



**PHILADELPHIA HOUSING AUTHORITY**

**SECTION K**

**SECTION 3 COMPLIANCE**

# TABLE OF CONTENTS

	<b>Page</b>
<b>I. INTRODUCTION TO SECTION 3</b>	<b>1</b>
<b>A. SECTION 3 OVERVIEW</b>	
<b>B. APPLICABILITY</b>	
<b>II. BIDDER/PROPOSER INSTRUCTIONS ON COMPLETING SECTION 3 FORMS</b>	<b>1</b>
<b>III. PHA SECTION 3 POLICY (FROM PHA CONTROL POLICY AND PROCEDURE #10, XVII, AS APPROVED BY THE BOARD OF COMMISSIONERS ON FEBRUARY 18, 2016, EFFECTIVE FOR SOLICITATIONS ISSUED SUBSEQUENT TO APRIL 1, 2016)</b>	<b>2</b>
<b>IV. APPENDICES</b>	<b>9</b>
<b>A. SECTION 3 COMPLIANCE FORMS 1 - 7</b>	
<b>B. SECTION 3 ONLINE COMPLIANCE REPORTING REQUIREMENTS</b>	
<b>C. EXAMPLES OF EFFORTS TO DEMONSTRATE SECTION 3 COMPLIANCE</b>	

PHA's management of information acquired and/or maintained pursuant to the Section 3 Policy of the CPP#10 shall be in compliance with federal regulations and federal and state laws, including the Federal Privacy Act, 5 U.S.C. §552(a)(2014) and the Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101 *et seq.*

# **PHILADELPHIA HOUSING AUTHORITY**

## **SECTION 3 PROGRAM**

### **I. INTRODUCTION TO SECTION 3**

#### **A. SECTION 3 OVERVIEW**

Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u) and 24 CFR Part 135 requires that, to the greatest extent feasible, employment and other economic opportunities generated by certain financial assistance from the U.S. Department of Housing and Urban Development (“HUD”) be directed to low- and very low-income residents, particularly those who are recipients of government assistance for housing, and to business concerns that provide economic opportunities to low- and very low income persons, as defined in 24 CFR 135.5

#### **B. APPLICABILITY**

Pursuant to 24 CFR 135.5 and the Philadelphia Housing Authority Section 3 Policy contained herein, Section 3 applies to all contracts and memoranda of understanding providing services to PHA, including cooperative purchasing agreements and contracts for professional services (such as audit and accounting, brokerage, architecture, and legal), maintenance, repairs, labor, landscaping, modernization projects, employee training, PHA resident education and construction. It does not apply to contracts solely for materials or supplies or contracts entered into in accordance with PHA’s Small Purchase Procedures found in PHA’s Contract Procurement Policy, which are under the \$18,500.00 threshold.

### **II. BIDDER/PROPOSER INSTRUCTIONS ON COMPLETING SECTION 3 FORMS**

All Bidders/Proposers should review the Section 3 Policy, contained herein, and complete Form 1, located in Appendix A of this section. Depending on the answers given on Form 1, the Bidder/Proposer may be directed to complete additional forms for the bid/proposal, which should be included in the bid response/proposal.

### **III. SECTION 3 POLICY - PHA CONTROL POLICY AND PROCEDURE #10, XVII**

Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u) (“Section 3”) and 24 CFR Part 135 requires that, to the greatest extent feasible, employment and other economic opportunities generated by certain financial assistance from the U.S. Department of Housing and Urban Development (HUD) be directed to low- and very low-income residents, particularly those who are recipients of government assistance for housing, and to business concerns that provide economic opportunities to low- and very low income persons, as defined in 24 CFR 135.5.

#### **A. Statement Of Purpose**

1. This Section 3 portion of the Procurement Policy shall provide direction to the Philadelphia Housing Authority (PHA) for maximizing employment and other economic opportunities for low- and very low-income individuals and business concerns through certain HUD-funded contracts, pursuant to 24 CFR Part 135. PHA will establish appropriate procedures and processes to implement this Section 3 portion of the Policy. This Policy does not require employing a Section 3 Resident or contracting with a Section 3 Business Concern that does not meet the qualifications of the position to be filled or cannot fulfill the contract requirements.

#### **B. Applicability**

1. This Policy shall cover all contracts, including memoranda of understanding, for the provision of services to PHA funded through Section 3 Covered Assistance, which includes cooperative purchasing agreements and contracts for professional services (such as audit and accounting, brokerage, architecture, and legal), maintenance, repairs, labor, landscaping, modernization projects, employee training, PHA resident education and services, and construction. This Policy does not apply to contractors who only furnish materials or supplies.

#### **C. Definitions**

1. PHA incorporates into this Policy all of the definitions contained in 24 CFR 135.5; definitions most applicable to PHA’s Policy are listed below.
  - a. *Contractor*: Any entity that enters into a contract or agreement to perform work generated by the expenditure of Section 3 Covered Assistance, or for work in connection with a Section 3 Covered Project.
  - b. *HUD Youthbuild Programs*: Programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (42 U.S.C. 12899), and provide disadvantaged youth with opportunities for employment, education, leadership development, and

training in the construction or rehabilitation of housing for homeless individuals and members of low- and very low-income families.

