

# Milwaukee's Choice Neighborhood Transformation Plan

A \$30 million HUD Choice Neighborhoods grant will support **a locally-driven, comprehensive strategy to transform the northwest side of Milwaukee into an inclusive community of opportunity with quality housing, schools, businesses, services, and amenities where people want to live, learn, work, shop, and play.** The plan will use the HUD Choice funds to leverage an additional \$251 million in neighborhood investment marshalled from public and private sources.

## 1. HOUSING – Lead Agency: Housing Authority of the City of Milwaukee

**Goal:** Replace distressed public and assisted housing with high-quality mixed-income housing that is well-managed and responsive to the needs of the surrounding neighborhood

**Key Partners:** Resident Leadership, Dept. of Administration, HUD, PNC, WHEDA, Architectural & Engineering firms, Construction Contractors, Dept. of Public Works, We Energies, Strong Neighborhoods Foreclosure Program, Office of Environmental Sustainability, Community Development Grants Administration, Northwest Side Community Development Corporation, Havenwoods Economic Development Corp., Greater Milwaukee Foundation

## 2. PEOPLE – Lead Agency: Housing Authority of the City of Milwaukee with Education Lead: Milwaukee Public Schools

**Goal:** Improve educational outcomes and intergenerational mobility for youth with services and supports delivered directly to youth and their families

**Key Partners:** Resident Leadership, Dept. of Administration, City Health Department, Growing Power, Impact Planning Council, Milwaukee Area Workforce Funding Alliance (MAWFA), Milwaukee Area Workforce Investment Board (MAWIB), Milwaukee Community Service Corps (MCSC), Milwaukee Health Services, Milwaukee Job Corps, Silver Spring Neighborhood Center, University of Wisconsin-Milwaukee College of Nursing, Westlawn Partnership for a Healthier Environment, Wisconsin Automobile & Truck Dealers Association (WATDA), Wisconsin Regional Training Partnership (WRTP)/Big Step, Wisconsin Women's Business Initiative Corporation (WWBIC)

## 3. EDUCATION – Lead Agency: Milwaukee Public Schools

**Goal:** Ensure that every child is prepared to excel in school and transform neighborhood schools into high performing schools

**Key Partners:** Resident Leadership, Dept. of Administration, Silver Spring Neighborhood Center, Day Care Services for Children, Browning Elementary, Kilbourn Elementary, Kluge Elementary, Carmen Middle/High School of Science & Technology

## 4. NEIGHBORHOOD – Lead Agency: Redevelopment Authority of the City of Milwaukee

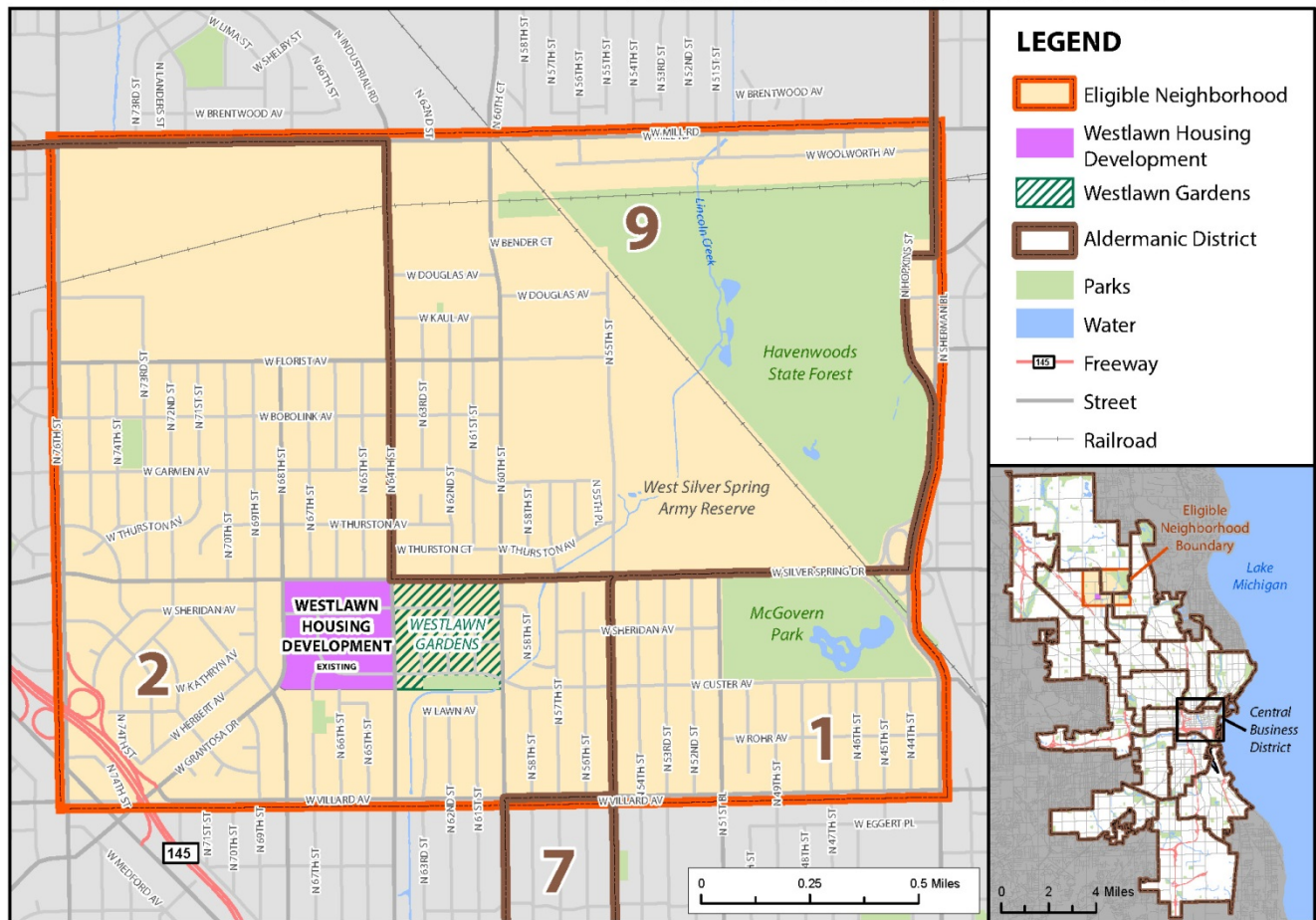
**Goal:** Use and build upon existing partnerships to transform the CN neighborhood into a vibrant mixed-income, mixed use community with amenities and assets that attract individuals and families (safety, good schools, commercial activity, etc.).

**Key Partners:** Resident Leadership, Dept. of Administration, Dept. of City Development, Dept. of Public Works, Dept. of Neighborhood Services, Strong Neighborhoods, Office of Environmental Sustainability, Community Development Grants Administration, Northwest Side Community Development Corporation, Havenwoods Economic Development Corp., Greater Milwaukee Committee, We Energies, Milwaukee County Parks, Milwaukee Police Department, HACM

# Milwaukee's Choice Neighborhood Transformation Plan

## Milwaukee Choice Neighborhood Transformation Area Sherman Boulevard west to 76<sup>th</sup> Street Mill Road south to Villard Avenue

### CITY AND NEIGHBORHOOD MAPS | EXISTING HOUSING DEVELOPMENT, ELIGIBLE NEIGHBORHOOD, AND ALD. DISTRICTS



Prepared by the Department of City Development Planning Division, 6 August 2015  
Source: City of Milwaukee Information & Technology Management Division; Housing Authority of the City of Milwaukee; US Census Bureau

Path: F:\GIS\_Data\Projects\2015 Projects\15-01-02 Westlawn CNI Maps\Map - Existing Housing Devt, Eligible Neighborhood & Ald District.tmx



# HOUSING

GOAL	STRATEGIES	BASELINE DATA	PROPOSED OUTCOME AFTER 5 YEARS
<p><b>Develop a mixed-income community</b></p> <p>Partners: City of Milwaukee Community Development Grants Administration, Department of City Development, Global Green, HACM, PNC Bank, Redevelopment Authority of the City of Milwaukee (RACM), Westlawn residents, Wisconsin Housing and Economic Development Authority (WHEDA)</p>	<ul style="list-style-type: none"><li>• Demolish distressed public housing with one-for-one replacement</li><li>• Strengthen Westlawn’s linkages to the surrounding neighborhood by adding new streets, sidewalks and other connections, as well as public open spaces</li><li>• Construct energy-efficient, sustainable, and accessible housing</li><li>• Acquire and rehab city-owned foreclosures</li></ul>	<ul style="list-style-type: none"><li>• Westlawn requires major redesign, reconstruction, or redevelopment to correct serious deficiencies in the original design, physical deterioration, or obsolescence of major systems, and other deficiencies in the physical plant as certified by an independent, third party.</li></ul>	<ul style="list-style-type: none"><li>• Develop 394 public housing units that are energy-efficient, sustainable and meet or exceed HUD’s accessibility and visitability requirements</li><li>• Develop a mixed-income and mixed-use community that includes retail space, 121 affordable housing units with no public subsidy, and 191 market-rate units (141 apartments and 50 homeownership)</li><li>• Develop housing that is well-managed and financially-viable (financial reports)</li></ul>



## MILWAUKEE’S CHOICE NEIGHBORHOOD



# PEOPLE

GOALS	STRATEGIES	BASELINE DATA	PROPOSED OUTCOMES AFTER 5 YEARS
<b>Improve access to quality healthcare services</b> Partners: UWM College of Nursing; City Health Department; Milwaukee Health Services; Growing Power; Silver Spring Neighborhood Center; Resident leadership	Case management; assist with insurance enrollment; linkage to primary care and medical home services; linkage to behavioral health care and dental care if needed; increase prenatal outreach and services; health promotion and education on chronic health conditions; improve participation in community gardens	<ul style="list-style-type: none"> <li>• 97% report they have a medical home and 86% report they have health insurance</li> <li>• 54% report excellent or good health</li> <li>• 89% report low psychological distress</li> <li>• The neighborhood is in a "food desert"</li> </ul>	<ul style="list-style-type: none"> <li>• 100% have a medical home and 100% have health insurance</li> <li>• 67% of residents report excellent or good health</li> <li>• 95% report low psychological distress</li> <li>• Residents have improved access to fresh healthy produce</li> </ul>
<b>Increase workforce development services to build economic stability and self-sufficiency</b> Partners: Milwaukee Area Workforce Investment Board (MAWIB); job training programs; Wisconsin Women's Business Initiative Corporation (WWBIC); Resident leadership; Other services	Assessment and case management; linkage to job training or other supportive service needs; assistance with job searches; referrals to financial education classes	<ul style="list-style-type: none"> <li>• 29% of adults are working full-time and 46% are working full- or part-time</li> <li>• Average earned income (excluding seniors and disabled) is \$14,551</li> <li>• 43% do not have a bank account and are in need of financial education</li> </ul>	<ul style="list-style-type: none"> <li>• 45% of able-bodied adults working full-time and 60% working full- or part-time</li> <li>• Average earned income (excluding seniors and disabled) is \$20,000</li> <li>• 100 residents will complete financial education and open an Individual Development Account (IDA)</li> </ul>
<b>Expand youth services through Silver Spring Neighborhood Center and other entities</b>	Case management with linkage to Silver Spring Neighborhood Center programming	<ul style="list-style-type: none"> <li>• 56% of households use services of Silver Spring Neighborhood Center</li> </ul>	<ul style="list-style-type: none"> <li>• Increased outreach to and participation of Westlawn children at Silver Spring Neighborhood Center</li> </ul>



