

SECTION 3 FREQUENTLY ASKED QUESTIONS

WHAT IS SECTION 3?

Section 3 of the Housing and Urban Development Act of 1968 recognizes that HUD funding typically results in projects/activities that generate new employment, training and contracting opportunities. When these opportunities are created, Section 3 requires that preference is given to low to moderate income residents of the local community (regardless of race and gender), and to businesses that substantially employ them, for new employment, training, and contracting opportunities resulting from the HUD-funded project.

WHAT ARE THE SECTION 3 GOALS?

1. Section 3 Businesses have a goal that 30% of the aggregate number of new hires shall be Section 3 Residents;
2. Hamilton County has a goal that 10% of all covered construction contracts shall be awarded to Section 3 Business Concerns.
3. Hamilton County has a goal that 3% of all covered non-construction contracts shall be awarded to Section 3 Business Concerns.

Efforts to meet these goals must be made to the greatest extent feasible and all efforts taken must be documented accordingly.

WHAT IS A SECTION 3 RESIDENT?

A Section 3 resident is a public housing resident, or an individual who resides in the metropolitan area in which the Section 3 covered assistance is expended, and who is considered to be a low to moderate income person. This means that they make up to 80% of the Area Median Income (AMI). Persons must be certified as Section 3 Residents to count toward the goals listed above. Certification lasts for a period of 3 years.

2016 Greater Cincinnati Metro Area Income Limits

# in Household	1	2	3	4	5	6	7	8
80% AMI (gross income)	\$39,600	\$42,250	\$50,900	\$56,550	\$61,100	\$65,600	\$70,150	\$74,650

WHAT IS A SECTION 3 BUSINESS CONCERN?

In order to be certified as a Section 3 business, one of the following criteria must be met:

- 51% or more of the business is owned by Section 3 Residents; or
- 30% of the business's permanent, full-time employees are certified Section 3 Residents; or
- The business provides evidence that it will subcontract in excess of 25% of the dollar award of all subcontracts to be awarded to qualified Section 3 Business Concerns.

Certification lasts for a period of 3 years.

COMPLIANCE REQUIREMENTS

All contracts equal to or greater than \$50,000 must incorporate the Section 3 Clause (verbatim) [see 24 CFR Part 135.38]. All recipients submitting bids must submit a Section 3 Action Plan. This must include, at a minimum, the Action Plan (page 3), the Certification of Intent to Comply (page 4), and Checklists of Efforts to Comply with Section 3 (pages 6 and 7). All forms are included herein. Section 3 Summary Reports, pages 11 and 12, are to be submitted at the completion of the contract.

**Please refer to Hamilton County Planning and Development Section 3 Policies and Procedures for complete compliance requirements, forms, and detailed information. It can be found at the following link <http://www.hamiltoncountyohio.gov/pd/commdev/section3.asp> - click on "Section 3 Policies, Procedures, and Action Plan". To access a database of certified Section 3 businesses and residents use the following link: <http://www.cincinnati-oh.gov/community-development/neighborhood-development/section-3-program/>*

SECTION 3 BUSINESS CONCERN PROCUREMENT & PREFERENCES

Hamilton County reserves the right to require sub-grantees, developers, and contractors to abide by the following Section 3 procurement procedures when awarding contracts for Section 3 covered projects. Specific procedures are discussed for each type of procurement method. For ALL procurement methods, when more than one qualified Section 3 business concern submits a bid or quote, the contracting party must provide preference to certified Section 3 business concerns according to the ranking below:

- a) Section 3 business concerns that provide economic opportunities for Section 3 residents in the service area or neighborhood where the Section 3 covered project is located
- b) Applicants selected to carry out DOL YouthBuild programs
- c) Other Section 3 business concerns in the Metropolitan Statistical Area
- d) The sub-grantee, developer, or contractor is responsible for providing documentation of its inability to find Section 3 business concerns under this preference structure.

