

v. Section 3 Fund: Pursuant to the requirements of the Voluntary Compliance Agreement executed with HUD, HACM has created a fund specifically as a last resort when all other methods of meeting the numerical goals have been attempted to the greatest extent feasible by a contractor or sub-contractor, but the goals are still not met. HACM intends to leverage the use of this fund conservatively as it expects each contract it issues to comply fully with the Section 3 regulations and goals.

A contractor that has a need to hire or subcontract may not use HACM's Section 3 Fund to substitute for its obligation to comply with Section 3. However, a contractor that has demonstrated that it has attempted, to the greatest extent feasible, to meet Section 3 hiring and

contracting goals but cannot meet the numerical goals may satisfy its Section 3 obligations by engaging in alternative means outlined above.

A contractor that can demonstrate that it was not feasible to meet the Section 3 contracting goal may provide other economic opportunities as described above or may contribute the difference between 10% of the covered contract amount (3% for non-construction related contracts) and the amount provided to Section 3 business concerns to HACM's Section 3 Fund. The amount contributed shall not exceed one hundred thousand dollars (\$100,000) for any one contract.

A contractor that can demonstrate that it was not feasible to meet the Section 3 hiring goal may contribute an amount of 3% of the total dollar amount of the contract for building trades work or 1% for other types of contracts to the Section 3 Fund. The amount contributed shall not exceed twenty thousand dollars (\$20,000) for any one contract.

IX. INTERNAL HIRING FOR HACM STAFF POSITIONS

The hiring policy of the Housing Authority of the City of Milwaukee (HACM) is to hire the best-qualified applicants and extend equal employment opportunity practices to all qualified individuals. HACM will not discriminate on the basis of race, color, religion, sex, national origin, veteran status, disability, age, sexual orientation, or any other characteristic protected from discrimination by applicable federal, state or local law.

HACM complies with Section 3 of the Housing and Urban Development Act of 1968. To the greatest extent feasible, at least thirty-percent (30%) of the aggregate annual number of its internal new hires will be public housing residents, holders of Housing Choice Vouchers, and other Section 3 eligible persons. Priority preference will be given as described in Section V.A. of this Plan. See the Operating Procedures and the HACM Human Resource Policy for all of the HACM hiring practices and more detail.

X. COMPLAINTS

This Plan is governed by the federal regulations set forth in 24 CFR Part 135 and any future changes thereto. Any Section 3 resident or business concern that feels that the Section 3 regulations were not complied with may file a complaint directly to the Assistant Secretary for Fair Housing and Equal Opportunity at the following internet address:

<http://portal.hud.gov/hudportal/documents/huddoc?id=958.pdf>

XI. COMPLIANCE MONITORING

HACM will employ a direct employee or consultant skilled and equipped to manage the full compliance process including: staff and business regulatory and implementation training; payroll and pay application review and monitoring for triggering hires; and the reporting of all Section 3 activity on an on-going basis.

HACM will employ the use of a web-based Section 3 compliance software during the period mandated by the VCA with HUD to assist in monitoring all contract awards, as well as any and all hiring that triggers the regulation on those contracts, and to send notices of non-compliance immediately upon confirmation of the same. The software will also provide reports of all Section 3 activities, including contracting, employment & training and will assist with reporting to HUD via the annual reporting and the semi-annual reporting as required under the VCA.

HACM will require contractors and/or subcontractors to use the online reporting systems and will provide training on these reporting/monitoring systems.

Section 3 Form #1: SECTION 3 CLAUSE ACKNOWLEDGEMENT

Economic Opportunities for Low- and Very Low-Income Persons (Section 3, HUD Act of 1968; 24 CFR 135)

(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 of 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 Section 3 apprenticeship and training positions, the qualifications for each; 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.

