



# DOCUMENT APPROVAL FORM

THIS FORM MUST BE ATTACHED TO ALL DOCUMENTS SUBMITTED FOR THE MAYOR'S SIGNATURE, ROUTE AS LISTED BELOW.

THIS DOCUMENT RECOMMENDED FOR MAYOR'S SIGNATURE

ORIGINATOR OF DOCUMENT

Department of Community Services & Revitalization, Grants Planning, Compliance and Monitoring - Jessica Underwood

### SIGNATURE APPROVALS

AGENCY/DEPARTMENT DIRECTOR

*Virginia Peck* 3-6-13

CHIEF FINANCIAL OFFICER

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COUNTY ATTORNEY

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DF  
3-6-13  
1PM

DOCUMENT NAME

Louisville Metro Section 3 Plan

SUMMARY OF DOCUMENT

CONTACT PERSON **Jessica Underwood**

TELEPHONE **574-8298**

DATE NEEDED

**For Pick up**

To Be Mailed

DATE APPROVED BY MAYOR

INSTRUCTIONS FROM THE MAYOR

## Grants Budgetary Information

Agency: CS&R Section 3 Plan Submitted for Mayor's Signature

Document Type\*:  Application  Award

\*Note: Legislation is not typically composed for applications. If legislation is requested for an application, please contact the Budget Analyst.

Grant Name: N/A

Grant Period: \_\_\_\_\_

Award Amount: \_\_\_\_\_

Cost Center: \_\_\_\_\_

Match Required?  Yes  No Match Amount: \_\_\_\_\_

Match Cost Center: \_\_\_\_\_

Please fill out ONLY ONE of the boxes below. "New Grant" means this grant has not been budgeted within the current fiscal year and is a completely new revenue for the current fiscal year. "Existing Grant" means there is currently a cost center with budget established for this grant.

New Grant Information
Note: New grants will require a resolution be taken before Council. This process takes approximately 6-8 weeks.
Amount to be budgeted in current fiscal year: <u>N/A</u>

Existing Grant Information
Note: If the award amount is greater than the amount budgeted in LeAP, an A/R memo will need to be signed by the Mayor. This process takes approximately 2 weeks.
Current amount budgeted in LeAP: _____  Additional amount to be budgeted in LeAP for current fiscal year: _____

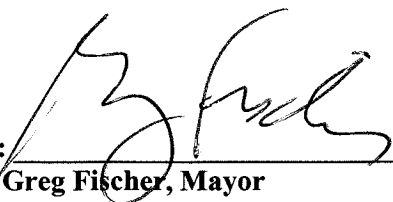
Routing Information	
Name: <u>Chris Swan</u>	Date: <u>3-6-13</u>
Name: <u>[Signature]</u>	Date: <u>3-6-13</u>
Name: _____	Date: _____
Name: _____	Date: _____



**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
DEPARTMENT OF COMMUNITY SERVICES AND REVITALIZATION**

**SECTION 3 PLAN**

**ECONOMIC OPPORTUNITIES FOR LOW AND VERY LOW INCOME PERSONS**

Approved by:   
Greg Fischer, Mayor

Date: 3/18/13

**Louisville/Jefferson County Metro Government  
Department of Community Services & Revitalization  
SECTION 3 PLAN**

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### **What is Section 3?**

The U.S. Department of Housing and Urban Development (HUD) funds are one of the largest sources of federal investments in distressed communities. The Section 3 program requires that recipients of certain HUD financial assistance, to the greatest extent possible, provide job training, employment, and contract opportunities to low and very low-income residents in connection with projects and activities in their neighborhoods, particularly those who are recipients of government assistance for housing.

This HUD Act of 1968, as amended (12 U.S.C. 1701u), and consistent with existing Federal, State and Local laws and regulations, must be directed, to the greatest extent possible, to business concerns, with economic opportunities to low and very low income persons. The greatest extent possible means that the recipient must make every effort to seek out, recruit and direct economic opportunities to Section 3 residents and businesses.

### **Who receives Economic Opportunities under Section 3?**

Eligible *Residents* for training and employment, includes, but are not limited to:

- Residents in public and assisted housing;
- Section 8 voucher holders;
- Residents in the affected project neighborhood;
- Participants in HUD Youth-build program;
- Recently unemployed;
- Recent college graduates;
- Veterans;
- Recipients of other federal assistance (TANF, unemployment, etc.)
- Single parents reentering the workforce; and
- Homeless persons.

