UNITED STATES OF AMERICA
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY

VOLUNTARY COMPLIANCE AGREEMENT

BETWEEN

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

AND

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE

REGARDING

SECTION 3 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT
(12 U.S.C. § 1701U)

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE
VOLUNTARY COMPLIANCE AGREEMENT
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AND

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE

I. INTRODUCTION

The Housing Authority of the City of Milwaukee ("HACM") is a public housing authority and a recipient of Federal financial assistance from the United States Department of Housing and Urban Development ("HUD" or "Department"). HACM receives various funding from HUD, including operating subsidies, capital funds, and HOPE VI grants. Those funds are "Public and Indian housing assistance" as defined in the implementing regulations for Section 3 of the Housing and Community Development Act of 1968, 12 U.S.C. § 1701u ("Section 3") at 24 C.F.R. § 135.3(a). Section 3 requires that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs are, to the greatest extent feasible, directed toward low-income and very low-income persons, particularly those who are recipients of government assistance for housing.

During the period between 2009 and 2012, HACM received approximately $230 million in funding from HUD, including operating subsidies, capital funds, modernization funds, development funds, and special funding provided under the American Recovery and Reinvestment Act of 2009 ("ARRA"). During the same period, HACM awarded over $60 million in construction and other contracts as part of the Westlawn Redevelopment Project ("Westlawn Project") in Milwaukee, Wisconsin.

In 2012, HUD officials received letters from a community organization expressing concerns regarding HACM's efforts to comply with the statutory and regulatory requirements of Section 3. As a result, on January 17, 2013, HUD's Assistant Secretary for Fair Housing and Equal Opportunity notified HACM that HUD was commencing a review of HACM's Section 3 practices, pursuant to 24 C.F.R. § 135.74. The HUD investigation team conducted an onsite review during the week of

March 18, 2013, with the full cooperation of HACM.

The Department's investigation concluded that despite significant efforts made in good faith to meet the requirements of Section 3, HACM was not in full compliance. On September 13, 2013, the Department issued to HACM a Letter of Findings of Noncompliance ("LOF"). Specifically, the Department's findings concluded that: 1) HACM's Section 3 written policies exempt contracts under either $50,000 or $100,000 from the Section 3 contracting and employment requirements; 2) HACM and Westlawn Contractors failed to provide employment opportunities to the "greatest extent feasible" because they did not follow the contracting preference order as set forth in 24 C.F.R. § 135.34 and 24 C.F.R. § 135.36; 3) failed to achieve to the "greatest extent feasible" a three percent contracting goal of the total dollar amount of all other section 3 covered contracts; 4) failed to the "greatest extent feasible" to notify residents of training and employment opportunities at the Westlawn Project construction site; and 5) failed to include the seven-paragraph Section 3 clause directly in contracts or subcontracts.

HACM agrees to enter into this Voluntary Compliance Agreement ("Agreement" or "VCA") in order to address the findings of noncompliance in HUD's September 13, 2013 Letter of Findings and to fully comply with the requirements of Section 3 of the Housing and Community Development Act of 1968. By entering into this VCA, HACM is not admitting liability with respect to the matters raised in the LOF, nor with respect to any of the statutes or regulations referenced above.

II. DEFINITIONS

The definitions set forth in this section will be used for the implementation and interpretation of the terms of this Agreement. Any term not defined herein will have the definition given to it in the Regulations implementing Section 3 as set forth in 24 C.F.R. § 135.

Contractor means any entity which contracts to perform work generated by the expenditure of Section 3 covered assistance, or for work in connection with a Section 3 covered project.

Metropolitan area means a metropolitan statistical (MSA) area as established by the Office of Management and Budget.

New hires mean full-time employees for permanent, temporary or seasonal employment opportunities.

Preferences for Section 3 Residents as set forth in 24 C.F.R. § 135.34 is the order of providing preference for section 3 residents. Recipients, contractors and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of section 3 covered assistance to section 3 residents in the order of priority provided below:

Category 1 Residents: Residents of the housing development or developments for which the section 3 covered assistance is expended;

Category 2 Residents: Residents of other housing developments and holders of housing choice vouchers managed by the Housing Authority that is expending the section 3 covered housing assistance;

Category 3 Residents: Participants in HUD Youthbuild programs being carried out in the metropolitan area (or Nonmetropolitan County) in which the section 3 covered assistance is expended;

Category 4 Residents: Other section 3 residents

Public housing resident has the meaning given to this term in 24 C.F.R. § 963.

