

**PROVIDENCE HOUSING AUTHORITY**  
**SECTION 3 PLAN**



# TABLE OF CONTENTS

Introduction .....	5
Employment & Training Goals.....	7
Section 3 Residents .....	7
Responsibility of Recipient .....	7
Preference for Section 3 Residents.....	8
Section 3 Recruitment, Training & Employment.....	9
Numeric Goals for Meeting Requirement .....	10
Certification Procedure for Section 3 Program Participants .....	10
Contracting.....	13
Contracting Policies & Procedures .....	15
Assisting Contractors to Achieve Section 3 Hiring/Contracting Goals.....	15
Resident Hiring Requirements.....	17
Evidence of Section 3 Compliance.....	19
Resident Owned Business Contracting.....	19
Contracting with Section 3 Business Concerns .....	21
Employment of Section 3 Program Participants .....	23
Contractor Requirements in Employing Section 3 Participants.....	25
Reporting.....	27
Internal Complaint Procedure .....	27

## APPENDIX

Definitions.....	
Section 3 Contract Clause .....	
<b>Exhibit 1</b>	
Eligibility for Preference .....	
Section 3 Income Limits.....	
Employment & Training Opportunities for Residents.....	
Application for Employment and Training .....	
List of Certified Section 3 Residents.....	

**Exhibit 2**

Certification for Business Concerns Seeking Section 3 Preference in Contracting ..

**Exhibit 3**

Section 3 Contracting Policies and Procedures .....

**Exhibit 4**

Section 3 Opportunities Plan .....

Instructions for Completing Section 3 Opportunities Plan .....

Section 3 Special Conditions.....

## INTRODUCTION

Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968 that promotes local economic development, neighborhood economic improvement, and individual self-sufficiency.

*HUD financial assistance that applies to Section 3 includes public housing operating, development and modernization funds, HOPE IV funds, economic stimulus funds, ROSS and FSS grant funds*

The Section 3 program requires that 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. HUD financial assistance that applies to Section 3 includes public housing operating, development and modernization funds, HOPE IV funds, economic stimulus funds, ROSS and FSS grant funds.

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

Section 3 is designed to ensure that Housing Authorities have a policy in place that ensures employment and other economic opportunities are, to the greatest extent feasible, made available to low income people, especially those residing in public housing. It requires that provisions be established whereby Housing Authorities train or employ a specific number of residents (where feasible) each fiscal year.



## **EMPLOYMENT & TRAINING GOALS**

It is the policy of the Providence Housing Authority to utilize residents and other Section 3 eligible persons and businesses in contracts partially or wholly funded with monies from the Department of Housing and Urban Development (HUD). Providence Housing has established employment and training goals that comply with Section 3 requirements.

*Section 3 is race and gender neutral. The preference is based solely on income and location.*

### **Section 3 Residents**

Section 3 is race and gender neutral. The preference is based solely on income and location. HUD defines Section 3 residents as:

- Residents of public housing
- Low and very low income persons residing in the metropolitan area

Section 3 residents could also include:

- Persons receiving unemployment benefits or other government subsidies
- Returning Veterans
- Recent college or vocational school graduates
- Women in non-traditional careers
- Youthbuild participants

### **Responsibilities of the Recipient**

To comply with Section 3, recipients must ensure compliance in the following:

- Implementing procedures designed to notify Section 3 residents of training and employment opportunities
- Facilitate training and employment of Section 3 residents by undertaking activities as appropriate to achieve goals set for above

- Document actions taken to comply with this requirement and results of actions and impediments, if any.

Penalties for non-compliance include debarment, suspension and limited denial of participation in HUD programs.