- c. *New Hires*: Full time employees for permanent, temporary or seasonal employment opportunities.
- d. *Section 3 Business Concern*: A business concern is defined as a business entity formed in accordance with State law, and which is licensed to the extent required under any State, county or municipal law to engage in the type of business activity for which it was formed:
  - i. That is 51 percent or more owned by Section 3 Residents;
  - ii. 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,
  - iii. 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 the two preceding paragraphs in this definition.
- e. *Section 3 Clause*: The contract provisions set forth in 24 CFR 135.38. The Section 3 Clause is set forth in Section XVII.I. of this Policy.
- f. *Section 3 Covered Assistance*:
  - i. Public and Indian housing development assistance provided pursuant to section 5 of the U.S. Housing Act of 1937 (1937 Act);
  - ii. Public and Indian housing operating assistance provided pursuant to section 9 of the 1937 Act;
  - iii. Public and Indian housing modernization assistance provided pursuant to section 14 of the 1937 Act; or
  - iv. Assistance provided under any HUD housing or community development program that is expended for work arising in connection with:
    - A. Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement);
    - B. Housing construction; or
    - C. Other public construction project (which includes other buildings or improvements, regardless of ownership).

- g. *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 awarded under HUD's procurement program that are governed by the Federal Acquisition Regulation System (see 48 CFR, Chapter 1). Section 3 Covered Contracts also do not include contracts for the purchase of supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a Section 3 Covered Contract.
- h. *Section 3 Covered Project*: The construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards); other public construction that includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance.
- i. *Section 3 Fund*: A fund held and administered by or under the direction of PHA to be expended for the purpose of supporting training programs for Section 3 Residents to develop skills necessary or useful to: 1) fulfill all or a portion of the requirements of any of PHA's Section 3 Covered Contracts; 2) support or create Section 3 Business Concerns; or 3) sell to PHA, directly or through Section 3 Business Concerns, supplies and materials commonly procured by public housing authorities. Such training programs shall include, without limitation, apprentice or pre-apprenticeship programs developing skills involved in building trades, maintenance, landscaping and security and scholarships, including to pay the cost of participation of Section 3 Residents in any available apprenticeship programs for the building trades, such as plumbing, carpentry, electrical, etc., or continuing education. The financial assistance may be used for the payment of tuition, union initiation fees, dues, tools, equipment and work clothing, or any other related expense.
- j. *Section 3 Resident*: 1) A public housing resident or 2) a low or very low-income person, as defined below, who resides in Philadelphia, PA. A person seeking the training and employment preference provided by Section 3 bears the responsibility of providing evidence, when requested, that the person is eligible for the preference meeting the requirements of i. or ii., below:
  - i. Low-income: households whose income does not exceed 80 percent of the median income for the area in which they reside.
  - ii. Very low-income: households whose incomes do not exceed 50 percent of the median income for the area in which they reside.
- k. *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.

#### D. PHA Responsibilities

1. PHA will comply with Section 3 in its operations. This responsibility includes:
  - a. Notifying Section 3 Residents and Section 3 Business Concerns about jobs and contracts generated by Section 3 Covered Assistance so that residents may seek jobs and businesses may submit bids/proposals for available contracts;
  - b. Notifying potential contractors of the objectives of Section 3 and ways in which each contractor can assist PHA in meeting its goal;
  - c. Facilitating the training and employment of Section 3 Residents and the award of contracts to Section 3 Business Concerns; and
  - d. Documenting the action that the PHA takes to comply with the Section 3 requirements, the results of the actions, and impediments, if any.
  
2. PHA also has a responsibility to ensure compliance of contractors and subcontractors. PHA will:
  - a. Notify contractors of their responsibilities under Section 3 including, but not limited to, incorporating the Section 3 Clause in contract documents;
  - b. Refrain from entering into contracts with contractors that are in violation of the regulations at 24 CFR Part 135;
  - c. Respond to complaints made to PHA by Section 3 Residents or Section 3 Business Concerns that PHA, a contractor or subcontractor, is not in compliance with 24 CFR Part 135; and
  - d. Cooperate with HUD in obtaining the compliance of contractors and subcontractors when allegations are made that PHA's contractors and subcontractors are not in compliance with the regulations at 24 CFR Part 135.

#### E. Goals

1. Goals for Employment and/or Training: All contractors under Section 3 Covered Contracts shall contractually agree to employ and/or train Section 3 Residents, to the greatest extent feasible, for 30% of all new hires related to the Contract.
2. Employment Preferences: Contractors must select qualified Section 3 Residents as new hires for work generated by the Section 3 Covered Contract, to the greatest extent feasible, in the following order of priority:

- a. PHA residents of the development or developments where the work is to be performed;
  - b. Other residents of PHA;
  - c. Participants in HUD Youthbuild Programs occurring in Philadelphia;
  - d. Other Section 3 Residents.
3. Goals for Contracting by PHA: To the greatest extent feasible, PHA shall seek to award to qualified Section 3 Business Concerns contracts of at least: 1) 10% of the total dollar amount of all Section 3 Covered Contracts for building trades work for maintenance, repair, modernization or development of public housing, and 2) 3% of the total dollar amount of all other Section 3 Covered Contracts.
4. Goals for Subcontracting by Contractors under PHA Contracts: All contractors under Section 3 Covered Contracts shall, to the greatest extent feasible, seek to award to qualified Section 3 Business Concerns, subcontracts of at least: 1) 10% of the total dollar amount of all Section 3 Covered Contracts for building trades work for maintenance, repair, modernization or development of public housing, and 2) 3% of the total dollar amount of all other Section 3 Covered Contracts.
5. Contracting and Subcontracting Preferences: To the greatest extent feasible, PHA and its contractors and subcontractors must select qualified Section 3 Business Concerns to perform work generated by any Section 3 Covered Contract, in the following order of priority:
- a. business concerns that are 51% or more owned by residents of the development for which the Section 3 Covered Assistance is expended, or business concerns whose full-time permanent workforce includes at least 30 percent of those persons as employees;
  - b. business concerns that are 51% or more owned by residents of other PHA-owned or managed developments or whose full-time, permanent workforce includes at least 30 percent of those persons as employees;
  - c. HUD Youthbuild Programs being carried out in Philadelphia;
  - d. business concerns that are 51% or more owned by Section 3 Residents, or whose permanent, full-time workforce includes no less than 30 percent Section 3 Residents, or that subcontract in excess of 25% of the total amount of subcontracts to Section 3 Business Concerns described above.
6. Preferences Regarding Small Purchases: For contracts that do not exceed \$18,500, procured in accordance with the Small Purchase Procedures found in this Procurement

