



Riverside County Section 3 Implementation Plan

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1. Executive Summary

Section 3 is a federally mandated program of the U.S. Department of Housing and Urban Development (HUD). Under Section 3 of the HUD Act of 1968, 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 which provide economic opportunities to low- and very low-income persons.

As a public agency and recipient of housing and community development assistance from HUD, the Riverside County Housing & Workforce Solutions Department (HWS) is required to develop and implement a Section 3 Program that complies with the HUD Act and its implementing regulations, located in Part 75 of Title 24 of the Code of Federal Regulations (24 CFR 75).

HWS is committed to complying with Section 3 in its own operations and ensuring the compliance of its sub-recipients, contractors and subcontractors.

The HWS Section 3 Unit consists of two full-time staff members—a Program Manager and a Program Analyst. The HWS Section 3 Unit’s responsibilities include, but are not limited to, the following:

- Implementing Section 3,
- Ensuring Section 3 compliance,
- Monitoring Section 3 compliance, and
- Providing technical and outreach assistance.

Section 3 is implemented in two phases. The first phase comprises developing the necessary infrastructure—the procedures and tools needed to ensure standardized operations within HWS, and guidelines for developers, contractors and subcontractors. The second phase comprises training, outreach and recruitment.

Section 3 compliance is demonstrated by committing to the following numerical goals:

- Employing Section 3 Residents as 30 percent of all new hires during a one-year period of the project (i.e., A construction contractor hires 10 new workers; 3 of the new workers should be Section 3 Residents).
- Contracting:
 - A. Awarding Section 3 Business Concerns at least 10 percent of the total contract dollar amount for construction or rehabilitation services; and
 - B. Awarding Section 3 Business Concerns at least 3 percent of the total contract dollar amount for non- construction services.

HWS utilizes three primary tools to facilitate awarding Section 3 Business Concerns at least 10 percent of the total value of construction-related contracts and 3 percent of all other Section 3 covered contracts:

1. Section 3 Language (Certification of Compliance);



2. Section 3 and Equal Opportunity Contracting Project Utilization Plan; and
3. Approved Plan Approach.

Internal and external resources are leveraged to ensure Section 3 Residents are employed as 30 percent of new hires, and that developers, contractors and subcontractors also comply with Section 3. The strategy to offer training and employment opportunities is threefold:

1. Training and Recruiting
 - Collaborate with the HWS Workforce and Economic Development Department to train and/or recruit Section 3 Residents.
 - Partner with local job training organizations/career centers to train and/or recruit Section 3 Residents.
2. Certifying Section 3 Residents.
3. Notifying qualified Section 3 Residents of employment and training opportunities with HWS, its developers, contractors and subcontractors.

Implementation and compliance of Section 3 is an agency-wide effort led by the HWS Section 3 Unit. Key HWS departments/unit supporting this effort are Workforce and Economic Development, Human Resources, Procurement, Facilities Management Real Estate Division, and Labor and Contract Compliance CHD Unit.



2. Introduction

Housing & Workforce Solutions (HWS) is committed to implementing and complying with Section 3 within its own operations and ensuring the compliance of its developers, contractors and subcontractors. The Section 3 Implementation Plan outlines the activities that HWS will undertake to provide economic opportunities to Section 3 Residents and Section 3 Business Concerns.

★ *Under Section 3 of the HUD Act of 1968, 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 which provide economic opportunities to low- and very low-income persons. Section 3 is implemented and regulated by Part 75 of Title 24 of the Code of Federal Regulations (24CFR75).*

Housing & Workforce Solutions (HWS) implements Section 3 in two phases:

Phase 1

In the first phase, HWS develops the necessary infrastructure needed to implement Section 3 and ensure compliance. This requires drafting administrative procedures and forms to be used by HWS, its developers, contractors and subcontractors. HWS developed the following user guides to facilitate Section 3 implementation and compliance:

- **Section 3 Administrative Guidelines**—standardizes the administrative procedures within HWS.
- **Section 3 Contractor's Guide**—addresses Section 3 applicability, the Section 3 Business Concern certification, doing business with HWS, requirements for proposers/bidders, requirements for awardees, and filing complaints.
- **Section 3 Resident Certification FAQ**—provides responses to individuals' frequently asked questions regarding the Section 3 Resident certification program.

