



SECTION 3 POLICY

201 Belmont Avenue

Toledo, OH 43604-0477

Prepared: May 8, 2017

Board Approval and Adoption: June 20, 2017

Resolution Number: 8318

SECTION 3 POLICY

TABLE OF CONTENT	PAGE
I. Execution Statement	2
II. Background	3
III. Applicability	3
IV. Definitions	4
V. Section 3 Goals and Preferences	6
VI. Self-Certification of Section 3 Residents and Section 3 Business Concerns	8
VII. Contractor Responsibilities in Meeting Section 3 Goals	8
VIII. Other Economic Opportunities to Achieve Contractor Compliance	12
IX. Internal Hiring for LMHA Staff Positions	12
X. Complaints	13
XI. Compliance Monitoring	13
XII. Cure and Termination for Violations of Section 3	13
XIII. Forms	
Section 3 Form 1--Section 3 Clause	15
Section 3 Form 2—Section 3 Business Concern Self-Certification	16
Section 3 Form 3-Contractor Section 3 Assurance of Compliance and Action Plan	17-23
Section 3 Form 4--Section 3 Resident Self-Certification and Skills Data Form	24-25
XIV. Internal Section 3 Procedures	26-32

I. EXECUTION STATEMENT

This policy is developed for Lucas Metropolitan Housing Authority for the exclusive use of the agency, hereafter referred to as LMHA, its contractors, subcontractors, bidders, developers, sub-grantees, related affiliates, or instrumentalities, collaborating local government entities, and any other sub-recipients of covered funding in partnership with LMHA. The funding type and program/grant names may change over the years; however, the intent of this policy is to encompass all applicable funding from the U.S. Department of Housing and Urban Development (HUD). All hiring and contracting must meet any conflict of interest requirements set forth in federal, state, or local laws, regulations, or policies and comply with the internal LMHA hiring policies.

II. BACKGROUND ON THE SECTION 3 REGULATION

The purpose of Section 3 of the Housing and Urban Development Act of 1968, as amended by Section 915 of the Housing and Community Development Act of 1992, is to “ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed toward low and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.”

Consistent with 24 CFR Part 135, as a recipient of HUD Public Housing funding, Lucas Metropolitan Housing Authority (LMHA) requires fulfillment of Section 3 obligations on all contracts that make use of that assistance.

These policies are implemented regardless of the contract amount, whether it is designated as housing construction, housing rehabilitation, or other public construction project, or whether it is any other non-construction expenditure resulting from the use of covered operating funding, modernization funding, or development funding from HUD.

LMHA works to ensure the provision of employment, training, contracting, and other economic opportunities to its residents and other low-income persons. In doing so, LMHA utilizes Section 3 as a means of promoting stability and self-sufficiency to Section 3 Residents. Implementation procedures may be amended periodically by LMHA to ensure that the policy requirements are being met and/or to enhance the efficiencies of compliance.

III. APPLICABILITY

Section 3 requirements apply to all projects and activities funded in whole or in part with covered funds. If any HUD funding is used for the project/activity, then the entire project budget is then subject to Section 3 regulations.

Section 3 requirements do not apply to projects and activities of LMHA that do not receive any HUD funding, such as non-subsidized market rate developments owned by LMHA.

Section 3 requirements do not apply to any agreement or contract for the purchase of supplies and materials only.

IV. DEFINITIONS

Please refer to the 24 CFR 135.5 for a full list of prevailing definitions found in the regulation.

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

CONTRACTOR: Any entity which contracts to perform work generated by the expenditure of Section 3 covered assistance, or for work in connection with a Section 3 covered project.

SUBCONTRACTOR: Any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of Section 3 covered assistance, or arising in connection with a Section 3 covered project.

NEW HIRES: Full-time employees for permanent, temporary, or seasonal employment opportunities.

EMPLOYMENT OPPORTUNITIES GENERATED BY SECTION 3 COVERED ASSISTANCE: All employment opportunities generated by the expenditure of Section 3 covered funding (i.e. operating funding, Development funding, and modernization funding) and with respect to Section 3 covered housing and community Development funding, all employment opportunities arising in connection with Section 3 covered projects, including management and administrative jobs (including architectural, engineering, or related professional services and jobs directly related to administrative support of these activities) connected with the Section 3 covered project.

SECTION 3 RESIDENT: A Section 3 resident is:

- A. A public housing resident or Housing Choice Voucher holder; or
- B. An individual who resides in the metropolitan area in which the Section 3 covered assistance is expended, and is a low-income person or a very low-income person.

SERVICE AREA: The total service area under this Authority include all cities in Lucas County Ohio, Monroe County Michigan, Fulton County Ohio and Wood County Ohio with the exception of the city of Bowling Green

LOW-INCOME PERSON: Families (including single persons) whose incomes do not exceed 80% of the median income for the area as determined by HUD.

Please refer to www.huduser.org/portal/datasets/il.html for current, local Income Limit information.

- ❖ Select current year.
- ❖ Select "Access Individual Income Limit area"
- ❖ Select "click here for FY XXXX IL Documentation" (where XXXX is the current fiscal year)
- ❖ Select State & County

VERY LOW-INCOME PERSON: Families (including single persons) whose incomes do not exceed 50% of the median family income for the area as determined by HUD.

