

Section 3 Annual Report

Vision Plan: Investing in People

Board of Commissioners – February 25, 2021

People



Vision Plan: People First

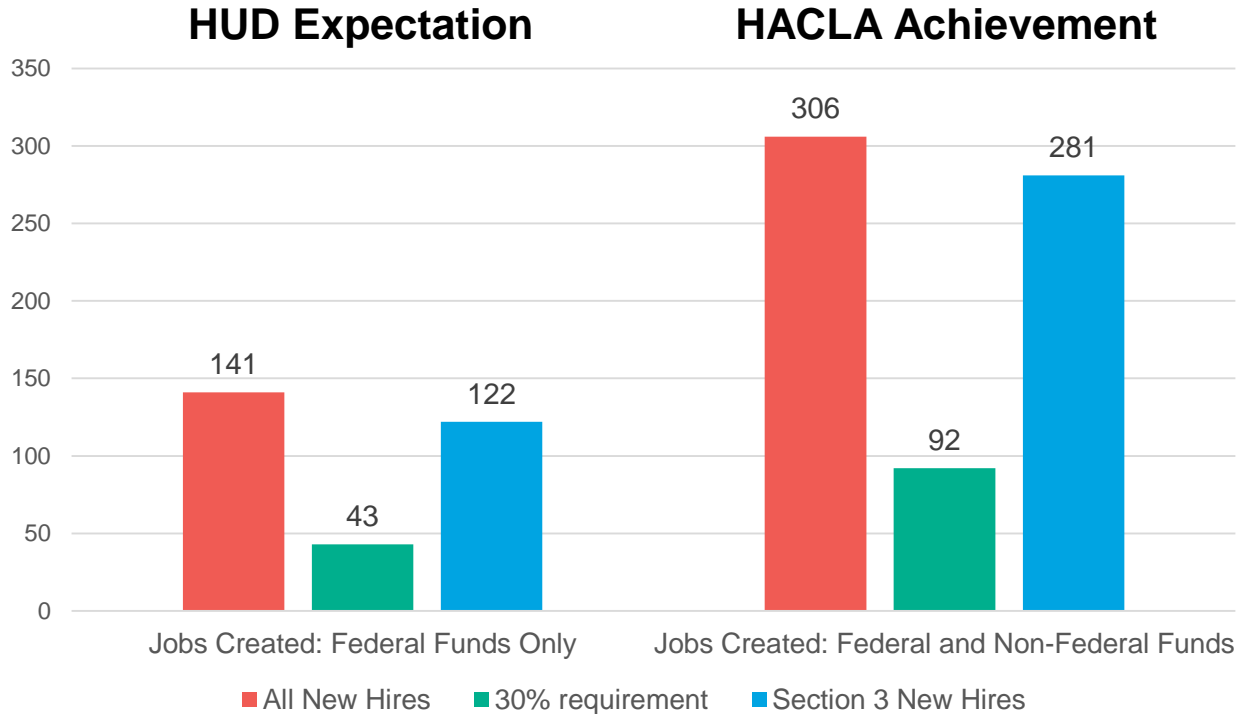
- *Resident outreach*
- *Engagement*
- *Enhance resident access to workforce*
- *Job Placement*
- *Long term career opportunities*

Outcome:

Help residents attain higher levels of education, financial security, personal wellness, community security, physical health, and household stability.

