



Section 3 Compliance

Revised 3/4/2015

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**ALTERNATIVE FORMATS FOR DISABLED
PERSONS ARE AVAILABLE UPON REQUEST**

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North Dakota Department of Community Services (DCS) does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, or sexual or affectional orientation in the provision of services.

Introduction

Section 3 is a provision in the Housing and Urban Development Act of 1968 with a goal of providing economic opportunities to “Section 3 Residents” and “Section 3 Business Concerns” where “Section 3 Covered Assistance” from HUD is expended on a “Section 3 Covered Project.”

Section 3 applies to certain federally funded activities and the entities involved in them. See [Attachment B](#) for a depiction of how, when, where, and to whom Section 3 applies.

Chapter 1 – Section 3

1.01 What is a Section 3 Covered Project?

For DCS’s purposes, construction or rehabilitation of housing (including reduction of lead-based paint hazards) or other public construction such as street repair, sewage line repair or installation, updates to facades, etc.

1.02 What is a Section 3 Business Concern?

A business that can provide evidence that they meet one of the following criteria:

- At least 51% owned by Section 3 residents,
- At least 30% of its F.T. employees are Section 3 residents, or were Section 3 residents within 3 years of their first employment with the company,
- Provide evidence of a commitment to subcontract more than 25% of the dollar award of all subcontracts to business concerns that meet the first two bullets.

A business must complete [Attachment F](#) - Certification for Business Concerns Seeking Section 3 Preference in Contracting and Demonstration of Capability for DCS to determine whether or not it is a Section 3 business.

1.03 What is Section 3 Covered Assistance?

With respect to DCS’s programs, it is assistance provided under most HUD funding expended for housing and community development assistance, which includes housing rehabilitation, housing construction, or other public construction.

1.04 What is a Section 3 Covered Contract?

A contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project. It does not include contracts for the purchase of supplies and materials without installation.

1.05 What is a Section 3 Resident?

A resident of the metropolitan statistical area or Non-metropolitan County in which the Section 3 covered assistance is expended who is either:

- A public housing resident; or
- A low or very low-income person.

To determine if a resident meets the Section 3 definition, the resident must complete and submit the Resident Employment Opportunity Data form ([Attachment G](#)) to the employer.

1.06 Reporting Requirements

Owners are required to collect a Section 3 Data Form from each contractor and subcontractor working on Section 3 covered projects. The forms will cover the period from July 1 of each year (the beginning of our program year) to either the completion of the project, or June 30 of the following year, whichever occurs first. The data form is attached as [Attachment L](#).

1.07 What is a Recipient?

A “recipient” is any entity that receives Section 3 covered assistance either directly from HUD or from another recipient.

Examples of recipients would be:

- Nonprofits
- Local Governments
- Developers who receive Section 3 covered assistance from DCS and are not doing any of the construction themselves, but are contracting with others to conduct construction.

1.08 Who is not a Recipient?

- Contractors are not recipients. Contractor means any entity contracted by a Recipient to perform construction.
- The ultimate beneficiary under a HUD program is not a recipient. An example of an “ultimate beneficiary” is a:
 - A tenant living in an assisted property.

1.09 Who is Affected?

- Recipients of more than \$200,000 of Section 3 covered assistance; and,
- Their contractors and subcontractors with contracts of more than \$100,000 for housing construction, and public construction **regardless of the source of funds to pay the contract**. See [Attachment B](#).

For example, an owner (recipient) combines \$300,000 HOME funds with \$120,000 of project reserves for a total project cost of \$420,000. Even though the recipient chooses to pay the \$120,000 contract for heating system replacement with project reserves, that heating contractor is subject to Section 3.

1.10 Numerical Goals aka Safe Harbor

DCS is evaluated according to how well it, its sub-recipients, and contractors and subcontractors meet the following numerical goals with respect to Section 3 covered projects:

- 30% of aggregate *new* hires of recipients, contractors, and subcontractors for the year are Section 3 residents.

- At least 10% of the total dollar amount of all Section 3 covered contracts for construction-type work is awarded to Section 3 business concerns.
- At least 3% of the total dollar amount of all other Section 3 covered contracts is awarded to Section 3 business concerns; for example, architectural or accounting services required by a construction contract.

1.11 Recipient Responsibilities

DCS and its sub-recipients are recipients for purposes of Section 3. As recipients, we and they are responsible for the actions specified in 24 CFR 135.32:

- Complying with Section 3 in their own operations and in the operations of their contractors and subcontractors.
- Implementing procedures designed to notify Section 3 residents about training and employment opportunities and Section 3 covered businesses about contracting opportunities generated by Section 3 covered assistance.
- Notifying potential contractors of the Section 3 requirements and incorporating the Section 3 Clause in §135.38 in all solicitations and contracts.
- Facilitate the training and employment of Section 3 residents and the award of contracts to Section 3 business concerns by undertaking activities such as described in the Appendix to part 135 (see [Attachment D](#)).
- Obtain the compliance of contractors and subcontractors and do not enter into contracts when it has notice or knowledge that a contractor has violated part 135.
- Document steps taken to comply with part 135, the results of actions taken and impediments.
- DCS, having distributed funds to local governments and/or owners/developers, must attempt to reach the numerical goals of §135.30; must inform the local government and/or owners/developers of Section 3 requirements; assist them and their contractors to meet Section 3's requirements and objectives; and monitor the performance of local governments with respect to the objectives and requirements of part 135.