**Preference for Section 3 Residents**

In public housing programs, efforts shall be made to provide training and employment opportunities to Section 3 residents in the following order of priority:

- Residents of the housing development for which the Section 3 covered assistance is expended
- Residents of other housing developments managed by the PHA for which the Section 3 covered assistance is expended
- Participants in HUD Youthbuild programs carried out in the metropolitan area in which the Section 3 covered assistance is expended
- Other Section 3 residents

## SECTION 3 RECRUITMENT, TRAINING AND EMPLOYMENT

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

*Employment and training opportunities will be advertised in common areas of all PHA housing developments, resident associations, and community organizations.*

- Training opportunities will be advertised by distributing flyers via mass mailings and posting in common areas of the housing developments as well as all PHA public housing management offices.
- The resident associations, resident management corporations, 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 PHA housing developments as well as contacting resident associations, resident management corporations, and neighborhood community organizations.
- A database will be developed and maintained and containing the following information:
  - A list of Certified Section 3 residents of public housing and other Section 3 residents. (See attachment)
  - A skill assessment of all Section 3 residents of public housing and other Section 3 residents.
  - Eligible qualified Section 3 Business concerns to contact with respect to the 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 into the external labor market.

Housing Authorities are required to provide equal opportunity employment to all employees and applicants for employment without regard to race, color, religion, sex, national origin, or disability. This ensures both applicants and existing employees are given fair and equal treatment.

**Numerical Goals for Meeting Requirements**

Recipients may demonstrate compliance with “to the greatest extent feasible” the requirement of Section 3 by meeting numerical goals for providing training, and employment to Section 3 residents. Numerical goals apply to new hires. Efforts to employ Section 3 residents should be made at all job levels.

Recipients of Section 3 covered public housing assistance may demonstrate compliance by committing to employ

- 10% of the aggregate number of new hires for 1 year period beginning in FY 1995
- 15% of the aggregate number of new hires for 1 year period beginning in FY 1996
- 20% of the aggregate number of new hires for 1 year period beginning in FY 1997 and continuing thereafter

*Individuals seeking a Section 3 preference in training and employment must provide adequate proof of eligibility.*

**CERTIFICATION PROCEDURE FOR SECTION 3 PROGRAM PARTICIPANTS**

The Providence Housing Authority will certify Section 3 program participants who reside in the City of Providence and who are seeking preference in training and employment by completing and attaching adequate proof of Section 3 eligibility, as required (see Exhibit 1 – Resident Employment Opportunity – Eligibility for Preference).

- All persons living in the City of Providence who meet the Section 3 eligibility guidelines can, by appointment, visit with the Section 3 Coordinator to complete a job readiness assessment.
- Once this 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 PHA's commitment to provide economic opportunities and training to residents/eligible participants to become gainfully employed.



## CONTRACTING

*Section 3 applies to all activities regardless of the dollar amount.*

Section 3 requirements apply to all contractors and subcontractors performing work in connection with projects and activities funded by public housing assistance covered by Section 3 regardless of the amount of the contract. There are no thresholds for public and Indian housing assistance. Section 3 applies to all activities regardless of the dollar amount. Section 3 contracts do not include supplies and materials unless the contract includes the installation of the materials.

A business concern seeking to qualify for a Section 3 contracting preference shall certify or submit evidence that they qualify as a Section 3-business concern. Section 3 business must also be able to demonstrate their ability to complete the contract.

A Section 3 Business Concern is defined as:

- One that is fifty-one percent (51%) or more owned by Section 3 residents; or
- Whose permanent, full-time employees include persons, at least thirty percent 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
- One that provides evidence of a commitment to subcontract in excess of twenty-five percent (25%) of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth the above items.

Contractors who do not qualify as Section 3 business concerns, but who enter into contracts with the Housing Authority, must agree to comply with certain general conditions. Included in these conditions is the requirement that each contractor and subcontractor submit with each pay request a report of Section 3 compliance. Failure to comply with these general conditions may lead to sanctions which can include termination of the contract for default and suspension or debarment from future HUD-assisted contracts.



## **C**ONTRACTING POLICIES AND PROCEDURES

The PHA will incorporate Section 3 in its existing Procurement Policy and adopt Section 3 Contracting Policy and Procedure to be included in all procurements generated for use with HUD funding. This policy and procedure contains goal requirements for awarding contracts to Section 3 Business Concerns.

