



June 10, 2015

Item No. 8

AUTHORIZATION TO PROCEED WITH THE CHICAGO HOUSING AUTHORITY'S PILOT SECTION 3 GRANT PROGRAM

TO THE HONORABLE BOARD OF COMMISSIONERS:

RECOMMENDATION

It is recommended that the Board of Commissioners approve the attached Resolution to authorize the Chief Executive Officer ("CEO") or his designee to implement the Pilot Section 3 Grant Program in the amount of \$750,000.00 for the first year with the option to extend the program subject to funding availability. The Section 3 Grant program will utilize \$500,000 for the competitive grants (\$5,000-\$20,000) and \$250,000 for need-based grants (up to \$5,000) from the Section 3 Fund.

The Chief Legal Officer and the Department of Procurement and Contracts have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

CORPORATE GOAL

Plan Forward Goal #3: Expand services to more residents, targeted to their needs, and at critical milestones in their lives. This grant program will provide the monetary assistance Section 3 Residents and Businesses need to start and expand their businesses and will allow them to move toward self-sufficiency.

FUNDING: Section 3 Fund

GENERAL BACKGROUND/EXPLANATION

On March 8, 2013 the CHA agreed to enter into a Voluntary Compliance Agreement (VCA) with the Department of Housing and Urban Development (HUD) in order to fully comply with the requirements of Section 3 of the Housing and Community Development Act of 1968.

As per the VCA, the CHA may collect monetary payments from contractors to be deposited to the CHA Section 3 Fund. Any funds collected by the CHA for the Section 3 Fund must be expended for purposes related to Section 3. Financial assistance from the Section 3 fund may be used for the payment of tuition, union initiation fees, dues, tools, equipment and work clothing. The VCA also stipulates that the CHA create a competitive process to determine eligibility for assistance from the fund.

The CHA has developed both a pilot competitive grant program and a pilot need-based program to assist low-income residents and businesses in Chicago. Priority will be given to Section 3 Residents and Businesses that are CHA public housing residents and Housing Choice Voucher participants. The competitive grant program will be open for a period of 60 days in which Section 3 Businesses can submit an application for an amount up to \$20,000. Applications will be scored and awarded based on the

highest scores. The need-based grants will be smaller monetary amounts (up to \$5,000) and available to Section 3 Residents and Businesses as hardships arise (for example, a Section 3 Business Concern is awarded a contract and needs assistance in paying insurance or bonding fees). The need-based grants will be available until the funds are exhausted.

Conclusion

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal (HUD) procurement laws.

The Chief Legal Officer concurs with the recommendation to enter into a Pilot Section 3 Grant Program, in the amount of \$750,000.00 for the first year with the option to extend the program subject to funding availability. The Section 3 Grant program will utilize \$500,000 for the competitive grants (\$5,000-\$20,000) and \$250,000 for rolling, need-based grants (up to \$5,000).

The CEO recommends the authorization to enter into a Pilot Section 3 Grant Program, in the amount of \$750,000.00 for the first year with the option to extend the program subject to funding availability. The Section 3 Grant program will utilize \$500,000 for the competitive grants (\$5,000-\$20,000) and \$250,000 for rolling, need-based grants (up to \$5,000).

RESOLUTION NO. 2015-CHA-52

WHEREAS, the Board of Commissioners of the Chicago Housing Authority has reviewed the Board letter dated June 10, 2015 entitled "Authorization to proceed with the Chicago Housing Authority's Pilot Section 3 Grant Program ";

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY:

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to enter into a Pilot Section 3 Grant Program, in the amount of \$750,000.00 for the first year with the option to extend the program subject to funding availability. The Section 3 Grant program will utilize \$500,000 for the competitive grants (\$5,000-\$20,000) and \$250,000 for rolling, need-based grants (up to \$5,000).



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