SECTION 3 PLAN

FOR

BUTLER METROPOLITAN HOUSING AUTHORITY

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Exhibits/Forms:

Exhibit 1:	Certification for Business Concerns Seeking Section 3 Preference
Exhibit 2:	Certification of Residents Seeking Preference in Training and Employment
Exhibit 3:	Contracting Policy & Procedure
Exhibit 4:	Special Conditions

General Policy Statement

It is the policy of Butler Metropolitan Housing Authority (BMHA) to requires its contractors to provide equal employment opportunity and applicants for employment without regard to race, color, religion, sex, national origin, disability, veteran's or marital status, or economic status and to take affirmative action to ensure that both job applicants and existing employees are given fair and equal treatment.

The BMHA implements this policy through the awarding of contracts to contractors, vendors and suppliers, to create employment and business opportunities for residents of the BMHA and other qualified low- and very low-income persons residing in Hamilton and Middletown, OH.

The policy shall result in a reasonable level of success in the recruitment, employment and utilization of BMHA residents and other eligible persons and business by BMHA contractors working on contracts partially or wholly funded with the United States Department of Housing and Urban Development (HUD) monies. The BMHA shall examine and consider a contractor's or vendor's potential for success by providing employment and business opportunities to BMHA residents prior to acting on any proposed contract award.

Section 3 Purpose

Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u)(Section 3) requires Butler Metropolitan Housing Authority (BMHA) to ensure that employment and other economic and business opportunities generated by the Department of Housing and Urban Development (HUD) financial assistance, to the greatest extent feasible, are directed to public housing residents and other low-income persons, particularly recipients of government housing assistance and business concerns that provide economic opportunities to low- and very-low income persons.

Section 3 Contracting Policy and Procedure

The Butler Metropolitan Housing Authority (BMHA) will incorporate Section 3 in its existing Procurement Policy and adopt a Section 3 Contracting Policy and Procedure to be included in all procurements generated for the use with HUD funding. This policy and procedure contains goal requirements for awarding contracts to Section 3 Business Concerns.

All contractors/businesses seeking Section 3 preference must before submitting bids/proposals to the BMHA be required to complete certification, as appropriate, as acknowledgement of the Section 3 contracting and employment provisions required by this section. Such certifications shall be adequately supported with appropriate documentation as references in the form.

The existing Procurement Policy also contains goal and requirements for awarding contracts to Small Disadvantaged Business, formerly Minority and Women Business Enterprises (M/WBE).

Section 3 Action Plan

The Butler Metropolitan Housing Authority (BMHA), will develop a Section 3 Action Plan to identify the goals, objectives and actions that will be implemented to ensure compliance with the requirements of Section 3.

The BMHA's intent to develop this plan is to include input from various city departments to include and, as well as HUD. Input from other agencies and companies will be included, where applicable.

Section 3 Employment and Training Goals

It is the policy of BMHA to utilize residents and other Section 3 eligible persons and businesses in contracts partially or wholly funded with monies from HUB. BMHA has established employment and training goals that contractors and subcontractors should meet in order to comply with Section 3 requirements. (Reference 24 CFR 135.30 - Numerical goal for meeting the greatest extent feasible requirement). The numerical goal is:

> ***Thirty percent (30%) of the aggregate number of new hires in any fiscal year.

It is the responsibility of contractors, vendors and suppliers to implement progressive efforts to attain Section 3 compliance. Any contractor that does not meet the Section 3 numerical goals must demonstrate why meeting the goals were not feasible. All contractors submitting bids or proposals to the BMHA are required to certify that they comply with the requirements of Section 3.

The Section Contract Clause specifies the requirements for contractors hired for Section 3 covered projects. The Section 3 Clause must be included in all Section 3 covered projects. The Section 3 Contract Clause is included in Exhibit 3.

Section 3 Program Participant Certification Procedure

The BMHA will certify Section 3 program participants who reside in the Cities of Hamilton and Middletown and who are seeking preference in training and employment by completing and attaching adequate proof of Section 3 eligibility, as required (see Exhibit 3 – Section 3 Participant Eligibility for Preference form).

***All persons living in the Cities of Hamilton and Middletown who meet the Section 3 eligibility guidelines can, by appointment, visit with the Section 3 Coordinator to complete a job readiness assessment.

***Once the assessment is complete, the Section 3 Coordinator will determine if the individual meets the eligibility requirements and is job ready.

***If the individual is deemed eligible for Section 3 participation and deemed not ready for employment, a referral will be made to other agencies that are better equipped to address the individual's needs, i.e., substance abuse providers, etc.

***The Section 3 job readiness component is a part of the BMHA's commitment to provide economic opportunities and training to residents/participants to become gainfully employed.