SECTION 3 BUSINESS CONCERN: A Section 3 business concern is one:

- A. That is fifty-one percent (51%) or more owned by Section 3 residents; or
- B. Whose permanent, full-time employees includes persons, at least 30% of whom are current Section 3 residents, or within three years of the date of first employment with the Section 3 business concern were Section 3 residents; or
- C. That provides evidence of a commitment to subcontract a minimum of 25% of the total contract award amount (including any modifications) to Section 3 business concerns that meet the requirements described in A or B. Example: If the Contract Amount is = \$1,000,000, contractor must subcontract at least 25% or \$250,000 to Section 3 business concern(s) as defined in A or B in this part.

RESIDENT-OWNED BUSINESS (ROB): As described in 24 CFR Part 963, a resident-owned business is a business concern owned or controlled by public housing residents. "Owned and controlled" means a business (a) at least 51% owned and operated by a public housing resident; and (b) whose management and daily business operations are controlled by one or more such individuals. If for a specific procurement, LMHA decides to elect the alternative procurement process found in 24 CFR Part 963 for a limiting the solicitation only to ROBs, the ROB must also meet the additional eligibility and other requirements described in the regulations.

SECTION 3 CLAUSE: The contract provisions set forth in 24 CFR 135.38 and which must be included in all Section 3 covered contracts.

SECTION 3 COVERED ACTIVITY: Any activity that is funded by Section 3 covered funding.

SECTION 3 COVERED ASSISTANCE: With respect to public housing authorities, Section 3 covered assistance means HUD assistance to which the obligation to provide training, employment, contracting, and other economic opportunities under Section 3 apply, including: (1) Public housing development assistance; (2) Public housing operating assistance; (3) Public housing modernization assistance; and (4) any other HUD funds, regardless of HUD program, utilized for the operation, modernization, or rehabilitation of public housing properties or developments as defined under statutes.

SECTION 3 COVERED CONTRACT: A contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance or for work arising in connection with a Section 3 covered project. "Section 3 covered contracts" do not include contracts for the purchase of supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a "Section 3 covered contract."

SECTION 3 COVERED PROJECT: The construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which

includes buildings or improvements (regardless of ownership) assisted with housing or community development funding.

SECTION 3 JOINT VENTURE: An association of business concerns, one of which qualifies as a Section 3 business concern, formed by written joint venture agreement to engage in and carry out a specific business venture for which purpose the business concerns combine their efforts, resources, and skills for joint profit, but not necessarily on a continuing or permanent basis for conducting business generally, and for which the Section 3 business Concern:

- Is responsible for a clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and
- Performs at least 25% of the work and is contractually entitled to compensation proportional to its work.

V. SECTION 3 GOALS AND PREFERENCES

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

A. Training and Employment Opportunities for Section 3 Residents:

When the Section 3 regulation is triggered by the need for new hires, LMHA and its contractors and subcontractors will make every effort within their disposal to the greatest extent feasible to attempt to hire Section 3 residents amounting to at least 30% of the aggregate number of full-time new hires.

When hiring opportunities are offered and all requirements are met and remain equal, LMHA, contractors and subcontractors shall direct their efforts to hire Section 3 residents in the order of priority preference provided below:

1. Residents at the housing development or developments where the work is being performed (Category 1 residents).
2. Residents of other LMHA public housing developments and holders of housing choice vouchers (Section 8 rent assistance) managed by LMHA (If applicable) (Category 2 residents).
3. Participants in Youthbuild programs being carried out in the metropolitan area in which the Section 3 covered assistance is expended (Category 3 residents).
4. Other Section 3 area residents (Category 4 residents).

B. Contracting Opportunities for Section 3 Business Concerns:

When the Section 3 regulation is triggered by the need for subcontracting a portion of the work to another business, LMHA and its contractors and subcontractors will make every effort within their disposal to the greatest extent feasible to attempt to subcontract:

- A. **Building Trades:** At least 10% of the total dollar amount of all Section 3 covered contracts or purchase orders for building trades work maintenance, repair, modernization, or development of public housing to Section 3 business concerns.

- B. **Other contracts (non-building trades):** For other Section 3 covered contracts or purchase orders that are not building trades work covered above, the goal is to subcontract at least 3% of the total dollar amount to Section 3 business concerns. This includes professional service contracts such as legal, architects, engineers, consultants, or any other contract or purchase order for services that are not building trades work.

When contracting opportunities are offered and all requirements are met and remain equal, LMHA, contractors and subcontractors shall direct their efforts to contract/subcontract with Section 3 business concerns in the order of priority preference provided below:

1. Business concerns that are 51% 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).

2. Business concerns that are 51% or more owned by residents of other public housing developments or developments managed by LMHA or by holders of housing choice vouchers managed by LMHA, or whose full-time, permanent workforce includes 30% of these persons as employees (category 2 businesses).

3. Youthbuild programs being carried out in the metropolitan area (or non-metropolitan county) in which the Section 3 covered assistance is expended (category 3 businesses).

4. Business concerns that are 51% or more owned by other Section 3 residents, or whose permanent, full-time workforce includes no less than 30% Section 3 residents (category 4 businesses), or that subcontract in excess of 25% of the total amount of subcontracts to business concerns identified in paragraphs 1 and 2 above.

VI. SELF-CERTIFICATION OF SECTION 3 RESIDENTS AND SECTION 3 BUSINESS CONCERNS

In order to receive preference as a Section 3 resident or a Section 3 business concern, the resident or business must self-certify that they meet the eligibility requirements. LMHA has developed self-certification forms for both Section 3 residents and Section 3 businesses and which are included as Section 3 Form #4 and Section 3 Form #2, respectively.

