

NEW JERSEY DEPARTMENT OF
COMMUNITY AFFAIRS

DIVISION OF DISASTER RECOVERY AND
MITIGATION

HUD CDBG-DR FUNDS

SECTION 3 PLAN

Approved: 08/06/2024

Last Revised: 08/06/2024



Table of Contents

1 Overview of Section 3	4
1.1 What is Section 3?.....	4
1.2 Purpose of This Document.....	4
1.3 Applicability	4
1.4 Numerical Goals	5
2 Oversight.....	6
2.1 Section 3 Coordination.....	6
3 Employment, Training, and Contracting Goals	6
3.1 Safe Harbor Compliance	6
3.2 Safe Harbor Benchmarks	7
3.3 Certification of Prioritization of Effort for Employment, Training, and Contracting	7
3.3.1. Section 3 Provisions/Contract Language	9
3.3.2. Procurement	9
3.3.3. Section 3 Project Utilization Plan.....	9
3.3.4. Technical Assistance with Meeting Section 3 Goals	10
4 Section 3 Eligibility and Certifications.....	11
4.1 Section 3 Worker and Targeted Section 3 Worker Certification	11
4.1.1. Efforts to Employ Section 3 Workers and Targeted Section 3 Workers	12
4.2 Section 3 Business Concern Certification.....	13
4.3 Additional Economic Opportunities.....	14
5 Assisting Contractors with Section 3 Goals.....	14
6 Section 3 Outreach.....	15
6.1 Outreach Efforts for Employment and Training	15
6.2 Outreach Efforts for Contracting	16
7 Reporting Requirements.....	16
7.1 Quarterly Reporting	16
7.2 Annual Reporting	17
Once a project is completed, contractors must submit a final Section 3 cumulative report for the program year. Upon project completion, DRM’s Section 3 Coordination Team will conduct a final review of the project’s overall performance and compliance. DRM’s Section 3 Coordination Team will submit the Section 3 data into DRGR.	17
7.3 Reporting on Projects with Multiple Funding Sources	17



For Section 3 projects that include public housing financial assistance and housing and community development financial assistance, DRM will report on the project as a whole and will identify the multiple associated recipients.	17
7.4 DRGR	18
7.5 Monitoring	18
7.6 Enforcement and Penalties.....	18
7.6.1 False Certifications	18
7.6.2 Non-Compliance.....	18
8 Section 3 Complaint Procedure	19
Appendix A: Definitions	20
Appendix B: Section 3 Contractor Acknowledgement.....	22
Appendix C: Section 3 Clause Template.....	24
Appendix D: Section 3 Business Concern Certification Form	25
Appendix E: Section 3 Worker Employer Certification Form.....	27
Appendix F: Subcontractor Information	29
Appendix G:.....	31
List of Permanent Employees	31
Appendix H: Documentation of Qualitative Efforts	33
Appendix I: Section 3 Project Compliance Report	36



1 Overview of Section 3

1.1 What is Section 3?

Section 3 is a provision of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) that is regulated by the provisions of 24 CFR 75. Section 3 regulations ensure that 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.

1.2 Purpose of This Document

New Jersey's Department of Community Affairs ("DCA") has been tasked with administering the distribution of funds allocated by HUD for housing, economic development, planning, and infrastructure programs. DCA's Division of Disaster Recovery & Mitigation (DRM) [formerly the Sandy Recovery Division (SRD)] oversees the funds administration. In response to Hurricane Ida, which hit New Jersey on September 1, 2021, HUD has identified Bergen, Essex, Hudson, Middlesex, Passaic, Somerset, and Union Counties as the Most Impacted and Distressed areas (MIDs).

This plan outlines how New Jersey's Department of Community Affairs (DCA) and its subrecipients, contractors and subcontractors will comply with HUD's Section 3 Final Rule requirements in implementing DCA's CDBG-DR funds, which went into effect on November 30, 2020. All funding previously allocated before Nov 30, 2020, will continue to follow HUD's Section 3 Interim Rule guidance. DCA will, to the greatest extent feasible, ensure that employment and other economic opportunities are directed to low- and very low-income persons (Section 3 workers and Targeted Section 3 workers) and to eligible businesses (Section 3 Businesses) and requires the same of its contractors.

DCA may amend its Section 3 Policies and Procedures document as necessary to ensure continued compliance with HUD's requirements and/or to reflect updated Section 3 guidance and outreach strategies.

For DRM projects committed on or after November 30, 2020, this updated version of the DRM Section 3 Plan identifies the goals, objectives, and actions that DRM will implement to ensure compliance in its own operations and those of covered subrecipients, contractors and subcontractors with the requirements of Section 3 and its regulations found at 24 CFR Part 75.

1.3 Applicability

For public housing financial assistance, all funding is covered, regardless of the amount of expenditure or size of a contract. This plan applies to development assistance, operating funds, capital funds, and all mixed-finance development.

For housing and community development financial assistance, this plan applies to housing rehabilitation, housing construction, and other public construction projects that exceed \$200,000 or more of housing and community development financial assistance from one or more HUD programs. Applicability is determined at the project level. Section 3 applies to all contractors or subcontractors that receive



contracts for a project that triggers Section 3. Covered contractors or subcontractors are required to comply with Section 3 regulations in the same manner as the State.

For projects funded with Lead and Hazard Control and Healthy Homes Programs, this plan applies to projects that exceed \$100,000.

This plan also applies to projects that include multiple funding sources. Multiple funding source projects include projects that include public housing financial assistance, housing and community development financial assistance for single or multiple recipients, and the Lead Hazard Control and Healthy Homes Program.

Section 3 requirements do not apply to: 1) Material Supply Contracts - § 75.3(b), 2) Indian and Tribal Preferences - § 75.3(c), and 3) Other HUD assistance and other Federal assistance not subject to Section 3 §75.3 (d). However, for financial assistance that is not subject to Section 3, recipients are encouraged to consider ways to support the purpose of Section 3.

The regulations should not be construed to mean that recipients are required to hire Section 3 workers or award contracts to Section 3 business concerns other than what is needed to complete covered projects and activities. Recipients are not required to hire or enter contracts with Section 3 workers or business concerns simply to meet the Section 3 goals, as anyone selected for contracting or employment opportunities must meet the qualifications for the job/contract being sought. However, subrecipients/contractors must document their outreach efforts and, to the greatest extent feasible, attempt to source qualified Section 3 workers and business concerns to meet the minimum numerical goals. If the expenditure of funding for an otherwise covered project and activity does not result in new employment, contracting, or training opportunities, reporting is still required.

