

City of Covington

Community Development Block Grant – Disaster Recovery (CDBG-DR) and Mitigation (CDBG-MIT)

Section 3 Plan

SECTION 1: SECTION 3 OVERVIEW OF REQUIREMENTS

A. Program Overview

Section 3 is a provision of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) that is regulated through 24 CFR Part 75. Section 3 regulations 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 persons, particularly those who are recipients of government assistance for housing, and to business concerns that provide economic opportunities to low- and very low-income persons.

All subrecipients, developers, contractors, and subcontractors (including professional service vendors) on Section 3 projects must demonstrate good faith efforts to comply with the Section 3 regulations at 24 CFR Part 75 and this Section 3 Plan.

B. Purpose

This plan describes how the City of Covington (the “City”) and its subrecipients, contractors, and subcontractors will comply with HUD’s Section 3 requirements in carrying out Community Development Block Grant Disaster Recovery (CDBG-DR) and Mitigation (CDBG-MIT) activities administered by the Louisiana Office of Community Development – Disaster Recovery (LOCD-DR), and other HUD-funded programs. The City will, to the greatest extent feasible, ensure that employment and other economic opportunities are directed to low- and very low-income persons and to eligible businesses, and requires the same of its contractors.

The City may amend this Section 3 Plan as necessary to ensure continued compliance with HUD’s requirements and to reflect updated Section 3 guidance and outreach strategies.

C. Applicability

For CDBG-DR and CDBG-MIT financial assistance, this plan applies to housing rehabilitation, housing construction, and other public construction projects that receive more than \$200,000 in housing and community development financial assistance from one or more HUD programs. Applicability is determined at the project level.

This plan also applies to projects with multiple funding sources, including projects that combine public housing financial assistance, housing and community development financial assistance from single or multiple recipients, and Lead Hazard Control and Healthy Homes Program funds.

Section 3 requirements do not apply to material supply contracts (24 CFR 75.3(b)), Indian and Tribal preferences (24 CFR 75.3(c)), or other HUD assistance and other Federal assistance not subject to Section 3 (24 CFR 75.3(d)).

SECTION 2: SECTION 3 COORDINATOR

The City's **Grants and Procurement Administrator** serves as the City's Section 3 Coordinator and is the central point of contact for Section 3 compliance for the City, subrecipients, contractors, and subcontractors. Subrecipients, contractors, subcontractors, and others are encouraged to contact the Section 3 Coordinator with any questions or requests for guidance regarding Section 3 compliance.

Section 3 Coordinator: Grants and Procurement Administrator, City of Covington, 317 N. Jefferson Avenue, Covington, LA 70433, 985-892-1811.

SECTION 3: EMPLOYMENT, TRAINING, AND CONTRACTING GOALS

A. Safe Harbor Compliance

Before work begins, contractors and subcontractors will be required to certify that they will follow the required prioritization of effort for Section 3 workers, Targeted Section 3 workers, and Section 3 business concerns (outlined in Section 3.C). After completion of the project, contractors and subcontractors will be required to certify on the Section 3 cumulative report that they followed the prioritization of effort requirements.

If a contractor or subcontractor does not meet the safe harbor benchmarks, it must provide evidence of the qualitative efforts it made to assist low- and very low-income persons with employment and training opportunities.

B. Safe Harbor Benchmarks

1. Twenty-five (25) percent or more of the total number of labor hours worked by all workers on a Section 3 project are worked by Section 3 workers:
 - a. $\text{Section 3 labor hours} \div \text{total labor hours} = 25\% \text{ or more; and}$
2. Five (5) percent or more of the total number of labor hours worked by all workers on a Section 3 project are worked by Targeted Section 3 workers, as defined in 24 CFR 75.21:
 - a. $\text{Targeted Section 3 labor hours} \div \text{total labor hours} = 5\% \text{ or more.}$

HUD may update the Section 3 benchmarks every three years or sooner. The City will review and update this Section 3 Plan at least every three years, or sooner as needed.

