



Morristown Housing Authority

Section 3 Policy

I. Background on the Section 3 Program

Section 3 is a policy mandated by the United States Congress. It refers to the third section of the Housing Act of 1968, as amended by section 915 of the Housing and Community Development Act of 1992. The purpose of section 3 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.”

Consistent with 24 CFR Part 135, as a recipient of HUD Public and Indian Housing funding, the Morristown Housing Authority (MHA) requires fulfillment of section 3 obligations on all contracts that make use of that assistance. These policies are implemented regardless of the contract amount or whether it is designated as construction. The MHA works to ensure the provision of employment, training, contracting, and other economic opportunities to its residents and other low-income persons. In doing so, the MHA utilizes section 3 as a means of promoting its mission of offering “supportive services that foster stability and self-sufficiency.”

II. Statement of Purpose

Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u) (Section 3) requires the MHA to ensure that employment and other economic and business opportunities generated by the Department of Housing and Urban Development (HUD) financial assistance, to the greatest extent feasible, are directed to public housing residents and other low-income persons, particularly recipients of government housing

assistance, and business concerns that provide economic opportunities to low and very-low income persons.

III. General Policy Statement

It is the policy of the Morristown Housing Authority (MHA) to require its contractors to provide equal employment opportunity to all employees and applicants for employment without regard to race, color, religion, sex, national origin, disability, veteran's or marital status, or economic status and to take affirmative action to ensure that both job applicants and existing employees are given fair and equal treatment.

Morristown Housing Authority implements this policy through the awarding of contracts to contractors, vendors, and suppliers, to create employment and business opportunities for residents of the MHA and other qualified low-and very low-income persons.

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

IV. Definitions

A) *Low-income person*: families (including single persons) whose incomes do not exceed 80% of the median income for the area.

B) *Very low-income person*: families (including single persons) whose incomes do not exceed 50% of the median family income for the area.

C) *Section 3 business concern*: a business entity formed in accordance with State law that is either a) 51% or more owned by section 3 residents, b) employing full-time at least 30% section 3 residents, or c) providing evidence of a commitment to subcontract in excess of 25% of the dollar award of all subcontracts to be awarded to businesses that meet the description of section 3 business concern in sections *a* or *b* of this paragraph.

V. Goals of the Section 3 Program

The section 3 program seeks to aid section 3 residents to the greatest extent feasible in three ways, listed in order of preference:

A) *Hiring low- and very low-income workers*

Attempt to hire at least 30% of the aggregate number of full-time new hires by the MHA and its contractors must be section 3 residents, with a preference for residents at the development where the work is being performed.

B) *Awarding contracts to section 3 business concerns*

Attempt to award at least 10% of the total dollar amount of all section 3 covered contracts for building trades work for maintenance, repair, modernization or development of public or Indian housing, or for building trades work arising in connection with housing rehabilitation, housing construction, and other public construction, must be awarded to section 3 business concerns.

C) *Providing other economic opportunities*

If the two goals above cannot be met by the MHA or its contractor, other training and employment opportunities can be provided to substitute for goals A and B. These are described further in section VII below.

VI. Morristown Housing Authority Responsibilities

The MHA, as the recipient of Public and Indian Housing funding, accepts the responsibility of not only enforcing the section 3 requirements, but also pro-actively facilitating compliance with section 3. The MHA fulfills this responsibility in the following ways:

- A) Notifying section 3 residents of opportunities through posting job openings in the main office lobby, monthly newsletter, and in local media when applicable;
- B) Notifying contractors in each pre-bid meeting of the section 3 requirements;
- C) Incorporating the section 3 clause in all contracts;
- D) Providing applications for employment at the MHA front desk and allowing applications to be submitted at same location;
- E) Encouraging the training of section 3 residents through support of the MHA Resident Council;
- F) Providing an employment application to interested section 3 residents (upon admittance to public or section 8 housing) which is kept on file as a resource for the MHA and contractors when seeking to hire section 3 workers;
- G) Documenting actions taken to comply with section 3 requirements;
- H) Reporting annually on its efforts regarding section 3 implementation (see form HUD-60002 Attachment B);
- I) Refusing to award contracts to businesses or persons in prior violation of section 3 requirements.

VII. Contractor Responsibilities

The 30% hiring goal and 10% contracts awarded goal are the only safe harbors whereby a contractor will have complied with section 3. If the two goals above cannot be met by the contractor, other training and employment opportunities can be provided to substitute for those goals, but documentation should be submitted explaining why those numerical goals could not be met. If a contractor substitutes economic opportunities for its achievement of the numerical goals, their efforts need to be equivalent to those that would be required to meet those goals. The acceptability of these efforts will be determined by the MHA, or in case of a complaint, by HUD.

Recommended activities to demonstrate these efforts are listed in the appendix to part 135 of the Code of Federal Regulations—24 CFR Part 135 (see Attachment C). Section I of this document applies to fulfilling the first goal of hiring 30% section 3 residents, and section II applies to fulfilling the second goal of awarding 10% of contracts to section 3 business concerns. Examples include distributing or posting flyers advertising positions to be filled, contacting the Morristown Housing Authority Resident Council about open positions, holding job informational meeting for residents, etc. Contractors must submit with any bid or proposal an action plan describing the implementation of section 3 (see Attachment D). Omission of this document with a bid or proposal makes that contractor non-responsive, and therefore ineligible to be awarded a contract.

VIII. Preferences and Eligibility

- A) Regarding the hiring of section 3 residents, preference shall be given to those residents who live in the complex where the covered assistance is expended. Next, section 3 residents from other complexes shall be sought. If no section 3 residents are available from the complexes, the MHA and the contractors shall give preference to any section 3 resident.
- B) Regarding the contracting opportunities for section 3 business concerns, preference shall be given to business concerns owned at least 51% by residents of the complex where the covered assistance is expended. Next, section 3 business concerns that are owned at least 51% by residents of other complexes shall be sought. If no section 3 business concern is available from the complexes, the MHA and the contractors shall give preference to any section 3 business concern.
- C) Regarding eligibility, a section 3 resident seeking employment must fulfill the requirements of the sought position and, if asked, must provide evidence of their section 3 status (e.g., receipt of public assistance, tax return). A section 3 business concern seeking to win a contract must fulfill the requirements of the contract and, if asked, provide evidence of their section 3 status.

IX. Complaints and Compliance

Any section 3 resident or business concern that feels that the section 3 regulations were not complied with may file a complaint directly to the Assistant Secretary for Fair Housing and Equal Opportunity at the following address:

Assistant Secretary for Fair Housing and Equal Opportunity
Department of Housing and Urban Development
Washington, D.C. 20410

The complaint must be in writing and be received within 180 days from the date of the action upon which the complaint is based. It should include the complainant's name and address, the MHA or contractor's name and address, and a description of the acts in question. The complainant will receive a response from HUD within 10 days in which further investigation will be explained.