



# **CUMBERLAND HOUSING --- GROUP**

## **SECTION 3 BID PACKET**

**FOR CONTRACTORS, SUBCONTRACTORS,  
VENDORS & SUPPLIERS**

Based Upon 24 CFR 75  
Section 3 of the Housing and Development Act of 1968  
Revised as of April 1, 2022

## Contractor's Checklist for Section 3

### Pre-bid:

- Read over Section 3 requirements for compliance and sign notice. Notice will be returned with the bid.
- Certifications for Section 3 preference for business concerns must be submitted to the Section 3 Coordinator of Cumberland Housing prior to the submission of bids for approval. If the Section 3 Coordinator previously approved the business concern to be Section 3 certified, then the certification can be submitted along with the bid. The Section 3 Business Concern Certification Form will expire after 3 years.

### Pre-Contract start date:

- Present a list, to the Section 3 Coordinator, of the number of total labor hours, Section 3 worker labor hours, and Targeted Section 3 worker labor hours expected to be generated from the initial contract and a list of projected number of available positions, to include job descriptions and wage rates.
- Make sure Section 3 clause and Assurance of Compliance is included in contract and signed.
- Contractors must notify the Section 3 Coordinator of their interests regarding employment of Section 3 participants prior to hiring. The Section 3 Coordinator will ensure that the participant is Section 3 eligible, by assessing the Section 3 database to ensure job readiness. Additionally, the legal department will be contacted to ensure that the individuals are not involved in any legal proceedings against/with Cumberland Housing Group.

### During Contract:

- Contractors will be responsible for any OTJ training required. The Section 3 Coordinator may refer applicants to job readiness training but is not responsible for job training during the contract.
- Complete monthly/cumulative compliance reports as required by Cumberland Housing Group.
- Fill out payroll report for all Workers/Targeted workers for Section 3 compliance records. This can be obtained through DBW if applicable to contract.
- Immediately notify the Section 3 Coordinator of any problems experienced due to the employment of Section 3 participants.
- Immediately notify Section 3 Coordinator if a participant quits, walks off, or is terminated for any reason. The contractor must provide written documentation of all incidents to support such decisions to the Section 3 Coordinator to determine if an investigation is warranted.

# **SECTION 3 CONTRACTING POLICY AND PROCEDURE**

## **INTRODUCTION**

It is the mission of the Cumberland Housing Group to provide a variety of safe, sanitary, accessible, decent, and affordable housing to the citizens of the City of Cumberland while enhancing and promoting resident self-sufficiency.

The purpose of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal State, and local laws and regulations, be directed to low and very-low income individuals, especially recipients of government assistance for housing, and to business concerns which provide economic opportunities to low and very-low income individuals. (Section 3 means section 3 of the Housing and Urban Development Act of 1968, as amended 12 U.S.C. 1701u).

Section 3 requirements apply to all contractors and subcontractors performing work in connection with projects and activities funded by public housing assistance covered by Section 3, regardless of the amount of the contract or subcontract. Section 3 covered contracts do not include contracts for the purchase of supplies and materials unless the contract includes the installation of the materials.

A business concern seeking to qualify for a Section 3 contracting preference shall certify or submit evidence that the business concern qualifies as a Section 3-business concern. (Refer to What Is A Section 3 Business Concern on next page). The Section 3 business must also be able to demonstrate its ability to complete the contract. The ability to perform successfully under the terms and conditions of the proposed contract is required of all contractors and subcontractors subject to the procurement standards of 24 CFR 85.36, 24 CFR 85.36b(8).

Contractors who do not qualify as Section 3 business concerns, but who enter into contracts with Cumberland Housing Group must agree to comply with certain general conditions (refer to Section 3 Clause). All contractors and subcontractors, including Section 3 businesses, must comply with these general conditions. Included in these conditions is the requirement that each contractor and subcontractor submit with each pay request a report of Section 3 compliance (refer to Section 3 Compliance Report). Failure to comply with these general conditions may lead to sanctions which can include termination of the contract for default and suspension or debarment from future HUD-assisted contracts (refer to Sanctions for Contractor's Noncompliance).

Please direct any questions you may have regarding this information to the Executive Director/Contract Administrator or Section 3 Coordinator for Cumberland Housing.

## **WHAT IS A SECTION 3 BUSINESS CONCERN**

A Section 3 Business Concern is a business concern, as defined in this section:

1. That is fifty-one percent (51%) or more owned by low- or very low-income persons;
2. Over (75%) of the labor hours performed for the business are performed by low or very low-income persons; or

3. It is a business at least (51%) owned by the current public housing residents or residents who currently live in Section 8 assisted housing.