It is the responsibility of contractors to carry out efforts to achieve Section 3 compliance. Any contractor that does not meet the Section 3 benchmarks must demonstrate why meeting the benchmarks was not feasible. All contractors submitting bids or proposals to the City are required to certify that they will comply with the requirements of Section 3.

C. Certification of Prioritization of Effort for Employment, Training, and Contracting

Section 3 requires that employment and training opportunities be provided to Section 3 workers, and that contracting opportunities be provided to Section 3 business concerns that provide economic opportunities to Section 3 workers. Subrecipients and contractors must make their best efforts to follow the order of prioritization below.

Employment and Training. Where feasible, priority for opportunities and training should be given to:

1. Section 3 workers residing within the service area or neighborhood of the project; and
2. Participants in YouthBuild programs.

Contracting. Where feasible, priority for contracting opportunities should be given to:

1. Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area or neighborhood of the project; and
2. YouthBuild programs.

SECTION 4: SECTION 3 ELIGIBILITY AND CERTIFICATIONS

Individuals and businesses that meet Section 3 criteria may seek Section 3 preference from the City or its contractors and subcontractors for training, employment, or contracting opportunities generated by the City's CDBG-DR, CDBG-MIT, and other HUD-funded programs. To qualify as a Section 3 Worker, Targeted Section 3 Worker, or Section 3 Business Concern, each must self-certify that they meet the applicable criteria.

Businesses that misrepresent themselves as Section 3 Business Concerns and report false information to the City may have their contracts terminated for default and be barred from ongoing and future consideration for contracting opportunities.

A. Section 3 Worker and Targeted Section 3 Worker Certification

A person seeking certification as a Section 3 Worker or Targeted Section 3 Worker shall submit self-certification documentation to the City, contractor, or subcontractor showing that the person meets the definition in 24 CFR Part 75. For purposes of Section 3 Worker eligibility, the City will use individual income rather than family or household income. Income limits will be determined annually using the guidelines published by HUD at <https://www.huduser.gov/portal/datasets/il.html>.

A person seeking the Section 3 Worker preference shall demonstrate that he or she meets one or more of the following criteria, currently or when hired within the past five years, as documented:

1. A low- or very low-income person (income for the previous or annualized calendar year is below the income limit established by HUD);
2. Employed by a Section 3 Business Concern; or
3. A YouthBuild participant.

A person seeking the Targeted Section 3 Worker preference shall demonstrate that he or she meets one or more of the following criteria:

1. Employed by a Section 3 Business Concern; or
2. Currently meets, or when hired met, at least one of the following categories, as documented within the past five years:
 - a. Lives within the service area or the neighborhood of the project, as defined in 24 CFR 75.5; or
 - b. Is a YouthBuild participant.

Section 3 Workers and Targeted Section 3 Workers seeking preference in training and employment shall certify or demonstrate to the City, contractors, or subcontractors that they meet the definitions above, and may do so by submitting the certification forms provided.

Projects Involving Multiple Sources of Funding. The City follows 24 CFR Part 75, Subpart C, for housing and community development financial assistance. Where Section 3 projects include multiple housing and community development funding sources from single or multiple recipients, the City will follow 24

CFR Part 75, Subpart C. Where a Section 3 project also includes public housing financial assistance, the City will follow the applicable requirements of 24 CFR Part 75, Subpart B, for that assistance.

B. Section 3 Business Concern Certification

The City will encourage contractors and subcontractors to make their best efforts to award contracts and subcontracts to Section 3 Business Concerns.

A business that believes it meets the Section 3 Business Concern requirements may seek preference by demonstrating one or more of the following:

1. At least 51 percent of the business is owned and controlled by low- or very low-income persons;
2. At least 51 percent of the business is owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing; or
3. Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers.

Businesses can self-register in the HUD Section 3 Business Registry and shall certify, or demonstrate to the City, contractors, or subcontractors, that they meet the definitions above by submitting the Section 3 Business Concern Certification Form.

