



SECTION 3 PLAN

FOR

**KANSAS CITY KANSAS HOUSING
AUTHORITY**

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General Policy Statement

It is the policy of the Kansas City Kansas Housing Authority (KCKHA) 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. The KCKHA implements this policy through the awarding of contracts to contractors, vendors, and suppliers, to create employment and business opportunities for residents of the KCKHA and other qualified low- and very low-income persons residing in low-moderate income areas.

Section 3 Purpose

Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701 u) requires the KCKHA 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.

Section 3 Contracting Policy and Procedure

The KCKHA will incorporate Section 3 in all procurements generated for use with HUD funding and follow goal requirements set forth in 24 CFR Part 135 for awarding contracts to Section 3 Business Concerns.

Section 3 Plan

It is the policy of the KCKHA 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. The KCKHA implements this policy through the awarding of contracts to contractors, vendors, and suppliers, to create employment and business opportunities for residents of the KCKHA and other qualified low- and very low-income persons residing in low-moderate income areas.

The KCKHA has developed this Section 3 Action Plan to identify the applicability of provisions of 24 CFR Part 135 objectives, and actions that will be implemented to ensure compliance with the requirements of Section 3. The plan will cover all federally funded projects undertaken by the KCKHA, to provide to the greatest extent feasible, employment opportunities 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.

Section 3 Employment & Training Goals

The employment and training goal is thirty percent (30%) of the aggregate number of new hires in any fiscal year. It is the responsibility of contractors, vendors and suppliers to implement progressive efforts to attain Section 3 compliance.

Section 3 Program Participant Procedure

It is expected that an appropriate number of residents with particular qualifications or a willingness to begin unskilled labor will be able to participate in the KCKHA contracted labor efforts.

The KCKHA will generate: a listing of Section 3 program participants who reside in the KCKHA Developments who are seeking preference in training and employment; and maintain a current list of certified Section 3 business concerns.

KCKHA will advertise the Invitation to Bids for all contract opportunities in local and minority newspapers and post all contract opportunities on the KCKHA website. KCKHA will also notify all certified Section 3 business concerns on our current list, either by mail or email, of any upcoming Invitation to Bid opportunities for all federally funded projects.

It is not intended for contractors and subcontractors to terminate existing employees, but to make every effort feasible to employ Section 3 program participants before any other person, when hiring additional or new hire employees needed to complete proposed work to be performed.

Assisting Contractors to Achieve Section 3 Goal Hiring and Contracting Goals

The KCKHA assist contractors in achieving Section 3 hiring and contracting goals by:

At the pre-bids on projects, KCKHA will provide:

- potential contractors interested in bidding KCKHA projects with a list of interested KCKHA Section 3 residents seeking employment with a brief listing of their experience.
- potential contractors interested in bidding KCKHA projects with a list of certified Section 3 business concerns of various disciplines to consider for subcontracting opportunities.

KCKHA, after award of contract, will notify residents of the development where the work is to be performed of the award of contract and will give residents interested in employment an opportunity to submit their names and experience to the KCKHA to be included on a list to be submitted to the successful contractor in the event any job openings occur during the term of the contract.

As a more extensive list of both residents and certified Section 3 businesses is compiled, it is the intent of the KCKHA, in the future, to require that a certain number of residents be hired and to require subcontracting with certified Section 3 businesses.

Contractors will be required to submit: a work force breakdown form at the beginning and at the end of the contract as a means to verify if any new hires or additional workers were added, and a list of all subcontractors to be used. If new hires or additional workers were added, or if a new subcontractor is needed during the duration of project, the contractor will need to document his efforts to fill the new hires with Section 3 residents, or a Section 3 business concern.

Documentation should include: dates and verification of posting of job at the development and all other areas of posting; copy of notice sent to residents informing of the posting; outreach

efforts completed to Section 3 businesses, list of names of applicants, if any, for the proposed job; names of persons or businesses interviewed; if job was not filled with a Section 3 resident or business, reasons for not choosing the resident or business.

Preference for Contracting with Section 3 Business Concerns

The KCKHA has adopted a goal of at least three percent (3%) of the total dollar amount of Section 3 covered contracts to be awarded to Section 3 Business Concerns. (Reference 24 CFR 135.30 — Numerical goal for meeting the greatest extent feasible requirement).

