

# Harris County Section 3 Plan

## Section 3 Purpose

Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), as amended, requires that Harris County to ensure that training, employment and other economic opportunities generated by certain HUD financial assistance for housing and community development programs shall, to the greatest extent feasible, be given to low- and very low- income persons, particularly those who are recipients of governmental assistance for housing, and to businesses that provide economic opportunities for these persons.

## County Responsibilities

Harris County will ensure that the contractors and subcontractors performing work on Section 3 funded activities are in compliance with the Section 3 requirements as well as meeting or exceeding the numerical goals as outlined in the HUD Act.

To fulfill this responsibility Harris County has appointed a Section 3 Coordinator whose responsibilities are compliance and monitoring of all Section 3 activities for CDBG Disaster Recovery Program funded projects.

The initial steps that must be taken by the Coordinator to ensure that the County and its contractors meet or exceed the designated numerical goals will be to complete the following requirements below.

- Coordinate and/or conduct outreach opportunities to Section 3 businesses
- Conduct training for Department staff members semi-annually
- Conducting training for contractors
- Notify contractors of Section 3 responsibilities
- Certify Section 3 businesses
- Certify Section 3 residents
- Document Section 3 compliance actions
- Maintain a list of certified Section 3 residents by trade for Section 3 businesses
- Participate in the pre-bid, pre-construction, bid opening and or construction meetings to ensure that Section 3 business concerns are addressed
- Ensure that the Section 3 clause is noted in all contracts
- Prepare, create and or submit required Section 3 Reports to the GLO

Further discussion of the list requirements are detailed throughout the Plan. The minimum numeric goals are:

- 30 percent of total number of new hires as Section 3 Residents (i.e. 1 out of 3 new hires);
- 10 percent of all awarded construction contracts, awards to Section 3 Business Concerns;
- 3 percent of all awarded non-construction contracts, awards to Section 3 Business Concerns.

Types of economic opportunities available under Section 3:

- Jobs and employment opportunities
- Training and educational opportunities
- Contracts and business opportunities

### **Section 3 Residents**

Types of recipients receiving economic opportunities under Section 3 that should be given priority in hiring are those who are:

For training and employment

- Persons in public assisted housing including persons with disabilities
- Persons in the affected project neighborhood
- Participants in HUD Youth-build programs
- Where the Section 3 project is assisted under the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 *et seq.*), homeless persons residing in the service area or neighborhood in which the Section 3 covered project is located.

A resident seeking Section 3 preference shall submit a Section 3 Resident Certification Form to the Section 3 Coordinator or the contractor or subcontractor to verify and approve the certification. The County will maintain a list of Section 3 Residents and Business Concerns for current and/or future Section 3 job opportunities.

According to HUD a Self-Certification is an acceptable means for establishing eligibility as a Section 3 Resident. However, recipients may utilize acceptable support documentation with the Section 3 Resident Certification Form to include:

- Proof of residency in a public housing development
- Evidence of participation in a HUD Youthbuild program operated in the metropolitan (or non-metropolitan county) where the Section 3 covered assistance is spent
- Copy of Section 8 voucher certificate or voucher
- Evidence of eligibility or participation in a federally-assisted program for low- and very-low- income persons

- Evidence that the individual resides in the Section 3 area and is a low or very-low income person, as defined in Section 3(b)(2) of the U.S. Housing Act of 1937

### **Section 3 Business Concern**

Harris County will determine if a business qualifies for Section 3 designation by performing a Section 3 Business Concern Certification. Additionally, the County will refer to the GLO's Section 3 Business Certification listing to see if the applicable business is already listed as a Section 3 Business Concern.

A Section 3 Business Concern is one that is:

- Owned by 51 percent or more by Section 3 Residents; or
- Employs at least 30 percent of employees who qualify as Section 3 Residents (or within 3 years of the date of first employment with the business concern were Section 3 Residents); or
- Commits to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet one of the first two qualifications above.

Harris County will include the "Contractor Certification of Efforts to Comply Notice", in all bid packets. Additionally, the County will incorporate the Section 3 Clause into all solicitations and any contracts or subcontracts in excess of \$100,000 (24 CFR Part 135.38)

#### *Preference for Section 3 Business Concerns:*

Preference shall be awarded to Section 3 Business Concerns according to the following system:

- Where the Section 3 Covered Contract is to be awarded based upon the lowest price, the contract shall be awarded to the qualified Section 3 Business Concern with the lowest bid, if it is reasonable and no more than 10 percent higher than the lowest bid of the from any qualified source. If no bid by a qualified Section 3 Business Concern is within 10 percent of the lowest bid from any qualified source, the award shall be made to the source with the lowest bid.
- Where the Section 3 Covered Contract is to be awarded based on factors other than price, a request for bid shall be issued by developing the particulars of the solicitation, including a rating system for the assignment of points to evaluate the merits of each quotation. The solicitation shall identify all factors to be considered, including price or cost. The rating system shall provide for a range of 15 to 25 percent of the total number of available rating points to be set aside for the provision of preference for Section 3 Business Concerns. The contract shall be awarded to the responsible firm whose bid is the most advantageous, considering price and all other factors specified in the rating system.