## MILWAUKEE'S CHOICE NEIGHBORHOOD



# EDUCATION

GOALS	STRATEGIES	BASELINE DATA	PROPOSED OUTCOMES AFTER 5 YEARS
<b>Children enter kindergarten ready to learn</b> Partners: Milwaukee Public Schools; Silver Spring Neighborhood Center; Day Care Services for Children; Residents	Case management and intensive outreach and referral to high quality early childhood education programs	<ul style="list-style-type: none"><li>• Not available</li><li>• 60% of Westlawn children are enrolled in child care or preschool but can only document 31% in a high quality early childhood education program</li></ul>	<ul style="list-style-type: none"><li>• 75% of children in kindergarten demonstrate appropriate functioning across multiple domains</li><li>• 65% of children ages 0-5 at Westlawn enrolled in a high quality early childhood education program</li></ul>
<b>Children are proficient in core academic subjects and graduate from high school ready for college or career</b> Partners: Milwaukee Public Schools; Browning School; Kilbourn School; Kluge School; Carmen Middle/High School of Science and Technology; Residents	Case management with families and children to ensure school attendance on time every day; linkage to tutoring or afterschool programs; parental involvement; Milwaukee Public Schools to implement strategies and activities to ensure that schools in the neighborhood are high quality	<ul style="list-style-type: none"><li>• Only between 3% and 17% of children in the Choice Neighborhood scored proficient or advanced in reading/math</li><li>• Citywide high school graduation rate was 60.5% (four year) and 70.8% (five year)</li></ul>	<ul style="list-style-type: none"><li>• 65% of students at or above grade levels according to state assessments</li><li>• 85% of youth of age will graduate from high school</li></ul>





# NEIGHBORHOOD

GOAL	STRATEGIES	BASELINE DATA	PROPOSED OUTCOME AFTER 5 YEARS
<p><b>Create a well-connected, vibrant, sustainable and mixed-income neighborhood where people want to live, learn, work, shop and recreate</b></p> <p>Partners: Redevelopment Authority of the City of Milwaukee; City Departments; Havenwoods Economic Development Corp.; Northwest Side Community Development Corporation; Greater Milwaukee Foundation; Greater Milwaukee Committee; We Energies; Milwaukee County Parks; Milwaukee Police Department; Resident leadership</p>	<ul style="list-style-type: none"> <li>• <b>Improve retail options</b>, including a full-service grocery store/small public market - partnerships with the Healthy Neighborhoods Initiative, IFF, and RACM; facade improvement program</li> <li>• <b>Improve &amp; stabilize housing</b> by working with developers, HACM's homeownership program, Strong Neighborhoods Initiative, Healthy Neighborhoods Initiative, Rebuilding Milwaukee Together, etc.; Financial Literacy Boot Camps (Havenwoods EDC), and a designated Targeted Investment Neighborhood</li> <li>• <b>Build community spirit</b> – park projects and community gardens as catalysts to build networks</li> <li>• <b>Improve parks</b> – upgrades at McGovern Park (Milw. County) and splash pad at Westlawn Gardens</li> <li>• <b>Enable Tax Incremental Financing-</b> Redevelopment Plan/TIF Plan</li> </ul>	<ul style="list-style-type: none"> <li>• 67.2% of families have annual incomes above the poverty level</li> <li>• 85% of residents are racial/ethnic minorities</li> <li>• 41% of homes are owner-occupied</li> <li>• 59 foreclosures (53 bank-owned)</li> <li>• Median home sales price is \$45,000</li> <li>• There are 15 businesses/service providers located within one mile of geographic center of the Westlawn neighborhood</li> </ul>	<ul style="list-style-type: none"> <li>• 75% of families have annual incomes above the poverty level</li> <li>• 80% of residents are racial/ethnic minorities</li> <li>• 48% of homes are owner-occupied</li> <li>• Foreclosures reduced from 59 to 20</li> <li>• 20% increase (to \$54,000) in median home sales prices</li> <li>• Four additional neighborhood amenities (businesses/service providers), such as a grocery store, pharmacy, public market that will provide a broader range of neighborhood amenities than currently exist</li> <li>• Increased recreational amenities, such as a water playground at Westlawn, pocket parks and community garden plots, bike routes, bike station</li> <li>• Façade grants provided to four existing commercial buildings</li> <li>• At least 50 homes rehabbed with employment/training opportunities for neighborhood residents</li> </ul>



## MILWAUKEE'S CHOICE NEIGHBORHOOD



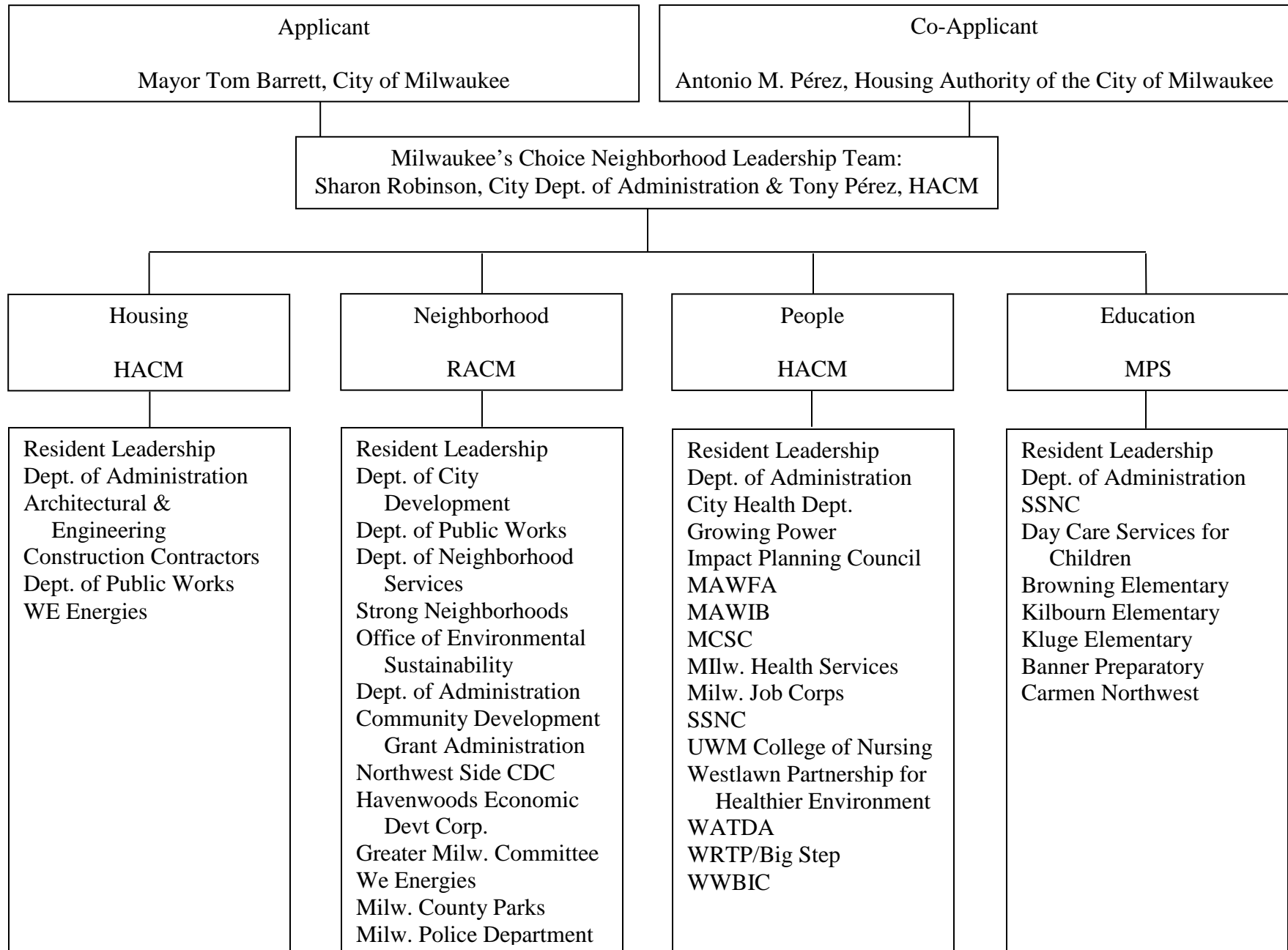
# HOUSING TIMELINE

COMPLETION DATE	# OF HOUSING UNITS
2/28/2017	10
9/30/2019	162
8/31/2020	148
12/31/2020	203
9/30/2021	185
TOTAL	708



**MILWAUKEE'S CHOICE NEIGHBORHOOD**

## Organizational Flowchart





## **EXHIBIT A: EXECUTIVE SUMMARY**

The City of Milwaukee and its co-applicant, the Housing Authority of the City of Milwaukee (HACM), request a \$30 million CNI implementation grant for the Westlawn neighborhood. The Transformation Plan allocates \$3.5 million to critical community improvements identified in the Neighborhood Plan, \$21,550,000 to the Housing Plan, and \$4.5 million to the People Plan. These amounts are supplemented by more than \$251 million leveraged from other sources including \$64,398,918 in Low Income Housing Tax Credits and \$59 million in private investment.

The Westlawn Housing Development and eligible neighborhood is comprised of four census tracts, Milwaukee County Tracts 12, 13, 18 & 19, and part of census tracts 11 and 20. The north border of the neighborhood is W. Mill Road, the south border is W Villard Avenue, the east border is N Sherman Boulevard, and the west border is N 76<sup>th</sup> Street. These borders are based on years of community planning, extensive consultation with the implementation partners and community residents, and constructive comments from HUD.