Section 3 Business Concern Certification Forms must be submitted at the time of bid or proposal. If the City previously approved the business concern as Section 3 certified, the existing certification may be submitted with the bid, as long as it has not expired. The Section 3 Business Concern Certification Form expires six (6) months after approval.

SECTION 5: ASSISTING CONTRACTORS WITH ACHIEVING SECTION 3 GOALS

To help contractors meet or exceed the Section 3 goals, the City will:

1. Share this Section 3 Plan with contractors and subcontractors and explain its policies and procedures.
2. Encourage contractors who wish to submit a bid, offer, or proposal to attend the pre-bid meeting, at which Section 3 requirements and goals are covered.
3. Review the Section 3 benchmarks and prioritization of effort with contractors and subcontractors to ensure the goals are understood.
4. At the time of bid, require the contractor to provide the total number of 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 the projected number of available positions, including job descriptions and wage rates.
5. Maintain a local Section 3 Worker and Targeted Section 3 Worker database and provide contractors with a list of interested and qualified workers and their contact information.
6. Inform contractors about the HUD Section 3 Opportunity Portal (<https://hudapps.hud.gov/OpportunityPortal/>).
7. Require contractors to notify the Section 3 Coordinator of their interest in employing Section 3 Workers before hiring.
8. Encourage local businesses to register in the HUD Section 3 Business Registry, and direct contractors to the registry (<https://www.hud.gov/Section3BusinessRegistry>).

9. Use the City's communication outlets to effectively communicate employment and contracting opportunities as they arise.
10. Require contractors to submit a list of core employees (including administrative, clerical, planning, and other positions pertinent to the construction trades) at the time of contract award.

SECTION 6: SECTION 3 OUTREACH

A. Outreach Efforts for Employment and Training

When training opportunities are available, contractors and subcontractors should, to the greatest extent feasible:

1. Notify the Section 3 Coordinator when training opportunities are available;
2. Provide information and handouts about Section 3 training opportunities to potential Section 3 Workers and Targeted Section 3 Workers; and
3. Conduct an annual training for Section 3 Workers and Section 3 Business Concerns.

Contractors and subcontractors should notify Section 3 Workers and Targeted Section 3 Workers of Section 3 job opportunities through multiple approaches, including:

1. Clearly indicating Section 3 eligibility on all job postings with the following statement: "This job is a Section 3 eligible job opportunity. We encourage applications from individuals who are low income and/or live in Public Housing and/or receive a Section 8 voucher";
2. Including the Section 3 Worker and Targeted Section 3 Worker Self-Certification Form in all job postings;
3. Working with the Section 3 Coordinator to connect Section 3 Workers and Targeted Section 3 Workers in the City's database with opportunities, and using the Section 3 Opportunity Portal to find qualified candidates;
4. Establishing a current list of Section 3 eligible applicants;
5. Contacting local community organizations and providing them with job postings for Section 3 eligible applicants; and
6. Coordinating a programmatic advertising campaign that results in widespread job postings across networks, including:
 - a. Advertising job opportunities through social media;
 - b. Advertising job opportunities through flyer distribution, mass mailings, and postings in common areas of public housing management offices; and
 - c. Contacting resident councils, resident management corporations, and neighborhood community organizations to request their help in notifying residents of available training and employment opportunities.

B. Outreach Efforts for Contracting

The City will notify Section 3 Business Concerns of contracting opportunities that arise in connection with its CDBG-DR, CDBG-MIT, and other HUD-funded programs through multiple approaches, including:

1. Adding Section 3 language to all RFPs, RFQs, procurement documents, bid offerings, and contracts;

2. Coordinating pre-bid meetings when necessary to inform Section 3 Business Concerns of upcoming contracting opportunities. The Section 3 Coordinator will participate in these meetings to explain and answer questions about Section 3 requirements;
3. Advertising contracting opportunities in local community papers, with notices that provide general information about the work to be contracted and where to obtain more information; and
4. Coordinating with the City Council to inform neighborhood agencies.

SECTION 7: SECTION 3 CONTRACTING POLICY AND PROCEDURE

The City incorporates Section 3 requirements into its procurement policies for HUD-funded procurements, including the City's CDBG-DR / CDBG-MIT Procurement Policy.