## **Contractor Requirements**

In responding to Bids all contractors and subcontractors are required to comply with the Harris County's Section 3 Plan. The contractor and the County will review the Section 3 Plan procedures and applicable forms that the contractor will use to report progress toward Section 3 goals.

### *Direct employment of qualified candidates*

All general contractors and/or sub-contractors shall ensure that 30 percent of new hires will be Section 3 residents. During the development of the contract, the contractor will negotiate with the County for the number of Section 3-qualified candidates to be employed. The contract will obligate the contractor to achieve no less than the numerical goal established during the negotiation. Additionally, the contractor and/or sub-contractor will provide employed Section 3 residents with applicable training and/or educational opportunities.

### *Guidelines for Direct Employment*

- Contractors should provide job opportunities for skilled and unskilled workers
- Contractors should maintain employment for candidates throughout the duration of a project (candidates will be employees of the contractor or subcontractor, not Harris County)
- All contracts using IHA resident workers and low- and very low- income persons who live in the area where a HUD assisted project is located under Section 3 are subject to the Davis-Bacon Act Wage Rate and the current HUD Form 52158, Maintenance Wage Rate Determination.
- All Contractors and Subcontractors will be required to post all new hire opportunities with the local Workforce Solutions Center, WorkinTexas.com, and the Harris County Section 3 Coordinator.

## **Compliance and Monitoring of Section 3**

The Section 3 Coordinator will analyze and evaluate the contractor's compliance with requirements and obligations set forth in the contract. In the event that a review reveals a contractor has not complied with Section 3 requirements, the County will undertake efforts to help the contractor achieve compliance.

In the event the contractor encounters a problem with a Section 3 employee (employee walks off job or quits; termination; job performance; attendance; tardiness; drug or alcohol use), the contractor should fully document the situation and immediately provide the documentation to the County's Section 3 Coordinator.

Ongoing failure or refusal to comply with the Section 3 Plan and contract may result in payment being withheld by the County until compliance is achieved or termination of the

contract. Debarment or suspension of the contractor or limited denial of participation pursuant to 24 CFR Part 135 may result, when applicable.

## **Reports**

The contractor and or sub-contractor shall submit monthly reports regarding the status of each Section 3 participant. An annual report will also be requested from each contractor and/or subcontractor in connection to the performance of each project. This Annual Report will document the efforts and success of all Section 3 participants and subcontractors working under the general contractor, in reaching the percentage goals for employment and business opportunities established in these polices.

## **Certified Payroll**

The contractor and/or subcontractor shall submit weekly-certified payroll reports to the Section 3 Coordinator. This report shall be submitted weekly and clearly identify Section 3 Hires.

## **Site Visits**

The Section 3 Coordinator will conduct periodic site visits to the worksite. The Coordinator shall visibly notice each Section 3 hire on site. The general contractor will sign a monitoring form verifying that a Section 3 worker is present. If the worker is not on site, the Coordinator must contact the Section 3 hire.

## **Failure to Meet Required Goals**

The contractor will be given 30 days to achieve compliance otherwise thereafter payment from the County will stop. The contract may be terminated after 60 days.

## **Training and/or outreach efforts**

Harris County will conduct the following trainings:

- Conduct training for Department staff members semi-annually.
- Conduct training for contractors regularly and make presentations at various meetings, as needed.

## **Reporting Requirements**

Harris County will document actions taken to comply with the employment, training, and contracting requirements of Section 3, the results of actions taken, and impediments encountered. Records will include job vacancies, solicitation of bids or proposals, selection materials and contracting documents (including scope of work and contract amount), in accordance with Federal and State procurement laws and regulations.

Harris County will submit to the GLO:

- Section 3 Monthly Progress Report
- Section 3 Annual Summary Report

Contractors will submit to Harris County:

- New Hire Section 3 Monthly Compliance Report
- Training and Educational Documentation

### **Filing Complaints**

Complaints regarding the County's Section 3 Program must be submitted in writing to the Section 3 Coordinator. All complaints must include the complainant's name, address, telephone number, and a brief narrative detailing the complaint, including but not limited to, the date of the alleged violation and the date the alleged violation was discovered. Complaints shall be filed within 30 calendar days after the complainant becomes aware of any alleged violation.

The Section 3 Coordinator will investigate every complaint. All parties involved will have the opportunity to submit testimony and/or evidence as may be available and relevant to the complaint. The Section 3 Coordinator will issue a written determination within 30 days after the filing of the complaint.

Filing a complaint does not terminate a contractor's Section 3 requirements. Contractors remain accountable for fulfilling the agreed upon Section 3 requirements.

All complaints should be submitted to:  
Section 3 Coordinator  
CDBG Disaster Recovery Program  
Harris County Community Services Department  
8410 Lantern Point Dr.  
Houston, TX 77054

Office hours are between 8:00 a.m. and 5:00 p.m. except on posted holiday.