Small Purchase (>\$1,000 - \$49,999)

Written quotations must be obtained from an adequate number of qualified sources (typically three). At the time of solicitation, the parties must be informed of:

- The Section 3 covered contract to be awarded with sufficient specificity;
- The time within which quotations must be submitted; and
- The information that must be submitted with each quotation

The contract shall be awarded to the qualified Section 3 business concern with the highest priority ranking and with the lowest responsive quote, if it is reasonable and no more than ten percent (10%) higher than the quote from the lowest responsive non-Section 3 qualified business concern. If no responsive quote by a qualified Section 3 business concern is within ten percent (10%) of the lowest quote from any qualified source, the award shall be made to the source with the lowest and best quote.

Competitive Sealed Bids (≥\$50,000 – Construction)

Sealed bids should be used for all construction contracts or for goods that cost \$50,000 or greater. 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 and with the lowest and best responsive bid if that bid:

- Is within the maximum total contract price established in the contracting party’s budget for the specific project for which bids are being taken, and
- Is not more than “X” higher than the total bid price of the lowest responsive bid from any qualified bidder. “X” is determined as follows:

When the lowest responsive bid is:	“X” = lesser of:
Less than \$100,000	10% of that bid or \$9,000
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	1.5% of the lowest responsive bid

If no responsive bid by a Section 3 business concern meets the requirements listed above, the contract shall be awarded to a qualified bidder with the lowest and best responsive bid.

SECTION 3 ACTION PLAN

The Section 3 Action Plan is a requirement for contracting opportunities with Hamilton County Planning and Development and must be completed and submitted with your bid/proposal. **Failure to submit the Section 3 Action Plan may jeopardize the bid/proposal up to and including possibility of said bid/proposal being deemed non-responsive.**

NAME OF PROJECT: _____

DATE: _____

SUBMITTED BY:

Name of Contractor: _____

Business Name: _____

Address: _____

Contact Information (phone/email): _____

PLEASE CHECK ONE OPTION BELOW:

- The business (listed above) is currently certified as a Section 3 Business Concern
- The business (listed above) **IS NOT** certified, but **IS** seeking certification and **IS** submitting the Section 3 self-certification form with bid/proposal
- The business (listed above) **IS NOT** certified and **IS NOT** seeking certification

CONTACT INFORMATION:

Hamilton County Community Development, 138 E. Court St, Room 1002; Cincinnati, Ohio 45202;
513-946-8230

Bethany Hahn-Ambrosius
513-946-8236

Boubacar Diallo
513-946-8214

Joy Pierson
513-946-8234

Bethany.Hahn@hamilton-co.org

Boubacar.Diallo@hamilton-co.org

Joy.Pierson@hamilton-co.org

CERTIFICATION OF INTENT TO COMPLY

We certify that we have received and read Hamilton County’s Section 3 Policies and Procedures and are committed to comply with the plan, the Section 3 Act, and the Section 3 regulations. It is our desire to work together with HCPD to ensure compliance with Section 3 goals, to the greatest extent feasible, through the awarding of contracts to Section 3 business concerns, and through the employment and training of Section 3 Residents for new hires. We commit to include the Section 3 clause (on the next page) in all covered contract solicitations and commit to ensure that this Section 3 Action Plan is filled out and submitted for any additional subcontract over \$100,000.

We are committed to taking measures to make Section 3 business concerns and residents aware of contracting and hiring opportunities in connection with this Section 3 covered contract or in connection with the receipt of Section 3 covered assistance. We agree to provide a list of items that we will attempt to implement as part of our efforts to comply with Section 3 (see attached). We are committed to meeting (to the greatest extent feasible) the hiring and contracting goals listed below. We understand that the Section 3 Action Plan is subject to audit at anytime during the awarding of the contract through the duration of the contract by HCPD. In the event we are not able to hire/train Section 3 residents and/or contract with Section 3 business concerns, we understand that we will be required to document why we were unable to meet the numerical goals.

HIRING AND TRAINING GOALS

- a) **30%** of new hires shall be Section 3 Residents.

