



MPHA'S SECTION 3 CONTRACTING & EMPLOYMENT GOALS

A. PUBLIC HOUSING AUTHORITY SECTION 3 REQUIREMENTS

Section 3 requirements for a public housing authority are different from the Section 3 requirements for a city. Below is a brief summary of the Section 3 requirements for MPHA.

B. SECTION 3 OVERVIEW

1. Section 3 Purpose. Section 3 is part of the Housing and Urban Development Act of 1968. Its purpose is to provide economic development opportunities for and employment to low income persons when federal dollars are expended in construction and non-construction or service contracts. Contracts solely for goods or materials are not covered by Section 3. A contractor who is awarded a Section 3 contract must to the “greatest extent feasible” comply with the contracting and employment goals. See 24 C.F.R. § 135.

2. Greatest Extent Feasible. Every Section 3 contractor, which includes the general contractor and all subcontractors, has a duty to the “greatest extent feasible” to meet the contracting and employment goals. The contractor must take every reasonable affirmative action to meet the goals. The duty may be more than soliciting bids or advertising contracting and employment opportunities. If appropriate, a contractor may give preferential treatment to a Section 3 business or resident and may be obligated to train Section 3 residents. Every contractor must show that it took every affirmative action to comply with the goals.

3. Metropolitan Area. The goals require contracting with Section 3 businesses and hiring Section 3 residents in the Metropolitan Area as defined by the Office of Management and Budget (OMB). MPHA's Metropolitan Area includes eleven counties in MN: Anoka; Carver; Chisago; Dakota; Hennepin; Isanti; Ramsey; Scott; Sherburne; Washington; and Wright; and two counties in WI: Pierce; and St. Croix.

4. Section 3 Clause. The Section 3 clause is a document prepared by HUD which must be included in all contracts and subcontracts and be given to all subcontractors on a Section 3 project whether or not they are a Section 3 business.

5. Weekly Reporting. All contractors and the general contractor must complete the attached Section 3 Contractor Compliance Reporting Form each week. This form is submitted through LCP Tracker.

6. Web Access for Section 3 Regulations. A website for Section 3 federal regulations is at: www.access.gpo.gov/nara/cfr/index.html. At the website, type “24CFR135”.

C. SECTION 3 RESIDENT DEFINITIONS AND PRIORITIES

The definitions and priorities for Section 3 residents are defined in 24 C.F.R. § 135.5 & § 135.34 (a)(1)(i)–(iv). Training and employment opportunities must be awarded in the following priority.

Priority 1: An MPHA resident living in the Asset Management Projects (AMP) where the work will be performed. MPHA has nine AMPs and will identify the AMP where the work is performed.

Priority 2: An MPHA resident who does not live in the AMP where the work will be performed. MPHA has nine AMPs and will identify the AMP where the work is performed.

Priority 3: A participant in a Youthbuild Program which is a federal or state program that provides job training to 16 to 24 year olds who are at risk of dropping out of school in MPHA’s Metropolitan Area. The Youthbuild providers in the Metropolitan Area include: Carver Scott Educational Cooperative (Chaska); Central MN Jobs (Monticello); City Academy (St. Paul); Guadalupe Alternative Programs (St. Paul); and Tree Trust (Minneapolis).

Priority 4: A resident of the Metropolitan Area who is a low-income person as defined by HUD. A low-income person is a family whose household gross income does not exceed 80% of the median income. The chart below shows the household income eligibility by family size.

<u>Family Size</u>	<u>Income</u>	<u>Family Size</u>	<u>Income</u>
1	\$46,100	5	\$71,100
2	\$52,650	6	\$76,350
3	\$59,250	7	\$81,600
4	\$65,800	8	\$86,900

D. CONTRACTING WITH SECTION 3 BUSINESSES

1. Section 3 Contracting Goals. Federal law states that “to the greatest extent feasible” at least 10% of the total dollar amount of all construction contracts and at least 3% of the total amount of all professional service or non-construction contracts should be awarded to Section 3 businesses. A contractor may meet the goal by becoming a certified Section 3 business. Construction contracts include: repair; maintenance; modernization; and development and does not include contracts **solely** for goods or materials. If a contract is for goods and work, the entire contract amount is subject to the Section 3 goals.

