

HOUSING AUTHORITY OF THE CITY OF WINSTON-SALEM

SECTION 3 POLICIES AND PROCEDURES

General Policy Statement

It is the goal of the Housing Authority of the City of Winston-Salem (HAWS) that, to the fullest extent possible, a substantial percentage of new jobs and business opportunities that arise from the organization's projects and operations, will be available to low-income persons and firms owned by low-income persons. To implement this goal, HAWS has established the following policies and procedures.

I. POLICIES

A. Definitions

1) Section 3

a) Residents

A Section 3 resident is one who resides in HAWS public housing, or resides within the Winston-Salem city limits, and has a household income that does not exceed 80% of Greensboro/Winston-Salem/High Point MSA Median Household Income, adjusted for family size.

b) Firms

A Section 3 firm is one that meets at least one of the following criteria:

- A Section 3 resident or residents own at least 51% of the firm.
- At least 30% of the firm's full-time employees are current Section 3 residents, or this level will be reached within three years of first employment.
- Can provide evidence that it has a commitment, to subcontract in excess of 25% of the total dollar award all HOPE VI contracts awarded, to firms that meet one of the above criteria.

2) 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 demolition, rehabilitation, and new construction, as well as other such work as the provision of materials, supplies, equipment and professional services, arising from HOPE VI projects, that are procured through the use of sealed bids, Requests For Proposals, or other similar methods. These policies and procedures do not cover the purchase or procurement of such items such as general office and maintenance supplies, office furniture, etc.

3) New Hires

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

B. Provision of Business Opportunities

1) Construction Work

To show preference for Section 3 firms, in the provision of business opportunities in building trades work related to demolition, rehabilitation, and new construction arising from HOPE VI projects, all developers, general contractors, and sub-contractors associated with HOPE VI projects shall, to the fullest extent

possible, award at least 10% of the total, estimated dollar amount of all HOPE VI contracts to Section 3 firms according to the following order of priority:

- Firms that are 51% or more owned by residents of the public housing community at which the HOPE VI project is located, or whose full-time, permanent workforce includes 30% of such persons as employees.
- Firms that are 51% or more owned by residents of other HAWS public housing communities, or whose full-time, permanent workforce includes 30% of such persons as employees.
- Firms associated with HUD Youthbuild programs in Winston-Salem.
- Firms that are 51% or more owned by Section 3 Residents, or whose full-time, permanent workforce includes no less than 30 % Section 3 residents, or that subcontract more than 25%of total subcontracts to such businesses.

2) Other Work

To show preference for Section 3 firms, in the provision of business opportunities related to other work arising from HOPE VI projects, such as the provision of materials, supplies, equipment, and professional services, all developers, general contractors, and sub-contractors associated with HOPE projects shall, to the fullest extent possible, award at least 3% of the total estimated dollar amount of all contracts for such work to Section 3 firms according to the following order of priority:

- Firms that are 51% or more owned by residents of the public housing community at which the HOPE VI project is located, or whose full-time, permanent workforce includes 30% of such persons as employees.
- Firms that are 51% or more owned by residents of other HAWS public housing communities, or whose full-time, permanent workforce includes 30% of such persons as employees.
- Firms associated with HUD Youthbuild programs in Winston-Salem.
- Firms that are 51% or more owned by Section 3 Residents, or whose full-time, permanent workforce includes no less than 30 % Section 3 residents, or that subcontract more than 25%of total subcontracts to such businesses.

3) Competitive Bidding Requirements

The percentage goals established in these polices are not to be considered as set-asides, which guarantee that a specific amount or percentage of funds will be provided to Section 3 firms. These percentages are goals that HAWS must, to the fullest extent possible, try to reach. Therefore, Section 3 firms are not selected for the awarding of HAWS contracts simply because they qualify as such firms and meet the technical requirements of the bid documents. Establishment of these polices means that HAWS procurement procedures will include methods to provide preference to Section 3 firms.