Phase 2

The second phase consists of training—both internal and external—to educate HWS departments and local organizations about Section 3. The internal training is designed to assist HWS departments in understanding the applicability of Section 3 to their respective operations, and the importance of Section 3 to HWS. In addition, HWS educates targeted local organizations.

HWS leverages key divisions and/or departments to recruit residents who currently receive services from HWS and qualify for Section 3. External outreach involves establishing informal and/or formal partnerships with other public agencies and/or organizations that administer business development and/or job training programs, especially those that target low-income individuals and/or disadvantaged businesses to recruit and certify as Section 3 Business Concerns or as Section 3 Residents.

Collaboration is the key to successful implementation and compliance of Section 3. Led by the newly reorganized HWS Section 3 Unit, HWS departments leverage one another to achieve desired outcomes; and the Riverside County (HWS) Section 3 Unit takes a hands-on approach with developers, contractors and subcontractors.



3. Applicability

Section 3 requirements apply to recipients and sub-recipients of Section 3 covered assistance, including contractors and subcontractors that perform on Section 3 covered contracts/projects. The following are types of Section 3 covered assistance:

- **Public and Indian Housing Assistance**
 - Operating Fund
 - Capital Fund
 - Development Assistance
- **Housing and community development assistance expended for housing rehabilitation, housing construction, or other public construction**

Refer to the <https://rivcohhpws.org/overview-section-3-requirements> for a current listing of the types of Section 3 covered housing and community development assistance (when expended for housing rehabilitation, housing construction or other public construction).

★ ***Section 3 requirements are triggered when there is a need for new hires, contractors and/or subcontractors on Section 3 covered assistance, contracts and/or projects. Section 3 requirements apply to service contracts only.***

HWS is a recipient of Public and Indian Housing Assistance and a recipient and/or sub-recipient of housing and community development assistance.

4. HWS Section 3 Unit

The HWS Section 3 Program is led by the HWS Section 3 Unit. The HWS Section 3 Unit consists of two full-time staff members—a Program Manager and a Program Analyst. The HWS Section 3 Unit’s responsibilities include, but are not limited to, the following:

- Implementing Section 3,
- Ensuring Section 3 compliance,
- Monitoring Section 3 compliance, and
- Providing technical and outreach assistance.

5. Compliance

Numerical Goals

Section 3 regulations provide that HWS, its sub-recipients, contractors and subcontractors demonstrate compliance by committing to the following numerical goals:

- Employing Section 3 Residents as 30 percent of all new hires during a one-year period of the project (i.e., A construction contractor hires 10 new workers; 3 of the new workers should be Section 3 Residents).



- Contracting:
 - A. Awarding Section 3 Business Concerns at least 10 percent of the total contract dollar amount for construction or rehabilitation services; and
 - B. Awarding Section 3 Business Concerns at least 3 percent of the total contract dollar amount for non- construction services.

Numerical goals shall be maintained throughout the life of the contract or project.

6. Economic Opportunities for Section 3 Business Concerns

6.1. Section 3 Certification Program

Office of Economic Development and HWS administer a Section 3 certification program for businesses that qualify as Section 3 Business Concerns. A Section 3 Business Concern means a business concern:

1. That is 51 percent or more owned by section 3 residents; or
2. whose permanent, full-time employees include persons, at least 30 percent of whom are currently section 3 residents, or within three years of the date of first employment with the business concern were section 3 residents; or
3. that provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that qualify via the Section 3 ownership or workforce criterion.

Applicants self-certify their Section 3 eligibility by completing a short application that captures industry data, licenses/certifications held and financial capacity. Business concerns that are located in the County of Riverside are eligible for Section 3 certification. The certification program is instrumental to Section 3 implementation and enables HWS to:

- Develop and maintain a registry of Section 3 Business Concerns to refer for contracting opportunities;
- Identify and address the training needs of Section 3 Business Concerns; and
- Capture, track and report Section 3 Business Concerns' economic development.