The KCKHA, in compliance with Section 3 regulations, will require contractors to direct their efforts towards contracts to Section 3 business concerns in the following order of priority:

- **Category 1:** Business concern that is a certified Section 3 business and it is 51% or more owned by a resident of the KCKHA.
- **Category 2:** Business concern that is a certified Section 3 business and it is 51% or more owned by a low-income resident of the metropolitan area where the work is being performed.
- **Category 3:** Business concern whose permanent workforce includes not less than 30% of Section 3 residents.
- **Category 4:** Business concern that employs 25% or more of the contract amount to subcontractors that are certified Section 3 businesses.
- **Category 5:** HUD Youthbuild programs being carried out in the KCKHA in which Section 3 covered assistance is expended.

Contractors are expected to extend to the greatest extent feasible, efforts to achieve the numerical goals established by the KCKHA.

Evidence of Section 3 Certification

Any business seeking Section 3 preference in the awarding of contracts or purchase agreements with the KCKHA must be able to provide a copy of a Section 3 certification letter as evidence of eligibility for preference under the Section 3 Program. The certification and/or letter must be received from a source, local or nationally, authorized to provide Section 3 certifications. The certification and/or letter must be submitted along with bid packages.

Efforts to Award Contract Opportunities to Section 3 Business Concerns

The KCKHA may use any or all of the following methods to notify and contract with Section 3 business concerns when contracting opportunities exist.

- Advertise contracting opportunities via newspaper, mailings, posting notices that provide general information about the work to be contracted and where to obtain additional information.
- Provide written notice of contracting opportunities to all known Section 3 business concerns. The written notice will be provided in sufficient time to enable business concerns the opportunity to respond to the bid invitation.
- Coordinate pre-bid meetings at which the Section 3 business concerns would be informed of upcoming contracting opportunities in advance.
- Conduct workshops on the KCKHA contracting procedures to include bonding, insurance, and other pertinent requirements, in a timely manner in an effort to allow Section 3 business concerns the opportunity to take advantage of any upcoming contracting opportunities.
- Establish relationships with the Small Business Administration (SBA), Minority and Women's Business Enterprise M/WBE association, Community Development Corporations, and other sources as necessary to assist KCKHA with educating and mentoring residents with a desire to start their own businesses.
- Seek out referral sources in order to ensure job readiness for public housing residents through on-the-job-training (OJT) and mentoring to obtain necessary skills that will transfer into the external labor market.
- Develop resources or seek out training to assist residents interested in starting their own businesses to learn to prepare contracts, prepare taxes, and obtain licenses, bonding, and insurance.

Contractor's Requirements in Employing Section 3 participants:

Under the KCKHA Section 3 Program, contractors are required to:

Provide employment opportunities to Section 3 residents/participants in the priority order listed below:

a) Category 1 – Section 3 Resident

KCKHA residents of the housing development or developments for which the federal funds shall be expended.

b) Category 2 – Section 3 Resident

KCKHA residents residing in the vicinity of the project.

c) Category 3 – Section 3 Resident

Participants in HUD Youth build program being carried out in the project boundary area.

d) Category 4 – Section 3 Resident

Section 8 residents as well as all other residents residing in KCKHA developments.

e) Category 5 – Section 3 Resident

Low income residents of the metropolitan area.

Bidding Requirements

When a bidding procedure is used, the invitation or solicitation for bids shall advise prospective contractors of the requirements of the Section 3 regulations.

SECTION 3 "X-FACTOR PREFERENCE"

The Kansas City Kansas Housing Authority has adopted a preference for Section 3 certified business in its sealed bidding of construction contracts. To be eligible for the preference business concerns must meet the following requirements.

ELIGIBILITY REQUIREMENTS FOR SECTION 3 "X-FACTOR PREFERENCE"

To receive preference under Section 3, all business concerns must present Section 3 certification or documentation verifying such status in their sealed bid packet. KCKHA will honor documented certification provided by any metropolitan area municipality or contracting association.

The Section 3 Business Concerns bid, includes all required information and document submissions required to determine it a responsible and responsive bid.

