

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

SECTION 3 POLICIES AND PROCEDURES

EXECUTIVE SUMMARY

The Roanoke Redevelopment and Housing Authority is committed to helping the residents of its communities achieve their goals of self-sufficiency by providing opportunities for training, employment and business opportunities. RRHA provides employment opportunities on construction projects by encouraging its contractors to hire qualified residents of RRHA communities, connecting residents to job training and placement activities, and providing program coordination that facilitates economic opportunities to residents, as well as, providing assistance in the development of Resident Owned Business enterprises. The Housing Authority provides non-construction job related trainings and placement with local companies through the Self-Sufficiency Department. RRHA also provides employment opportunities by hiring qualified residents for available positions within the Housing Authority.

Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1994, requires that, to the greatest extent feasible, employment and other economic opportunities generated by HUD funds be directed toward low and very low income residents. 24 CFR Part 135 establishes the standards and procedures to be followed by Public Housing Authorities in order to ensure that the requirements of Section 3 are met.

In order to comply with the provisions of 24 CFR Section 135, RRHA will take five concurrent courses of action. These actions are as follows:

1. RRHA will implement efforts to have a skills inventory pool of Section 3 residents trained to fill the positions offered by the RRHA, its contractors, or subcontractors.
2. RRHA will establish a goal that all contractors and subcontractors hire qualifying Section 3 residents for at least 30% of the new positions created as a result of contracts with RRHA.
3. RRHA will establish a goal that at least 10% of the total dollar amount of contracts for construction, demolition, repair and rehabilitation be awarded to qualifying Section 3 business concerns or Resident Owned Business firm.
4. RRHA will establish a goal that at least 3% of the total dollar amount of all other Section 3 contracts be awarded to qualifying Section 3 business concerns or Resident Owned Business firm.

5. RRHA will formalize recruiting and hiring policies and practices that allow the hiring of qualified residents in its communities.

POLICY STATEMENT

The purpose of the Section 3 of the Housing and Urban Development Act of 1968, as amended by Section 915 of the Housing and Community Development Act of 1994 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. The 1994 Act set forth:

- The types of HUD financial assistance, activities and recipients subject to the requirements of Section 3;
- The specific individuals and business concerns who are the intended beneficiaries of the economic opportunities generated from HUD assisted activities; and
- The order of priority in which the individuals and business concerns should be recruited and solicited for the employment and other economic opportunities generated from HUD assisted activities.

MISSION STATEMENT

It is the mission of the Roanoke Redevelopment and Housing Authority (RRHA) to ensure a substantial percentage of employment and business opportunities will be available to Section 3 residents, Section 3 business firms, and Resident Owned Businesses creating employment training, and contracting opportunities for low and very low income persons, in order become self sufficient and build viable businesses.

GOALS

The Roanoke Redevelopment and Housing Authority will achieve Section 3 goals through the following means:

HIRING

- At least 30% of the aggregate number of full-time new hires that are hired by contractors must be Section 3 residents with a preference for residents at the development where the work is being performed.

CONTRACTS

- Contractors shall sub-contract at least 10% of the total dollar amount of all Section 3 covered contracts for building trades work for all Capital Improvement Projects and HOPE VI developments to a Section 3 business or Resident Owned Business.

- At least 3% of the total dollar amount of all other Section 3 covered contracts.
*Note that Supply and Delivery contracts are exempt from these Section 3 Policy requirements.
- RRHA's preference is to contract with a Section 3 business, Resident Owned Business or contract with vendors that subcontract to a Section 3 business.

To implement this goal, the RRHA has established the following policies and procedures.

POLICIES

I. Definitions:

1) Section 3

A Section 3 resident and business is defined by the following:

a) Resident:

1.) One who resides in RRHA public housing or 2.) A person residing in the Greater Roanoke Area and meets the following criteria:

- Low-income persons – families or single person whose income does not exceed 80 % of the area median income for the area.
- Very low-income persons – families or single person whose income does not exceed 50 % of the area median income for the area.

b) Section 3 Business:

A business that meets one of the following criteria:

- That is 51% or more owned by Section 3 resident(s).
- At least 30% of the firm's permanent full time employees are Section 3 residents, or were Section 3 residents within 3 years of the date of first employment with the business; or
- Provides evidence of a commitment to: (1) subcontract 20 % or more of the total amount of the contract (including modifications); and (2) in turn subcontracts in excess of 25 % of the amount from (1) to Section 3 business defined in A or B (25% or 20%). Ex. If the contract amount is 1,000,000, vendor must subcontract at least 20% or \$200,000. Of the \$200,000, 25% or \$50,000 must go to Section 3 business firm(s) as defined in A or B.

