

Cambridge Housing Authority

Section 3 Policy

(Revised 2013)

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Section 1.0 **General Provisions**

1.1 Purposes and Scope

The purpose of this document is to define the policy of the Cambridge Housing Authority toward reaching the goals laid out under Section 3 of the HUD Act of 1968, as amended. As stated in the regulation:

The purpose of Section 3 of the Housing and Urban Development Act of 1968 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 to 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.

1.2 Applicability

Section 3 applies to all funds allocated to public housing authorities, notwithstanding the amount of the funds, except contracts for the purchase of supplies or materials only. The policies herein apply to all CHA hiring practices, economic development and employment training programs, solicitation packages and contracts.

This policy does not supercede government requirements for competitive procurement and Davis Bacon wages. It also does not supercede requirements under Massachusetts laws for bidding and construction.

Section 2.0 **Definitions**

Employment opportunities generated by Section 3 covered assistance:

All employment opportunities generated by the expenditure of Section 3 covered funding of any type by HUD.

New Hires:

Full-time employees for a new permanent, temporary or seasonal position that is generated from the expenditure of Section 3 covered assistance. The CHA may provide employment opportunities to Section 3 residents by employing them directly on either a permanent or a temporary basis.

Preference for Section 3 residents in training and employment: Recipients, contractors and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities to Section 3 residents in the following order:

- I. CHA residents of development where work is to be done
- II. Residents of any CHA development

- III. Participants in HUD Youthbuild programs
- IV. Other income eligible individuals in the City of Cambridge, including CHA voucher holders
- V. Other income eligible individuals in the Greater Boston area

Section 3 covered residents:

- 1) a public housing resident
- 2) An individual who resides in the metropolitan area in which the Section 3 covered assistance is expended and who is a low or a very-low income person. Such persons are defined as families (including single person) whose incomes do not exceed 80 percent and 50 percent, respectively, of the median income for the area.
- 3) An individual who participates in Youthbuild programs.

Section 3 business concern:

A business concern that is

- 1) 51 percent or more owned by Section 3 residents; or
- 2) whose permanent full-time employees include persons, at least 30 percent of whom are currently section 3 residents, or within three years of the date of first employment with the business concern were section 3 residents; or
- 3) that provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in paragraphs (1) or (2) in this definition of “section 3 business concern.”

Section 3 covered contract:

Contracts or subcontracts (including professional service contracts) 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 assistance:

All funds allocated to public housing authorities, except contracts for the purchase of supplies or materials only (unless the contract for materials includes installation of the materials in which case Section 3 would apply). Section 3 applies to the entire project or activity funded with Section 3 assistance regardless of whether the Section 3 project is fully or partially funded with Section 3 covered assistance.

Section 3 covered project:

The construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance. Maintenance and repair undertaken in connection with housing rehabilitation is covered by Section 3.

Section 3.0 CHA Section 3 Actions

The CHA will continue to strive to meet Section 3 goals through the following means:

3.1 CHA Hiring Practices

A. Resident Preference in Hiring

The CHA shall abide by Section 4.31 of the Cambridge Housing Authority Personnel Policy, as adopted in 1979, that defines a Residency Preference in the Appointment Procedure, stating:

It is the policy of the Authority to give preference for employment to qualified residents of public housing in Cambridge. This residency preference is intended to increase opportunities for training and employment for residents of Cambridge Housing Authority properties.

B. Job Notification Mailings

The Director of Human Resources shall send job postings to all CHA housing managers, CHA resident councils, and the Alliance of Cambridge Tenants (ACT), a city-wide resident organization. Postings will specifically state that CHA residents are encouraged to apply and that qualified residents will be given preference.

C. Job Notification Postings

Site managers shall be supplied with a “Section 3 Bulletin Board” which shall be placed in an area accessible to all tenants. The board is intended to be used strictly for posting of employment and training opportunities including CHA job vacancy notices, City of Cambridge job postings, notices regarding tenant coordinators, police or fire service examinations, apprenticeship training. CHA job vacancy notices shall be placed in Development newsletters.

3.2 Contracting with Non-Profits That Employ Section 3 Residents

The CHA shall continue to contract with non-profits such as Just-A-Start (JAS), which utilizes individuals in the YouthBuild (YB) program to perform moderate scale maintenance and construction work at CHA-owned developments when such contracts are feasible.

3.3 Solicitation Packages and Contracts Procured through the Purchasing Department

A. Solicitations

Section 3 language shall be included in all standard RFP’s and other bid documents for goods and services.

B. Contracts

CHA shall include HUD form 5370 rev. (3/97) § 40 (Employment, Training and contracting Opportunities for low income persons, Section 3 of the Housing and Urban Development Act of 1968) in all Federally subsidized contracts. This HUD form incorporates the mandatory Section 3 participation contract clause.