2. The Definitions and Priorities for a Section 3 Business are defined in 24 C.F.R. § 135.36 (a)(1)(i)-(iv). Contracts must be awarded in the following priority.

Priority 1 is a business that is 51% or more owned by MPHA resident(s) who reside in the AMP where the work is performed or whose full time permanent work force, which may be seasonal, includes 30% of the MPHA residents in the AMP.

Priority 2 is a business: a) that is 51% or more owned by MPHA residents who do not live in the AMP; b) whose full time permanent workforce, which may be seasonal, includes 30% of the MPHA residents who do not live in the AMP.

Priority 3 is a Youthbuild program within the Metropolitan Area. Please see above Section 3, Priority 3.

Priority 4 is a business: a) that is owned by Section 3 resident(s) living in the Metropolitan Area; b) whose full time permanent workforce, which may be seasonal, includes 30% of Section 3 residents living in the Metropolitan Area; c) that subcontracts 25% of the contract award to Section 3 businesses in the Metropolitan Area.

3. Priority 4c Section 3 Business. A Section 3 business under Category 4c above who does not contract 25% of its contract award with a Category 4a or 4b Section 3 business will lose its Section 3 status and must comply with the 10% contracting goals for construction contracts and 3% contracting goal for professional service or non-construction contracts.

4. Section 3 Business Certification. A business may qualify as a Section 3 business in two ways.

a. The business may submit to MPHA a Section 3 Certification from any government entity in the Metropolitan Area.

b. The business may seek certification from MPHA. The business must submit to MPHA documentation of its Section 3 business status and completed certification forms.

5. Bid Submission Documentation. All entities or persons submitting bids or proposals must demonstrate their Section 3 efforts by submitting letters of intent that they will subcontract at least 10% (construction) and 3% (professional service or non-construction) of the total contract award to Section 3 businesses or contracts with Section 3 businesses contingent upon an award of the MPHA work.

6. Responsible Business. Prior to the award of a contract, the MPHA may request that a Section 3 business provide adequate documentation of ability to perform successfully under the specifications, terms and conditions of the contract.

7. Section 3 Business List. Attached is a list of certified Section 3 businesses that you may select in meeting the 10% contracting goal for construction contracts and the 3% contracting goal for professional service or non-construction contracts.

E. EMPLOYMENT OF SECTION 3 RESIDENTS

1. Employment Goals. “To the greatest extent feasible” at least 30% of the contractor’s new hires at all levels shall be Section 3 residents. See 24 C.F.R. § 135.30(b). A contractor may count a newly hired permanent, temporary or seasonal employee as a Section 3 resident for the first three years of employment.

2. Section 3 Resident Certification. A person claiming Section 3 status must complete and provide to MPHA the resident certification form. MPHA will certify all persons claiming Section 3 resident status.

F. FAILURE TO COMPLY

1. Greatest Extent Feasible Form. If you are unable to meet the contracting and employment goals, you must submit to MPHA a completed form demonstrating the affirmative action taken to comply with the “greatest extent feasible” requirement.

2. False Information. Any person who submits false or inaccurate information to MPHA regarding Section 3 certifications or compliance with goals may lose an awarded contract or be declared non-responsive for future contracting opportunities with MPHA. Also, MPHA may report misconduct to HUD for further sanctions.

G. QUESTIONS AND FORMS To obtain any Section 3 form or for questions, please contact Ben Jackson, MPHA’s Buyer/Section 3 Coordinator, phone at 612-342-1424; or e-mail at bjackson@mplspha.org. Also, some forms and information may be on MPHA’s website at: www.mphaonline.org

EQUAL HOUSING OPPORTUNITY / EQUAL EMPLOYMENT OPPORTUNITY

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