



Housing Authority of the City of Austin

Section 3 Plan



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I. INTRODUCTION

The Housing Authority of the City of Austin (HACA) has compiled this Section 3 Plan to assist staff, contractors, and subcontractors in complying with the requirements of Section 3 of the Housing and Urban Development (HUD) Act of 1968, as amended by Section 915 of the Housing and Community Development Act of 1992 (hereafter “Section 3”). Section 3 requires that, to the greatest extent feasible, employment and other economic opportunities generated by HUD funds 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. The HUD regulations of [24 CFR Part 135](#) establish the standards to be met by Public Housing Authorities, such as HACA, to ensure that the requirements of Section 3 are met.

Policy changes will require Board of Commissioners approval.

II. EXECUTIVE SUMMARY

HACA is committed to helping the residents of its public housing communities, its Section 8 Housing Choice Voucher (HCV) holders, and other eligible low- and very low-income persons residing in the Austin-Round Rock-San Marcos Metropolitan Statistical Area (MSA), achieve their goals of self-sufficiency by providing opportunities for training and employment. The Austin-Round Rock-San Marcos MSA includes the following counties: Bastrop, Caldwell, Hays, Travis and Williamson. This Section 3 Plan outlines how HACA will provide economic opportunities for low- and very low-income persons residing in these counties, either directly, or by contracting with businesses that will provide opportunities. Economic opportunities will be in the form of training, contracting and employment.

III. DEFINITIONS

Refer to definitions in [24 CFR Part 135.5](#).

IV. NUMERICAL GOALS AND PREFERENCE (PRIORITY)

To ensure compliance with the provisions of 24 CFR Part 135, HACA, to the greatest extent feasible, will meet the following goals for employment and contracting:

A. Employment

- 1) HACA will employ Section 3 residents as thirty percent (30%) or more of its aggregate number of new hires annually. HACA will use the following order or preference (priority) for employment and training:
 - a. *Priority 1:* Residents of the housing development or developments for which the contract shall be performed or the Section 3 covered assistance is expended.
 - b. *Priority 2:* Residents of other housing developments managed by HACA.
 - c. *Priority 3:* Participants in HUD Youthbuild programs being carried out in the Austin-Round Rock-San Marcos MSA.

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- d. *Priority 4:* HACA's HCV holders, as well as all other residents residing in the Austin-Round Rock-San Marcos MSA who meet the income guidelines for Section 3 preference.

A Section 3 resident seeking preference will be required to submit a self-certification and may be required to provide supporting documentation that the person is a Section 3 resident. This preference does not override that the Section 3 applicant must meet the qualifications of the position to be filled.

- 2) HACA will ensure contractors and subcontractors employ Section 3 residents as thirty percent (30%) or more of the aggregate new hires needed to complete a HACA Section 3 covered contract.

B. Contracting. HACA and its contractors and subcontractors will:

- 1) Award ten percent (10%) or more of the total dollar amount of Section 3 covered contracts for building trade work to Section 3 business concerns.
- 2) Award three percent (3%) of the total dollar amount of all other Section 3 covered contracts (non-building trade work) to Section 3 business concerns.
- 3) Use the following order of preference (priority) for contracting:
 - a. *Priority 1:* Business concerns that are 51% or more owned by residents of the housing development(s) for which the work is performed, or whose full-time permanent workforce includes 30% of these persons as employees.
 - b. *Priority 2:* Business concerns that are 51% or more owned by HACA residents other than the housing development where the work is to be performed; or whose full-time permanent workforce includes 30% of these persons as employees.
 - c. *Priority 3:* HUD Youthbuild programs being carried out in the Austin-Round Rock-San Marcos MSA.
 - d. *Priority 4:* Business concerns that are 51% or more owned by a Section 3 resident(s), or whose permanent full-time workforce includes no less than 30% Section 3 residents; or that subcontract in excess of 25% of the total amount of subcontracts to Section 3 business concerns.

A Section 3 business seeking preference will be required to provide a certification and supporting documentation that the business is a Section 3 business concern.

V. TRAINING, OUTREACH AND RECRUITMENT OF RESIDENTS AND BUSINESSES

To achieve the employment and contracting goals outlined in Section IV above, HACA will establish on-going outreach and education efforts throughout its public housing properties and the Austin-Round Rock-San Marcos MSA. Activities will include, but not limited to:

- A. Developing and distributing Section 3 information and education materials to residents and the community, and maintaining Section 3 information on HACA's website.

