



SECTION 3 PLAN
FOR
SUFFOLK REDEVELOPMENT & HOUSING AUTHORITY

Enhancing and Streamlining the Implementation of Section 3
Requirements for Creating Economic Opportunities for Low- and Very
Low-Income Persons and Eligible Businesses

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Section 3 Plan and Regulatory Compliance

24 CFR Part 75

Enhancing and Streamlining the Implementation of Section 3
Requirements for Creating Economic Opportunities for Low- and
Very Low-Income Persons and Eligible Businesses

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WHAT IS SECTION 3?

Section 3 Policy

Congress established Section 3 of the Housing and Urban Development Act of 1968, as amended, to guarantee employment and other economic opportunities created by Federal financial assistance are directed toward low- and very-low income persons, particularly those who are recipients of federal housing assistance.

Purpose

Section 3 is a public policy that requires recipients of certain HUD financial assistance, to the greatest extent possible, provide job training, employment, contracting and other economic opportunities to low- and very low-income persons, especially recipients of government assistance for housing, and to businesses that provide economic opportunities to low- and very low-income persons. It fosters local economic development, neighborhood economic improvement, and individual self-sufficiency.

Applicability

Section 3 applies to public housing financial assistance and Section 3 projects. Section 3 applies to all Public Housing Capital, operating, or development funds.

(1) Public housing financial assistance means:

- (i) Development assistance provided pursuant to section 5 of the United States Housing Act of 1937 (the 1937 Act);
- (ii) Operations and management assistance provided pursuant to section 9(e) of the 1937 Act;
- (iii) Development, modernization, and management assistance provided pursuant to section 9(d) of the 1937 Act; and
- (iv) The entirety of a mixed-finance development project as described in [24 CFR 905.604](#), regardless of whether the project is fully or partially assisted with public housing financial assistance as defined in paragraphs (a)(1)(i) through (iii) of this section.

(2) Section 3 Projects

Section 3 projects means housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000. The threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs.

The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing. NOTE: Funding thresholds are minimum dollar amounts that trigger Section 3 requirements. **There are no thresholds for public housing programs.** The requirements of Section 3 apply to all programs receiving public housing financial assistance regardless of the amount of assistance received from HUD. Section 3 also applies to the entirety of a mixed-finance development project as described in 24 CFR 905.604, regardless of whether the project is fully or partially assisted with public housing financial assistance.

Legislative Oversight and Policies

Federal Public Policy:

Section 3 of the Housing and Urban Development Act of 1968, as amended
Presidential Executive Orders 11625, 12138 and 12432 (Minorities and Women Businesses)

Virginia Mandate:

Executive Orders 35 (Advancing Equity for Small, Women, Minority, and Service Disabled Veteran-Owned Businesses)

SRHA Section 3 Plan

SRHA has developed and implemented strategies that promote economic awareness and inclusion for Section 3 Workers and certified contractors, as well as SWAM certified minority and woman-owned businesses. The overall objective is to:

- Facilitate favorable employment and training conditions that empower and inspire Section 3 Workers and the contractors committed to hiring them.
- Promote capacity building and economic inclusion for Section 3 certified, minority and woman-owned businesses.

General Policy Statement

SRHA provides equal employment opportunity to all employees and applicants for employment without regard to race, color, religion, sex, national origin, disability, veteran status, marital status, economic status, or any other protected class. Affirmative action is taken to ensure job applicants and existing employees are given fair and equal treatment.

SRHA gives hiring preference to qualified Section 3 Workers and seeks to award contracts to developers, contractors, vendors, and suppliers who also commit to Section 3 compliance. This practice is enacted agency-wide as applicable for all new economic opportunities. This Plan was created to demonstrate a favorable level of success with recruiting qualified Section 3 Workers for job placement and contract opportunities for Section 3 certified businesses. This commitment is also extended to minorities and woman-owned businesses.

SRHA implements the Section 3 Plan through the award of contracts to contractors and businesses that offer employment, training and contract opportunities to Section 3 Workers and certified businesses, to the greatest feasible. The anticipated outcomes should yield a reasonable level of success with opportunities on SRHA projects.

Commitment Statement

The Human Resources Department, resident organizations, hiring managers and contract managers are committed to Section 3 compliance.

