

SECTION 3 PLAN

INSERT PROGRAM JURISDICTION

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SECTION 3 CERTIFICATION & COMPLIANCE **AGREEMENT**

Revised January 1, 2020

Section 3 Certification & Compliance Agreement

Requirements for Compliance with Requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C.1701u) (Section 3) Part 135 – Economic Opportunities for Low and Very Low-Income Persons

Section 3 is a provision of the Housing and Urban Development Act of 1968, which recognizes that HUD funds are typically one of the largest sources of federal funding expended in communities through the form of grants, loans, entitlement allocations and other forms of financial assistance. Section 3 is intended to ensure that when employment or contracting opportunities are generated because a covered project or activity necessitates the employment of additional persons or the awarding of contracts for work, preference must be given to low- and very low-income persons or business concerns residing in the community where the project is located.

Insert program jurisdiction Policy Statement:

It is the policy of **insert program jurisdiction** herein described as the “**insert program jurisdiction**”, will ensure that Equal Employment Opportunities be provided for all employees and applicants for employment regardless of race, color, religion, sex, national, origin, handicap, or economic status; and that through the award of contracts to contractors, subcontractors, vendors, and suppliers, the **insert program jurisdiction** will ensure that employment and business opportunities be created for residents of CDBG eligible income areas, residents in low and moderate-income census tracts and block groups, and other qualified low and very low-income persons residing in the **insert program jurisdiction**. This will be a continuous policy throughout all programs in the **insert program jurisdiction** who may be receiving or not receiving federal grant assistance. **insert program jurisdiction** intends to uphold its obligation to contractors, subcontractors, and vendors and incorporate practical initiatives of providing full-time permanent employment opportunities as well as business opportunities to low and moderate-income persons and other Section 3 eligible persons.

Section 3 Numerical Compliance Goals:

The minimum numerical goal for employment 30 percent of the aggregate number of new hires shall be Section 3 residents annually—i.e., 1 out of 3 new employees needed to complete a Section 3 covered project/activity shall be a Section 3 resident.

The **insert program jurisdiction** will adopt the following minimum goals for contracting:

Areas of Focus (Applies to all contracts)	Numerical Goals
Contractor and Subcontract hiring (full-time, part-time, temporary, seasonal) applies to construction and professional service contracts.	10%
Contract Awards (applies to construction contracts)	10%
ALL other Contract Awards (i.e. services, supplies, professional services)	10%

The **insert program jurisdiction** will ensure every effort to achieve the goals of the Section 3 and shall provide equal responsibility to its contractors, vendors, and suppliers to implement aggressive compliance efforts. The **insert program jurisdiction** will also evaluate contractors' compliance towards achieving the goals of the Section 3 Plan and ensure a system of sanctions against contractors, vendors, or suppliers for non-compliance and initiate punitive steps to address any such concerns.

The Section 3 Numerical goals are minimum numerical targets that must be reached in order for the **insert program jurisdiction** to consider a recipient in compliance. Recipients are required to make efforts to the greatest extent feasible to achieve the annual numerical goals for employment and contracting. If an agency fails to fully meet the Section 3 numerical goals, they must be prepared to demonstrate the efforts taken in an attempt to meet the numerical goals.

All contractors submitting bids/proposals to the **insert program jurisdiction** shall be required to complete certification, as appropriate, as acknowledgement of the Section 3 contracting and employment provisions as required by this Section. Such certification shall be supported with adequate evidence to support representation made. The certifications required to be submitted with the bid/proposal consist of the following:

- Certification for business concerns seeking Section 3 preference
- Contractor certification of efforts to fully comply with employment and training provisions of Section 3.

Prior to the award of any contract the contractor shall enter into negotiations with the **insert program jurisdiction** for the purpose of incorporating into the contract a provision for a specific number of CDBG target Area residents or other Section 3 residents to be trained or employed on the contract. Such resulting provision shall obligate the contractor toward achieving not less than the numerical goals listed above and shall be based on a detailed workforce analysis to be compiled by the contractor and submitted to the **insert program jurisdiction** prior to award of contract.