A Section 3 resident seeking preference in employment must fulfill the requirements/qualifications of the sought position. If asked, they also must provide evidence of their Section 3 status (e.g., receipt of public assistance, address of residency, etc.).

A Section 3 business concern seeking preference in contracting must submit evidence to demonstrate that they are responsible firms and have the ability to perform successfully under the terms and conditions of the proposed contract. If asked, they also must provide evidence of their Section 3 status.

It is important to note that all persons and/or business concerns are self-certifying their eligibility under Section 3 to LMHA and to HUD, and that severe civil and/or criminal penalties may apply for false certifications.

VII. CONTRACTOR RESPONSIBILITIES IN MEETING SECTION 3 GOALS

All contractors are held to the same Section 3 compliance requirements of LMHA as listed in Section V above (Section 3 Goals and Preferences). LMHA Section 3 policy requires, that when the Section 3 regulation is triggered by a need for new hires or by a need to subcontract a portion of the work, every effort within the contractor's disposal must be made to the greatest extent feasible to direct all available employment, training and contracting opportunities to Section 3 residents based on the priorities described in Section V.

Contractors must also proactively facilitate compliance with Section 3 subject to the definition of a Section 3 Covered contract. Contractors will have fulfilled their responsibility when they can provide evidence that the following have occurred in the case of every hiring, contracting, solicitation and recruitment effort:

- A) Extra or greater efforts in notifying Section 3 residents of opportunities through posting job openings in the offices of procurement, in the local media, and on LMHA website;
- B) Conveying that the hiring/contract work is a Section 3 Covered opportunity in any advertisement for bids and proposals by placing the following language in each advertisement/public notice and website, **"This job/project is covered under the requirements of Section 3 of the HUD Act of 1968"**
- C) Notifying subcontractors in each pre-bid meeting of the Section 3 requirements;
- D) Incorporating the full HUD mandated Section 3 clause directly into all contracts and subcontracts;

- E) Providing “Section 3 Resident Self-Certification Forms” for employment at the contractor/subcontractor business offices and allowing applications to be submitted at appropriate local locations;
- F) Encouraging the training of Section 3 residents by the subcontractors;
- G) Facilitating an opportunity or job fair for the contractor and subcontractor to meet interested Section 3 residents for possible employment. A list can be developed as a resource for contractors when seeking to hire Section 3 workers in the future;
- H) Facilitating an opportunity fair annually for small contractors to meet large prime contractors interested in bidding work awarded by LMHA;
- I) Documenting actions taken to comply with Section 3 requirements including all results and impediments using LMHA prescribed mechanism or form;
- J) Reporting on its efforts regarding Section 3 implementation using LMHA prescribed mechanism or form;
- K) Refusing to award contracts to businesses or persons who have previously violated Section 3 requirements;
- L) Posting all job sites funded by LMHA with a location or phone number of whom and how to apply for any opportunities for employment, training or contracting. The sign should be no smaller than 24” x 24” in Black ink and specifically read: **“This project is covered under Section 3 of the HUD Act of 1968 which requires that any new opportunities be directed to low- and very low-income persons in this community. Please contact (list the contact person name and number) for information on any Employment, Contracting, and Subcontracting opportunities.**
- M) Including LMHA Section 3 Policy in every Section 3 covered procurement.
- N) All Section 3 covered procurements must be communicated to current and potential Section 3 contractors and residents as part of the bid process before final bids or applications are submitted to LMHA and its contractors.
- O) Any contractor or subcontractor self-certifying itself as a Section 3 business concern must maintain that status throughout the life of the contract. Any change in status must be reported to the Section 3 Coordinator immediately.
- P) Exercising all efforts indicated below regarding notice, encouragement, and facilitation as indicated below.

REQUIREMENTS <i>Applicable to all awards and contracts DESPITE AMOUNT</i>	ADDITIONAL INFORMATION	WHEN EXECUTED
<p>NOTICE – Extra or greater efforts must be undertaken to make the low and very low-income persons in the project area aware of the existence of the opportunity before it is filled with non-Section 3 persons or businesses. This means the notice MUST be given in multiple methods (See Part VII of this policy for a list of methods) and documentation saved for audit purposes.</p> <p>As an example, contractors, sub-contractors and developers cannot simply call their normal service providers and contractors for bids without including a host of notices to other low-income people, groups and organizations locally and beyond before committing to any contracts or potential contracts.</p> <p>Remember to keep every document and record demonstrating your efforts for audit and verification. If there are no records verifying the efforts made, it will be assumed there were none. The contractor, sub-contractor, and developer will also have access to LMHA Section 3 Business Concern and Resident Listings as indicated in Part VI above.</p>	<p>This applies to all contracts using Section 3 covered assistance from HUD and begins prior to the securing of the first contract service related to the proposed project including, professional services such as legal, architecture, engineering, consultants, etc.</p>	<p>Give notice to residents and businesses before or while soliciting bids/proposals/employees</p> <p>Notice must be provided prior to the execution of any contracts via: publication, flyers, posters, social media, email, letters, web-postings and any other such method elected</p>
<p>ENCOURAGEMENT - Contractors, sub-contractors and developers must be able to document they did something to encourage low-income people, the businesses they own and the businesses that substantially employ them to apply for their opportunities before filling them with non-Section 3 people or businesses. This includes activities such as hosting opportunity fairs for contracting and employment, informational sessions on how to achieve Preference in consideration or other verifiable methods designed to enhance participation by these groups.</p> <p>LMHA requires that contractors, sub-contractors, and developers review and consider the listings of self-certified Section 3 residents and business concerns both initially and if new opportunities open during the contract life. However, contractors, subcontractors and developers should also do other encouragement and outreach efforts to the extent that new Section 3 persona and businesses can be attracted and secured if qualified. There is no requirement to hire or contract any unqualified person or business.</p>	<p>These shall be in the form of: Opportunity Fairs, Meetings, Presentations, Inducements such as Transportation or Child Care Assistance, etc.</p> <p>Most importantly you must use the attached forms when bidding and you must often mention Preference during meetings</p>	<p>This is executed prior to every major contract and annually for all small purchases but definitely before awarding any contracts or employment</p> <p>It's important this be done early so the contracting phase can begin immediately after confirmation of award</p>
<p>FACILITATION - Contractors, sub-contractors, and developers must be able to provide documentation in the form of actual signed agreements or commitments to contract and employment verification like payrolls or offers of employment they facilitated in compliance with the actual award of contracts and/or employment based on what opportunity was available.</p>	<p>Because there are various phases of contracting in a project, this step must be central to the award of contracts</p>	<p>This must be completed at every step in the contracting and employment phase from pre-award through the life of the project.</p>