1.4 Numerical Goals

DRM, subrecipients, and contractors will be required to make a definitive effort to meet the Section 3 HUD numerical goals found at 24 CFR Part 75.23:

- 25 percent or more of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers; and
- 5 percent or more of the total number of labor hours worked by all workers on a Section 3 project are Targeted Section 3 workers.

When the State awards Community Development Block Grant- Disaster Recovery (“CDBG-DR”) funds to units of local government, nonprofit organizations, subrecipients or other funded entities, HUD requires that the minimum numerical goals set forth at 24 CFR Part 75.23 be met for all covered projects or programs. Contractors and subcontractors must take responsibility for meeting the Section 3 goals; however, DRM will help educate its subrecipients and other funded entities on the requirements of Section 3, assist them and their contractors with achieving compliance, and monitor their performance with respect to the Section 3 objectives and requirements.

2 Oversight

2.1 Section 3 Coordination

DRM has designated a DCA Section 3 Coordination Team to facilitate compliance with the Section 3 goals and stated objectives. The Team will conduct initial outreach to provide baseline information to identify Section 3 workers and business concerns and assist with efforts to facilitate compliance with DRM and HUD's goals.

The Section 3 Coordination Team may be involved in the following:

- Perform outreach, training, and assistance to subrecipients and contractors.
- Determine applicability of the Section 3 requirement for programs and projects.
- Oversee monitoring of Section 3 compliance.
- Provide reporting to HUD and measure success of Section 3 program.
- Review the progress of the Section 3 Plan.

Section 3 Coordination Team Role



3 Employment, Training, and Contracting Goals

3.1 Safe Harbor Compliance

DRM will be considered to have complied with the Section 3 requirements and met safe harbor, if they certify that they followed the required prioritization of effort and met or exceeded the Section 3 benchmarks, absent evidence of the contrary.

Prior to the beginning of work, contractors and subcontractors will be required to certify that they will follow the required prioritization of effort for Section 3 workers, Targeted Section 3 workers, and Section 3 business concerns. After completion of the project, on the Section 3 Cumulative Report, contractors and subcontractors will be required to certify that they followed the prioritization of effort requirements.

If the contractor or subcontractor does not meet the safe harbor requirements, they must provide evidence that they have made qualitative efforts to assist low and very low-income persons with employment and training opportunities.



3.2 Safe Harbor Benchmarks

DRM has established employment and training goals that subrecipients, contractors, and subcontractors should target in order to comply with Section 3 requirements outlined in [24 CFR Part 75.9 - for public housing financial assistance] or [24 CFR Part 75.19 - for housing and community development financial assistance]. The safe harbor benchmark goals are as follows:

(for public housing financial assistance)

- 1) Twenty-five (25) percent or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA's fiscal year are Section 3 workers;

Section 3 Labor Hours/Total Labor Hours = 25%

And

- 2) Five (5) percent or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA's fiscal year are Targeted Section 3 workers, as defined at 24 CFR Part 75.11.

Targeted Section 3 Labor Hours/Total Labor Hours = 5%

(for housing and community development financial assistance)

- 1) Twenty-five (25) percent or more of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers;

Section 3 Labor Hours/Total Labor Hours = 25%

And

- 2) Five (5) percent or more of the total number of labor hours worked by all workers on a Section 3 project are Targeted Section 3 workers, as defined at 24 CFR Part 75.21.

Targeted Section 3 Labor Hours/Total Labor Hours = 5%

HUD establishes and updates Section 3 benchmarks for Section 3 workers and/or Targeted Section 3 workers through a document published in the Federal Register, not less frequently than once every 3 years. Given that the Section 3 benchmarks are subject to change every three years or sooner, DRM will review and update the Section 3 Plan in line with changes to the HUD Federal Register.

It is the responsibility of contractors to implement efforts to achieve Section 3 compliance. Any contractor that does not meet the Section 3 benchmarks should demonstrate why meeting the benchmarks was not feasible. All contractors submitting bids or proposals to DRM are required to certify that they will comply with the requirements of Section 3.

3.3 Certification of Prioritization of Effort for Employment, Training, and Contracting

Employment and Training

Under DRM's Section 3 Program, contractors and subcontractors should make best efforts to provide employment and training opportunities to Section 3 workers in the priority order listed below:



(for public housing financial assistance)

- 1) To residents of the public housing projects for which the public housing financial assistance is expended;
- 2) To residents of other public housing projects managed by the PHA that is providing the assistance or for residents of Section 8-assisted housing managed by the PHA;
- 3) To participants in YouthBuild programs; and
- 4) To low- and very low-income persons residing within the metropolitan area (or nonmetropolitan county) in which the assistance is expended.

(for housing and community development financial assistance)

Provide employment and training opportunities to Section 3 workers within the metropolitan area (or nonmetropolitan county) in which the project is located in the priority order listed below:

- 1) Section 3 workers residing within the service area or the neighborhood of the project, and
- 2) Participants in YouthBuild programs.

Contractors and subcontractors will be required to certify through an online module and forms that they will and have made best efforts to follow the prioritization of effort requirements prior to beginning work and after work is completed.

Contracting

Under DRM's Section 3 Program, contractors and subcontractors must make their best efforts to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 workers in the following order or priority:

(for public housing financial assistance)

- 1) Section 3 business concerns that provide economic opportunities for residents of public housing projects for which the assistance is provided;
- 2) Section 3 business concerns that provide economic opportunities for residents of other public housing projects or Section-8 assisted housing managed by the PHA that is providing assistance;
- 3) YouthBuild programs; and
- 4) Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which the assistance is provided.

(for housing and community development financial assistance)

- 1) Business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which assistance is located in the following order of priority (where feasible):



- a) Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area or the neighborhood of the project; and
- b) YouthBuild programs.

Contractors and subcontractors will be required to certify that they will and have made best efforts to follow the prioritization of effort requirements prior to the beginning work and after work is completed.

3.3.1. Section 3 Provisions/Contract Language

All projects that need to be Section 3 compliant must include the required Section 3 language attached in Appendix C *Section 3 Contract Clause for Covered Contracts*, in all Request for Proposals (“RFPs”) or other types of solicitation (including procurement documents and bid offerings) and in any contracts. This language provides an overview of Section 3, requirements for bidders, and the required HUD Section 3 clause (24 CFR 75.27). Additionally, subrecipients, contractors, and subcontractors should meet the prioritization requirements of 24 CFR 75.19, regardless of whether Section 3 language is included in recipient or subrecipient agreements, program regulatory agreements, or contracts.