At time of project selection DCS will provide this Section 3 Guide packet that includes Attachments A-L to assist the owner in complying with Section 3 requirements.

1.12 Contractor/Subcontractor Responsibilities

- If the contractor/subcontractor must hire *new* employees to complete the project or needs to subcontract portions of the work to another business, they are required to direct their newly created employment and subcontracting opportunities to Section 3 residents and Section 3 business concerns to try to reach the numerical goals specified above.
- Undertake, document, and report to the recipient their efforts to offer training and employment opportunities to Section 3 residents when hiring is required for the project; and their efforts to award contracts to Section 3 business concerns.

- Report to the recipient their hiring and contracting results.
- Include the “Section 3 Clause” in all their Section 3 covered contracts.

Recipients must provide [Attachment E](#) (Contractor/Subcontractor Section 3 Compliance Checklist) to prospective contractors before bidding, but no later than acceptance of a contractor’s bid, to make them aware of all their Section 3 responsibilities.

1.13 Sec. 135.38 Section 3 Clause

All Section 3 covered contracts shall include the Section 3 clause contained in [Attachment H](#) in their bid package and contracts.

Attachment Index

<u>Attachment A</u>	Attachment Guide for Section 3
<u>Attachment B</u>	How, When, Where and To Whom Section 3 Applies
<u>Attachment C</u>	Recipient Section 3 Compliance Checklist
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<u>Attachment L</u>	Section 3 Data

Section 3 – Attachments Guide for Section 3

ATTACHMENT & NAME	WHO RECEIVES	WHEN GIVEN	WHO & WHEN RETURNS
Attachment A – Attachments Guide for Section 3	<ul style="list-style-type: none"> Owner/Developer Contractor Local Government 	<ul style="list-style-type: none"> With the Section 3 Owner’s Guide – include with the selection letter A copy of the Guide and all attachments must be included in all bid packages 	<ul style="list-style-type: none"> Owner/Developer Contractor Return the signed original with bid package (HOME) or with Labor Standards Information (CDBG)
Attachment B – how, when, where, and to whom Section 3 applies	<ul style="list-style-type: none"> Owner/Developer Local Government 	<ul style="list-style-type: none"> With the Section 3 Owner’s Guide – include with the selection letter Include in bid package 	<ul style="list-style-type: none"> Owner keeps for reference
Attachment C – Recipient Section 3 Compliance Checklist	<ul style="list-style-type: none"> Owner/Developer Local Government 	<ul style="list-style-type: none"> With the Section 3 Owner’s Guide – include with the selection letter Include in bid package Include in all contracts 	<ul style="list-style-type: none"> Owner/Developer Returns the signed original with the bid package (HOME) or with Labor Standards Information (CDBG)
Attachment D – Appendix to Part 135 – Examples of efforts to offer training and employment opportunities to Section 3 residents; Examples to Efforts to award contracts to Section 3 Business Concerns; and	<ul style="list-style-type: none"> Owner/Developer, Contractor, Subcontractor Management and administrative jobs* Local Government 	<ul style="list-style-type: none"> With the Section 3 Owner’s Guide – include with the selection letter Contractors – include with bid package Management and administrative jobs* Include with bid package 	<ul style="list-style-type: none"> Owner/Developer Contractor, Subcontractor and Management and administrative jobs* Return the signed original with the bid packages
Attachment E – Contractor/ Subcontractor Section 3 Compliance Checklist	<ul style="list-style-type: none"> Owner/Developer Contractor / Subcontractor Management and administrative jobs* Local Government 	<ul style="list-style-type: none"> With the Section 3 Owner’s Guide – include with the selection letter Include with bid package 	<ul style="list-style-type: none"> Contractor, Subcontractors Management and administrative jobs* Return the signed original with the bid packages (HOME) Labor Standards Information (CDBG)
Attachment F – Certification for Business Concerns Seeking Section 3 Preference in Contracting and Demonstration of Capability	<ul style="list-style-type: none"> Owner/Developer Contractors and Subcontractor Management and administrative jobs* Local Government 	<ul style="list-style-type: none"> With the Section 3 Owner’s Guide – include with the selection letter Include in bid package 	<ul style="list-style-type: none"> Contractor, Subcontractor returns with bid package Management and administrative jobs Return when contract signed, if applicable
Attachment G – Resident Employment Opportunity Data	<ul style="list-style-type: none"> Owner /Developer General Contractor Management and administrative jobs* Local Government 	<ul style="list-style-type: none"> With the Section 3 Owner’s Guide – include with the selection letter Include in bid package 	<ul style="list-style-type: none"> Contractor, Subcontractor and Submit with Energy Draw