Eligible *Employment Opportunities* may include:

- Construction labor;
- Management and administrative support;
- Architectural, engineering and professional services; and,
- Payroll, bookkeeping and clerical positions.

### **What Projects Must Follow the Metro Government's Section 3 Policies?**

Louisville Metro's Section 3 policies are applicable to all **HUD sourced construction projects** related to:

- Housing Rehabilitation (including reduction & abatement of lead-based hazards)
- Housing Construction or other Public construction projects, administrative jobs, technical, professional and construction
- Public Facilities
- Economic Development Projects (job creation or retention)

Full and complete Section 3 obligations apply to all contractor/subcontractor situations where the contract or subcontract exceeds \$100,000 of HUD-sourced funds from Louisville Metro.

### **Determining Income Levels**

- Low income is defined as 80% AMI or below the median income of that area.
- Very low income is defined as 50% AMI or below the median income of that area.

### **Louisville Metro Policies Regarding Section 3**

Louisville Metro Section 3 policies require that new construction related employment opportunities be extended to low- and very low-income residents in the area where the project is being implemented. Therefore, Section 3 residents who reside in the project area should be given priority in new hiring opportunities that arise as a result of HUD-sourced funds. A Section 3 resident must meet the minimum qualifications of the position to be filled.

Additionally, these policies require that designated Section 3 business concerns are to be extended preference in contracting, sub-contracting, purchasing and servicing activities. A Section 3 business concern must have the ability and the capacity to perform.

### **Numerical Goals for Section 3**

#### **Employment:**

- The minimum numerical goal of employment is 30% of the aggregate number of new hires shall be Section 3 residents

#### **Contracting Activities:**

- 10% of the total dollar amount of all construction contracts
- 3% of the total dollar amount of all non-construction contracts

These goals are adopted by Metro Louisville and in turn Metro Louisville expects all contractors and subcontractors who work on HUD-sourced projects to adopt these goals.

### **Definition of Section 3 Business – Three Options:**

Eligible Business Concerns meeting *one* of the following criteria:

- 51 % or more of the business must be owned by a certified Section 3 eligible resident; OR
- 30% or more of the business permanent full time employees are certified Section 3 residents for 3 years or were Section 3 residents within 3 years of the date of first employment with the business concern; OR
- Commitment to subcontract at least 25% of Section 3 contracts to Section 3 business concerns.

### **Definition of 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.

Section 3 residents are:

- Public housing residents
- Low and very-low income persons who live in the metropolitan area or non-metropolitan county where a HUD-assisted project for housing or community development is located.

### **Section 3 Contracting Policy and Procedure**

Louisville Metro 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.

Any business seeking Section 3 preference in the awarding of contracts or purchase agreements with Louisville Metro Government must be able to provide a copy of the Section 3 certification letter as evidence of eligibility for preference under the Section 3 Program. The certification and/or letter shall be submitted along with bid packages.

In addition to Louisville Metro Government, the Louisville Metro Housing Authority certifies Section 3 business concerns. Their certification will be considered valid according to the Louisville Metro Section 3 Plan.

The Section 3 clause is required to be attached to Section 3 covered contracts and subcontracts.

Louisville Metro, in compliance with Section 3 regulations, will direct their bidder preferences in construction procurement to Section 3 business concerns in the following order of priority:

- **Category 1:** Section 3 business concerns that provide jobs and training for local residents.
- **Category 2:** HUD YouthBuild programs being carried out in Louisville Metro.
- **Category 3:** Business concern that is a certified Section 3 business and it is 51% or more owned by a resident of the service area or neighborhood where the work is being performed.
- **Category 4:** Business concern that is a certified Section 3 business and it is 51% or more owned by a resident of Louisville Metro.