As LMHA does not execute subcontracts, LMHA is reliant upon the compliance of its general contractors to execute an aggressive Section 3 initiative. If the overall Section 3 goals above cannot be met by the contractor, other training and economic opportunities may be provided to Section 3 residents and

contractors when such opportunities are mutually beneficial to LMHA and the specific group. These Section 3 opportunities may be exercised only with written LMHA prior agreement and satisfactory documentation explaining why employment or contracting respectively could not or should not be met.

However, contractors are expected to do everything possible and feasible to ensure all opportunities are directed to LMHA residents first. This requirement includes all labor-regulated agreements with union contractors. Examples include:

1. Distributing or posting flyers advertising positions to be filled
2. Review and consider the Section 3 Resident List provided by LMHA prior to making new hires. If those hired are not Section 3 residents, or are in a lower preference category, the Contractor must explain in writing the qualifications that those on Section 3 Resident List lacked, or other reason for non-hire (e.g., job offer declined).
3. Notify the local workforce development board about open positions
4. Holding job informational meetings for residents, contractor, etc.

Additionally, LMHA expects that contractors shall, to the greatest extent feasible, ensure that Section 3 new hires work approximately the same number of hours as other new hires in similar positions on the project.

Contractors must submit with any bid or proposal the prescribed forms describing the implementation of Section 3, including:

- Section 3 Form 1: Section 3 Clause
- Section 3 Form 2: Section 3 Business Concern Self-Certification form (for prime contractor and sub-contractors)
- Section 3 Form 3: Contractor Section 3 Assurance of Compliance and Action Plan

Contractors and subcontractors must keep on file all completed Section 3 Form 4: Section 3 Resident Self-Certification and Skills Data form for any and all applicants for positions you are hiring for related to LMHA project and for all Section 3 new hires.

In the absence of evidence to the contrary, a contractor that meets the minimum numerical goals set forth in this Section will be considered to have complied with the Section 3 Preference requirements.

In evaluating compliance under this part, a contractor that has not met the numerical goals set forth in this Section has the burden of demonstrating why it was not feasible to meet the numerical goals set forth in this Section. Such justification may include impediments encountered despite actions taken. Contractors also can indicate other economic opportunities, such as those listed below, which were provided in its efforts to comply with Section 3 and the requirements of this part.

Contractors must also report the following information to LMHA regarding any new hires by contract or subcontract: (1) name of new hire; (2) position or title; (3) number of hours worked; (4) whether the new hire is a Section 3 resident; (5) which Section 3 priority preference category the Section 3 resident belongs

to; (6) if the new hire is not a Section 3 resident or is a lower category Section 3 resident, the number of all Section 3 resident applicants passed over in favor of the non-Section 3 hire or the lower-category Section 3 hire.

VIII. OTHER ECONOMIC OPPORTUNITES TO ACHIEVE CONTRACTOR COMPLIANCE

A. A contractor may provide one or more of the following "other economic opportunities" under this subsection:

i. Training and Employment: "Training and Employment" related opportunities would be designed to train and/or employ Section 3 residents at a minimum rate of 3% of total contract value. A detailed plan for training should be described in a written narrative and provided for LMHA review. Contractors seeking to provide training may identify a qualified training firm that has the proper experience working with low-income and public housing residents in particular. The contractor must procure the training firm/individual at its expense to provide direct recruitment and solicitation to LMHA residents for employment related training. Verification of the agreement between the contractor and training firm/individual must be provided to LMHA's Section 3 Coordinator.

ii. Other Results-Oriented Economic Opportunities: "Other Results-Oriented Economic Opportunities" are results-oriented and quantifiable programs designed to provide economic opportunities to Section 3 residents, including, but not limited to: Section 3 joint ventures, teaming agreements or combination of other economic opportunities. A contractor must submit to LMHA a plan detailing these "Other Results-Oriented Economic Opportunities" and receive an approval prior to implementation.

