



US Department of Housing
and Urban Development

National Training CONFERENCE 2018

June 18 - 20th

SECTION **3**
of the Housing and Urban
Development Act of 1968



HUD ACT
of 1968



50 Years of Promoting
Economic Opportunity

Section 3 Best Practices

Day 2

June 19, 2018

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Economic Opportunity Division



Best Practices

1. Become familiar with the Section 3 rules
2. Provide technical assistance training on
3. Section 3 rules and requirements
4. Meet with local government divisions that will partner in implementing Section 3
5. Determine what organizations and agencies outside the City need to become partners
6. Devise an Action Plan
7. Recipient of funds for converted projects must submit a section 3 plan
8. Mandatory annual training for all recipient of funds and section 3 businesses



Best Practices - continue

9. Certification process for section 3 business concerns
10. Applies Section 3 to all projects over \$100,00 even if not HUD funded
11. Making sure all contractors are aware of section 3 requirements
12. Tracking contractors new hires and outreach efforts
13. Rewarding contractors who comply
14. Finding a pool of section 3 residents
15. Directly hiring section 3 residents and businesses
16. Create a certification form and develop an application process on your website
17. Establish a Section 3 business registry and post it on your website



Best Practices - continue

18. Publish your section 3 plan on your website

19. Post section 3 bids on your website

Every year, HUD funds create thousands of jobs across the country that range from construction to professional services like accounting or engineering.

The best practices illustrate the varied techniques that was used to address the different economic and social characteristics of each community and compliance with Section 3 requirements



FIRST STEP

- Who in your organization is responsible for section 3
- What actions will be undertaken to comply with Section 3
- Developing a list of section 3 residents and businesses
- Developing a system to qualify section 3 residents and businesses
- Monitoring of contractors and sub recipient agencies
- Changing your strategy to ensure compliance

Find resources in your local community



Best Practices Procurement Procedures

Example: Procurement for small Purchase

- There must be an attempt to obtain quotations from a minimum of three qualified sources in order to promote competition.
- 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 responsive quotation, if it is reasonable and no more than 10 percent higher than the quotation of the lowest responsive quotation.
- If no responsive quotation by a qualified section 3 business concern is within 10 percent of the lowest responsive quotation from any qualified source, the award shall be made to the source with the lowest quotation.

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Best Practices Procurement Procedures

Sealed Bid Procurements

Bids shall be solicited from all businesses. 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

- is within the maximum total contract price established in the contracting party's and
- is not more than "X" higher than the total bid price of the lowest responsive bid from any responsible bidder.
- "X" is outlined in "Examples of Section 3 Procurement procedures"
- 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.



Best Practices Procurement Procedures

Competitive Proposals Procurements

A Request for Proposals (RFP) to be used to rate proposals.

- One of the evaluation factors shall address both the preference for Section 3 business concerns and the acceptability of the strategy for meeting the **greatest extent feasible** requirement.
 - This factor shall provide for a range of 15 to 25 percent of the total number of available points to be set aside for the evaluation of these two components.
- The component of this evaluation factor designed to address the preference for section 3 business concerns must establish a preference for these business concerns in the order of priority ranking as described in 24 CFR 135.36.

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Best Practices Procurement Procedures

Competitive Proposals Procurements

- With respect to the second component (the acceptability of the section 3 strategy), the RFP shall require the disclosure of the contractor's section 3 strategy to comply with the section 3 training and employment preference, or contracting preference, or both, if applicable.
 - A determination of the contractor's responsibility will include the submission of an acceptable section 3 strategy. The contract award shall be made to the responsible firm (either section 3 or non-section 3 business concern) whose proposal is determined most advantageous, considering price and all other factors specified in the RFP.

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