Public and Indian housing assistance includes Public and Indian housing development assistance provided pursuant to Section 5 of the U.S. Housing Act of 1937 ("1937 Act"), Public and Indian housing operating assistance provided pursuant to section 9 of the 1937 Act, and Public and Indian housing moderation assistance provided pursuant to section 14 of the 1937 Act.

Recipient means any entity which receives Section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State, unit of local government, Public Housing Authority, Indian Housing Authority, Indian tribe, or other public body, private or public nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies, and does not include contractors.

Regulations means, unless specified otherwise, the implementing regulations for Section 3 at 24 C.F.R. Part 135.

Section 3 clause means the contract provisions set forth in 24 C.F.R. § 135.38.

Section 3 covered activity means any activity that is funded by Public and Indian housing assistance.

Section 3 covered assistance, with respect to public housing authorities, means HUD

assistance to which the obligation to provide training, employment, contracting and other economic opportunities under Section 3 apply, including 1) Public and Indian housing development assistance provided pursuant to Section 5 of the 1937 Act; 2) Public and Indian housing operating assistance provided pursuant to Section 9 of the 1937 Act; 3) Public and Indian housing modernization assistance provided pursuant to Section 14 of the 1937 Act; and 4) any other HUD funds, regardless of the HUD program, utilized for the operation, modernization or rehabilitation of public housing properties or developments as defined under those statutes.

Section 3 covered contract means a contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project. "Section 3 covered contracts" do not include contracts for supplies and materials. However, whenever a contract includes the installation of the materials, the contract constitutes a Section 3 covered contract.

Section 3 resident means 1) a public housing resident or housing choice voucher holder, or 2) an individual who resides in the metropolitan area or nonmetropolitan county in which the Section 3 covered assistance is expended, and who is a low-income person (defined to mean families, including single persons, whose income does not exceed 80 percent of the median income for the area as determined and adjusted by HUD), or a very low-income person (defined to mean families, including single persons), whose income does not exceed 50 percent of the median family income for the area as determined and adjusted by HUD).

Section 3 business concern means a business concern 1) that is 51 percent or more owned by Section 3 residents; or 2) whose permanent, full-time employees include persons, at least 30 percent of whom are currently Section 3 residents, or within three years of the date of first employment with the business concern were Section 3 residents; or 3) that provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in paragraphs (1) or (2) in this definition of *Section 3 business concern.*

Subcontractor means any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of Section 3 covered assistance, or arising in connection with a section 3 covered project.

III. TERMS OF AGREEMENT

A. General Provisions

1. Duration of the Agreement

This Agreement shall govern for a period of four (4) years from the Effective Date of the Agreement. The fourth year of the Agreement shall be waived if HACM is deemed by HUD to be in compliance with the provisions of this Agreement at the end of the third year.

2. Effective Date

This Agreement will become effective on the date that it is executed by the Assistant Secretary for Fair Housing and Equal Opportunity or his designee. In calculating compliance with the first year, HACM and the Assistant Secretary for Fair Housing and Equal Opportunity or his designee may agree in writing, subsequent to the execution of this Agreement, to include activity executed on or after October 1, 2013.

3. No Third Party Beneficiary

This Agreement does not increase or diminish the ability of any person or class of persons to exercise their rights under Section 3. Individuals or classes of persons who may have rights under Section 3 or its implementing regulations are not parties or third party beneficiaries of this Agreement. Nothing in this Agreement shall be construed as creating any right in a third party to enforce any provision of this Agreement or to assert any claim against HACM or HUD.

4. Liability

Nothing in this Agreement will be deemed to be an admission of any liability on the part of HACM. This Agreement does not release HACM from any claims, damages, penalties, issues, assessments, disputes or demands arising under the False Claims Act, 31 U.S.C. § 3729, *et seq.*, or any other statutory, administrative, regulatory or common law claims. Additionally, this Agreement and any payments made in connection therewith cannot be used to offset or reduce any claims, damages, penalties, assessments or damages arising under the False Claims Act or any other statutory, administrative, regulatory or common law claims.

5. Public Document

This Agreement is a public document. A copy of this Agreement shall be made

available to any person for review in accordance with HUD's and HACM's public disclosure obligations, including the Freedom of Information Act.

6. Interpretation

a. To the extent that any prior or contemporaneous HUD guidance (written or oral) in the form of letters, opinions or similar guidance regarding HACM's obligations, responsibilities, or responsibilities under Section 3 conflicts with this Agreement, this Agreement is the controlling document from the Effective Date of the Agreement.

b. If new Section 3 regulations are promulgated by HUD during the effective period of this Agreement, HACM may follow the provisions of the new regulations instead of any conflicting provisions of this Agreement, after giving notice to HUD within a reasonable time of its intentions to do so.