The X-Factor applies to procurement by sealed bids. Award can be made to certified Section 3 business concerns, IF their bid is:

- A. Within the project budget AND
- B. Not more than "X" percent higher than the total bid price of the lowest responsive bid from any responsible bidder.

X-Factor Schedule

When the lowest responsive bid is:

- <\$100K 10% of that bid
- >\$100K, but <\$200K 9% of that bid
- >\$200K, but <\$300K 8% of that bid
- >\$300K, but <\$400K 7% of that bid
- >\$400K, but <\$500K 6% of that bid
- >\$500K, but <\$1M 5% of that bid
- >\$1M, but <\$2M 4% of that bid
- >\$2M, but <\$4M 3% of that bid
- >\$4M, but <\$7M 2% of that bid
- >\$7M, or more 1 ½% of the lowest bid

Section 3 Reporting

Annual Reporting

The KCKHA will report to HUD annual accomplishments regarding employment and other economic opportunities provided to low and very low income persons under Section 3. Form HUD-60002 is currently being utilized for reporting accomplishments. This form may be changed and updated from time to time as required by HUD and 24 CFR 135.

Internal Section 3 Complaint Procedure

In an effort to resolve complaints generated due to non-compliance, the KCKHA encourages submittal and resolution of such complaints per the “Appeals and Remedies Section” of the KCKHA Procurement Policy.

SECTION 3 CLAUSES

The Section 3 Contract Clause specifies the requirements for contractors hired for Section 3 covered projects. The Section 3 Clause must be included in all Section 3 covered projects.

The KCKHA will ensure that the following clauses are included in all Section 3 covered contracts. The contractor will be bound by its provisions:

- 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 of HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this contract agree to comply with HUD’s regulations in 24 CFR parts 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 the part 135 regulations.
- C. The contractor agrees to send to 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 of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under CFR part 135.
- F. Noncompliance with HUD's regulations in 24 CFR parts 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

Definitions

Applicant - Any entity which makes an application for Section 3 covered assistance, and includes, but is not limited to, any State, unit of local government, public housing agency or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization, resident management corporation, resident council, or cooperative association.

Assistant -The Assistant Secretary for Fair Housing and Equal Opportunity.

Business Concern -A business entity formed in accordance with State law, and which is licensed under State, county or municipal law to engage in the type of business activity for which it was formed.

Contractor - Any entity which contracts to perform work generated the expenditure of Section 3 covered assistance, or for work in connection with a Section 3 covered project.

Employment Opportunities Generated by Section 3 Covered Assistance -All employment opportunities generated by the expenditure of Section 3 covered assistance (housing construction, housing rehabilitation. spelled out in 24 CFR Part 135).

Low-income person -Families (including single persons) whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of the Secretary's findings that

such variations are necessary because of prevailing levels of construction costs or unusually high or low-income families.

Metropolitan Area - A metropolitan statistical area (MSA).

New Hires - Full-time employees for permanent, temporary, or seasonal employment opportunities that become available during the term of a federal funded contract.

Recipient - Any entity which receives Section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State unit of local government, PHA, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

Section 3-Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u)

Section 3 Business Concern - A business concern,

- 1) that is 51% or more owned by Section 3 residents; or
- 2) that has 30% or more of its permanent, full-time employees are Section 3 residents; or
- 3) that employs 25% or more of the contract amount to subcontractors that are certified Section 3 businesses (as defined above.)

Section 3 Covered Assistance -Assistance provided under any HUD program that is expended for work arising in connection with employment, housing rehabilitation, construction, or other public construction project (which includes other buildings or improvements, regardless of ownership).

Section 3 Covered Contracts -A contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project. Section 3 covered contracts do not include contracts awarded under HUD's procurement program, which are governed by the Federal Acquisition Regulation (FAR), January 13th, 2103. Section 3 covered contracts also do not include contracts for the purchase of supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a Section 3 covered contract.

Section 3 Covered Project - the construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance.

Section 3 Resident -an individual who resides in the metropolitan area or Non-metropolitan County in which the Section 3 covered assistance is expended and who is considered to be a low-to very low-income person.

Subcontractor - any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of Section 3 covered assistance, or arising in connection with a Section 3 covered project.

Very low-income person - families (including single persons) whose income do not exceed 50 per centum of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.