

**PHILADELPHIA  
HOUSING  
AUTHORITY**

## **SECTION 3 POLICIES AND FORMS**

**REVISED APRIL 2012**



**Philadelphia Housing Authority**  
Building Beyond Expectations

## INTRODUCTION

This Policy Statement and Forms Package:

- Sets forth the policy, goals, and preferences of the Philadelphia Housing Authority (“PHA”) in the administration of its Section 3 program, which is intended to ensure that employment and other economic opportunities generated by certain financial assistance provided by the U.S. Department of Housing and Urban Development (“HUD”) shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed to low- and very low-income persons, and to business concerns which provide economic opportunities to low- and very low-income persons;
- Summarizes the standards and procedures to be followed to ensure that the objectives of Section 3 are met that are set out in 24 C.F.R Part 135;
- Provides the guidelines for contractors to follow; and
- Contains forms for contractors to demonstrate compliance.

Special emphasis is given to hiring residents of PHA communities. The requirements and forms follow.

For more information visit HUD’s website at:

**<http://www.hud.gov/section3>**

or visit PHA’s website at:

**<http://www.pha.phila.gov/section3jobs>**

Educational workshops for residents, vendors and prospective businesses are available. Workshops include Section 3 Policies and Procedures, as well as Contracting Process review. Sessions and times can be found at:

**<http://www.pha.phila.gov/business-opportunities.aspx>**



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## **STATEMENT OF PURPOSE**

The purpose of Section 3 of the Housing and Urban Development Act of 1968, as amended by Section 915 of the Housing and Community Development Act of 1992, is to “ensure that employment and other economic opportunities generated by certain HUD financial 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.” Section 915 of the Housing and Community Development Act of 1992 sets forth:

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

The HUD regulations at 24 C.F.R Part 135 set forth the requirements of the Section 3 program. The PHA’s Section 3 policy is explained in this Policy. The PHA’s Section 3 procedures and policies may be amended periodically by the Executive Director or his/her designee to insure that the policy requirements are being met or to bring about efficiencies in the implementation of the program based on practice and experience.



## DEFINITIONS

The applicable definitions for PHA's Section 3 program are the same as those set out in HUD's regulations at 24 C.F.R 135. Some of the more relevant terms considered in PHA's administration of the policy are:

**EMPLOYMENT OPPORTUNITIES GENERATED BY SECTION 3 COVERED ASSISTANCE.** All employment opportunities generated by the expenditure of Section 3 covered public and Indian housing assistance (i.e., operating assistance, development assistance and modernization assistance, as described in 24 C.F.R. § 135.3(a)(1)).

**COMMUNITY.** Area within one-half (1/2) mile radius of propose Section 3 Covered Activity.

**HOUSING AND COMMUNITY DEVELOPMENT ASSISTANCE.** Any financial assistance provided or otherwise made available through a HUD housing or community development program through any grant, loan, loan guarantee, cooperative agreement, or contract, and includes community development funds in the form of community development block grants, and loans guaranteed under Section 108 of the Housing and Community Developments Act of 1974, as amended. Housing and Community Development Assistance does not include financial assistance provided through a contract of insurance or guaranty.

**NEW HIRES.** Full-time employees hired for permanent, temporary, or seasonal employment opportunities. Building trades personnel are new hires at the start of each construction project.

**OTHER HUD PROGRAMS.** HUD programs, other than HUD public and Indian housing programs, that provide housing and community development assistance for Section 3 Covered Projects.

**PHA PRE-APPRENTICESHIP PROGRAM** Program sponsored by PHA in which its residents participate in union-exam preparation course in construction skills.

**RESIDENT OWNED BUSINESS (ROB).** A business concern (a) at least 51% owned by one or more public housing residents; and (b) whose management and daily business operations are controlled by one or more such individuals.

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

**SECTION 3 BUSINESS CONCERN.** A Section 3 Business Concern is a business entity formed in accordance with State law, and which is licensed under State, county or municipal law to engage in the type of business activity for which it was formed:

1. That is fifty-one (51 %) or more owned by Section 3 Residents; or
2. Whose permanent, full-time employees include persons, at least 30% of whom are currently Section 3 Residents, or within three years of the date of first



employment with the business concern were Section 3 Residents; or

3. That provides evidence of a commitment to subcontract in excess of 25% 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.”

**SECTION 3 CLAUSE.** The contract provisions set forth in 24 C.F.R § 135.38.

**SECTION 3 COVERED ACTIVITY.** Any activity which is funded by Section 3 Covered Assistance including public a housing assistance.

**SECTION 3 COVERED ASSISTANCE.**

- Public and Indian housing development assistance provided pursuant to Sections 5, 9, and/or 14 of the 1937 Act;
- Assistance provided under any HUD housing or community development program that is expended for work arising in connection with:
  - (i) Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement);
  - (ii) Housing construction; or
  - (iii) Other public construction project (which includes other buildings or improvements, regardless of ownership).