6.2. Contracting

★ HWS utilizes three primary tools to facilitate awarding Section 3 Business Concerns at least 10 percent of the total value of construction-related contracts and 3 percent of all other Section 3 covered contracts:

- 1. Section 3 Language (Certification of Compliance);**
- 2. Section 3 and Equal Opportunity Contracting Project Utilization Plan; and**
- 3. Approved Plan Approach.**



6.2.1. Section 3 Language (Certification of Compliance)

The Section 3 Language is the standard language that is included in all Section 3 covered Requests for Proposal (RFP), Invitations for Bid (IFB), Invitations for Qualification (IFQ), Notices of Funding Availability (NOFA), and other forms of solicitation for Section 3 covered assistance, agreements, contracts or projects. It provides an overview of Section 3, the requirements for proposers/bidders, the requirements for awardees, and the Section 3 Clause (24 CFR 75.17).

6.2.2. Section 3 and Equal Opportunity Contracting Project Utilization Plan

All proposals/bids must contain a completed Section 3 and Equal Opportunity Contracting Project Utilization Plan, even if there are no projected new hires and no projected subcontracting opportunities. Proposals/bids that do not contain the completed Section 3 and Equal Opportunity Contracting Project Utilization Plan are deemed “nonresponsive.”

★ **Purpose:**

- 1. Identify, evaluate and approve proposers’/bidders’ planned utilization of Section 3 Residents and Section 3 Business Concerns;**
- 2. Establish a baseline by which to monitor and measure contractors’ and subcontractors’ compliance during the term of the contract; and**
- 3. Document contractors’ and subcontractors’ Section 3 outreach efforts.**

Importantly, the approved Section 3 and Equal Opportunity Contracting Project Utilization Plan becomes part of the contractual agreement.

6.2.3. Approved Plan Approach

The Approved Plan Approach is used in conjunction with the Section 3 and Equal Opportunity Contracting Project Utilization Plan. Used to evaluate Section 3 participation, it provides the following benefits:

- Facilitates developers’, contractors’ and subcontractors’ compliance with Section 3 numerical goals.
- Provides noncompliant contractors with the opportunity to still do business with HWS.

The Section 3 Unit uses the Approved Plan Approach to evaluate prime contractors’ Section 3 and Equal Opportunity Contracting Project Utilization Plans.

★ **HWS will not execute a contract—including contracts to execute option years—that does not incorporate by reference an approved plan to utilize certified Section 3 Business Concerns and Residents, or reference the waiver granted by HWS.**



6.3. Efforts to Award Contracts to Section 3 Business Concerns

HWS undertakes numerous activities to ensure that contracting and subcontracting opportunities are directed to Section 3 Business Concerns. The following represents, by department, HWS's activities:

6.3.1. HWS Departments

- CHD Ensures that the Section 3 Language and the Section 3 and Equal Opportunity Contracting Project Utilization Plan are included in all Section 3 covered solicitations (RFPs, IFBs, IFQs, NOFAs and others – both informal and formal).
- CHD Notifies the Section 3 Unit prior to the release or public posting of any planned formal or informal solicitation for a Section 3 covered contract/project.
- CHD Requires all proposals/bids for Section 3 covered contracts/projects to include a completed Section 3 and Equal Opportunity Contracting Project Utilization Plan, with documentation verifying Section 3 outreach efforts.
- CHD Deems proposals/bids that do not contain the completed Section 3 and Equal Opportunity Contracting Project Utilization Plan as “nonresponsive.”
- CHD Does not execute an agreement or contract (including a contract to execute option years) that does not incorporate by reference an approved plan to utilize certified Section 3 Business Concerns and Residents, or reference the waiver granted by HWS.
- CHD Ensures that all Section 3 covered contracts include the Section 3 Clause (24.CFR.75.17).
- CHD assists the Section 3 Unit in ensuring that developers, contractors and subcontractors maintain their approved percentages of Section 3 participation throughout the term of the contract/project.
- CHD Requests quotes from certified Section 3 Business Concerns on informal solicitations less than \$10,000 and in accordance with HWS's Procurement Policy.
- CHD requests at least one quote from a certified Section 3 Business Concern on informal solicitations valued at more than \$10,000, but less than \$100,000, and in accordance with HWS's Procurement Policy.
- WDC conducts “Section 3 guidelines” workshops.

6.3.2. HWS HOME Unit

- Ensures that all NOFAs and all other forms of solicitations for Section 3 covered assistance, agreements, contracts or projects contain the Section 3 Language and the Section 3 and Equal Opportunity Contracting Project Utilization Plan.