The SRHA Staff collaborate to promote sustained employment through job readiness and other capacity building services that prepare Section 3 Workers for “real work” opportunities. The level of Section 3 success is directly aligned with the ability to identify skilled and unskilled Section 3 Workers and certified businesses. The Client Services team and community Case Managers identify work ready Section 3 Workers. The local Section 3 certified contractors’ database, referrals, tracking and reporting are maintained by the Office of Economic Opportunities.

Procurement Policy

This Section 3 policy is supported by the SRHA Procurement Policy, which includes language and documents consistent with the requirements of the Section 3 federal regulation (24 CFR Part 75). Contractors seeking Section 3 preference must be certified. Such certifications shall be adequately supported with the appropriate documentation, as required.

The Procurement Policy also contains goals to encourage inclusion of minority and woman-owned business (MWBE), participation in procurement. These businesses must be SWaM (Small, Woman-owned and Minority-owned business), certified.

HUD Income Limits

The Department of Housing and Urban Development (HUD) sets income limits that determine eligibility for assisted housing programs including the Public Housing, Section 8 project-based, Section 8 Housing Choice Voucher, Section 202 housing for the elderly, and Section 811 housing for persons with disabilities programs. HUD develops income limits based on Median Family Income estimates and Fair Market Rent area definitions for each metropolitan area, parts of some metropolitan areas, and each non-metropolitan county.

- (1) Low income is defined as 80% or below the median income of that area.
- (2) Very low income is defined as 50% or below the median income of that area.

What the Section 3 reporting goals?

Your Section 3 reporting goals depend on the type of assistance you are receiving, whether public housing financial assistance or housing and community development financial assistance.

For public housing financial assistance, the benchmark for Section 3 workers is set at *25 percent* or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA’s or other

recipient's fiscal year. The benchmark for Targeted Section 3 workers is set at *5 percent* or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA's or other recipient's fiscal year. This means that the *5 percent* is included as part of the *25 percent* threshold.

What steps will be taken if we cannot meet all benchmark goals for employment or contracting?

If reporting indicates that we have not met the Section 3 benchmarks, we must report in a method prescribed by HUD program offices on the qualitative nature of its activities and those its contractors and subcontractors pursued per 24 CFR § 75.15(b) and § 75.25(b).

Such qualitative efforts may, for example, include but are not limited to the following:

- Engaged in outreach efforts to generate job applicants who are Targeted Section 3 workers.
- Provided training or apprenticeship opportunities.
- Provided technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching).
- Provided or connected Section 3 workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.
- Held one or more job fairs.
- Provided or referred Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, childcare).
- Provided assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.
- Assisted Section 3 workers to obtain financial literacy training and/or coaching.
- Engaged in outreach efforts to identify and secure bids from Section 3 business concerns.
- Provided technical assistance to help Section 3 business concerns understand and bid on contracts.
- Divided contracts into smaller jobs to facilitate participation by Section 3 business concerns.
- Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.
- Promoted use of business registries designed to create opportunities for disadvantaged and small businesses.
- Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act

Section 3 Workers Are:

- (1) Any worker who currently fits or when hired within the past five years fit at least one of the following categories:
 - (i) The worker's income for the previous or annualized calendar year is below the income limit established by HUD.
 - (ii) The worker is employed by a Section 3 business concern.
 - (iii) The worker is a YouthBuild participant.

- (2) The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction.
- (3) Nothing in this part shall be construed to require the employment of someone who meets this definition of a Section 3 worker. Section 3 Workers are not exempt from meeting the qualifications of the position to be filled.

Targeted Section 3 Workers Are?

Section 3 workers who are:

- (1) Employed by a Section 3 business concern; or
- (2) Currently fits or when hired fit at least one of the following categories, as documented within the past five years:
 - (i) A resident of public housing or Section 8-assisted housing;
 - (ii) A resident of other public housing projects or Section 8-assisted housing managed by the PHA that is providing the assistance; or
 - (iii) A YouthBuild participant.

For HUD assistance programs, the priorities are:

- (1) Section 3 Workers within the service area or the neighborhood of the project, and
- (2) YouthBuild participants.