Policy, and where the Section 3 Covered Contract is to be awarded based on price, the contract will be awarded to the responsible source with the lowest responsive quotation.

a. Where the Section 3 Covered Contract in an amount not to exceed \$18,500 is to be awarded based on factors other than price, a request for quotations will be prepared in accordance with PHA's Procurement Policy, including a rating system for the assignment of points to evaluate the merits of each quotation. The solicitation will identify all factors to be considered, including price or cost. The rating system will provide for a range of up to 15 to 25 percent of the total number of available rating points to be set aside for the provision of preference for Section 3 Business Concerns. The percent of the preference points shall be determined by the head of PHA's Supply Chain Management Department or his or her designee upon due consideration of the effect of any preference upon the ability to obtain responsive quotations. The contract or purchase order will be awarded to the responsible firm whose quotation is the most advantageous, considering price and all other factors specified in the rating system.

7. Preferences Regarding Procurement By Request For Proposals (RFP): For Section 3 Covered Contracts awarded through an RFP process, the RFP shall identify all evaluation factors (and their relative importance) to be used to rate proposals. One of the evaluation factors shall address both the preference for Section 3 Business Concerns and the acceptability of the proposing contractor's strategy for meeting the Section 3 greatest extent feasible requirement. This factor shall provide for a range of up to 15 to 25 percent of the total number of available points to be set aside for the evaluation of these two components. The percent of the preference points shall be determined by the head of PHA's Supply Chain Management Department or his designee upon due consideration of the effect of any preference upon the ability to obtain responsive proposals.

a. The component of this evaluation factor designed to address the preference for Section 3 Business Concerns must establish a preference for these business concerns in the order of priority ranking as set forth in this policy.

b. With respect to the second component (the acceptability of the strategy for meeting the greatest extent feasible requirement), the RFP shall require disclosure of the contractor's strategy for meeting the greatest extent feasible requirement to comply with the Section 3 training and employment preference, or contracting preference, or both, if applicable. A determination of the contractor's responsibility will include the submission of an acceptable strategy for meeting the greatest extent feasible requirement. The contract award shall be made to the responsible firm whose proposal is determined most advantageous considering price and all other factors specified in the RFP.

8. Preferences Regarding Contracts to be Awarded Under a Sealed Bid Process: Where the Section 3 Covered Contract is to be awarded under a sealed bid process, PHA will utilize

the procedure and the method for providing preference for Section 3 Business Concerns described in Section III (2)(i) of the Appendix to 24 CFR Part 135.

#### F. Compliance

1. HUD holds PHA accountable for compliance with Section 3 requirements: Therefore, contractor reporting requirements will be incorporated into all Section 3 Covered Contracts and contractors shall be contractually required to respond to requests for information from PHA for compliance verification throughout the life of the contract. PHA's Section 3 Program may also conduct random compliance inspections at the site of a Section 3 Covered Project.
2. Achievement of Numerical Goals: In the absence of evidence to the contrary, if a contractor meets the minimum numerical goals listed in Section XVII.E., above, the contractor is considered to have complied with its Section 3 requirements under this Policy.
3. Burden of Proof: Section 3 requires compliance with its minimum numerical requirements unless PHA and its contractors demonstrate that such compliance was not feasible following reasonable efforts. Contractors must demonstrate, through compliance reports and forms established by PHA, that they have met the numerical goals stated in Section XVII.E. of this Policy. When a contractor is unable to meet the objectives stated in Section XVII.E. of this Policy, the contractor has the burden of demonstrating why it was not feasible to meet the numerical goals. Such justification may include impediments encountered despite actions taken. In the event a contractor does not meet the numerical goals for both new hires and subcontracting or the contractor has no need for new hires or any subcontracting or both, PHA requires that a contractor indicate that it has provided other economic opportunities as further evidence of its attempt to comply with Section 3 requirements. See Section XVII.F.
4. Supplemental PHA Requirements: Except in the case of Section 3 Covered Contracts under \$18,500, PHA requires each contractor pursuant to any Section 3 Covered Contract to provide other economic opportunities in each of the following circumstances:
  - a. The contractor can demonstrate that it has no need to subcontract or hire to fulfill the Section 3 Covered Contract;
  - b. The contractor needs new hires and fails to meet the applicable numerical goal after demonstrating infeasibility; or
  - c. The contractor needs to subcontract and fails to meet the applicable numerical goal after demonstrating infeasibility.

5. Cooperation: PHA will cooperate fully with Section 3 compliance reviews by HUD. PHA will promptly correct or work with contractors to correct any deficiencies identified by HUD during such reviews.