**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, which are governed by the Federal Acquisition Regulation System (see 48 C.F.R. 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. For example, a contract for the purchase and installation of a furnace would be a Section 3 Covered Contract because the contract is for work (i.e., the installation of the furnace) and thus is covered by Section 3.

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

**SECTION 3 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:



(i) is responsible for a clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and

(ii) performs at least 25% of the work and is contractually entitled to compensation proportionate to its work.

### **SECTION 3 RESIDENT.**

(1) A public housing resident; or

(2) An individual who resides in Philadelphia County and who is:

(i) A low-income person, as this term is defined in Section 3(b)(2) of the 1937 Act (42 U.S.C. § 1437a(b)(2)). Section 3(b)(2) of the 1937 Act defines this term to mean families (including single persons) whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum of the median for the area (“AMT”) on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low-income families; or

(ii) A very low-income person, as this term is defined in Section 3(b)(2) of the 1937 Act (42 U.S.C. § 1437a(b)(2)). Section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2)) defines this term to mean families (including single persons) whose incomes do not exceed 50 per centum of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.

(3) A person seeking the training and employment preference provided by Section 3 bears the responsibility of providing evidence (if requested) that the person is eligible for the preference.



## GOAL STATEMENT

The numerical goals established in this section represent minimum numerical targets.

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

**TRAINING AND EMPLOYMENT.** The numerical goal set forth below apply to new hires, and economic opportunity levels for Section 3 residents. The numerical goals reflect the aggregate hires. Efforts to employ Section 3 Residents, to the greatest extent feasible, should be made at all job levels.

- (1) Numerical goals for Section 3 Covered Public and Indian Housing programs. PHA contractors and subcontractors may demonstrate compliance with this part by committing to employ Section 3 Residents as 30% of the aggregate number of New Hires, and;
- (2) For construction contracts and assignments that are site based or Community specific, PHA contractors and subcontracts, will demonstrate compliance by ensuring that 50% of all Section 3 New Hires are residents of the Community, and;
- (3) For construction contracts and assignments, PHA contractors and subcontracts, will demonstrate compliance by ensuring that 20% of all contract wages are paid committed to employ Section 3 Residents working on Section 3 Covered Activity.

**CONTRACTS.** The numerical goals set forth below apply to contracts awarded in connection with all Section 3 Covered Projects and Section 3 Covered Activities. PHA and each of its contractors and subcontractors may demonstrate compliance with the requirements of this part by committing to award to Section 3 Business Concerns:

- (1) At least 10% of the total dollar amount of all Section 3 Covered contracts for building trades work for maintenance, repair, modernization or development of public housing, or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction; and
- (2) At least 3% of the total dollar amount of all other Section 3 Covered Contracts.

PHA or its contractor may contract directly with a Section 3 Business Concern or contract with contractors that subcontract to a Section 3 Business Concern. In either case, PHA’s preference is to give priority to business concerns that employ PHA residents from the property in which the work is being performed.

### **OTHER ECONOMIC OPPORTUNITIES**



Firms may provide other economic opportunities or make cash contributions to train and employ Section 3 Residents or to contribute to a Section 3 compliance fund which provides other economic opportunities. PHA has established the following minimum threshold requirements for contribution to funds that provide other economic opportunities:

1. For trade, construction and rehabilitation work, the “value” of the other economic opportunity must equal or exceed 5% of the total contract amount plus any modifications to price;
2. For other types of contracts, including service contracts, the “value” of the other economic opportunity must equal or exceed 3% of the total contract amount plus any modifications to price.

**Refer to page 15 for additional details of Other Economic Opportunities**



## PHA PREFERENCE TIERS

For training and employment opportunities:

(a) Order of providing preference. 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 in paragraph (a) of this section.

(1) Public and Indian housing programs. In public and Indian housing programs, efforts shall be directed to provide training and employment opportunities to Section 3 residents in the following order of priority:

(i) Residents of the housing development or developments for which the Section 3 covered assistance is expended (category 1 residents);

(ii) Residents of other housing developments managed by the HA that is expending the Section 3 covered housing assistance (category 2 residents);

(iii) Participants in DOL Youthbuild programs being carried out in the metropolitan area (or nonmetropolitan county) in which the Section 3 covered assistance is expended (category 3 residents);

(iv) Other Section 3 residents of Philadelphia.

For contracts:

(a) Order of providing preference. Recipients, contractors and subcontractors shall direct their efforts to award Section 3 covered contracts, to the greatest extent feasible, to Section 3 Business Concerns in the order of priority provided in paragraph (a) of this section.