The operative word underpinning the Choice Neighborhood Program and this grant application is transformation – human and physical – of a community in distress such that its functionality as an urban neighborhood is restored. The two fundamental questions to be answered are 1) are the expected outcomes worthwhile and achievable? and, 2) will the investment of millions of federal dollars help achieve those worthwhile outcome? We believe the answer to both is a resounding YES! The basic objective of our Transformation Plan is to create change in the Westlawn section of Milwaukee by demolishing and rebuilding the remaining portion of what was once the city's largest public housing development and implementing a comprehensive set of strategies that generate meaningful improvements in the quality of life of the entire neighborhood. What defines fundamental change differs between projects but is almost always anchored by the basic idea that conditions must be addressed that affect whether people think of a community as some place they'd like to live in and

raise their family. That means good schools, convenient places to shop, low crime, efficient public transportation, competent municipal services, proximity to health care, work and entertainment opportunities, and neighbors reflecting healthy social, economic, and racial diversity.

The City of Milwaukee will be the lead applicant. The Redevelopment Authority of the City of Milwaukee (RACM), which is a partner with the City in providing focused services for neighborhood revitalization and redevelopment project implementation will serve as the Neighborhood Implementation Entity. The plan allocates \$3.5 million of the CNI grant to this element. The grant will enable the conversion of the Westlawn neighborhood into vibrant mixed income community by stabilizing housing, improving access to existing and new retail establishments, improving transportation, improving parks, reducing the negative effects of foreclosures, and addressing issues of crime and public safety. HACM will be the co-applicant and will also be the People and Housing Implementation Entity. \$4.5 million will be allocated to the People section of the project and \$21,550,000 will be allocated to the Housing section. With the assistance of an array of extraordinary anchor institutions and other partner organizations, including the Silver Spring Neighborhood Center, the Havenwoods Economic Development Corporation, Growing Power, Inc., the Milwaukee Job Corps, Carmen Charter School for Science and Technology, the University of Milwaukee, and our Principal Educational Partner, Milwaukee Public Schools, this project will improve educational outcomes, offer a wide variety of health care services, and provide on-site medical services offered by the University of Wisconsin School of Nursing. HACM residents, assisted by Growing Power and the Wisconsin Women's Business Initiatives Corporation, will create a cluster economy focused on urban agriculture in which residents will grow fresh produce for sale throughout the area. The People Plan will dramatically improve educational programs available to neighborhood children and provide broad support to families – including the creation of a new job-training program and a center to house it. The Housing plan calls for the demolition of all 394 existing public housing units and construction



of 706 new units (including 394 replacement units) and rehab of 2 units. The mixed income Housing Plan will dramatically improve options available in the neighborhood by including market rate rentals and for-sale units, non-assisted affordable units and on-site one for one replacement of existing public housing units. As relocation will be a significant component of this program, we are requesting 382 Housing Choice Vouchers to support that effort. While the lead and co-applicants will have overall and ultimate responsibility for implementation of the project, coordination, oversight and community involvement will be enhanced by the establishment of a Neighborhood Advisory Committee.

This application describes how we intend to utilize this critical federal investment, coupled with other leveraged funds and a wide array of public and private partners, to bring about the kind of change in the Westlawn area that will transform it from its current state to one that may well have been envisioned by the authors of CNI. We will, of course, follow the prescribed format and our plan is built around the three basic conceptual categories: People, Housing, and Neighborhood. And as do all who compete, we seek to achieve the maximum points in each of the evaluation components. But when the final period is placed at the end of the last word, we hope the decision makers will conclude that this CNI application represents the best and highest use of this precious federal financial investment in an urban community ready for a much needed makeover.

Like so many similar American urban communities that were enclaves of those with very low income – mostly people of color, Westlawn had a nondescript beginning in the 1950s and has spent the decades since struggling – with only limited success – to overcome the barriers to a better life for all. Now comes an opportunity to marshal resources and actually implement plans previously only on paper that will help this neighborhood transcend its roots and become a vital community that sustains rather than degrades the quality of life. Nor will the changes we will be able to bring about stop at the boundary lines of the community. Milwaukee will also be forever changed for the better, as well.

That is the essence of CNI and the essence of this application.

## ***Job Opportunities for Housing Residents***

As a resident of public housing, you qualify as a "Section 3" resident and are eligible for preference for employment opportunities.

The Housing Authority is currently hiring for the following position:

### ***Building Maintenance Mechanic***

This position troubleshoots and solves complex maintenance problems in the areas of plumbing, electrical, HVAC and performs Custodial Worker duties.

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You may also sign up for the Section 3 Registry which will alert The Housing Authority that you are interested in future job openings with HACM or contractors of HACM. You may also access the Section 3 Resident Registry online at [section3registry.hacm.org](http://section3registry.hacm.org).

**APPLY FOR THE OPEN POSITION - SIGN UP FOR THE REGISTRY**

**Attend this special recruiting event:**

**SEPTEMBER 9, 2015 FROM 10:00 AM —2:00 PM**

**HILLSIDE TERRACE FAMILY RESOURCE CENTER**

*Equal Employment Opportunity Employer*





Housing Authority of the City of Milwaukee

Human Resources

PO Box 324

Milwaukee, WI 53201

UNITED STATES OF AMERICA  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY

## **VOLUNTARY COMPLIANCE AGREEMENT**

BETWEEN

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

AND

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE

REGARDING

SECTION 3 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT  
(12 U.S.C. § 1701U)



HOUSING AUTHORITY OF THE CITY OF MILWAUKEE  
VOLUNTARY COMPLIANCE AGREEMENT  
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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY

**VOLUNTARY COMPLIANCE AGREEMENT**

BETWEEN

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AND

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE

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**I. INTRODUCTION**

The Housing Authority of the City of Milwaukee ("HACM") is a public housing authority and a recipient of Federal financial assistance from the United States Department of Housing and Urban Development ("HUD" or "Department"). HACM receives various funding from HUD, including operating subsidies, capital funds, and HOPE VI grants. Those funds are "Public and Indian housing assistance" as defined in the implementing regulations for Section 3 of the Housing and Community Development Act of 1968, 12 U.S.C. § 1701u ("Section 3") at 24 C.F.R. § 135.3(a). Section 3 requires that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs are, to the greatest extent feasible, directed toward low-income and very low-income persons, particularly those who are recipients of government assistance for housing.

During the period between 2009 and 2012, HACM received approximately \$230 million in funding from HUD, including operating subsidies, capital funds, modernization funds, development funds, and special funding provided under the American Recovery and Reinvestment Act of 2009 ("ARRA"). During the same period, HACM awarded over \$60 million in construction and other contracts as part of the Westlawn Redevelopment Project ("Westlawn Project") in Milwaukee, Wisconsin.

In 2012, HUD officials received letters from a community organization expressing concerns regarding HACM's efforts to comply with the statutory and regulatory requirements of Section 3. As a result, on January 17, 2013, HUD's Assistant Secretary for Fair Housing and Equal Opportunity notified HACM that HUD was commencing a review of HACM's Section 3 practices, pursuant to 24 C.F.R. § 135.74. The HUD investigation team conducted an onsite review during the week of

March 18, 2013, with the full cooperation of HACM.

The Department's investigation concluded that despite significant efforts made in good faith to meet the requirements of Section 3, HACM was not in full compliance. On September 13, 2013, the Department issued to HACM a Letter of Findings of Noncompliance ("LOF"). Specifically, the Department's findings concluded that: 1) HACM's Section 3 written policies exempt contracts under either \$50,000 or \$100,000 from the Section 3 contracting and employment requirements; 2) HACM and Westlawn Contractors failed to provide employment opportunities to the "greatest extent feasible" because they did not follow the contracting preference order as set forth in 24 C.F.R. § 135.34 and 24 C.F.R. § 135.36; 3) failed to achieve to the "greatest extent feasible" a three percent contracting goal of the total dollar amount of all other section 3 covered contracts; 4) failed to the "greatest extent feasible" to notify residents of training and employment opportunities at the Westlawn Project construction site; and 5) failed to include the seven-paragraph Section 3 clause directly in contracts or subcontracts.

HACM agrees to enter into this Voluntary Compliance Agreement ("Agreement" or "VCA") in order to address the findings of noncompliance in HUD's September 13, 2013 Letter of Findings and to fully comply with the requirements of Section 3 of the Housing and Community Development Act of 1968. By entering into this VCA, HACM is not admitting liability with respect to the matters raised in the LOF, nor with respect to any of the statutes or regulations referenced above.

## II. DEFINITIONS

The definitions set forth in this section will be used for the implementation and interpretation of the terms of this Agreement. Any term not defined herein will have the definition given to it in the Regulations implementing Section 3 as set forth in 24 C.F.R. § 135.

*Contractor* means 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.

*Metropolitan area* means a metropolitan statistical (MSA) area as established by the Office of Management and Budget.

*New hires* mean full-time employees for permanent, temporary or seasonal employment opportunities.



*Preferences for Section 3 Residents* as set forth in 24 C.F.R. § 135.34 is the order of providing preference for section 3 residents. Recipients, contractors and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of section 3 covered assistance to section 3 residents in the order of priority provided below:

*Category 1 Residents:* Residents of the housing development or developments for which the section 3 covered assistance is expended;

*Category 2 Residents:* Residents of other housing developments and holders of housing choice vouchers managed by the Housing Authority that is expending the section 3 covered housing assistance;

*Category 3 Residents:* Participants in HUD Youthbuild programs being carried out in the metropolitan area (or Nonmetropolitan County) in which the section 3 covered assistance is expended;

*Category 4 Residents:* Other section 3 residents

*Public housing resident* has the meaning given to this term in 24 C.F.R. § 963.

*Public and Indian housing assistance* includes Public and Indian housing development assistance provided pursuant to Section 5 of the U.S. Housing Act of 1937 ("1937 Act"), Public and Indian housing operating assistance provided pursuant to section 9 of the 1937 Act, and Public and Indian housing moderation assistance provided pursuant to section 14 of the 1937 Act.

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

*Regulations* means, unless specified otherwise, the implementing regulations for Section 3 at 24 C.F.R. Part 135.

*Section 3 clause* means the contract provisions set forth in 24 C.F.R. § 135.38.

*Section 3 covered activity* means any activity that is funded by Public and Indian housing assistance.