3.3.2. Procurement

Numerous activities should be undertaken by subrecipients and contractors to assist in directing opportunities towards Section 3 business concerns as a part of the procurement process. It is the responsibility of subrecipients, contractors, vendors, and suppliers to make active efforts to comply with Section 3. These procurement responsibilities include:

- Notifying the Section 3 Coordination Team prior to the release of solicitations or procurements so that they are kept informed of all contracting work potentially under the scope of Section 3;
- The inclusion of Section 3 language in applicable RFPs, procurement documents, bid offerings and contracts

Examples of procurement procedures can be found in Appendix [New Jersey Department of Community Affairs \(DCA\) | Section 3 Information](#).

In addition, subrecipients and contractors should focus their efforts on awarding contracts to Section 3 businesses in the following order of priority:

- Section 3 business concerns that provide economic opportunities for section 3 workers in the service area or neighborhood in which the Section 3 covered project is located;
- Applicants selected to carry out HUD Youthbuild programs; and
- Other Section 3 business concerns.

3.3.3. Section 3 Project Utilization Plan

DRM and subrecipients may award contracts to contractors and vendors who appropriately outline their plans to employ Section 3 Workers and award contracts and/or subcontracts to Section 3 business concerns. A Utilization Plan is not required, but it is an optional best practice. DRM will review project scope on a case-by-case basis to determine if a utilization plan will be needed.

The Section 3 utilization plan may include the following as applicable:

- The number of subcontractors and employees necessary to complete the work;



- An estimate of the number of new jobs that will be necessary to complete the work;
- An estimate on how many of the new hires meet the Section 3 definitions in order to achieve the minimum numerical goals;
- An estimate of the existing workforce that qualifies as a Section 3 and Targeted Section 3 worker;
- An estimate of the total dollar amount of construction and non-construction subcontracts to be awarded;
- A calculation of the total dollar amount of construction and non-construction contracts to be awarded to Section 3 businesses in order to achieve the minimum numerical goals;
- An outreach plan to make sure that qualified businesses and individuals have been notified of open positions; and
- Number of annual technical trainings and internships that will be provided.

The Section 3 Coordinator is available to work with subrecipients to provide technical assistance regarding Section 3 goals. In addition, the Section 3 Coordinator will facilitate regular monitoring of contractors/subcontractors, at which time a comparison between the Section 3 utilization plan and actual events will be evaluated.

It is recommended that contractors and subcontractors consider the following examples to assist in reaching Section 3 goals:

- Conduct outreach to businesses that may be Section 3 eligible;
- Enter into "first source" hiring agreements with organizations representing Section 3 Workers;
- Review during pre-bid meetings and technical assistance sessions the minimum numerical goals for the qualifying labor hours and construction and non-construction contracts with contractors and subcontractors to ensure that the requirement is understood;
- Encourage contractors to conduct interviews and informational sessions at local housing authorities or in impacted areas where Section 3 applicants can be targeted; and
- Sponsor a HUD-certified "Step-Up" employment and training program for Section 3 Workers.

Once a Section 3 business concern has been hired, the contractor must provide written notification to the subrecipient prior to termination or significant reduction of the planned scope of work of the Section 3 business concern. The subrecipient will review the documented reasoning behind any changes to the scope of work to determine whether the change is appropriate or for purposes of circumventing Section 3 requirements. The contractor must receive the subrecipient's approval and written confirmation prior to any change in the Section 3 business scope of work.

3.3.4. Technical Assistance with Meeting Section 3 Goals

DRM realizes that, in some cases, contractors and subcontractors may not have prior experience working with Section 3 requirements. DRM and its Section 3 Coordination Team will provide technical assistance and outreach so that contractors and subcontractors have the knowledge necessary to fulfill their Section 3 goals.

A few examples of assistance include:



- Coordination with the New Jersey Department of Labor and Workforce Development's One Stop Career Centers ("Career Centers") to facilitate the availability of Section 3 Workers for open positions;
- Periodic monitoring to review progress towards Section 3 goals and answer questions or address concerns regarding their ability to fulfill their Section 3 goals; and
- Additional technical assistance and/or training to better understand the requirements.

4 Section 3 Eligibility and Certifications

4.1 Section 3 Worker and Targeted Section 3 Worker Certification

A Section 3 worker seeking certification may submit self-certification documentation to the recipient contractor or subcontractor, that the person is a Section 3 worker or Targeted Section 3 worker as defined in 24 CFR Part 75. Employers may also submit an employer Section 3 worker certification form, certifying their employees on their behalf using wage rates from payroll information. For the purposes of Section 3 worker eligibility, the subrecipient will use individual income rather than family/household income to determine eligibility. The income limits will be determined annually using the guidelines published at <https://www.huduser.org/portal/datasets/il.html>.

Persons seeking the Section 3 worker preference shall demonstrate that they meet one or more of the following criteria currently or when hired within the past five years, as documented:

- A low or very low-income resident (the worker's income for the previous or annualized calendar year is below the income limit established by HUD); or
- Employed by a Section 3 business concern; or
- A YouthBuild participant.

Persons seeking the Targeted Section 3 worker preference shall demonstrate that it meets one or more of the following criteria:

(for public housing financial assistance)

- Employed by a Section 3 business concern or
- Currently meets or when hired met at least one of the following categories as documented within the past five years:
 - A resident of public housing; or
 - A resident of other public housing projects or Section 8-assisted housing; or
 - A YouthBuild participant.

(for housing and community development assistance)

- Employed by a Section 3 business concern or
- Currently meets or when hired met at least one of the following categories as documented within the past five years:
 - Living within the service area or the neighborhood of the project, as defined in 24 CFR Part 75.5; or
 - A YouthBuild participant.



Section 3 workers and Targeted Section 3 workers who are seeking preference in training and employment must submit the Section 3 Worker and Targeted Section 3 Worker Certification Form to their employer. The certification procedure will consist of the following:

Projects Involving Multiple Sources of Funding

In cases where Section 3 covered projects include multiple sources of funds, including public housing financial assistance and housing and community development assistance, the [PHA] must follow the definition of Targeted Section 3 worker and priorities as outlined in subpart B of Part 75. For housing and community development financial assistance, [recipient/grantee] may follow either subpart B or subpart C of Part 75.

In cases where Section 3 covered projects include multiple housing and development funding sources (financial assistance) from single or multiple recipients, [recipients/grantee] will follow subpart C of Part 75. Refer to chart in Appendix B.