As provided in 24 CFR 85.36(b) (8), HAWS contracts will be awarded to responsible contractors possessing the ability to perform under the terms and conditions of the bid documents. It shall be HAWS policy to solicit bids from all applicable businesses, including Section 3 firms. Contracts will be generally awarded to the lowest responsible bidder, except that the Section 3 firm, with the lowest responsible bid, may be considered as the lowest responsible bidder, provided that the bid of that Section 3 firm is within the maximum total contract price established for the specific activity for which that bid is solicited.

C. Provision of Employment and Training Opportunities

1) Employment

To show preference to Section 3 residents, in the provision of employment opportunities in connection with HOPE VI and Capital Improvement projects, all developers, general contractors, and sub-contractors

shall, to the fullest extent possible, ensure that 30% of their annual “new hires” will be Section 3 residents. These residents shall be selected according to the following priority preferences:

- a) Current residents of the HAWS site for which work is being done or services provided.
- b) Other residents of HAWS public and assisted housing.
- c) Participants in local Youthbuild programs
- d) Low-income persons living within the Winston-Salem city limits.

It is the intent of these policies and procedures to ensure that preference in employment is shown to Section 3 residents that are qualified for specific positions, not to ensure that Section 3 residents are guaranteed jobs for which they may not be qualified. Therefore, nothing in section should be construed as to require the employment of Section 3 residents that are not qualified for a position to be filled.

D. Consequences of Non-Compliance

Non-compliance with any of these policies and procedures by any developer, general contractor, or sub-contractor associated with any HAWS project may result in the termination of current contracts with that firm and the prohibition of that firm from bidding on future HAWS contracts.

E. Proof of Eligibility

1) Section 3 Firms

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

2) Section 3 Residents

For the purposes of implementing these policies, any Section 3 resident claiming preference for employment or job training in connection with HAWS projects and operations is responsible for presenting 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 Winston-Salem city limits and some proof of current income.
- For homeless persons, verification of temporary residency from a local shelter.
- For Youthbuild participants, verification of participation from a local project.

F. Achieving Compliance

a) Reaching Established Goals

Any developer, general contractor, or any sub-contractors associated with a HAWS project shall be considered in compliance with these policies and procedures if they have achieved the percentage goals established in Section B (1) and (2) and C (1) of this document.

b) Good Faith Effort

If any developer, general contractor and any sub-contractors fail to reach the percentage goals established in Section B (1) and (2) and C (1) of this document, they may still be considered in compliance with these policies and procedures. To do so they must document that they have made a good faith effort to achieve, to the fullest extent possible, the established percentage goals by following the procedures established in Section A (3) above.

II. PROCEDURES

A. General Responsibilities

1) HAWS

a) Compliance

The HAWS shall comply with these policies and procedures in its own internal operations, as well as in the selection of developers and general contractors for specific projects. The department shall show its good faith in following these policies and procedures by doing the following:

- Attempting to recruit from appropriate areas, the required number of Section 3 firms and residents. Placing signs, posters, brochures, and other material in public housing communities, the HWAS central office building, and in businesses and other locations frequented by Section 3 residents and businesses. Advertising for employment and business opportunities will be done with local newspapers and radio stations likely to reach Section 3 residents, such as the Winston-Salem Journal and the Winston-Salem Chronicle.
- Maintaining a list of certified Section 3 firms and communicating bidding opportunities to firms on that list and providing that list to general contractors for the advertising of there bidding opportunities.
- Maintaining a list of Section 3 residents who have applied for employment opportunities. Such applicants should be employed, if qualified and if vacancies exist. If no vacancies exist at the time an applicant applies, they should be placed on a waiting list and provided with the next available vacancy, that matches their qualifications.
- Filling any position, from which a Section 3 resident was terminated, with another Section 3 resident, that possess the qualifications for the position, within 5 working days, or document their efforts to do so.