**Preference for Contracting with Section 3 Business Concerns**

Designated eligible Section 3 Business Concerns will derive economic benefit from any and all Metro Louisville (HUD sourced) projects built in their communities. Preference in the award of Section 3 covered contracts that are awarded under a sealed bid (invitation for bid) process may be provided as follows:

Bids shall be solicited from both Section 3 Business Concerns and Non-Section 3 Business Concerns. An award shall be made to the qualified Section 3 Business Concern with the highest priority ranking (see explanation of priorities above) and with the lowest responsive bid if that bid (a) is within the maximum total contract price established in the contracting party’s budget for the Section 3 covered project, and (b) is not more than “X” higher than the total bid price of the lowest responsive bid from any responsive bidder. “X” is determined as follows:

***Preference Matrix:***

	X = lesser of:
When the lowest responsive bid is less than \$100,000	10% of that bid or \$9,000.
When the lowest responsive bid is:	9% of that bid, or \$16,000.
At least \$100,000, but less than \$200,000	8% of that bid, or \$21,000.
At least \$200,000, but less than \$300,000	7% of that bid, or \$24,000.
At least \$300,000, but less than \$400,000	6% of that bid, or \$25,000.
At least \$400,000, but less than \$500,000	5% of that bid, or \$40,000.
At least \$500,000, but less than \$1 million	4% of that bid, or \$60,000.
At least \$1 million, but less than \$2 million	3% of that bid, or \$80,000.
At least \$2 million, but less than \$4 million	2% of that bid, or \$105,000.
At least \$4 million, but less than \$7 million	1 ½% of the lowest responsive bid, with no dollar limit.
\$7 million or more	

Developers and contractors are also expected to demonstrate in their Section 3 Utilization Plans and through their subsequent actions that Section 3 certified business concerns are included in their contracting goals and are economic beneficiaries of the plan’s business and procurement policies. Under Louisville Metro’s Section 3 policy, Section 3 eligible business concerns will be given priority in contracting for appropriate work.

### **Section 3 Resident Certification**

All contractors demonstrating Section 3 certification by current Section 3 residents or demonstrating the 30% new hire goal through Section 3 residents are required to provide evidence of the employees' Section 3 status to CSR prior to contract award. CSR will provide technical assistance to businesses in need of resident certification.

### **Section 3 Eligible Residents Hiring Policy**

Louisville Metro, in compliance with Section 3 regulations, will require contractors and subcontractors to direct their efforts towards hiring in the following order of priority:

1. The highest priority will be placed on low- and very low-income residents who *reside in the neighborhoods* where the Section 3 applicable project is taking place. Residents may be located in, adjacent to, or near the affected area.
2. Priority will also be given to participants in HUD YouthBuild programs.
3. Priority will also be given to Section 3 residents of Metro Louisville who are homeless, or recipients of government assisted programs such as Section 8 and public housing tenants.
4. Priority will be placed on Section 3 certified low- and very low-income residents who *reside within the boundaries of Louisville Metro*.

### **Metro Louisville Resources**

#### **The Metro Louisville Department of Community Services & Revitalization (CSR):**

CSR works to ensure compliance with HUD-funded projects throughout Metro Government. Section 3 responsibilities lie within CSR and include the following:

- Section 3 program coordination
- CSR will maintain files, e.g. a database and supporting documentation.
- In collaboration with agency partners, CSR will make Section 3 eligible resident referrals to new job openings and training opportunities.
- Promote Section 3 at the pre-bid conference.
- Ensure contracting policies and procedures, with goal requirements for awarding contracts, will be included in all HUD funded generated procurements.
- Certify Business Concerns claiming Section 3 status through Section 3 resident employees.

#### **The Human Relations Commission (HRC)**

The Metro Louisville Human Relations Commission is charged with promoting Section 3 business concerns through certification.

HRC is tasked with two of the three Section 3 qualifying criteria:

- 51% ownership
- 25% Section 3 subcontract work on future Section 3 contracts.



Contact information for CSR and HRC is below:

Community Services & Revitalization  
Compliance & Administration  
810 Barret Avenue  
Phone: (502) 574-3977  
Fax: (502) 574-1246  
Contact: Catherine Hughes

Human Relations Commission  
410 West Chestnut Street, Suite 300A  
Louisville, KY 40202  
Phone: (502) 574-3631  
Fax: (502) 574-3677; TDD (502) 574-4332  
Contact: Bobbi Selmon

### **Compliance Monitoring and Reviews**

CSR will conduct regular compliance reviews which consist of comprehensive analysis and evaluation of the recipient's or contractor's compliance with Section 3. Since the source of these funds is HUD, federal officials maintain the right and responsibility to conduct Section 3 projects in Metro Louisville's Consolidated Plan. Where noncompliance is found, Metro Louisville will notify the recipient or contractor of the deficiency and make recommendations for corrective actions. A finding on noncompliance by Metro Louisville or HUD may result in sanctions based on the program under which the Section 3 covered assistance was funded.