(1) Public and Indian housing programs. In public and Indian housing programs, efforts shall be directed to award contracts to Section 3 Business Concerns in the following order of priority:

(i) Business concerns that are 51% 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% of these persons as employees (category 1 businesses);

(ii) Business concerns that are 51% or more owned by residents of other housing developments or developments managed by the HA that is expending the Section 3 covered assistance, or whose full-time, permanent workforce includes 30% of these persons as employees (category 2 businesses); or

(iii) Business concerns that are 51% or more owned by Section 3 residents, or whose permanent, full-time workforce includes no less than 30% Section 3 residents (category 3 businesses), or that subcontract in excess of 25% of the total amount of subcontracts to business concerns identified in paragraphs (a)(1)(i) and (a)(1)(ii) of this section.



PHA's preference is to ensure that as many PHA residents as possible are employed. In an effort to further that goal, PHA has created the following preference tier structure to assist it in evaluating Section 3 performance.

Vendors demonstrating Section 3 compliance or planned compliance at the contract bid process will be allocated additional Section 3 points, and therefore a potential higher overall score than those not in compliance. As such, we strongly encourage all contractors to comply with the highest Tier by hiring PHA Section 3 Residents at the site where work is being performed.

If the contractor demonstrates to PHA's satisfaction the inability to hire at the site, PHA's next preference is for the contractor to hire residents from other PHA properties. If the contractor cannot meet its Section 3 goal in this manner and needs to move to lower tiers, that contractor must document this inability to comply with the preference and the need to move to another tier.

### **TIER I**

The contractor can meet Tier I status by:

- (1) Hiring Section 3 PHA Residents from the site where services are to be performed;
- (2) Hiring Section 3 PHA Residents from another PHA subsidized property;
- (3) Hiring non-PHA Section 3 Residents from the PHA Pre-Apprentice Program or DOL Youthbuild Program; or
- (4) Hiring non-PHA Section 3 Residents from Philadelphia County.

### **TIER II**

If the contractor cannot meet Tier I, it may meet Tier II by:

- (1) Contracting directly with a Resident Owned Business whose full-time, permanent workforce or a Section 3 Business Concern of which the full-time, permanent workforce includes persons, at least 30% of whom are PHA residents from the site where the work is being performed;
- (2) Contracting directly with any other Section 3 business whose full-time, permanent workforce includes at least 30% PHA residents from the site where the work is being performed;
- (3) Contracting directly with a Resident Owned Business whose full-time, permanent workforce includes at least 30% PHA residents from other PHA properties;
- (4) Contracting directly with a Section 3 business concern that is 51% or more owned by Section 3 Residents and whose full-time, permanent work force includes persons, at least 30% of whom are PHA residents from other PHA properties;



- (5) Contracting directly with a Section 3 business concern whose full-time, permanent workforce includes persons, at least 30% of whom are PHA residents from other PHA properties;
- (6) Contracting directly with a Resident Owned Business whose full-time, permanent workforce includes persons, at least 30% of whom are Section 3 Residents;
- (7) Contracting directly with a Section 3 business concern owned by Section 3 Residents whose full-time, permanent workforce includes persons, at least 30% of whom are Section 3 Residents;
- (8) Contracting directly with other Section 3 business concerns whose full-time, permanent workforce includes persons, at least of 30% of whom are Section 3 Residents;
- (9) Contracting directly with a Resident Owned Business regardless of the number of Section 3 Residents employed;
- (10) Contracting directly with a Section 3 business concern which is majority owned by Section 3 Residents;
- (11) Subcontracting with Section 3 business concern that involves the PHA Pre-Apprentice or DOL Youthbuild Program;
- (12) Using a Section 3 business concern that meets Section 3 requirements as a subcontractor(s) dollar value for a minimum of 25%; or
- (13) Forming a Section 3 Joint Venture.

### **TIER III**

If the Contractor cannot comply with Tier I or II, it may provide other economic opportunities to train and employ Section 3 Residents or to contribute to a fund which provides other economic opportunities. The PHA has established the following minimum threshold requirements for contribution to the fund that provides other economic opportunities:

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

For other types of contracts, including service contracts, the “value” of the other economic opportunity must equal or exceed 3% of the total contract amount plus any modifications.

**Refer to page 15 for additional details of Other Economic Opportunities**



## SECTION 3 COMPLIANCE REQUIREMENTS

### I. HIRING

#### A. Background

The Section 3 regulations provide that contractors and subcontractors demonstrate compliance by employing Section 3 Residents as 30% of the aggregate number of new hires.

New hires are defined as full-time employees hired for permanent, temporary, or seasonal employment. Building trades personnel are considered to be new hires at the start of each construction project.

A contractor is required to hire only when a new hire is needed to perform the work. If no new hires are needed, vendors must pursue other avenues of compliance as set forth in PHA's preference tier structure. Additionally, PHA also has an overall employment goal that 30% of all new hire hours be assigned to Section 3 residents. Contractors should give serious consideration to hiring Section 3 Residents for work on other than Section 3 Covered Projects.

