King County Housing Authority

SECTION 3 – SUPPLEMENTAL INSTRUCTIONS TO BIDDERS

LOCAL RESIDENT HIRING AND CONTRACTING (SECTION 3) REQUIREMENTS:

The Owner's or King County Housing Authority's (KCHA) goal for this project is to participate in Section 3 activities by including efforts that will provide employment opportunities to Section 3 workers and contracting opportunities to Section 3 businesses. (Section 3 workers and Section 3 Businesses are defined below and in 24 CFR 75.)

The Contractor and its Subcontractors at all tiers for this specific contract will partner with the Owner to contribute to the Owner's overall "Section 3" goals, as described below.

Because local hiring and contracting requirements are defined under Section 3 of the Housing and Community Development Act of 1968, these requirements are commonly referred to as Section 3. The definitions and goals are defined in Sections A and B below. Section C describes the process. Section D discusses consequences of non-compliance with Section 3 goals and Section E describes some local hiring resources. For more information on the Owner's employment and training efforts, or compliance with Section 3, please email KCHA at section3@kcha.org.

A. Section 3 Definitions

For the purposes of this solicitation:

1. "Section 3 worker" means any worker who currently fits or when hired within the past five years fit at least one of the following categories, as documented:
   a. The worker's income for the previous or annualized calendar year is below the income limit established by HUD. (See Pg. 4 of this section for HUD income limits)
   b. The worker is employed by a Section 3 business concern.
   c. The worker is a YouthBuild participant.
2. "Targeted Section 3 worker" means a Section 3 worker who is:
   a. A worker employed by a Section 3 business concern; or
   b. A worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years:
      i. A resident of public housing or Section 8–assisted housing;
      ii. A resident of other public housing projects or Section 8–assisted housing managed by the PHA that is providing the assistance; or
      iii. A YouthBuild participant.
3. "Business concern" means a business entity formed in accordance with State law, and which is licensed under State, county, or municipal law to engage in the type of business activity for which it was formed.
4. "Section 3 business concern" means a business concern meeting at least one of the following criteria, documented within the last six-month period:
   a. It is at least 51 percent owned and controlled by low- or very low-income persons;
   b. Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
   c. It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8–assisted housing.
5. The greatest extent feasible means:
   a. Completing and submitting a Section 3 Work Plan to designated Owner staff prior to contract signing (template to be provided by the Owner).

b. If contracting with Section 3 business concerns:
   i. Placing qualified business enterprises on solicitation lists.
   ii. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation of qualified Section 3 businesses.
   iii. Using the services and assistance of the U.S. Small Business Administration, the Minority Business Development Agency of the U.S. Department of Commerce and State and local governmental small business agencies to identify potential Section 3 businesses.
   iv. Ensuring that small and minority businesses and women's business enterprises are solicited whenever they are potential sources.
c. If hiring Section 3 workers:
   i. Post job opportunities for a mutually agreed upon length of time through the Owner's employment agency service partners and at project site as appropriate.
   ii. Conduct interviews with qualified Section 3 workers.
   iii. Notify designated Owner (KCHA) staff of all new hires.
d. For both: Complete Section 3 compliance and tracking paperwork as necessary.

B. Section 3 Goals

The Owner will require, to the greatest extent feasible, for the Contractor to demonstrate participation in the local hiring and contracting requirements as defined under Section 3 of the Housing and Community Development Act of 1968.