4.1.1. Efforts to Employ Section 3 Workers and Targeted Section 3 Workers

DRM requires that contractors and subcontractors take responsibility for meeting the Section 3 Workers/workers goals. Contractors and subcontractors are encouraged to give preference to Section 3 eligible workers who are qualified for the positions available. The goal is to meet the benchmark goals for the percentage of the labor force that qualify as Section 3 workers and Targeted Section 3 workers. This goal can be met not only through new hires but also by including existing workers that meet the criteria for each category. A reasonable effort should be made to meet this goal, as well as the prioritization of hiring.

Where possible, priority consideration will be given in the following order to:

- Targeted Section 3 workers living in public or Section 8-assisted housing or within a 1-mile radius of the project site;
- Section 3 Workers/worker who live in the neighborhood of the project;
- Workers of the County in which the project is taking place;
- Other Public Housing Workers;
- Participants in Youthbuild programs; and
- Other Section 3 Workers, including Workers of the Metropolitan area or non-Metropolitan County.

In order to assist in reaching Section 3 goals, it is recommended that **contractors and subcontractors** consider the following examples:

- Review their existing workforce to determine which existing employees qualify based on their current rate of pay or initial rate of pay if hired on or after November 30, 2020;
- Establishing training/apprenticeship programs that are consistent with the requirements of the Department of Labor and Workforce Development, for public and Indian housing Workers and other Section 3 workers in the building trades;
- Advertising the training and employment positions by posting notices on the Career Center websites that identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process;
- Contacting Worker councils, Worker management corporations or other Worker organizations, where they exist, in housing developments and community organizations in HUD assisted neighborhoods, to request the assistance of these organizations in notifying Workers of the training and employment positions to be filled;



- Sponsoring (scheduling, advertising, financing or providing in-kind services) a job informational meeting to be conducted by a Housing Authority (“HA”) or contractor representative or representatives at a location in housing developments or in the neighborhood or service area of the Section 3 covered project;
- Assisting with job interviews and completing job applications for Workers of housing developments and in the neighborhood or service area in which a Section 3 project is located;
- Arranging for a location in housing developments 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;
- Contacting agencies administering Youthbuild programs, and requesting their assistance in recruiting Youthbuild program participants for the HA's or contractor's training and employment positions;
- Advertising the jobs to be filled through the local media, such as community television networks, newspapers of general circulation, and radio advertising;
- 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 24 CFR Part 135.30 and 24 CFR Part 75.23), that will undertake, on behalf of the recipient or contractor, the efforts to match eligible and qualified Section 3 Workers with the training and employment positions that the contractor intends to fill;
- Where there are more qualified Section 3 workers than there are positions to be filled, maintaining a file of eligible qualified Section 3 workers for future employment positions;
- Undertaking job counseling, education and related programs in association with local educational institutions such as community colleges;
- Undertaking continued job training efforts as may be necessary to ensure the continued employment of Section 3 workers previously hired for employment opportunities;
- 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 workers to be trained or employed on the Section 3 covered assistance; and
- Coordinating plans and implementation of economic development (e.g., job training and preparation, business development assistance for Workers) with the planning for housing and community development.

4.2 Section 3 Business Concern Certification

DRM should encourage contractors and subcontractors to make their best efforts to award contracts and subcontracts to Section 3 business concerns.

Businesses that believe they meet the Section 3 Business requirements can self-register by completing forms located at [New Jersey Department of Community Affairs \(DCA\) | Section 3 Information](#) At least 51 percent of the business is owned and controlled by low- or very low-income persons; or

- At least 51 percent of the business is owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing; or
- Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers.



Businesses that seek Section 3 preference shall certify, or demonstrate to DRM, contractors, or subcontractors that they meet the definitions provided above. Businesses may demonstrate eligibility by submitting the Section 3 Business Concern Certification Form, located here [New Jersey Department of Community Affairs \(DCA\) | Section 3 Information](#).

Section 3 Business Concern Certification Forms must be submitted at the time of bid/proposal. If DRM previously approved the business concern to be Section 3 certified, then the certification can be submitted along with the bid, as long as the form is submitted within the prescribed expiration date. The Section 3 Business Concern Certification Form will expire after 6 months. Establishing a 6-month certification of eligibility period allows DRM the ability to assess contractor performance to ensure the business is striving to meet the required goals.

4.3 Additional Economic Opportunities

Contractors and subcontractors are required to comply with Section 3 goals; however, in some cases meeting the goals may not be possible. In such cases the contractor is required to submit with reporting descriptions of their efforts to comply with Section 3 goals to demonstrate progress. In addition to outreach and training efforts, contractors may also consider providing documentation of programs the contractor is undertaking which provide other economic opportunities to Section 3 business concerns, Section 3 workers, and low- and very low-income individuals.

Mentorship Programs

The contractor may have its own, or participate in, a partner organization's mentorship program which is designed to provide mentorship and/or training that benefit Section 3 Workers or business concerns.

Other Economic Opportunities

Other Economic Opportunities are quantifiable programs designed to provide economic opportunities to Section 3 workers, including, but not limited to, Section 3 joint ventures, teaming agreements or a combination of other economic opportunities. This may include the contractor setting aside funds from the contract specifically for the creation of their own Section 3 fund for training, outreach, or mentorship.

5 Assisting Contractors with Section 3 Goals

In an effort to assist contractors with meeting or exceeding the Section 3 goals, DRM may do the following including but not limited to:

- 1) Share Section 3 Plan with contractors and subcontractors and explain policies and procedures
- 2) Require contractors wishing to submit a bid/offer/proposal to attend pre-bid meeting
- 3) Require contractor to sign the Section 3 Plan at pre-construction conference
- 4) Review Section 3 benchmarks and prioritization of effort with contractors and subcontractors to ensure that the goals are understood. It is not intended for contractors and subcontractors to terminate existing employees, but to make every effort feasible to meet Section 3 benchmark goals by utilizing existing qualified workforce and by considering qualified eligible Section 3 workers and Targeted Section



3 workers (per the prioritization of effort outlined in Section #3) before any other person, when hiring additional employees is needed to complete proposed work to be performed with CDBG-DR.

5) At the time of bid, the contractor may present a list of the number of total labor hours, Section 3 worker labor hours, and Targeted Section 3 worker labor hours expected to be generated from the initial contract and a list of projected number of available positions, to include job descriptions and wage rates.

6) Direct contractors to local unions, workforce development organizations, etc. For Section 3 workers.