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

1. Residents of the development or developments where the covered assistance is expended.
2. Residents of other developments managed by PHA.
3. Participants in PHA's Preapprentice Program or DOL's Youthbuild Program in Philadelphia.
4. All other low- and very low-income persons within Philadelphia County.

In situations where a new hire is needed, a contractor will not be required to hire persons who are not qualified. If a new hire is needed and a Section 3 Resident is identified, that Section 3 Resident will be required to submit evidence of Section 3 status to PHA, contractor or subcontractor, through the use of **Form 6- Certification For Resident Seeking Section 3 Preference In Training and Employment**.

PHA requires a preference for hiring from the development where work is



being performed. However, PHA will not require a vendor to hire from the development at the work site if:

- a) A pre-identified list of Section 3 Residents from a job site contains no persons qualified to perform the work. Qualified residents from other developments shall then be considered.
- b) The contractor's workforce is adequate to do the job and no new hiring is needed.

## **B. Compliance**

As part of each bid or proposal submitted, the respondent must document their workforce by position and trade. Such information will be reviewed as part of all bid proposals, and then verified at the commencement of the contract or task order. PHA will conduct periodic quality assurance checks to verify continued compliance.

Contractors will be required to submit documentation in the form of FTE/Section 3 certified payroll form submitted monthly that clearly identify the Section 3 hires, hours, and positions.

Contractors must comply with the Section 3 requirement throughout the life of the contract. PHA will periodically audit this information and failure to comply with the monthly submittal of the FTE/Section 3 certified payroll form shall result in the delay of payment.

PHA residents regardless of their income are considered Section 3 Residents. Contractors employing PHA residents must retain documentation that demonstrates any PHA residents hired to meet Section 3 employment goals are:

- a) identified on the lease of the household; and
- b) able to provide to the contractor or subcontractor the client number for the household where PHA residency is claimed. This client number must appear on forms submitted by the vendor to verify a Section 3 hire.

If a Section 3 Resident is employed for less than the duration of the job commitment contractors must ensure that the overall economic opportunity thresholds are met, at the following amounts:

- a) 5% of the actual contract amount if a construction contract (3% for non-construction) is allocated toward economic development and opportunity, through direct employment, or



other qualifying commitments (**Refer to Page 15 for additional details of Other Economic Opportunities**).

Non-PHA households claiming Section 3 status must be prepared to submit evidence of income and residency in Philadelphia County at the time of hire. As part of the Section 3 compliance process, vendors will be required to document that employees hired meet the residency and income requirements through the use of the Resident Affidavit (Form 6).

## II. CONTRACTING

### A. Background

The Section 3 regulations, at 24 C.F.R Part 135, provide that the PHA, its contractors and subcontractors must demonstrate compliance by awarding contracts to Section 3 business concerns or to persons who contract with those firms.

PHA's contracting goals require that Section 3 firms receive at least:

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

Goals apply to the entire amount of Section 3 covered assistance awarded to PHA in any calendar year, January 1<sup>st</sup> to December 31<sup>st</sup>. PHA's goals apply to the total dollar amount of each contract , task order, or purchase order.

PHA is required to ensure that contracts awarded to contractors that provide training or hiring do provide training, employment and contracting opportunities to Section 3 Residents and Section 3 Business Concerns.

Efforts shall be directed to award contracts to Section 3 business concerns in the Tiers discussed in the preceding pages.

All recipients of contracts must participate in an annual Section 3 training event held by PHA. This training event is to present compliance requirements by all contractors. A principal, officer, or Section 3 compliance officer must attend on the behalf of the contractor.

### B. Compliance



Business Concerns claiming Section 3 status based on ownership and workforce or only on workforce must meet that status at the time the bid or proposal is submitted to PHA, and shall be required to provide evidence of that status.

Anyone claiming to be a Section 3 Resident or business concern shall be required to provide evidence of that status.

A business concern need not hire Section 3 Residents to be considered a Section 3 business if:

- a) the business concern is 51% or more owned by a Section 3 Resident; or
- b) the business concern's workforce consists of sufficient numbers of Section 3 Residents to qualify the vendor as a Section 3 business (30% or more of the full time, permanent workforce consists of Section 3 Residents, or persons who were Section 3 Residents within 3 years of first employment); or
- c) the business concern subcontracts more than 25% of the contract amount to Section 3 business concerns.

After award of a contract, if a business concern must hire to maintain the Section 3 workforce percentage, new hiring efforts must be made in accordance with the PHA preference tier for hiring (shown previously in Tier I).

If a business concern claims Section 3 status by virtue of workforce composition, documentation of the 30% workforce requirement must be submitted to the PHA as part of the response to the bid, quote, or proposal. Further, the firm must maintain the Section 3 workforce percentage throughout the life of the contract. Workforce composition is subject to audit by PHA.