*Section 3 covered assistance*, with respect to public housing authorities, means HUD

assistance to which the obligation to provide training, employment, contracting and other economic opportunities under Section 3 apply, including 1) Public and Indian housing development assistance provided pursuant to Section 5 of the 1937 Act; 2) Public and Indian housing operating assistance provided pursuant to Section 9 of the 1937 Act; 3) Public and Indian housing modernization assistance provided pursuant to Section 14 of the 1937 Act; and 4) any other HUD funds, regardless of the HUD program, utilized for the operation, modernization or rehabilitation of public housing properties or developments as defined under those statutes.

*Section 3 covered contract* means 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 supplies and materials. However, whenever a contract includes the installation of the materials, the contract constitutes a Section 3 covered contract.

*Section 3 resident* means 1) a public housing resident or housing choice voucher holder, or 2) an individual who resides in the metropolitan area or nonmetropolitan county in which the Section 3 covered assistance is expended, and who is a low-income person (defined to mean families, including single persons, whose income does not exceed 80 percent of the median income for the area as determined and adjusted by HUD), or a very low-income person (defined to mean families, including single persons), whose income does not exceed 50 percent of the median family income for the area as determined and adjusted by HUD).

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

*Subcontractor* means 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.

### **III. TERMS OF AGREEMENT**

#### **A. General Provisions**

##### **1. Duration of the Agreement**

This Agreement shall govern for a period of four (4) years from the Effective Date of the Agreement. The fourth year of the Agreement shall be waived if HACM is deemed by HUD to be in compliance with the provisions of this Agreement at the end of the third year.

##### **2. Effective Date**

This Agreement will become effective on the date that it is executed by the Assistant Secretary for Fair Housing and Equal Opportunity or his designee. In calculating compliance with the first year, HACM and the Assistant Secretary for Fair Housing and Equal Opportunity or his designee may agree in writing, subsequent to the execution of this Agreement, to include activity executed on or after October 1, 2013.

##### **3. No Third Party Beneficiary**

This Agreement does not increase or diminish the ability of any person or class of persons to exercise their rights under Section 3. Individuals or classes of persons who may have rights under Section 3 or its implementing regulations are not parties or third party beneficiaries of this Agreement. Nothing in this Agreement shall be construed as creating any right in a third party to enforce any provision of this Agreement or to assert any claim against HACM or HUD.

##### **4. Liability**

Nothing in this Agreement will be deemed to be an admission of any liability on the part of HACM. This Agreement does not release HACM from any claims, damages, penalties, issues, assessments, disputes or demands arising under the False Claims Act, 31 U.S.C. § 3729, *et seq.*, or any other statutory, administrative, regulatory or common law claims. Additionally, this Agreement and any payments made in connection therewith cannot be used to offset or reduce any claims, damages, penalties, assessments or damages arising under the False Claims Act or any other statutory, administrative, regulatory or common law claims.

##### **5. Public Document**

This Agreement is a public document. A copy of this Agreement shall be made



available to any person for review in accordance with HUD's and HACM's public disclosure obligations, including the Freedom of Information Act.

## 6. Interpretation

a. To the extent that any prior or contemporaneous HUD guidance (written or oral) in the form of letters, opinions or similar guidance regarding HACM's obligations, responsibilities, or responsibilities under Section 3 conflicts with this Agreement, this Agreement is the controlling document from the Effective Date of the Agreement.

b. If new Section 3 regulations are promulgated by HUD during the effective period of this Agreement, HACM may follow the provisions of the new regulations instead of any conflicting provisions of this Agreement, after giving notice to HUD within a reasonable time of its intentions to do so.

## 7. Retaliation

HACM shall refrain from retaliating against any person who has: 1) exercised or will exercise his or her legal rights under Section 3; 2) participated in or will participate in any manner with a Section 3 compliance review; or 3) participated in any manner in protecting the rights of Section 3 residents or businesses, or any person associated with a person who has engaged or will engage in any of the abovementioned activities.

## 8. Funding Applicability

Subject to Section III.A.9 and III.A.10, this Agreement covers any activity by the HACM funded with Public and Indian housing assistance ("PIH"), including housing development assistance, operating assistance, modernization assistance and any other HUD PIH funds regardless of HUD program utilized for the operation, modernization or rehabilitation of public housing properties or developments. See Section II, Definitions.

## **B. Specific Provisions**

### 1. Section 3 Oversight and Administration.

a. Within ninety (90) days of the Effective Date of this Agreement, consistently with its obligations under Section 3 and this Agreement, HACM shall hire or appoint appropriate personnel to serve as the Section 3 Coordinator to oversee and manage compliance with the provisions of this Agreement and to administer

HACM's Section 3 Program. The identity, qualifications, position description and powers of that person must be provided to HUD within the same time frame. That person shall have the requisite qualifications and training to perform the functions of the position.

b. HACM shall notify the Department in writing prior to removing or replacing the designated Section 3 Coordinator.

c. HACM shall take all appropriate measures to ensure that the person so hired or appointed will have the proper duties and responsibilities to ensure compliance by HACM with the Agreement and Section 3. Said duties and responsibilities shall include quarterly reporting, in person and in writing, to HACM's Secretary-Executive Director and his or her designee on steps taken since the last meeting to comply with this Agreement, on internal administrative obstacles to compliance encountered, if any, and on the progress and accomplishments achieved.

## 2. Section 3 Plan

a. Within one hundred and eighty (180) days of the Effective Date of this Agreement, HACM shall develop and forward to HUD for review and approval, a written Section 3 Plan covering Section 3 employment, contracting (including subcontracting), and training opportunities.

b. Before forwarding the draft Section 3 Plan ("Plan") to HUD for review and approval, HACM shall:

(1) Publicize by press releases its Plan and provide a 30-day period during which the public may comment to HACM on the Plan.

(2) Make the full text of the Plan available to the public, in the following ways:

- a. Publish it conspicuously on the HACM website;
- b. Make printed copies available at all HACM offices open to the public;
- c. Communicate links and/or copies, by email or U.S. Mail, of the Plan to:
  - i. all community organizations that have communicated with HACM about Section 3 in the past five (5) years;
  - ii. all businesses known to HACM to be interested in contracting opportunities with HACM;
  - iii. all HACM Resident Council groups; and
  - iv. any other groups or individuals HACM believes would

be interested in receiving it.

- (3) Inform the public, including those listed in (2) above, how to provide comments regarding the Plan for consideration by HACM. HACM shall communicate this procedure on HACM's website, by e-mail, by U.S. Mail and at its offices open to the public. The process by which the public will provide comments to HACM shall be appropriate to maximize participation.
- (4) Schedule and publicize on HACM's website and by press releases one public information and comment session to give members of the public an opportunity to learn about and comment on the Plan. Notice of the time and place for the session shall be publicized at least fifteen (15) days in advance.
- (5) Within thirty (30) days of the closing date of the public comment period and before submitting the Plan to HUD for review and approval, HACM shall prepare and publish on its website a summary of the comments received regarding the Plan and a summary of HACM's responses to them, including HACM's explanation for not adding any proposed changes to its Section 3 Plan. HACM shall preserve all records of communication to the public and written comments received during the 30-day comment period.

c. Once approved by HUD, no changes may be made to the Plan without the written consent of HUD.

d. The Section 3 Plan will:

- i. Establish policies, procedures and practices to ensure that all internal hiring and contracting activities comply with the regulatory requirements detailed at 24 C.F.R. § 135.
- ii. Establish a mechanism which ensures, to the greatest extent feasible, that 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 or Indian housing, or for building trades work arising in connection with housing rehabilitation, and housing construction be awarded to Section 3 business concerns.
- iii. Establish a mechanism that ensures, to the greatest extent feasible, that at least 3% of the total dollar amount of all other Section 3 covered



contracts be awarded to Section 3 business concerns.

iv. Establish a mechanism that ensures, to the greatest extent feasible, that at least 30% of the aggregate number of new hires are Section 3 residents.

v. Require contractors to develop a Section 3 plan detailing how they will comply with the requirements of Section 3. The plan should include, but not be limited to, specific information about the contractor's current workforce, plans for hiring additional employees, anticipated subcontracting needs, and strategies for targeting Section 3 residents and business concerns for new economic opportunities.

vi. Establish a process by which HACM will facilitate the self-certification of Section 3 residents and business concerns so that certifications, by their language, are made both to HACM and to HUD.

vii. Provide for the development and maintenance of a list of Section 3 business concerns. This list shall be provided to all successful contracting bidders in an effort to facilitate the award of subcontracts to Section 3 business concerns.

viii. Establish a process to inform Section 3 businesses of contracting opportunities.

ix. Establish and implement through contractual terms a policy whereby all contractors and subcontractors will review and consider the Section 3 resident list described in Section III.B.7.e(i)(1) of this Agreement prior to making new hires and, if those hired are not on said list, or are in a lower preference category as defined in Part II of this Agreement under Preferences for Section 3 Residents, explain in writing the qualification or qualifications that those on said list lacked, or other reason for non-hire (for example, job offer declined).

x. The contractors and subcontractors that have not met the numerical goal set forth in III.B.2.d(iv) above shall have the burden of demonstrating to HACM why it was not feasible to meet the numerical goals. Such justification shall be in writing and shall document actions taken to comply with the requirements, the results of those actions, and impediments encountered.

### 3. Section 3 Business Concerns

#### a. Contracting

##### i. Contractors

(1) In any contract entered into after this Agreement becomes effective, whether those contracts are new, extensions or renewals:

(a) HACM must require the contractor to award, to the greatest extent feasible, a minimum of 10% of the total dollar amount of all contracts for maintenance, repair, modernization or development to Section 3 business concerns and 3% of all other contracts to Section 3 business concerns.

(b) In order to meet the 10% (3% for non-construction related contracts) requirement, HACM shall allow contractors to: break down their large contracts into smaller contracts that are more suitable for Section 3 business concerns, solicit specifically Section 3 business concerns, and give preference to Section 3 business concerns.

##### ii. Existing Contracts

(1) HACM must perform a review of all existing Section 3 covered contracts, including property management contracts, and identify to HUD, within one hundred and twenty (120) days of the Effective Date of this Agreement, those contracts that will last two (2) years or longer after this Agreement becomes effective or those contracts that are three (3) million USD or more in size.

(2) Within one hundred and eighty (180) days of the Effective Date of this Agreement, HACM shall identify to HUD all current contracts identified above in Section III.B.3.a(ii)(1) that are not in compliance with the contracting/subcontracting goals of Section 3 and with the terms of this Agreement.