2) Resident Owned Business (ROB):

A ROB is a business concern owned or controlled by public housing residents that is:

- At least 51% owned by one or more public housing residents;

- Whose management and daily business operations are controlled by one or more such individuals.

3) Covered Activities

The type of work and activities covered under these policies and procedures includes any contract, or subcontract awards, for building trades work, such as or associated with demolition, rehabilitation, and new construction arising from Capital Improvement or HOPE VI projects procured through the use of sealed bids, Request for Proposals or other similar methods.

4) New Hires

For the purpose of determining Section 3 compliance, a “new hire” is a newly employed person occupying a permanent, temporary, or seasonal full-time position.

II. Provisions for Employment and Training Opportunities

1) Employment

To show preference to Section 3 residents, in the provision of employment opportunities in connection with Capital Improvement projects and HOPE VI projects, all developers, general contractors, and sub-contractors shall ensure that 30% of new hires will be Section 3 residents. These residents shall be selected according to the priority preferences:

- a) Current residents of the RRHA community where work is being done or services provided.
- b) Other residents of the adjacent RRHA community.
- c) Other residents of RRHA communities (city wide)
- d) Low-income persons living within the Roanoke City limits.

It is the intent to ensure that preference in employment is shown to Section 3 residents and opportunities for skilled and low/no skilled persons. An on the job training program is highly recommend for low and no skilled persons.

III. Provisions for Business Opportunities

1) Construction Work

To show preference to Section 3 and Resident Owned Business firms, in the provision of business opportunities in building trade regarding demolition, rehabilitation, and new construction projects. All developers, general contractors and sub contractors associated with construction projects shall award at least 10% of the total estimated dollar amount of all contracts to Section 3 business firms or Resident Owned Businesses.

IV. Proof of Eligibility

1) Section 3 Residents

For the purpose of implementing these policies, any Section 3 resident claiming preference for employment or job training must present evidence of their eligibility for preference. The following information will be considered adequate for confirming eligibility:

- For public housing residents, proof of residency
- For other low-income residents, some proof of current residency within the City of Roanoke and some proof of income.

2) Section 3 Firms

Any firm desiring to qualify for Section 3 preference regarding business opportunities, arising from RRHA projects and operations, must provide evidence that it qualifies as a legally registered business to the RRHA Procurement Department. This information may be obtained from the RRHA Procurement Department and must be provided with a firm's bid.

V. Compliance

1) Section 3 Plan

As part of the bid or proposal submitted, the vendor must include a Section 3 plan outlining the plan of the company for incorporating Section 3 as part of the contract. Prior to the award of a contract, the vendor shall negotiate with the RRHA the number of Section 3 residents to be trained or employed through the contract. This number shall be subject to approval and be a minimum of 30% of new hires.

2) General Responsibilities

The RRHA will notify all potential developers, general and sub-contractors associated with a RRHA project will be notified of these policies and procedures by ensuring that a copy of, or information from this document is attached to or included in any RFP, bid packages, and contracts associated with any projects. The HUD Section 3 clause shall be included in all contracts.

Any developer, general contractor, and sub-contractor may demonstrate Section 3 compliance by the following activities:

- Provide a notarized statement committing to employ Section 3 residents as 30% of the aggregate number of new hires for the duration of the contract,
- Provide a notarized statement committing to award to a Section 3 business or Resident Owned Business firm.
- Donate 1.5% of the awarded contract amount to the RRHA resident training and employment program.

As part of the bid or proposal submitted, the vendor must submit a comprehensive list of all of the firm's employees at the time the bid was submitted and those of each of the subcontractors which they anticipate using. The list will include the name, address, race or ethnicity, gender, trade or position. This will be the core employee list and will be used to determine new hires. Vendors will also be required to submit documentation in the form of certified payroll forms submitted weekly that clearly identifies Section 3 hires. Failure to comply with the weekly submittals of the payroll shall result in the delay of payment. The contractor must comply with the Section 3 requirements for the life of the contract. If a contractor does not employ a Section 3 resident for the duration of the project, vendors must contribute funds to the RRHA resident training and employment program.

