

EXECUTIVE ORDER NO. 2 - 95

NEIGHBORHOOD BENEFIT STRATEGY

WHEREAS, the City of Philadelphia, through the Office of Housing and Community Development ("OHCD") and the Department of Commerce ("DOC") or their designees, annually expends millions of dollars on housing and community development projects that include construction and construction-related activities, and which leverage additional public and private sector funds; and

WHEREAS, funding for these housing and community development projects can provide additional benefits to residents of the neighborhoods in which the projects are located if area businesses are used to carry out the projects, and if area residents are employed in the construction and other activities of the projects; and

WHEREAS, Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. § 1701u, as amended by Section 915 of the Housing and Community Development Act of 1992, P.L. 102-550, ("Section 3"), requires that economic opportunities generated by U.S. Department of Housing and Urban Development ("HUD") financial assistance in housing and community development projects will, to the greatest extent feasible, be given to low and very-low income persons residing in the area in which the project is located, and to area businesses that provide economic opportunities to low- and very-low-income persons; and

WHEREAS, specific housing and community development activities covered by Section 3 include construction, re-construction, conversion, or rehabilitation of housing and other buildings or improvements, as well as related activities such as planning, architectural services, consultation, maintenance, repair, and accounting; and

WHEREAS, the City renews its commitment to implement the Section 3 regulations to the greatest extent feasible in its housing and economic development activities carried out by OHCD or DOC and financed in any part by HUD funds through the adoption of this Neighborhood Benefit Strategy; and

WHEREAS, this Neighborhood Benefit Strategy is necessary to relieve high unemployment and grave economic conditions in OHCD and DOC project areas;

NOW, THEREFORE, I, Edward G. Rendell, Mayor of the City of Philadelphia, by the powers vested in me by Sections 1-102 and 4-100 of the Philadelphia Home Rule Charter, do hereby order as follows:

SECTION 1. NEIGHBORHOOD BENEFIT STRATEGY

Each project sponsor, developer, or builder working in a housing or community development project that is funded by OHCD or DOC or their designees, whether such project is financed in any part by HUD funds, shall certify and covenant:

A. That to the greatest extent feasible, opportunities for training and employment arising in connection with the planning, construction, rehabilitation, and operation of housing assisted under such projects shall be given to persons of low and very low income residing in the areas of such projects; and

B. That to the greatest extent feasible, contracts for work to be performed pursuant to such projects shall be awarded to business concerns, including but not limited to individuals or firms doing business in the fields of design, architecture, building construction, rehabilitation, maintenance, or repair, located in, or owned in substantial part by persons of low or very low income residing in the areas of such projects; and

Furthermore, sponsors, developers, or builders working on OHCD and DOC funded projects, shall, to the greatest extent feasible, meet the following OHCD and DOC hiring goals for new hires and area businesses in such project areas:

1. OHCD and DOC will encourage sponsors, developers, or builders receiving OHCD or DOC funds for housing and community development projects to establish a goal of employing low- and very-low-income neighborhood and area residents as fifty percent (50%) or more of the aggregate number of new hires associated with these projects.

2. OHCD and DOC will also encourage such sponsors, developers, or builders to establish a goal of awarding fifty percent (50%) or more of the aggregate value of all construction contracts and service contracts associated with these projects to neighborhood and area businesses.

The hiring goals are what project sponsors, developers, or builders should strive to reach. These goals should not be construed as requirements, quotas, set-asides, or a cap on hiring or contracting with low- and very-low-income individuals and businesses. In other words, project sponsors, developers, or builders are not to set aside or reserve fifty percent (50%) of available jobs for low-income individuals or businesses. The goals, if met, constitute a safe harbor for project sponsors, developers, and builders on the issue of compliance with this order. Provided, however, that a failure to achieve these goals may affect whether project sponsors, developers, or builders are considered "responsible" under section 8-200(1) of the Philadelphia Home Rule Charter in future OHCD and DOC project bids. Furthermore, pursuant to Section 3, a failure to comply with Section 3 hiring and contracting goals may

result in a noncompliance complaint filed against the noncomplying party with the Assistant Secretary of the U.S. Department of Housing and Urban Development.

SECTION 2. IMPLEMENTATION

A. Each project sponsor, developer, or builder required by OHCD and DOC or their agents, including the Philadelphia Redevelopment Authority ("RDA"), the Philadelphia Housing Development Corporation ("PHDC"), the Philadelphia Industrial Development Corporation ("PIDC"), and the Philadelphia Commercial Development Corporation ("PCDC"), to submit an Affirmative Action Plan pursuant to Section 3 or to local legislation or Executive Orders relating to Affirmative Action or Equal Employment Opportunity, shall submit as part of that Affirmative Action Plan, a "Neighborhood Benefit Strategy," which shall describe the sponsor's proposed efforts to hire low-income project area individuals and businesses along with projected percentages of low-income new hires. Thereafter, the project sponsor, developer, or builder shall be subject to monitoring requirements as set forth by OHCD and DOC in order to gauge compliance with this Executive Order.

B. The Neighborhood Benefit Strategy shall include the following elements:

1. A projection of the specific goals for the employment of low-income neighborhood and area residents, a list of the approximate number of contracts or subcontracts to be let to low-income or area businesses and their dollar value, and a list of materials and supplies anticipated to be purchased from low-income or area businesses; and

2. A description of efforts that the developer has made to identify and contract with low-income neighborhood and project area businesses either as prime contractors or sub-contractors on the project; and

3. Where low-income neighborhood or project area businesses are available for a specific construction project but will not be used, an explanation of the reason or reasons why these businesses are not being employed.

SECTION 3. ASSISTANCE TO DEVELOPERS, CONTRACTORS, AND VENDORS.

OHCD's Assistant Director for Employment and Training and/or his or her designee, will be responsible for coordinating the implementation of this Executive Order. OHCD and DOC shall work closely with other City and quasi-City departments and agencies, including the PIDC, PCDC, PHDC, RDA, the Private Industry Council, and the Minority

Business Enterprise Council, to assist developers in preparing workable Neighborhood Benefit Strategies and in providing assistance and services to neighborhood-based contractors and vendors.

SECTION 4. PRIORITY FOR EMPLOYMENT AND TRAINING PROGRAMS

OHCD and DOC and their designees shall encourage sponsors, developers, and builders to utilize graduates of employment and training programs, such as YouthBuild, for employment and training opportunities in housing and community development projects.

SECTION 5. DEFINITIONS

For the purposes of carrying out this Executive Order, the following definitions shall apply:

Area or low-income business shall mean:

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

Low income person shall mean families (including single persons) whose incomes do not exceed 80 per centum of the median income for the area, as determined by OHCD, with adjustments for smaller and larger families, except that OHCD may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of OHCD's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low-income families.

Very-low-income person shall mean families (including single persons) whose incomes do not exceed 50 per centum of the median income for the area, as determined by OHCD, with adjustments for smaller and larger families, except that OHCD may establish

income ceilings higher or lower than 80 per centum of the median for the area on the basis of OHCD's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low-income families.

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

Neighborhood or Project area shall mean the OHCD or DOC funded project area in which the project is located, as defined by OHCD.

Sponsor, developer, or builder shall mean any entity which contracts to perform work generated by the expenditure of OHCD or DOC funds for housing and community development projects.

SECTION 6. EFFECTIVE DATE

This Order shall take immediate effect and shall remain effective for so long as Section 3 remains effective.

January 31, 1995
Date

Edward G. Rendell
Edward G. Rendell, Mayor