(3) If after the first year of implementation of this Agreement, HACM fails to meet the numerical goals set forth in Section III.B.2.c(ii), HACM shall revise its procurement policies consistent with 24 C.F.R. § 135, App. III Examples of Procurement Procedures that Provide for Preference for Section 3 Business Concerns.

iii. Renegotiating Existing Long Term Contracts

HUD may, in its discretion, require HACM to renegotiate some or all of those contracts identified in Section III.B.3.a(ii) to bring them into full compliance with the requirements of Section 3 and this Agreement.

iv. Section 3 Clause

HACM must ensure that the Section 3 clause is inserted in all appropriate contracting documents, including subcontracting documents. *See* 24 C.F.R. § 135.38 (A-G).

v. Order of preferences

HACM and contractors will follow the contracting preference order as set forth in 24 C.F.R. § 135.36.

4. Other Economic Opportunities

A HACM contractor that can demonstrate it has no need or plans to subcontract or hire, or that can demonstrate it has attempted, to the greatest extent feasible, to meet Section 3 hiring and contracting goals, may provide other economic opportunities to Section 3 residents and business concerns as follows, consistent with 24 C.F.R. § 135.40:

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. The specific operation of “Training and Employment” will be detailed in the Section 3 Plan required under Section III.B.2;



ii. Indirect Participation: “Indirect Participation” allows a contractor to count a percentage of payments, as specified in HACM’s Section 3 Plan, 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. The specific operation of “Indirect Participation” will be detailed in the Section 3 Plan required under Section III.B.2;

iii. Mentorship Program Participation: “Mentorship Program” is a program designed to provide mentorship and/or training that benefit Section 3 residents of business concerns. The specific operation of “Mentorship Program Participation” will be detailed in the Section 3 Plan required under Section III.B.2;

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, teaming agreements or combination of other economic opportunities. A contractor must submit to HACM a plan detailing these “Other Results-Oriented Economic Opportunities” and receive an approval prior to implementation. The specific operation of “Other Results-Oriented Economic Opportunities” will be detailed in the Section 3 Plan required under Section III.B.2;

v. Section 3 Fund: a contractor 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.

d. 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 may satisfy its Section 3 obligations by engaging in alternative means outlined in Section III.B.4.c of this agreement.

## 5. Section 3 Business Concern Certification Process

a. HACM must include in its Section 3 Plan, as required under Section III.B.2 of this Agreement, a plan for establishing a process for certifying Section 3 business concerns.

b. HACM may rely on contractor and sub-contractor self-certification. HUD and HACM will work together to create a form for self-certification, which will include language identifying penalties for false certifiers. While HACM and/or partner(s) will maintain the Section 3 Business Concern registry, the self-certifications will be made to HACM and to HUD. If HACM has reason to believe that any Section 3 Business Concern on the registry has provided a false certification of Section 3 eligibility, HACM shall promptly inform HUD of the alleged false certification. In the event that HUD learns, from HACM or any other source, that any Section 3 Business Concern on the registry has falsely certified to Section 3 eligibility, HUD may initiate a review of the self-certification and, if appropriate, take enforcement action against the false-certifier, including, but not limited to, debarment.

c. **Obligation to Maintain Section 3 Status.** A contractor that received a contract or subcontract based on its Section 3 eligibility from Section 3 employees shall maintain, to the greatest extent feasible, its Section 3 employees for the duration of the contract. HACM will include in its Section 3 Plan requirements that a contractor immediately notify HACM of the loss of its Section 3 eligibility, as well as requirements that HACM permit such contractor a reasonable opportunity to cure the loss of Section 3 eligibility. The Section 3 Plan will also include penalties for failure to comply with this provision.

d. HACM may, on its own initiative, modify or revise its self-certification process, with advance written notice and consent of HUD, which will not be unduly withheld.

## 6. Section 3 Employment

a. By the end of the first year of this Agreement, HACM's contractors and subcontractors who have employed new hires will, to the greatest extent feasible, meet the numerical goals for the employment of Section 3 residents, as set forth in 24 C.F.R. § 135.30(b) or demonstrate the infeasibility of meeting such goals. Contractors demonstrating such infeasibility may then provide other economic opportunities, as detailed in III.B.4.c, above, or contribution to the Section 3 Fund in an amount of 3% of the total dollar amount of the contract for building, trade work or 1% for other contracts. The amount contributed shall not exceed twenty thousand dollars (\$20,000) for any one contract.

b. HACM, contractors and subcontractors will follow the priority of Preferences for Section 3 Residents in training and employment opportunities as defined in Section II of this Agreement and set forth in 24 C.F.R. § 135.34(a).

c. A contractor or subcontractor that has the need to hire may not use HACM's Section 3 Fund or other economic opportunities to substitute for its obligation to comply with Section 3.

d. For those contractors who fail to meet the employment goals after one year, the Section 3 contract clause for those contractors may be appended to include the provisions of 24 C.F.R. § 135 App. I. Examples of Efforts to Offer Training and Employment Opportunities to Section 3 Residents.

e. Monitoring Section 3 Hires

HACM will take the following actions to ensure that to the greatest extent feasible its contractors provide employment opportunities to Section 3 residents for the life of Section 3 covered contracts.

i. Building Trade Contracts: HACM shall require building trade contractors to submit payroll and hiring reports on a weekly basis. HACM shall utilize these payroll and hiring reports to monitor compliance with the numerical goals for the employment of Section 3 residents, as set forth in 24 C.F.R. § 135.30(b). HACM's Section 3 Plan shall include the frequency with which and the methods by which HACM must monitor compliance with the numerical goals for the employment of Section 3 residents on building trade contracts.

ii. All Other Contracts: HACM shall require all other contractors to submit hiring reports on a monthly basis. HACM shall utilize these hiring reports to monitor compliance with the numerical goals for the employment of Section 3 residents, as set forth in 24 C.F.R. § 135.30(b). HACM's Section 3 Plan shall include the frequency with which and the methods by which HACM must monitor compliance with the numerical goals for the employment of Section 3 residents on all other contracts.

iii. HACM shall conduct site visits to monitor contracts. HACM's Section 3 Plan shall provide for the frequency of site visits.

f. Internal Hiring

i. Within thirty (30) days of HUD's approval of the Section 3 Plan, HACM must submit to HUD for approval the revisions to its internal hiring policy that implement Section 3 requirements and the terms of this Agreement. The hiring policy shall include steps to identify qualified applicants entitled to Section 3 preferences prior to screening applicants for further consideration.

The policy also shall require HACM selecting officials who select an applicant without a Section 3 preference, or in a lower Section 3 preference category as defined in Part II of this Agreement under Preferences for Section 3 Residents than other applicants, to provide written explanations for such decisions. Once approved by HUD, HACM shall post and maintain a copy of the hiring policy on its website.

ii. At the end of each report cycle (See Section VI Reporting) for this Agreement, HACM will document the total number of new hires at HACM for the preceding six (6) months and determine the number of Section 3 new hires of that total.

iii. If it proves infeasible for HACM to meet the numerical goals for employment as set forth in 24 C.F.R. § 135.30(b), HACM shall demonstrate to HUD the other economic opportunities that it provides to its residents and the community, including, but not limited to, the following services: educational (including scholarship, financial literacy and learning enrichment), recreational, youth, after school, child care, senior services, job preparation programs, homeownership, and/or other economic opportunities as described above in Section III.B.4.c.

iv. HACM must, to the greatest extent feasible, hire Section 3 Residents for vacancies as prescribed by the Section 3 Plan. HACM may not use the provision of other economic opportunities to substitute for this requirement.

## 7. Outreach and Training Efforts

a. Within thirty (30) days of the Effective Date of this Agreement, HACM must hold an internal information session on the provisions of this Agreement with its key managers and staff.

b. With the Section 3 Plan, HACM must also submit to HUD for approval new Section 3 training and outreach materials drafted to accurately describe the requirements of this Agreement and the Regulations. While the Agreement is in effect, HACM must receive approval from HUD, which will not be unduly withheld, to use any new or modified Section 3 materials for its training/outreach efforts. The materials will be reviewed within a reasonable time, not to exceed one hundred and twenty (120) days after receiving the materials.

c. After HUD approves its outreach/training materials, HACM must promptly engage in outreach and education efforts, especially targeting business communities and potential Section 3 business concerns in a manner



consistent with the Section 3 Plan. It should coordinate its outreach efforts with local chambers of commerce and other organizations and agencies that engage in business growth activities. Outreach efforts for all Section 3 activities should include, but are not limited to, posting notices on its website, posting notices in the common areas or other prominent areas of its housing developments, advertising through local media, such as community television networks, newspapers of general circulation, minority owned newspapers, local business trade magazines/flyers and radio advertising. HACM shall include in its monitoring reports a schedule of events and activities under this section.

d. HUD may, in its discretion, direct HACM to increase its outreach efforts or direct it to focus its outreach efforts on particular groups, organizations or a subset of Section 3 residents or Section 3 business concerns. Outreach efforts for all Section 3 activities should include, but are not limited to, posting notices on its website, posting notices in the common areas or other prominent areas of its housing developments, advertising through local media, such as community television networks, newspapers of general circulation, minority owned newspapers, local business trade magazines/flyers and radio advertising.

e. Expansion of Services to Non-Public Housing Section 3 Residents

i. Within one year of the Effective Date of this Agreement, HACM must take the following measures to ensure the benefits of the Section 3 program will extend to all Section 3 residents:

(1) Build, maintain and expand its database of Section 3 residents and their job qualification information. The database must be searchable and accessible by the public, including persons who seek to register in the database and potential employers and business concerns that are seeking to hire. However, no private information beyond the name, job qualifications and experience will be displayed publicly, except the contact information specified by the person. The Section 3 Plan will address privacy rights of individuals on the database.

(2) Ensure all Housing Choice Voucher holders, as well as individuals living in subsidized or assisted housing, are given the opportunity to be included in the abovementioned database. These opportunities shall be extended to voucher holders at the time of certification or recertification. This provision is not intended to create an additional requirement of tenants to provide information to HACM. The provision requires HACM to seek the information from tenants on a

voluntary basis only.

(3) Collaborate with the employment offices, workforce development offices, community organizations, the Small Business Administration ("SBA"), and other social services offices managed by state and/or local governments both in order to notify Section 3 residents, as defined in this Agreement, of potential job openings and to incorporate as much job qualification information of Section 3 residents in the database as possible. In this effort, HACM will sponsor quarterly meetings with identified partners to share information with Section 3 residents. These meetings will be held on a rotating basis in various low-income neighborhoods in HACM's service area. The meeting venues will not be limited to HACM properties.