C. Pre-Bid Conferences

Requirements of Section 3 shall be discussed at all pre-bid conferences.

D. Certified Payroll Reports

All Contractors performing work shall be required to submit Certified Payroll Reports to comply with HUD's Labor Regulations. These reports list the name, address, hours worked, and hourly wage rate of each person performing work on a particular project. This documentation also provides CHA with the ability to track compliance with Section 3 on a covered project.

E. Outreach

The Purchasing Department shall facilitate the award of Section 3 contracts to Section 3 Business concerns by undertaking activities such as described in the Appendix to 24 CFR 135.

3.4 Architect/Consultant Contracts procured through the Planning and Development Department

A. RFPs/RFQs

All Requests for Proposals/Requests for Qualifications from Architects and Consultants shall include specific Section 3 participation language.

B. Pre-proposal conferences

Section 3 participation goals and plan requirements shall be discussed at all pre-proposal conferences.

C. Section 3 Plan Submissions

All Architects and Consultants performing work on Section 3 covered projects shall be required to submit a written plan to address Section 3 goals. To the greatest extent feasible they shall 1) give preference to qualified Section 3 Residents when making any New Hires in connection with a Section 3 covered contract and 2) provide opportunities for training Section 3 Residents.

3.5 Construction Contracts procured through the Planning and Development Department

A. Goal

Contractors for Section 3 covered projects shall to the greatest extent feasible, 1) give preference to qualified Section 3 residents when making any New Hire in connection with a Section 3 Covered Contract and 2) give preference to qualified Section 3 business concerns.

B. Advertisement

CHA shall include language on Section 3 participation in all advertisements for Section 3 covered projects.

C. Bid Package

As part of the public bid package, CHA shall notify potential contractors for Section 3 covered projects of the Section 3 requirements.

D. CHA shall incorporate the Section 3 clause set forth in 24 CFR 35.38 in all solicitation and contracts.

E. Section 3 plan submission
All General Contractors for Section 3 covered projects shall submit a written plan to address Section 3 goals.

F. Pre-construction Conference
Section 3 requirements shall be reviewed in detail at all pre-construction conferences. At that time, the CHA shall make best efforts to provide contractors with any available resource information regarding agencies and organizations that can provide assistance in meeting the Section 3 requirements.

G. Equal Employment Opportunity Hiring Goals
CHA shall incorporate Section 3 participation goals into standard Equal Employment Opportunity hiring goals contract language.

The CHA requires that both General Contractors and all sub-contractors with contracts of \$50,000 or more make every effort to achieve the following minimum labor hour percentages for on-site labor as part of the General Conditions and Employment Opportunity requirements of this contract:

- Minority Employees 20 percent
- Female Employees 10 percent

A penalty will be assessed if a Contractor is not in compliance with specific terms of the contract's Equal Employment Opportunity Commission (EEOC) requirements. All penalty fees will be directed to The Work Force Scholarship Fund to help defray first-year college costs of Work Force program participants through annual merit scholarships.

1. For each week that the General Contractor fails or refuses to comply, the CHA may recover from the General Contractor 1/100 of 1 percent of the contract award price or \$1,000, whichever sum is greater.
2. For each week that a sub-contractor fails or refuses to comply, the CHA may recover from the General Contractor, 1/10 of 1 percent of the sub-contract award price or \$400, whichever sum is greater.

3. The CHA may suspend payment or any part thereof due under the contract until such time as the Contractor is able to demonstrate compliance with the EEO requirements of the contract.
4. The Contractor(s) who have had any penalties assessed against them shall have the right to appeal to the CHA's Contract Officer, and may request further appeal to the CHA's Board of Commissioners.

4.0 Other Economic Opportunities

If, despite actions taken, CHA contractors are unable to meet the Section 3 hiring goals, they shall strive to comply with stated requirements by making other economic and training opportunities available to eligible residents. Section 3 regulations encourage alternate training and employment activities including, but not limited to, the development of training programs, apprenticeships, mentoring programs, on-site job placement or counseling services, job readiness programs, and employment outreach activities.

4.1 CHA Section 3 Economic Opportunities

A. Just-A-Start YouthBuild (JAS-YB)

To promote additional Section 3 opportunities for eligible residents, the CHA and Just-A-Start YouthBuild (JAS-YB) have formalized an agreement to provide more CHA-based job and training opportunities to JAS-YB program graduates. These job and training opportunities will take three primary forms: entry-level maintenance positions, tenant coordinator positions, and department-based internships.

