

SECTION 00470 - SECTION 3 BUSINESS AND MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISE GUIDELINES FOR FEDERALLY FUNDED PROJECTS WITH SUBCONTRACTING OPPORTUNITIES

The Sacramento Housing and Redevelopment Agency (“SHRA” or “Agency”) is a joint powers authority governed by the Sacramento City Council and Sacramento County Board of Supervisors. SHRA was established in 1973 to be the public developer for the City and County of Sacramento, using market forces to rebuild blighted neighborhoods, provide access to decent housing for low income residents, and to create opportunities for employment and self-sufficiency. Additionally, SHRA is the local public housing authority and maintains a substantial housing unit inventory and is involved in many public works projects throughout the city and county. All this activity creates many contracting and economic opportunities for local businesses.

SHRA is committed to offering contracting opportunities to local businesses. And as a major recipient of federal funds, the Agency further makes these economic opportunities available to businesses owned by Section 3 residents and Minority and Women Business Enterprises (M/WBE).

This guide is designed to help bidders/offerors and others conduct outreach to Section 3 and M/WBE businesses as required by federal regulations. The Agency’s commitment to this process also means that we are always available to help bidders/offerors and community members realize contracting opportunities. We may be contacted at the numbers listed in Section V below to answer questions and provide additional assistance.

I. SECTION 3 BUSINESS REQUIREMENTS

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 be consistent with existing Federal, State and local laws and regulations, be directed to low-and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low-and very low-income persons.

A. DEFINITIONS:

1. Section 3 Resident/Worker
 - a. Public housing residents
 - b. Persons who live in the Local Area (within the boundaries of the City and County of Sacramento) where a HUD assisted project is located and who is considered to be a low- to very-low income person (have an individual income that falls below HUD’s income limits).
2. Targeted Section 3 Worker (for public housing)
 - a. Employed by a Section 3 business concern or
 - b. Currently meets or when hired met at least one of the following categories as documented within the past five years:
 - A resident of public housing; or
 - A resident of other public housing projects or Section 8 (HCV) assisted housing; or
 - A YouthBuild participant.
3. Targeted Section 3 Worker (for housing and community development)
 - Employed by a Section 3 business concern or
 - Currently meets or when hired met at least one of the following

categories as documented within the past five years:

- Living within the service area or the neighborhood of the project, as defined in 24 CFR 75.5
- A YouthBuild participant.

4. Section 3 Business

- a. Be at least 51% owned by current low or very low income persons;
- b. Over 75% of the labor hours performed by the business, are performed by low or very low income persons;
- c. 51% of the business must be owned by current public housing residents or residents that currently live in Section 8 housing.

II. M/WBE PROGRAM REQUIREMENTS

For bids \$25,000 and above, this project is subject to the Minority Business Enterprise (“MBE”) and Women’s Business Enterprise (“WBE”) requirements under the U.S Department of Housing and Urban Development. The specific federal requirements are found at 2 CFR 200.321.

III. CERTIFICATION

A Section 3 or M/WBE business designated in the bid/offer must, upon request, certify that the firm is a Section 3 business or owned and controlled by a woman or women or a member of a minority group or groups. A business will need to complete a Vendor’s Application and a Section 3 Business Certification Form to certify. Any business interested in participating in the SHRA Outreach List can be added after submitting the required documents to SHRA. The Vendor’s Application and Section 3 Business Certification Form are available from Procurement Services or on the Section 3 website at: <http://portal.shra.org/section3>

IV. DEMONSTRATING GOOD FAITH EFFORTS

Bidders/offerors are to solicit quotes from Section 3 and M/WBE firms for any subcontracting opportunity. This can be achieved by advertising in a daily or weekly newspaper/ trade magazine of general circulation; or, by contacting the Section 3 and M/WBE firms directly, at least 14 days prior to bid opening but no less than 7 days prior to bid opening or date of bid submittal if bid is submitted prior to bid due date. The Agency’s Section 3 and M/WBE program is designed to help bidders/offerors meet HUD Section 3 and M/WBE requirements and is modified periodically to increase usefulness in response to local and national objectives.

The bidder/offeror has the responsibility of demonstrating that its efforts meet the Section 3 and M/WBE Program Requirements of soliciting from Section 3 and M/WBE businesses for any subcontracting opportunity. The Agency has provided the Section 00471, 00472, and 00473 forms in the Bid Package/Contract Manual which are to be utilized by bidders/offerors to demonstrate their efforts to comply with the Section 3 and M/WBE Program Requirements. Bidders/offerors **must** submit these forms (including any supporting documentation) with the bid/offer, or the bid/offer may be considered non-responsive.