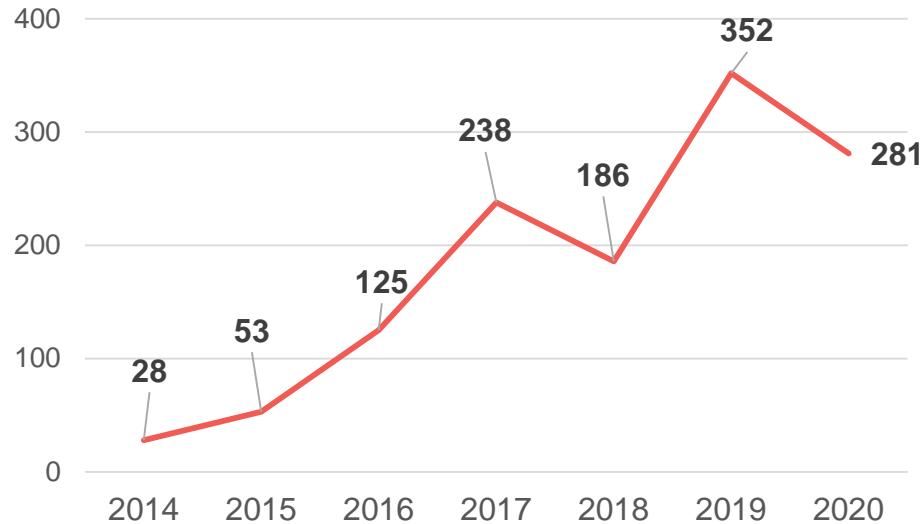
Agenda

- 2020 Section 3 Outcomes and Achievements
- Redevelopment Project Reviews: A Unique Opportunity for Section 3 Residents
- Overview of New Section 3 Rules