Anticipated number of new hires to complete project: _____

Anticipated number of Section 3 new hires to complete project: _____

CONTRACTING GOALS

Non-Section 3 business concerns and sub-grantees:

- b) **10%** of the total dollar amount of all Section 3 covered **construction** contracts shall attempt to be awarded to Section 3 business concerns; and,
- c) **3%** of the total dollar amount of all Section 3 covered **non-construction** contracts shall attempt to be awarded to Section 3 business concerns.
- d) The Subcontracting Plan must be filled out and submitted with bid/proposal.

Construction Contract total: \$ _____ 10% goal: \$ _____

Non-Construction Contract total: \$ _____ 3% goal: \$ _____

Section 3 business concerns certified under Category 3:

- e) Must provide evidence of a commitment to subcontract **in excess of 25%** of the dollar award of all subcontracts to be awarded to Section 3 business concerns. The Subcontracting Plan must be filled out and submitted with bid/proposal.

(f) Contract total: \$ _____ (g) Total amount to be: \$ _____ (h) 25% of (g): \$ _____
Subcontracted

SECTION 3 SUMMARY REPORT

We commit to providing a Section 3 Summary Report of persons hired and contracts awarded at the completion of each covered contract.

Name / Title (Contractor): _____

Signature: _____ Date: _____

SECTION 3 CLAUSE

All Section 3 covered contracts shall include the following clause (Part 135.38):

- A.** The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low to moderate income persons, particularly persons who are recipients of HUD assistance for housing.
- B.** The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.
- C.** The contractor agrees to send to each labor organization or representative or workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D.** The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
- E.** The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.
- F.** Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
- G.** With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

SECTION 3 CHECKLIST OF EFFORTS TO COMPLY:
RESIDENT HIRING/TRAINING STRATEGIES

*To be completed by all **developers** and **contractors** generating hiring or training opportunities from contract. **Please check a minimum of two (2) items that will be utilized in attempt to comply with Section 3.**

- Distribute flyers which identify positions to be filled, qualifications, and where to obtain additional information to:
 - Assisted housing developments and transitional housing in the neighborhood or service area of the Section 3 covered project
 - Resident councils, resident management corporations, resident organizations, churches, or other neighborhood organizations
 - Agencies administering federal, state, or locally funding training programs (JTPA, JOBS, School-to-Work), and employment service agencies and organizations
- Request the assistance of resident and community organizations in:
 - Notifying residents of training and employment positions to be filled
 - Conducting job interviews and completing and collecting job applications
- Sponsor or participate in job information meetings or job fairs in the neighborhood or service area of the Section 3 covered project
- Advertise vacancies through local media, such as television, radio, newspapers of general circulation and newsletters
- Undertake job counseling, education and related programs in association with local institutions
- Sponsor a HUD-certified "Step-Up" employment and training program for Section 3 residents
- Establish pre-apprenticeship and apprenticeship training programs that are consistent with DOL requirements for Section 3 resident
- Request the assistance of agencies administering DOL YouthBuild programs in recruiting YouthBuild program participants for contractor's training and employment positions
- Employ Section 3 residents directly on either a permanent or temporary basis
- Utilize the database of previously certified Section 3 residents for future employment positions (database can be accessed at the following website: xxx)
- Incorporate into the contract (after selection of bidders but prior to execution of contracts), a negotiated provision for a specific number of Section 3 residents to be trained or employed on covered projects
- Coordinate economic development plans with the plans for housing and community development

Name / Title: _____

Signature: _____ Date: _____

SECTION 3 CHECKLIST OF EFFORTS TO COMPLY:
BUSINESS CONCERN CONTRACTING STRATEGIES

*To be completed by non-Section 3 business concerns and Section 3 business concerns certified under category 3. **Please check a minimum of two (2) items that will be utilized in attempt to comply with Section 3.**

