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HUD Section 3 Business Registry

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**Housing Agency Procurement Assistance**

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I am pleased to forward nationwide the following link to the new Section 3 Business Registry established by HUD. This listing can be a valuable resource for housing agencies in conducting their Section 3 requirements and **can** "lessen the burden associated with locating eligible businesses" (I have bolded and italicized the word "can" for a reason--please read on). When you click on the following link you will see an explanation from HUD entitled "What is the Section 3 Business Registry." A few "words of warning" on my part pertaining to this information (most of the "warning language" is based on actual quotes from HUD):

(1) Within the first paragraph HUD states clearly that the firms that have registered claiming they are Section 3 are "self-certified." I recommend strongly that a housing agency NOT award a Section 3 preference to a firm based on self-certification, that a firm claiming a Section 3 preference must present documentation that they qualify in one of the following three categories:

(1a) The firm is 51% or more owned by a Section 3 resident; or

(1b) At least 30% of the firms full-time employees are persons that are currently Section 3 residents, or within 3 years of the date of first employment with the business concern were Section residents; or

(1c) the firm provides evidence of a commitment to subcontract in excess of 25% of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications within the preceding (1a) or (1b).

Further, as I have stated in previous Notices, a "portion of the awarded contract as a donation" to a housing agency Section 3 training program IS NOT a compliant method to qualify for a Section 3 preference nor does it satisfy the requirements of Section 3 in any manner. (Please feel free to contact me directly if you wish more information as to this commonly-utilized but non-compliant method).

(2) Within the third paragraph HUD states clearly that "Section 3 businesses are not entitled to receive contracts simply by being listed in HUD's Section 3 Business Registry database. Eligible businesses may need to demonstrate that they are responsible and have the ability to perform successfully under the terms and conditions of proposed contracts. Section 3 requirements at 24 CFR 135 . . . provides preference for contracts and subcontracts to these firms--not a guarantee." I strongly recommend that the word "may" within this quoted section is actually a "must," that firms "must" demonstrate that they actually qualify as a Section 3 firm. One of my client agencies has already received requests for a Section 3 preference from a firm listed in the registry. We conducted our "due diligence" and found that the firm was indeed Section 3 eligible; however, at other times we have a number of times received

requests for a Section 3 preference based on self-certification and we have found the requester to be not eligible.

(3) Within the fourth paragraph HUD states clearly that HUD "has not verified the information submitted by the businesses . . ." listed within the Registry. Further, "it is recommended that [the housing agency] perform due diligence before awarding contracts to firms that have self-certified on this registry by ensuring that they meet the definition of a Section 3 business concern as defined by . . . 24 CFR 135." I further strongly recommend that housing agencies conduct the referenced "due diligence" prior to awarding not just the contract, but prior to awarding a Section 3 preference to any offeror in response to a solicitation conducted by the housing agency.

I hope that you find this information of a help in conducting your procurement and contracting activities.

<https://portalapps.hud.gov/Sec3BusReg/BRegistry/BRegistryHome>

Originally distributed by: Brian Gillen Region 5 Lead Economic Resilience Officer US Department of Housing and Urban Development 312.913.8090; Fx: 312.913.8293 www.hud.gov

Regards,
Michael S. Gifford, C.P.M., CPSD
Housing Agency Procurement Assistance

I have a consulting practice providing procurement- and contracts-related mentoring, training, and technical assistance to housing agencies. I help housing agencies conduct procurement and contracts in a HUD-compliant and "best practice" manner. [Click here](#) to see my full resume. Please do not hesitate to contact me if you have any questions or concerns pertaining to procurement and contracts (initial answering of questions is "no charge"). As I am either on-the-road or on the phone a lot, an initial contact by e-mail is best; please be sure to include your return telephone number (office/cellular) so that I can call you back.

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