IX. INTERNAL HIRING FOR LMHA STAFF POSITIONS:

The employment policy of Lucas Metropolitan Housing Authority (LMHA) is to hire the best-qualified applicants and extend equal employment opportunity practices to all qualified individuals. The company will not discriminate on the basis of race, color, religion, sex, national origin, veteran status, disability, age or any other characteristic protected from discrimination by applicable federal, state or local law.

LMHA complies with Section 3 of the Housing and Urban Development Act of 1968. To the greatest extent feasible, at least thirty-percent (30%) of the aggregate annual number of its internal new hires will be residents and other Section 3 eligible persons. LMHA seeks to provide current staff with growth opportunities as well, and will allow for a one-week internal posting period before following the efforts listed in Part IV of this policy. See LMHA Human Resource Policy for all of the hiring practices.

X. COMPLAINTS:

This policy is governed by the 24 CFR Part 135 – Section 3 Regulation and any future changes thereto. Any Section 3 resident or business concern that feels that the Section 3 regulations were not complied with may file a complaint directly to the Assistant Secretary for Fair Housing and Equal Opportunity at the following internet address: <http://portal.hud.gov/hudportal/documents/huddoc?id=958.pdf>

XI. SECTION 3 CONTRACT COMPLIANCE CURE AND TERMINATION PROCESSES

This language is a component of contract compliance with the work contractors and sub-contractors including developers respond to in LMHA solicitations. The full requirements are provided in the Section 3 Clause found elsewhere in this package or in the HUD forms 5370-C or 5370 C1 as may be applicable.

All contractors claiming a Preference in contracting by meeting any of the three Preference requirements including a Resident Owned Business, Hiring 30% of New Hires and/or Sub-contracting at least 25% of total award to a Section 3 Concern shall maintain that status throughout the life of the contract. Failure to meet this requirement will result in penalties up to and including contract termination. Any contractor triggering the regulation by doing any hiring or contracting once they are awarded the contract through contract execution must comply with the Section 3 requirements by executing the efforts on their Certification and Action Plan in accordance with LMHA Section 3 Action Plan.

LMHA shall execute these remedies to achieve compliance in this order:

- A. Based on the first observation or report of non-compliance with Section 3, the contractor will be sent an e-mail from LMHA notifying them of their non-compliance issue. The contractor will have until the next payroll or 14 calendar days, whichever is lesser to bring the contract into compliance. **All pending payments will be held until the contractor comes into compliance.**
- B. If at any time a contractor fails to bring the contract into compliance, LMHA must withhold all future payments until the contract is in compliance.
- C. The contractor shall have up to 15 business days from the most recent notice of non-compliance to meet compliance as a final cure period or justify in writing to LMHA why it cannot meet compliance. LMHA must render a response to the contractor within 10 business days of receipt of its letter of reason for non-compliance. If LMHA deems the cause to be unacceptable, at its option, LMHA can extend the cause period one time for up to 5 days to allow the contractor to identify and secure other compliance options, or
- D. If the contractor fails to take any corrective action to bring the contract into compliance within seven (7) business days from the most recent notice of non-compliance, or LMHA does not accept any of the contractor's corrective plans or justifications for non-compliance, LMHA must terminate the contract immediately. **All funds due to the contractor shall remain held** and a financial workout of the agreement shall proceed within 24 hours of termination. The workout is to include a contract deduct equal to the total Section 3 contract violation of opportunities provided to non-Section 3 residents or business because they were not offered according to the contract and

regulation award. All remaining funds can be paid out based on work satisfactorily completed per the agreement.

Any contractor claiming to meet Section 3 compliance by committing to hire residents, fund training itself **shall meet compliance within seven (7) calendar days of contract start** or LMHA shall halt all payments to the contractor and its sub-contractors related to the agreement and the actions listed in steps A-D in this Section shall apply.

XI. COMPLIANCE MONITORING:

The Section 3 Compliance Coordinator shall monitor and evaluate the contractor's Section 3 compliance towards achieving the numerical requirements relative to Section 3 employment, training, and contracting throughout the contract period. The contractor shall be responsible for providing the following reports to LMHA, which shall be submitted no later than the 20th of each month throughout the contract period. The following reports should be submitted regardless if the work has been completed for that month or not:

- Payroll Certification
- Core Employee List Subcontractors/New contracts
- Section 3 Employment and Training Compliance Reports
- Job postings
- Advertisements for employment opportunities
- Copies of applications received and results
- Documentation of training provided to Section 3 participants
- Pictures of job site signage with date the picture was taken
- Any other documentation of methods used to notify businesses and residents of opportunities

It is the intent of LMHA to maintain a vigilant and progressive approach to monitoring all contracts and activities to ensure compliance at the highest level.

This Section Left Blank Intentionally



Section 3 Form #1: SECTION 3 CLAUSE ACKNOWLEDGEMENT

Economic Opportunities for Low- and Very Low-Income Persons (Section 3, HUD Act of 1968; 24 CFR 135)

(a) The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

(b) The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

(c) The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of Section 3 apprenticeship and training positions, the qualifications for each; 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.