Attachment H – Section 3 Clause	<ul style="list-style-type: none"> Owner/Developer Contractor and Subcontractor Management and administrative jobs* 	<ul style="list-style-type: none"> With the Section 3 Owner’s Guide – include with the selection letter Include in the bid package and contracts 	<ul style="list-style-type: none"> Include in all bid packages and contracts and subcontracts over \$100,000
Attachment I – Contractor/ Subcontractor Section 3 Compliance Plan	<ul style="list-style-type: none"> Owner/Developer Contractor and Subcontractors Management and administrative jobs* 	<ul style="list-style-type: none"> With the Section 3 Owner’s Guide – include with the selection letter Include in the bid package 	<ul style="list-style-type: none"> Contractor, Subcontractors Management and administrative jobs* Return the signed original with the bid packages (HOME) Labor Standards Information (CDBG)
Attachment J – Contractor Compliance Form	<ul style="list-style-type: none"> Owner/Developer General Contractor and Subcontractors Management and administrative jobs* 	<ul style="list-style-type: none"> With the Section 3 Owner’s Guide – include with the selection letter Include in the bid package 	<ul style="list-style-type: none"> Contractor, Subcontractors Management and administrative jobs* Return the signed original with the bid packages
Attachment K – Contractor Compliance Activity Report	<ul style="list-style-type: none"> Owner/Developer Contractor 	<ul style="list-style-type: none"> With the Section 3 Owner’s Guide – include with the selection letter Include in the bid package 	<ul style="list-style-type: none"> Owner Contractor Return the signed original with the bid packages Update and returned at project completion or June 30, whichever occurs first – final draw funds will not be released without this document
Attachment L – Section 3 Data	<ul style="list-style-type: none"> Owner/Developer General Contractor and Subcontractors Management and administrative jobs* 	<ul style="list-style-type: none"> With the Section 3 Owner’s Guide – include with the selection letter Include in the bid package 	<ul style="list-style-type: none"> Owner Contractor Management and administrative jobs* Returned at project completion or June 30, whichever occurs first – final draw funds will not be released without this document

*Definitions per 24 CFR 135:

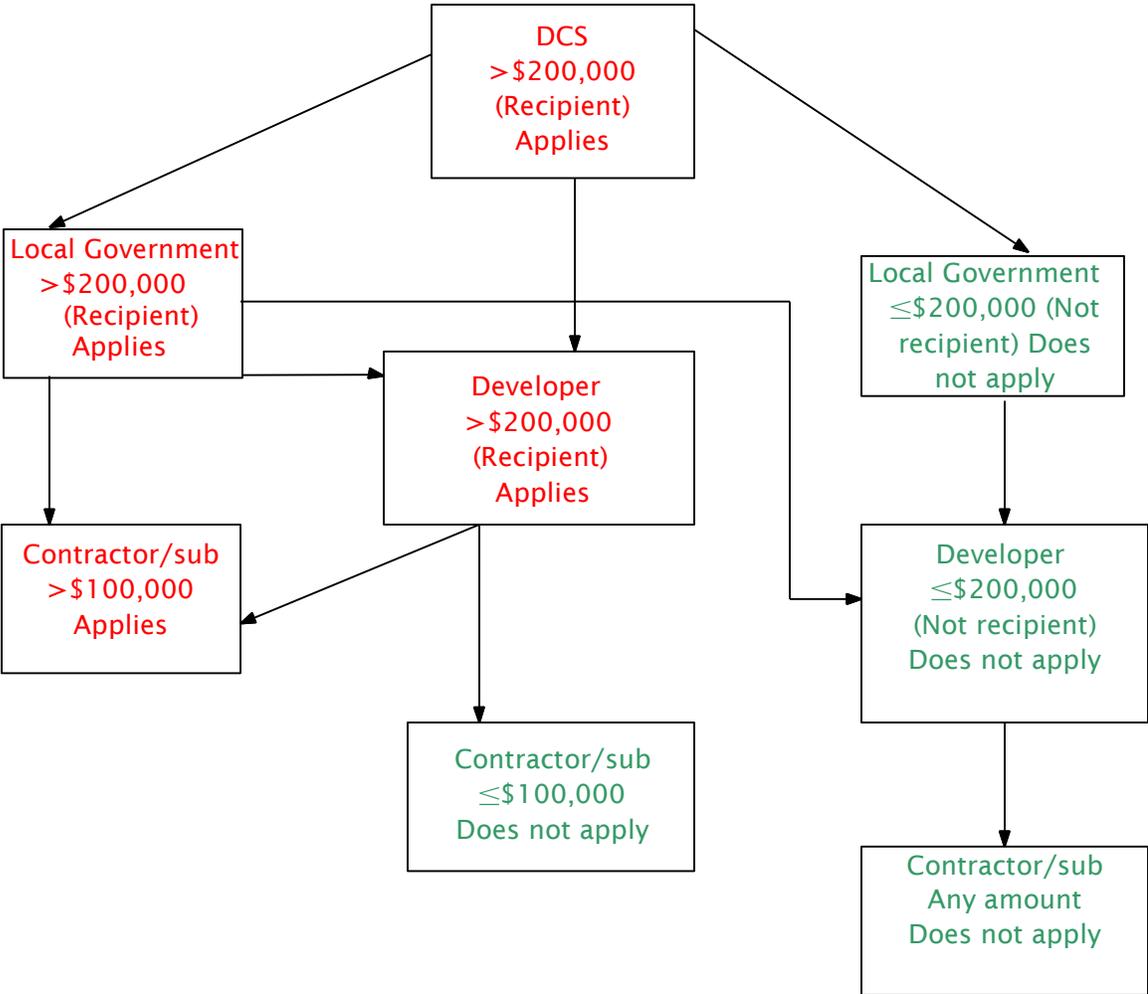
Contractor means any entity which contracts to perform work generated by the expenditure of section 3 covered assistance, or for work in connection with a Section 3 covered project.

