Philadelphia Housing Authority
Building Beyond Expectations

Section 3 Compliance Program

SECTION 3 – A BRIEF HISTORY

- The U.S. Congress established Section 3 of the HUD Act of 1968 to require recipients of certain HUD financial assistance, to the greatest extent possible, provide job training, employment, and contract opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods.
- The requirements also apply to **all contractors** that receive awards from public housing authorities, regardless of the dollar amount of the contract.

SECTION 3 - PURPOSE

- The Spirit of the Law:
  - "The objectives of Section 3 are: (1) to use HUD program funds to provide a springboard to become economically empowered through direct participation in construction and other activities designed to physically improve and revitalize their neighborhoods, and (2) to anchor Departmental efforts to strengthen communities, promote individual responsibility and reduce dependency on Federal assistance."
- Section 3 was designed to ensure expenditure of federal funds in economically distressed communities has a multiplier.
- Section 3 is both race and gender neutral. The preferences provided under this regulation are based on income-level and location.

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COMPLIANCE - PHA

The requirements of Section 3 apply *in the same manner as they do for other types of covered HUD financial assistance*.

HUD considers public housing authorities to be in compliance with Section 3 if they meet the following minimum numerical goals:

A.30 % of the aggregate number of new hires shall be Section 3 residents;

B.10 % of the total dollar amount of all covered construction contracts shall be awarded to Section 3 business concerns; and

C.3 % of the total dollar amount of all covered non-construction contracts shall be awarded to Section 3 business concerns.

Public housing authorities that fail to meet the numerical goals above bear the burden of demonstrating why it was not possible.

WHO IS ELIGIBLE?

Section 3 Residents

A "**section 3 resident**" is:

1. a public housing resident; or
2. a low- or very low-income person residing in the metropolitan area or Non-metropolitan County in which the Section 3 covered assistance is expended.

   A. Low Income = family's income does not exceed 80% of median income

   B. Very Low Income = family's income does not exceed 50% of median income

WHO IS ELIGIBLE?

Section 3 Business Concerns

Section 3 business concerns are defined as:

1. businesses that are 51 percent or more owned by Section 3 residents;
2. businesses whose permanent, full-time employees include persons, at least 30 percent of whom are current Section 3 residents or were Section 3 residents within 3 years of the date of first employment with the business concern; or
3. businesses that provide 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 previous categories.

DEFINITION OF SECTION 3 – LOW OR VERY LOW INCOME

Number in Household	Very Low Income	Low Income
1 individual	$ 27,450.00	$43,920.00
2 individuals	$ 31,350.00	$50,160.00
3 individuals	$ 35,250.00	$56,400.00
4 individuals	$ 39,150.00	$62,640.00
5 individuals	$ 42,300.00	$67,680.00
6 individuals	$ 45,450.00	$72,720.00
7 individuals	$ 48,550.00	$77,680.00
8 individuals	$ 51,700.00	$82,720.00

COMPLIANCE - SPECIFICS

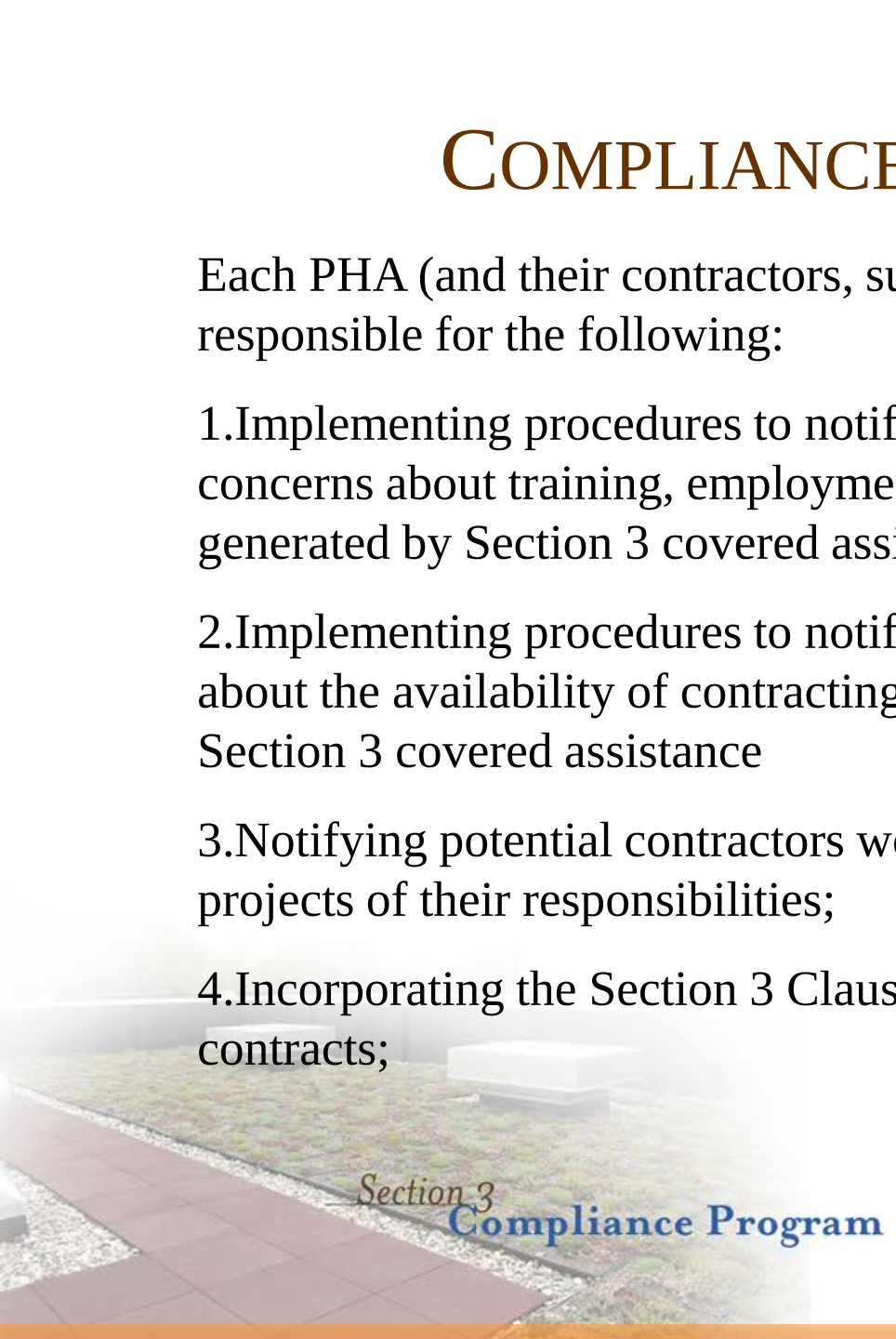
Each PHA (and their contractors, subcontractors, or subrecipients) are responsible for the following:

1.Implementing procedures to notify Section 3 residents and business concerns about training, employment, and contracting opportunities generated by Section 3 covered assistance;

2.Implementing procedures to notify Section 3 business concerns about the availability of contracting opportunities generated by Section 3 covered assistance

3.Notifying potential contractors working on Section 3 covered projects of their responsibilities;

4.Incorporating the Section 3 Clause into all covered solicitations and contracts;



COMPLIANCE - SPECIFICS

5. Facilitating the training and employment of Section 3 residents and the award of contracts to Section 3 business concerns;
6. Assisting and actively cooperating with HUD in making contractors and subcontractors comply;
7. **Refraining from entering into contracts with contractors that are in violation of Section 3 regulations;**
8. Documenting actions taken to comply with Section 3; and
9. Submitting Section 3 Annual Summary Reports (form HUD-60002) in accordance with 24 CFR Part 135.90.

Section 3
Compliance Program

PHA'S PRIORITIES

For Employment Opportunities:

1. Residents of the Site's Surrounding Community
2. Participants in PHA's Pre-Apprenticeship Program Graduates or DOL Youthbuild Programs
3. Philadelphia Residents

DOING BUSINESS WITH PHA

Representatives from PHA are holding workshops to discuss the procurement process as well as Section 3 requirements.

•Workshops will take place on the 2nd Tuesday of each month from 1pm to 2:30pm at 12 S. 23rd Street

•Workshop Schedule:

- March 13th
- April 10th
- May 8th
- June 12th

For more information, please call 215-684-5300 or email Section3@pha.phila.gov. Flyers are available.

SUMMARY

It is our collective responsibility to ensure that the original intent of Section 3 is upheld to the best possible standards.

PHA Section 3 Contacts:

- **Enrico Crispo** at 215.684.5300
- **Edward Flythe** at 215.435.3489

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DALE
CORPORATION

Building on our Foundation
of Quality and Integrity

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Construction Manager's MBE, WBE and Section 3 Business Compliance Record

Dale Corp has made its best efforts and is committed to achieving the goals of the Philadelphia Housing Authority.

Project Name	MBE Percentage	WBE Percentage	Sec 3 Business Percentage
Best Efforts Goals	**20%**	**10%**	**10%**
Construction Manager's Record			
Gray's Ferry	37%	6%	16%
Marshall Shepard Village	35%	4%	31%
Nellie Reynolds	37%	9%	25%
Passyunk Office Bldg	49%	5%	16%
Plymouth Hall	43%	6%	29%
Scattered Site Unit Rehab	52%	0%	40%
Energy Efficiency Upgrade	30%	0%	30%
Fire/Smoke Damaged Units	62%	0%	57%

DALE CORPORATION

Building on our Foundation of Quality and Integrity

Eligibility Requirements for Employment

- Membership of one of the Local Trade Unions
- Minimum of 18 Years of Age

Possible Additional Requirements

- Criminal Background Check
- Drug Test
- Valid Drivers License
- Job opportunities for individuals and companies