

Section 3 Procedures for All Developers, General Contractors, and Subcontractors Seeking Funds

Houston fully embraces the spirit and intent of its Section 3 obligations. Extra efforts are set forth, to any developer or contractor/subcontractor who intends to seek HUD-sourced funds from the City to clearly understand that Section 3 obligations and standards accompany any commitment of City funding where Section 3 thresholds are met. It is important to advise all Developers that the infusion of any HUD sourced dollars from the City into a project at **any point in the project** and at any level exceeding the federal threshold triggers the full applicability of the City Section 3 Policies on to the entire project.

What Must Developers/Contractors/Subcontractors are Required Do to meet Section 3 Obligations?

1. Complete a Section 3 Utilization Plan and submit it to the City for approval.
The City will make available to Developers/Contractors the Section 3 Utilization Plan format. The Section 3 Utilization Plan must include specific information regarding the following:
 - Identification of the project area
 - Specific information about the current workforce
 - Specific plan for hiring Section 3 eligible residents
 - Specific plan for engaging Section 3 certified business concerns
 - Firm commitment to include as part of all bids the Section 3 Utilization Plan (once approved by the City), which identifies activities as compliant with Section 3 and includes the City's Section 3 Clause in all sub-contracts
 - Firm commitment to conduct aggressive outreach and notification to potential Section 3 residents and businesses of hiring opportunities using site signage, flyers, etc.
 - Firm commitment to provide identified area employment agencies of jobs available from the established job pool of Section 3 area residents.
2. Modify the proposed Section 3 Utilization Plan. HCDD will review Section 3 Utilization Plans and provide review findings within 7 to 10 work days. Review comments will be made available to both the developer and contractor.
3. Sign an Acknowledgement of Receipt of Information Regarding Section 3 Requirements and obligations which accompany City (HUD-sourced) funding.

Certification Procedures for a Section 3 Business Concern

1. Businesses applying for Section 3 business concerns certification can obtain an application from the HCDD office or via the Department website at www.houstonhousing.org. Each applicant must attach the following documentation to their application:
 - A completed “*Statement of Qualifications*”.
 - A documented satisfactory record of past work.
 - The applicant submit a copy to the Section 3 Staff.
 - A copy of the previous year’s Federal Income Tax Filings. (This should be provided only by businesses to be determined eligible by owner income and residency.)
 - Income Eligibility Documentation on Ownership/Employees (if a business is qualifying via Section 3 residents).
 - A copy of the following insurance certificates. (All applicants must have at least the following insurance coverage for Section 3 contract work:
 - i. “Manufacture’s and Contractor’s Public Liability Insurance” with minimum limits of \$250,000/\$500,000.
 - ii. Property Damage Insurance in an amount not less than \$100,000.
 - iii. Worker’s Compensation Insurance as required by State law governing Worker’s Compensation.
2. Once the preliminary intake process is complete, the Section 3 staff will review the documents for compliance.
3. Upon completion of the review, if the applicant has turned in all supporting documentation and has met the required criteria they will be recommended for certification by the Section 3 Coordinator. Once approved a formal letter is mailed out to announce their acceptance as a Section 3 certified Business Concerns.
4. If the application is incomplete, it will be passed onto a staff member to provide follow-up assistance. HCDD staff will be responsible for contacting the applicant to inform them of all missing documentation that is needed to complete the certification process. Once contact has been made, the application will be held in pending status until all appropriate documentation has been secured.
5. Once an entity is certified as a Section 3 Business Concerns, they are added to the official City of Houston Section 3 registry. All Section 3 certified businesses must apply for re-certification every three (3) years.