b) Ensuring Compliance of Developers, General Contractors, and Sub-Contractors

i. Notification

HAWS shall notify all potential general and sub-contractors of these polices and procedures by ensuring that a copy of, or information from, this document is attached to, or included in any RFPs, bid packages, and contracts associated with HAWS projects. The HUD Section 3 contract clause, a copy of which is attached to this document, shall be included in all contracts with developers, general contractor, and sub-contractors.

ii. Monitoring Compliance

HAWS shall also engage in a quarterly monitoring of Section 3 performance with general contractor working on a HAWS project. This process will include a review of quarterly and annual reports submitted by general contractor. It will also include scheduled meetings with general contractors to discuss Section 3 progress, as well as periodic, unannounced site visits to assess compliance.

iii. Assisting Developers and Contractors

HAWS will assist any developers, contractors, and sub-contractors in promoting the availability of employment and business opportunities arising from HAWS projects to residents in HAWS public housing communities. This will include such assistance as organizing resident meetings, disseminating information about the availability of employment and business opportunities, and

otherwise serving as a point of connection between residents interested in employment and contractors seeking workers.

c) Documenting Compliance

i. Reporting

On an annual basis, the HAWS will compile information, about the Section 3 contracting, employment, and training efforts gathered from general contractors associated with HAWS projects. This information will be provided to HUD on the HUD-60002 Form, Section 3 Summary Report.

ii. Recording Keeping

The HAWS shall be responsible for keeping all reports and information provided to it by developers and contractors, as well as copies of all reports and information it sends to HUD. These records shall be maintained for a period of three years and made available for inspection to HUD officials upon request. These records shall also be made available for inspection by any firm or individual that has filed a written complaint with HAWS or HUD alleging a violation of these policies and procedures.

2) Developers

a) Compliance

Any developer associated with a HAWS project shall comply with these policies and procedures in its own internal operations related to HAWS projects, as well as in the selection of a general contractor for any HAWS project. Developers can show a good faith effort to do so by engaging in the following activities:

- Attempting to recruit from appropriate areas, the required number of Section 3 firms and residents. Placing signs, posters, brochures, and other can do this material in public housing communities the HWAS central office building, and in businesses and other locations frequented by Section 3 residents and businesses. Advertising for employment and business opportunities can be done with local newspapers and radio stations likely to reach Section 3 residents, such as the Winston-Salem Journal and the Winston-Salem Chronicle. The HAWS list of certified Section 3 firms should be used to notify contractors about business opportunities.
- Maintaining a list of Section 3 residents who have applied for employment opportunities. Such applicants should be employed, if qualified and if vacancies exist. If no vacancies exist at the time an applicant applies, they should be placed on a waiting list and provided with the next available vacancy, that matches their qualifications.
- Filling any position, from which a Section 3 resident was terminated, with another Section 3 resident, that possess the qualifications for the position, within 5 working days, or document their efforts to do so.

b) Ensuring Compliance

i. Notification of General Contractors

Developers associated with HAWS projects shall have the responsibility to notify potential general contractors about HAWS Section 3 policies and procedures and ensure that those firms implement those policies and procedures to the fullest extent possible. This responsibility will be fulfilled by ensuring that a copy of, or information from, this document is attached to, or

included in any RFPs, bid packages, and contracts associated with HAWS projects. Developers shall also ensure that the attached HUD Section 3 clause is included in all contracts with general contractors. A developer shall immediately report any information regarding potential violations of these policies and procedures to the HAWS Section 3 Coordinator.

ii. Certifying Eligibility

Each developer is responsible for certifying the eligibility of any Section 3 general contractor with which it contracts. In qualifying firms and residents, the guidelines established in Section I E of this document shall be used.

c) Documenting Compliance

i. Reporting

It is the responsibility of any HOPE VI developer to provide a report to the HAWS Procurement Department, describing its efforts and success in ensuring that these policies and procedures have been followed to the fullest extent possible. This report should be provided within 15 working days of the signing of a contract with a general contractor.

ii. Recording Keeping

It is the responsibility of any developer associated with a HAWS project to keep accurate records relating to their efforts and success in ensuring that these policies and procedures are followed, to the fullest extent possible, in the selection of general contractors associated with HAWS projects. These records should be retained for a period of three years. These records must also be made available for inspection by HAWS, and HUD officials.