Definitions:

- Contractor shall mean 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.
- Department or HUD shall mean the Department of Housing and Urban Development, including its Field Offices to which authority has been delegated to perform functions under this part.
- Employment Opportunities shall mean any opportunity generated by Section 3 covered assistance generated by the expenditure of Section 3 covered public and Indian housing assistance (to include: operating assistance, development assistance, and modernization assistance).
- Housing Development shall mean low-income housing owned, developed, or operated by public housing agencies or Indian housing authorities in accordance with HUD's public and Indian housing program regulations listed in 24 CFR Chapter IX.
- New hires shall mean full-time employees for permanent, temporary or seasonal employment opportunities.
- Recipient shall mean any entity which receives Section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State, unit of local government, PHA, IHA, Indian tribe, or other public body, public or private nonprofit organization, private agency, or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization, resident management corporation, resident council, or cooperative association.
- Section 3 shall mean Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u).
- Section 3 business concerns are businesses that can provide evidence that they meet one of the following:
 1. 51 percent or more owned by Section 3 residents; **or**
 2. Permanent, full-time employees include persons, at least 30 percent of its fully time employees include persons that 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, as required, of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications in the above two paragraphs.
- Section 3 covered project shall involve the 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 building facades, etc.)

- Section 3 covered assistance shall mean:
 - Public and Indian housing development, operating or capital funds; **or**
 - Other housing assistance and community development assistance expended for housing rehabilitation, housing construction or other public construction projects, such as: CDBG, HOME, 202/811, Lead-Based Paint Abatement, etc.
- Section 3 Residents shall mean:
 1. Residents of Public and Indian Housing; or
 2. Individuals that reside in the metropolitan area or nonmetropolitan county in which the Section 3 covered assistance is expended and whose income do not exceed the local HUD income limits set forth for low- or very low-income households.
- Service area shall mean the geographical area in which the persons benefiting from the Section 3 covered project reside. The Service Area shall not extend beyond the unit of local government in which the Section 3 covered financial assistance is expended.

Section 3 Preference:

The **insert program jurisdiction** will act in accordance with all Section 3 regulations and require contractors and subcontractors (including professional service contractors) to direct their efforts towards awarding contracts to Section 3 business concerns in the following order of priority:

1. Category 1
Business concerns that are 51% or more owned by residents of the housing development(s) for which work is performed, or whose fulltime, permanent workforce includes 30% of these persons as employees.
2. Category 2
Business concerns that are 51% or more owned by residents of Public housing developments other than the development(s) for which work is performed, or whose fulltime, permanent workforce includes 30% of these persons as employee(s).
3. Category 3
Business concerns that are designated HUD Youth-Build programs being carried out in **insert program jurisdiction**.
4. Category 4
Other Section 3 Residents.

Certification Procedure:

Insert program jurisdiction will provide certification for individuals and business concerns seeking recognition as a Section 3 resident or Section 3 business concern as defined in this Section 3 Plan. The **insert program jurisdiction** will administer the Section 3 certification program. Any individual or business concern seeking Section 3 preferences in the awarding of contracts or purchase agreements shall complete appropriate certification forms and provide documentation as evidence of eligibility for preference under Section 3. An individual or business concern may apply for certification as a Section 3 resident or Section 3 business concerns either prior to bidding for **insert program jurisdiction** work or during the actual bidding process. Any business concern that submits certification for preference after recipient of bid will not be considered eligible for Section 3 preference in the evaluation of that specific bid award. Certification for Section 3 preference for business concerns must be received by the **insert program jurisdiction** prior to the submission of bids or along with the bid. Certification for eligibility as a Section 3 resident may be made at any time.

Section 3 Complaints:

Any Section 3 resident or Section 3 business (or authorized representative) seeking employment, training or contracting opportunities generated by Section 3 covered assistance may file a complaint with the **insert program jurisdiction** Section 3 program. All complaints must be submitted in writing to the person hereby designated as the **insert program jurisdiction** grant coordinator.

