SECTION 3 POLICY

The Public Housing Agency of the City of Saint Paul (PHA) is committed to complying with Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1994. Section 3 requires that, to the greatest extent feasible, employment and other economic opportunities generated by HUD funds be directed to low- and very low-income residents. Federal regulations at 24 CFR Part 135 establish the standards and procedures to be followed by public housing authorities in order to ensure that the requirements of Section 3 are met.

The goal of Section 3, to provide employment and other economic opportunities to public housing residents and other community residents with low incomes, supports the PHA’s mission of helping residents “achieve greater stability and self-reliance”.

I. Definitions

A. A “Section 3 resident” includes residents of public housing, Section 8 voucher participants, and other low-income residents of the metropolitan area.

1. “Low income” is defined by HUD as having annual household income of less than 80% of the area median income.

2. An employee who qualifies as a Section 3 resident when hired retains that status for three years, or longer if the employee continues to live in public or Section 8-assisted housing, or if the employee’s household income continues to fall below 80% of the area median income.

To be considered a Section 3 resident, a person who is not a public housing resident or a Section 8 voucher participant will be required to certify their annual household income.

B. A “Section 3 business” is defined as a business that is

1. A business that is 51% owned by PHA residents or other Section 3 residents, or

2. A business in which 30% of the permanent full time employees are PHA residents or other Section 3 residents.

A Section 3 business concern that is certified as such by another governmental entity is also considered to be a Section 3 business concern by the PHA, upon completion of the PHA’s certification form.

All PHA contractors are required to disclose their Section 3 status.
II. Goals. To comply with Section 3 and achieve the PHA’s mission, the PHA has adopted the following goals:

A. PHA Hiring: At least 30% of the aggregate number of new hires each year at the PHA will be qualifying public housing residents or other low-income residents of the metropolitan area (“Section 3 residents”).

B. Hiring by Contractors: All contractors and subcontractors that are not resident-owned Section 3 businesses will hire qualifying Section 3 residents for at least 30% of the new positions created as a result of contracts with PHA.

C. Subcontracting: A business that is not a Section 3 business may comply with Section 3 by subcontracting in excess of 25 percent of the dollar award of all subcontracts to be awarded, to business concerns that are Section 3 business concerns.

D. Construction Contracts: At least 10% of the total dollar amount of contracts for construction, repair and rehabilitation will be awarded to qualifying Section 3 business concerns (defined below).

E. Other Contracts: At least 3% of the total dollar amount of all other PHA contracts will be awarded to qualifying Section 3 business concerns.

F. Contributions to Section 3 Training Fund: To increase other economic opportunities for Section 3 residents, the PHA will require a contractor that is not a resident-owned Section 3 business, and that is unable to achieve the goals stated in # 2 -4 above, to contribute an amount not less than 2.5% of the total contract amount to the PHA’s Section 3 Training Fund. See Section III. below, Exceptions to Contribution Requirement

III. Exceptions. The following types of contracts are not subject to the PHA’s requirements for submitting Section 3 Action Plans or contributing to the PHA’s Section 3 Training Fund. The PHA will still include all such contracts in reporting the total of contracting activity that is subject to Section 3. The PHA will also try to award such contracts to qualified Section 3 businesses.

A. Contracts Under $5000: A contractor that is not a Section 3 business will not be required to submit a Section 3 Action Plan or contribute to the PHA’s Section 3 Training Fund if the contract amount is less than $5000.00. The PHA will direct such contracts to qualified Section 3 businesses to the greatest extent feasible; and the PHA will include all contracts under $5000.00 in reporting the total of contracting activity that is subject to Section 3.

A. Other Exceptions: The following types of contracts are not subject to the PHA’s requirements of submitting a Section 3 Action Plan or contributing to the Section 3 Training Fund.

1. A contract that is a continuation of a previously-approved non-competitive contract; for example, maintaining proprietary computer software;
2. A contract for continued or new specialized professional services that are not related to construction and where the contractor will not hire any additional employees for the PHA contract; for example, legal and audit services;

3. A unit price contract;

4. Insurance Contracts: Health and dental insurance, property insurance, liability insurance, workers’ compensation insurance, etc.

5. Emergency contracting;

6. Leasing equipment;

7. Elevator maintenance, repair and modernization.

IV. Contracts Not Subject to Section 3

“Section 3 covered contracts” do not include contracts for the purchase of equipment, supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract is a Section 3 covered contract. (E.g., furnace installation)

24 CFR Sec. 135.5

V. Implementation. The PHA has adopted a Section 3 Plan to implement this policy and will update the Plan as needed to achieve the stated goals to the greatest extent feasible.