7. Retaliation

HACM shall refrain from retaliating against any person who has: 1) exercised or will exercise his or her legal rights under Section 3; 2) participated in or will participate in any manner with a Section 3 compliance review; or 3) participated in any manner in protecting the rights of Section 3 residents or businesses, or any person associated with a person who has engaged or will engage in any of the abovementioned activities.

8. Funding Applicability

Subject to Section III.A.9 and III.A.10, this Agreement covers any activity by the HACM funded with Public and Indian housing assistance ("PIH"), including housing development assistance, operating assistance, modernization assistance and any other HUD PIH funds regardless of HUD program utilized for the operation, modernization or rehabilitation of public housing properties or developments. See Section II, Definitions.

B. Specific Provisions

1. Section 3 Oversight and Administration.

a. Within ninety (90) days of the Effective Date of this Agreement, consistently with its obligations under Section 3 and this Agreement, HACM shall hire or appoint appropriate personnel to serve as the Section 3 Coordinator to oversee and manage compliance with the provisions of this Agreement and to administer

HACM's Section 3 Program. The identity, qualifications, position description and powers of that person must be provided to HUD within the same time frame. That person shall have the requisite qualifications and training to perform the functions of the position.

b. HACM shall notify the Department in writing prior to removing or replacing the designated Section 3 Coordinator.

c. HACM shall take all appropriate measures to ensure that the person so hired or appointed will have the proper duties and responsibilities to ensure compliance by HACM with the Agreement and Section 3. Said duties and responsibilities shall include quarterly reporting, in person and in writing, to HACM's Secretary-Executive Director and his or her designee on steps taken since the last meeting to comply with this Agreement, on internal administrative obstacles to compliance encountered, if any, and on the progress and accomplishments achieved.

2. Section 3 Plan

a. Within one hundred and eighty (180) days of the Effective Date of this Agreement, HACM shall develop and forward to HUD for review and approval, a written Section 3 Plan covering Section 3 employment, contracting (including subcontracting), and training opportunities.

b. Before forwarding the draft Section 3 Plan ("Plan") to HUD for review and approval, HACM shall:

(1) Publicize by press releases its Plan and provide a 30-day period during which the public may comment to HACM on the Plan.

(2) Make the full text of the Plan available to the public, in the following ways:
   a. Publish it conspicuously on the HACM website;
   b. Make printed copies available at all HACM offices open to the public;
   c. Communicate links and/or copies, by email or U.S. Mail, of the Plan to:
      i. all community organizations that have communicated with HACM about Section 3 in the past five (5) years;
      ii. all businesses known to HACM to be interested in contracting opportunities with HACM;
      iii. all HACM Resident Council groups; and
      iv. any other groups or individuals HACM believes would

be interested in receiving it.

(3) Inform the public, including those listed in (2) above, how to provide comments regarding the Plan for consideration by HACM. HACM shall communicate this procedure on HACM's website, by e-mail, by U.S. Mail and at its offices open to the public. The process by which the public will provide comments to HACM shall be appropriate to maximize participation.

(4) Schedule and publicize on HACM's website and by press releases one public information and comment session to give members of the public an opportunity to learn about and comment on the Plan. Notice of the time and place for the session shall be publicized at least fifteen (15) days in advance.

(5) Within thirty (30) days of the closing date of the public comment period and before submitting the Plan to HUD for review and approval, HACM shall prepare and publish on its website a summary of the comments received regarding the Plan and a summary of HACM's responses to them, including HACM's explanation for not adding any proposed changes to its Section 3 Plan. HACM shall preserve all records of communication to the public and written comments received during the 30-day comment period.

c. Once approved by HUD, no changes may be made to the Plan without the written consent of HUD.

d. The Section 3 Plan will:

i. Establish policies, procedures and practices to ensure that all internal hiring and contracting activities comply with the regulatory requirements detailed at 24 C.F.R. § 135.

ii. Establish a mechanism which ensures, to the greatest extent feasible, that at least 10% of the total dollar amount of all Section 3 covered contracts for building trades work for maintenance, repair, modernization, or development of public or Indian housing, or for building trades work arising in connection with housing rehabilitation, and housing construction be awarded to Section 3 business concerns.

iii. Establish a mechanism that ensures, to the greatest extent feasible, that at least 3% of the total dollar amount of all other Section 3 covered

contracts be awarded to Section 3 business concerns.

iv. Establish a mechanism that ensures, to the greatest extent feasible, that at least 30% of the aggregate number of new hires are Section 3 residents.