Section 3 New Hires Trends

Section 3 Resident New Hires

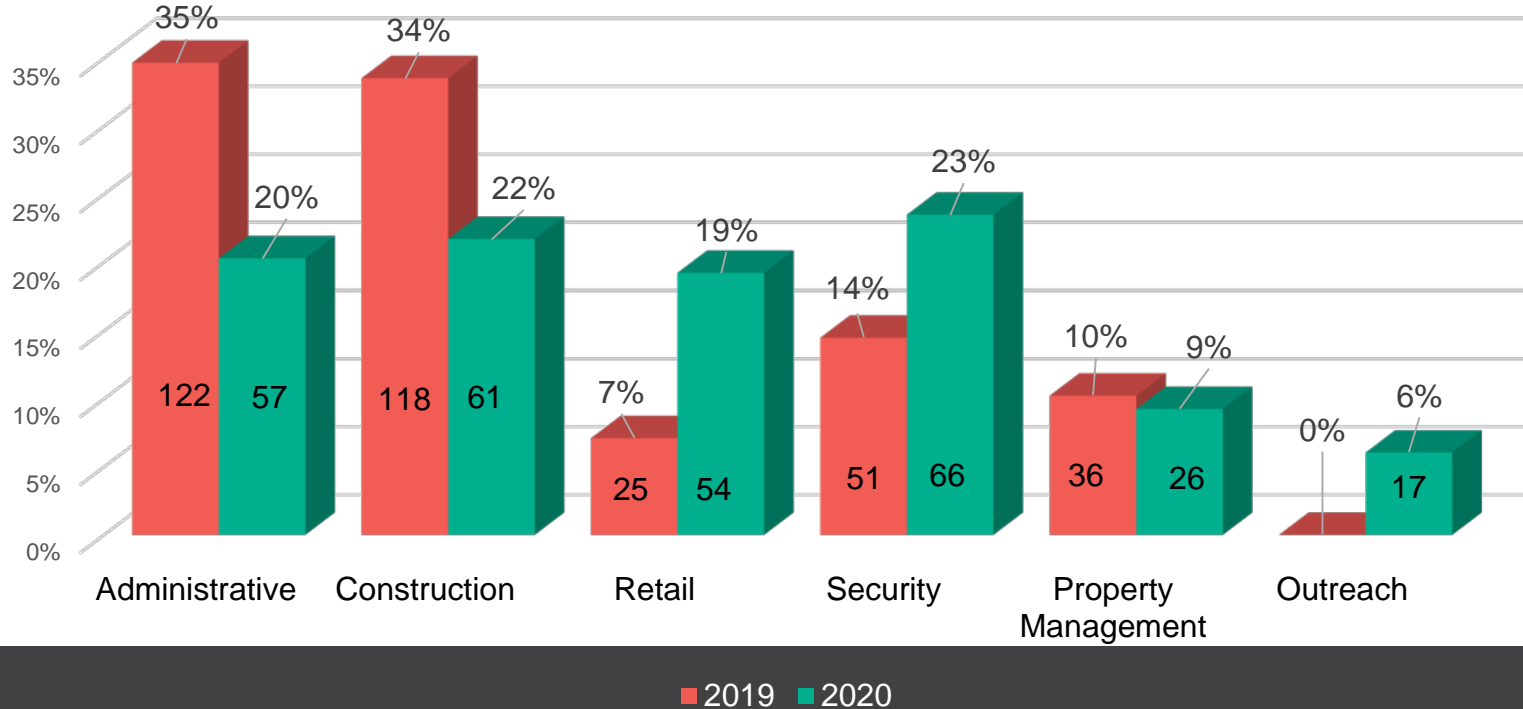


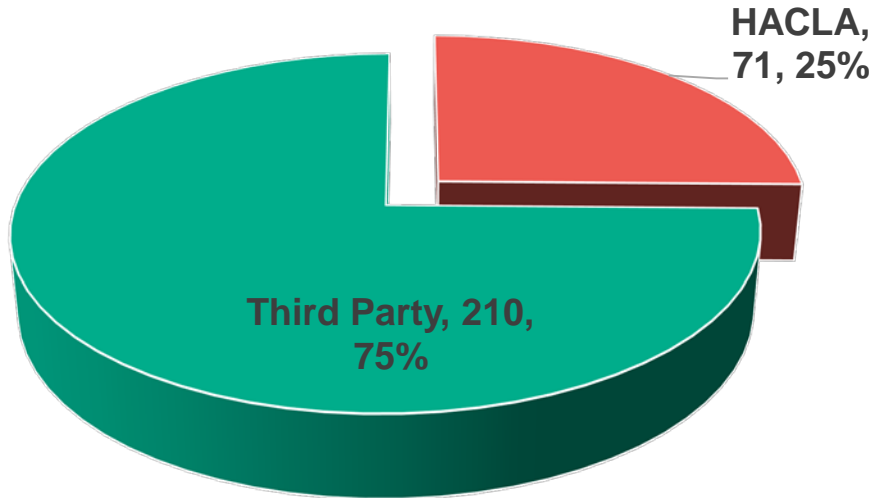
While hiring in 2020 exceeded benchmarks, COVID played a significant role in not realizing even greater success.

- Jordan Downs Phase S-3 and Area H construction commenced after outbreak and hiring was reduced/delayed due to restrictions
- Training and hiring events were postponed or cancelled
- Resident concerns with increased exposure to COVID and reduced employment interest
- Employer focus on rehiring laid-off employees

New Hires by Job Categories: 2019 vs 2020

Total New Hires:
 2019: 352
 2020: 281



Employer Type**Employer and Wage Information****2020 Hiring**

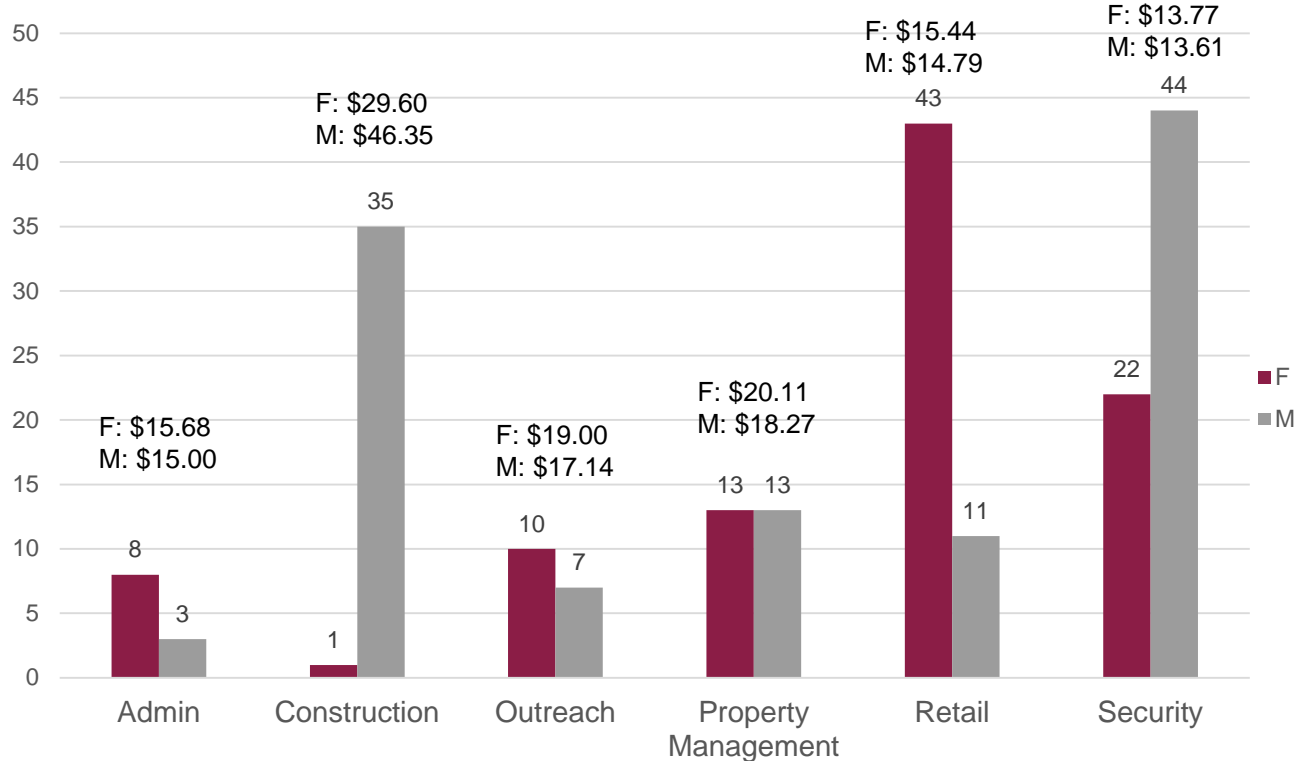
- HACLA (25%) - Direct Hiring
- Third Party (75%) –Vendors and Development Partners