- a) The amount of money which the Section 3 resident would have received if employed for the duration of the contract, or
- b) 5% of the actual contract amount if a construction contract; 1.5% for other contracts.

All developers associated with RRHA projects shall have the responsibility to notify general contractors about the RRHA Section 3 policies and procedures and ensure that those firms implement the policies and procedures.

Prior to the award of the contract, the vendor shall negotiate with RRHA for the number of RRHA residents or other Section 3 residents to be employed through the contract. All developers, general contractors and sub-contractors are required to comply with the Section 3 policy

Contractors that are unable to comply with the Section 3 requirements have the option to seek permission not to comply by submitting in writing, a letter stating reasons they are not able to comply with Section 3 requirements. The contractor may donate a percentage of funds from the awarded contract amount to the RRHA resident training and employment program. The contract shall await the decision made by the RRHA regarding its request.

In the event that a contractor may terminate a Section 3 hire, they must replace the person with another Section 3 hire. The contractor will work with the RRHA to identify another candidate for the position.

Contractors that comply with Section 3 requirements will be presented a certificate of compliance. This certificate will be required as part of the application package for any future bids.

3) Good Faith Efforts

If any developer, general contractor or any sub-contractor fails to reach the percentage goals established in this document, they may still be considered in compliance with these

policies and procedures. To do so, they must document they have made a good faith effort to achieve, to the fullest extent possible, the established percentage goals by following the procedures in this document.

4) Monitoring Compliance

i) Reports

The contractor and or developer shall submit quarterly reports of the Section 3 performance on each project. This report will document the quarterly efforts and success of all sub-contractors working under the general contractor, in implementing these policies and procedures and in reaching the percentage goals for employment and business opportunities established in these policies.

ii) Certified Payroll

The developer and or contractor shall submit weekly-certified payroll reports to the RRHA. Payrolls shall be submitted weekly and clearly identify Section 3 Hires.

iii) Site Visits

An assigned RRHA staff member will conduct periodic site visits to the work site. The RRHA staff person shall visibly notice each Section 3 hire on the site. The general contractor will sign a monitoring form verifying that a Section 3 worker is on site. If the worker is not on site, the RRHA staff person must contact the Section 3 hire.

VI. Non-Compliance

Non-compliance with any of these policies and procedures by any developer, general contractor or sub-contractor associated with any RRHA project may result in delay of payment until contractor complies with the Section 3 policies and may also result in the contractor being prohibited from bidding on future RRHA projects.

PROCEDURES

I. Recruitment and Outreach for Participants

1) Pre-Orientation and Orientations

The Roanoke Redevelopment and Housing Authority will conduct outreach and referrals to housing authority residents and will be responsible for recruiting residents interested in working or developing a Resident Owned Business. Prior to the beginning of a job, the Resident Relations Coordinator will conduct orientation sessions in the community in which the work is being performed. At the orientation residents will be notified of the upcoming job and made aware of the contractor's obligation to the RRHA to follow and comply with the Section 3 regulation of hiring Section 3 residents.

The orientation session will consist of:

- i) Residents filling out forms identifying they are eligible persons residing in public housing, or low income resident from another area. Each person will be listed in Skills Inventory Pool database, which will enable RRHA to create a viable link between residents and contractors on RRHA projects.
- ii) Residents will be encouraged to join the Family Self-Sufficiency Program- FSS. The FSS program gives residents an opportunity to increase their economic independence by working with a case manager's to pursue short and long term goals.
- iii) Residents will be asked to submit to a drug test. Residents that do not comply with the test or test positive will not be considered for any positions and will not be listed in the database.
- iv) Residents will be made aware of other training opportunities through the Self- Sufficiency Department.
- v) Residents will be made aware of other job opportunities through the Self -Sufficiency Department.

2) Resident Council Recommendation

The Resident council organization, where the work is being performed may recommend residents for candidacy. However, each person recommended by the resident council must complete the orientation process.