For a worker to qualify as a *Section 3 worker*, one of the following must be maintained:

- (1) A worker's self-certification that their income is below the income limit from the prior calendar year;
- (2) A worker's self-certification of participation in a means-tested program such as public housing or Section 8-assisted housing;
- (3) Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;
- (4) An employer's certification that the worker's income from that employer is below the income limit when based on an employer's calculation of what the worker's wage rate would translate to if annualized on a full-time basis; or
- (5) An employer's certification that the worker is employed by a Section 3 business concern.

For a worker to qualify as a *Targeted Section 3 worker*, one of the following must be maintained:

- (1) A worker's self-certification of participation in public housing or Section 8-assisted housing programs;
- (2) Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;
- (3) An employer's certification that the worker is employed by a Section 3 business concern; or
- (4) A worker's certification that the worker is a YouthBuild participant.

What is a “Service Area” or “Neighborhood of the project”?

“Service area” or the “neighborhood of the project” means an area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.

What is a Section 3 business concern?

- (1) A business concern meeting at least one of the following criteria, documented within the last six-month period:
 - (i) It is at least 51 percent owned and controlled by low- or very low-income persons;
 - (ii) Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 Workers; or
 - (iii) It is a business at least 51 percent owned and controlled by current public housing Section 3 Workers or Section 3 Workers who currently live in Section 8-assisted housing.
- (2) The status of a Section 3 business concern shall not be negatively affected by a prior arrest or conviction of its owner(s) or employees.
- (3) Nothing in this part shall be construed to require the contracting or subcontracting of a Section 3 business concern. Section 3 business concerns are not exempt from meeting the specifications of the contract.

Employment and Training (Workforce Development)

The Section 3 Coordinator will partner with workforce development to promote sustained employment through job readiness and other capacity building services that prepare Section 3 Workers for “real work” opportunities and experiences. The level of Section 3 success is directly aligned with the capacity to identify skilled and unskilled job ready Section 3 Workers.

The mission for our Workforce Development Program is to reduce unemployment and underemployment in Suffolk’s public housing communities by empowering Section 3 Workers and providing the support necessary to pursue education and training leading to gainful employment and advancement in their career pathways. The first objective is to prepare Section 3 Workers for employment opportunities. Building strategic partnerships with our Section 3 Workers, workforce teams and community organizations is paramount to the success of the WFD program.

The Section 3 Coordinator initiates outreach for Section 3 employment opportunities. Workforce Development, Family Self-sufficiency, Community Case Managers, Resident Organizations and other workforce program teams identify Section 3 Targeted Workers. The Employment Commission, civic leagues and other organizations are also outreach resources for Section 3 Workers.

SRHA employs a comprehensive approach to address special needs to connect Targeted Section 3 Workers with a variety of services including, but not limited to the following:

- Quality, Affordable Housing
- Safety and Security
- WFD and Personal Development Skills

- Education and Training
- Physical and Mental Health Services
- Transportation
- Child Care
- Social Services

When resources are available, WFD training is another opportunity to enhance the skills and education levels for Section 3 Targeted Workers. Training initiatives are designed to create generational wealth through training, employment, homeownership and entrepreneurship. We continue to pursue grants, collaborative partners and other resources that advance WFD and training programs.

Employment and Training

HUD will use industry standards and other relevant labor market data to establish employment and training benchmarks. SRHA engages and seeks to employ Targeted Section 3 Workers for all new employment and training opportunities. Contractors and sub-contractors are also required to search for Section 3 Workers and give them priority for new jobs and training opportunities, particularly on contracts that are partially or wholly funded by HUD.

Contracting

All contractors submitting bids or proposals for SRHA projects must certify that they have the capacity and commitment to comply with the Section 3 Policy. The Section 3 Certificate of Compliance is included with the bid submission forms. Contractor and their sub-contractors are required to submit a Section 3 Work Plan to project employment, training and sub-contract opportunities anticipated on the project. If no opportunities exist the Work Plan should be documented accordingly. A review of the Section 3 Work Plan with the contractor ensures the documents are accurate and all opportunities identified. The Section 3 Work Plan is not required for contracts awarded below \$200,000.

Contractors and subcontractors must conduct outreach to Section 3 Workers for new employment and training opportunities. They will also seek to solicit and award contracts to Section 3 certified contractors and businesses.