2020 Average Pay Rate: \$22.31

- Males: \$25.60
- Females: \$18.31

2019 Average Pay Rate: \$23.76

- Males: \$26.88
- Females: \$19.50

New Hires by Job Type and Gender: 210

2020 Average Wages

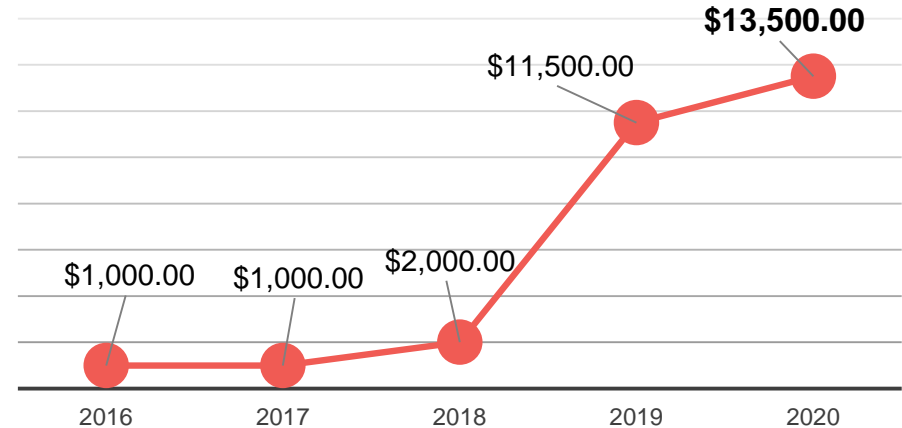
Admin:	\$15.50
Construction:	\$45.89
Outreach:	\$18.23
Property Mgmt:	\$19.19
Retail:	\$15.31
Security:	\$13.66

Females: 97
Males: 113

Section 3 Scholarship Awards:

- Vendors who are unable to provide jobs or other economic opportunities contribute to the Section 3 Fund
- The fund has continually grown over the years and includes contributors such as Yardi, Xerox, law firms, A/E firms, etc.
- A total of 35 college scholarships awarded to date (12 in 2020)