All contractors and businesses seeking Section 3 preference must complete the appropriate certifications before submitting bids or proposals to the City. Certifications shall be supported by appropriate documentation as referenced in the Section 3 Business Concern Certification Form.

SECTION 8: SECTION 3 PROVISIONS AND CONTRACT LANGUAGE

The City will include standard Section 3 language in all of its contracts and agreements with subrecipients, contractors, and subcontractors for Section 3 projects to ensure compliance with 24 CFR Part 75. The City will take appropriate action upon finding that a contractor is in violation of 24 CFR Part 75 and will not knowingly contract with any contractor that has been found in violation of the Section 3 regulations. The Section 3 Coordinator will review the City's contractors for compliance with the minimum Section 3 requirements.

Contractors and subrecipients are also required to include language in all Section 3 covered subcontracts and agreements meeting the requirements of 24 CFR 75.9 and 75.19, as applicable. For businesses, noncompliance with HUD's regulations in 24 CFR Part 75 may result in sanctions, termination of the contract for default, and debarment or suspension from future HUD-assisted contracts.

SECTION 9: REPORTING REQUIREMENTS

For Section 3 covered contracts, contractors are required to submit the Section 3 Performance and Summary Report to the City's Section 3 Coordinator quarterly, or as otherwise required by the City. A final cumulative report shall be submitted as set forth in that form's instructions.

A. Quarterly Reporting

Contractors are required to submit quarterly activity reports to the Section 3 Coordinator by the 15th day of the month following the end of each quarter. For example, the report for the first calendar quarter (January–March) is due April 15.

B. Final Reporting

1. When a project is completed, contractors must submit a final Section 3 cumulative report for the project.
2. At project completion, the Section 3 Coordinator will conduct a final review of the project's overall performance and compliance.

3. The Section 3 Coordinator will submit the City's Section 3 data to LOCD-DR in the form and at the times LOCD-DR requires, for reporting to HUD.

C. Reporting on Projects with Multiple Funding Sources

1. For Section 3 projects that include both public housing financial assistance and housing and community development financial assistance, the City will report on the project as a whole and identify the multiple associated recipients.
2. For Section 3 projects assisted with funding from multiple sources of housing and community development assistance that exceed the \$200,000 threshold (or \$100,000 for Lead Hazard Control and Healthy Homes Programs), the City will follow 24 CFR Part 75, Subpart C, and report to LOCD-DR or the applicable HUD program office as required.

SECTION 10: INTERNAL SECTION 3 COMPLAINT PROCEDURE

To resolve complaints of Section 3 noncompliance through an internal process, the City encourages complaints to be submitted to its Section 3 Coordinator as follows:

1. Complaints of noncompliance should be filed in writing and must contain the name of the complainant and a brief description of the alleged violation of 24 CFR Part 75.
2. Complaints must be filed within thirty (30) calendar days after the complainant becomes aware of the alleged violation.
3. If the complaint is found to be valid, the City will conduct an informal but thorough investigation, giving all interested parties, if any, an opportunity to submit testimony or evidence pertinent to the complaint.
4. The City will provide written documentation detailing the findings of the investigation, and will review the findings for accuracy and completeness before releasing them to the complainant. The findings will be made available no later than sixty (60) days after the complaint is filed.

Complainants who wish to have their concerns considered outside the City may file a complaint with the HUD program office responsible for the Section 3 covered activity or with the local HUD field office, which can be found on the HUD website, www.hud.gov.

Complainants may also be eligible to bring complaints under other federal laws. The U.S. Equal Employment Opportunity Commission (EEOC) enforces federal laws that make it illegal to discriminate against a job applicant or employee; information about complainant rights is available at www.eeoc.gov. The U.S. Department of Labor Office of Federal Contract Compliance Programs (OFCCP) enforces, for the benefit of job seekers and wage earners, the contractual promise of affirmative action and equal employment opportunity required of those who do business with the Federal government; information is available at www.dol.gov/ofccp.