(4) Engage in outreach efforts to educate contractors, business entities and Section 3 residents about the availability and use of the Section 3 resident database, including providing a notice about the list to Housing Choice Voucher holders it services.

(5) Follow the priority order of the regulations concerning Preferences for Section 3 Residents in training and employment opportunities as defined in Section II of this Agreement and set forth in 24 C.F.R. § 135.34(a).

#### 8 Section 3 Fund

a. HACM will contribute an initial \$50,000 to create the HACM Section 3 Fund.

b. HACM may collect monetary payments from contractors to be deposited to the HACM Section 3 Fund consistent with Sections III.B.3, III.B.4, and III.B.5 of this Agreement.

c. Any funds collected by HACM for the Section 3 Fund must be expended for purposes related to Section 3. If the funds are expended for training or education, adequate outreach efforts must be made to ensure that the benefits of the training follow the priority order of the regulations concerning Preference for Section 3 Residents in training and employment opportunities as set forth at 24 C.F.R. § 135.34(a).

d. With respect to activities funded by the Section 3 Fund, HACM shall sponsor no less than two (2) workshops per year during the effective period of

this Agreement for Section 3 residents and Section 3 business concerns. In conducting these workshops, HACM should collaborate with the SBA and/or other qualified organizations for the purpose of providing the training. The workshop trainings for Section 3 business concerns or residents interested in starting a Section 3 business may include, but not be limited to, training on starting a business; writing a business plan; business expansion and retention; outreach and advertising; financial information regarding lines of credit; loan programs; bonding and insurance; and government contracting.

e. This Agreement does not prohibit HACM from incorporating into Section 3 covered contracts additional requirements that extend beyond the provisions required by Section 3 or by this Agreement, such as a negotiated provision for a specific number of public housing or other Section 3 residents to be trained or employed on the Section 3 covered project.

f. HACM shall provide scholarships each year this Agreement is in effect for the purpose of enrolling Section 3 residents in workforce development training programs. The financial assistance may be used for the payment of tuition, books, fees, dues, tools, equipment, transportation, and work clothing. HACM shall create a competitive process to determine eligibility for the scholarships.

#### **IV. MONITORING AND ENFORCEMENT BY HACM**

HACM must establish an active Section 3 enforcement and monitoring process and retain appropriate personnel and/or utilize third party vendor(s) assistance to do so, consistent with the terms of this Agreement. Its process must be capable of monitoring HACM's internal compliance with Section 3 goals and this Agreement, and monitoring contractors and subcontractors' compliance with Section 3 goals.

#### **V. MONITORING BY THE DEPARTMENT**

HUD will monitor HACM's implementation of, and compliance with, the provisions of this Agreement. HUD may conduct onsite monitoring reviews, request documents, interviews and reports, and otherwise conduct all activities it is authorized to conduct under 24 C.F.R. § 135 in order to monitor HACM's compliance. HACM must fully and promptly cooperate and comply with HUD's requests and monitoring activities. Failure on the part of HACM to cooperate and comply with HUD will be deemed a violation of 24 C.F.R. § 135, as well as a breach of this Agreement.

## VI. REPORTING

A. HACM shall submit its Section 3 Plan to the Department within the timelines specified in Section III.B.2 of this Agreement.

B. HACM shall submit to the Department semi-annual reports concerning the progress of its Section 3 obligations under this Agreement. The semi-annual reports shall contain the following:

1. All deadlines set forth in the body of this Agreement and report of all completed activities within the identified deadlines.
2. Data showing the number of all Section 3 resident applicants passed over in favor of an applicant with no preference or a lower-category Section 3 preference by job, and all newly hired (during the effective period of this Agreement) Section 3 residents, by preference category, the number of hours worked, the types of contracts through which they were hired, and a comparison of those hours to the number of hours worked by any other new hires.
3. Data showing the number of contracts and subcontracts entered into with all businesses and Section 3 business concerns, the dollar amount of those contracts and subcontracts, duration of those contracts and subcontracts, the nature of those contracts and subcontracts, and for subcontracts, the prime contracting entity.
4. Supporting documentation demonstrating Section 3 related outreach and training activities.
5. Supporting documentation demonstrating Section 3 related monitoring, enforcement and complaint processing activities.
6. Supporting documentation demonstrating other economic opportunities provided, consistent with Section III.B.4 of this Agreement.
7. Supporting documentation summarizing the financial information concerning the Section 3 Fund, including a list of the contractors and subcontractors that were required to deposit to the Section 3 Fund, contracts associated with those contractors and subcontractors, and detailed accounting of the expenditures made out of the Section 3 Fund.
8. Explication and documentation of any impediments to meeting the goals of Section 3 and this Agreement and actions taken or to be taken to overcome such

impediments.

C. All semi-annual reports are due on November 15 and May 15 of each calendar year. If the reporting day falls on a weekend or a Federal holiday, the report will be due the first business day after the weekend or holiday. The reporting materials shall be directed to: Director, Office of Fair Housing and Equal Opportunity, Milwaukee Field Office, 310 West Wisconsin Avenue, Suite 950, Milwaukee, WI 53203.

D. The reporting requirements of this section do not supplant the regulatory reporting requirements of Section 3, including form 60002, due on January 10 of every year. 24 C.F.R. § 135.90.

## **VII. RECORDKEEPING REQUIREMENTS**

During the term of this Agreement, HACM shall maintain Section 3 files, Section 3 covered contracts, records related to the Section 3 Fund, Education and Outreach files and Section 3 training and employment records, including records of all applications from Section 3 preference-eligible job seekers and bids from all Section 3 preference-eligible contractors and subcontractors.

## **VIII. EFFECT OF NONCOMPLIANCE WITH THIS AGREEMENT**

A. As of the commencement date, noncompliance with this Agreement shall result in all sanctions available under 24 C.F.R. § 135.74(d).

B. Substantial Noncompliance with this Agreement may result in HUD rejecting HACM's certification of compliance with part 135, which would result in HACM being ineligible to receive funding under any Notice of Funding Availability (NOFA) for competitive grants.

C. Repeated noncompliance with this Agreement and/or Section 3 generally may result in the Assistant Secretary for Fair Housing and Equal Opportunity imposing a resolution on HACM in accordance with the requirements and procedures of Section 3 found in the regulations at 24 C.F.R. § 135.76(f)(2).

D. Any act or omission by HACM or its representatives, including its employees, which violates the terms of this Agreement may serve as grounds for HUD to impose debarment, suspension or limited denial of participation sanctions pursuant to 2 C.F.R. § 2424, *et seq.*



E. Any act or omission that violates the terms of this Agreement may serve as grounds for HUD to seek specific performance and/or enforce any or all of the provisions of this Agreement in federal court.

F. A failure or refusal by HACM to comply with the Agreement may result in the application of sanctions specified in the contract through which HUD assistance is provided, or the application of sanctions specified in the regulations governing the HUD program under which HUD financial assistance is provided.

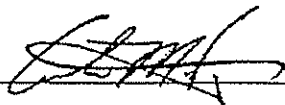
G. If, after thirty six (36) months following the Effective Date of this Agreement, HUD determines that HACM is unwilling or unable to carry out its HUD-funded programs in compliance with the statutory and regulatory requirements of Section 3 and this Agreement, HUD may, at its option, require HACM to engage the services of a consultant or contractor to perform said duties, if it determines, in its sole discretion, that said services would be effective and practical. Such services shall be at HACM's expense. HACM will notify HUD of which consultant or contractor HACM is considering and be provided an opportunity to review or reject the selection. HACM shall determine the terms and conditions of the consultant's or contractor's contract.

H. HUD will provide HACM with notice and a reasonable opportunity to cure any violations of the terms of this Agreement before employing the procedures and remedies contained in this section of the Agreement, unless it determines that the violation was intentional or grossly negligent.

#### **IX. SIGNATURES**

#### **These signatures attest to the approval and acceptance of this Voluntary Compliance Agreement:**

On behalf of the Housing Authority of the City of Milwaukee:

  
\_\_\_\_\_

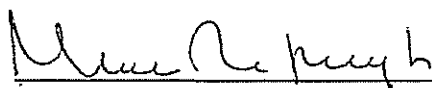
Name: Antonio M. Pérez

July 22, 2014

Date

Title: Secretary-Executive Director

On behalf of the United States Department of Housing and Urban Development:



Maurice J. McGough,  
Director, FHEO, Region V

7/31/14  
Date

**Summary of Voluntary Compliance Agreement provisions  
and upcoming deadlines as of 3/31/2015**

(VCA effective date of 8/8/2014)

<b>Area</b>	<b>Action</b>	<b>Deadline and Status</b>
<b>Internal Training</b>	HACM must hold an internal information session on the provisions of this agreement with its key managers and staff	Within 30 days – <b>Completed</b> Meetings held on 8/25 and 9/3/14. 211 HACM employees attended.
<b>Section 3 Oversight/Administration</b>	Hire Section 3 Coordinator to oversee and manage compliance. The Coordinator will report quarterly to HACM Executive Director in person and in writing, on progress and issues related to Section 3.	Within 90 days – <b>Completed</b> --Section 3 Coordinator (Evans Gant) hired as of 1/2/2014. Section 3 Coordinator meets with Tony Perez on a quarterly basis, starting November 2014.
<b>Develop a Section 3 plan</b>	Develop a draft Section 3 plan as well as Section 3 training and outreach materials for HUD review and approval. The Section 3 Plan will establish policies, procedures, and practices to ensure all activities comply with the provisions of the VCA and Section 3 regulations. HACM must also provide a 30 day period for public written comments and, with 15 days of advance notice, must provide a public hearing for the public to receive information on the plan and allow them to comment on it. Within 30 days after the end of the public comment period, HACM shall prepare and publish on its website a summary of comments and HACM responses to comments.	Within 180 days - <b>Completed</b> HACM hired a contractor with extensive Section 3 experience, Motivations, Inc. (Keith Swiney) of Atlanta to provide technical assistance on the Section 3 plan.  Draft plan: 12/2/2014 Public comment sessions: 12/16 to 12/18/14 Final submitted to HUD: 2/4/2015 Tom Nelson of HUD recommended approval of HUD plan on 7/24/2015.
<b>Internal Hiring</b>	Within 30 days after HUD has approved the Section 3 plan, HACM must submit a revised internal hiring policy that implements the terms of Section 3 regulations as well as the VCA.	HUD approved plan - <b>Completed</b>
<b>Section 3 Business Concern Registry</b>	HACM and/or partner (City of Milwaukee) will maintain a Section 3 Business Concern registry.	Within 180 days - <b>Completed</b> --Utilizing the City of Milwaukee Office of Small Business Development online registry and HACM will work with them to promote and improve. One proposed improvement is to add "public housing resident-owned" as a field.

