# HOUSING AUTHORITY OF THE CITY AND COUNTY OF DENVER
## SECTION 3 CONTRACTING, HIRING, AND TRAINING POLICY

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Effective October 1, 2015
Revised 12/28/2017
Introduction: Policy, Purpose, Definitions

A. Introduction and Summary

The Housing Authority of the City and County of Denver (DHA) has established a policy whereby any contractor that transacts business with DHA must meet the requirements of DHA’s Section 3 policy as outlined in this document. This policy applies to all contracts valued at $150,000 or greater. Contractors will: 1) offer Section 3 employment, training and employment skill building programs for eligible Section 3 residents and 2) provide Section 3 Business Concerns with the maximum opportunity to participate in contracts awarded by DHA. DHA will make a good faith effort to recruit as many Section 3 eligible residents and businesses as possible for employment and instructional positions and contract opportunities, in an effort to provide economic opportunities for area residents and area business concerns.

This document serves to fulfill two (2) main objectives: 1) it outlines the Section 3 & Section 3 Business Concern policy and program compliance measures of DHA, and 2) it contains program definitions, requirements, required forms, information on program assistance provided by DHA, and other information related to DHA’s Employment, Training and Contracting Policy.

Summary of Requirements

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Section 3 Hiring</th>
<th>Section 3 Training &amp; Internship</th>
<th>Section 3 Contracting</th>
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<tbody>
<tr>
<td></td>
<td>30% of new hires should come from Section 3 Resident Pool</td>
<td>Training and Internship Spots as listed in Chart on Page 21</td>
<td>10% of the value of construction contracts</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3% of the value of non-construction contracts</td>
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These requirements apply to all prime and subcontractors where the value of the contract with DHA is $150,000 or greater.
Part I: Contracting

A. Section 3 New Hire & Contracting Requirements

Section 3 Numerical Requirements and Order of Preference:
In accordance with Section 3, DHA requires that all contractors and any tier subcontractors shall provide training and employment opportunities to Section 3 residents to meet or exceed a numerical requirement of 30% of all new hires should come from Section 3 Resident Pool, to the greatest extent feasible.

DHA has established employment and training requirements that contractors and subcontractors are expected to meet in order to comply with Section 3 requirements. It is the contractor’s responsibility to implement progressive efforts to attain Section 3 compliance.

Section 3 Hiring Preference
Contractors shall adhere to the following order of priority for employment purposes:

Category 1: A low- or very low-income resident of DHA housing site where the work is being done
Category 2: A low- or very low-income resident of any DHA housing developments
Category 3: A participant in HUD Youthbuild program in Denver Metropolitan Area
Category 4: A low-Income resident of the Denver Metropolitan Area

Contracting Requirements
In accordance with Section 3, DHA requires that all contractors and any tier subcontractors shall direct 10% of the contract value to Section 3 business concerns for construction contracts and 3% for non-construction contracts to the greatest extent feasible in the following order of priority:

Category 1: Business concerns that are 51% or more owned by residents of the DHA housing development or developments for which the Section 3 covered assistance is expended, or whose full-time, permanent workforce includes 30% of these persons as employees; or

Category 2: Business concerns that are 51% or more owned by residents of other DHA housing developments that is expending the Section 3 covered assistance, or whose full-time, permanent workforce includes 30% of these persons as employees; or

Category 3: HUD Youthbuild programs in Denver Metropolitan Area; or

Category 4: Business concerns that are 51% or more owned by low income Section 3 residents, or whose permanent, full-time workforce includes 30% Section 3 residents, or that subcontract in excess of 25% of the total amount of subcontracts to business concerns identified in paragraphs (1) and (2) of this section.

Section 3 businesses seeking a contract or subcontract shall be responsible for submitting evidence, if requested, to demonstrate to DHA’s satisfaction that the business concern is responsible and has the ability to perform successfully under the terms and conditions of the proposed contract.
Contractors must incorporate and enforce the provisions of the Section 3 policy and numerical requirements in any and all tier subcontracts. Requirements relative to employment and contracting with Section 3 residents and business concerns shall not apply to contracts less than $150,000 and shall not apply to contracts for the purchase of supplies and materials unless the contract for materials includes installation.

**B. Section 3 Contracting Requirements & Procedures**

The procedures outlined herein shall apply to all contractors seeking contracting opportunities with DHA.

As part of the response to an RFP or other solicitation, respondents (prime) are required to submit a DHA Education and Employment Plan to identify overall projected Section 3 hiring and training that will be implemented to ensure compliance with the requirements of Section 3. See Part III for DHA Education and Employment Plan.