Employment opportunities generated by section 3 covered assistance means all employment opportunities generated by the expenditure of section 3 covered public and Indian housing assistance (i.e., operating assistance, development assistance and modernization assistance, as described in § 135.3(a)(1)). With respect to section 3 covered housing and community development assistance, this term means all employment opportunities arising in connection with section 3 covered projects (as described in § 135.3(a)(2)), including management and administrative jobs connected with the section 3 covered project. Management and administrative jobs include architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups; and jobs directly related to administrative support of these activities, e.g., construction manager, relocation specialist, payroll clerk, etc.

Grant Administrator	Title	Date
Signature	Title	Date

*This forms needs to be submitted with the Labor Standards Information form.

Applicability of Section 3 to Recipients, Contractors and Subcontractors



Section 3 requirements do not apply to “ultimate beneficiaries,” therefore homebuyers and homeowners are not affected, though they should be encouraged to employ section 3 business concern

Recipient
(Owner/Developer) Section 3 Compliance Checklist

As a recipient of this HUD assistance in excess of \$200,000, you are required to comply with Section 3. As a recipient of HUD assistance, you are obligated to meet the safe harbor goals even if none of your contracts exceed \$200,000.

Section 3 requires that you and your contractors and subcontractors with contracts of more than \$100,000 who hire or award contracts associated with the project take steps so that low- and very low-income residents and Section 3 business concerns have an opportunity to benefit from the project.

Described below are steps you must take to ensure that you comply with Section 3 and against which you will be evaluated. Please initial each of the following items:

1. Include the Section 3 clause in your contracts.
2. Develop a list of Section 3 business concerns to use in selecting your contractors and to distribute to your contractors and persons you provide funds under this program. HUD Section 3 website has a sample of a form a business can complete for DCS to determine whether it is a Section 3 business.
<https://portalapps.hud.gov/Sec3BusReg/BRegistry/AmSection3.action;jsessionid=cM2ZzGSai-qdT9NJ1OmDobfS1PUKBUCBrQtXUKbyWVhYFOmbcj3c!2065546051>
3. Require your contractors and subcontractors to provide you copies of subcontracts over \$100,000 showing inclusion of the Section 3 Clause and retain them for later review by DCS, HUD, or their representatives.
4. If you hire employees for the project, provide documentation of your efforts to identify and provide training and employment opportunities to Section 3 residents. See the attached "[Attachment D](#)" for examples of acceptable methods.
5. If you award contracts for more than \$100,000 you must take steps to provide contracts to Section 3 business concerns and document your efforts. See [Attachment D](#) for examples of acceptable steps you can take.
6. If you or your contractors and their subcontractors encounter impediments in hiring Section 3 residents or awarding contracts to Section 3 business concerns, provide DCS a written explanation of the impediments before any contracts are signed for the project.
7. Assemble items 3–5 above and retain them for review by DCS, HUD, or their representatives.

8. Collect from your contractors and subcontractors with contracts over \$100,000 a completed “Section 3 Data Form” ([Attachment L](#)) regarding each entity’s efforts and success in providing training and employment opportunities to Section 3 residents, and contracting with Section 3 business concerns.

9. Submit the Section 3 Data Forms to DCS after the bids have been received but before construction contracts are signed. If new subcontractors are hired, each subcontractor over \$100,000 must complete [Attachment L](#) and submit prior to contract being signed.