- Requires that all proposals for Section 3 covered assistance, contracts or projects include a completed Section 3 and Equal Opportunity Contracting Project Utilization Plan, with documentation verifying Section 3 outreach efforts. HWS provides customized submittal instructions for developers of housing projects.
- Ensures that all contractual agreements for Section 3 covered activities include the Section 3 Clause (24.CFR 75.17).
- Organizes networking or pre-proposal events that afford Section 3 Business Concerns the opportunity to meet with developers or contractors.
- Posts-award or pre-construction meetings with developers or contractors for Section 3 covered contracts/projects.
- Developers, their contractors and subcontractors are required to maintain their approved percentages of Section 3 participation throughout the term of the contract/project.

6.3.3. HWS Departments & Partners

- Implements the Approved Plan Approach to evaluate the Section 3 and Equal Opportunity Contracting Project Utilization Plan.
- Promotes the Section 3 certification program at outreach events.
- Maintains a registry of certified Section 3 Business Concerns.
- Attends conferences for small and/or minority-owned businesses to identify Section 3 Business Concerns.
- Notifies Section 3 Business Concerns of Section 3 covered contracting and subcontracting opportunities with HWS, developers, contractors and subcontractors.
- Provides listing of Section 3 Business Concerns to developers, contractors and subcontractors.
- Provides listing of Section 3 Business Concerns to HWS's Procurement Department .
- Organizes networking or pre-proposal/pre-bid events that afford Section 3 Business Concerns the opportunity to meet with developers, contractors and subcontractors.
- Develops and presents business development workshops for Section 3 Business Concerns, i.e., business plan writing, certifications, financing, insurance, bonding and marketing.
- Conducts Section 3 training workshops for contractors to educate and subsequently identify Section 3 Business Concerns.
- Collaborates with the U.S. Small Business Administration to educate the local small business community about Section 3.
- Creates a Section 3 Web page from which the public can learn about the Section 3 Program and download the Section 3 Business Concern Certification Form and the Section 3 Contractor's Guide.
- Requests that community organizations and partners post hyperlinks on their respective websites, directing Internet users to HWS's Section 3 Web page.



7. Economic Opportunities for Section 3 Residents

7.1. Section 3 Certification Program

HWS 's Housing Authority of Riverside County administers a Section 3 certification program for individuals who qualify as a Section 3 Resident. A Section 3 Resident is a person who is a resident of public housing who resides in the County of Riverside County; or a low- or very low-income person who resides in the County of Riverside County.

Applicants self-certify their Section 3 eligibility by completing a short application that collects data regarding their work experience, skills and training needs. Low-income individuals who reside in the County of Riverside County are eligible for Section 3 certification. The certification program is instrumental to Section 3 implementation and enables HWS to:

- Develop and maintain a registry of Section 3 Residents to refer for employment and training opportunities;
- Identify and address the training needs of Section 3 Residents; and
- Capture, track and report Section 3 Residents' economic development.

7.2. Efforts to Offer Training and Employment Opportunities to Section 3 Residents

To the greatest extent feasible, HWS leverages its internal and external resources to ensure that it employs Section 3 Residents as 30 percent of new hires, and that developers, contractors and subcontractors also comply with Section 3. HWS' strategy to offer training and employment opportunities is threefold:

1. Training and Recruiting
 - Collaborate with the HWS Workforce Development Center and agencies to train and/or recruit Section 3 Residents.
 - Partner with local job training organizations/career centers to train and/or recruit Section 3 Residents.
2. Certifying Section 3 Residents.
3. Notifying qualified Section 3 Residents of employment and training opportunities with HWS, its developers, contractors and subcontractors.

Training and employment are closely tied together. Section 3 regulations do not require that employers hire unqualified Section 3 Residents. Therefore, to facilitate the hiring of qualified Section 3 Residents, HWS facilitates internal and external training opportunities.

7.2.1. Workforce and Economic Development Department

- Utilizes the HWS WDC Education and Training Resources to provide job training assistance, i.e., résumé writing, interviewing techniques, etc., to eligible Section 3 Residents.
- Microenterprise Collaborative Inland Southern California Provides micro-enterprise training to eligible Section 3 Residents.



- Provides a calendar of training events to the HWS Section 3 Unit.
- Provides a Section 3 presentation at applicable training events to recruit Section 3 Residents.
- Refers work-ready participants to the HWS Section 3 Unit.
- Collaborates with the HWS Section 3 Unit to develop or facilitate customized training programs for Section 3 Residents.
- Includes Section 3 fact sheet in mailings to participants.
- Makes Section 3 Resident certification applications and marketing materials available to participants.