*It is the responsibility of contractors, vendors and suppliers to implement progressive efforts to attain Section 3 compliance.*

All contractors/businesses seeking Section 3 preference must, before submitting bids/proposals to the PHA, be required to complete certifications, as appropriate, as acknowledgement by the Section 3 contracting and employment provisions required. Such certifications shall be adequately supported with appropriate documentation (see Exhibit 2 – Certification for Business Concerns Seeking Section 3 Preference in Contracting and Demonstration of Capability).

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

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 Providence Housing Authority are required to certify that they comply with the requirements of Section 3.

The Section 3 Compliance Clause specifies the requirements for contractors hired for Section 3 covered projects. This Section 3 Clause must be included in all Section 3 covered projects.

### **ASSISTING CONTRACTORS TO ACHIEVE SECTION 3 HIRING/CONTRACTING GOALS**

The Providence Housing Authority 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. The PHA Section 3 Coordinator will:

- Provide the contractor with a list of interested and qualified Section 3 residents for construction projects.
- Provide the contractor with a list of Section 3 business concerns interested and qualified for construction projects.
- Inform the contractor of known issues that might affect Section 3 residents from performing job related duties.
- Review the new hire clause with contractors and subcontractors to ensure that the requirement is understood.

*Section 3 does not require hiring/contracting unless it is necessary to complete the project.*

Section 3 does not require hiring/contracting unless it is necessary to complete the project. 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.

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

## CONTRACTOR RESIDENT HIRING REQUIREMENTS

The Providence Housing Authority has adopted the following objectives 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 Providence Housing public housing residents and neighborhood residents with particular qualifications or willingness to begin unskilled labor will be able to participate in contracted*

TOTAL LABOR DOLLARS USE TOTAL CONTRACT AMOUNT FOR SERVICE CONTRACTS	RESIDENT AS % OF TOTAL LABOR DOLLARS
Labor dollars \$25,000 but less than \$100,000	10% of the labor dollars
\$100,000, but less than \$200,000	9% of the labor dollars
At least \$200,000, but less than \$300,000	8% of the labor dollars
At least \$300,000, but less than \$400,000	7% of the labor dollars
At least \$400,000, but less than \$500,000	6% of the labor dollars
At least \$500,000, but less than \$1 million	5% of the labor dollars
At least \$1 million, but less than \$2 million	4% of the labor dollars
At least \$2 million, but less than \$4 million	3% of the labor dollars
At least \$4 million, but less than \$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 Providence Housing 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 PHA resident hiring requirement set forth above.

- Subcontract or joint venture with a resident owned business. The business must be 51% or more owned by Providence Housing Authority public housing residents, or subcontract/joint venture with a business that employs full-time, 30% or more Providence Housing Authority low and very-income individuals within the Housing Authority of the City of Providence, or

- Direct hiring of Providence Housing Authority's public housing residents and/or low and very low-income neighborhood residents based on the Resident Hiring Scale, or
- 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
- Contractor makes a contribution to PHA Education Fund to provide assistance to residents to obtain training. The level of contribution would be commensurate with the sliding scale set forth in the Resident Hiring Scale.

## **EVIDENCE OF SECTION 3 COMPLIANCE**

*Certifications for Section 3 preference for business concerns must be submitted to the Section 3 Coordinator of the PHA prior to the submission of bids for approval.*

Any business seeking Section 3 preference in the awarding of contracts or purchase agreements with the Providence Housing Authority shall complete the Certification for Business Concerns Seeking Section 3 Preference in Contracting and Demonstration of Capability form (Exhibit 2), which can be obtained from the PHA 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 PHA 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.

### **RESIDENT OWNED BUSINESS CONTRACTING**

Providence Housing Authority will consider utilizing the alternative procurement process (Section 24 CFR Part 963) when contracting with businesses owned in substantial part by housing agency 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 the PHA that shows how each of the following requirements has 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 businesses. PHA 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 interests of the Authority.