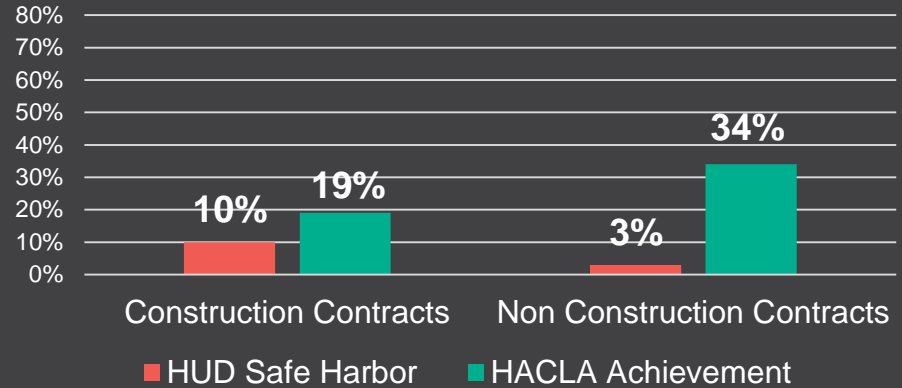
Section 3 Scholarship Awards



Section 3 Business Contracting

- Creating a business-friendly environment, sustained outreach efforts and use of HACLA's Section 3 Business Registry continue to result in Section 3 Business contracting success
- Exceeded HUD Safe Harbor goals in Construction Contracting in 2020
- Exceeded HUD Safe Harbor goals in Non-Construction Contracting in 2020

Section 3 Business Contracting (Federal Funds only)

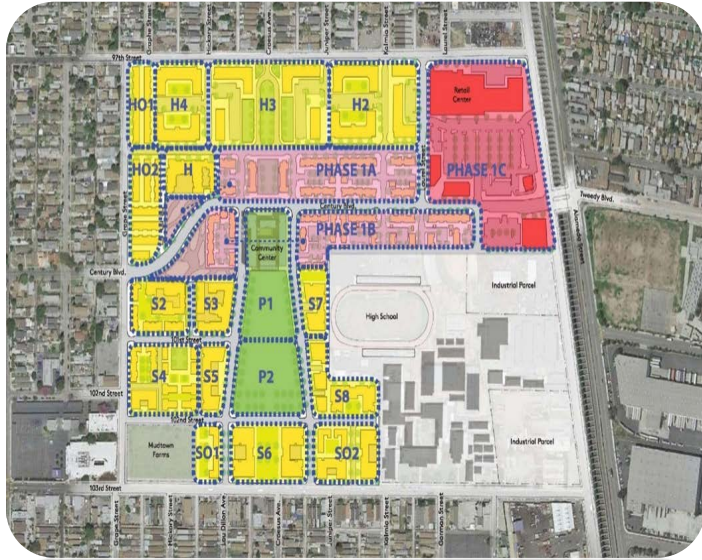


Construction Contracts (19%):

- Section 3 Contract Award: \$393,972.21

Non-Construction Contracts (34%):

- Section 3 Contract Award: \$629,540.04



Redevelopment Projects Overview: 2020

A Unique Opportunity for Residents

- Completion of Phase 1B construction
- Area H
- Phase S-3
- Retail at Freedom Plaza