I have read and understand these requirements of this Section 3 funded project:

Business Name: _____

Business Address: _____

Print Name: _____

Signature

Date

Section 3 Form #2: SECTION 3 BUSINESS SELF-CERTIFICATION FORM



<p>Please return this form to the following address:</p> <p><i>Martice Bishop Lucas Metropolitan Housing Authority 201 Belmont Avenue Toledo, OH 43604-0477</i></p>	<p>LMHA's Section 3 Self Certification</p> <p>For assistance completing the certification form, please email: <i>Martice Bishop at MBishop@lucasmha.org</i></p>
--	--

Section 3 Business Criteria: Your business is eligible for Section 3 Business Certification if it meets any one of the following criteria. Please note that the definition of Section 3 qualified person is on Section 3 Form #3, "Section 3 Resident Self-Certification Form."

- 1. Fifty-one percent or more of your business is owned by a Section 3 resident or residents.
- 2. Thirty percent or more of your permanent, full-time employees are Section 3 residents.
- 3. You can provide evidence of a commitment to subcontract in excess of 25% of the amount of all subcontracts to Section 3 businesses: (a) that are fifty-one percent or more owned by public housing residents or (b) that has thirty percent or more of their permanent, full-time employees as public housing residents.

Section 3 Business Certification Statement: I hereby certify to the U.S. Department of Housing and Urban Development (HUD) and to Lucas Metropolitan Housing Authority that all of the information on this form is true and correct. I understand that it is my responsibility to conduct any due diligence necessary to make this certification and to maintain documentation establishing my Section 3 Business concern status. I also understand that failure to complete this form completely and accurately may result in debarment or other administrative remedies available to HUD, and criminal or civil penalties under federal, state, and local laws.

- My business is a Section 3 business in accordance with the standard checked above under Section 3 Business Criteria.
- My business is not a Section 3 business.

Signature:		Date Signed:
Name:	Title:	
Company Name		
Address		
Telephone Number		
Type of Business: (Check One): <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other		



Section 3 Form #3: CONTRACTOR SECTION 3 ASSURANCE OF COMPLIANCE AND ACTION PLAN (p. 1 of 6)

PART I-- Purpose: To ensure that regulations promulgated under 24 CFR Part 135 “Economic Opportunities for Low- and Very Low-Income Persons” is met, LMHA has developed and approved a Section 3 Policy for LMHA. Information on specific compliance with Section 3 is found in LMHA’s Section 3 Policy, or in the regulations at 24 CFR Part 135.

This form, along with all related required documents included shall serve as the ‘assurance of compliance’ certification and action plan as required in the bid documents, supplemental general conditions, and required forms for the contract for any HUD work funded by LMHA.

Name of Business: _____

Business Address: _____

Contract Name/Solicitation #: _____

Total amount of Bid: _____

PART II: PRIOR COMPLIANCE CERTIFICATION

I am certifying that my business has complied with the HUD Section 3 regulations in its past HUD contracts/purchase orders.

Signature/Title

Print Name

Date

PART III: IS SECTION 3 TRIGGERED BY THIS CONTRACT?

IF CONTRACTOR DOES NOT ANTICIPATE TRIGGERING THE SECTION 3 REGULATIONS, YOU MUST INITIAL BOTH BOXES BELOW:

I do not anticipate hiring any new permanent, temporary, or seasonal employees on this contract.

I do not anticipate subcontracting any portion of the work on this contract.

If you checked both boxes, do NOT check any other boxes or select any other options on this form! Review all other pages and execute the attestation and notarized signature on page 23 Form #3.

IMPORTANT: IF THIS CHANGES AT ANY POINT DURING YOUR CONTRACT, YOU MUST IMMEDIATELY CONTACT YOUR LMHA CONTRACT CONTACT AS WELL AS LMHA SECTION 3 Compliance Coordinator, Martice Bishop: MBishop@lucasmha.org

Section 3 Form #3: CONTRACTOR SECTION 3 ASSURANCE OF COMPLIANCE AND ACTION PLAN (p. 2 of 6)

PART IV: CONTRACTING/SUBCONTRACTING NEEDS:

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

Subcontractor Name	Work to be performed (Building trade or other type of work)	Are they Section 3 Business? Yes/No	Contract Amount	% of Total Contract

Use an additional sheet if required

Total amount to be sub-contracted to Section 3 Business Concerns: \$ _____

Percentage of total \$ value of bid/contract: _____

IMPORTANT: Should the scope of work or needs of the contractor change, the contractor shall, to the greatest extent feasible, assure that subcontracts be awarded to Section 3 business concerns and shall immediately contact your LMHA contract contact as well as LMHA Section 3 Coordinator.

Section 3 Form #3: CONTRACTOR SECTION 3 ASSURANCE OF COMPLIANCE AND ACTION PLAN (p. 3 of 6)

PART V: WORKFORCE NEEDS AND HIRING PLAN

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

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

Use an additional sheet if required

PART VI. OTHER REQUIREMENTS

Outreach Plan:

Check all methods you will employ to hire Section 3 residents. Posting the position in community sources that are generally available to low-income residents and the general public is a standard requirement.

Check at least three (3) other methods you will employ:

- The local community newspaper(s)
- The most widely distributed newspaper
- LMHA website
- LMHA properties management offices in a conspicuous location
- Homeless service agencies
- Local HUD-supported housing communities
- Local Workforce Board
- Other locations as approved by LMHA
- Email blast residents on LMHA Section 3 Resident List
- Post notices on social media controlled by LMHA

Documentation of “To the Greatest Extent Feasible”:

The contractor will work with LMHA Section 3 Coordinator and other designated staff to notify residents of any opportunities afforded under the contract. The contractor will collaborate with LMHA by giving preference of any employment opportunities to the Section 3 persons or business concerns.