A business concern (including joint-ventures) seeking to qualify for a Section 3 preference shall certify and submit evidence that they are entitled to the applicable Section 3 preference and that they are a Section 3 business concern as defined in 24 C.F.R, Part 135. Prime or subcontractors must submit documentation (including work force composition data) as part of any bid, quote, or proposal submitted to the PHA. Additional documentation is required for joint-ventures.

Firms that claim Section 3 business status by subcontracting to other Section 3 businesses must require that the subcontractor(s) provide ownership or workforce documentation as applicable. The prime contractors must keep



such records on file and available for review by the PHA. Such documentation must also be submitted as part of any bid, quote or proposal.

Subcontractors identified by any prime contractor claiming Section 3 status must be a Section 3 business by ownership and/or workforce as defined in this policy. Subcontractors used by prime contractors to comply cannot claim Section 3 status by further subcontracting.

To meet Section 3 contracting goals, PHA is permitted to contract with an association of firms at least one of which meets the PHA's definition of a Section 3 Business Concern. Compliance requirements for joint-ventures are discussed below.

Joint-ventures are subject to the following documentation requirements:

1. The joint-venture agreement must be in writing and must be submitted as part of the response to any bid or proposal solicited by the PHA. In order for PHA to evaluate the "adequacy" and "capacity", the agreement must describe in sufficient detail the area(s) of work assigned to each member of the joint-venture.
2. The joint-venture agreement must reference a completed and fully executed joint venture certification, as provided by the PHA, which must also be attached to the joint venture agreement as an exhibit.
3. PHA requires that the Section 3 joint-venture partner is a bona-fide Section 3 business, therefore the joint-venture shall provide documentation that shows that the Section 3 partner meets the ownership and workforce, or workforce requirements established in this policy. Section 3 joint-venture partners cannot use subcontracting to establish their status as a Section 3 business concern.
4. Section 3 requires that the joint-venture partner be responsible for a clearly defined portion of the work. Proposals or bids must specify the labor hours assigned to and the compensation to be received by the Section 3 joint-venture firm.
5. Section 3 firms in the joint-venture must be qualified to perform the scope of work and have the capacity to complete the work assigned under the joint-venture agreement (see item b above).



### III. OTHER ECONOMIC OPPORTUNITIES IN LIEU OF TIERS I AND II

If a contractor cannot meet requirements of Tier I or II, it may provide other opportunities.

#### A. Contract Values

For contracts or purchase orders valued at \$100,000 or more, other economic opportunities may only be used where a vendor cannot comply with the hiring or subcontracting goals set forth in the Preference Tier structure. For contracts valued under \$100,000, other economic opportunities may be used at any time. For such contracts valued under \$100,000, firms may still comply by hiring or subcontracting but are not required to propose these options or provide the reasons why they cannot hire or contract to meet the Section 3 requirements.

#### B. Economic Opportunities:

1. **Internships** – the vendor may provide youth and/or adult internship or externship opportunities for PHA residents. The value of the internship or externship must equal or exceed the threshold requirements established in **C.** below.
2. **Part-Time Employment** - vendors may provide part-time work for PHA residents. The hours of part-time work when converted to dollars must equal or exceed the threshold requirements established in **C.** below.
3. **Training Related** – vendors may provide paid training opportunities for PHA residents (especially on-the-job training). Opportunities should fall under one or more of the following categories:
  - (a) Life skills/job-based skills - budgeting, resume writing, interview techniques, etc.;
  - (b) Employment skills – applied training such as forklift operation or truck driving training;
  - (c) Business development – entrepreneurship and small business training skills.
4. **Scholarships for PHA residents** -- the vendor may contribute to a PHA Resident Scholarship fund. The funds will be provided to schools, institutes, etc. via a third party to provide scholarships exclusively for PHA residents.



5. **Daycare/Transportation** to support PHA residents who are working or are in training or education programs -- the vendor may contribute to the daycare/transportation fund. The funds will be used to pay day care providers or provide SEPTA cards or stipends exclusively for PHA residents. The daycare/transportation fund will be administered by a third party service provider under a cooperative agreement with the PHA.
6. **Community-based contribution** – such as the “WorkReady Philadelphia” program.
7. **PHA Capital fund contribution** – contribution towards the PHA Capital fund.

**C. Threshold requirements for other economic opportunities:**

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

1. For trade, construction and rehabilitation work the “value” of the other economic opportunity must equal or exceed 5% of the total contract amount plus any modifications;
2. For other types of contracts, including service contracts, the “value” of the other economic opportunity must equal or exceed 3% of the total contract amount plus any modifications

**IV. BID OR PROPOSAL EVALUATION**

Vendors who fail to address Section 3 requirements may be deemed nonresponsive. To avoid being nonresponsive, the proposal or bid documents submitted to the PHA must include the Contractor’s Affidavit and Compliance Commitment, and all applicable attachments and supporting documentation, supporting claims of compliance by hiring, contracting, or other economic opportunities, in the proposal or bid documents submitted to the PHA.