7) Require contractors to notify the Section 3 Coordination Team of their interests regarding employment of Section 3 workers prior to hiring.

8) Leverage DRM's communication outlets (social media, website, etc.) to effectively communicate employment and contracting opportunities that arise.

9) Require contractors to submit a list of core employees (including administrative, clerical, planning and other positions pertinent to the construction trades) at the time of contract award.

6 Section 3 Outreach

6.1 Outreach Efforts for Employment and Training

In order to educate and inform workers and contractors, DRM's Section 3 Coordination Team will be prepared to provide training and technical assistance on a regular basis per program guidelines. When training opportunities are available, contractors and subcontractors should do the following, including but not limited to:

- 1) Notify the Section 3 Coordination Team when training opportunities are available
- 2) Provide information/handouts about Section 3 training opportunities to potential Section 3 workers and Targeted Section 3 workers
- 3) Conduct an annual training for Section 3 workers and Section 3 businesses

Contractors and subcontractors should employ several active strategies to notify Section 3 workers and Targeted Section 3 workers of Section 3 job opportunities, including:

- 1) Clearly indicating Section 3 eligibility on all job postings with the following statement: "This job is a Section 3 eligible job opportunity. We encourage applications from individuals that are low income and/or live in Public Housing and/or receive a Section 8 voucher";
- 2) Including the Section 3 Worker and Targeted Section 3 Worker Self-Certification Form in all job postings
- 3) Working with the Section 3 Coordination Team to connect Section 3 worker and Targeted Section 3 workers in the DRM database with opportunities
- 4) Establishing a current list of Section 3 eligible applicants



- 5) Contacting local community organizations and provide them with job postings for Section 3 eligible applicants; and
- 6) Coordinating a programmatic ad campaign, which results in widespread job posting across diverse ad networks including:
 - a) Advertising job opportunities via social media, including LinkedIn and Facebook;
 - b) Advertising job opportunities via flyer distributions and mass mailings and posting ad in common areas of housing developments and all public housing management offices
 - c) Contacting resident councils, resident management corporations, and neighborhood community organizations to request their assistance in notifying residents of available training and employment opportunities

6.2 Outreach Efforts for Contracting

When contracting opportunities arise in connection with the CDBG-DR program, DRM may employ the following strategies to notify Section 3 Business Concerns of Section 3 contracting opportunities, including but not limited to:

- 1) Adding Section 3 language to all RFPs, procurement documents, bid offerings and contracts.
- 2) Coordinating mandatory pre-bid meetings to inform Section 3 Business Concerns of upcoming contracting opportunities. The Section 3 Coordinator will participate in these meetings to explain and answer questions related to Section 3 policy.
- 3) Coordinating with the prime contractor to publicize contracting opportunities for small businesses.
- 4) Coordinating with the DRM Business/Economic Development Department and all other business assistance agencies and contractor associations to inform them of contracting opportunities and request their assistance in identifying Section 3 business concerns. These could include local community development organizations, business development agencies (Chamber of Commerce), and minority contracting associations.

7 Reporting Requirements

7.1 Quarterly Reporting

It is required that compliance data, including Appendix H: Section 3 Project Compliance Report, be submitted to the subrecipient or DRM every quarter, by the 10th business day after quarter-end (see reporting calendar below). The subrecipient will then submit the aggregated data by program to DRM. In addition, a report should be submitted with the final payout request made by the contractor as final payment will not be made without it. (Dates are subject to be modified by DRM).

Q1: Jan-Mar, due Apr 10

Q2: Apr-Jun, due Jul 10

Q3: Jul-Sep, due Oct 10

Q4: Oct-Dec, due Jan 10



Upon receipt of a payout request, the subrecipient or DRM shall review the status of the contractor's submission of Section 3 compliance data. If the contractor has not submitted data or other open questions exist regarding the submission, payment may be delayed.

The purpose of reporting the numerical data is to support the contractor's compliance with the Section 3 goals outlined above. If these goals cannot be met, a detailed explanation is required. This should be supplied as soon as a failure to meet the numerical goals is identified.

Contractors and subcontractors are required to comply with Section 3 goals; however, in some cases meeting the goals may not be possible. In such cases the contractor is required to submit with the quarterly reporting a description of their efforts to comply with the Section 3 goals to demonstrate progress. In addition to outreach and training efforts, contractors may also consider providing documentation of programs the contractor is undertaking which provide additional economic opportunities to Section 3 business concerns, Section 3 workers, and low- and very low-income individuals as discussed in Section 6, above.

Summary of Section 3 recordkeeping and reporting requirements:

- Appendix H Section 3 Project Compliance *Report* must be submitted to the subrecipient or DRM every quarter, by the 10th business day after quarter-end. This report must include a description of outreach efforts and impediments encountered in pursuit of Section 3 hiring goals.
- To be considered towards meeting the Section 3 goals, the worker or employer must complete the Appendix E Section 3 Worker Certification Form (with supporting documentation).
- To be considered towards meeting the Section 3 goal a business must complete Appendix D Section 3 Business Concern Certification Form (with supporting documentation).
- Appendix C Section 3 Contract Clause for Covered Contracts must be included in all RFPs, contracts, and subcontracts.

7.2 Annual Reporting

Once a project is completed, contractors must submit a final Section 3 cumulative report for the program year. Upon project completion, DRM's Section 3 Coordination Team will conduct a final review of the project's overall performance and compliance. DRM's Section 3 Coordination Team will submit the Section 3 data into DRGR.

7.3 Reporting on Projects with Multiple Funding Sources

For Section 3 projects that include public housing financial assistance and housing and community development financial assistance, DRM will report on the project as a whole and will identify the multiple associated recipients.

For projects assisted with funding from multiple sources of housing and community development assistance that exceed the thresholds of \$200,000 and \$100,000 for Lead Hazard Control and Healthy Homes Programs (LHCHH), DRM will follow subpart C of Part 75 and will report to the applicable HUD program office, as prescribed by HUD.



Note: LHCHH assistance is not included in calculating whether the assistance exceeds the \$200,000 threshold. HUD public housing financial assistance and HUD housing and community development financial assistance is not included in calculating whether the assistance exceeds the LHCHH \$100,000 threshold.

7.4 DRGR

DRM will report Section 3 data in HUD's Disaster Recovery Grant Reporting (DRGR) System. This will allow HUD to mine data reported in the DRGR and analyze grantee progress for program compliance.

7.5 Monitoring

As part of the regular monitoring process, DRM will conduct oversight and outreach to subrecipients and/or contractors/subcontractors on their progress with hiring Section 3 business concerns and workers.