City/County	Title	Date
Signature	Title	Date

Developer	Title	Date
Signature	Title	Date

Appendix to Part 135

- A. Examples of Efforts to Offer Training and Employment Opportunities to Section 3 Residents
1. Entering into “first source” hiring agreements with organizations representing Section 3 residents.
 2. Sponsoring a HUD–certified “Step–Up” employment and training program for Section 3 residents.
 3. Establishing training programs, which are consistent with the requirements of the Department of Labor, for public and Indian housing residents and other Section 3 residents in the building trades.
 4. Advertising the training and employment positions by distributing flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) to every occupied dwelling unit in the housing development or developments where category 1 or category 2 persons (as these terms are defined in § 135.34) reside.
 5. Advertising the training and employment positions by posting flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) in the common areas or other prominent areas of the housing development or developments. For HAs, post such advertising in the housing development or developments where category 1 or category 2 persons reside; for all other recipients, post such advertising in the housing development or developments and transitional housing in the neighborhood or service area of the Section 3 covered project.
 6. Contacting resident councils, resident management corporations, or other resident organizations, where they exist, in the housing development or developments where category 1 or category 2 persons reside, and community organizations in HUD–assisted neighborhoods, to request the assistance of these organizations in notifying residents of the training and employment positions to be filled.
 7. Sponsoring (scheduling, advertising, financing or providing in–kind services) a job informational meeting to be conducted by an HA or contractor representative or representatives at a location in the housing development or developments where category 1 or category 2 persons reside or in the neighborhood or service area of the Section 3 covered project.
 8. Arranging assistance in conducting job interviews and completing job applications for residents of the housing development or developments where category 1 or category 2 persons reside and in the neighborhood or service area in which a Section 3 project is located.

9. Arranging for a location in the housing development or developments where category 1 persons reside, or the neighborhood or service area of the project, where job applications may be delivered to and collected by a recipient or contractor representative or representatives.
10. Conducting job interviews at the housing development or developments where category 1 or category 2 persons reside, or at a location within the neighborhood or service area of the Section 3 covered project.
11. Consulting with State and local agencies administering training programs funded through JOBS, probation and parole agencies, unemployment compensation programs, community organizations and other officials or organizations to assist with recruiting Section 3 residents for the HA's or contractor's training and employment positions.
12. Advertising the jobs to be filled through the local media, such as community television networks, newspapers of general circulation, and radio advertising.
13. Employing a job coordinator, or contracting with a business concern that is licensed in the field of job placement (preferably one of the Section 3 business concerns identified in part 135), that will undertake, on behalf of the HA, other recipient or contractor, the efforts to match eligible and qualified Section 3 residents with the training and employment positions that the HA or contractor intends to fill.
14. For an HA, employing Section 3 residents directly on either a permanent or a temporary basis to perform work generated by Section 3 assistance. (This type of employment is referred to as "force account labor" in HUD's Indian housing regulations. See 24 CFR 905.102, and §905.201(a)(6).)
15. Where there are more qualified Section 3 residents than there are positions to be filled, maintaining a file of eligible qualified Section 3 residents for future employment positions.
16. Undertaking job counseling, education and related programs in association with local educational institutions.
17. Undertaking such continued job training efforts as may be necessary to ensure the continued employment of Section 3 residents previously hired for employment opportunities.
18. After selection of bidders but prior to execution of contracts, incorporating into the contract a negotiated provision for a specific number of public housing or other Section 3 residents to be trained or employed on the Section 3 covered assistance.
19. Coordinating plans and implementation of economic development (e.g., job training and preparation, business development assistance for residents) with the planning for housing and community development.

B. Examples of Efforts to Award Contracts to Section 3 Business Concerns:

1. In determining the responsibility of potential contractors, consider their record of Section 3 compliance as evidenced by past actions and their current plans for the pending contract.
2. Contacting business assistance agencies, minority contractors associations and community organizations to inform them of contracting opportunities and requesting their assistance in identifying Section 3 businesses which may solicit bids or proposals for contracts for work in connection with Section 3 covered assistance.
3. Advertising contracting opportunities by posting notices, which provide general information about the work to be contracted and where to obtain additional information, in the common areas or other prominent areas of the housing development or developments owned and managed by the HA.
4. For HAs, contacting resident councils, resident management corporations, or other resident organizations, where they exist, and requesting their assistance in identifying category 1 and category 2 business concerns.
5. Providing written notice to all known Section 3 business concerns of the contracting opportunities. This notice should be in sufficient time to allow the Section 3 business concerns to respond to the bid invitations or request for proposals.
6. Following up with Section 3 business concerns that have expressed interest in the contracting opportunities by contacting them to provide additional information on the contracting opportunities.
7. Coordinating pre-bid meetings at which Section 3 business concerns could be informed of upcoming contracting and subcontracting opportunities.
8. Carrying out workshops on contracting procedures and specific contract opportunities in a timely manner so that Section 3 business concerns can take advantage of upcoming contracting opportunities, with such information being made available in languages other than English where appropriate.
9. Advising Section 3 business concerns as to where they may seek assistance to overcome limitations such as inability to obtain bonding, lines of credit, financing, or insurance.
10. Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways to facilitate the participation of Section 3 business concerns.
11. Where appropriate, breaking out contract work items into economically feasible units to facilitate participation by Section 3 business concerns.
12. Advertising the contracting opportunities through trade association papers and newsletters, and through the local media, such as community television networks, newspapers of general circulation, and radio advertising.