The **Director of Workforce Development and Community Initiatives** will be responsible for coordinating with the Procurement Department to review the Education and Employment Plan prior to the award of the contract. Upon selection, DHA will work with the selected firm to finalize the Section 3 Plan, including identification of DHA assistance to be provided (if any), timelines for action, and review of reporting and compliance requirements.

**I. Prior to Bid/Pre-Certification Process:** DHA resident-owned businesses can email [procurement@denverhousing.org](mailto:procurement@denverhousing.org) to request, complete and submit a Business Status Affidavit.

**II. Bid/Proposal Phase:** Contractors submitting bids and/or proposals to DHA shall be required to complete and submit the following Section 3 commitment forms (Appendix):

- Denver Housing Authority Education and Employment Plan
- Section 3 Business Concern Affidavit
- List of Core Employees (including date of hire for each core employee and address)

**III. Pre-Award Phase:** Subsequent to the submission of bids/proposals, but prior to contract award, contractors may be requested to provide additional information regarding the submissions required in the Bid/Proposal Phase. Such requests may be made in instances where the contractor does not show sufficient detail in their required Section 3 commitment forms, where the contractor’s commitment does not reflect achievement of the minimum stated requirements, where the contractor has not identified the name of the Section 3 subcontractor(s) in the required Schedules and does not have signed Letters of Intent, or where it is deemed necessary by DHA’s Director of WDCI.

**IV. Contract Performance Phase:**

**Section 3 Contract Performance Monitoring**

DHA shall monitor and evaluate the contractor’s Section 3 compliance towards achieving the numerical requirements relative to Section 3 employment, training, and contracting
throughout the contract period. The contractor shall be responsible for providing the following reports to DHA, which shall be submitted no later than 5:00 p.m., on the first business day of each quarter throughout the contract period (Appendix):

- Core Employee List Subcontractors / New Contracts
- Section 3 Employment and Training Compliance Reports
- Section 3 Man-hour Report
- Contracting Compliance Report
- Section 3 Affidavit for new hires that applied on site
- Employer Training Report

Upon DHA’s request, the contractor and all sub-contractors are required to provide supporting documentation and proof of previous employment of any and all core employees prior to working on a DHA project.

The contractor shall also ensure that for each Section 3 resident hired, a Section 3 Verification Affidavit is completed. The Section 3 Verification Affidavit shall be completed by the resident, and submitted to the contractor. This documentation should be included with the monthly reports submitted to DHA.

The contractor shall be responsible for monitoring the compliance of any subcontractors. In doing so, the contractor shall require monthly/quarterly reports, in the formats provided, from its subcontractors.

**Determination of Compliance**

Contractors and their subcontractors are required to demonstrate compliance with the Section 3 employment and contracting requirements by meeting the numerical requirements set forth above. Contractors who do not meet the contracting numerical requirements must thoroughly document its inability to comply. In addition, DHA requires contractors that fail to meet the contracting requirements set forth in this policy use the alternative measures listed in Part III and Part IV to comply. Contractor’s efforts shall be directed towards identifying methods to achieve success under this program through hiring and training efforts.
Part II: Hiring and Training Requirements

A. Hiring:

- Target recruitment of Section 3 residents for training and employment by taking steps such as:
  - Prominently place a notice of commitments under Section 3 at the project site or other places where applications for training and employment are taken;
  - Contact DHA Education and Employment Services
    1) Lori Laurita (720) 932-3044
    llauri@denverhousing.org
  - Contact DHA Education and Employment Services for a list of agencies that may be able to provide assistance regarding opportunities for training, which can be utilized on this contract;
  - Contact local job training centers, employment service agencies, and community organizations;
  - Develop on-the-job training opportunities or participate in job training programs;
  - Develop or participate in certified pre-apprenticeship/apprenticeship trainings programs for construction trades on construction contracts and paid internship/summer employment opportunities for non-construction contracts.
  - Contact DHA Education and Employment Services to access qualified Section 3 candidates for available positions.

- Keep a list of Section 3 area residents who apply on their own or by referral for available positions.

- Send to labor organizations or representatives of workers with whom the recipient, contractor, or subcontractor has a collective bargaining agreement or other understanding, a notice about contractual commitments under Section 3.

- Select Section 3 area residents, particularly DHA residents, for training and employment positions.

- Provide ongoing monitoring of the program by the contractor and its subcontractors to ensure compliance and to identify problems or difficulties in meeting the requirements, and implement strategies to overcome the problems. Where problems or difficulties in meeting the requirements are encountered, take aggressive efforts to rectify the matter. Such action shall include, but not be limited to, convening a meeting with DHA Education and Employment Services to advise them of the problems and proposed solutions. DHA Education and Employment Services will offer its assistance whenever possible.