Area	Action	Deadline and Status
<b>Section 3 Resident Listing</b>	HACM will build, maintain and expand its database of Section 3 residents and their job qualification information. The database must be searchable and accessible by the public.	Within 365 days - <b>Completed</b> <b>HACM IT developed online Section 3 Resident Registry and issued it on its website in early August 2015.</b>
<b>Review of all existing Section 3 covered contracts</b>	<ol style="list-style-type: none"> <li>1. HACM must perform a review of all Section 3 covered contracts, including property management contracts, and identify to HUD those contracts that will last 2 years or longer after the effective date of the VCA or those contracts that are \$3 million or more in size.</li> <li>2. HACM must identify to HUD all current contracts identified above that are not in compliance with the contracting/subcontracting goals of Section 3 and with the terms of this agreement.</li> </ol>	<p>Within 120 days (by 12/6/2014)—<b>Completed</b> and sent to HUD by due date. Answered all questions by HUD.</p> <p>Within 180 days (by 2/4/2015)—<b>Completed</b> and sent to HUD on 2/4/2015. Answered all questions by HUD.</p>
<b>Section 3 training and Outreach</b>	HACM will submit a draft of Section 3 training and outreach materials to HUD along with the Section 3 plan. HUD will approve no later than 120 days after submission. HACM will then implement outreach efforts for businesses and residents.	Within 180 days— <b>Completed and ongoing</b> <b>HACM submitted materials on 2/4/15 and Tom Nelson of HUD recommended approval on 7/24/2015. One outreach to businesses done with HUD and SBA in May 2015.</b>
<b>Section 3 fund</b>	HACM to establish a Section 3 fund as an alternative for contractors or subcontractors that can demonstrate and document the infeasibility of meeting the Section 3 goals.	Within 180 days — <b>Completed and ongoing</b> <b>HACM has established fund with initial amount of \$50,000. Procedures for use are set forth in Section 3 plan.</b>
<b>Monitoring</b>	HACM shall implement procedures to properly monitor contracting and hiring.	Within 180 days— <b>Completed and ongoing</b> <b>Put in Section 3 Plan and now approved by HUD.</b>
<b>Reporting</b>	HACM shall submit semi-annual reports to HUD on compliance.	<b>Ongoing</b> - Semi-annual reports for periods ended 9/30/14 and 3/31/15 have been submitted on time to HUD.



## 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](http://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 ROB, 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](http://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.

<b>REQUIREMENTS</b> <i>Applicable to all awards and contracts REGARDLESS OF AMOUNT</i>	<b>ADDITIONAL INFORMATION</b>	<b>WHEN EXECUTED</b>
<p><b>NOTICE</b> – 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 <b>MUST</b> 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><b>ENCOURAGEMENT</b> - 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><b>FACILITATION</b> - 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><b>Please return this form to the following address:</b></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 <a href="mailto:evgant@hacm.org">evgant@hacm.org</a>.</p>	<p>The City of Milwaukee's Section 3 Self Certification application is also available online. To complete the online registration, visit the website <a href="http://milwaukee.diversitycompliance.com">milwaukee.diversitycompliance.com</a></p> <p>For assistance completing the online application, please contact the Office of Small Business Development at Phone: 414-286-5553  Email: <a href="mailto:OSBDTraining@Milwaukee.gov">OSBDTraining@Milwaukee.gov</a></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 IV: CONTRACTING/SUBCONTRACTING NEEDS:**

If you plan to subcontract, please list the proposed subcontractors and amounts below. Attach a Section 3 Business Concern Self-Certification form for each Section 3 Business identified.

Subcontractor Name	Work to be 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 amount to be subcontracted to Section 3 Business Concerns:** \$ \_\_\_\_\_

**Percentage of total \$ value of bid/contract:** \_\_\_\_\_

**IMPORTANT:** 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 Section 3 business concerns and shall immediately contact your HACM contract contact as well as the HACM Section 3 Coordinator.

**PART V: WORKFORCE NEEDS AND HIRING PLAN**

**Preliminary Statement for Workforce Needs:** HACM intends to meet Section 3 compliance at the highest level and it is our intent to identify any short-term and long-term employment or contracting opportunities for qualified Section 3 persons and business concerns during the course of your contract funded by HACM via its contractors. Please list the status of all planned employment position and opportunities for this contract. **Preference for all opportunities must be given to low- and very low-income residents if they qualify. If awarded a contract, you are required to provide a list of your aggregate workforce on this project. Any changes to that workforce during the project will constitute new hires. You are hereby notified that you must notify HACM or contractor (respectively) overseeing your contract of any new hire opportunities that arise during the life of your contract. Anticipated workforce list may be provided on a separate sheet or in a different format and should contain anticipated hires for each contractor or subcontractor on the project.**

1. List Job Title/Trade	2. Total # of Employees Needed to complete Scope of Work by Job Title	3. Total # from Current Staff	4. Of the total # in column (3), how many are Section 3 Hires within the past 3 years?	5. Total # of New Hires Needed (Column 2 – Column 3)	6. Total # of New Hires expected to be Section 3 Residents
<b>TOTALS</b>					

*Use an additional sheet if required*

**% of Section 3 new hires to all new hires (Column 6 total divided by Column 5 total): \_\_\_\_\_ %**

## **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 1 of 2)**  
**[THIS FORM NOT REQUIRED AT TIME OF BID/PROPOSAL SUBMISSION]**

The purpose of this form is to comply with HUD Section 3 administration and certification regulations.

**Printed Name of Individual:** \_\_\_\_\_

**My home address is (must be a street address and NOT a P.O. Box number):**

Street Address \_\_\_\_\_ Apt Number \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

**Phone #:** \_\_\_\_\_ **Email Address:** \_\_\_\_\_

I certify that I am a legal resident of the United States and meet the income eligibility and federal guidelines for a Section 3 Resident below:

**To qualify as a Section 3 Resident, you must meet one of the following standards:**

1. Be a public housing resident or a Housing Choice Voucher program participant (Section 8 rent assistance voucher) managed by HACM; OR
2. Be a low income or very low income person who resides in the Milwaukee-Waukesha-West Allis metropolitan statistical area (which includes Milwaukee County, Ozaukee County, Washington County, and Waukesha County) and whose total household income does not exceed the following amounts:

*Table of Adjusted Median Income for Milwaukee-Waukesha-West Allis metropolitan statistical area (effective 3/16/2015)*

Family Size	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
Household Income	\$41,100	\$46,950	\$52,800	\$58,650	\$63,350	\$68,050	\$72,750	\$77,450

(Check all that apply):

☐ I am a public housing resident (Name of housing development: \_\_\_\_\_)

☐ I am a Section 8 rent assistance participant with HACM (I have a Housing Choice Voucher)

☐ I live in the service area of the Housing Authority (Milwaukee, Waukesha, Ozaukee or Washington County)

My total annual household income is \$\_\_\_\_\_ and there are a total of \_\_\_\_\_ people living in my household.

**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.

[illegible]

**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*







# **Section 3 Review & Implementation Plan Overview**

# Section 3 Improvements In Place



- **Better understanding of rules by contractors:** HACM approved a new Section 3 Plan in January, 2015, and improved forms that will be part of each and every contract. No contract will be signed unless there is an approved Section 3 Action Plan by the contractor, approved by the HACM Section 3 Coordinator.
- **Section 3 Resident Registry:**  
In August 2015, HACM developed a Section 3 resident registry to enable low income individuals and public housing residents self-certify as Section 3, and to list their job skills.  
[Section3Registry.hacm.org](http://Section3Registry.hacm.org)
- **Section 3 Business Registry:** Use of the Office of Small Business Development database to include self-certification of Section 3 businesses.



# Section 3 Improvements In Place



- **Section 3 Coordinator & Case Managers:** Acts as liaison to help link interested/qualified residents to jobs with contractors. Under Choice, there will also be case managers working with Westlawn residents to assist them with employment, education and training needs. Finally, due to the size of the construction project, HACM will also hire a separate organization to help monitor Section 3 for Westlawn.
- **Training:** In 2015, HACM implemented a YouthBuild training program. To date, 9 individuals (PH and Section 8) passed the Homebuilders Institute Pre-Apprenticeship Certificate Training (HBI PACT) and by July 2016, 21 individuals will have been trained. Other low income individuals are being trained in the Northcott and MCC YouthBuild programs.
- **Monitoring:** Using software (LCPTTracker) to track payroll reports, including looking at unreported new hires.
- **Additional Outreach:** HACM has been conducting efforts to recruit residents to apply for jobs and register with the Section 3 Registry, including a 9/9/15 job fair.

# Section 3 Goals



## Minimum numerical Section 3 goals

- 30% Section 3 new hires
- 3% of professional services/non-construction contracts to Section 3 business concerns
- 10% of construction contracts to Section 3 business concerns

# Hiring & Contracting 10/2013 to 3/2015



## Section 3 Contracting

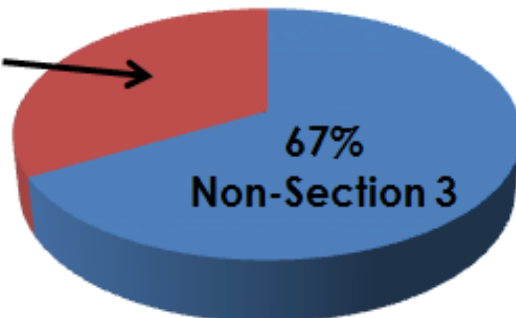
(10/1/2013 to 3/31/2015)