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- B. Conducting trainings and hosting networking opportunities throughout the community to provide education about Section 3 eligibility and requirements. In particular, training sessions will be held at HACA public housing resident council meetings, HACA City Wide Advisory Board Meetings, and HACA Admission orientations.
- C. Conducting meetings with community partners, business organizations and contractors to promote Section 3 employment, training and contracting opportunities.
- D. Recruiting and certifying eligible persons as a Section 3 resident, and maintaining a list of all certified Section 3 residents. All residents of HACA public housing developments and all of HACA's HCV holders are eligible as Section 3 residents. Additionally, individuals residing in the Austin-Round Rock-San Marcos MSA who meet the low-income limits are eligible for Section 3 status. [Income limits](#) are published annually by HUD; and
- E. Recruiting and certifying eligible businesses as Section 3 business concerns, and maintaining a list of all certified Section 3 business concerns. A business can qualify as a Section 3 business concern if they meet one of the following:
 - 1) If fifty-one percent (51%) or more owned by a Section 3 resident;
 - 2) At least thirty percent (30%) of its permanent full-time employees are Section 3 residents, or were Section 3 residents within three years of the date of first hire;
 - 3) Provide a commitment to subcontract twenty-five percent (25%) or more of the dollar amount of the awarded contract to Section 3 business.

VI. PROCUREMENT AND CONTRACTING THAT PROVIDE PREFERENCE FOR SECTION 3 BUSINESS CONCERNS

HACA will develop, implement, and monitor procurement and contracting policies and procedures to ensure preference is provided to Section 3 business concerns when awarding Section 3 covered contracts. This preference does not override the requirement that Section 3 business concerns must demonstrate that they are responsible and have the ability and capacity to perform successfully under the terms and conditions of the proposed contract.

- A. For small purchases, where the Section 3 covered contract is to be awarded based upon the lowest price, the contract shall be awarded to the Section 3 business concern with the lowest responsive quotation, if it is reasonable and no more than 5% higher than the lowest responsive quotation from any qualified source.
- B. Where a request for proposal (RFP) or request for quotation (RFQ) is used, between 5% and 15% of the total rating points will provide a preference for Section 3 business concerns. Points will be awarded based on the Section 3 business concerns priority ranking as outlined in Section IV(B) above.
- C. Where an Invitation for Bid (IFB) is used, an award shall be made to the Section 3 business concern with the highest priority ranking and with the lowest responsive bid, if that bid:
 - 1) Is within the maximum total contract price established in HACA's budget for the specific project for which bids are being taken, and

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- 2) Is not more than “X” higher than the bid price of the lowest responsive bid from any responsible bidder. “X” is determined as follows:

If the lowest responsive bid is:		X will be the lesser of:	
At Least	Less Than	Percent of Bid	Or this maximum dollar amount
	\$100,000.00	5.00%	\$4,500.00
\$100,000.00	\$200,000.00	4.50%	\$8,000.00
\$200,000.00	\$300,000.00	4.00%	\$10,500.00
\$300,000.00	\$400,000.00	3.50%	\$12,000.00
\$400,000.00	\$500,000.00	3.00%	\$12,500.00
\$500,000.00	\$1,000,000.00	2.50%	\$20,000.00
\$1,000,000.00	\$2,000,000.00	2.00%	\$30,000.00
\$2,000,000.00	\$4,000,000.00	1.50%	\$40,000.00
\$4,000,000.00	\$7,000,000.00	1.00%	\$52,500.00
\$7,000,000.00		0.75%	

- D. When contracts are less than \$100,000 in value and the list of resident-owned businesses and previous contracting experience indicates that qualified resident-owned businesses are available to successfully complete the contract, HACA may limit the IFBs to resident-owned businesses according to the provisions of [24 CFR 963.12](#), alternative procurement process.