Note: A business concern seeking to qualify for Section 3 shall certify and submit evidence that the business meets one of the guidelines stated above. (Refer to the Business Self-Certification Form.)

### **WHO IS A SECTION 3 WORKER**

For purposes of Cumberland Housing Group, a Section 3 worker is any worker who currently fits or when hired within the past five years fit at least one of the following categories:

1. Worker's individual income is below the low-income limit of 80% Area Median Income;
2. Worker is employed by a Section 3 business concern; or
3. Worker is a YouthBuild participant

### **WHO IS A SECTION 3 TARGETED WORKER**

A Section 3 Targeted Worker is any worker who is employed by a Section 3 business concern or is a:

1. Resident of public housing or receives Section 8 assisted housing;
2. Resident of another project managed by the housing authority that is expending the assistance; or
3. A YouthBuild participant

### **ORDER OF PROVIDING PREFERENCE SECTION 3 BUSINESS CONCERN**

When considering the award of contracts to business concerns, and more than one Section 3 business concern is being considered, to the greatest extent possible, awards shall be made in the following order of priority:

1. A Section 3 business concern that provide economic opportunities for residents of public housing projects for which the assistance is provided;
2. A Section 3 business that provide economic opportunities for residents of other public housing projects or Section 8 assisted housing managed by the PHA that is providing assistance;
3. HUD Youth build programs that are being carried out in the City in which the Section 3 covered assistance is expended.
4. A Section 3 business concern that provide economic opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which the assistance is provided.

Note: A Section 3 business concern seeking any of the above preferences shall submit evidence that it meets the guidelines of that preference.

## **WHAT IF MY BUSINESS DOES NOT QUALIFY AS A SECTION 3 BUSINESS**

The Housing Authority will, to the greatest extent feasible, offer contracting opportunities to Section 3 business concerns. However, in the event no Section 3 business bids on a contract, or bids but is not able to demonstrate to the Housing Authority's satisfaction that it has the ability to perform successfully under the terms and conditions of the proposed contract, then that contract will be awarded to a non-Section 3 business concern that can meet the terms and conditions of the proposed contract through the competitive bidding process.

That business concern must meet, as all business must (including Section 3 businesses), the general conditions of compliance (refer to Section 3 Clause [Construction Contracts] and Section 3 Clause [Non-Construction Contracts]).

This will include:

1. Submitting a list of all positions necessary to complete contract, name of employees who will fill those positions, names of all other employees.
2. Posting notices of any vacant positions, including training and/or apprenticeship positions, qualifications for positions, place where applications will be received and starting date of employment.
3. To the greatest extent possible, making available vacant positions, including training and/or apprenticeship positions, to Section 3 residents (all categories) in order to priority.
4. As positions are vacated during completion of contract, following guidelines enumerated in numbers 2 and 3 above.
5. Submitting Compliance Reports as required.
6. If notified of non-compliance, correcting non-compliance within allowable time period.

## **ORDER OF PROVIDING PREFERENCE EMPLOYMENT OF SECTION 3 WORKER**

When considering the employment of a Section 3 worker, the following order of priority is followed as outlined in 24 CFR 75.9:

1. Category 1  
Residents of the housing development or developments for which the contract shall be expended.
2. Category 2  
Residents of other housing developments managed by Cumberland Housing that is providing the assistance or for the residents of Section 8-assisted housing managed by Cumberland Housing
3. Category 3  
Participants in HUD Youth build program being carried out in the project boundary area.

4. Category 4

To low- or very low-income persons residing within the metropolitan area (or nonmetropolitan county) in which the assistance is expended.

In all cases, applicants must meet the minimum qualifications for the position. In no instance shall it be construed that preference is given to Section 3 residents who do not meet these minimum qualifications.

**SECTION 3 INCOME LIMITS**

All residents of public housing developments of The Housing Authority or the City of Cumberland qualify as Section 3 residents. Additionally, individuals residing within the City of Cumberland and who meet the income limits can also qualify for Section 3 status.

**SECTION 3 OPPORTUNITY PORTAL**

All contractors, subcontractors, Section 3 workers, and business concerns are able to register and use the opportunity portal to search contracts, employment positions, and businesses.

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**Contractor Affirmation**

I affirm that I have read the statements above and will comply with Section 3 requirements to the greatest extent feasible. If I have any questions regarding Section 3 throughout the contract, I will contact the Section 3 Coordinator.

Company Name: \_\_\_\_\_

Print Name: \_\_\_\_\_ Date Hired: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**FOR ADMINISTRATIVE USE ONLY**

Is the business a Section 3 business concern based upon their certification?

YES       NO

**EMPLOYERS MUST RETAIN THIS FORM IN THEIR SECTION 3 COMPLIANCE FILE FOR FIVE YEARS.**