7.2.2. Riverside County HR/Office of Education

- Notifies the HWS Section 3 Unit of employment opportunities.
- Recruits Section 3 Residents for employment with HWS.
- Provides Section 3 information on the *Human Resources* website, including a hyperlink to the HWS Section 3 Unit's Web page.
- Encourages HWS's hiring managers to review résumés from Section 3 Residents.
- Accepts registry of Section 3 Residents for direct hire consideration.
- Posts job vacancy announcement on CalJobs, the California Employment Development Department's online job board.
- Office of Education conducts "Career Readiness" workshops.

7.2.3. HWS Section 3 Unit

- Notifies certified Section 3 Residents and Section 3-qualified residents of training and employment opportunities.
- Refers certified Section 3 Residents to developers, contractors and subcontractors for training and employment opportunities.
- Collaborates with the Workforce Development to identify work-ready Section 3-qualified residents who have received professional development training.
- Partners with the on-site social service providers at housing developments to regularly educate their low-income residents about the Section 3 Program, and subsequently recruit and certify Section 3 Residents.
- Partners with occupational training centers to regularly educate their low-income participants on the Section 3 Program, and subsequently recruit and certify as Section 3 Residents.
- Promotes Section 3 certification program at outreach events.
- Maintains a registry of certified Section 3 Residents.
- Creates a Section 3 Web page from which the public can learn about the program and download the Section 3 Resident Certification Form and the Section 3 Resident Certification FAQ .



- Requests that community organizations and partners post hyperlinks on their respective websites directing Internet users to HWS Section 3 Web page.
- Provides developers, contractors and subcontractors with the Section 3 job-site flyer used to notify passers-by of Section 3 employment opportunities.
- Provides meeting facilities for developers, contractors and subcontractors to network with, conduct employment-related informational meetings, or interview certified Section 3 Residents.
- Ensures that HWS does not execute a contract—including contracts to execute option years—that does not incorporate by reference an approved plan to utilize certified Section 3 Business Concerns and Residents, or reference the waiver granted by HWS.

8. Providing Other Economic Opportunities

Providing other economic opportunities is an effective means of empowering low-income persons. The following are examples of economic opportunities—other than training, employment and contract awards—that HWS might provide upon further consideration:

- Establish trainee positions to fill vacancies within Riverside County.
- Collaborate with developers, contractors and subcontractors to develop internship or externship opportunities for Section 3 Residents.
- Purchase of materials and supplies from Riverside County resident-owned businesses and use of contracting procedures under 24.CFR.963.
- Facilitate joint-venture opportunities between Section 3 Business Concerns and non-Section 3 Business Concerns to engage in and carry out a specific business venture for which purpose the businesses combine their efforts, resources and skills for joint profit.

9. Monitoring Compliance

9.1. HWS Section 3 Unit

Monitoring is an important function in ensuring ongoing Section 3 compliance. The HWS Section 3 Unit, is responsible for monitoring Section 3 compliance in HWS's own operations and with developers, contractors and subcontractors:

- Two primary tools are involved in monitoring developers, contractors and subcontractors:
 - 1) Section 3 and Equal Opportunity Contracting Project Utilization Plan
 - 2) LCP TRACKER Compliance Management System
- Developers, contractors and subcontractors are required to complete the Section 3 and Equal Opportunity Contracting Project Utilization Plan. Utilization Plan captures the percentage of planned Section 3 participation and subsequently serves as the baseline by which compliance is measured throughout the term of the contract/project.
- LCP TRACKER, an online system, assists HWS in capturing, tracking and reporting compliance data regarding Section 3 and the Davis-Bacon and Related Acts on federally funded contracts.



Contractors have the option to utilize LCP TRACKER to directly submit the required payroll and workforce data.

- HWS conducts regular quality assurance checks to monitor continued compliance.
- Noncompliance with HUD's regulations in 24.CFR.75 may result in sanctions, termination of contract for default, and debarment or suspension from future HUD-assisted contracts.

9.2. HWS Labor and Contracts Compliance Unit

The HWS Section 3 unit conducts the following:

- Conducts work-site interviews of Section 3 Residents, when necessary.
- Receives certified payroll reports from contractors and subcontractors on Section 3 covered construction contracts.