3) General Contractor

a) Compliance

A general contractor associated with a HAWS project is responsible for complying with these policies and procedures in their own internal operations, as well as in the awarding of sub-contracts involving business and employment opportunities arising from HAWS projects. A general contractor can show its good faith effort to do so by engaging in the following activities:

- Attempting to recruit from appropriate areas, the required number of Section 3 and firms and residents. Placing signs, posters, brochures, and other material in public housing communities, the HWAS central office building, and in businesses and other locations frequented by Section 3 residents and businesses. Advertising for employment and business opportunities can be done with local newspapers and radio stations likely to reach Section 3 residents, such as the Winston-Salem Journal and the Winston-Salem Chronicle. The HAWS list of certified Section 3 firms should be used to notify sub-contractors about business opportunities
- Seeking assistance from the HAWS Section 3 Coordinator and the City of Winston-Salem's Workforce Development Department's Section 3 Apprenticeship Program in hiring workers for employment opportunities.
- Maintaining a list of Section 3 residents who have applied for employment opportunities. Such applicants should be employed if qualified and if vacancies exist. If no vacancies exist at the time an applicant applies, they should be placed on a waiting list and provided with the next available vacancy, that matches their qualifications.
- Filling any position, from which a Section 3 resident was terminated, with another Section 3

resident, possessing the qualifications for the position, within 5 working days, or document their efforts to do so.

b) Ensuring Compliance

i. Notification of Sub-Contractors

General contractors associated with HAWS projects shall have the primary responsibility for ensuring compliance with these policies and procedures to the fullest extent possible. It shall be the responsibility of general contractors associated with HAWS projects to notify potential sub-contractors about HAWS Section 3 policies and procedures and ensure that those firms implement those policies and procedures to the fullest extent possible. This responsibility will be fulfilled by shall by ensuring that a copy of, or information from, this document is attached to, or included in any RFPs, bid packages, and contracts associated with HAWS projects. General contractors shall ensure that the attached HUD Section 3 clause is included in all contracts with sub-contractors. General contractors shall immediately report any information regarding potential violations of these policies and procedures to the HAWS Procurement Department.

ii. Certifying Eligibility

Each general contractor Associated with HAWS projects is responsible for certifying the eligibility of Section 3 firms to which it awards sub-contracts. In qualifying firms and residents, the guidelines established in Section I E of this document shall be used.

iii. Monitoring Compliance

The general contractor shall engage in a quarterly monitoring of the Section 3 performance on each HAWS project. This process will include a review of quarterly and annual reports submitted by all sub-contractors and meeting with a representatives of each sub-contractor on a quarterly basis to discuss Section 3 progress.

c) Documenting Compliance

i. Reporting

Quarterly, general contractors associated with HAWS projects shall complete and submit to the HAWS Procurement Department a Section 3 Quarterly Report provided by that department. This report shall be submitted no later than the 10th working day of the month following the end of a calendar quarter. 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. Within 30 working days of completing work on any contract, each general contractor shall complete and submit to the general contractor a Section 3 Final Contract Report. This report will document efforts and success, over the life of the HAWS project, of all sub-contractors, working under the general contractor, in implementing these policies and in reaching the percentage goals for employment and business opportunities established in these policies.

i. Record Keeping

It is the responsibility of general contractors associated with HAWS projects to keep accurate records relating to their efforts and success, and those of all sub-contractors, in implementing these policies and procedures to the fullest extent possible. These records should be retained for a period of three years. These records must also be made available for inspection by HAWS, and HUD officials.