All complaints of non-compliance with the Section 3 Statute shall conform to the following requirements:

Complaints shall be filed in writing and shall contain the name, address, and phone number of the person filing the complaint, and a brief description of the alleged violation of the regulations;

Complaints shall be filed within thirty (30) calendar days after the complainant becomes aware of the alleged violation.

An investigation as may be appropriate will follow the filing of a complaint. The investigation will be conducted by the **insert program jurisdiction** Section 3 Coordinator. These rules constitute informal, but thorough investigations, affording all interested persons and their representatives, if any, an opportunity to submit testimony and/or evidence as may be available and relevant to the complaint.

Written documentation as to the validity of the complaint and a description of the finding or resolution, if any, will be issued by the Section 3 Coordinator no later than thirty (30) days after the filing of a complaint.

In cases where concerned parties wish to have its complaint considered outside of the Authority, a Section 3 complaint may be filed with the Assistant Secretary for Fair Housing and Equal Opportunity Department (FHEO), Department of Housing and Urban Development, in Washington D.C., 20410. A complaint must be received no later than 180 days from the date of the action or omission upon which the complaints are based, unless the time for filing is extended by the Assistant Secretary.

Monitoring:

The **insert program jurisdiction** will monitor subrecipients for compliance with Section 3 at the same time programmatic and fiscal monitoring activities take place.

Contractor Certification of Efforts to Fully Comply with
Employment and Training Provisions of Section 3

The bidder represents and certifies as part of its bid/offer the following:

- Section 3 business concerns are businesses that can provide evidence that they meet one of the following:
 1. 51 percent or more owned by Section 3 residents; **or**
 2. At least 30 percent of its fully time employees include persons that are currently Section 3 residents, or within three years of the date of first employment with the business concern were Section 3 residents; **or**
- Provides evidence, as required, of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications in the above two paragraphs.
- Is Not a Section 3 business concern but who has and will continue to seek compliance with Section 3 by certifying to the following efforts to be undertaken:

Efforts to award subcontractor Section 3 concerns (check all that apply):

- Implementing procedures to notify Section 3 residents and business concerns about training, employment, and contracting opportunities generated by Section 3 covered assistance.
- By 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 of the applicable development(s) owned and managed by the Housing Authority.
- Provide written notification to all known Section 3 business concerns of contracting opportunities. This notice should be in sufficient time to allow the Section 3 business concerns to respond to bid invitations.
- Follow up with Section 3 business concerns that have expressed interest in the contracting opportunities.
- Coordinate meetings at which Section 3 business concerns could be informed of specific elements of the work for which subcontract bids are being sought.
- Conduct workshops on contracting procedures and specific contracting opportunities in a timely manner so that Section 3 business concerns can take advantage of contracting opportunities.

- Advertise Section 3 business concerns as to where they may seek assistance to overcome barriers such as inability to obtain bonding, lines of credit, financing, or insurance, and aiding Section 3 businesses in qualifying the above listed items.
- Develop and utilize a list of eligible Section 3 business concerns.
- Support and undertake joint ventures with Section 3 businesses.

Efforts to provide training and employment to Section 3 residents:

- Enter into a “first source” hiring agreement with organizations representing Section 3 residents.
- Establish training programs, which are consistent with the requirement of the Department of Labor, specifically for Section 3 residents in the building trades.
- Advertise employment and training positions to dwelling units occupied by Category 1 and 2 residents.
- By arranging interviews and conducting interviews on the job site.
- Undertake such continued job training efforts as may be necessary to ensure the continued employment of Section 3 residents previously hired for employment opportunities.

Name: _____ Signature: _____

Title: _____

Bidder/offeror,
 if the Bidder/offeror is an Individual Partner,
 if the Bidder/offeror is Partnership Officer,
 if the Bidder/offeror is a Corporation

Company Name: _____

Date: _____

Notary Public: _____

SEAL OF OFFICE

Subscribed and sworn to before me

This _____ day of _____, 20_____.

My Commission expires _____, 20_____.