The contractor and subcontractor(s) shall recruit or attempt to recruit from LMHA’s Section 3 area, based on the priority order in LMHA’s Section 3 Plan, the necessary number of low-income and very low-income residents through documentation of their efforts and of any impediments to comply. LMHA’s contractors and subcontractors shall:

1. Maintain a list of all low-income area residents who have applied, either on their own or from referral from any source, and employ such person if otherwise qualified and if a vacancy exists.
2. Review and consider the Section 3 Resident List provided by LMHA prior to making new hires. If those hired are not Section 3 residents, or are in a lower preference category, the Contractor must explain in writing the qualifications that those on Section 3 Resident List lacked, or other reason for non-hire (e.g., job offer declined).
3. Provide evidence that the contractor has not filled vacant employment positions in its workforce immediately prior to undertaking work in an attempt to circumvent Section 3 regulations.

Review and determine if low-income and very low-income residents meet minimum hiring qualifications. Applicants meeting such minimum qualifications, but not hired due to lack of job openings or for other operations reasons, will be placed on a priority-hiring list and offered positions upon the occurrence of the first available appropriate job opening.

Recordkeeping:

The contractor shall maintain on file all records related to employment and job training of low-income and very low-income residents or other such records, advertisements, legal notices, brochures, flyers, publications, assurances of compliance from subcontractors, etc., in connection with this contract. If there is a report that is needed as part of the submission, you agree to provide it timely. The contractor shall, upon request, provide such records or copies of records to LMHA, its staff, or agents.

Reports:

The contractor shall provide reports as required in connection with the contractor specifications. All certified and regular payrolls shall clearly detail which employees qualify under Section 3.

Certification:

The contractor will certify that any vacant employment positions, including training positions, that filled...

- (1) after the contractor is selected but before the contract is executed; and
- (2) with persons other than Section 3 residents

...were not filled to circumvent the subcontractor's obligations under 24 CFR Part 135.

Other Economic Opportunities:

If a contractor has demonstrated that it has no need or plans to subcontract or hire and can demonstrate that it has attempted, to the greatest extent feasible, to hire/contract Section 3 residents and/or contractors, it has fully complied and may move forward and secure non-Section 3 persons or firms.

If a contractor does not trigger the requirements of Section 3 but chooses to offer other economic opportunities such as training, mentoring, or business development for Section 3 residents of LMHA, it may offer to do so in a thorough written plan to the Section 3 Coordinator. These opportunities must be described in a written plan on how the contractor will offer other economic opportunities expressing the outreach, number of persons to be affected, and outcomes.

A contractor that has a need to hire or sub-contract may not use other economic opportunities as a substitute to attempt to meet hiring or contracting goals; the contractor must still demonstrate how it attempted to the greatest extent feasible, to meet the goals.

Grievance and Compliance:

The contractor or sub-contractor hereby acknowledges that they understand that any low-income and very low-income resident of the project area, for him/her or as representatives of persons similarly situated, seeking employment or job training opportunities in the project area, or any eligible business concerns seeking contract opportunities may file a grievance if efforts to the greatest extent feasible were not executed. The grievance must be filed with HUD not later than one hundred eighty (180) calendar days from the date of the action (or omission) upon which the grievance is based.

SECTION 3 CONTRACT COMPLIANCE CURE AND TERMINATION PROCESSES

This language is a component of contract compliance with the work contractors and sub-contractors including developers respond to in LMHA solicitations. The full requirements are provided in the Section 3 Clause found elsewhere in this package or in the HUD forms 5370-C or 5370 C1 as may be applicable.

All contractors claiming a Preference in contracting by meeting any of the three Preference requirements including a Resident Owned Business, Hiring 30% of New Hires and/or Sub-contracting at least 25% of total award to a Section 3 Concern shall maintain that status throughout the life of the contract. Failure to meet this requirement will result in penalties up to and including contract termination. Any contractor triggering the regulation by doing any hiring or contracting once they are awarded the contract through contract execution must comply with the Section 3 requirements by executing the efforts on their Certification and Action Plan in accordance with LMHA Section 3 Action Plan.

LMHA shall execute these remedies to achieve compliance in this order:

- E. Based on the first observation or report of non-compliance with Section 3, the contractor will be sent an e-mail from LMHA notifying them of their non-compliance issue. The contractor will have until the next payroll or 14 calendar days, whichever is lesser to bring the contract into compliance.
- F. If at any time a contractor fails to bring the contract into compliance, LMHA must withhold all future payments until the contract is in compliance.
- G. The contractor shall have up to 15 business days from the most recent notice of non-compliance to meet compliance as a final cure period or justify in writing to LMHA why it cannot meet compliance. LMHA must render a response to the contractor within 10 business days of receipt of its letter of reason for non-compliance. If LMHA deems the cause to be unacceptable, at its option, LMHA can extend the cause period one time for up to 5 days to allow the contractor to identify and secure other compliance options, or
- H. If the contractor fails to take any corrective action to bring the contract into compliance within seven (7) business days from the most recent notice of non-compliance, or LMHA does not accept any of the contractor's corrective plans or justifications for non-compliance, LMHA must terminate the contract immediately. **All funds due to the contractor shall be held** and a financial workout of the agreement shall proceed within 24 hours of termination. The workout is to include a contract deduct equal to the total Section 3 contract violation of opportunities provided to non-Section 3 residents or business because they were not offered according to the contract and regulation award. All remaining funds can be paid out based on work satisfactorily completed per the agreement.