Resident Hiring Requirements

The BMHA has adopted the following scale for resident hiring that is to be used on all construction contracts, service contracts and professional service contracts that contain a labor component. It is expected that an appropriate number of residents with particular qualifications or a willingness to begin unskilled labor will be able to participate in BMHA contracted labor efforts. A prime contractor may satisfy BMHA resident hiring requirements through its subcontractors.

TOTAL LABOR DOLLARS TOTAL	***RESIDENT AS A % OF***
USE TOTAL CONTRACT	***LABOR DOLLARS***
AMOUNT FOR SERVICE	
CONTRACTS	
$25,000 through $100,000	10% of the labor dollars
$100,001 through $200,000	9% of the labor dollars
$200,001 through $300,000	8% of the labor dollars
$300,001 through $400,000	7% of the labor dollars
$400,001 through $500,000	6% of the labor dollars
$500,001 through $1 million	5% of the labor dollars
$1 million through $2 million	4% of the labor dollars
$2 million through $4 million	3% of the labor dollars
$4 million through $7 million	2% of the labor dollars
$7 million or more	1 – ½% of the labor dollars

With this sliding formula, it is expected that an appropriate number of BMHA public housing residents and neighborhood residents with particular qualifications or willingness to begin unskilled

labor will be able to participate in contracted labor efforts. A prime contractor, through its subcontractor(s), may satisfy BMHA resident hiring requirement set forth above.

1. Subcontract or joint venture with a resident owned business. The business must be 51% or more owned by BMHA public residents, or subcontract/joint venture with a business that employs full-time, 30% or more of low- and very-low income individuals within the cities of Hamilton and Middletown, or.

2. Direct hiring of BMHA public housing residents and/or low- and very-low income neighborhood residents based on the Resident Hiring Scale, or

3. Contractor incurs the cost of providing skilled training for residents in an amount commensurate with the sliding scale set forth in the Resident Hiring Scale, or

4. Contractor makes a contribution to BMHA Education Fund to provide assistance to residents to obtain training. The level of contribution would be commensurate with the sliding scale set for in the Resident Hiring Scale.

Assisting Contractors to Achieve Section 3 Goal Hiring and Contracting Goals

The BMHA will assist contractors with little or no experience in achieving Section 3 hiring and contracting goals by:

Requiring the contractor to present a list, to the Section 3 Coordinator, of the number of subcontracting and/or employment opportunities expected to be generated from the initial contract.

BMHA Section 3 Coordinator will provide the contractor with a list of interested and qualified Section 3 residents for construction projects.

BMHA Section 3 Coordinator will provide the contractor with a list of Section 3 business concerns interested for construction projects.

BMHA Section 3 Coordinator will inform contractor of known issues that might affect Section 3 residents from performing job related duties.

BMHA Section 3 Coordinator will review the new hire clause with contractors and subcontractors to ensure that the requirement is understood. It is not intended for contractors and subcontractors to terminate existing employees, but to make every effort feasible to employ Section 3 program participants before any other person, when hiring additional employees needed to complete proposed work to be performed with HUD (federal) funds.

Preference for Contracting with Section 3 Business Concerns

The BMHA, in compliance with Section 3 regulations, will require contractors and subcontractors (including professional service contractors) to direct their efforts towards contracts to Section 3 business concerns in the following order to priority:

*Category 1: Business concerns that 51% or more owned by residents of the housing development for which the work is performed, or whose full-time, permanent workforce includes 30% of these persons as employees.

*Category 2: Business concerns that are 51% or more owned by residents of the Authority's public housing development(s) other than the housing development where the work is to be performed; or whose full-time, permanent workforce includes 30% of these persons as employees.

*Category 3: HUD Youthbuild programs being carried out in the Cities of Hamilton and Middletown in which Section 3 covered assistance is expended.

*Category 4: Business concerns that 51% or more owned by a Section 3 resident(s), or whose permanent, full-time workforce includes no less than 30% Section 3 residents (category 4 business); or that subcontract in excess of 25% of the total amount of subcontracts to Section 3 business concerns.

Contractors and subcontractors are expected to extend to the greatest extent feasible, efforts to achieve the numerical goals established by the BMHA.

Evidence of Section 3 Certification

Any business seeking Section 3 preference in the awarding of contracts or purchase agreements with the BMHA shall complete the Certification for Business Concerns Seeking Section 3 Preference in Contracting and Demonstration of Capability form, which can be obtained from the BMHA Section 3 Coordinator. The business seeking Section 3 preference must be able to provide adequate documentation as evidence of eligibility for preference under the Section 3 program.