Monitoring may include the following:

- Periodic calls to subrecipients to discuss general Section 3 compliance;
- Requests for documentation, such as bid scoring, to support why a specific contractor received a contract;
- Requests for Section 3 business concern certifications for those Section 3 business concerns that received contracts;
- Discussions on any changes to the Section 3 utilization plan submitted during the procurement or bid process; and
- Requests for monitoring site visits and field visits to review Section 3 compliance.

To facilitate monitoring, DRM will request that a "Compliance Package" be submitted, which may contain items such as employee lists, income verification forms and compliance reports. Section 3 business concerns will be required to provide certification documentation under the Section 3 requirements to the contractor/subcontractor hiring them. It is the contractor's or subcontractor's responsibility to maintain documentation to support compliance and to be prepared to produce it for monitoring upon request.

7.6 Enforcement and Penalties

7.6.1 False Certifications

Businesses who misrepresent themselves as Section 3 business concerns and report false information to DRM may have their contracts terminated as default and be barred from ongoing and future considerations for contracting opportunities.

7.6.2 Non-Compliance

It is the responsibility of subrecipients and their contractors to undertake efforts to achieve Section 3 goals and compliance. Any failure to meet these goals requires documentation and an explanation as to why meeting both the quantitative and qualitative goals was not feasible.

If a subrecipient and their contractors fail to meet the reporting requirements and/or goals, they may take the following actions including but not limited to:

- The DRM Section 3 Coordination Team may issue a written notice of non-compliance and request any missing reports or documentation be submitted by a specific due date;
- Re-submission of a detailed Section 3 utilization plan, including worker hiring and subcontractor utilizations, may be required;
- Payment for services may be withheld until reporting requirements are met; and



- Termination of the contract may result from a failure to meet the reporting requirements. DRM or the subrecipient will refrain from entering into contracts with any contractor where DRM or the subrecipient has notice or knowledge that the contractor has been determined to be in violation of the regulations in 24 CFR part 75.

8 Section 3 Complaint Procedure

Any Section 3 worker or business may file a complaint alleging noncompliance with Section 3 by a subrecipient, other funded entity, including their contractors and subcontractors. Complaints will be investigated by the DCA DRM Regulatory Team; if appropriate, voluntary resolutions will be sought.

A written complaint must contain:

- Name and address of the person filing the complaint;
- Name and address of the subject of complaint (HUD Recipient or contractor);
- Description of acts or omissions in alleged violation of Section 3; and
- Statement of corrective actions sought.

Please send all written complaints to:

Attention: Legal and Regulatory Affairs
Department of Community Affairs
Division of Disaster Recovery and Mitigation
P.O. Box 823
101 South Broad Street
Trenton, NJ 08625-0800

If complainants wish to have their concerns considered outside of the [recipient/grantee] a complaint may be filed with:

- The HUD program office responsible for the public housing financial assistance or the Section 3 project, or to the local HUD field office. These offices can be found through the HUD website, www.hud.gov/.
- Complainants may be eligible to bring complaints under other federal laws. The U.S. Equal Employment Opportunity Commission (EEOC) is responsible for enforcing federal laws that make it illegal to discriminate against a job applicant or an employee because of the person's race, color, religion, sex (including pregnancy), national origin, age (40 or older), disability or genetic information (medical history or predisposition to disease). For more information about complainants' rights, please contact EEOC at: www.EEOC.gov.
- The Department of Labor Office of Federal Contract Compliance Programs (OFCCP) enforces, for the benefit of job seekers and wage earners, the contractual promise of affirmative action and equal employment opportunity required of those who do business with the Federal government. More information about the services they provide can be obtained at: <http://www.dol.gov/ofccp/>.



Appendix A: Definitions

Final Rule (24 CFR §75.5): The terms *HUD*, *Public housing*, and *Public Housing Agency (PHA)* are defined in 24 CFR part 5. The following definitions also apply to this part:

Good Faith Effort: Taking and documenting concrete actions to expand local economic opportunities, such as notifying Section 3 residents and businesses of available contract jobs, training, and employment positions, encouraging them to apply, and actually employing them or awarding contracts.

Labor Hours: Number of paid hours worked by persons on a Section 3 project or by persons employed with funds that include public housing financial assistance.

Low-Income Person: A person as defined in Section 3(b)(2) of the 1937 Act. One who earns gross household income 80% or less of HUD area median income (AMI).

Professional Services: Non-construction services that require an advanced degree or professional licensing, including, but not limited to, contracts for legal services, financial consulting, accounting services, environmental assessment, architectural services, and civil engineering services.

Section 3 Business Concern: A business concern meeting at least one of the following criteria, documented within the last six-month period:

It is at least 51 percent owned and controlled by low- or very low-income persons;

- Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
- 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.
- The status of a Section 3 business concern shall not be negatively affected by a prior arrest or conviction of its owner(s) or employees.
- Nothing in this part shall be construed to require the contracting or subcontracting of a Section 3 business concern. Section 3 business concerns are not exempt from meeting the specifications of the contract.

Section 3 Project: A project as defined in §75.3(a)(2):

- Section 3 projects means housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000. The threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z-1 or 1701z-2), the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4801 et seq.); and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 et seq.). The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing. The requirements in this part apply to an entire Section 3 project, regardless of



whether the project is fully or partially assisted under HUD programs that provide housing and community development financial assistance.

Section 3 Worker: Any worker who currently fits or when hired within the past five years fit at least one of the following categories, as documented:

- The worker's income for the previous or annualized calendar year is below the income limit established by HUD. (*low or very low-income*)
- The worker is employed by a Section 3 business concern.
- The worker is a YouthBuild participant.
- The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction.

Service Area: An area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.

Subrecipient: Defined in the applicable program regulations or in 2 CFR 200.93: an entity, usually but not limited to non-Federal entities, that receives a subaward from a pass-through entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award.

Targeted Section 3 Worker: A Section 3 Worker is:

- Employed by a Section 3 business concern; or
- Who currently fits or when hired fit at least one of the following categories, as documented within the past five years:
 - Living within the service area or the neighborhood of the project, as defined in §75.5; or
 - A YouthBuild participant.

YouthBuild Programs: Grants awarded by the U.S. Department of Labor's Employment and Training Administration (ETA) since Fiscal Year 2007 and that were originally funded by the U.S. Department of Housing and Urban Development under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (42 U.S.C. 12899), and that provide disadvantaged youth with opportunities for employment, education, leadership development, and training in the construction or rehabilitation of housing for homeless individuals and members of low- and very low-income families.