Any contractor claiming to meet Section 3 compliance by committing to hire residents, fund training itself **shall meet compliance within seven (7) calendar days of contract start** or LMHA shall halt all payments to the contractor and its sub-contractors related to the agreement and the actions listed in steps A-D in this Section shall apply.

Section 3 Form #3: CONTRACTOR SECTION 3 ASSURANCE OF COMPLIANCE AND ACTION PLAN (p. 6 of 6)

ATTESTATION:

I attest that the above information is true and correct and that by signing below, the Contractor hereby agrees to comply with Section 3 requirements.

Name of Prime Contractor: _____

Name of Authorized Officer: _____

Title of Authorized Officer: _____

Signature

Date

NOTARY REQUIRED

STATE:

COUNTY:

I, the undersigned a Notary Public in and for said authority and in said State, hereby certify that, _____, whose named as _____ (Title) of _____ (Company) is signed to the foregoing conveyance and who is known to me, acknowledged before me on this day, that, being informed of the contents of the foregoing conveyance, he/she, in his/her capability as _____ (Officer Title), and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal, this the _____ day of _____, 20__.

Notary Public My Commission Expires: _____ {SEAL}



Section 3 Form #4-- SECTION 3 RESIDENT SELF-CERTIFICATION AND SKILLS DATA FORM (Page 1 of 2)

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

Printed Name of Individual: _____

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

Street Address _____ Apt Number _____ City _____ State _____ Zip _____

Phone: _____ **Email Address:** _____

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

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

1. Be a public housing resident or a Housing Choice Voucher program participant (Section 8 rent assistance voucher) managed by LMHA; OR
2. Be a low income or very low-income person who resides in the service area where Lucas Metropolitan Housing Authority serves including the total service area in Lucas County Ohio, Monroe County Michigan, Fulton County Ohio and Wood County Ohio with the exception of the city of Bowling Green is located and whose total household income does not exceed the following amounts:

Table of Adjusted Median Income for Lucas Metropolitan Housing Authority

Family Size	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
Household Income	34,450	39,400	44,300	49,200	53,150	57,100	61,050	64,950

(Check all that apply):

- I am a public housing resident (Name of housing development: _____)
- I am a Section 8 rent assistance participant with LMHA (have a Housing Choice Voucher)
- I live in the service area of the Housing Commission (Lucas Metropolitan Housing Authority)

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

Section 3 Form #4-- SECTION 3 RESIDENT SELF-CERTIFICATION AND SKILLS DATA FORM (Page 2 of 2)

- Graduated High School or GED Yes No
- Read & Speak English Fluently Yes No
- Graduated College, Trade, or Technical School Yes No

Please list degree or certifications: _____

Check the Skills, Trades, and/or Professions you have been employed in or contracted to do for others:

- | | | | | |
|---|--|--|---|--|
| <input type="checkbox"/> Drywall Hanging | <input type="checkbox"/> Drywall Finishing | <input type="checkbox"/> Interior Painting | <input type="checkbox"/> Framing | <input type="checkbox"/> Welding |
| <input type="checkbox"/> HVAC | <input type="checkbox"/> Electrical | <input type="checkbox"/> Interior Plumbing | <input type="checkbox"/> Siding | <input type="checkbox"/> Metal/Steel Work |
| <input type="checkbox"/> Cabinet Hanging | <input type="checkbox"/> Door Replacement | <input type="checkbox"/> Trim/Carpentry | <input type="checkbox"/> Heavy Equipment Operator | |
| <input type="checkbox"/> Exterior Plumbing | <input type="checkbox"/> Exterior Framing | <input type="checkbox"/> Stucco | <input type="checkbox"/> Construction Cleaning | |
| <input type="checkbox"/> Concrete/Asphalt Work | <input type="checkbox"/> Roofing | <input type="checkbox"/> Landscaping | <input type="checkbox"/> Fencing | <input type="checkbox"/> Window/Door Repl. |
| <input type="checkbox"/> Telephone Customer Service | <input type="checkbox"/> Personal Care Aide | <input type="checkbox"/> Receptionist | <input type="checkbox"/> Teaching/Training | |
| <input type="checkbox"/> Sales | <input type="checkbox"/> Data Entry | <input type="checkbox"/> Cleaning | <input type="checkbox"/> Administrative/Clerical | |
| <input type="checkbox"/> Driver's License | <input type="checkbox"/> Commercial Driver's License (CDL) | | | |
| <input type="checkbox"/> Other _____ | <input type="checkbox"/> Other _____ | | | |
| <input type="checkbox"/> Other _____ | <input type="checkbox"/> Other _____ | | | |

I am interested in: **Training opportunities** **Employment Opportunities** **Both**

I hereby certify to the U.S. Department of Housing and Urban Development (HUD) and to Lucas Metropolitan Housing Authority that all of the information on this form is true and correct. I attest under penalty of perjury that my total household income and household size is as shown above, and that proof of this information may be requested in the future. If found to be inaccurate, I understand that I may be disqualified as an applicant and/or a certified Section 3 individual which may be grounds for termination of training, employment, or contracts that resulted from this certification. I also understand that failure to complete this form completely and accurately may result in other administrative remedies available to HUD. Finally, I authorize Lucas Metropolitan Housing Authority to include my name on a list of Section 3 Residents seeking employment and to include my contact information so that contractors may contact me.

Signature

Date