Certifications for Section 3 preference for business concerns must be submitted to the Section 3 Coordinator of the BMHA prior to the submission of bids for approval. If the Section 3 Coordinator previously approved the business concern to be Section 3 certified, then the certification can be submitted along with the bid or proposal.

Resident Owned Business Contracting

The BMHA will consider utilizing the alternative procurement process (Section 24 CFR Part 963) when contracting with businesses owned in substantial part by housing authority residents (resident-owned business) for public housing services, supplies or construction.

To be eligible for the alternative procurement process, a business must submit evidence to BMHA that shows how each of the following requirements have been met:

*Submit certified copies of any city, state or county municipal licenses that support the type of business activity for which it performs.

*Disclose to the Section 3 Coordinator, all owners of the business, as well as, each owners percentage of ownership and names of those individuals who possess the authority to make decisions on a day-to-day basis.

*Submit evidence that the business is able to perform successfully under the terms and conditions of the proposed contract.

*Provide a certified listing of all contracts awarded and received under the alternative procurement process within a two-year period. If a resident-owned business has received, under this alternative contracting procedure, one or more contracts (within the two-year period) with total combined dollars of $1,000,000, then it is no longer eligible for additional contracts under the alternative process until the 2-year period is past.

This alternative procurement policy is based upon the procurement procedure and policy set forth in HUD's regulations at

24 CFR, Part 85.36, but applies only to solicitations of resident-owned business. BMHA will utilize the alternative contracting procedure for resident owned businesses only in cases where it is considered to be in the best businesses, economic and service interest of the Authority.

Efforts to Award Contract Opportunities to Section 3 Business Concerns

The BMHA will use the following methods to notify and contract with Section 3 business concerns when contracting opportunities exist:

*Advertise contracting opportunities via newspaper, mailings, posting notices that provide information about the work to be contracted and where to obtain additional information.

*Provide written notice of contracting opportunities to all known Section 3 business concerns. The written notice will be provided in sufficient time to enable business concerns the opportunity to respond to the bid invitation.

*Contact the City of Hamilton and the City of Middletown Business Development Department, business assistance agencies, Minority and Women's Business Enterprises (M/WBE) contractor associations and community organizations to inform them of contracting opportunities and to request their assistance in identifying Section 3 businesses.

*Seek out referral sources in order to ensure job readiness for public housing residents through on-the-job training (OJT) and mentoring to obtain necessary skills that will transfer into the external labor market.

*Seek out training to assist residents interested in starting their own businesses to learn to prepare contracts, prepare taxes, obtain licenses, bonding and insurance.

Section 3 Residents Recruitment, Training and Employment Goals

The BMHA will develop resources to provide training and employment opportunities to Section 3 program participants by implementing the following:

*Training opportunities will be advertised by distributing flyers via mass mailing and posting in common areas of the housing developments.

*The resident councils, as well as neighborhood community organizations will be contacted to request their assistance in notifying residents of the available training and employment opportunities.

*Employment opportunities will be advertised by posting job vacancies in common areas of all of the BMHA housing developments as well as contacting resident councils and neighborhood community organizations.

*A database will be developed of certified Section 3 residents and other Section 3 residents of BMHA housing developments.

*A database will be developed of eligible qualified Section 3 Business concerns to contact with respect to availability of contract opportunities.

*Relationships will be developed with local area employers in an effort to solicit job vacancies to determine skills needed in their workforce, thereby providing training to residents developing skills that will transfer them into the external labor market.

*A provision for a specific number of public housing or Section 3 program participants to be trained or employed by the contractor will be incorporated into the contract.

Employment of Section 3 Participants

*The Section 3 Coordinator will conduct a pre-interview with all residents being hired by a contractor.

*The pre-interview will assess job readiness (i.e., childcare, transportation, work maturity, job retention skills). Only residents meeting the minimum qualifications of the contractor or subcontractor will be referred to the job site. Residents not deemed job ready would be referred elsewhere. It is imperative that the resident's basic needs are met prior to employment.

*If a resident is referred to a contractor and does not perform satisfactorily due to poor work habits (i.e. tardiness, absenteeism, alcohol/drugs, abusive language, fighting, etc.) she/he will be allowed two additional opportunities to be referred to other contractors. If after that time the resident still does not perform satisfactorily, it will be mandatory that she/he attend and complete a job readiness class, alcohol/drug treatment center, or any other program that she/he may be required to attend. After successful completion, the resident will be given the opportunity to be reinstated on the list of residents available for work.

*Residents experiencing problems with contractors should first communicate the problem to the employer. If the problem cannot be resolved between the employee and employer, the Section 3 Coordinator will meet with the parties involved to assist in trying to resolve the problem. Residents and employers (contractors and subcontractors) should document problems whenever they occur and record any and all efforts to correct them. The written documentation of the problem should be submitted to the Section 3 Coordinator.