A vendor who fails to address Section 3 requirements sufficiently may receive a written notice from the PHA specifying the defects in the Section 3 information. Vendors receiving such notice will be given no more than 5 business days to address the deficiencies and provide all required documents. Failure to respond within the 5 days will result in PHA declaring the bidder or respondent non-responsive. The contract or bid will then be awarded to the next lowest bidder or to the respondent with the next highest score. Where the selection is qualifications based procurement, PHA will award to the firm that is the next highest ranked.



In evaluating proposals, PHA will give credit to firms that employ Section 3 Residents that are not new hires and that will be assigned to the Section 3 Covered Project for which the proposal is submitted.



## **APPENDIX A**

### **SUGGESTED EXAMPLES OF EFFORTS TOWARDS SECTION 3 COMPLIANCE**

Following are acceptable methods that, when documented, assist in 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 concern that is licensed in the field of job placement (preferably a Section 3 Business Concern) that will undertake efforts to match eligible and qualified Section 3 Residents with the training and employment positions that he 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 category I or category 2 persons reside.
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 conduction 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.



**APPENDIX B**  
**EFFORTS TO AWARD CONTACTS TO SECTION 3 BUSINESS CONCERNS THAT**  
**DEMONSTRATE COMPLIANCE WITH THE “GREATEST EXTENT FEASIBLE”**  
**REQUIREMENTS OF SECTION 3**

1. In determining that responsibility of potential subcontractors, consider their record of Section 3 compliance as evidence 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 Business Concerns of the contracting opportunities. This notice should be in sufficient time to allow the Section 3 Business Concerns to respond to the bid invitation or request for proposals.
4. Following up with Section 3 Business Concerns that have expired interest in the contracting opportunities by contracting them to provide additional information on the contracting opportunities.
5. Coordinating pre-bid meetings at which Section 3 Business Concerns could be informed of upcoming contracting and subcontracting opportunities.
6. Advising Section 3 Business Concerns 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 Business Concerns.
8. Where appropriate, breaking out subcontract work items into economically feasible units to facilitate participation by Section 3 Business Concern.
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 Business Concerns.



## FORMS – PRIOR TO BID

The following forms should be submitted prior to or at the time of a bid in anticipation of receiving a contract award to document Section 3 efforts and compliance.

**Form 1** – Existing Employee List. This list identifies who will work on the PHA project. Any workers added after initiation of work will be assumed to be new hires.

**Form 2** – Hiring Plan. This form requires the contractor to specify all positions anticipated to be involved in work. Included is a narrative statement regarding plans.

**Form 3** – Hiring and Contracting Goals Narrative. This form is used to describe the efforts made in order to comply with Section 3 Hiring and Contracting goals.

**Form 4** – Contracting Plan Worksheet. This form lists each contract to be used and applies Section 3 and other criteria to the contracts.

**Form 5** - Subcontractor Activity. This form applies if subcontracting will be performed. Subcontractors will be listed, along with Section 3 information.

**\*Form 6** – Resident Affidavit. This form is to be filed out for each Section 3 Resident currently hired or hired in the future.

**\*Form 7** – Section 3 Business Concerns. This worksheet provides backup information regarding Section 3 Business Concerns involved in performance of work.

**Form 10** – Utilization Plans. If Tier 3 is selected, contractors shall provide the information in this form.

**\*Only complete forms if requesting Section 3 Business Concern Preference in proposal evaluation**



## FORMS – DURING CONTRACT

The following forms should be submitted after a contract is issued or during the contract lifespan as required (such as personnel changes) to document Section 3 efforts and compliance:

- Form 6** – Resident Affidavit. This form is to be filed out for each Section 3 Resident currently hired or hired in the future.
- Form 7** – Section 3 Business Concerns. This worksheet provides backup information regarding Section 3 Business Concerns involved in performance of work.
- Form 8** – Employee Termination Tracking Form. This form collects information on termination of Section 3 Residents.
- Form 9** – Resident and Business Concern Affidavit. This affidavit is to be executed by the Contractor and/or subcontractor to demonstrate Section 3 qualifications.
- Form 11** -FTE Report. This document tracks employees, trades, hours worked, and projects. This form should be completed monthly for construction projects and quarterly for non-construction projects.