### **Record Documentation and Maintenance**

CSR will maintain records of job vacancies, solicitation for bids or proposals, selection materials and contract documents (including scope of work and contract amount) in accordance with Federal and State procurement laws and regulations. The documentation should demonstrate efforts taken towards the achievement of the Section 3 numerical goals. Contractors will receive an email blast notifying them of available Section 3 Businesses.

All projects which are subject to Section 3 guidelines require the Contractor to maintain comprehensive documentation of their Section 3 outreach efforts and implementation activities. There should be clearly maintained Section 3 documentation files **for three years**, available to be produced to and reviewed by Metro Louisville and/or HUD officials.

### **Quarterly Reports**

Louisville Metro requires quarterly reports due on:

- September 1
- December 1
- March 1
- June 1

The June report should also include a final Section 3 project report for the entire Consolidated Plan Program Year (July 1 – June 30). This will be a cumulative report of Section 3 activities for the program year.

A soft copy of these reports shall be submitted to:  
[metrocompliance@louisvilleky.gov](mailto:metrocompliance@louisvilleky.gov) (preferred delivery method)

Or, if necessary, a hard copy of the report may be submitted to:

Community Services & Revitalization  
Louisville Metro Government  
810 Barret Avenue, Suite 240  
Louisville, KY 40204

### **Section 3 Complaints**

Any Section 3 resident or Section 3 business (or authorized representative) seeking employment, training or contracting opportunities generated by Section 3 covered assistance may file a complaint using Form HUD 958.

Effective as of November 2007, Section 3 complaints must be filed at the appropriate FHEO Regional Office in which the violation occurred. Please visit [www.hud.gov/offices/fheo](http://www.hud.gov/offices/fheo) to obtain the address and telephone number for FHEO regional offices.

There is a time limit for filing a Section 3 complaint. Section 3 complaints must be filed no later than 180 days from the date of the action or omission upon which the complaint is based.

### **HUD Procedures**

Any Section 3 resident or business concern may file complaint alleging noncompliance with Section 3 by a recipient, contractor, or subcontractor. Complaints will be investigated and if appropriate voluntary resolutions will be sought. There are appeal rights to the Secretary. Section 3 residents and businesses may also seek judicial relief. Complaints must be submitted to HUD within 180 days of the action or omission upon which the complaint is based. A written complaint must include:

- Name and Address of the person filing the complaint
- Name and Address of the subject of complaint (HUD Recipient or Contractor)
- Description of acts or omissions in alleged violation of Section 3
- Statement of corrective action sought

Complaints are to be filed in writing to the local FHEO office:

Atlanta Regional Office of FHEO  
U.S. Department of Housing and Urban Development  
Five Points Plaza  
40 Marietta Street, 16th Floor  
Atlanta, Georgia 30303-2806  
(404) 331-5140  
(800) 440-8091  
TTY (404) 730-2654

Or:

The Assistant Secretary for Fair Housing and Equal Opportunity  
US Department of Housing & Urban Development  
451 Seventh Street, SW, Room 5100  
Washington, DC 20410-2000

### **Louisville/Jefferson County Metro Government Procedures**

Any Section 3 resident or business may file a complaint alleging noncompliance with Section 3 by a recipient, contractor, or subcontractor. Complaints will be investigated by the Department of Community Services & Revitalization in the Department of Community Services & Revitalization. A written complaint must include:

- Name and address of the person filing the complaint
- Name and address of the subject of complaint (HUD Recipient of Contractor)
- Description of acts or omissions in alleged violation of Section 3

Written complaints should be filed with:

Housing Program Coordinator  
Community Services & Revitalization  
810 Barret Avenue, Suite 240  
Louisville, KY 40204

Upon receipt of a written complaint, the Department of Community Services & Revitalization will designate a person(s) to investigate the specific allegations of the complaint and render a finding, if necessary. If it is determined that the Developer/Contractor (Recipient) has functioned in such a manner as to breach the contractual obligations of the Section 3 Plan, the Department of Community Services & Revitalization will notify the appropriate department heads and parties of such finding and of the corrective measures that will be required. The Department of Community Services & Revitalization will respond to the complainant.

Section 3 residents and businesses may also file a complaint with HUD utilizing the process described above or may seek judicial relief.