## **C**ONTRACTING WITH SECTION 3 BUSINESS CONCERNS

The Providence Housing Authority 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 general 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.
- Coordinate pre-bid meetings at which the Section 3 business concerns would be informed of upcoming contracting opportunities in advance.
- Conduct workshops on PHA contracting procedures to include bonding, insurance, and other pertinent requirements, in a timely manner in an effort to allow Section 3 business concerns the opportunity to take advantage of any upcoming contracting opportunities.
- Contact the City of Providence Business Development Department, business assistance agencies, Minority and Women's Business Enterprise (M/WBE) contractor associations and community organizations to inform them of contracting opportunities and to request their assistance in identifying Section 3 businesses.
- Establish relationships with the Small Business Administration (SBA), Minority and Women's Business Enterprise M/WBE association, Community Development Corporations, and other sources as necessary to assist SPHA with educating and mentoring residents with a desire to start their own 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.

- Develop resources or seek out training to assist residents interested in starting their own businesses to learn to prepare contracts, prepare taxes, obtain licenses, bonding, and insurance.

## EMPLOYMENT OF SECTION 3 PROGRAM PARTICIPANTS

*Preliminary interviews of Section 3 residents will assess:*

- *Job Readiness*
- *Childcare*
- *Transportation*
- *Work maturity*
- *Job retention skills*

- The Section 3 Coordinator will conduct a pre-interview with all residents prior to 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 he or she 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 solved 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 or 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 PHA lease, be current on rent, be at least eighteen years of age, and not be involved in any legal action with PHA (current

documented eviction, criminal and drug activity or trespassing).

- Residents not interested in construction employment opportunities will be assessed for other skills (clerical, administrative, etc.) and will have the opportunity to receive help with interviewing techniques, mock interviews, resume preparation, application assistance, employment leads, and how to dress for success when conducting a job search.
- Residents interested in pursuing General Equivalency Diploma (GED) and continued training education will be referred to those resources by the Section 3 Coordinator who will maintain bi-weekly contact with residents to monitor progress.

# CONTRACTOR'S REQUIREMENTS IN EMPLOYING SECTION 3 PARTICIPANTS

Under the Providence Housing Authority Section 3 Program, contractors and subcontractors are required to:

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

*Provisions for a specific number Section 3 residents to be trained or employed by the contractor will be incorporated into each contract.*

- **Category 1 – Section 3 Resident**  
Residents of the housing development or developments for which the Contract shall be expended
  - **Category 2 – Section 3 Resident**  
Residents of other housing developments managed by the housing authority of the City of Providence
  - **Category 3 – Section 3 Resident**  
Participants in HUD Youthbuild program being carried out in the project boundary area
  - **Category 4 – Section 3 Resident**  
Residents of Section 8 of the Providence Housing the City of Providence who meet the income guidelines for Section 3 preference (refer to Section 3 Income Limits)
- 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.
  - 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 descriptions and wage rates (construction wages consistent with Davis Bacon),
  - Efforts that will be utilized to seek Section 3 participants.
- 
- 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 the individuals are not involved in any legal proceedings against/with the PHA.
  - 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 PHA 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 if an investigation is warranted.

## REPORTING

For the purpose of determining the effectiveness of Section 3, recipients receiving financial assistance from HUD, subject to the requirements set forth in Section 3, shall submit an annual report in the requested format, submitted with the Annual Performance Report. All reports submitted to HUD will be made available to the public.

## INTERNAL COMPLAINT PROCEDURE

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

*The Section 3 Coordinator will conduct a thorough investigation into any valid complaint.*

- Complaints of non-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 an 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 PHA. The Providence Housing Authority will review the findings for accuracy and completeness before it is released to complainants. The findings will be made available no later than thirty (30) days after the filing of complaint.

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

Assistant Secretary for Fair Housing and Equal Opportunity

US Department of Housing and Urban Development  
451 Seventh Street, SW  
Washington, DC 20410

The complaint must be received not 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.