**FORM – 1**  
**EXISTING EMPLOYEE LIST**

A. PROJECT NAME AND LOCATION: \_\_\_\_\_

B. DEVELOPER/CONTRACTOR /APPLICANT: \_\_\_\_\_

C. DATE: \_\_\_\_\_

EMPLOYEE NAME/ADDRESS	SOCIAL SECURITY NUMBER (LAST 4 DIGITS)	JOB CATEGORY/TRADE

**FORM – 2 HIRING PLAN**

JOB CATEGORY	Total # of Expected EMPLOYEES in each category	Total # of Expected HOURS in each Category	Total # of Expected NEW HIRES in each category	Total # of Expected SECTION 3 NEW HIRES in each category	Total # of Staff Hours for Section 3 Employees and Trainees	% of Total Staff Hours for Section 3 Employees and Trainees	Total # of Section 3 Trainees	Expected HIRE DATE(S) of new hires by category (note: there could be more than one date in each category)
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Professionals:*								
Technicians: **								
Office/Clerical								
Construction Work by Trade								
Trade:								
Trade:								
Trade:								
Other:								
Other:								
Other:								
Other:								
Totals: (G)								

**FORM – 2 (CONT'D)**

All awarded contractors who have selected to meet their Section 3 requirement through Tier I – Hiring must complete and submit this form to PHA’s Compliance Division.

Prime Contractor’s Name \_\_\_\_\_ Contract # \_\_\_\_\_ PO # \_\_\_\_\_

<b>JOB TITLE</b>	<b>PAY RATE (PER HOUR, YEAR, ETC.)</b>	<b>APPROXIMATE HIRE DATE</b>	<b>LENGTH OF HIRE (MONTHS)</b>



CONTRACTING PLAN (if applicable)

FORM-4

List Each and Describe Briefly Subcontractor (A)	Approximate Dollar Value (B)	Construction (C) or Non-Construction (NC) (C)	Section 3 Business Concern (Y/N) (D)	Ethnic Racial Code (E)	Female Owned/ Minority Owned Business (Y/N) (F)
1.	\$				
2.	\$				
3.	\$				
4.	\$				
5.	\$				
6.	\$				
7.	\$				

Ethnic/Racial Codes:

- |                     |                           |
|---------------------|---------------------------|
| 1. White American   | 4. Hispanic American      |
| 2. African American | 5. Asian Pacific American |
| 3. Native American  | 6. Hasidic Jew            |

**SUBCONTRACTOR ACTIVITY REPORT (if applicable)**  
**FORM-5**

Contract Number: (A)		HUD Funding Source: (B)		Date: (C)		
Contractor: (D)			Address:			
Project Name and Location: (E)				Actual Construction Start Date: (F)		
Name of Subcontractor Complete Address and Tax I. D. Number  (G)	Amount of Contract  (H)	Ethnic/Racial Code  (I)	Gender Code  (J)	Section 3 Business Concern (Y/N)  (K)	Type (s) of Services Provided (Including Supplies)  (L)	Anticipated Start and Completion Date:  (M)
#:	\$					From:  To:
#:	\$					From:  To:
#:	\$					From:  To:
#:	\$					From:  To:
#:	\$					From:  To:

Ethnic/Racial Codes:

- |                     |                           |
|---------------------|---------------------------|
| 1. White American   | 3. Hispanic American      |
| 2. African American | 4. Asian Pacific American |



**CERTIFICATION FOR RESIDENT SEEKING SECTION 3 PREFERENCE  
IN TRAINING AND EMPLOYMENT (if applicable)  
FORM-6**

I, \_\_\_\_\_, am a legal resident of the City of Philadelphia, and meet the income eligibility guidelines for a low- or very-low-income person as published on the next page.

My permanent address is:

\_\_\_\_\_  
\_\_\_\_\_

I have attached the following documentation as evidence of my status:

- |   |   |
|---|---|
| <input type="checkbox"/> Copy of lease  | <input type="checkbox"/> Copy of receipt of public assistance |
| <input type="checkbox"/> Copy of Evidence of participation in a public assistance program | <input type="checkbox"/> Other evidence                       |

My social security number is: \_\_\_\_\_

I have a family size of \_\_\_\_\_ and my total annual income for the prior calendar year (2010) was \$\_\_\_\_\_.

I understand that the information above relating to the size and annual income of my family may require verification. I agree to provide upon request documents verifying this information and I authorize my employer to release information required for HUD or the PHA to verify my status as a Section 3 Resident.

Under penalty of perjury, I certify that I have voluntarily provided the above information in conjunction with employment on a HUD related project. I attest to the truthfulness of my statements fully understanding that this information is subject to verification by the appropriate federal agencies.

Signature \_\_\_\_\_

Print Name \_\_\_\_\_ Date \_\_\_\_\_



**SECTION 3 INCOME LIMITS (Effective 5/31/11)**

All residents of public housing developments of the Philadelphia Housing Authority qualify as Section 3 residents. Additionally, individuals residing in the City of Philadelphia, who meet the income limits set forth below, can also qualify for Section 3 status.