v. Require contractors to develop a Section 3 plan detailing how they will comply with the requirements of Section 3. The plan should include, but not be limited to, specific information about the contractor's current workforce, plans for hiring additional employees, anticipated subcontracting needs, and strategies for targeting Section 3 residents and business concerns for new economic opportunities.

vi. Establish a process by which HACM will facilitate the self-certification of Section 3 residents and business concerns so that certifications, by their language, are made both to HACM and to HUD.

vii. Provide for the development and maintenance of a list of Section 3 business concerns. This list shall be provided to all successful contracting bidders in an effort to facilitate the award of subcontracts to Section 3 business concerns.

viii. Establish a process to inform Section 3 businesses of contracting opportunities.

ix. Establish and implement through contractual terms a policy whereby all contractors and subcontractors will review and consider the Section 3 resident list described in Section III.B.7.e(i)(1) of this Agreement prior to making new hires and, if those hired are not on said list, or are in a lower preference category as defined in Part II of this Agreement under Preferences for Section 3 Residents, explain in writing the qualification or qualifications that those on said list lacked, or other reason for non-hire (for example, job offer declined).

x. The contractors and subcontractors that have not met the numerical goal set forth in III.B.2.d(iv) above shall have the burden of demonstrating to HACM why it was not feasible to meet the numerical goals. Such justification shall be in writing and shall document actions taken to comply with the requirements, the results of those actions, and impediments encountered.

3. Section 3 Business Concerns

a. Contracting

i. Contractors

(1) In any contract entered into after this Agreement becomes effective, whether those contracts are new, extensions or renewals:

(a) HACM must require the contractor to award, to the greatest extent feasible, a minimum of 10% of the total dollar amount of all contracts for maintenance, repair, modernization or development to Section 3 business concerns and 3% of all other contracts to Section 3 business concerns.

(b) In order to meet the 10% (3% for non-construction related contracts) requirement, HACM shall allow contractors to: break down their large contracts into smaller contracts that are more suitable for Section 3 business concerns, solicit specifically Section 3 business concerns, and give preference to Section 3 business concerns.

ii. Existing Contracts

(1) HACM must perform a review of all existing Section 3 covered contracts, including property management contracts, and identify to HUD, within one hundred and twenty (120) days of the Effective Date of this Agreement, those contracts that will last two (2) years or longer after this Agreement becomes effective or those contracts that are three (3) million USD or more in size.

(2) Within one hundred and eighty (180) days of the Effective Date of this Agreement, HACM shall identify to HUD all current contracts identified above in Section III.B.3.a(ii)(1) that are not in compliance with the contracting/subcontracting goals of Section 3 and with the terms of this Agreement.

(3) If after the first year of implementation of this Agreement, HACM fails to meet the numerical goals set forth in Section III.B.2.c(ii), HACM shall revise its procurement policies consistent with 24 C.F.R. § 135, App. III Examples of Procurement Procedures that Provide for Preference for Section 3 Business Concerns.

iii. Renegotiating Existing Long Term Contracts

HUD may, in its discretion, require HACM to renegotiate some or all of those contracts identified in Section III.B.3.a(ii) to bring them into full compliance with the requirements of Section 3 and this Agreement.

iv. Section 3 Clause

HACM must ensure that the Section 3 clause is inserted in all appropriate contracting documents, including subcontracting documents. *See* 24 C.F.R. § 135.38 (A-G).

v. Order of preferences

HACM and contractors will follow the contracting preference order as set forth in 24 C.F.R. § 135.36.

4. Other Economic Opportunities

A HACM contractor that can demonstrate it has no need or plans to subcontract or hire, or that can demonstrate it has attempted, to the greatest extent feasible, to meet Section 3 hiring and contracting goals, may provide other economic opportunities to Section 3 residents and business concerns as follows, consistent with 24 C.F.R. § 135.40:

a. The contractor will provide to HACM a plan as to how it will offer other economic opportunities to Section 3 residents and business concerns. HACM will report in its semi-annual reports to HUD, the nature, extent and outcome of the other economic opportunities thus provided.

b. HACM may not require a contractor to make a Section 3 Fund contribution in lieu of indirect participation, mentorship program participation, or other results-oriented economic opportunities.