1. Bidders shall demonstrate compliance with the Section 3 goals by making a best faith effort to achieve the following benchmarks:
   a. Twenty-five (25) percent or more of the total number of labor hours worked by all workers are Section 3 workers; and
   b. Five (5) percent or more of the total number of labor hours worked by all workers are Targeted Section 3 workers.
2. The successful bidder and covered subcontractors shall direct their efforts to provide Section 3 employment opportunities to Section 3 workers in the following order of priority:
   a. First Priority: Current residents of KCHA development(s) benefitting from project.
   b. Second Priority: Other Owner public housing and Section 8 voucher- assisted residents.
   c. Third Priority: Participants in HUD Youthbuild programs.
   d. Fourth Priority: Other low- or very-low income individuals in the Housing Authorities metropolitan area (Puget Sound region) who are at or below the Area's Low Income calculation.
3. The Contractor and covered subcontractors shall direct their efforts to award contracts to Section 3 business concerns in the following order of priority:
   a. First Priority: To Section 3 business concern that provides economic opportunities for KCHA residents at the site(s) where the work will take place.
   b. Second Priority: To Section 3 business concerns that provide economic opportunities for residents of other KCHA developments or Section–8 assisted housing managed by KCHA.
   c. Third Priority: A subcontractor that is a HUD Youthbuild company.
   d. Fourth Priority: To Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (Puget Sound).
4. Sealed Bidding

   In order for KCHA to meet or exceed its adopted goal that 3% of all non-construction contracts and 10% of construction contracts paid in whole or in part with HUD funds be awarded to Section 3 businesses, KCHA may elect, on a contract-by-contract basis, to award a competitively bid contract to a responsible bidder other than the lowest responsive bidder by

using the following procedure:

Bids shall be solicited from both Section 3 and non-Section 3 business concerns. KCHA may award the contract to the qualified Section 3 business concern with the highest priority ranking and with the lowest responsive bid if:

a. the specific project or KCHA as an agency is otherwise not expected to meet Section 3 utilization goals; and,
b. the bid is within the maximum total contract price established in KCHA's budget for the specific project for which bids are being taken; and,
c. the sources of funds for the project are such that there are no conflicts between this procedure and applicable state law; and,
d. the bid is not more than five percent (5%) higher than the total bid price for the lowest responsive bid from any responsible, bidder.

If no responsive bid by a Section 3 business concern meets the requirements above, the contract shall be awarded to a responsible bidder with the lowest responsive bid.

C. The Process

1. Contract is awarded to lowest responsible Bidder.
2. Section 3 orientation with Owner. Once the Notice of Intent to Award has been issued to the successful Bidder, Owner's staff will contact that Bidder and arrange for a meeting to discuss local hiring and contracting goals and strategies in greater detail. At this meeting, the Contractor will be provided a packet that will include a Section 3 overview, Section 3 certification form, and all Section 3 compliance and tracking forms that will be used throughout the contract.
3. Contractor reports on Section 3 activities monthly.

FOR CONTRACTS EXCEEDING $500K ONLY:

4. Contractor submits Section 3 Work Plan, including hiring and subcontracting activities, prior to contract execution. Owner reviews and approves work plan prior to contract execution. Section 3 Work Plan shall be included in contract. Owner issues Notice to Proceed, providing all requirements are met.
5. Section 3 Work Plan implemented throughout the duration of contract.

D. Penalties for Non-compliance

Owner's commitment to this program is reflected in part by the cost of administering the program. Failure to make a good faith effort to the greatest extent feasible negates such funding and impairs the Owner's efforts to promote workforce diversity and to provide fair and equal opportunities to the public as a whole as a result of the expenditure of public funds. Therefore, if awarded this contract, the parties will mutually agree that failure to meet the requirements, including but not limited to the submission of required documentation, constitutes a material breach of contract. In the event of such breach, Owner may take any or all of the actions as contained in the Contract Documents.

E. Local Hiring Resources:

Contact KCHA by email at section3@kcha.org to obtain a list of local hiring resources.

King County Housing Authority

SECTION 3 – 2025 INCOME GUIDELINES

	Income Limit 1 person		
Location	Extremely Low Income	Very Low Income	Low Income
Kitsap County (Bremerton, Silverdale)	$26,150	$43,550	$69,650
King/ Snohomish Counties (Seattle, Bellevue, Everett)	$33,050	$55,000	$84,850
Pierce County (Tacoma)	$25,400	$42,300	$67,700
Skagit County (Sedro-Woolley)	$23,000	$38,250	$61,250
Thurston County (Olympia, Tumwater)	$24,500	$40,850	$65,350