Outreach for Section 3 Workers

The Section 3 Coordinator works with the contractors and subcontractors in their search to find Section 3 Workers and sub-contractors. The Client Services, Community Case Managers and Resident Organizations teams are the outreach sources for Targeted Section 3 Workers. Workers with skills that match the opportunities are referred to the contractor/employer.

Low income persons who do not reside in public housing or receive Section 8 housing assistance may verify their Section 3 Worker status by completing the Section 3 Worker Certification form. The form may be downloaded from the SRHA website at www.suffolksrha.org or by email request to tsmith@suffolkrha.org.

Job readiness and retention are primary objectives for Section 3 Workers to achieve financial stability. Some Section 3 Workers may be challenged with retaining employment for a variety of reasons. When retention is an issue the Targeted Section 3 Worker is directed to share the problem with the employer and follow up with the Case Manager. The Case Manager and WFD team will help assess the situation and work with the employee and employer to help reconcile the challenges. Ultimately, the employer has the authority to exercise their personnel policy to make hiring and termination decisions.

Outreach for Section 3 Contractors

SRHA may engage the following outreach strategies to alert Section 3 businesses when contract opportunities exist:

1. Post upcoming contract opportunities on SRHA website.
2. Advertise on the Virginia eProcurement Portal, i.e., eVA website.
3. Place ads in the Suffolk Herald (local newspaper) and other print media associations.
4. Email opportunities directly to Section 3 certified businesses and promote participation in bid meetings.
5. Conduct business development workshops on how to do business with SRHA on subjects such as bonds, insurance, bid documents and other pertinent requirements.
6. Forward contract opportunities to minority and women business associations, contractor associations, community organizations, etc.

How May A Contractor Fulfill Section 3 Compliance

The contractor may provide job opportunities for both skilled and unskilled Targeted Section 3 Workers on SRHA developments, especially where HUD assistance is being utilized. SRHA complies with all segments of the Davis Bacon prevailing wage requirements and all contractors and sub-contractors are required to pay the current prevailing wage.

- 1) The primary Section 3 objective is for Section 3 Workers to gain skills for self-sufficiency through full time employment. Contractors are expected to maintain employment for Section 3 Workers throughout the duration of a project, and where the performance warrants and the opportunity exists, hire them for full-time, permanent employment.
- 2) While employment is the primary objective, if an employer is unable to provide job opportunities, the employer may develop an On-the-Job Training (OJT) program where Section 3 Workers are paid to learn a specific trade or skill. The contractor will incur the training costs.

OJT training is not limited to construction. Other examples may include receptionist, clerical support, resident liaisons, etc. These jobs are excellent entry-level positions that introduce Section 3 Workers to the job market and expose them to real work situations. It also helps the employer observe, modify and enhance job skills and workplace maturity. The OJT experience will provide trainees with experience to enable them to make informed career training and employment decisions.

When the OJT period ends the contractor assists with job placement of trainees who successfully complete the training program. They submit at least two job leads to the Section 3 Coordinator to assist with job placement by the Workforce Development teams.

Business Certifications

Contractors and businesses seeking Section 3 priority in the award of contracts or purchase agreements with SRHA must meet the Section 3 business criteria and complete the certification process. The Section 3 Coordinator facilitates Section 3 business certifications and maintains the database for outreach and referrals for local Section 3 businesses. The database is available to developers, contractors, subcontractors, potential contractors and others via the SRHA website or by email request at tsmith@suffolkrha.org. You may also certify your company as a Section 3 business entity in the HUD Section 3 portal at www.HUD.gov/Section3. The Section 3 portal may also be used to search for Section 3 certified contractors by geographical location

SRHA will seek to award contracts to SWaM certified Minority and Woman-owned businesses. The SRHA Economic Inclusion Policy addresses efforts to achieve these goals. For more information on SWaM certifications visit www.sbsd.virginia.gov.

Contracting with Resident Owned Businesses

SRHA seeks to award contracts to eligible and qualified resident owned businesses for public housing services, supplies or construction consistent with the provisions of 24 CFR Part 963, Alternative Procurement Program. The solicitation would be limited to resident owned businesses. Contracts awarded shall not exceed \$1 million.