4) Sub-Contractors

a) Compliance

All HAWS sub-contractors shall be responsible for complying with these policies and procedures in their own internal operations, as well as in the performance of HAWS contracts.

i. Recruiting Eligible Firms and Residents

All sub-contractors are responsible for recruiting Section 3 firms and residents to the business and employment opportunities arising from HAWS projects. Sub-contractors can show their good faith effort to do so by engaging in the following activities:

- Attempting to recruit from appropriate areas, the required number of Section 3 firms and residents. Placing signs, posters, brochures, and other material in public housing communities, the HAWS central office building, and in businesses and other locations frequented by Section 3 residents and businesses. Advertising for employment and business opportunities can be done with local newspapers and radio stations likely to reach Section 3 residents, such as the Winston-Salem Journal and the Winston-Salem Chronicle
- Seeking assistance from the HAWS Section 3 Coordinator and the City of Winston-Salem's Workforce Development Department's Section 3 Apprenticeship Program in hiring workers for employment opportunities.
- Maintaining a list of Section 3 residents who have applied for employment opportunities. Such applicants should be employed if qualified and if vacancies exist. If no vacancies exist at the time an applicant applies, they should be placed on a waiting list and provided with the next available vacancy, that matches their qualifications.
- Filling any position, from which a Section 3 resident was terminated, with another Section 3 resident, possessing the qualifications for the position, within 5 working days, or document their efforts to do so.

ii. Certifying Eligibility

Each sub-contractor is responsible for certifying the eligibility of Section 3 firms and residents to which business and employment opportunities are provided. In qualifying firms and residents, the guidelines established in Section I E of this document shall be used.

b) Documenting Compliance

i. Reporting

Quarterly, each sub-contractor associated with HAWS projects shall complete and submit to the general contractor, on the HAWS project where the sub-contractor performs work, a HAWS Section 3 Quarterly Report provided by the HAWS Procurement Department. This report shall be submitted no later than the 5th working day of the month following the end of a calendar quarter. This report will document the quarterly efforts and success of the sub-contractor in implementing these policies and procedures and in reaching the percentage goals for employment and business opportunities established in these policies. Within 15 working days of completing work on any contract, each sub-contractor shall complete and submit to the general contractor a HAWS Section 3 Final Contract Report. This report will document sub-contractor's efforts and success, over the life of the contract, in implementing these policies and in reaching the percentage goals for employment and business opportunities established in these policies.

ii. Record Keeping

It is the responsibility of each sub-contractor associated with a HAWS project to keep accurate records relating to their efforts and success in implementing these policies and procedures to the fullest extent possible. These records should be retained for a period of three years. These records must also be made available for inspection by the general contractor, and HAWS, and HUD officials.

B. Grievance Procedure

1) Availability of Records

The records retained by the HAWS Procurement Department, relating to compliance with these policies and procedures by HAWS and any developers, general contractors and sub-contractors associated with HAWS projects, shall be considered public records, and shall be available for inspection by any individual or organization under the following guidelines:

- a) A request to view records must be made in writing to the HAWS Section 3 Coordinator.
- b) Viewing may take place in the HAWS Procurement Department project office site during normal working hours.
- c) Copies of records must be made in the HAWS Procurement Department office by the individual or organization at a cost of \$.25 per copy.

2) 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 HAWS operation or project, may file a written complaint. Complaints must be in writing and 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 could be a contractor, or HAWS itself.
- c) Description of the acts or omissions that constitute the alleged violation.
- d) Statement of corrective action desired.

3) Timing of Complaints

To ensure fair and accurate investigations, complaints regarding the violation of Section 3 policies, procedures, or regulations in connection with any HAWS operation or project should be filed as soon as possible after the alleged violation.

4) Submission of Complaints

a) Local level

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

Housing Authority of the City of Winston-Salem
901 Cleveland Ave.
Winston-Salem, NC 27101
336/727-8500

b) Federal Level

If individuals or organizations do not believe that they have obtained satisfaction at the local level, complaints may be submitted to HUD as follows:

Fair Housing Division
HUD Field Office
2306 W. Meadowview Rd.
Greensboro, NC 2707

Or

The Assistant Secretary for Fair Housing and Equal Opportunity
US 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, 12 U.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 of 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 will not subcontract with any subcontractor where 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 to 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 with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7 (b).