I have read and understand these requirements of this Section 3 funded project:

Business Name: _____

Business Address: _____

Print Name: _____

Signature

Date



Section 3 Form #2: SECTION 3 BUSINESS CONCERN SELF-CERTIFICATION FORM

<p>Please return this form to the following address:</p> <p>Housing Authority of the City of Milwaukee Purchasing Dept. 809 N. Broadway Milwaukee, WI 53202 Phone: (414) 286-5892 Fax: (414) 286-5502</p> <p>Any questions regarding Section 3 or this form, please contact Evans Gant, Section 3 Coordinator at (414) 286-2940 or evgant@hacm.org.</p>	<p>The City of Milwaukee's Section 3 Self Certification application is also available online. To complete the online registration, visit the website milwaukee.diversitycompliance.com</p> <p>For assistance completing the online application, please contact the Office of Small Business Development at Phone: 414-286-5553 Email: OSBDTraining@Milwaukee.gov</p>
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Section 3 Business Criteria: Your business is eligible for Section 3 Business Certification if it meets any one of the following criteria. Please note that the definition of Section 3 qualified person is on Section 3 Form #3, "Section 3 Resident Self-Certification Form."

- 1. Fifty-one percent or more of your business is owned by a Section 3 resident or residents.
- 2. Thirty percent or more of your permanent, full-time employees are Section 3 residents.
- 3. You can provide evidence of a commitment to subcontract in excess of 25 percent of the amount of all subcontracts to Section 3 businesses: (a) that are fifty-one percent or more owned by public housing residents or (b) that has thirty percent or more of their permanent, full-time employees as public housing residents.

Section 3 Business Certification Statement: I hereby certify to the U.S. Department of Housing and Urban Development (HUD) and to the Housing Authority of the City of Milwaukee that all of the information on this form is true and correct. I understand that it is my responsibility to conduct any due diligence necessary to make this certification and to maintain documentation establishing my Section 3 Business concern status. I also understand that failure to complete this form completely and accurately may result in debarment or other administrative remedies available to HUD, and criminal or civil penalties under federal, state and local laws.

- My business is a Section 3 business in accordance with the standard checked above under Section 3 Business Criteria.
- My business is not a Section 3 business.

Signature:		Date Signed:
Name:	Title:	
Company Name		
Address		
Telephone Number		
Type of Business: (Check One): <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other		



Section 3 Form #3: CONTRACTOR SECTION 3 ASSURANCE OF COMPLIANCE AND ACTION PLAN (p. 1 of 6)

PART I-- Purpose: To ensure that regulations promulgated under 24 CFR Part 135 “Economic Opportunities for Low- and Very Low-Income Persons” is met, HACM has developed and approved a Section 3 Plan for HACM. Information on specific compliance with Section 3 is found in HACM’s Section 3 Plan, or in the regulations at 24 CFR Part 135.

This form, along with all related required documents included, shall serve as the ‘assurance of compliance’ certification and action plan as required in the bid documents, supplemental general conditions, and required forms for the contract for any Section 3 covered procurements.

Name of Business: _____

Business Address: _____

Contract Name/Solicitation #: _____

Total amount of Bid: _____

PART II: PRIOR COMPLIANCE CERTIFICATION

I am certifying that my business has complied with the HUD Section 3 regulations in its past HUD contracts/purchase orders .

Signature/Title

Print Name

Date

PART III: IS SECTION 3 TRIGGERED BY THIS CONTRACT?

IF CONTRACTOR DOES NOT ANTICIPATE TRIGGERING THE SECTION 3 REGULATIONS, YOU MUST INITIAL BOTH BOXES BELOW:

- I do not anticipate hiring any new permanent, temporary, or seasonal employees on this contract.
- I do not anticipate subcontracting any portion of the work on this contract.

If you checked both boxes, do NOT check any other boxes or select any other options on this form!
Skip to the attestation and notarized signature on the final page of Section 3 Form #3.

IMPORTANT: IF THIS CHANGES AT ANY POINT DURING YOUR CONTRACT, you must immediately contact your HACM contract contact as well as the HACM Section 3 Coordinator.

PART VI. OTHER REQUIREMENTS

Outreach Plan:

Check all methods you will employ to hire Section 3 residents. Posting the position in community sources that are generally available to low-income residents and the general public is a standard requirement. Check the methods you will employ in your outreach effort:

- Mailings, emails or phone contacts with residents on the HACM Section 3 Resident List
- The local community newspaper(s)
- The most widely distributed newspaper
- HACM website
- Local Workforce Investment Board and local comprehensive job centers
- HACM offices, including housing developments, in a conspicuous location
- Homeless service agencies and other nonprofits serving low-income persons
- Posting in other local HUD-supported housing communities
- Other locations as approved by HACM
- Post notices on social media controlled by HACM

Documentation of "To the Greatest Extent Feasible":

The contractor will work with HACM Section 3 Coordinator and other designated staff to notify residents of any opportunities afforded under the contract. The contractor will partner with HACM by giving preference in any employment opportunities to the Section 3 persons or business concerns.