13. Developing a list of eligible Section 3 business concerns.
14. For HAs, participating in the “Contracting with Resident–Owned Businesses” program provided under 24 CFR part 963.
15. Establishing or sponsoring programs designed to assist residents of public or Indian housing in the creation and development of resident–owned businesses.
16. Establishing numerical goals (number of awards and dollar amount of contracts) for award of contracts to Section 3 business concerns.
17. Supporting businesses which provide economic opportunities to low income persons by linking them to the support services available through the Small Business Administration (SBA), the Department of Commerce and comparable agencies at the State and local levels.
18. Encouraging financial institutions, in carrying out their responsibilities under the Community Reinvestment Act, to provide no or low interest loans for providing working capital and other financial business needs.
19. Actively supporting joint ventures with Section 3 business concerns.
20. Actively supporting the development or maintenance of business incubators which assist Section 3 business concerns.

Primary	Title	Date
Signature	Title	Date

Secondary	Title	Date
Signature	Title	Date

Contractor/Subcontractor
Section 3 Compliance Checklist

This project requires that contractors and subcontractors with contracts of more than \$100,000 who hire or award contracts associated with the project must take steps so that low- and very low- income residents and Section 3 business concerns have an opportunity to benefit from the project. Described below are steps you must take to ensure that you comply with Section 3 and against which you will be evaluated. Please initial each item below:

1. Provide the recipient (the entity that contracted with you to perform work) copies of subcontracts over \$100,000 showing inclusion of the Section 3 Clause.
2. If you hired employees for the project, provide the recipient (DCS, Owner/Developer or Local Government) documentation of your efforts to identify and provide training and employment opportunities to Section 3 residents. See the attached "[Attachment D](#)" for examples of acceptable methods.
3. If you award contracts for more than \$100,000 you must take steps to provide contracts to Section 3 business concerns and document your efforts. See the attached "[Attachment D](#)" for examples of acceptable steps you can take.
4. If you encounter impediments in hiring Section 3 residents or awarding contracts to Section 3 business concerns, provide the recipient a written explanation of the impediments prior to awarding any contracts.
5. If you were unable to meet your numerical goals of 30% new hires, 10% of the total dollar amount of all Section 3 covered contracts for building trades work in connection with housing rehabilitation, housing construction and other public construction and 3% of the total dollar amount of all other section 3 covered contracts to Section 3 businesses, demonstrate why it was not feasible to meet the numerical goals. Obtain items 1-4 above from each entity that you subcontracted with for more than \$100,000 and provide it to the recipient (DCS, Owner/Developer or Local Government).
6. You and each of your subcontractors with contracts over \$100,000 must complete a "Section 3 Data Form" ([Attachment L](#)) regarding each entity's efforts and success in providing training and employment opportunities to Section 3 residents, and contracting with Section 3 business concerns. You must collect the forms and submit them to the recipient (DCS, Owner/Developer or Local Government) after the bids have been received but before construction contracts are signed. If new subcontractors are hired, submit the forms before their contracts are signed.

Print Name	Title	Date
Signature	Title	Date

Resident Employment Opportunity Data

Eligibility for Preference

Eligibility for Preference

A Section 3 resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the recipient contractor or subcontractor, if requested, that the person is a Section 3 resident, as defined in Section 135.5. (An example of evidence of eligibility for the preference is evidence of receipt of public assistance, or evidence of participation in a public assistance program.)

Certification for Resident Seeking Section 3
Preference in Training and Employment

I, _____ am a legal resident of the
_____ and meet the income eligibility
guidelines for a low- or very-low-income person as published on the reverse.

My permanent address is:

I have attached the following documentation as evidence of my status:

- Copy of Lease Copy of Receipt of Public Assistance
 Copy of Evidence of Participation in a Public Assistance Program Other Evidence

Print Name	Title	Date
Signature	Title	Date

SECTION 3 INCOME LIMITS

All residents of public housing developments of the Housing Authority qualify as Section 3 residents. Additionally, individuals residing in the County of _____ meet the income limits set forth below can also qualify for Section 3 status.

A picture identification card and proof of current residency is required.