Where feasible, adjust the initial Denver Housing Authority Education and Employment Plan to increase the use of Section 3 residents in categories where the Plan has been successful to compensate for those categories of lower success.
B. Reporting Open Positions

All DHA contractors and subcontractors are required to report all job openings in connection with a contract to DHA Education and Employment Services as soon as the job becomes available. This will aid in fulfilling the dual requirements of the shared job database by connecting low-income residents in need of employment with contractors seeking to hire Section 3 employees. Noncompliance with DHA’s requirement may result in sanctions, termination of the contract for default, and debarment or suspension from future DHA contracts.

* For Construction Projects – All new hires must go through the on-site hiring process or complete a DHA Education and Employment Services intake.

C. Training and Internship Requirements

Training Requirements for Construction Contracts

➢ DHA requires all construction contracts that are greater than $150,000.00 in total construction cost and is anticipated to exceed 6 months of construction to include a detailed and well-defined plan on how they will provide certified pre-apprenticeship or apprenticeship training programs to at least one (1) Section 3 Resident in its priority order. One (1) additional Section 3 Resident in its priority order will be provided training for every additional $500,000 of the total contract value. The training plan and trainings must be aligned with the scope of work in the contract and approved by DHA. A training program participant can only count for one (1) training slot per total contract amount. Those who do not offer a certified pre-apprenticeship, apprenticeship, or training program will contribute to the DHA Section 3 Training Fund as prescribed in the chart listed below.

Training Requirements for Non-Construction Contracts

➢ DHA requires that all non-Construction contracts that meet or exceed ($150,000.00) one hundred thousand dollars in total contract value include a detailed and well-defined plan to provide paid internship or summer employment opportunities to Section 3 Residents in its priority order. An internship/summer employment program participant can only count for (1) one internship/summer employment slot per total contract amount. Those who do not offer a DHA approved paid internship or summer employment opportunity will contribute into the DHA Section 3 Training Fund as prescribed in the chart listed below.

D. Compliance Requirements for Section 3 Contracting

If a contractor or subcontractor cannot meet the Section 3 contracting requirements it must thoroughly document its inability to comply. In addition, DHA requires contractors that fail to meet the contracting requirements set forth in this policy use the following alternative measures to comply:

• Contractors have the option to contribute to DHA’s Section 3 Training Fund, which provides training and other economic opportunities for DHA residents:
Trade, Construction and Rehab Contractors must contribute 1.5% to 6% of the total contract amount; dependent upon contract value.

Non-Construction Contractors (e.g. A&E, Consulting, Professional Services, and Technical) must contribute 1% of the total contract amount.

DHA will primarily use the Section 3 Training Fund to pay for resident self-sufficiency programming through DHA’s partnerships with local colleges, state approved trade programs, paid work experience/internship programs, youth summer employment programs and various other employment and training programs for residents. The site in which the construction or project is occurring will receive a portion of funds generated from that respective site for programs and equipment related to resident training.

Construction

* A portion of all funds generated at a DHA housing site will remain at that site for resident training programs and equipment

<table>
<thead>
<tr>
<th>Total Contract Amount</th>
<th>Number of Section 3 Training / Internship Slots</th>
<th>Contribution to DHA Training Fund if Training or Internship Slots Are not Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least $150,000 but less than $500,000</td>
<td>1</td>
<td>6% of the Total Contract Value up to $25,000</td>
</tr>
<tr>
<td>At least $500,000 but less than $1,000,000</td>
<td>2</td>
<td>5% of the Total Contract Value up to $40,000</td>
</tr>
<tr>
<td>At least $1,000,000 but less than $2,000,000</td>
<td>3</td>
<td>4% of the Total Contract Value up to $60,000</td>
</tr>
<tr>
<td>At least $2,000,000 but less than $4,000,000</td>
<td>4</td>
<td>3% of the Total Contract Value up to $80,000</td>
</tr>
<tr>
<td>At least $4,000,000 but less than $7,000,000</td>
<td>10</td>
<td>2% of the Total Contract Value up to $105,000</td>
</tr>
<tr>
<td>$7,000,000 or more</td>
<td>1 additional training slot for every additional $500,000.00</td>
<td>1.5% of that Total Contract Value, with no dollar limit</td>
</tr>
</tbody>
</table>

Non-Construction

Non-Construction Contractors (e.g. A&E, Consulting, Professional Services, and Technical) must contribute 1% of the total contract amount.

Contractors who fail to meet education and employment plan commitments may be subject to a limited denial of participation in DHA, DHA affiliate, and DHA instrumentality procurement activity for up to one (1) year.