3) Resident Owned Business Workshops

Residents interesting in developing their own business will be referred to training sessions sponsored by RRHA partners. Workshops are normally held at least two times per year for residents to learn how to draft business plans, incorporate and register their business, financing, book keeping skills, management of the business and management of employees. The RRHA will also link interested persons with the local SBA (Small Business Administration) SCORE office (Service Corp of Retired Executives), to assist them in the creation of their business as well. RRHA will provide scholarships for any expenditure associated with attending trainings.

II. Notifications

1) Pre-Bid Meetings

RRHA will initiate a Section 3 presentation at pre-bid meetings to educate contractors on the Section 3 regulations, the advantages to them of effective Section 3 activities, the assistance available from the Resident Relations Coordinator in achieving Section 3 goals, and outlining RRHA's Section 3 program.

2) Awarding

At the time of the awarding, developers and contractors will be reminded that Section 3 is an important element of RRHA's contracting activity and their commitment to comply with the Section 3 policy. The vendor will be instructed to contact the Resident Relations Coordinator with their number of hires, job descriptions and project start date and ending.

3) Pre-Construction Meetings

RRHA's Resident Relations Coordinator will participate in pre-construction meetings to establish relationship with contractor representatives and to identify anticipated opportunities.

III. Selection

After the negotiation for Section 3 hires has concluded, the contractor shall submit job descriptions for each position to the Resident Relations Coordinator. The Resident Relations Coordinator will query the Skills Inventory Pool database to match quality applicants to available positions, and will forward the best matches to the contractor. Matches of qualified applicants will be prioritized based upon residence in the development where the work is being performed, followed by other eligible Section 3 applicants.

Public housing and Section 8 applicants will be encouraged to enroll in the RRHA's Family Self-Sufficiency program so that they may receive employment retention support and other services.

Contractors will conduct final interviews and make final hiring decisions.

In the event the contractor encounters a problem with a Section 3 employee, they should document the employee's problem (i.e. resident resigns, walks off job, termination, job performance, attendance, tardiness, drug or alcohol use, etc.) and provide the documentation immediately to the Resident Relations Coordinator. This information should also be documented on the Employee Progress Form. **If a Section 3 hire is terminated, s/he must be replaced with other Section 3 resident.**

IV. Grievance Procedure

1) Form and Content of Complaints

Any person or business, which believes that a violation of Section 3 policies, procedures or regulations has occurred concerning any RRHA project, may file a written complaint. Complaints must contain the following information:

- a) Name and address of the person or business filing the complaint.
- b) Name and address of the subject of the complaint, this can be a contractor or RRHA itself.
- c) Description of the acts or omissions that constitute the alleged violation.
- d) Statement of corrective action desired.

2) Timing of Complaints

To ensure fair and accurate investigations, complaints regarding the violation of Section 3 policies, procedures or regulations in connection with any RRHA project should be filed within 20 business days after the alleged violation.

3) Submission of Complaints

a) Local Level

Individuals or organizations, which have concerns or complaints regarding Section 3 policies and procedures and encourage to first pursue these at the local level. Complaints should first be submitted in writing to the RRHA Ombudsman who will forward the complaint to the RRHA Contracting Officer, who will issue a response to the complaint. If the party submitting the complaint is not satisfied with the response of the RRHA Contracting Officer, the complaint should be submitted in writing to the RRHA Executive Director. The appropriate mailing address for submission of complaints is as follows:

Roanoke Redevelopment and Housing Authority
Attn: Mr. Ellis Henry- Executive Director
2624 Salem Turnpike
Roanoke, VA 24017

b) Federal Level

If individuals or organizations do not believe they have obtained satisfaction at the local level, complaints may be submitted to HUD office. The appropriate mailing address for submission of complaints is as follows:

Fair Housing Division
HUD Field Office
600 East Broad Street, Third Floor
Richmond, VA 23219

Or

The Assistant Secretary for Fair Housing and Equal Opportunity
U.S. Department of Housing and Urban Development
451 Seventh St. SW
Room 5100
Washington, DC 20410 -2000

Appendix A

Section 3 Clause

All Section 3 covered contracts shall include the following clause, referred to as the Section 3 Clause.

A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12U.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 fullest extent feasible, be directed to low and very low-income persons, particularly those 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 part 135 regulations.

C. The contractor agrees to send 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 to the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations 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 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 in 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.

G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work performed under this contract. Section 7(b) requires that the fullest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7 (b) agree to comply wit section 3 maximum extent feasible, but not in derogation of compliance with section 7(b).