

**CERTIFICATION FOR BUSINESS CONCERNS SEEKING SECTION 3  
PREFERENCE IN CONTRACTING AND DEMONSTRATION OF CAPABILITY**

**MANDATORY**—Proposer must submit the “Certification” form as to whether they “satisfy” or “do not satisfy” the Section 3 requirements. All bids received with the “Certification” form will be considered.

**OPTIONAL**—To be considered for the Section 3 Preference, you must also complete the “Documentation” section and provide the backup as required.

**Section 3 Business Concern** means a business where:

1. 51 percent or more is owned by Section 3 residents; or
2. 30 percent of the permanent full-time employees are currently Section 3 residents or were Section 3 residents when first hired (if within the past three years); or
3. The business commits in writing to subcontract over 25 percent of the total dollar amount of all subcontracts to be let to businesses that meet the requirements of paragraphs 1 and 2 of this definitions;

AND

The Business was formed in accordance with State law and is licensed under State, County, Municipal law to engage in the business activity for which it was formed.

**Section 3 Compliance Requirements**

- A. The Section 3 regulations provide that recipients, its contractors, and any subcontractors demonstrate compliance by employing Section 3 residents as 30% of the aggregate number of new hires.
- B. A vendor is required to hire only when a new hire is needed to perform the work. In the event that no new hires are needed, vendors must document that no new hires were made during the term of the contract.
- C. The Section 3 Regulations, at 24 CFR Part 135, require that in public housing programs, compliance efforts shall be directed to provide training and employment opportunities to residents.
- D. In situations where a new hire is needed, a vendor will not be required to hire persons who are not qualified. If a new hire is needed and a Section 3 resident is identified, that Section 3 resident will be required to submit evidence of Section 3 status to the recipient, contractor or subcontractor.

**Bid/Proposal Compliance (Construction Projects)**

As part of each bid or proposal submitted, the respondent must document their workforce by position. Such information will be re-verified at the commencement of the contract. The HACSB will periodically audit this information. Failure to comply shall result in the delay of payment.

## **Bid/Proposal Evaluation**

Vendors who fail to complete the certification stating if they “satisfy” or “do not satisfy” the Section 3 requirements will be deemed non-responsive. This means that in the proposal or bid documents submitted to the HACSB, the Contractor's Certification must be completed and signed.

If requesting an exemption—include the applicable attachments and supporting documentation to support claims of compliance by hiring, contracting, or other economic opportunities.

After written notice from the HACSB specifying the defects in the Section 3 information, vendors will be given no more than 5 business days to complete the form and provide all required documents. Failure to respond within the 5 days will result in HACSB declaring the bidder or respondent non-responsive. The contract or bid will then be awarded to the next lowest bidder or to the respondent with the next highest score.

### **Section 3 Program Evaluation Preference**

This IFB contains a preference for Section 3 business concerns in the award of Section 3 covered contracts as follows:

- (i) 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 responsive bid if that bid-
  - (A) 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
  - (B) is no more than "X" higher than the total bid price of the lowest responsive bid from any responsible bidder. "X" is determined as follows:

**X = lesser of:**

**When the lowest responsive bid is:**

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 1/2 % of the lowest responsive bid, with no dollar limit.

- (ii) If no responsive bid by a Section 3 business concern meets the requirements, the contract shall be awarded to a responsible bidder with the lowest responsive bid.

## **HUD Compliance and Monitoring**

HUD monitors the performance of recipients and contractors. HUD examines employment and contract records for evidence of actions taken to train and employ Section 3 residents and to award contracts to Section 3 businesses. HUD provides technical assistance to recipients and contractors in order to obtain compliance with Section 3 requirements.

There is a complaint process. Section 3 residents and business concerns may file complaints if they think a violation of Section 3 requirements has occurred where a HUD-funded project is planned or underway. Complaints will be investigated; if appropriate, voluntary resolutions will be sought. There are appeal rights to the Secretary. Section 3 residents and businesses may also seek judicial relief.

A Section 3 businesses or resident complaint about a violation of Section 3 requirements shall be made in writing to the local HUD FHEO Office or to:

The Assistant Secretary for Fair Housing and Equal Opportunity  
U.S. Department of Housing and Urban Development 451 Seventh Street, SW, Room  
5100  
Washington, DC 20410-2000  
1-800-669-9777  
1-800-927-9276 (TTY)  
[www.hud.gov](http://www.hud.gov) [www.espanol.hud.gov](http://www.espanol.hud.gov)

A written complaint should contain:

- A. Name and address of the person filing the complaint;
- B. Name and address of subject of complaint (HUD recipient or contractor);
- C. Description of acts or omissions in alleged violation of Section 3; and
- D. Statement of corrective actions sought.

**CERTIFICATION FOR BUSINESS CONCERNS SEEKING  
SECTION 3 PREFERENCE**

**THIS PAGE MUST BE COMPLETED AND SUBMITTED WITH YOUR BID**

Name of Business	
Address of Business	

Type of Business:     Corporation                       Partnership  
                                  Sole Proprietorship             Joint Venture

I, (print name and title) \_\_\_\_\_

Hereby certify that the business entity known as (print business name)  
\_\_\_\_\_

(Please check one)  
satisfies       does not satisfy       One or more of the Section 3 Business Concerns as defined above.

<b>If you check "does not satisfy" your proposal will not be deemed non-responsive.</b>
<b>OPTIONAL- to claim the Section 3 Preference-you must complete the "Documentation" section below and include any attachments</b>

\_\_\_\_\_  
Authorizing Name and Signature

(Corporate Seal)

Attested by: \_\_\_\_\_

**OPTIONAL (to claim the Section 3 Preference)**

**Documentation--**

Attached is the following documentation as evidence of Section 3 status:

**For Business claiming status as a Section 3 resident-owned enterprise:**

- Copy of resident lease
- Copy of receipt of public assistance
- Copy of evidence of participation in a public assistance program
- Other evidence

**For business entity as applicable:**

- Copy of Articles of Incorporation
- Certificate of Good Standing
- Assumed Business Name Certificate
- Partnership Agreement
- List of owners/stockholders and % ownership of each
- Corporation Annual Report
- Organization chart with names and titles and brief function statement
- Latest Board minutes appointing officers
- Additional documentation

**For business claiming Section 3 status by subcontracting 25 percent of the dollar awarded to qualified Section 3 business:**

- List of subcontracted Section 3 business(s) and subcontract amount

**For business claiming Section 3 status, claiming at least 30 percent of their workforce are currently Section 3 residents or were Section 3 eligible residents within 3 years of date of first employment with the business:**

- List of all current full-time employees
- List of employees claiming Section 3 status
- PHA/IHA Residential lease less than 3 years from day of employment
- Other evidence of Section 3 status less than 3 years from date of employment

Evidence of ability to perform successfully under the terms and conditions of the proposed contract:

- Current financial statement
- Statement of ability to comply with public policy
- List of owned equipment
- List of all contracts for the past two years

Name of Business

Address of Business

(Corporate Seal)

\_\_\_\_\_  
Authorizing Name and Signature

Attested by:\_\_\_\_\_