*In order to qualify for employment with contractors, public

housing residents must have their name(s) on a lease, be current on rent, be at least eighteen years of age and not be involved with any legal action with the BMHA (i.e. current documented eviction, criminal and drug activity or trespassing).

*Residents not interested in construction employment opportunities will be assessed for other skills (i.e. clerical, administrative, etc.) and will be referred to resources that will help with interviewing techniques, resume preparation and how to dress for success when conducting a job search.

*Residents interested in pursuing General Equivalency Diploma (GED) and continued training will be referred to resources that the Section 3 Coordinator maintains contact with.

Contractor's Requirements in Employing Section 3 Participants

Under the BMHA Section 3 Program, contractors and subcontractors are required to:

*Provide employment opportunities to Section 3 residents/participants in the priority order listed below:

a. **Category 1-Section 3 Resident**
   Residents of the housing developments for which the contract shall be expended.

b. **Category 2-Section 3 Resident**
   Residents of other housing developments managed by the BMHA in the City of Hamilton and City of Middletown.

c. **Category 3-Section 3 Resident**
   Participants in HUD Youthbuild program being carried out in the project boundary area.

d. **Category 4-Section 3 Resident**
   Residents of Section 8 of the BMHA as well as all other residents residing in the City of Hamilton and the City of Middletown who meet the income guidelines for Section 3 (refer to Section 3 Income Limits).

*After the award of contracts, the contractor must, prior to beginning work, inform Section 3 participants of the development at which the work will be performed, by providing the following:

*names of the Section 3 business concerns to be utilized,

*estimates of the number of employees to be utilized for contract,

*projected number of available positions, to include job description and wage rates (construction wages consistent with Davis Bacon),

*efforts that will utilized to seek Section 3 participants. (See Exhibit 2)

*Contractors must notify the Section 3 Coordinator of their interests regarding employment of Section 3 Participants prior to hiring. The Section 3 Coordinator will ensure that the participant is Section 3 eligible, by assessing the Section 3 database to ensure job readiness. Additionally, the legal department will be contacted to ensure that individuals are not involved in any legal proceedings against/with the BMHA.

*Submit a list of core employees (including administrative, clerical, planning and other positions pertinent to the construction trades) at the time of contract award.

*Document the performance of Section 3 participants (positive and negative), regarding punctuality, attendance, etc. and provide this information to the BMHA Section 3 Coordinator.

*Immediately notify the Section 3 Coordinator of any problems experienced due to the employment of Section 3 participants.

*Immediately notify the Section 3 Coordinator if a participant quits, walks off, or is terminated for any reason. The contractor

must provide written documentation of all such incidents to support such decisions to the Section 3 Coordinator to determine is an investigation is warranted.

Internal Section 3 Complaint Procedure

In an effort to resolve complaints generated due to non-compliance through and internal process, the BMHA encourages submittal of such complaints to its Section 3 Coordinator, as follows:

*Complaints of nom-compliance should be filed in writing and must contain the name of the complainant and brief description of the alleged violation of 24 CFR 135.
*Complaints must be filed within thirty (30) calendar days after the complainant becomes aware of the alleged violation.
*An investigation will be conducted if complaint is found to be valid. The section 3 Coordinator will conduct and informal, but thorough investigation affording all interested parties, if any, an opportunity to submit testimony and/or evidence pertinent to the complaint.
*The Section 3 Coordinator will provide written documentation detailing the findings of the investigation of the BMHA. The BMHA will review findings for accuracy and completeness before it is released to complainants. The finding will be made available no later than thirty (30) days after the filing of the complaint.

If complainants wish to have their concerns considered outside of the BMHA, a complaint may be filed with:

Asst. Secy. For Fair Housing & Equal Opportunity
United States Department of Housing and Urban Dev.
451 Seventh Street, SW
Washington, DC 20410

The complaint must be received no later than 180 days from the date of the action or omission upon which the complaint is based, unless the time for filing is extended by the Assistant Secretary for good cause shown.

Section 3 Clause

All Section 3 covered contracts shall include the following clause (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, 12 U.S.C. 1701u(section 3). The purpose of Section 3 is the ensure that employment and other economic opportunities generated by HUD assistance of 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 or workers with which the contractor has a collective bargaining agreement or other understanding., if any, a notice advising the labor organization or workers' representative with 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 24 CFR part 135, and agrees to take appropriate actions, as provided in applicable provision of the subcontract or in the 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 an 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 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 the 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 (25U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to 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 are subject to the provisions of Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).