In order to be eligible to participate in the Alternate Procurement Program a resident business would be certified to ensure that the following criteria are met:

1. The business must be legally formed. The business must verify that it was formed in accordance with state law.
2. The business must be Section 3 certified as a resident owned business.
3. The business shall submit evidence to demonstrate that the business has the ability to perform successfully under the terms and conditions of the proposed contract.
4. The business shall submit a certification on the number of contracts awarded and dollar amount of contracts awarded under the alternative procurement process.

The method of procurement provided in 2 CFR 200 will be followed in contracting with resident owned businesses. However, the solicitation will be limited to resident owned businesses. An award will not be made to a resident owned business if the contract award exceeds the independent cost estimate and/or the price normally paid for comparable supplies, services or construction in the project area. Records shall be maintained by the Contract Manager to document the significant history of the procurement.

Business Development Resources

SRHA strongly encourages and promotes the development of resident owned businesses. The Section 3 Coordinator has established relationships with agencies and organizations across Hampton Roads that support the establishment, growth and development of emerging and growing businesses. These resources include, but are not limited to:

- The Small Business Association (SBA)
- City of Suffolk
- Virginia Small Business and Supplier Diversity (SBSD)
- ODU Women Business Center
- SCORE (Hampton Roads Small Business Mentors)
- The Virginia Department of Business Assistance (VDBA)
- The Small Business Development Center (SBDC)
- Local Financial Institutions
- Other supportive services agencies that promote business development and provide resources that support entrepreneurship, especially for disadvantaged businesses.

Partnerships and Joint Ventures

Partnerships and joint ventures that increase the capacity and resources of Section 3, minority, woman and resident-owned businesses are strongly encouraged. Partnership and joint ventures may increase opportunities to enter into an agreement for the provision of services, supplies or construction on SRHA projects.

Compliance

(a) *Records of compliance.* Each recipient shall maintain adequate records demonstrating compliance with this part, consistent with other recordkeeping requirements in [24 CFR part 200](#). Recordkeeping requirements for recipients are found at 24 CFR § 75.31. Recipients are required to maintain documentation to demonstrate compliance with the regulations and are responsible for requiring their contractors/subcontractors to maintain or provide any documentation that will assist recipients in demonstrating compliance, including documentation that shows hours worked by Section 3 workers, Targeted Section 3 workers, and any qualitative efforts to comply with Section 3. Examples of documentation can be found in 24 CFR §75.31.

(b) *Complaints.* Complaints alleging failure of compliance with this part may be reported to the HUD program office responsible for the public housing financial assistance or the Section 3 project, or to the local HUD field office.

(c) *Monitoring.* HUD will monitor compliance with the requirements of this part. The applicable HUD program office will determine appropriate methods by which to oversee Section 3 compliance. HUD may impose appropriate remedies and sanctions in accordance with the laws and regulations for the program under which the violation was found.

SRHA monitors and evaluates its contractors for Section 3 compliance. If it is determined that a contractor is not in compliance, the Section 3 Coordinator meets with the contractor to assess the non-compliance issue and makes every effort to help the contractor resolve it. If the contractor is still unable to achieve compliance, but can provide evidence of compliance efforts the contractor's file is documented accordingly.

If it is determined that the contractor's failure to achieve compliance is willful or lacks effort, a Section 3 Compliance Review is conducted to assess the contractor's efforts. If it reveals the contractor has not make sufficient efforts, SRHA will work to help the contractor became compliant. All required paperwork must be submitted with projected economic opportunities included. Continued failure or refusal by the contractor may result in further action. The Section 3 Coordinator will make a recommendation to the project manager and the appropriate steps will be taken, which may include sanctions, termination of the contract and debarment or suspension.

- 1) **Sanctions:** Funds will be withheld until compliance is achieved either through employment, training or RTF contribution.
- 2) **Termination of Contract:** A "failure to comply" notice will be sent to the contractor informing them that the work will be stopped and the contract terminated if compliance is not achieved.
- 3) **Debarment or suspension:** The contractor will be debarred or suspended from receiving future SRHA contracts. SRHA will document that the contractor was non-compliant and ineligible to receive future contracts.