c. A contractor may provide one or several of the following "other economic opportunities" under this subsection:

i. Training and Employment: "Training and Employment" related opportunities will be designed to train and/or employ Section 3 residents. The specific operation of "Training and Employment" will be detailed in the Section 3 Plan required under Section III.B.2;

ii. Indirect Participation: "Indirect Participation" allows a contractor to count a percentage of payments, as specified in HACM's Section 3 Plan, made to Section 3 business concerns unrelated to a HACM contract for the purposes of calculating whether the contractor met Section 3 goals for that HACM contract. The specific operation of "Indirect Participation" will be detailed in the Section 3 Plan required under Section III.B.2;

iii. Mentorship Program Participation: "Mentorship Program" is a program designed to provide mentorship and/or training that benefit Section 3 residents of business concerns. The specific operation of "Mentorship Program Participation" will be detailed in the Section 3 Plan required under Section III.B.2;

iv. Other Results-Oriented Economic Opportunities: "Other Results-Oriented Economic Opportunities" are results-oriented and quantifiable programs designed to provide economic opportunities to Section 3 residents, including, but not limited to, Section 3 joint ventures, teaming agreements or combination of other economic opportunities. A contractor must submit to HACM a plan detailing these "Other Results-Oriented Economic Opportunities" and receive an approval prior to implementation. The specific operation of "Other Results-Oriented Economic Opportunities" will be detailed in the Section 3 Plan required under Section III.B.2;

v. Section 3 Fund: a contractor may contribute the difference between 10% of the covered contract amount (3% for non-construction related contracts) and the amount provided to Section 3 business concerns to HACM's Section 3 Fund. The amount contributed shall not exceed one hundred thousand dollars ($100,000) for any one contract.

d. A contractor that has a need to hire or subcontract may not use HACM's Section 3 Fund to substitute for its obligation to comply with Section 3. However, a contractor that has demonstrated that it has attempted, to the greatest extent feasible, to meet Section 3 hiring and contracting goals may satisfy its Section 3 obligations by engaging in alternative means outlined in Section III.B.4.c of this agreement.

5. Section 3 Business Concern Certification Process

a. HACM must include in its Section 3 Plan, as required under Section III.B.2 of this Agreement, a plan for establishing a process for certifying Section 3 business concerns.

b. HACM may rely on contractor and sub-contractor self-certification. HUD and HACM will work together to create a form for self-certification, which will include language identifying penalties for false certifiers. While HACM and/or partner(s) will maintain the Section 3 Business Concern registry, the self-certifications will be made to HACM and to HUD. If HACM has reason to believe that any Section 3 Business Concern on the registry has provided a false certification of Section 3 eligibility, HACM shall promptly inform HUD of the alleged false certification. In the event that HUD learns, from HACM or any other source, that any Section 3 Business Concern on the registry has falsely certified to Section 3 eligibility, HUD may initiate a review of the self-certification and, if appropriate, take enforcement action against the false-certifier, including, but not limited to, debarment.

c. Obligation to Maintain Section 3 Status. A contractor that received a contract or subcontract based on its Section 3 eligibility from Section 3 employees shall maintain, to the greatest extent feasible, its Section 3 employees for the duration of the contract. HACM will include in its Section 3 Plan requirements that a contractor immediately notify HACM of the loss of its Section 3 eligibility, as well as requirements that HACM permit such contractor a reasonable opportunity to cure the loss of Section 3 eligibility. The Section 3 Plan will also include penalties for failure to comply with this provision.

d. HACM may, on its own initiative, modify or revise its self-certification process, with advance written notice and consent of HUD, which will not be unduly withheld.

6. Section 3 Employment

a. By the end of the first year of this Agreement, HACM's contractors and subcontractors who have employed new hires will, to the greatest extent feasible, meet the numerical goals for the employment of Section 3 residents, as set forth in 24 C.F.R. § 135.30(b) or demonstrate the infeasibility of meeting such goals. Contractors demonstrating such infeasibility may then provide other economic opportunities, as detailed in III.B.4.c, above, or contribution to the Section 3 Fund in an amount of 3% of the total dollar amount of the contract for building, trade work or 1% for other contracts. The amount contributed shall not exceed twenty thousand dollars ($20,000) for any one contract.

b. HACM, contractors and subcontractors will follow the priority of Preferences for Section 3 Residents in training and employment opportunities as defined in Section II of this Agreement and set forth in 24 C.F.R. § 135.34(a).

c. A contractor or subcontractor that has the need to hire may not use HACM's Section 3 Fund or other economic opportunities to substitute for its obligation to comply with Section 3.

d. For those contractors who fail to meet the employment goals after one year, the Section 3 contract clause for those contractors may be appended to include the provisions of 24 C.F.R. § 135 App. I. Examples of Efforts to Offer Training and Employment Opportunities to Section 3 Residents.

e. Monitoring Section 3 Hires

HACM will take the following actions to ensure that to the greatest extent feasible its contractors provide employment opportunities to Section 3 residents for the life of Section 3 covered contracts.