The following communication protocols and guidelines will be followed by the CHA and JAS-YB:

1. CHA will alert select JAS-YB staff of casual laborer and tenant coordinator positions as they arise.
2. Preference will be given to JAS-YB graduates for temporary, CHA department-based internship placements. Communication regarding internship openings and the promotion of possible candidates will be conducted on an ad hoc basis between YB's Career Department Coordinator and the CHA's Director of Human Resources.

In the event that an appropriate JAS candidate is available, CHA and JAS-YB will negotiate the details of the placement, including its duration, start and end dates, and which agency will sponsor the placement subsidy. Internships make take the following forms:

- 1) Short four to six week internship placements subsidized by JAS
- 2) 16 week internships subsidized by CHA
- 3) 16 week internships for which both CHA and JAS share financial responsibility

B. Resident Services Department

Services for Adults

Outreach (Provider: Cambridge Housing Authority)

- City-wide mailings(offered twice annually) to 5,600 CHA households to make residents aware of local social and educational services

Gateways Adult Basic Education Program (Provider: Community Learning Center)

Provides English-for-Speakers-of Other-Languages (ESOL), GED and basic literacy classes, all of them supplemented with computer instruction

- Based at Jefferson Park and 119 Windsor St. (Washington Elms/Newtowne Ct.)
- 150 adults served annually, on average, in 9 ESOL and English Literacy classes
- 40% advance by at least one level each year

Baby University – (Provider: consortium of city agencies)

16-week program of parenting classes and follow up playgroups that increase parents' knowledge base regarding child development, behavior management, and resources available to support parents. 35-40 families served annually.

Bridge-to-College Program (Provider: Community Learning Center)

Provides “brush-up” classroom math and English literacy instruction, study skills workshops, individual counseling and college application assistance to adult high school graduates and GED-holders who wish to access post-secondary education but are not academically prepared; serves 10-12 residents annually.

Computer Centers (Provider: Community Learning Center)

Three computer centers, at Jefferson Park, 119 Windsor St. (Washington Elms/Newtowne Ct.), and Roosevelt Towers provide training in basic computer operation, giving residents ready access to computers for educational purposes, professional development and personal use

- Used by Gateways Adult Basic Education Program, Work Force Youth Program, Community Learning Center basic computer classes, Headstart
- In use M – F, 9AM – 9PM and Sat, 9 AM – Noon
- Serve an average of 300+ residents/year

Career Counseling (Provider: Cambridge Employment Program)

Vocational case management and counseling (including referrals for collateral social, educational and training services), scholarships for job training, job preparation, job development, job placement and follow-up assistance after job placement to 100 Cambridge Housing Authority residents

- Annual job placements: 30

Services for Youth

The Work Force (Provider: Cambridge Housing Authority)

Youth development program providing 227 in-school 13 – 19 year olds annually with after-school life skills classes, “try-out” mentored employment, and a variety of academic supports, including: monitoring of school attendance and performance; academic advocacy; staffed, computer-equipped homework help centers; a SAT Prep and Summer College Immersion Program and Summer Literacy Camp; school-year literacy-building activities; college tours; assistance with college admissions and financial aid applications and scholarships for post-secondary education

This Way Ahead (Provider: Cambridge Housing Authority/Gap, Inc.)

Job training and retail internship program that serves 75-100 CHA youth, ages 16-21, annually. Program offers 8 weeks of paid job training and career readiness workshops followed by three-month paid summer internships at Gap and Old Navy stores in the greater Boston area. Case management follow up provided for several months after completion of internships.

RAP Clubhouse (Provider: Boys and Girls Club of Middlesex County)

Provides after-school and evening recreational and educational support programming for 90 children ages 6 – 19 during the academic year and evening activities for teens and summer camp for children ages 6 – 12 during the summer

West Cambridge Youth Center (Provider: City of Cambridge Dept of Human Services)

Provides after-school, evening and summer recreational and educational activities for 30 children ages 6-19, as well as access to summer camp and summer jobs opportunities sponsored by the Department of Human Service Programs

Headstart/Daycare (Provider: Cambridge Headstart Childcare)

Serves over 100 children in 4 Headstart classes: 1 at Jefferson Park, 1 at Roosevelt Towers and 2 at Washington Elms/Newtowne Court, three of which at each site functions as a full-day childcare facility

B. Hiring of Tenant Coordinators (TCs)

The CHA shall hire tenant coordinators to facilitate modernization and construction work in CHA-owned buildings and on CHA property, whenever feasible.

The CHA will solicit, through the tenant councils, an active list of CHA residents interested in serving in Tenant Coordinator positions. The CHA will request that the tenant councils update this list on an annual basis.

