

Oakland Housing Authority

Economic Opportunities Policy

Background:

Section 3 of the Federal Housing Act of 1968, as amended, (hereinafter referred to as "Section 3") requires that economic opportunities generated by certain U.S. Department of Housing and Urban Development financial assistance for housing and community development programs shall, to the greatest extent feasible, be given to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to businesses that provide economic opportunities for these persons.

On June 30, 1994, the U.S. Department of Housing and Urban Development published regulations (24 CFR Part 135) in the Federal Register as interim rules implementing Section 3. The effective date of the rules is from August 1, 1994 through June 30, 1995.

Pursuant to Section 3 of the Housing Act of 1968, as amended, and 24 CFR Part 135, the Oakland Housing Authority has adopted this Economic Opportunities Policy. It is the intent of the policy to comply fully with Section 3; and by publication of this policy, the Oakland Housing Authority wishes to provide direction for application of this policy.

This policy shall remain in effect for all covered activities so long as this policy remains consistent with federal regulations or until changed by the Authority. This policy is subordinate to Section 3 and 24 CFR Part 135. In any case where it is found that any provision of this policy or of a procedure or program undertaken in furtherance of this policy is found to be inconsistent with Section 3 or 24 CFR Part 135, Section 3 or 24 CFR Part 135 shall prevail.

Policy Statement:

It is the policy of the Oakland Housing Authority to provide to the greatest extent feasible economic opportunities to low- and very low-income persons residing in Oakland metropolitan area (as defined in § 135.5 of 24 CFR Part 135 and to businesses meeting the definition of "Section 3 business concern" as defined by 24 CFR Part 135. In furtherance of this policy the Oakland Housing Authority shall develop programs and procedures necessary to implement this policy covering all procurement

contracts where labor and/or professional services are provided, in order to achieve the goals outlined below. This policy does not apply to contractors who only furnish materials or supplies, and do not undertake work, as in the installation of the material or equipment. All covered contracts executed after the adoption of this policy must comply with this policy.

Goals:

All contractors undertaking Section 3 covered projects and Section 3 covered activities on behalf of the Oakland Housing Authority are expected to meet the requirement of Section 3. Any contractor (whether or not they meet the definition of a Section 3 business), to demonstrate compliance with the "greatest extent feasible" requirement of Section 3, must meet the numerical goals set forth below for providing training, employment and contracting opportunities to Section 3 residents and Section 3 business concerns. In meeting the goals, contractors are to apply a system of priority selection from among those Section 3 residents eligible pursuant to § 135.34, 24 CFR Part 135:

First priority - residents of the development where the work is to be performed.

Second priority - other residents of Oakland Housing Authority properties.

Third priority - other residents of Oakland who are participants of HUD Youthbuild programs being carried out in the City of Oakland.

Fourth priority - other persons from the Oakland metropolitan area who meet the definition of Section 3 resident contained in § 135.5 of 24 CFR Part 135.

Furthermore, for all construction contracts in excess of \$100,000, contractors and their subcontractors are required to utilize appropriate State-approved apprenticeship programs that have graduated apprentices as a means to meet the Section 3 employment goals.

Employment:

July 1, 1994 to June 30, 1995 - all contractors will seek to the greatest extent feasible to achieve a level of 15% of all new hires to be low- or very low-income residents of the Oakland metropolitan area.

July 1, 1995 to June 30, 1996 - all contractors will seek to the greatest extent feasible to achieve a level of 25% of all new hires to be low- or very low-income residents of the Oakland metropolitan area.

July 1, 1996 and thereafter - all contractors will seek the greatest extent feasible to achieve a level of 30% of all new hires to be low- or very low-income residents of the Oakland metropolitan area.

Preference for Section 3 business concerns:

Preference shall be awarded to Section 3 business concerns according to the following system.

Small Purchases:

For Section 3 covered contracts aggregating no more than \$100,000, the Authority shall follow its small purchase procedures as outlined in its procurement policy.

1. Where the Section 3 covered contract is to be awarded based upon the lowest price, the contract shall be awarded to the qualified Section 3 business concern with the lowest responsive quotation, if it is reasonable and no more than 10 percent higher than the quotation of the lowest responsive quotation from any qualified source. If no responsive quotation by a qualified Section 3 business concern is within 10 percent of the lowest responsive quotation from any qualified source, the award shall be made to the source with the lowest quotation.

2. Where the Section 3 covered contract is to be awarded based on factors other than price, a request for quotations shall be issued by developing the particulars of the solicitation, including a rating system for the assignment of points to evaluate the merits of each quotation. The solicitation shall identify all factors to be considered, including price or cost. The rating system shall provide for a range of 15 to 25 percent of the total number of available rating points to be set aside for the provision of preference for Section 3 business concerns. The purchase order shall be awarded to the responsible firm whose quotation is the most advantageous, considering price and all other factors specified in the rating systems.

Competitive bids:

Bids shall be solicited from all businesses (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 (as defined in 24 CFR Part 135) and with the lowest responsive bid if that bid-

A. is within the maximum total contract price established in the Authority's budget for the specific project for which bids are being taken; and

B. is not more than "X" higher than the total bid price of the lowest responsive bid from any responsible bidder. "X" is determined as follows:

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

2. If no responsive bid by a Section 3 business concern meets the requirements of paragraph 1 of this section, the contract shall be awarded to a responsible bidder with the lowest responsive bid.

3. In both paragraph 1 and 2 above, a bidder, to be considered as responsible, must demonstrate compliance with the "greatest extent feasible" requirement of Section 3.

Competitive Proposals:

When utilizing the competitive proposal process in compliance with its procurement policy, from 15% to 25% of the total number of available points shall be awarded for compliance with Section 3 on Section 3 covered contracts.

Proposals from firms not demonstrating compliance with the "greatest extent feasible" requirement of Section 3 shall not be considered responsible.

Definitions:

The Oakland Housing Authority incorporates into this policy the definitions contained in § 135.5 of 24 CFR Part 135. Reference is therefore made to the June 30, 1994 Federal Register. Further, the Oakland Housing Authority makes no representation concerning interpretation and meaning of Section 3 of the Housing Act of 1968, as amended, and of 24 CFR Part 135 beyond this policy. It is recommended that interest parties refer directly to the law and regulations for a complete understanding of their meaning.