VII. RESPONSIBILITIES AND COMPLIANCE

HACA will ensure compliance with Section 3 requirements in its operations. HACA will also monitor its contractors and subcontractors for compliance with Section 3 requirements. HACA and its contractors and subcontractors will, to the greatest extent feasible, adhere to the following requirements:

- A. Conduct training, outreach, and recruitment of residents and businesses as outlined in Section V above;
- B. Advertise Section 3 employment opportunities, and facilitate the employment and training of Section 3 residents, to achieve the numerical goal for employment outlined in Section IV(A);
- C. Advertise Section 3 business concern contract opportunities, and facilitate the award of contracts to Section 3 business concerns, to achieve the numerical goals for contracting outlined in Section IV(B);
- D. Meet and discuss Section 3 requirements and responsibilities with potential contractors and subcontractors prior to commencement of work. Upon contract award, incorporate the Section 3 Clause into all Section 3 covered contracts;
- E. Complete and submit HACA’s Section 3 forms at required timeframe. Document and maintain records throughout the duration of the contract, including Section 3 efforts, implementation of activities and impediments encountered;

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- F. Conduct compliance reviews and evaluations of contractors and subcontractors for compliance with Section 3 requirements, during the duration of a contract, as needed, and upon completion of the contract. Contractors and subcontractors will be required to be in compliance with HACA's Section 3 requirements throughout the duration of the contract. At the completion of the contract, a final determination for compliance with the Section 3 program will be made by HACA;
- G. Notify contractors and subcontractors of non-compliance with Section 3 requirements, and provide guidance to the contractor or subcontractor to assist them in regaining compliance. When necessary, terminate contracts when the contractor or subcontractor is in default (e.g. refuses to perform efforts to the greatest extent feasible);
- H. Refrain from entering into new contracts with contractors or subcontractors that in HACA or HUD's determination have previously failed to comply with Section 3 requirements;
- I. Fully cooperate with HUD and/or HACA in response to complaints that HACA, a contractor or subcontractor is not in compliance with the Section 3 requirements outlined in [24 CFR Part 135](#).

VIII. REPORTING

HACA and its contractors and subcontractors must maintain appropriate records and documentation to substantiate the Annual Section 3 Report HACA must submit to HUD.

- A. Monthly and Quarterly Reporting: HACA will require all contractors and subcontractors to submit a compliance report as follows:
 - 1) Monthly on the 10th of the month for construction contracts
 - 2) Quarterly on the 10th of the month for service contracts
- B. Annual Reporting: HACA will submit an Annual Section 3 Report (form HUD-60002) for all HUD funding that is subject to Section 3 requirements as follows:
 - 1) If the program providing covered HUD funding requires an annual performance report, form HUD-60002 will be submitted electronically at the same time the annual program performance report is submitted.
 - 2) If the program providing covered HUD funding does not require an annual performance report, form HUD-60002 will be submitted electronically the *earlier of*:
 - a. January 10th of each year, or
 - b. Within 10 days of project completion.

IX. COMPLAINT PROCESS

Any Section 3 resident or Section 3 business concern (or an authorized representative of either) may file a complaint alleging HACA or one of its contractors or subcontractors failed to comply with Section 3 requirements.

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- A.** HACA encourages Section 3 residents and Section 3 business concerns to submit their complaint directly to HACA as soon as possible after the date of action or omission; preferably no later than 90 days from the date of the action upon which the complaint is based in order to allow the complainant time to file with HUD if a satisfactory resolution cannot be reached. HACA will adhere to the following guidelines when investigating complaints:
- 1)** The complaint may be filed via phone at (888) 842-4484, mailed certified or via other means of tracking, or delivered in person at 1124 S. IH 35, Austin, TX 78704.
 - 2)** The complaint must include the name and address of the person filing the complaint, name and address of the respondent (HACA or its contractor or subcontractor), and a description of acts or omissions by the respondent of the nature and date of the alleged noncompliance.
 - 3)** HACA will conduct a thorough investigation of the complaint, affording all interested parties an opportunity to submit testimony and/or evidence pertinent to the complaint. Upon completion of the investigation HACA will notify the complainant of the results of the investigation and any actions taken to resolve the complaint, if applicable.
- B.** Complaints may also be file with HUD, using form HUD-958, as follows:
- 1)** The complaint must be received within 180 days from the date of the action upon which the complaint is based.
 - 2)** The complaint must be filed at the regional HUD office where the violation occurred. For HACA and its contractors and subcontractors, this is the HUD Fort Worth Regional Office of Fair Housing and Equal Opportunity, 801 Cherry St., Unit #45, Suite 2500, Fort Worth, TX 76102.
 - 3)** The complaint must be in writing, signed by the complainant, and include the name and address of the person filing the complaint, name and address of the respondent (HACA or its contractor or subcontractor), and a description of the acts or omissions by the respondent of the nature and date of the alleged noncompliance.
 - 4)** HUD's FHEO Department will determine if the complaint outlines an action or omission that is proven, qualifies as noncompliance with Section 3 requirements. If said determination is made, an investigator will be assigned the case and will contact both parties with further instructions.