Eligibility Guideline		
Number in Household	Very Low Income	Low Income
1 individual		
2 individuals		
3 individuals		
4 individuals		
5 individuals		
6 individuals		
7 individuals		
8 individuals		

Section 3 Clause

All Section 3 covered contracts shall include the following Section 3 clause:

1. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
2. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
3. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
4. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.
5. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.
6. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

7. With respect to work performed in connection with Section 3 covered Indian housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

Print Name	Title	Date
Signature	Title	Date

**Contractor/Subcontractor Section 3
Compliance Plan**

1. The undersigned Contractor/Subcontractor for the _____ project hereby agrees to implement at least the following steps directed at increasing the utilization of Section 3 residents and Section 3 business in accordance with 24 CFR Subpart A Part 135.1 To attempt to recruit from within the project area Section 3 residents through: local advertising media, signs placed at the proposed site for the project and community organizations and public or private institutions operating within or serving the project area.
2. To seek the assistance, where necessary, in implementing a Section 3 compliance plan.
3. To maintain a list of all Section 3 area residents who have made application for employment either on their own or on referral from any source, and to employ such persons, if otherwise eligible and if a vacancy exists.
4. To maintain and provide the information requested during the closeout report.
5. To include this Section 3 compliance plan in all bid documents and to require all bidders to submit a Section 3 compliance plan including utilization goals and the specific steps planned to accomplish these goals.
6. In the case of a general contractor, to insure that all Section 3 business concerns within the project area are notified of pending sub-contractual opportunities.
7. To require all subcontractors to complete the Contractor Compliance Form before awarding any contracts.
8. To maintain records, including copies of correspondence, memoranda, etc., which document all the steps taken to recruit Section 3 residents and Section 3 subcontractors from within the project area.
9. To provide the information requested on Contract Compliance Activity Report related to contractors and subcontractors notified and selected and the number of women and minority employees, the number of vacant positions and the positions filled with lower income project area residents.

As officers and representatives of _____
Name of Contractor/Subcontractor

We, the undersigned, have read and fully agree to this Section 3 Compliance Plan, and become a party to the full implementation of this program.

Print Name	Title	Date
Signature	Title	Date

Electrician:		
Carpenter:		
Masonry:		
Laborers:		
Other (specify):		
Total Number of Section 3 Trainees to be hired for this contract		
Number of Low-Income Project Area Residents (L.I.P.A.R.) to be hired for this contract		
1. Construction Contracts:		
a. Total dollar amount of all contracts awarded on the project	\$	
b. Total dollar amount of contracts awarded to Section 3 businesses	\$	%
c. Percentage of the total dollar amount that was awarded to Section 3 businesses		
d. Total number of Section 3 businesses receiving contracts		
2. Non-Construction Contracts:		
a. Total dollar amount all non-construction contracts awarded on the project/activity	\$	
b. Total dollar amount of non-construction contracts awarded to Section 3 businesses	\$	
c. Percentage of the total dollar amount that was awarded to Section 3 businesses		%
d. Total number of Section 3 businesses receiving non-construction contracts		

<p>SECTION III. SUMMARY</p> <p>Indicate the efforts made to direct the employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, toward low-and very low-income persons, particularly those who are recipients of government assistance for housing. (Check all that apply.)</p> <p><input type="checkbox"/> Attempted to recruit low-income residents through: local advertising media, signs prominently displayed at the project site, contracts with the community organizations and public or private agencies operating within the metropolitan area (or nonmetropolitan county) in which the Section 3 covered program or project is located or similar methods.</p> <p><input type="checkbox"/> Participated in a HUD program or other program which promotes the training or employment of Section 3 residents.</p> <p><input type="checkbox"/> Participated in a HUD program or other program which promotes the award of contracts to business concerns which meet the definition of Section 3 business concerns.</p> <p><input type="checkbox"/> Other; describe below.</p>

<p>I hereby certify that it is the policy of the undersigned to comply with all existing laws prohibiting discrimination in all aspects of employment due to race, color, creed, sex, age, religion, national origin, marital status, receipt of public assistance or disability.</p> <p>This shall be accomplished substantially by the following actions: Nondiscrimination in RECRUITING, HIRING, TRAINING, PROMOTING, SUBCONTRACTING, DEMOTION, LAYOFF, and/or TERMINATION.</p>	
General Contractor/Subcontractor Signature	Date

DCS does not discriminate on the basis of race, color, creed, national origin, sex, religion, age, disability, marital status, status with regard to public assistance, sexual orientation or familial status, in the employment and/or the provision of services.

**Section 3
Contract Compliance Activity Report**

Development Name			Address					City			State		ZIP Code	
Contact Person		Telephone Number	Address					City			State		ZIP Code	
Contractor Name & Address	Type of Business/Trade	WBE (Yes/No)	MBE (Yes/No)	MBE Ethnic Code (See Reverse)	Section 3 Contract (Yes/No)	Section 3 Business (Yes/No)	Type of Contractor (General or Sub)	Bid Accepted (Yes/No)	\$ Amt. of Bid	# of Pos. Currently Filled	# of Women in Non-Traditional Jobs	# of Minorities Ethnic Code (See Reverse)	# of New Positions to be filled for this Contract	# of L.I.P.A.R.
								\$						
								\$						
								\$						
								\$						
								\$						
								\$						
								\$						
								\$						
								\$						
Total(s) Where Applicable														
Complete for All Contractors			Complete for Responding Contractors					Complete for Section 3 Contractors						
Owner's Name (Print)			Owner's Signature					Date						
General Contractor's Name (Print)			General Contractor's Signature					Date						
The information required on the reverse page is to be provided for all contractors (i.e., generals and sub-contractors) that were contacted for the project. The following information is provided to assist you in responding to the information asked for in an accurate manner. (Attach additional sheets, if necessary)														