i. Building Trade Contracts: HACM shall require building trade contractors to submit payroll and hiring reports on a weekly basis. HACM shall utilize these payroll and hiring reports to monitor compliance with the numerical goals for the employment of Section 3 residents, as set forth in 24 C.F.R. § 135.30(b). HACM's Section 3 Plan shall include the frequency with which and the methods by which HACM must monitor compliance with the numerical goals for the employment of Section 3 residents on building trade contracts.

ii. All Other Contracts: HACM shall require all other contractors to submit hiring reports on a monthly basis. HACM shall utilize these hiring reports to monitor compliance with the numerical goals for the employment of Section 3 residents, as set forth in 24 C.F.R. § 135.30(b). HACM's Section 3 Plan shall include the frequency with which and the methods by which HACM must monitor compliance with the numerical goals for the employment of Section 3 residents on all other contracts.

iii. HACM shall conduct site visits to monitor contracts. HACM's Section 3 Plan shall provide for the frequency of site visits.

f. Internal Hiring

i. Within thirty (30) days of HUD's approval of the Section 3 Plan, HACM must submit to HUD for approval the revisions to its internal hiring policy that implement Section 3 requirements and the terms of this Agreement. The hiring policy shall include steps to identify qualified applicants entitled to Section 3 preferences prior to screening applicants for further consideration.

The policy also shall require HACM selecting officials who select an applicant without a Section 3 preference, or in a lower Section 3 preference category as defined in Part II of this Agreement under Preferences for Section 3 Residents than other applicants, to provide written explanations for such decisions. Once approved by HUD, HACM shall post and maintain a copy of the hiring policy on its website.

ii. At the end of each report cycle (See Section VI Reporting) for this Agreement, HACM will document the total number of new hires at HACM for the preceding six (6) months and determine the number of Section 3 new hires of that total.

iii. If it proves infeasible for HACM to meet the numerical goals for employment as set forth in 24 C.F.R. § 135.30(b), HACM shall demonstrate to HUD the other economic opportunities that it provides to its residents and the community, including, but not limited to, the following services: educational (including scholarship, financial literacy and learning enrichment), recreational, youth, after school, child care, senior services, job preparation programs, homeownership, and/or other economic opportunities as described above in Section III.B.4.c.

iv. HACM must, to the greatest extent feasible, hire Section 3 Residents for vacancies as prescribed by the Section 3 Plan. HACM may not use the provision of other economic opportunities to substitute for this requirement.

7. Outreach and Training Efforts

a. Within thirty (30) days of the Effective Date of this Agreement, HACM must hold an internal information session on the provisions of this Agreement with its key managers and staff.

b. With the Section 3 Plan, HACM must also submit to HUD for approval new Section 3 training and outreach materials drafted to accurately describe the requirements of this Agreement and the Regulations. While the Agreement is in effect, HACM must receive approval from HUD, which will not be unduly withheld, to use any new or modified Section 3 materials for its training/outreach efforts. The materials will be reviewed within a reasonable time, not to exceed one hundred and twenty (120) days after receiving the materials.

c. After HUD approves its outreach/training materials, HACM must promptly engage in outreach and education efforts, especially targeting business communities and potential Section 3 business concerns in a manner

consistent with the Section 3 Plan. It should coordinate its outreach efforts with local chambers of commerce and other organizations and agencies that engage in business growth activities. Outreach efforts for all Section 3 activities should include, but are not limited to, posting notices on its website, posting notices in the common areas or other prominent areas of its housing developments, advertising through local media, such as community television networks, newspapers of general circulation, minority owned newspapers, local business trade magazines/flyers and radio advertising. HACM shall include in its monitoring reports a schedule of events and activities under this section.

d. HUD may, in its discretion, direct HACM to increase its outreach efforts or direct it to focus its outreach efforts on particular groups, organizations or a subset of Section 3 residents or Section 3 business concerns. Outreach efforts for all Section 3 activities should include, but are not limited to, posting notices on its website, posting notices in the common areas or other prominent areas of its housing developments, advertising through local media, such as community television networks, newspapers of general circulation, minority owned newspapers, local business trade magazines/flyers and radio advertising.

e. Expansion of Services to Non-Public Housing Section 3 Residents

i. Within one year of the Effective Date of this Agreement, HACM must take the following measures to ensure the benefits of the Section 3 program will extend to all Section 3 residents:

(1) Build, maintain and expand its database of Section 3 residents and their job qualification information. The database must be searchable and accessible by the public, including persons who seek to register in the database and potential employers and business concerns that are seeking to hire. However, no private information beyond the name, job qualifications and experience will be displayed publicly, except the contact information specified by the person. The Section 3 Plan will address privacy rights of individuals on the database.

(2) Ensure all Housing Choice Voucher holders, as well as individuals living in subsidized or assisted housing, are given the opportunity to be included in the abovementioned database. These opportunities shall be extended to voucher holders at the time of certification or recertification. This provision is not intended to create an additional requirement of tenants to provide information to HACM. The provision requires HACM to seek the information from tenants on a

voluntary basis only.

(3) Collaborate with the employment offices, workforce development offices, community organizations, the Small Business Administration ("SBA"), and other social services offices managed by state and/or local governments both in order to notify Section 3 residents, as defined in this Agreement, of potential job openings and to incorporate as much job qualification information of Section 3 residents in the database as possible. In this effort, HACM will sponsor quarterly meetings with identified partners to share information with Section 3 residents. These meetings will be held on a rotating basis in various low-income neighborhoods in HACM's service area. The meeting venues will not be limited to HACM properties.

(4) Engage in outreach efforts to educate contractors, business entities and Section 3 residents about the availability and use of the Section 3 resident database, including providing a notice about the list to Housing Choice Voucher holders it services.

(5) Follow the priority order of the regulations concerning Preferences for Section 3 Residents in training and employment opportunities as defined in Section II of this Agreement and set forth in 24 C.F.R. § 135.34(a).

8 Section 3 Fund

a. HACM will contribute an initial $50,000 to create the HACM Section 3 Fund.

b. HACM may collect monetary payments from contractors to be deposited to the HACM Section 3 Fund consistent with Sections III.B.3, III.B.4, and III.B.5 of this Agreement.

c. Any funds collected by HACM for the Section 3 Fund must be expended for purposes related to Section 3. If the funds are expended for training or education, adequate outreach efforts must be made to ensure that the benefits of the training follow the priority order of the regulations concerning Preference for Section 3 Residents in training and employment opportunities as set forth at 24 C.F.R. § 135.34(a).

d. With respect to activities funded by the Section 3 Fund, HACM shall sponsor no less than two (2) workshops per year during the effective period of

this Agreement for Section 3 residents and Section 3 business concerns. In conducting these workshops, HACM should collaborate with the SBA and/or other qualified organizations for the purpose of providing the training. The workshop trainings for Section 3 business concerns or residents interested in starting a Section 3 business may include, but not be limited to, training on starting a business; writing a business plan; business expansion and retention; outreach and advertising; financial information regarding lines of credit; loan programs; bonding and insurance; and government contracting.

e. This Agreement does not prohibit HACM from incorporating into Section 3 covered contracts additional requirements that extend beyond the provisions required by Section 3 or by this Agreement, such as a negotiated provision for a specific number of public housing or other Section 3 residents to be trained or employed on the Section 3 covered project.

f. HACM shall provide scholarships each year this Agreement is in effect for the purpose of enrolling Section 3 residents in workforce development training programs. The financial assistance may be used for the payment of tuition, books, fees, dues, tools, equipment, transportation, and work clothing. HACM shall create a competitive process to determine eligibility for the scholarships.

IV. MONITORING AND ENFORCEMENT BY HACM

HACM must establish an active Section 3 enforcement and monitoring process and retain appropriate personnel and/or utilize third party vendor(s) assistance to do so, consistent with the terms of this Agreement. Its process must be capable of monitoring HACM's internal compliance with Section 3 goals and this Agreement, and monitoring contractors and subcontractors' compliance with Section 3 goals.

V. MONITORING BY THE DEPARTMENT

HUD will monitor HACM's implementation of, and compliance with, the provisions of this Agreement. HUD may conduct onsite monitoring reviews, request documents, interviews and reports, and otherwise conduct all activities it is authorized to conduct under 24 C.F.R. § 135 in order to monitor HACM's compliance. HACM must fully and promptly cooperate and comply with HUD's requests and monitoring activities. Failure on the part of HACM to cooperate and comply with HUD will be deemed a violation of 24 C.F.R. § 135, as well as a breach of this Agreement.

VI. REPORTING

A. HACM shall submit its Section 3 Plan to the Department within the timelines specified in Section III.B.2 of this Agreement.

B. HACM shall submit to the Department semi-annual reports concerning the progress of its Section 3 obligations under this Agreement. The semi-annual reports shall contain the following:

1. All deadlines set forth in the body of this Agreement and report of all completed activities within the identified deadlines.

2. Data showing the number of all Section 3 resident applicants passed over in favor of an applicant with no preference or a lower-category Section 3 preference by job, and all newly hired (during the effective period of this Agreement) Section 3 residents, by preference category, the number of hours worked, the types of contracts through which they were hired, and a comparison of those hours to the number of hours worked by any other new hires.

3. Data showing the number of contracts and subcontracts entered into with all businesses and Section 3 business concerns, the dollar amount of those contracts and subcontracts, duration of those contracts and subcontracts, the nature of those contracts and subcontracts, and for subcontracts, the prime contracting entity.

4. Supporting documentation demonstrating Section 3 related outreach and training activities.

5. Supporting documentation demonstrating Section 3 related monitoring, enforcement and complaint processing activities.

6. Supporting documentation demonstrating other economic opportunities provided, consistent with Section III.B.4 of this Agreement.

7. Supporting documentation summarizing the financial information concerning the Section 3 Fund, including a list of the contractors and subcontractors that were required to deposit to the Section 3 Fund, contracts associated with those contractors and subcontractors, and detailed accounting of the expenditures made out of the Section 3 Fund.

8. Explication and documentation of any impediments to meeting the goals of Section 3 and this Agreement and actions taken or to be taken to overcome such

impediments.

C. All semi-annual reports are due on November 15 and May 15 of each calendar year. If the reporting day falls on a weekend or a Federal holiday, the report will be due the first business day after the weekend or holiday. The reporting materials shall be directed to: Director, Office of Fair Housing and Equal Opportunity, Milwaukee Field Office, 310 West Wisconsin Avenue, Suite 950, Milwaukee, WI 53203.

D. The reporting requirements of this section do not supplant the regulatory reporting requirements of Section 3, including form 60002, due on January 10 of every year. 24 C.F.R. § 135.90.

VII. RECORDKEEPING REQUIREMENTS

During the term of this Agreement, HACM shall maintain Section 3 files, Section 3 covered contracts, records related to the Section 3 Fund, Education and Outreach files and Section 3 training and employment records, including records of all applications from Section 3 preference-eligible job seekers and bids from all Section 3 preference-eligible contractors and subcontractors.

VIII. EFFECT OF NONCOMPLIANCE WITH THIS AGREEMENT

A. As of the commencement date, noncompliance with this Agreement shall result in all sanctions available under 24 C.F.R. § 135.74(d).

B. Substantial Noncompliance with this Agreement may result in HUD rejecting HACM's certification of compliance with part 135, which would result in HACM being ineligible to receive funding under any Notice of Funding Availability (NOFA) for competitive grants.

C. Repeated noncompliance with this Agreement and/or Section 3 generally may result in the Assistant Secretary for Fair Housing and Equal Opportunity imposing a resolution on HACM in accordance with the requirements and procedures of Section 3 found in the regulations at 24 C.F.R. § 135.76(f)(2).

D. Any act or omission by HACM or its representatives, including its employees, which violates the terms of this Agreement may serve as grounds for HUD to impose debarment, suspension or limited denial of participation sanctions pursuant to 2 C.F.R. § 2424, *et seq*.

E. Any act or omission that violates the terms of this Agreement may serve as grounds for HUD to seek specific performance and/or enforce any or all of the provisions of this Agreement in federal court.

F. A failure or refusal by HACM to comply with the Agreement may result in the application of sanctions specified in the contract through which HUD assistance is provided, or the application of sanctions specified in the regulations governing the HUD program under which HUD financial assistance is provided.

G. If, after thirty six (36) months following the Effective Date of this Agreement, HUD determines that HACM is unwilling or unable to carry out its HUD-funded programs in compliance with the statutory and regulatory requirements of Section 3 and this Agreement, HUD may, at its option, require HACM to engage the services of a consultant or contractor to perform said duties, if it determines, in its sole discretion, that said services would be effective and practical. Such services shall be at HACM's expense. HACM will notify HUD of which consultant or contractor HACM is considering and be provided an opportunity to review or reject the selection. HACM shall determine the terms and conditions of the consultant's or contractor's contract.

H. HUD will provide HACM with notice and a reasonable opportunity to cure any violations of the terms of this Agreement before employing the procedures and remedies contained in this section of the Agreement, unless it determines that the violation was intentional or grossly negligent.

IX. SIGNATURES

These signatures attest to the approval and acceptance of this Voluntary Compliance Agreement:

On behalf of the Housing Authority of the City of Milwaukee:

July 22, 2014
Date

Name: Antonio M. Pérez

Title: Secretary-Executive Director

On behalf of the United States Department of Housing and Urban Development:

Maurice J. McGough,
Director, FHEO, Region V

7/31/14
Date