Section 4.0 Compliance Requirements

4.1 Hiring

A. Hiring

1. The Section 3 regulations provide that recipients and contractors make good faith efforts to employ Section 3 residents as 30% of the aggregate number of new hires.
2. A vendor is required to hire only when a new hire is needed to perform the work.
3. For public housing programs, compliance efforts shall be directed to provide training and employment opportunities to Section 3 residents in the order of priority set forth in the Definitions section above.
4. In situations where a new hire is needed a vendor will not be required to hire persons who are not qualified.
5. If a new hire is needed and a Section 3 resident is identified, that Section 3 resident will be required to submit evidence of Section 3 status to the recipient, contractor or subcontractor.
6. The CHA prefers that contractors hire qualified individuals from the development where work is being performed. However, the CHA will not require a vendor to hire from the development at the work site if:
 - a. A pre-identified list of Section 3 residents from a job site contains no persons qualified to perform the work. Qualified residents from other developments shall then be considered.
 - b. The vendor's workforce is adequate to do the job and no new hiring is needed.

B. Compliance

1. As part of each bid or proposal submitted, the respondent must document their workforce by position. Such information will be re-verified at the commencement of the contract.
2. Vendors will be required to submit documentation in the form of payroll forms submitted weekly that identify Section 3 hires.
3. Non-CHA households claiming Section 3 status must be prepared to submit evidence of income and residency in Cambridge at the time of hire. As part of the Section 3 compliance process, vendors will be required to document that employees hired meet the residency and income requirements.

4.2 Contracting

A. Background

1. The Section 3 Regulations, at 24 CFR Part 135, provide that the CHA and its contractors may demonstrate compliance by awarding contracts to Section 3 business concerns or to vendors who contract with such firms.
2. Recipients that award contracts to contractors that will provide training or make New Hires, should strive to ensure that contractors provide training, employment and contracting opportunities to qualified Section 3 Residents and Section 3 Business concerns.

B. Compliance

1. Business Concerns claiming Section 3 status based on ownership and workforce or workforce only (as applicable) must meet that status at the time the bid or proposal is submitted to CHA.
2. Anyone claiming to be a Section 3 resident or business concern shall be required to provide evidence of such status.
3. Pursuant to 24 CFR 135.36 (c) any firm, prime or subcontractor claiming Section 3 status must demonstrate to CHA's satisfaction that the business concern is responsible and has the ability to complete the work under the terms and conditions of the proposed contract. In evaluating firms under this provision CHA will examine:
 - a) the work history and prior performance of the firm;
 - b) the requirements of the job versus the skills evidenced by the firm through its owners, officers, principals, and key staff;
 - c) technical and logistical capacity to complete the work considering contracts already awarded to the firm by CHA or others;
 - d) bonding capacity and ability to obtain required insurance (with allowances for disadvantaged or start-up firms);
 - e) evidence of past sanctions imposed by the CHA or others; and
 - f) evidence that the firm, its principals, associates, partners, subcontractors or others have acted or colluded in order to circumvent the compliance process by structuring contractual or other relationships or engaging in practices designed to comply with Section 3 only to obtain the preference without regard to the work or requirements of the job.

4. If a business concern claims Section 3 status by virtue of workforce composition, documentation of the 30% workforce requirement must be submitted to the CHA as part of the response to the bid, quote, or proposal. Further, the firm must maintain the Section 3 workforce percentage throughout the life of the contract. Workforce composition is subject to audit.
5. A business concern seeking to qualify for a Section 3 status shall certify and submit evidence that they are entitled to the applicable Section 3 status and that they are a Section 3 business concern as defined in 24 CFR, Part 135 and by the CHA pursuant to this policy.

4.3. Other

A. Contract Values

For contracts or purchase orders valued at \$100,000 or more, other economic opportunities may be used where a vendor cannot comply with the hiring or subcontracting numerical goals.

For contracts valued under \$100,000, other economic opportunities may be used at any time. For such contracts, firms may still comply by hiring or subcontracting but are not required to propose these options or provide the reasons why they cannot hire the contract to meet the Section 3 requirements.

Section 5.0 Record Maintenance

1. CHA shall document actions taken to comply with the requirements of Section 3, the results of the actions taken and impediments, if any.
2. Contractors shall document actions taken to comply with the requirements of Section 3, the results of the actions taken and impediments if any.

Section 6.0 Modification to Section 3 Policy

The CHA's Board of Commissioners must approve modifications to any of the policies set forth in this Policy subsequent to its adoption by same except that the Executive Director is authorized to correct inconsistencies, make such non-material changes, additions, corrections or amendments as s/he may deem necessary or advisable, or make such other changes as may be required as a result of changes in federal or state statute, regulations or requirements, without the further approval of the Board of Commissioners.