- Consider potential contractor's record of Section 3 compliance in determining their ability to perform successfully under the terms and conditions of proposed Section 3 contracts (e.g., past actions and plans for the pending contract)
- Ensure that Section 3 business concerns are notified of pending contracting opportunities by taking such steps as:
 - Informing business assistance agencies, minority contractors associations, City of Springdale resident organizations, and community organizations of opportunities
 - Providing written notice to known Section 3 business concerns of contracting opportunities that contains information on where to obtain additional information
 - Conducting pre-bid meeting with Section 3 business concerns
 - Advertising opportunities through trade association papers and local media (e.g., radio, newspapers and newsletters)
 - Notifying agencies administering DOL YouthBuild programs of opportunities
- Request the assistance of contractor's associations and resident community organizations in identifying Section 3 businesses that may solicit bids or proposals for contracts
- Follow up with Section 3 business concerns that have expressed interest in contracting opportunities by providing additional information
- Carry out workshops on contracting procedures and specific contract opportunities
- Advise Section 3 business concerns of assistance resources for obtaining bonding, lines of credit, financing or insurance
- Break out contract work items into economically feasible units to facilitate participation by Section 3 business concerns
- Utilize the database of previously certified Section 3 business concerns – access database at: <http://www.cincinnati-oh.gov/community-development/neighborhood-development/section-3-program/>
- Establish programs designed to assist PHA residents in creating and developing resident-owned businesses
- Link Section 3 business concerns to support services
- Actively support joint ventures with Section 3 business concerns
- Coordinate Section 3 business list development within local jurisdictions

Name / Title: _____

Signature: _____ Date: _____

SELF-CERTIFICATION FOR SECTION 3 BUSINESS CONCERN

Hamilton County Planning and Development

(*DO NOT FILL OUT IF ALREADY CERTIFIED or If you are not interested in becoming certified)

I. BASIC INFORMATION

Name of Business/Company: _____

Address of Business: _____

Type of Business (corporation, partnership, sole proprietorship): _____

Owner/Official Representative: _____

Phone Number / Email address: _____

II. TYPE OF SECTION 3 BUSINESS CONCERN

The business listed above certifies that it qualifies as a Section 3 business concern under the check- marked category below:

- _____ 1) is 51% or more owned by Section 3 residents; or
- _____ 2) whose permanent, full-time employees include persons at least 30% of whom are currently Section 3 residents; or
- _____ 3) provides evidence of a commitment to subcontract in excess of 25% of the dollar amount of all subcontracts to be awarded to qualified Section 3 business concerns

2016 Greater Cincinnati Metro Area Income Limits

# in Household	1	2	3	4	5	6	7	8
80% AMI (gross income)	\$39,600	\$42,250	\$50,900	\$56,550	\$61,100	\$65,600	\$70,150	\$74,650

Placing a check mark under category 1 or 2 implies that you (the official representative of the business) required each employee or owner to fill out the Section 3 Resident self-certification form, so that you could truthfully claim qualification under either category. Section 3 Resident certifications do not need to be submitted with this form, but MUST be kept in your business records. This certification is valid for a period of three (3) years.

III. VERIFICATION

The Company hereby agrees to provide, upon request, documents verifying the information provided above. The applicant acknowledges that the information provided on this form may be disclosed to the public in response to requests made under the Freedom of Information Act. This applicant waives or releases any rights or claims it may have against the release of such information.

In addition, the applicant authorizes the information provided to be added to a database of Section 3 businesses, which will enable my business to receive notification of contracting opportunities for future Section 3 covered projects. I understand that this list may be accessed by Hamilton County, City of Cincinnati staff, Cincinnati Metropolitan Housing Authority staff, contractors, and developers working on Section 3 covered projects.

YES () NO ()

Under penalty of perjury, I certify that I am the _____ (title) of the company listed above; that I am authorized by the company to execute this affidavit on its behalf; that I have personal knowledge of the certifications made in this affidavit and that the same are true.

Name (signature): _____ Date: _____

Name (print): _____ Title: _____

SELF-CERTIFICATION FOR SECTION 3 RESIDENT

Hamilton County Planning and Development

(*DO NOT FILL OUT IF ALREADY CERTIFIED or If you are not interested in becoming certified)

ELIGIBILITY FOR PREFERENCE

A Section 3 resident seeking the preference in training and employment provided by this part shall certify that the person is a Section 3 resident, as defined in Section 135.5.

The undersigned represents and says under penalty of law, as follows:

- 1) My current address is: _____
- 2) I am a resident of public housing. **YES () NO ()**
If yes, list name of development: _____
- 3) The total number of individuals in my household (count any person living in household, not just family or those persons related to you) is: _____
- 4) Last year, the annual income for my household size was less than the amount listed in the table below: **YES () NO ()**
- 5) I have skills, training, or experience in the following area(s): _____

2016 Greater Cincinnati Metro Area Income Limits

# in Household	1	2	3	4	5	6	7	8
80% AMI (gross income)	\$39,600	\$42,250	\$50,900	\$56,550	\$61,100	\$65,600	\$70,150	\$74,650

I authorize the information above to be added to a database of Section 3 residents that will enable me to receive notice of employment and training opportunities for future Section 3 covered projects. I understand that this list may be accessed by Hamilton County staff, City of Cincinnati staff, Cincinnati Metropolitan Housing Authority staff, contractors, developers, and subcontractors working on Section 3 covered projects. **YES () NO ()**

This certification is valid for a period of three (3) years, after which, a new form will need to be completed to continue to receive preference for employment and training opportunities as a Section 3 Resident.

Under penalty of perjury, I certify that I have personal knowledge of the certifications made in this affidavit and that the same are true.

Name (signature): _____ Date: _____

Name (print): _____

SUBCONTRACTING PLAN

***Must be completed by non-Section 3 Business Concerns and by those businesses claiming Section 3 status under category 3.**

Businesses that claim Section 3 status under category 3 must provide evidence of a commitment to subcontract in excess of 25% of the dollar award of all subcontracts to be awarded to business concerns that meet categories 1 or 2. By completing the spreadsheet below, your intent to meet this requirement will be evident. List all subcontractors that you plan on utilizing, the estimated contract amounts, and whether or not that business has been certified as Section 3 by HCPD, CMHA, or the City of Cincinnati. To access the database of currently certified Section 3 businesses please visit the following link: <http://www.cincinnati-oh.gov/community-development/neighborhood-development/section-3-program/>

Date Completed: _____ Submitted By: _____

Name/Address of project: _____

NAME OF SUBCONTRACTOR	TYPE OF CONTRACT	ESTIMATED CONTRACT AMOUNT	SECTION 3 BUSINESS CONCERN (Y / N)

Estimated amount to be subcontracted: \$ _____

Estimated amount to be subcontracted to Section 3 businesses: \$ _____

% of total: _____

SECTION 3 SUMMARY REPORT

SECTION 3 RESIDENTS

***To be submitted to Hamilton County Community Development, upon completion of each contract by all non-Section 3 business concerns, sub-grantees, and Section 3 business concerns certified under category 3.**

Date Completed: _____ Submitted By: _____

Reporting Period Dates: _____ to _____

Name/Address of project: _____

PERSON HIRED	POSITION HIRED	SECTION 3 RESIDENT (Y / N)	DATE OF HIRE	FULL TIME / PART TIME

Outreach efforts taken for each person hired:

Total Number of Full-time (FT) persons hired: _____

Total Number of Full-time (FT) Section 3 Residents hired: _____

SECTION 3 SUMMARY REPORT
SECTION 3 BUSINESS CONCERNS

***To be submitted to Hamilton County Community Development upon completion of each contract by all non-Section 3 business concerns, sub-grantees, and Section 3 business concerns certified under category 3.**

Date Completed: _____ Submitted By: _____

Reporting Period Dates: _____ to _____

Name/Address of project: _____

BUSINESS AWARDED CONTRACT	TYPE OF CONTRACT	SECTION 3 BUSINESS CONCERN (Y / N)	DATE OF AWARD	AMOUNT OF CONTRACT

Outreach efforts taken for each contract awarded:

Total **Construction** Dollars Contracted: _____

Total **Construction** Dollars to Section 3 Business Concerns: _____ % of Total: _____

Total **Non-Construction** Dollars Contracted: _____

Total **Non-Construction** Dollars to Section 3 Business Concerns: _____ % of Total: _____