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

**Eligibility Guideline**

<b>Number in Household</b>	<b>Very Low Income</b>	<b>Low Income</b>
1 individual	\$ 28,150	\$44,950
2 individuals	\$ 32,200	\$51,400
3 individuals	\$ 36,200	\$57,800
4 individuals	\$ 40,200	\$64,200
5 individuals	\$ 43,450	\$69,350
6 individuals	\$ 46,650	\$74,500
7 individuals	\$ 49,850	\$79,650
8 individuals	\$ 53,100	\$84,750





Under penalty of perjury, I certify that I am the \_\_\_\_\_ (Title) of the Company, that I am authorized by the Company to execute this affidavit on the Company's behalf, that I have personal knowledge of the certifications made in this affidavit and that the same are true.

\_\_\_\_\_  
Signature

(Corporate Seal)

\_\_\_\_\_  
Name

F.

Commonwealth of Pennsylvania

County of \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_

**EMPLOYEE TERMINATION TRACKING FORM  
SECTION 3 RESIDENTS FORM-8**

(A) Contractor's Name/Address of the project: \_\_\_\_\_

(B) Contract #: \_\_\_\_\_

(C) Report Period – From: \_\_\_\_\_ To: \_\_\_\_\_

(D) EMPLOYEE NAME	(E) SOCIAL SECURITY NUMBER	(F) POSITION HELD	(G) START DATE	(H) FINISH DATE

The undersigned company official does swear or affirm that the information on this form is true and correct to the best of his or her knowledge and there is no willful intent to mislead or commit fraud.

\_\_\_\_\_  
(I) Signature

\_\_\_\_\_  
(J) Title

\_\_\_\_\_  
(K) Date



**SECTION 3 RESIDENT AFFIDAVITS  
FORM – 9A**

I, \_\_\_\_\_, the Developer/Contractor, or the authorized representative of the Developer/Contractor, do hereby attest that I have examined the proofs of residency and income for each person signing a Section 3 Resident affidavit (FORM-5) as a low or very low-income person and or a resident of the Philadelphia Housing Authority. I also attest that the proofs supplied and representations made for Section 3 status are accurate as required by Section 3 of the U.S. Housing and Urban Development Act of 1968, as amended and the regulations.

I fully understand that this affidavit is a substantive part of the contract and that intentional submission by the developer/contractor of false information shall be a material breach of the contract, and that the Philadelphia Housing Authority may exercise those rights provided to it under the contract by law.

\_\_\_\_\_  
Developer/Contractor

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Contract number

\_\_\_\_\_  
Work Site

\_\_\_\_\_  
Position/Title

Commonwealth of Pennsylvania

County of \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_



**SECTION 3 BUSINESS CONCERN AFFIDAVIT  
FORM – 9B**

I, \_\_\_\_\_, the Developer/Contractor or the authorized representative of the Developer/Contractor, hereby attests that the Business identified below is a Section 3 Business Concern. I also attest that the proofs supplied and representations made for Section 3 status are accurate as required by Section 3 of the U.S. Housing and Urban Development Act of 1968, as amended and the regulations.

\_\_\_\_\_  
Name of Section Business

\_\_\_\_\_  
Contract No.

\_\_\_\_\_  
Dollar Amount of Contract

\_\_\_\_\_  
Contact Person

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Reporting Period

\_\_\_\_\_  
Project Name

This Section 3 Business Concern is:

\_\_\_\_\_ Corporation

\_\_\_\_\_ Partnership

\_\_\_\_\_ Sole Proprietorship

\_\_\_\_\_ Joint Venture

Qualifying Business:

1. \_\_\_\_\_ 51% owned by Section 3 low income residents.
2. \_\_\_\_\_ 30% Section 3 low income residents dollar award.
3. \_\_\_\_\_ 25% of contract work committed to subcontract to Section 3 Business Concerns.

I do certify that the above information is correct.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title



# FTE REPORT (SAMPLE) - FORM 11

PHA FTE and Section 3 2011 report template 02.22.11 [Compatibility Mode] - Microsoft Excel

Q1 2011 Employee	Company	Trade/Job Title	Other: Details	% ARRA Funded	Hours in Work Week	Project	Grant	Section 3	New Hire	MBE WBE	Month												Calc		
											1			2			3								
											Week	1	2	3	4	5	6	7	8	9	10	11		12	13
Date	1/2-1/7	1/10-1/14	1/17-1/21	1/24-1/28	1/31-2/4	2/7-2/11	2/14-2/18	2/21-2/25	2/28-3/4	3/7-3/11	3/14-3/18	3/21-3/25	3/28-4/1												
Employee 1	ABC Co.																								
Employee 2	XYZ Co.																								
Employee 3	123 Inc.																								

Ready | Q1 - Jan-Mar | Q2 - April-June | Q3 - July-Sept | Q4 - Oct-Dec | 80%