Phase 1-B (135 units) Closeout

Hiring

114 Section 3 New hires

Average wages: \$35.31

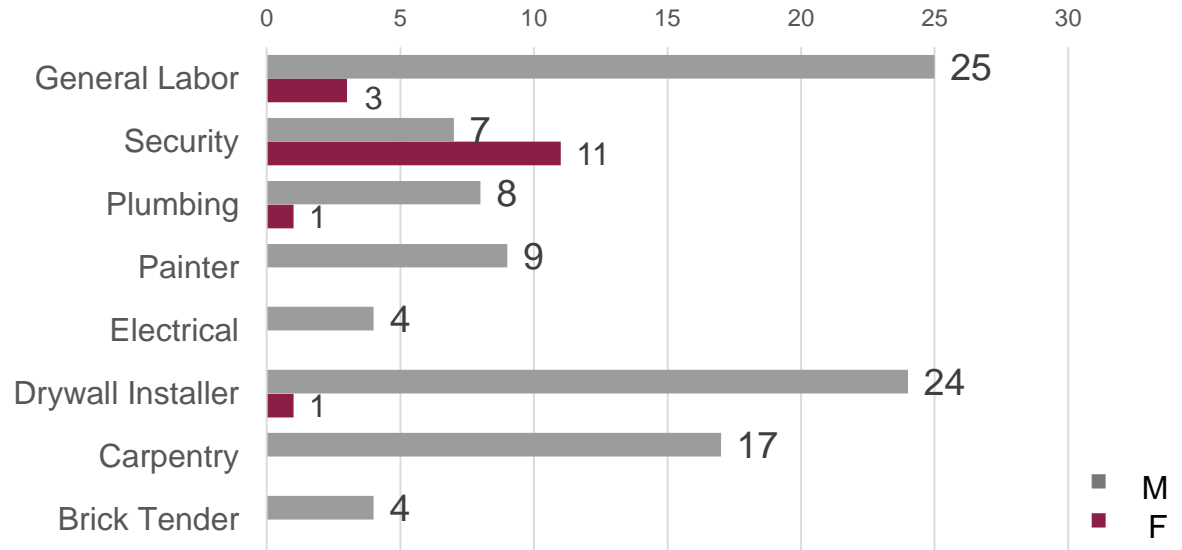
Females (16): \$22.89

Males (98): \$37.47

Subcontracting

- Section 3 Business: 48% (\$18.5 million)
- MBE/WBE: 26% (\$10.2 million)

New Hires by Job Type and Gender



Project/Phase	New Hires	Average Wages	Comments
Freedom Plaza	54	\$15.30	79% Female Workforce Mainly 18-24 year olds (64%)
Area H (80 units)	20	\$52.45	Early Stages
Phase S-3 (93)	7	\$40.79	Early Stages

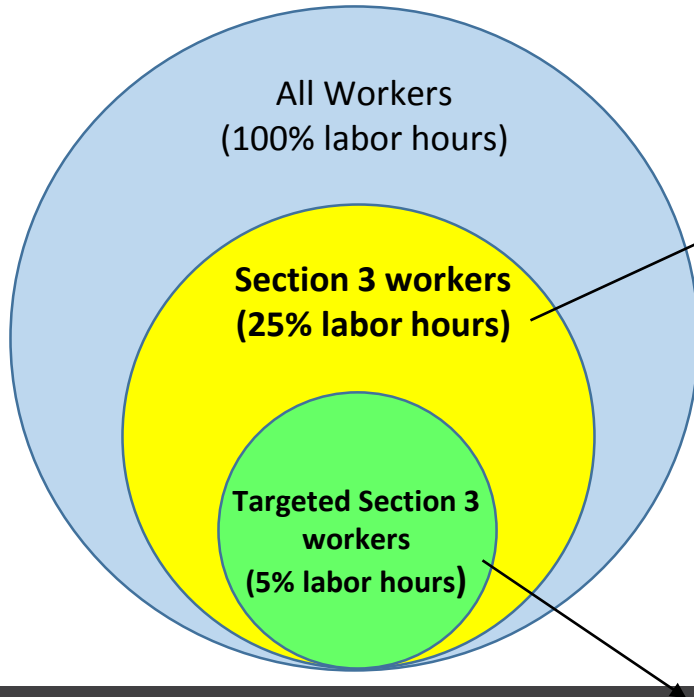
New Section 3 Rules: 24 CFR §75

- On September 28, 2020 HUD published its Final Section 3 Rule in the Federal Register which went into effect as of November 30, 2020
- Transition period through at least July 1, 2021
- First reports due February 2023 (calendar year 2022)
- Construction-employment focused and exempts professional services contracts
- New definitions of Section 3 Residents and Businesses
- New benchmarking requirements: number of new hires replaced by hours worked standard



- Eliminates the 30% new hire requirement and replaces it with labor hour benchmarks at 25% for Section 3 Workers and 5% for Targeted Section 3 Workers
- Eliminates the requirements to award ten percent (10%) of all construction contracts to Sections 3 Businesses and three percent (3%) to other professional services providers
- Housing authorities are relieved of the current requirement to impose Section 3 on the award of non-construction professional services.
- Addition of Section 8 participants in the hiring priorities (P2 category)

New Hiring Benchmarks



25% Benchmark Goal

To Calculate:

$$\frac{\text{Section 3 Worker Hours}}{\text{Total Labor Hours}} = 25\%$$

5% Benchmark Goal

To Calculate:

$$\frac{\text{Targeted Section 3 Worker Hours}}{\text{Total Labor Hours}} = 5\%$$

- The new rule provides some regulatory relief but creates new burdens as well
- The new rule definitions are confusing
- Counting labor hours will help ensure sustained employment but businesses may satisfy Section 3 with their existing workforce, which could mean fewer employment opportunities for public housing residents
- Section 3 compliance has been eliminated for non-construction contracts
- Non low-income individuals could qualify as Section 3 Workers
- Section 8 participants are now recognized in hiring priorities

Questions?