- A. Record results of direct solicitation (phone/email) efforts to contact Section 3 and M/WBE sub-contractors or by providing copies of advertisement, email and/or facsimile solicitations.
- B. Complete the attached **Section 3 Business and Minority/Women Business Enterprise Outreach Questionnaire**, by answering the questions and signing the affidavit at the bottom of the page.

- C. **SHRA Outreach List.** The Agency can provide a project specific list of known Section 3 and (when applicable) M/WBE businesses to assist bidders/offerors with meeting Section 3 or M/WBE requirements. Bidders/offerors should utilize additional outreach sources to assist with their efforts in making a good faith effort to satisfy the Section 3 and M/WBE requirements. If the list does not represent the trades/services that you are seeking, refer to the following examples of efforts to award contracting opportunities.

V. HELPFUL RESOURCES

- A. Contacting business assistance agencies, minority contractors' associations and community organizations to inform them of contracting opportunities and request their assistance in identifying Section 3 Business Concerns, M/WBE Businesses which may solicit bids or proposals for contracts for work. **(Contact at least 14 days prior to proposal/bid due date. For proposals/bids with a 2-week response time contact must be made at least 7 calendar days prior to due date.)**
- B. Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways to facilitate the participation of Section 3 Business Concerns. (Advertise at least 14 days prior to proposal/bid due date. For proposals/bids with a 2-week response time contact must be made at least 7 calendar days prior to due date.)
- C. Providing written notice to all Section 3 Businesses of the contacting opportunities. The notice should be in sufficient time to allow Section 3 Businesses to respond to the bid invitation or request for proposal. (Notify at least 14 days prior to proposal/bid due date. For proposals/bids with a 2-week response time contact must be made at least 7 calendar days prior to due date.)
- D. Advertising the contacting opportunities through trade association papers and newsletters, and through local media, such as community networks, newspapers of general circulation and radio advertisement. (Notify at least 14 days prior to proposal/bid due date. For proposals/bids with a 2-week response time contact must be made at least 7 calendar days prior to due date.)
- E. The following are additional resources for Section 3 outreach and engagement:

Edward T. Lewis, Section 3 Administrator

Sacramento Housing and Redevelopment Agency
 801 12th Street, 5th Floor
 Sacramento, CA 95814
 Telephone: 916-449-6275 Fax: 916-442-6736
elewis@shra.org | Section3@shra.org
www.shra.org

City of Sacramento Administrative Services Department

Office of Small Business Development (OSBD)
 915 I Street; New City Hall, 2nd Floor
 Sacramento, CA 95814-2714
 Telephone: 916-808-7223 Fax: 916-808-6765
www.cityofsacramento.org/esbd

VI. SECTION 3 AND M/WBE REQUIREMENTS OF SUCCESSFUL BIDDER/OFFEROR

- A. **Records.** Complete the attached **Contractor Reporting for Construction Projects.** The selected contractor shall maintain records of all subcontracts with Section 3 and/or M/WBE subcontractors. Such records shall show the name and business address of every Section 3 and M/WBE subcontractor and the total dollar amount actually paid to each Section 3 and/or M/WBE business.

Upon completion of the contract, a summary of these records shall be prepared, certified correct by the contractor or authorized representative and, upon request, furnished to the Agency.

- B. **Labor Hours Tracking.** The prime or general contractor and all subcontractors are required to clearly document and record Section 3 labor hours for all eligible workers for the course of the project. The prime or general contractor is responsible for ensuring all subcontractors working on this project track and submit Section 3 Labor Hours with all Certified Payroll Report (CPR) for the project. **NOTE:** The same benchmark metrics also apply for Section 3 projects. The 25 percent (25%) threshold for Section 3 Labor Hours INCLUDES the five percent (5%) of labor hours worked by Targeted Section 3 workers.
- C. **Reporting Requirements and Sanctions.** Failure to provide specific information, records, reports, certifications, or any other documents required for compliance with these specifications shall be considered noncompliance with the contract. **NOTE:** all contractors must maintain records for three (3) years after final completion of general contractors' contract with the Agency.
- D. **Subcontracting.** No substitution of subcontractor, whether Section 3 or M/WBE or otherwise, **shall** be made at any time without the written consent of the Agency. If a subcontractor is unable to perform successfully and is to be replaced, the contractor will be required to make Section 3 and M/WBE good faith efforts to replace the original subcontractor.