The contractor and subcontractor(s) shall recruit or attempt to recruit from HACM's Section 3 area, based on the priority order in HACM's Section 3 Plan, the necessary number of low-income and very low-income residents through documentation of their efforts and of any impediments to comply. HACM's contractors and subcontractors shall:

1. Maintain a list of all low-income area residents who have applied, either on their own or from referral from any source, and employ such person if otherwise qualified and if a vacancy exists.
2. Review and consider the Section 3 Resident List provided by HACM prior to making new hires. If those hired are not Section 3 residents, or are in a lower preference category, the Contractor must explain in writing the qualifications that those on Section 3 Resident List lacked, or other reason for non-hire (e.g. job offer declined) and provide this explanation to HACM.
3. 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.
4. For subcontracting, review and consider the Section 3 Business Concern registry provided by HACM and/or do additional outreach to potential Section 3 businesses in the area of expertise needed for the project. Document all efforts at outreach to Section 3 businesses.

Section 3 Form #3: CONTRACTOR SECTION 3 ASSURANCE OF COMPLIANCE AND ACTION PLAN (p. 5 of 6)

Recordkeeping:

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. For contracting, the contractor shall maintain on file all records related to subcontracting, including outreach efforts, bids or price quotes, documentation regarding why a Section 3 business concern was not used as subcontractor (e.g., reasons not qualified).

If there is a report that is needed as part of the submission, you agree to provide it timely. The contractor shall, upon request, provide such records or copies of records to HACM, its staff, or agents or to HUD.

Reports:

The contractor shall provide reports as required in connection with the contractor specifications. All certified and regular 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 Section 3 residents, were not filled to circumvent the subcontractor's obligations under 24 CFR Part 135.

Other Economic Opportunities:

If a contractor has demonstrated that it has attempted, to the greatest extent feasible, to meet Section 3 hiring and contracting goals but cannot, then the contractor may provide other economic opportunities to Section 3 residents and business concerns as described in the HACM Section 3 Plan. These opportunities must be described in a **written plan** on how the contractor will offer other economic opportunities. A contractor that has a need to hire or subcontract may not use other economic opportunities as a substitute to attempt to meet hiring or contracting goals; the contractor must still demonstrate how it attempted to the greatest extent feasible, to meet the goals.

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/herself 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 efforts to the greatest extent feasible were not expended. The grievance must be filed with HUD not later than one hundred eighty (180) calendar days from the date of the action (or omission) upon which the grievance is based.

Section 3 Form #3: CONTRACTOR SECTION 3 ASSURANCE OF COMPLIANCE AND ACTION PLAN (p. 6 of 6)

ATTESTATION:

I attest that the above information is true and correct and that by signing below, the Contractor hereby agrees to comply with Section 3 requirements and to follow the Section 3 Action Plan above.

Name of Prime Contractor: _____

Name of Authorized Officer: _____

Title of Authorized Officer: _____

Signature

Date

NOTARY REQUIRED

STATE:

COUNTY:

I, the undersigned a Notary Public in and for said authority and in said State, hereby certify that, _____, whose named as _____ (Title) of _____ (Company) is signed to the foregoing conveyance and who is known to me, acknowledged before me on this day, that, being informed of the contents of the foregoing conveyance, he/she, in his/her capability as _____ (Officer Title), 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: _____ {SEAL}

Section 3 Form #4-- SECTION 3 RESIDENT SELF-CERTIFICATION AND SKILLS DATA FORM (Page 2 of 2)
[THIS FORM NOT REQUIRED AT TIME OF BID/PROPOSAL SUBMISSION]

Read & Speak English: Yes No
 High School Diploma: Yes No GED or HSED: Yes No
 College, Trade, or Technical School diploma or certifications: Yes No
 Please list degree or certifications : _____
 Wisconsin Driver's License: Yes No Commercial Driver's License (CDL): Yes No

Check the Skills, Trades, and/or Professions you have been employed in or contracted to do for others:

Drywall Hanging Drywall Finishing Interior Painting Framing Welding

HVAC Electrical Interior Plumbing Siding Metal/Steel Work

Cabinet Hanging Trim/Carpentry Heavy Equipment Operator Roofing

Exterior Plumbing Exterior Framing Stucco Concrete/Asphalt Work Masonry

Construction Cleaning Landscaping Fencing Window/Door Replacement

Customer Service Receptionist Teaching/Training Personal Care Aide

Sales Data Entry Cleaning Administrative/Clerical

Lead abatement Asbestos abatement HAZWOPER

Other _____

Other _____

I am interested in: **Training opportunities** **Employment Opportunities** **Both**

I hereby certify to the U.S. Department of Housing and Urban Development (HUD) and to the Housing Authority of the City of Milwaukee that all of the information on this form is true and correct. I attest under penalty of perjury that my total household income and household size is as shown above, and that proof of this information may be requested in the future. If found to be inaccurate, I understand that I may be disqualified as an applicant and/or a certified Section 3 individual which may be grounds for termination of training, employment, or contracts that resulted from this certification. I also understand that failure to complete this form completely and accurately may result in other administrative remedies available to HUD. Finally, I authorize the Housing Authority to include my name on a list of Section 3 Residents seeking employment and to include my contact information so that contractors may contact me.

 Signature

 Date

Section 3 Form #5: CONTRACTOR SECTION 3 REPORTING FORM (page 1 of 2)
[THIS FORM NOT REQUIRED AT TIME OF BID/PROPOSAL SUBMISSION]

Name of Business: _____

Contract Name/Solicitation #: _____

Period of Report: _____

A. CONTRACTING/SUBCONTRACTING:

List all actual subcontractors and amounts below. Attach a Section 3 Business Concern Self-Certification form for each Section 3 Business identified.

Subcontractor Name	Work performed (Building trade or other type of work)	Is it a Section 3 Business? Yes/No	Contract Amount	% of Total Contract

Use an additional sheet if required

Total of actual subcontracts to Section 3 Business Concerns: \$ _____

Total amount of bid/contract: \$ _____

Percentage of total \$ value of bid/contract to Section 3: _____ %

Section 3 Form #5: CONTRACTOR SECTION 3 REPORTING FORM (page 2 of 2)

[THIS FORM NOT REQUIRED AT TIME OF BID/PROPOSAL SUBMISSION]

B. WORKFORCE NEEDS AND HIRING

Please complete the following table of information for all new hires that were hired and paid under the contract during the period, including those that are not Section 3 residents.

1. List Job Title/Trade	2. Name of New Hire	3. Section 3 Resident (Yes/No)	4. Category of Section 3 Resident (Category 1-4)	5. Total Number of Hours Worked
TOTALS				

Total # of new hires working on contract: \$ _____

Total # of Section 3 new hires working on contract: \$ _____

Percentage of Section 3 new hires _____ %

Section 3 Form #6: **CONTRACTOR NEW HIRE REPORTING FORM**

[THIS FORM NOT REQUIRED AT TIME OF BID/PROPOSAL SUBMISSION]

Contractors must immediately report the following information to HACM regarding every new hire on the contract or **subcontract for the project**:

(1) Employer: _____

(2) Name of new hire _____

(3) Position or title: _____

(4) Start date of new hire: _____

(5) Is the new hire a Section 3 resident (Yes/No): _____

(6) Which Section 3 priority preference does this Section 3 new hire fall under (Category 1-4)—see below: _____

1. Residents at the housing development or developments where the work is being performed (Category 1 residents).
2. Residents of other HACM public housing developments and holders of housing choice vouchers (Section 8 rent assistance) managed by HACM (Category 2 residents).
3. Participants in Youthbuild programs being carried out in the metropolitan area in which the Section 3 covered assistance is expended (Category 3 residents).
4. Other Section 3 residents (Category 4 residents).

(7) If the new hire is not a Section 3 resident or is a lower category Section 3 resident, how many Section 3 resident applicants were passed over in favor of the non-Section 3 hire or the lower-category Section 3 hire? _____

(8) Contractor/subcontractor must attach documentation to explain in writing the qualification or qualifications that those that were not hired lacked, or other reason for non-hire (for example, job offer declined)

Use an additional sheet if required