IMPORTANT CONTRACT COMPLIANCE INFORMATION AND DEFINITIONS

DEFINITIONS:

- **W/MBE** - woman or minority owned business (i.e., having 51% ownership in the actual work of the business)
- **MINORITY** - member of one of the following racial/ethnic groups:

BLACK/AFRICAN AMERICAN (non-Hispanic) - a person having origins in any of the black racial groups of Africa.

AMERICAN INDIAN or ALASKAN NATIVE - a person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.

ASIAN - a person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, for example: Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine, Thailand and Vietnam.

NATIVE HAWAIIAN OR OTHER PACIFIC ISLANDER – a person having origins in any of the original peoples of Hawaii, Guan, Samoa or Pacific Islands.

HISPANIC OR LATINO - a person of Cuban, Mexican, Puerto Rican, South or Central American or other Spanish culture or origin, regardless of race.

- **L.I.P.A.R.** - lower income project area residents; low-income individuals residing within the Section 3 determined project area.

RACIAL/ETHNIC CODES:

1 – White

2 – Black/African American

3 – American Indian or Alaskan Native

4 - Asian

5 – Native Hawaiian or Other Pacific Islander

6 – Hispanic or Latino

Section 3 Data

SECTION I. NEW HIRES WHEN BID EXCEEDS \$100,000 (must comply with section 3 requirements)		
	Number of New Hires	Number of New Hires that are Section 3 Residents
Number of employees to be hired for this contract		
Number of professionals to be hired for this contract		
List Professional trade hired:		
Number of office/clerical to be hired for this contract		
Number of construction by trade to be hired for this contract		
List below each type of trade for which there were new hires. Add trades as necessary		
Plumber:		
Carpenter:		
Electrician:		
Masonry:		
Laborers:		
Other (specify):		
Total Number of Section 3 Trainees to be hired for this contract		
Number of Low-Income Project Area Residents (L.I.P.A.R.) to be hired for this contract:		

SECTION: II. CONTRACT		
1. Construction Contracts:		
a. Total dollar amount of all contracts awarded on the project		\$
b. Total dollar amount of contracts awarded to Section 3 businesses		\$
c. Percentage of the total dollar amount that was awarded to Section 3 businesses		%
d. Total number of Section 3 businesses receiving contracts		
2. Non-Construction Contracts:		
a. Total dollar amount all non-construction contracts awarded on the project/activity		\$
b. Total dollar amount of non-construction contracts awarded to Section 3		\$
c. Percentage of the total dollar amount that was awarded to Section 3 businesses		%
d. Total number of Section 3 businesses receiving non-construction contracts		

SECTION: III. Summary

Indicate the efforts made to direct the employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. (Check all that apply.)

Attempted to recruit low-income residents through: local advertising media, signs prominently displayed at the project site, contracts with the community organizations and public or private agencies operating within the metropolitan area (or nonmetropolitan county) in which the Section 3 covered program or project is located or similar methods.

Participated in a HUD program or other program which promotes the training or employment of Section 3 residents.

Participated in a HUD program or other program which promotes the award of contracts to business concerns which meet the definition of Section 3 business concerns.

Other; describe below.

I hereby certify that it is the policy of the undersigned to comply with all existing laws prohibiting discrimination in all aspects of employment due to race, color, creed, sex, age, religion, national origin, marital status, receipt of public assistance or disability.

This shall be accomplished substantially by the following actions: Nondiscrimination in RECRUITING, HIRING, TRAINING, PROMOTING, SUBCONTRACTING, DEMOTION, LAYOFF, and/or TERMINATION.

Owner/Professional/General Contractor/Subcontractor Signature

Date

Public reporting for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u, mandates that the Department ensures that employment and other economic opportunities generated by its housing and community development assistance programs are directed toward low- and very-low income persons, particularly those who are recipients of government assistance housing. The regulations are found at 24 CFR Part 135. The information will be used by the Department to monitor program recipients' compliance with Section 3, to assess the results of the Department's efforts to meet the statutory objectives of Section 3, to prepare reports to Congress, and by recipients as self-monitoring tool. The data is entered into a database and will be analyzed and distributed. The collection of information involves recipients receiving Federal financial assistance for housing and community development programs covered by Section 3. The information will be collected annually to assist HUD in meeting its reporting requirements under Section 808(e)(6) of the Fair Housing Act and Section 916 of the HCDA of 1992. An assurance of confidentiality is not applicable to this form. The Privacy Act of 1974 and OMB Circular A-108 are not applicable. The reporting requirements do not contain sensitive questions. Data is cumulative; personal identifying information is not included.