**Building Trades (\$2,546,491)**

**Section 3 goal of 10%**

**33%**

Section 3

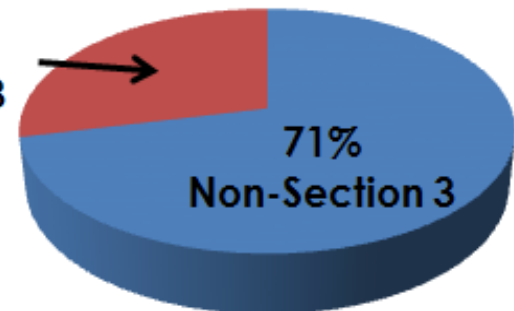


**Other Services (\$5,543,705)**

**Section 3 goal of 3%**

**29%**

Section 3

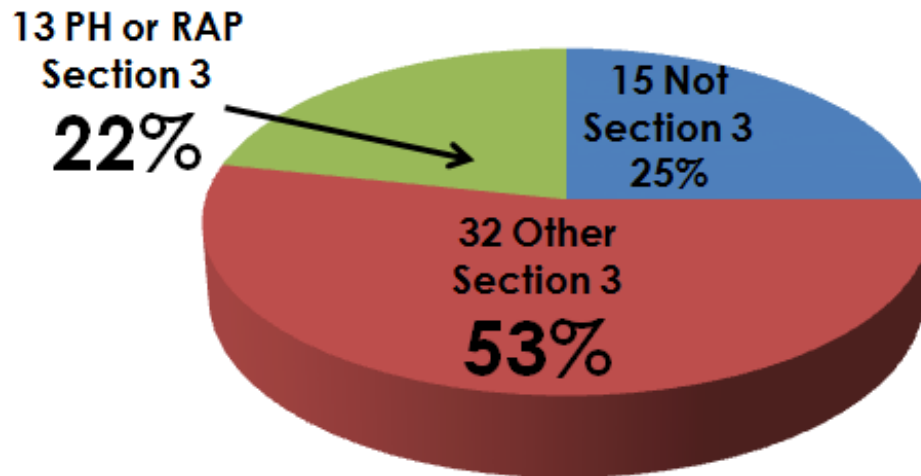


# Hiring & Contracting 10/2013 to 3/2015



## Section 3 New Hires (60 total)

(10/1/13 to 3/31/15)



# 75%

Section 3 New Hires  
Goal of 30%



# Data from Westlawn Gardens Phase 1

**81 of 326 new hires**

were Section 3 individuals

25% vs. 30% goal

No public housing residents hired

**74%**

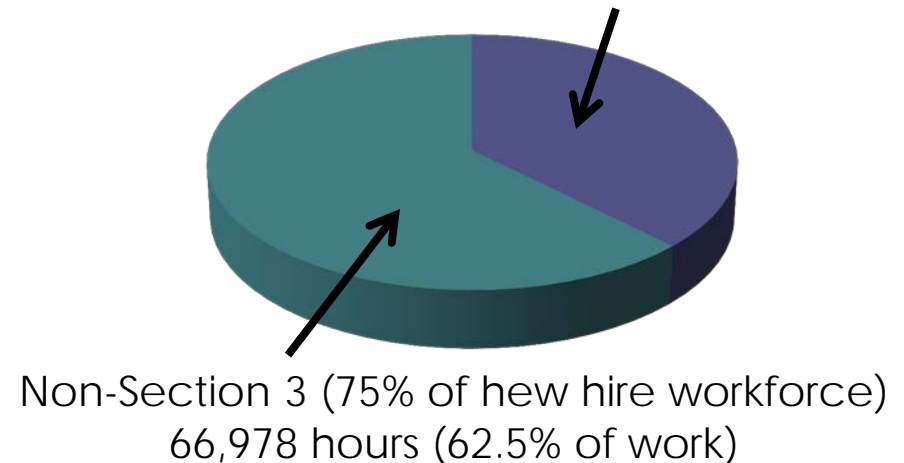
of the Section 3 new hires lived  
in the City of Milwaukee

**23%**

lived in 53218 and immediately  
surrounding zip codes around  
Westlawn

**Section 3 individuals  
worked 37.5% of the total  
hours of all new hires**

Section 3 (25% of new hire workforce)  
40,163 hours (37.5% of work)



# Data from Westlawn Gardens Phase 1



## Section 3 Contracting

Construction contracts

17.6% (10% goal)

Professional service contracts  
(architecture, engineering, construction management)

0% (3% goal)

While not related to Section 3, HACM's Emerging Business Enterprise (EBE) Program produced results in excess of HACM's goal.

## EBE (MBE/WBE/DBE) Participation 25% Goal

38%

of professional service contracts and

43%

of construction service contracts  
were awarded to EBEs.



# Looking for a Job?

Sign up NOW for the new online  
Section 3 Resident Registry at:



## Section3Registry.hacm.org

The Housing Authority of the City of Milwaukee (HACM) is pleased to announce the opening of its new online Section 3 Resident Registry. The Section 3 program was created by the U.S. Department of Housing and Urban Development (HUD) for the purpose of linking public housing residents, holders of Housing Choice Vouchers (Section 8 rent assistance), and other low-income persons from the metropolitan area to employment and training opportunities. When using HUD funding and when there is a need for new hires, the Housing Authority and its contractors and subcontractors will make every effort within their disposal to hire Section 3 residents (low-income residents) to the greatest extent feasible.

By registering and self-certifying your information as a Section 3 resident and listing your job skills on this website, you can provide potential employers with your qualifications and contact information. In the future, the system will be updated to allow Section 3 residents to search job listings posted by employers as well.

This is merely one step in a job search, but it may lead to a contact from a contractor or the Housing Authority for a job. Do not stop at this in your job search--please continue to find and apply for other job opportunities. If you need other assistance in your job search or assistance with this website, please call (414) 286-2894.

Type in this website address:

### Section3Registry.hacm.org



The Housing Authority of the City of Milwaukee's Section 3 program was created for the purpose of linking public housing residents, holders of Housing Choice Vouchers (Section 8 rent assistance), and other low-income persons from the metropolitan area with employment and training opportunities. When using HUD funds that are subject to Section 3 regulations and when there is a need for new hires, the Housing Authority of the City of Milwaukee (HACM), and its contractors and subcontractors will make every effort within their disposal and to the greatest extent feasible to hire Section 3 residents (public housing residents, holders of Housing Choice Vouchers, and other low income persons from the metropolitan area).

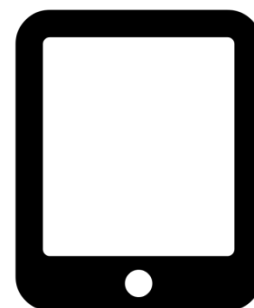
By self-certifying your information as a Section 3 resident on this site, low-income individuals can provide potential employers with your qualifications and contact information. In the future, the system will be updated to allow you to search job listings as well.

Sign In

Register  
as New User

Search Jobs

Register using any computer,  
smart phone, tablet or other device  
that has an Internet connection.





# Looking for



# Contracting Opportunities?

Sign up NOW for the online Section 3 Business Registry at:

[city.milwaukee.gov/OSBD](http://city.milwaukee.gov/OSBD)

The Housing Authority of the City of Milwaukee encourages Section 3 businesses\* to self-certify on the City of Milwaukee Small Business Enterprise (SBE) & Section 3 Certification website. This will allow the businesses to be notified of contracting opportunities for which they have a preference under Section 3 rules.

Please call (414) 286-2894 with questions.

The screenshot shows the official website of the City of Milwaukee, specifically the Office of Small Business Development (OSBD) page for the Compliance Reporting and Certification System. The page is titled "Register & Apply for Certification Online" and provides instructions for businesses to complete an online application for certification under the City of Milwaukee's Office of Small Business Development Certification Program. It offers two options: "Option 1 New Certification" for firms not currently certified, and "Option 2 Recertification" for firms currently certified. A "Quick Links" sidebar on the right includes links for searching for certified firms, applying for certification, training and event registration, contact information, password recovery, account lookup, and help for first-time users. The page also includes a "Welcome" message and contact information for the OSBD Training team.

**City of Milwaukee**  
Official Website of the City of Milwaukee  
CALL for Action (414) 286-CITY | Click for Action

Directory Residents Business Visitors

**Compliance Reporting and Certification System**

Access B2Gnow Business Capacity Building Program Certifications Events & Workshops Reports Resource List

City Home > Office of Small Business Development > Access B2Gnow > [Home/Login]

### Register & Apply for Certification Online

**SBE & Section 3 Online Certification Process**

Welcome! You are about to complete the on-line application for certification under the City of Milwaukee's Office of Small Business Development Certification Program. If you have any questions or need help while completing the application, please contact the Office of Small Business Development by email at [OSBDTraining@Milwaukee.gov](mailto:OSBDTraining@Milwaukee.gov) or by phone at 414-286-5553.

To continue, please select one option below:

Option 1 New Certification	Option 2 Recertification
Your firm is not currently certified.	Your firm is currently certified and you know your username and password to access this system.
<a href="#">» Create Account</a>	<a href="#">» Login</a>
	Your firm is currently certified and you do <b>not</b> know your username and password to access this system. <a href="#">» Lookup Account</a>

After logging in to your account, you will be directed to the application form. You can also click the **Apply for Certification** link on the right side of the first page. If you require technical assistance while completing the application, please use our [online support form](#).

**Quick Links**

- Search for Certified Firms
- Apply for Certification
- Training & Event Registration
- Contact Us & Support
- Forgot Password
- Account Lookup
- Help/First Time Users

\*Section 3 business concerns are businesses that can provide evidence that they meet one of the following criteria:

- 51 percent or more owned by Section 3 residents; or
- At least 30 percent of its full time employees include persons that are currently Section 3 residents, or were Section 3 residents within three years of the date of first hire; or
- Provides evidence, as required, of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to business concerns that meet one of the first two qualifications above.

A Section 3 resident is: 1) a public housing resident; or 2) a low- or very low-income person residing in the metropolitan area or non-metropolitan county where the Section 3 covered assistance is expended.

**Evans Gant**  
**Housing Authority of the City of Milwaukee**  
**Section 3 Coordinator**  
**(414) 286-2940**  
**evgant@hacm.org**



Evans Gant joined the Housing Authority as Section 3 Coordinator in January, 2014. In that role, he manages day-to-day Section 3 activities of HACM, ensuring that the organization meets or exceeds the Section 3 goals established by the U.S. Department of Housing and Urban Development. Mr. Gant works one-on-one with low-income residents to connect them to job opportunities with contractors doing work on HACM construction projects. He also works with the contractors to help them identify qualified low-income residents and to ensure compliance with Section 3 rules.

Mr. Gant brings a wide range of experience in housing and contracting to his work at HACM. Prior to joining HACM, he worked at Milwaukee County's Housing Division as a caseworker and as a Housing Program Analyst for the County's Community Development Block Grant Program (CDBG). He has also worked as a case manager for the Guest House, a shelter for homeless persons, and as a Contracts and Licensing/Field Compensation Assistant for Manpower, Inc./Northwestern Mutual Life. Through his work and other community activities, Mr. Gant has established relationships with law enforcement, elected officials, community leaders, non-profit organizations, the religious community, and educational resources.