Safe Harbor: Recipients will be considered to have complied with the Section 3 requirements and met the safe harbor, in the absence of evidence to the contrary, if they certify that they have followed the required prioritization of effort and met or exceeded the applicable Section 3 benchmarks.

If a recipient agency or contractor does not meet the benchmark requirements but can provide evidence that they have made a number of qualitative efforts to assist low- and very low-income persons with employment and training opportunities, the recipient or contractor is considered to be in compliance with Section 3, absent evidence to the contrary (i.e., evidence or findings obtained from a Section 3 compliance review).



Appendix B: Section 3 Contractor Acknowledgement

Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968 that helps foster local economic development, neighborhood economic improvement, and individual self-sufficiency. The Section 3 program requires recipients of certain HUD financial assistance to provide job training, employment, and contracting, to the greatest extent feasible, for low- or very low-income residents in connection with projects and activities in their neighborhoods. Section 3 is race and gender-neutral and is NOT the same as WBE/MBE.

Projects with grant awards over \$200,000 trigger Section 3. When triggered, best efforts must be made to extend Section 3 opportunities to verified Section 3 residents and business concerns to meet these *minimum* numeric goals:

1. Twenty-five percent (25%) of the total hours on a Section 3 project must be worked by Section 3 workers; and
2. Five percent (5%) of the total hours on a Section 3 project must be worked by Targeted Section 3 workers.

Contractors will be required to complete quarterly and annual reporting. This will require contractors to complete quarterly in the DRM Housing Portal and submit a final Compliance Report. Summary of each form:

The parties to this contract agree to comply with HUD's regulations in 24 CFR part 75, 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 75 regulations. Contractors and/or Subcontractors are expected to meet the minimum goals listed above, to the greatest extent feasible. All efforts to utilize Section 3 businesses and workers should be documented, and this Section 3 Project Plan should be submitted for all relevant project bids.

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; the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

The contractor agrees to take appropriate actions, as provided in an applicable provision of the subcontract upon finding that the subcontractor is in violation of the regulations in 24 CFR part 75. 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 75.

The contractor certifies that any vacant employment positions including training positions filled after the contractor is selected but before the contract is executed and/or with persons other than those to whom the regulations of 24 CFR part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 75.

Noncompliance with HUD's regulations in 24 CFR part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

Contractor would acknowledge that they read this overview and agree to comply with Section 3 requirements.



Appendix C: Section 3 Clause Template

The following Section 3 Clause Template language serves as an example that can be modified by the contractor.

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 the 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 in the project area.
2. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 75, 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 75 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; job titles subject to hire; availability of apprenticeship and training positions; the qualifications for each; 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 75 and agrees to take appropriate action, as provided in an applicable provision of the subcontract in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 75. 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 75.
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 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 75.
6. Noncompliance with HUD's regulations in 24 CFR part 75 may result in sanctions, termination of this contract for default and debarment or suspension from future HUD assisted contracts.



Appendix D: Section 3 Business Concern Certification Form

Project Information

Project Name:
Project Location or Address(es):

Developer/Contactor Information:

Name of Firm:	Address:
Authorized Representative:	Title:
Phone:	Email:

This form is required for projects with grant awards over \$200,000 and must be submitted with bid or application for funding. Projects with grant awards over \$200,000 trigger Section 3. Section 3 participation is strongly encouraged but not required. Please attempt to meet the Section 3 goals to the greatest extent feasible. You must still complete the certifications below as applicable and return FORMS 1 and 2 with your bid or application for funding.

1. Check all that apply to your business:

- ☐ Your business is at least 51% owned and controlled by low- or very low-income persons
- ☐ Over 75% of the labor hours performed by your business over the past three-month period were performed by Section 3 workers
- ☐ Your business is at least 51% owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing
- ☐ None of the above

2. Will you be hiring new employees or providing new training opportunities because of this contract?

☐ Yes ☐ No

3. Will you be using subcontractors to complete this project?

☐ Yes ☐ No

	YES	NO	N/A
By completing and signing this form, I agree to comply with all applicable requirements of the Section 3 of the Housing and Urban Development Act of 1968 (24 CFR Part 75)	<input type="checkbox"/>	<input type="checkbox"/>	
I understand that I am required to submit Forms 4 & 5 quarterly and Forms 2 & 3 at the time of contract execution. Form 2, 3, 4 & 5 must be submitted with the final Section 3 compliance report with supporting documentation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I understand the minimum numerical goals for Section 3 participation and agree that my company has made and will continue to make efforts "to the greatest extent feasible" to comply with Section 3 as required by HUD.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

I declare that all statements contained in this form and any accompanying documents are true and correct, and made with full knowledge that all statements given are subject to investigation and that any false or



dishonest answer to any question may be grounds for denial or revocation of funding or other penalties as prescribed under 18 U.S. Code § 1001.

Authorized Representative Signature

Date



Appendix E: Section 3 Worker Employer Certification Form

The purpose of this form is to comply with Section 3 of the HUD Act of 1968 employer certification requirements listed in 24 CFR § 75.31. To qualify as a Section 3 worker, the United States legal resident's annual income must not exceed the HUD income limits for the year before the worker was hired, or the individual's current income annualized on a full-time basis for the year must be below the HUD income limit. Additionally, an individual can qualify as a Section 3 worker and Targeted Section 3 worker, if an employee of a Section 3 Business Concern. To qualify as a Targeted Section 3 worker, an employer can confirm that the employee lives within the service area or neighborhood of the project.

Please provide the following information about the business/employer:

Name of Business: _____

Street Address City State Zip

Phone #: _____ Email: _____

Please Provide the following information about the worker/employee:

Printed Name of Worker: _____

Street Address (Not a PO Box) Apt# City State Zip

Phone #: _____ Email: _____



Please indicate which of the following is true for the worker listed above: (Select all that apply)

<input type="checkbox"/> Worker's income from your employment is below the income limit based on a calculation of what the worker's wage rate would translate to if annualized on a full-time basis*	Income limit \$XX,XXX
<input type="checkbox"/> Worker is employed by a Section 3 Business Concern (Select if your business qualifies as a Section 3 Business Concern)	
<input type="checkbox"/> Worker's residence is within the service area or neighborhood of the project	

*Currently or at the time of hire if hired within the past 5 years.