#### G. Other Economic Opportunities

1. The following qualify as other economic opportunities to fulfill the requirements of Section XVII.F.4.:
  - a. Contributing to a Section 3 Fund created by PHA in the amount of three percent (3%) of the Section 3 Contract amount (see Definitions, Section XVII.C.1.i., above and G.3. below);
  - b. Hiring Section 3 Residents in part-time positions;
  - c. Providing economic opportunities to establish, stabilize or expand Section 3 Business Concerns, as approved by PHA, including, but not limited to the following:
    - i. Formation of Section 3 Joint Ventures;
    - ii. Purchase of materials and supplies from PHA resident-owned businesses; use of labor only contracts for building trades; Such economic opportunities may be provided either directly by the contractor or by the contractor providing incentives to non-Section 3 Businesses to provide such economic opportunities to low-income persons;
    - iii. Use of upwardly mobile, bridge and trainee positions to fill vacancies;
    - iv. Hiring Section 3 Residents in management and maintenance positions regarding other housing developments;
    - v. Hiring Section 3 Residents or subcontracting to Section 3 Business Concerns in circumstances unrelated to any PHA Section 3 Covered Contract; or
    - vi. Providing mentorship, continuing education and/or training opportunities that benefit Section 3 Residents or Section 3 Business Concerns or both.
2. Unless contribution to the Section 3 Fund is selected, a contractor may create, subject to PHA approval, any one or more of the foregoing economic opportunities; however, the contractor must demonstrate that the cost or value of such other economic opportunities with respect to each Section 3 Covered Contract is not less than the difference between: 1) ten percent (10%) of the Section 3 Covered Contract amount or three percent (3%) for non-construction contracts and 2) the amount the contractor did expend for new hires of Section 3 Residents and/or for subcontracting to Section 3 Business Concerns.
3. PHA may not require a contractor to make a Section 3 Fund contribution in lieu of any of the other economic opportunities described in Section XVII.G.1., above.

#### 4. Data Collection and Reporting

- a. PHA will submit an annual report to HUD documenting the compliance with Section 3 in such form and with such information as HUD may request. The report will be submitted in compliance with HUD required deadlines. HUD will be provided access to all records, reports and other documents or items PHA maintains to demonstrate compliance with Section 3 requirements.

#### H. Complaint

##### 1. Complaint Right

- a. Any Section 3 Resident and any representative who is not a Section 3 Resident, but who represents one or more Section 3 Residents, and any Section 3 Business Concern or any individual representative of one or more Section 3 Business Concerns, may bring concerns of noncompliance with Section 3 to HUD in conformity with complaint procedures detailed in 24 CFR 135.76. Complaints are to be filed with the Assistant Secretary for Fair Housing and Equal Opportunity.

##### 2. Resolution of Complaints

- a. If the Assistant Secretary sends a complaint to PHA for resolution, PHA will review the complaint promptly. If PHA believes that the complaint lacks merit, PHA will notify the Assistant Secretary, in writing, of this recommendation with supporting reasons, within thirty (30) days of the date of receipt of the complaint. The determination that a complaint lacks merit is reserved to the Assistant Secretary.
- b. If PHA determines that there is merit to the complaint, PHA will have sixty (60) days from the date of receipt of the complaint to resolve the matter with the complainant. At the expiration of the sixty (60) day period, PHA must notify the Assistant Secretary in writing whether a resolution of the complaint has been reached. If resolution has been reached, the notification must be signed by both PHA and the complainant and must summarize the terms of the resolution reached between the two parties
- c. Any request for an extension of the sixty (60) day period by PHA must be submitted in writing to the Assistant Secretary, and must include a statement explaining the need for the extension.
- d. If PHA is unable to resolve the complaint within the sixty (60) day period (or more if extended by the Assistant Secretary), the complaint shall be referred to the Assistant Secretary for handling in accordance with 24 CFR 135.76.

##### 3. Intimidatory or Retaliatory Acts Prohibited

- a. PHA will not intimidate, threaten, coerce, or discriminate against any person or business because the person or business has made a complaint, testified, assisted or

participated in any manner with an investigation, proceeding, or hearing regarding a complaint.

#### 4. Judicial Relief

- a. Nothing in this policy precludes a Section 3 Resident or Section 3 Business Concern from exercising the right to seek redress directly through judicial procedures.

#### I. Section 3 Clause

All Section 3 Covered Contracts shall include the following clause (A-G, below), referred to as the Section 3 clause:

- A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12U.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 apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

- E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 135.
- F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
- G. With respect to work performed in connection with Section 3 covered Indian Housing Assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work performed under this contract. Section 7(b) requires that the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7 (b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).



# APPENDICES

**APPENDIX A:**

**SECTION 3 COMPLIANCE FORMS 1 – 7**

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**3. DOES YOUR BUSINESS OR SUBCONTRACTOR NEED TO HIRE?**

YES  NO

If the answer is "Yes," check the box and enter the appropriate figures for this section below and then proceed to Question 4.

If the answer is "No," proceed to Question 4.

**Hire Full Time Employees:** The vendor commits that at least \_\_\_\_\_% of the new hires will be Section 3 Residents (minimum of 30% is required). The vendor and/or its subcontractor(s) intend to hire # \_\_\_\_\_ new hires for the entire contract term. Out of the new hires, # \_\_\_\_\_ will be Section 3 Residents.

**4. OTHER ECONOMIC OPPORTUNITIES – THIS SECTION MUST BE COMPLETED BY ALL BIDDERS/PROPOSERS WHO ARE NOT A SECTION 3 BUSINESS**

Vendors who are successfully awarded a contract with PHA must provide Other Economic Opportunities if they are unable to meet the Section 3 hiring and/or contracting goals. Please review and select at least one option listed below. At least one option must be selected.

A. Will your business contribute to the Section 3 Fund that PHA will use for job training and development, continuing education, Section 3 business development?

YES  NO

If your answer is "Yes," your business must contribute a minimum of 3% of the total contract invoice value. Please state the percent you will contribute \_\_\_\_\_%

B. Will your business hire part-time employees?

YES  NO

C. Does your business plan to develop, stabilize or expand a Section 3 Business(es)?

YES  NO

If your answer is "Yes," please provide a detailed plan for review and approval by the PHA Section 3 Program for one of the following:

<input type="radio"/>	Assist with the formation of Section 3 Joint Business Venture
<input type="radio"/>	Hire or subcontract with a Section 3 Businesses for work unrelated to this contract, if successfully awarded
<input type="radio"/>	Provide mentorship, continuing education, and training opportunities that benefit Section 3 Businesses

**IF YOU ANSWERED "YES" TO OPTIONS "B" OR "C" PLEASE NOTE THE FOLLOWING:**

Construction or Construction Related Contracts

- An amount of 10% of the total contract award amount expended, plus any modifications, in cost or value, must be used toward the vendor's obligation under Other Economic Opportunities
- Construction and Construction Related Contracts includes work for development, repair, modernization, renovation, and skilled trade maintenance hired for rehabilitation

Non-Construction Related Contracts

- An amount of 3% of the total contract award amount expended, plus any modifications, in cost or value, must be used toward the vendor's obligation under Other Economic Opportunities.

By signing below, the vendor acknowledges and understands that it has reviewed PHA's Section 3 compliance requirements and agrees to comply with the selected commitments indicated above. Vendor attests that the proof supplied and representations made for Section 3 status are accurate, to the best of its knowledge and belief and understands that any intentional submission of false information shall be a material breach of the contract. To the extent that the completion of this form is contingent upon future information, for example price negotiations, request for specific services, etc., the undersigned hereby affirms and agrees to fully adhere in good faith to the PHA Section 3 compliance goals. The undersigned acknowledges and affirms responsibility for completion and submission of this form PRIOR TO AWARD of a contract and acknowledges that failure to submit this form may jeopardize the responsiveness of its submission.

Attested to by:

\_\_\_\_\_  
Authorized Officer Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name and Title

\_\_\_\_\_  
Company/Business Name

\_\_\_\_\_  
Proposal or Contract Number

## SECTION 3 BUSINESS APPLICATION

Your business may qualify as a Section 3 business if it meets the criteria listed on Form 2 and you provide the required documentation. The benefits to qualifying as a Section 3 business are:

1. **Automatic Section 3 Compliance for your PHA Contract:** Qualifying as a Section 3 business satisfies all compliance obligations with Section 3 for any current contract it has with PHA.
2. **Potential Business Opportunities:** Section 3 businesses are listed on a PHA directory that is shared with businesses looking to work with Section 3 businesses for their Section 3 compliance obligations. You don't need to have a contract with PHA to be listed on this directory.

Please review Form 2 and see if you qualify!

**SECTION 3 BUSINESS CERTIFICATION FORM  
(FORM-2)**

Name of Business (the "Company") _____	
Address _____	
Business Type: <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietorship	
<input type="checkbox"/> Other: _____	

**1. SELECT THE REASON(S) YOUR BUSINESS QUALIFIES AS A SECTION 3 BUSINESS**

<input type="checkbox"/>	<b>You are a Section 3 Business because at least 51% of the business ownership is held by Section 3 Residents. Section 3 residents are individuals who are low or very-low income who live in Philadelphia.</b>
<input type="checkbox"/>	<b>You are claiming a Section 3 status because at least 30% of your workforce is currently comprised of Section 3 Residents, or individuals who were Section 3 Residents within the last three (3) years of his/her first hiring date.</b>
<input type="checkbox"/>	<b>You are a Section 3 Business because you will subcontract 25% of the dollar amount spent under the contract to qualified Section 3 businesses.</b>

**2. ATTACH DOCUMENTATION NECESSARY TO QUALIFY AS A SECTION 3 BUSINESS**

<input type="checkbox"/>	<b>Section 3 Business with at least 51% of the business ownership held by Section 3 Residents: Complete Forms 4 and 6. Note that Form 6 should only be completed by the Section 3 resident listed on Form 4. Valid photo identification is required with each Form 6.</b>
<input type="checkbox"/>	<b>Section 3 business with at least 30% workforce that is either currently comprised of Section 3 Residents, or individuals who were Section 3 Residents within the last three (3) years of his/her first hiring date: Complete Forms 3 and 6. Note that Form 6 should only be completed by the Section 3 resident listed on Form 3. Photo identification is required with each Form 6.</b>
<input type="checkbox"/>	<b>Section 3 Business because you will subcontract 25% of the dollar amount spent under the contract to qualified Section 3 businesses. You must provide: A list of subcontracted business(es), including Section 3 businesses, total anticipated spend for the contract, and subcontract amounts to be spent on each subcontractor (Proof of Section 3 qualification will be required for all claimed Section 3 subcontracted business(es) after the contract has been awarded).</b>

*I affirm and attest that the information provided is correct under penalty of law.*

Authorized Officer Signature	Date
Print Name, Title, and Company Name	Proposal or Contract Number

**LIST OF ALL EXISTING FULL TIME EMPLOYEES (FORM 3)**

**Instructions:** Please provide the following information for **all** full time employees employed by the contractor/vendor, **regardless of whether the employee is or is not a PHA or Section 3 Resident.**

DEVELOPER/CONTRACTOR : \_\_\_\_\_ PROPOSAL/CONTRACT #: \_\_\_\_\_

PROJECT NAME AND LOCATION: \_\_\_\_\_ DATE: \_\_\_\_\_

EMPLOYEE NAME/ADDRESS	SOCIAL SECURITY # (LAST 4 DIGITS)	DATE OF HIRE	JOB POSITION/ CATEGORY/TRADE	SECTION 3 RESIDENT (Y/N)

**SECTION 3 RESIDENT OWNED BUSINESS OWNERSHIP PROFILE  
(FORM 4)**

Instructions: Please provide ownership information to establish 51% or more ownership is owned by Section 3 Residents. All owners, partners, proprietors, and the like, must be listed, **regardless of whether the individual is a Section 3 Resident.**

DEVELOPER/CONTRACTOR : \_\_\_\_\_ PROPOSAL/CONTRACT #: \_\_\_\_\_

PROJECT NAME AND LOCATION: \_\_\_\_\_ DATE: \_\_\_\_\_

OWNER NAME/ADDRESS	SOCIAL SECURITY # (LAST 4 DIGITS)	DATE OF BIRTH	JOB TITLE	% OWNERSHIP INTEREST	SECTION 3 RESIDENT (Y/N)

## **SECTION 3 JOB BANK JOB DESCRIPTION FORM (FORM 5)**

### **Philadelphia Housing Authority's Section 3 Job Bank:**

#### **Vendor Participation Requirements**

The Philadelphia Housing Authority (PHA) has created a Section 3 Job Bank on its website that lists all available Section 3 positions with PHA vendors. In addition to conducting independent Section 3 job recruitment, you are required to participate in the Section 3 Job Bank as part of your Section 3 compliance commitment. Participation in the Section 3 Job Bank requires the following:

- 1) Timely submission of job description(s);
- 2) Status updates on whether the position(s) has been filled;\
- 3) Interviewing Section 3 Residents referred to the vendor by PHA; and
- 4) Timely submission of post-interview survey form or monthly referral reports for referred Section 3 Residents

Please complete the attached Section 3 Job Bank Job Description Form and return to [section3@pha.phila.gov](mailto:section3@pha.phila.gov). Vendors using the services of sub-contractors are responsible for ensuring subcontractors participate in the Section 3 Job Bank.

**PLEASE NOTE: Failure to participate in the Section 3 Job Bank may result in a notation in your Section 3 compliance record.**

## SECTION 3 JOB BANK JOB DESCRIPTION FORM (FORM – 5)

**INSTRUCTIONS:** Complete all applicable fields in this form. Any attachments/web links submitted in lieu of this form must include the information requested from this form in its entirety.

<b>Company Name:</b>	Click here to enter text	<b>Contract No(s).</b>	Click here to enter text
<b>Date Posted:</b>	Click here to enter a date.	<b>Willing to Train:</b>	Enter – Yes or No
<b>Position Start Date:</b>	Click here to enter a date.	<b>Position End Date:</b>	Click here to enter a date.
<b>Job Title:</b>	Click here to enter text.		
<b>Contract #:</b>	Click here to enter text.	<b>Job Category/Field:</b>	<b>[i.e.: plumbing, legal, marketing]</b>
<b>Location:</b>	Click here to enter text.	<b>Travel Required:</b>	Click here to enter text.
<b>Neighborhood(s):</b>	Click here to enter text.	<b>Number of Positions Available:</b>	Click here to enter text.
<b>Position Type:</b>	[i.e.: full-time, part-time, seasonal, job share, contract, intern]	<b>Fringe Benefits:</b>	Click here to enter text.
<b>Compensation:</b>	[i.e.: salary, wage/hourly ]		Click here to enter text.
<b>External posting URL:</b>	Click here to enter text.		
<b>Job Description</b>			
<p><b>ROLE AND RESPONSIBILITIES</b></p> <p>[Type a description of the essential roles, responsibilities and activities a candidate can expect to assume in this position, using the Details style. For bullets, use the Bulleted List style.]</p> <ul style="list-style-type: none"> <li>[Bulleted list item]</li> <li>[Bulleted list item]</li> </ul> <p>[For a numbered list, use the Numbered List style.]</p> <ul style="list-style-type: none"> <li>[Numbered List item]</li> <li>[Numbered List item]</li> </ul> <p><b>QUALIFICATIONS AND EDUCATION REQUIREMENTS</b></p> <p>[Type a description of the work experience and educational background that a candidate should have when applying for position. Use the Details, Bulleted List, and/or Numbered List styles as needed.]</p> <p><b>PREFERRED SKILLS</b></p> <p>[Type a description of any additional skills or experience that would be considered favorable for a candidate who is applying for this position. Use the Details, Bulleted List, and/or Numbered List styles as needed.]</p> <p><b>ADDITIONAL NOTES</b></p> <p>[Type any additional notes if needed.]</p>			
<b>FOR PHA OFFICE USE ONLY</b>			
<b>Reviewed By Section 3:</b>	Click here to enter text.	<b>Date:</b>	Click here to enter a date.
<b>Reviewed By HR:</b>	Click here to enter text.	<b>Date:</b>	Click here to enter a date.
<b>Approved By OAC:</b>	Click here to enter text.	<b>Date:</b>	Click here to enter a date.
<b>Last Updated By:</b>	Click here to enter text.	<b>Date:</b>	Click here to enter text.

**PHILADELPHIA HOUSING AUTHORITY  
SECTION 3 RESIDENCY SELF-CERTIFICATION FORM  
(FORM 6)**

**INSTRUCTIONS: PLEASE COMPLETE THIS FORM IF YOU ARE:**

1. A Philadelphia Housing Authority Resident OR ,
2. A low or very-low income person who lives in Philadelphia OR
3. A Section 3 Resident Business Owner who lives in Philadelphia

**NOTE: All employers must submit this form (to be completed by the Section 3 Resident) with a copy of the Section 3 resident's photo identification to PHA's Section 3 Program.**

1) I, \_\_\_\_\_, (PRINT NAME) am a legal resident of the City of Philadelphia and am either a resident of Philadelphia Housing Authority ("PHA") housing or meet the income eligibility guidelines for a low or very low income person, as set forth on the next page.

2) **I certify that I am a Section 3 Resident because:**

- I am a PHA resident and my Client ID # is: \_\_\_\_\_ **OR**
- I am City of Philadelphia resident and meet the applicable income eligibility requirements for a low or very-low income person because **(income questions below must be completed):**
- There are a total of \_\_\_\_\_ people living in my household and
- My household income is \$ \_\_\_\_\_/month and \$ \_\_\_\_\_/year.

*(If your income is the same every month, multiply by 12 to calculate yearly household income)*

3) My home address and phone number are:

\_\_\_\_\_  
(MUST BE A **STREET** ADDRESS NOT A P.O. BOX #) (APT. NUMBER)

\_\_\_\_\_  
(PHA SITE NAME – IF APPLICABLE)

\_\_\_\_\_  
(CITY) (STATE) (ZIP) (HOME TEL.) (CELL NO.)

4) The last four digits of my social security number are: \_\_\_\_\_

5) My date of birth is (month/day/year): \_\_\_\_\_

**I certify that all of the information given above is true and correct. 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 attest under penalty of perjury that my total household income annually, based on my total household size as listed above, is at or below the income amount for that specific size household as shown in the attached table at the time of this document is being signed. I understand that proof of this statement may be requested in the future.**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**SECTION 3 HUD INCOME LIMITS (Effective 4/15/20)**

All residents of public housing developments of the Philadelphia Housing Authority qualify as Section 3 Residents.\* Additionally, individuals residing in the City of Philadelphia where Section 3 contracted work is being performed, who meet the income limits set forth below, can also qualify for Section 3 resident status.

<b>Eligibility Guideline</b>		
<b>Number in Household</b>	<b>Very Low Income</b>	<b>Low Income</b>
1 individual	\$ 33,850	\$ 54,150
2 individuals	\$ 38,650	\$ 61,850
3 individuals	\$ 43,500	\$ 69,600
4 individuals	\$ 48,300	\$ 77,300
5 individuals	\$ 52,200	\$ 83,500
6 individuals	\$ 56,050	\$ 89,700
7 individuals	\$ 59,900	\$ 95,900
8 individuals	\$ 63,800	\$ 102,050

\* Section 3 is a provision in the Housing and Urban Development Act of 1968 (12 U.S.C. Section 1701u and 24 C.F.R. Section 135). Its purpose is to ensure that economic opportunities, to the greatest extent feasible, are given to low and very low-income persons, particularly to recipients of government housing assistance. Section 3 job opportunities relate to new hiring due to contracts with PHA. Section 3 Residents are PHA residents, or persons who live in the City of Philadelphia who have a household income that is low income or very low income under HUD's income limits.

## **APPENDIX B:**

# **SECTION 3 COMPLIANCE REPORTING REQUIREMENTS**

## VENDOR QUARTERLY ONLINE COMPLIANCE REPORT

All vendors are required to file quarterly compliance reports online throughout the calendar year. If a contract expires or is terminated, the contractor is expected to submit all outstanding Section 3 compliance reports and may have final payment withheld until reports are completed. Filing deadlines and the link to submit the online report can be found at [www.pha.phila.gov](http://www.pha.phila.gov).

### INFORMATION REQUIRED FOR HIRING AND SUBCONTRACTING REPORTS

#### HIRING REPORT

- Contractor/Sub Contractor Name(s) (if applicable)
- Whether the Contractor/Subcontractor is a Section 3 Business
- New Hire Information for all new hires, including non-Section 3 Residents
  - Employee Name
  - Last 4 digits of SS#
  - Date of Birth
  - Whether hire is a Section 3 Resident
  - Completed Section 3 Residency Form 6 (to be completed by the Section 3 Resident) with photocopy of picture identification (e.g. driver's license or passport)
  - Hire and Termination Start Date(s)
  - Whether a Section 3 Complaint Register Form was given to the Section 3 Resident
- Whether other efforts were made to achieve employment generated by HUD financial assistance for housing and community development programs (See Appendix C)

#### SUBCONTRACTOR REPORT

- All Subcontractor Name(s)
- Whether the Contractor/Subcontractor is a Section 3 Business
- Contract amount expended for each subcontractor
- Which attempts were used to recruit Section 3 Businesses, for example, local advertising media, signs displayed prominently at the work site, contact community organizations or public and private agencies in Philadelphia (See Appendix C)

**IF THE VENDOR IS UNABLE TO FULFILL APPLICABLE HIRING OR CONTRACTING AS OF THE TIME OF THE QUARTERLY COMPLIANCE REPORT**

- Contact the Section 3 Program
- If unable to identify Section 3 Residents or Businesses to hire or subcontract, document the attempts used, for example, local advertising media, signs displayed prominently at the work site, contact community organizations or public and private agencies in Philadelphia and describe why such efforts failed. (See Appendix C)

**OTHER ECONOMIC OPPORTUNITIES**

**INFORMATION REQUIRED FOR SECTION 3 FUND CONTRIBUTION REPORT**

- Proof of Section 3 Fund payment(s)
- Payment Information: Payments can be made *via* check or ACH (direct deposit). All payment forms must include “Section 3” and the contract number in the memo, cover letter or payment statement receipt. For direct deposit account information, please contact Mary Cook at [mary.cook@pha.phila.gov](mailto:mary.cook@pha.phila.gov) or the Section 3 Program. All checks should be made payable to “PhillySEEDS.” Payment mailing address:

PhillySEEDS  
Treasurer  
2013 Ridge Avenue  
Philadelphia, PA 19121

**INFORMATION REQUIRED FOR OTHER ECONOMIC OPPORTUNITIES PROVIDED TO SECTION 3 RESIDENTS AND BUSINESSES**

- Contract dollar amount paid by PHA for the quarter
- Amount expended for the quarter on providing economic opportunities toward Section 3 Residents or Businesses (must also provide supporting documentation)
- Type of opportunity being provided
- Location where the opportunity is being provided
- Start/End Dates
- Names of Participating Section 3 Residents and Businesses

- Completed Form 6 (to be signed by Section 3 resident) and/or proof Section 3 Residents attended and were recruited
- Type of Certificate/License Awarded (If applicable)
- PHA Section 3 Business Certification forms from each business (see “Pre-Bid Section 3 Forms List” for forms to be completed)
- Sign-in Sheet/Attendance Record(s) names of all attendees, PHA Client Numbers, trainer name, training location, date, and course name and description
- What attempts were used to recruit Section 3 Residents and businesses, such as local advertising media, signs displayed prominently at the work site, contact community organizations or public and private agencies in Philadelphia (See Appendix C)
- Whether the contractor participated in a HUD program or other program which promotes the training or employment of Section 3 Residents or Section 3 Businesses.

## VENDOR JOB BANK REPORTING

All vendors with a hiring commitment must report on its participation with the Section 3 Job Bank. The PHA Job Bank Coordinator will provide either Job Bank Surveys or Monthly Job Bank Referral Reports to vendors based on contract category.

1. **Non-Construction Contracts or Construction Contracts with a total contract award of \$1,000,000 or less** must complete Job Bank Surveys for every job candidate referral. These surveys are to be completed within 30 days of the date of referral, unless otherwise agreed by the PHA Job Bank Coordinator.
2. **Construction Contracts with a total contract award of \$1,000,000 or more** must complete a monthly Job Bank Referral Report. The information in these reports must include:
  - a. Candidate names referred by PHA's Job Bank
  - b. Acknowledgment of review of resumes received from the Job Bank
  - c. Information on interviews scheduled and conducted with Section 3 persons
  - d. Reasons for non-hiring of referred Section 3 persons

**APPENDIX C:**

**EXAMPLES OF EFFORTS TO  
DEMONSTRATE SECTION 3 COMPLIANCE**

## **SUGGESTED EXAMPLES OF HIRING EFFORTS FOR SECTION 3 COMPLIANCE**

The following are acceptable methods that, when documented, assist in demonstrating compliance with Section 3:

1. Consulting with State and local agencies administering training programs, probation and parole agencies, unemployment compensation programs, community organizations and other officials or organizations to assist with recruiting Section 3 Residents for a contractor's or subcontractor's training and employment positions.
2. Advertising the jobs to be filled through the local media.
3. Employing a job coordinator, or contracting with a business that is licensed in the field of job placement (preferably a Section 3 Business) that will undertake efforts to match eligible and qualified Section 3 Residents with the training and employment positions that the contractor intends to fill.
4. Establishing training programs, which are consistent with the requirements of the Department of Labor, for public housing residents and other Section 3 Residents in the building trades.
5. Advertising the training and employment positions by distributing flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) to housing developments where PHA residents reside, particularly in the development where the Section 3 covered activity is taking place.
6. Entering into "first source" hiring agreements with organizations representing Section 3 Residents.
7. Contacting resident council, resident management corporations, or other resident organizations, where they exist, in the housing developments where low income persons reside, to request the assistance of those organizations in notifying residents of the training and employment positions to be filled.
8. Sponsoring a job information meeting to be conducted at a location in the housing developments where low income persons reside or in the neighborhood or service area of the Section 3 covered project.
9. Arranging assistance in conducting job interviews and completing job applications for residents of the housing developments where low income persons reside and in the neighborhood or service area in which a Section 3 project is located.
10. Arranging for a location in the housing developments where low income persons reside, or the neighborhood or service area of the project, where job applications may be delivered and collected or where job interview can be conducted.
11. Where there are more qualified Section 3 Residents than there are positions to be filled, maintaining a file of eligible qualified Section 3 Residents for future employment positions.
12. Undertaking continued job training efforts as may be necessary to ensure the continued employment of Section 3 Residents previously hired for employment opportunities.

**SUGGESTED EXAMPLES OF EFFORTS TO CONTRACT WITH SECTION 3 BUSINESSES  
FOR SECTION 3 COMPLIANCE**

The following are acceptable methods that, when documented, assist in demonstrating compliance with Section 3:

1. In determining the responsibility of potential subcontractors, consider their record of Section 3 compliance as evidenced by past actions and their current plans for the pending subcontract.
2. Contacting business assistance agencies, minority contractors' associations and community organizations to inform them of contracting opportunities and request their assistance in identifying Section 3 businesses which may solicit bids or proposals for contracts for work in connection with Section 3 covered assistance.
3. Providing written notice to all known Section 3 Businesses of the contracting opportunities. This notice should be in sufficient time to allow the Section 3 Businesses to respond to the bid invitation or request for proposals.
4. Following up with Section 3 Businesses that have expressed interest in contracting opportunities by contacting them to provide additional information on the contracting opportunities.
5. Coordinating pre-bid meetings at which Section 3 Businesses could be informed of upcoming contracting and subcontracting opportunities.
6. Advising Section 3 Businesses as to where they may seek assistance to overcome limitations such as inability to obtain bonding, lines of credit, financing, or insurance.
7. Arranging solicitations, times for presentations of subcontract bids, quantities, specifications, and delivery schedules in ways to facilitate the participation of Section 3 Businesses.
8. Where appropriate, breaking out subcontract work items into economically feasible units to facilitate participation by Section 3 Businesses.
9. Advertising subcontracting opportunities through trade association papers and newsletters, and through other local media, such as newspapers of general circulation.
10. Developing a list of eligible Section 3 Businesses.