

CHAPTER FIVE:

ENCOURAGING TRAINING AND EMPLOYMENT OPPORTUNITIES

5.1 GENERAL

HUD encourages and, in some instances, requires recipients of HUD assistance to facilitate training and employment opportunities for low income residents of assisted housing as well as residents and business in the project area and women- and minority-owned business.

5.2 SECTION 3 (EMPLOYMENT, TRAINING AND CONTRACTING OPPORTUNITIES FOR PROJECT AREA RESIDENTS AND BUSINESSES) - RESERVED

For a discussion of Section 3 objectives and requirements, see the implementing regulations at 24 CFR 135 and HUD Handbook 8023.1, Implementation of Section 3 of the Housing and Urban Development Act of 1968.

5.3 ENCOURAGING PARTICIPATION OF WOMEN- AND MINORITY-OWNED BUSINESSES

- a. HUD encourages participation of women and minority-owned enterprises (W/MBEs) in the activities of HUD programs.
 - (1) Management agents (in the Management Certification) and Owners (in applicable contracts and regulatory agreements) agree to work and take affirmative steps to make W/MBEs aware of contracting opportunities.
 - (2) Owners and management agents should attempt to obtain at least one bid from a W/MBE when soliciting services for HUD-insured or HUD-assisted properties through a competitive process.
 - (3) Owners and managers also should consider employment opportunities under Neighborhood Networks (see Chapter 9 of this Handbook).
- b. Owners and managers should consider the outreach activities described below to encourage the participation of women- and minority-owned businesses.

- (1) Identify and maintain an inventory of certified W/MBEs, their capabilities, services and/or products.

- (2) Use local media to market and promote contract and business opportunities with W/MBEs.
- (3) Develop written material (fact sheets, procurement forecasts, etc.) on contracting opportunities.
- (4) Sponsor and/or participate in business opportunity meetings, conferences, seminars to promote opportunities for W/MBEs.
- (5) Develop procurement procedures that facilitate opportunities for W/MBEs to participate. For example, if possible and economically feasible, solicit services and products in quantities that make it feasible for small W/MBEs to participate.

5.4 TELECOMMUNICATIONS SERVICES

a. GENERAL.

The Department supports owners of HUD's multifamily insured and assisted housing projects contracting with providers who offer project residents various alternative telephone, cable or satellite television, information and security systems.

b. BACKGROUND.

Several telecommunications companies have approached project owners of HUD's assisted and insured multifamily housing projects to provide the project residents with various alternative telephone, cable or satellite television, information and security systems. In these proposals, the providers typically propose installing all necessary equipment on the project site at no cost to the project and, in some cases, returning a portion of the subscriber fees paid by tenants for the services to the project as project income.

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These benefits are provided to the project in return for an exclusive agreement for providing such services as an alternative to those available through local telephone and cable television companies.

Additionally, some proposals offer coordination through a third-party entity who would arrange the agreements between service providers and, possibly, multiple project owners.

The Department supports all these arrangements, especially since they may bring a higher level of service to our low-income communities in a more competitive atmosphere, offer avenues to training and

jobs, possibly increasing project revenues, and producing more marketability for the project.

c. REQUIREMENTS.

The following features must be addressed or included in each arrangement or contract. Documents must be submitted to the asset management staff of the appropriate HUD field office or State HFA office, as appropriate.

(1) Owner Action/Considerations Prior to Agreement:

- (i) Project owners shall notify residents of the proposed agreement/contract and solicit their input.
- (ii) Project owners may do a preliminary review of the types of services available in their area to obtain a wide range of services at competitive prices.

(2) Contracts or Agreement Contents:

Each contract/agreement must specifically address the following points:

(i) General Contractual Stipulations:

- (a) Must be between project owners and the service providers (or their coordinating entity) and NOT involve HUD.

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- (b) HUD property cannot be encumbered by a service provider without prior HUD field office approval.

(ii) The Equipment or System:

- (a) All costs for installation, operation, maintenance, repair and upgrading are borne by the provider.
- (b) Equipment remains the sole property of the provider and shall not be deemed to constitute part of the property, or otherwise encumber the property.
- (c) The project may provide electrical power to the system, as long as there is no significant negative effect on the project's operating budget.

(iii) Resident Service Subscriptions:

- (a) Are strictly voluntary by project residents.
- (b) Must be paid by the residents directly to the service provider, NOT through project management. Said service can not be part of the rent or rent structure.

Any excess fees must be returned directly to the subscribers by the provider. Such fees may NOT revert to the owning entity or the management agent.

- (c) Must not include fees in excess of the amount ordinarily paid for such service in the area. Note: The fees are not part of, or compensated from the management agent fee.

3. ITEMS FOR CONSIDERATION - PROVIDER.

- (i) In certain cases, providers may want to station their staff on-site to act as sales or marketing personnel. Project owners can consider such an arrangement acceptable, subject to HUD's review and approval.

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However, these staff must be separate from management agent staff, and compensation from the provider cannot be a part of, or paid by HUD's management fee.

- (ii) Providers may wish to do a feasibility study to determine if such an arrangement would be beneficial to them.

d. SUBMISSION/HUD REVIEW.

Any contract/agreement must be submitted to the HUD field office servicing the project or review and approval prior to execution.

- (1) The HUD review should focus particularly on issues regarding any effect on the project's income and expenses, the Regulatory Agreement and mortgage, and on any arrangements using project management staff as representatives or agents of the service provider.

- (2) The Multifamily Director should determine which field staff are involved in the review, depending on the issues of concern.

5.5 HUD MONITORING AND ASSISTANCE

a. Monitoring.

FHEO staff have the primary responsibility for monitoring compliance with these requirements.

b. HUD Assistance.

- (1) FHEO maintains an automated registry of Section 3 businesses which is available for use by owners and managers.
- (2) HUD's Office of Asset Management and Property Disposition works to maintain information about training and employment opportunities for residents and can share this information with owners and managers.