I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct and certifies that the worker identified above meets the definition of a Section 3 worker. WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §3729, 3802)

Signature

Date



Appendix F: Subcontractor Information

This form is required for projects with grant awards over \$200,000 and must be submitted with bid or application for funding. If project is over \$200,000 in HUD funds, this form must be updated and re-submitted at the time of contract execution and again with the final Section 3 compliance report. At time of contract execution, contract must be submitted with Form 2 as supporting documentation.

Program ID, Applicant Name, Address	Contract Execution Date	Construction Start Date	Today's Date

Check the box that applies and complete the table if applicable:

- ☐ This project WILL NOT utilize subcontractors.
- ☐ This project MAY utilize the following subcontractors:

No.	Sect3 Bus.	Subcontractor Name	Subcontractor Address and Phone Number	Trade	Subcontract Amount
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					



19					
20					
21					
22					



Appendix G: List of Permanent Employees

This form is required for all Section 3-triggered projects (grant award over \$200,000) and must be submitted with bid or application for funding and again with the final Section 3 compliance report.

Program ID, Applicant Name, Address	Contract Execution Date	Construction Start Date	Today's Date

Please list all current permanent employees (both full and part-time) employed by your company (or local/regional office) as of the signature date on FORM 1, as well as employees of all subcontractors working on this project. Use additional sheets as necessary. A computer-generated employee registry can be provided in lieu of this form if it includes the worker's name, employer and job category and indicates Section 3/targeted Section 3 status.

No.	Name of Worker	Employer	Job Category/Trade	Section 3 Worker (Y/N)	Targeted Section 3 Worker (Y/N)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					

Please note that your business may be eligible for Section 3 Business certification if at least 75% of your labor hours performed on all contracts over the past three-month period were performed by employees who meet one of the following categories below:

- The worker lives within one mile of the Section 3 project (or, if fewer than 5,000 people



live within one mile of the Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census);

- The worker is a HUD YouthBuild participant; or
- The worker's income for the previous or annualized calendar year is below 80% of the current area median income for the area in which the worker resides. (Use the worker's annual gross income based on AMI for a single-person household.) HUD income limits can be found at <https://www.huduser.gov/portal/datasets/il.html>.)



Appendix H: Documentation of Qualitative Efforts

This form is required for all Section 3-triggered projects (grant award over \$200,000) and must be submitted with bid or application for funding, as well as with all quarterly or final compliance reports that indicate numeric goals were not met. Please fill out this form completely. Attach additional pages if needed.

Project Name	Contract Execution Date	Construction Start Date	Today's Date

1. Describe all 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, to Section 3 workers. Attach additional pages if needed.

Attach supporting documentation such as:

- Copies of all publications, notices, pictures of posted notices, and other outreach materials.
- List of all Section 3 workers that responded to your outreach efforts (e.g., submitted job applications, phone logs, etc.); were any of them hired? If not, please explain

why.

2. Describe all efforts made to notify Section 3 businesses of any subcontracting opportunities generated by HUD financial assistance for this project, to the greatest extent feasible. Attach additional pages if needed.

Attach supporting documentation such as:

- List of Section 3 business included in solicitation and documentation of efforts (emails, letters, phone logs, etc.).
- List of Section 3 businesses that responded to your solicitation and/or outreach efforts; were any of them hired? If not, please explain why.
- Copies of all publications, notices, pictures of posted notices, and any other outreach material utilized.



FORM 4 – DOCUMENTATION OF QUALITATIVE EFFORTS (CONTINUED)

3. Describe all additional qualitative efforts made to comply with Section 3 requirements. See below for examples. Attach all applicable supporting documentation.

4. If there are employment opportunities associated with your project, include a draft of the proposed signage. Section 3 signage should be posted at the construction site. Signage must be large enough to be visible from the street. The sign must:
- Identify the name of the project,
 - State the project is a HUD Section 3 Project
 - Include the name, phone number and email address of an appropriate point of contact regarding employment opportunities.

Examples of Qualitative Efforts

- Engage in outreach efforts to generate job applicants who are Targeted Section 3 workers
- Provide training or apprenticeship opportunities
- Provide technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching)
- Assist or connect Section 3 workers with drafting resumes, preparing for interviews, and finding job opportunities
- Hold one or more job fairs
- Provide or refer Section 3 workers to services supporting work readiness and retention (e.g.,



work readiness activities, interview clothing, test fees, transportation, childcare)

- Provide assistance to apply for or attend community college, a four-year educational institution, or vocational/technical training
- Help Section 3 workers to obtain financial literacy training and/or coaching
- Engage in outreach efforts to identify and secure bids from Section 3 business concerns
- Provide technical assistance to help Section 3 business concerns understand and bid on contracts
- Divide contracts into smaller jobs to facilitate participation by Section 3 business concerns
- Provide bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns
- Promote use of business registries designed to create opportunities for disadvantaged and small businesses
- Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act



Appendix I: Section 3 Project Compliance Report

This form is required for all Section 3-triggered projects (grant awards over \$200,000) and must be submitted according to the following schedule:

Quarterly

January – March: Due April 10th

April – June: Due July 10th

July – September: Due October 10th

October – December: Due January 10th

Final

Must cover the entire project from start date to completion date. Final report is due 30 days after completion.

Project Name:	Contractor:
Project Location:	Report Type: <input type="checkbox"/> Quarterly <input type="checkbox"/> Final
Reporting Period Start Date:	Reporting Period End Date:

I. SECTION 3 CONTACT INFORMATION

Contractor Section 3 Point of Contact:	
Phone:	Email:

II. SECTION 3 HOURS WORKED – *Report the number of Section 3 hours for this reporting period. Attach time records to support the information provided.*

A. Total hours worked this period by all workers	B. Number of Section 3 hours worked this period

III. TARGETED SECTION 3 HOURS WORKED – *Report the number of targeted Section 3 hours for this reporting period. Attach time records to support the information provided.*

A. Total hours worked this period by all workers	B. Number of targeted Section 3 hours worked this period

IV. QUALITATIVE EFFORTS – If this report indicates numeric goals were not met, attach FORM 4 describing any qualitative efforts made to increase Section 3 participation for this reporting period.

V. ADDITIONAL ATTACHMENTS – For the final Section 3 compliance report, attach FORMS 2 and 3 with updated information (versions 2 or 3).



I declare that all statements contained in this form and any accompanying documents are true and correct, and made with full knowledge that all statements given are subject to investigation and that any false or dishonest answer to any question may be grounds for denial or revocation of funding or other penalties as prescribed under 18 U.S. Code § 1001.

Signature: _____

Date:

Print Name: _____

Title: