

# CITY OF VISALIA



## **A COMPLIANCE GUIDE TO SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968**

**2013-2014 Guide**

**Economic Opportunities for Low and Very Low Income  
Persons**

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## **Purpose:**

The City of Visalia Community Development Department administers funds from federally funded programs for housing and community development activities. Recipients and sub-recipients of these funds must ensure that all federal requirements are followed. The purpose of this manual is to provide a guide of "Section 3" requirements. The manual provides a description of the requirements and a copy of the forms that must be completed for compliance.

## **Background:**

Section 3 of the Housing and Urban Development Act of 1968 recognizes that job training, employment and contract opportunities are generated by U.S. Department of Housing and Urban Development (HUD) programs designed to aid housing, urban planning and community development. Section 3 is a mandate to target these economic opportunities flowing from the HUD assisted projects to lower income residents and businesses in those jurisdictions and areas where HUD is "investing" public resources. This law requires that the Department take affirmative steps to meet this objective. Through HUD regulations, participants in HUD's assistance programs--recipients and contractors--are required to make good faith efforts to provide "to the greatest extent feasible" opportunities to Section 3 area residents and Section 3 business concerns.

## **III. Definitions:**

### **A. Section 3 Resident:**

Public housing resident or resident of the City of Visalia who qualifies as a low-income person. HUD defines a low-income person as one whose household income does not exceed 80% of the median income for the region, with adjustments for family size. See Table (page 11) for income limits set by HUD for Tulare County.

### **B. Section 3 Business Concern:**

A business concern-

1. One that is 51 percent or more owned by Section 3 residents; or

2. Whose permanent full-time employees include persons, at least 30 percent of whom are currently Section 3 residents, or who are within 3 years of the date of first employment with the business were Section 3 residents; or
3. That provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to businesses that meet qualifications set forth in conditions (1) or (2) of this paragraph.

**New Hire:**

A full-time employee for a new permanent, temporary or seasonal position that is generated from the expenditure of HUD funds covered by the Section 3 regulations.

**IV. Applicability:**

Community development or housing assistance covered by Section 3 includes HOME Investment Partnership (HOME), or Community Development Block Grant (CDBG) funds issued by the City of Visalia Community Development Department for use in *housing rehabilitation* (including the reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement); *housing construction*; and *other public construction* projects.

**V. Thresholds:**

Section 3 requirements only apply when any of the following thresholds are reached:

**Recipient threshold:**

A recipient that receives community development or housing assistance covered by Section 3 for which the amount of assistance exceeds \$100,000.

**Contractor and subcontractor thresholds:**

Section 3 requirements apply to contractors and subcontractors performing work on the Section 3-covered project(s) for which the total amount of the assistance exceeds \$100,000; and the contract or subcontract exceeds \$100,000.

Section 3 covered contracts do not include contracts issued for the purchase of materials, supplies, or equipment, unless installation "work" is involved.

**Threshold met for recipients, but not contractors or subcontractors:**

If a sub-recipient receives Section 3 covered housing or community development assistance in excess of \$100,000, but no contract exceeds \$100,000, the Section 3 preference requirements apply to the sub-recipient (see responsibilities).

### **Numerical Goals:**

Federal regulations, effective June 30, 1994, set numerical goals for Jurisdictions for the hiring/training of Section 3 residents and contracting with Section 3 business concerns on HUD-assisted projects. Good Faith Efforts by contractors and sub-contractors will aid Jurisdictions to meet their goals.

### **Training and Employment:**

Goals are based on the percentage of new-hires. A new-hire means a full-time employee for permanent, temporary or seasonal employment opportunities.

1. Housing assistance: Employ Section 3 residents as 10 percent of the aggregate number of new hires for each year over the duration of the Section 3 project.
2. Community development assistance: Employ Section 3 residents as 30 percent of the aggregate number of new hires for each year over the duration of the Section 3 project.

### **B. Contracts:**

Each contractor and subcontractor that meets the threshold requirement may demonstrate compliance with the requirements of Section 3 by committing to award Section 3 Businesses:

1. At least 10 percent of the total dollar amount of all Section 3 covered contracts for building trades work for maintenance, repair, modernization or development of public housing or building trades work arising in connection with housing rehabilitation, housing construction and other public construction.
2. At least 3 percent of the total dollar amount of all other Section 3 covered contracts.

### **Compliance time period is July 1- June 30 of the following year:**

For those projects that have received a release of funds from HUD, Section 3 information that reflects hiring and contracting in the above reporting period should be submitted to the City of Visalia by **July 15** of each year. Supplemental

information should be submitted during the next reporting period. Additionally, as projects are completed by Developer or Contractor, the City will request that Section 3 forms be completed prior to last payment of contract.

## **VIII. Responsibilities:**

### **A. Recipient**

1. A Recipient that receives community development or housing assistance covered by Section 3 has the responsibility to comply with Section 3 in its own operations. This responsibility includes:

- a. Notifying Section 3 residents and businesses about jobs and contracts generated by Section 3 covered assistance so that residents may seek jobs and businesses may submit bids/proposals for available contracts;
- b. Notifying potential contractors of the objectives of Section 3 and ways in which each contractor can assist the sub-recipient to meet its goal;
- c. Facilitating the training and employment of Section 3 residents and the award of contracts to Section 3 business concerns; and
- d. Documenting the action that the sub-recipient takes to comply with the Section 3 requirements, the results of the actions, and impediments, if any.

2. Recipients have a responsibility to "ensure compliance" of their contractors and subcontractors. This means that a sub-recipient must:

- a. Notify contractors of their responsibilities under Section 3 including, but not limited to, incorporating the Section 3 Clause in contract documents.
- b. Refrain from contracting with contractors as to whom they have received notice or have knowledge that the contractors have been found in violation of the regulations in 24 CFR Part 135.
- c. Respond to complaints made to the recipient by Section 3 residents or business concerns that the sub-recipient, a contractor or subcontractor, is not in compliance with 24 CFR Part 135.
- d. Cooperate with HUD in obtaining the compliance of contractors and subcontractors when allegations are made that the sub-recipient's contractors and subcontractors are not in compliance with the regulation of 24 CFR Part 135.

### **B. Contractor**

1. Notify sub-contractors of their responsibilities under Section 3 including, but not limited to, incorporating the Section 3 Clause in sub-contract documents.

a. Refrain from contracting with sub-contractors as to whom they have received notice or have knowledge that the sub-contractors have been found in violation of the regulations in 24 CFR Part 135.

b. Maintain records that document a good faith effort to utilize Section 3 area residents as trainees and employees. (Required of both contractor and sub-contractor.)

### **IX. Examples of Actions Demonstrating a Good Faith Effort:**

- A.** Targeted recruitment of Section 3 area residents for training and employment positions by taking such steps as:
- Advertising in local media,
  - Prominently placing a notice of commitments under Section 3 at the project site or other places where applications for training and employment are taken,
  - Contacting local job training centers, employment service agencies and community organizations,
  - Developing on-the-job training opportunities or participating in job training programs,
- B.** Keeping a list of Section 3 area residents who apply on their own or by referral for available positions;

### **X. Recipient Records and Reports:**

Examples of records to be maintained are:

- Copies of advertisements for training and employment;
- Lists of Section 3 residents who applied or otherwise expressed an interest in training positions or employment;
- Copies of solicitations or requests for proposals;
- Documentation of pre-construction conferences;
- Records of bid evaluations and selections
- Correspondence or other documentation related to Section 3 grievances;
- Photographic evidence of displayed signs;
- Copies of letters to community organizations;
- Copies of notifications of awards to grantees and contractors
- Copies of business affirmative action plans including records of solicitation mailing lists, direct solicitation of bids or proposals; and

- Evidence of affirmative steps to include Section 3 business concerns; such as, dividing total work requirements into smaller sub-tasks, joint ventures between a large business and a Section 3 business concern, and limiting competition to Section 3 business concerns pursuant to HUD regulations at 24 CFR Part 963.

# *City of Visalia*

## COMMUNITY DEVELOPMENT DEPARTMENT

315 E. Acequia Avenue

Visalia, CA 93291

### SECTION 3 BIDDER'S CERTIFICATION

Name of Company \_\_\_\_\_

Address: \_\_\_\_\_

Project Title: \_\_\_\_\_ Number: \_\_\_\_\_

This is to certify that I have read and understand the Section 3 resident employment and Section 3 resident business utilization requirements that apply to the above cited project, said requirements being known as the Section 3 Clause found in 24CFR 135 and that neither the project nor the company are under any contractual restrictions or other disabilities which would prevent the company from complying with said requirements.

Signature of Company Officer: \_\_\_\_\_

Title of Officer: \_\_\_\_\_

Date: \_\_\_\_\_

City of Visalia  
 Community Development  
 315 E. Acequia Avenue  
 Visalia, CA 93291

**SECTION 3: ESTIMATED WORK FORCE BREAKDOWN**

To be completed by **contractor** during the bidding process:

|   |                     |  |
|---|---------------------|--|
| 1. Contractor name and Address                        | 2. Contract No.     | 3. Dollar Amount of contract           |
|   | 4. Contact Person:  | 5. Phone: ( )                          |
|   | 6. Reporting Period | 7. Date Report Submitted:              |
|   | 9. Project Name     | 10. HUD No.                            |
| 11. Person Completing Form: (If different than above) |                     | 12. Phone: (If different from 5 above) |

**Employment and Training**

| Job Category                 | Total Estimated Positions Needed for Project | No. of Positions Occupied by Permanent Employees | Number of Positions not Occupied | Number of Positions to be filled with Section 3 Residents* |
|------------------------------|--|--|----------------------------------|--|
| Professionals                |  |  |                                  |  |
| Technicians                  |  |  |                                  |  |
| Office/Clerical              |  |  |                                  |  |
| Construction by Trade (List) |  |  |                                  |  |
| Trade                        |  |  |                                  |  |
| Other (List)                 |  |  |                                  |  |
|                              |  |  |                                  |  |
|                              |  |  |                                  |  |
|                              |  |  |                                  |  |
|                              |  |  |                                  |  |
|                              |  |  |                                  |  |

\*Section 3 Resident: Public housing resident or resident of the city of Visalia who qualifies as a low-income person. HUD defines a low-income person as one whose household income does not exceed 80% of the median income for the region, with adjustments for family size.

City of Visalia  
 Community Development  
 315 E. Acequia Avenue  
 Visalia, CA 93291

**SECTION 3: ACTUAL WORK FORCE BREAKDOWN**

To be completed by **Contractor** at the completion of the reporting period (July 1- June 30), or at the completion of the work, whichever come first.

|   |                     |  |
|---|---------------------|--|
| 1. Contractor name and Address                        | 2. Contract No.     | 3. Dollar Amount of contract           |
|   | 4. Contact Person:  | 5. Phone: ( )                          |
|   | 6. Reporting Period | 7. Date Report Submitted:              |
|   | 9. Project Name     | 10. HUD No.                            |
| 11. Person Completing Form: (If different than above) |                     | 12. Phone: (If different from 5 above) |

**Part I: Employment and Training (\*\*Include New Hire in Columns E & F)**

| A.<br>Job Category              | B.<br>Number of<br>New Hires | C.<br>Number of<br>New Hires that<br>are Sec. 3<br>Residents | D.<br>% of Aggregate<br>Number of Staff<br>Hours of new<br>Hires that are Sec.<br>3 Residents | E.<br>% of Total<br>Staff Hours<br>for Section 3<br>Employees<br>and Trainees | F.<br>Number of<br>Section 3<br>Employees<br>and Trainees |
|---------------------------------|------------------------------|--|---|---|---|
| Professionals                   |                              |  |   |   |   |
| Technicians                     |                              |  |   |   |   |
| Office/Clerical                 |                              |  |   |   |   |
| Construction by<br>Trade (List) |                              |  |   |   |   |
| Trade                           |                              |  |   |   |   |
| Other (List)                    |                              |  |   |   |   |
|                                 |                              |  |   |   |   |
|                                 |                              |  |   |   |   |
|                                 |                              |  |   |   |   |
| <b>Total:</b>                   |                              |  |   |   |   |

\*Project Codes

1 = Flexible Subsidy  
 2 = Section 202/811

3 = Public/Indian Housing  
 A = Development  
 B = Operation  
 C = Modernization

4 = Homeless Assistance  
 5 = HOME  
 6 = HOME State Admin  
 7 = CDBG Entitlement

8 = CDBG State administered  
 9 = Other CD Programs  
 10 = Other Housing Programs

Section 3 Actual Workforce Breakdown Continued:  
Part II: Contracts Awarded

1. Construction Contracts

|  |  |
|--|--|
| A. Total dollar amount of all contracts awarded on the project | \$   |
| B. Is the Business a Section 3 Business? Yes/No                | <input type="checkbox"/> Yes <input type="checkbox"/> No |

2. Non-Construction Contracts

|   |  |
|---|--|
| A. Total dollar amount of all non-construction contracts awarded on the project | \$   |
| B. Is the Business a Section 3 Business? Yes/No                                 | <input type="checkbox"/> Yes <input type="checkbox"/> No |

**Part 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, contacts with the community organizations and public or private agencies operating within the metropolitan area (or Non-metropolitan 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.
- Coordinated with Youthbuild Programs administered in the metropolitan area in which the Section 3 covered project is located.
- Other; describe below.

Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u., mandates that the Department ensure that employment and other economic opportunities generated by its housing and community development assistance program are directed toward low-and very low-income persons, particularly those who are recipients of government assistance for housing. The regulations are found in 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 a 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.

City of Visalia  
 Community Development  
 315 E. Acequia Avenue  
 Visalia, CA 93291

**SECTION 3: CERTIFICATION OF SECTION 3 BUSINESS CONCERN**

To be completed by **Contractor** if claiming to be a Section 3 Business

|   |                     |  |
|---|---------------------|--|
| 1. Contractor name and Address                        | 2. Contract No.     | 3. Dollar Amount of contract           |
|   | 4. Contact Person:  | 5. Phone: ( )                          |
|   | 6. Reporting Period | 7. Date Report Submitted:              |
|   | 9. Project Name     | 10. HUD No.                            |
| 11. Person Completing Form: (If different than above) |                     | 12. Phone: (If different from 5 above) |

**IS THE BUSINESS A SECTION 3 BUSINESS? \_\_\_\_\_ YES \_\_\_\_\_ NO**

- Type of Business:
- |  |  |
|--|--|
| <input type="checkbox"/> Corporation         | <input type="checkbox"/> Partnership   |
| <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Joint Venture |

Attached is the following documentation as evidence of status:

**For Business claiming status as a Section 3 resident-owned enterprise:**

- |   |   |
|---|---|
| <input type="checkbox"/> Copy of resident lease   | <input type="checkbox"/> Copy of receipt of public assistance |
| <input type="checkbox"/> Copy of evidence of participation in a public assistance program | <input type="checkbox"/> Other evidence                       |

**For business entity as applicable:**

- |  |   |
|--|---|
| <input type="checkbox"/> Copy of Articles of Incorporation                                     | <input type="checkbox"/> Certificate of Good Standing             |
| <input type="checkbox"/> Assumed Business Name Certificate                                     | <input type="checkbox"/> Partnership Agreement                    |
| <input type="checkbox"/> List of owners/stockholders and % ownership of each                   | <input type="checkbox"/> Corporation Annual Report                |
| <input type="checkbox"/> Organization chart with names and titles and brief function statement | <input type="checkbox"/> Latest Board minutes appointing officers |
|  | <input type="checkbox"/> Additional documentation                 |

**For business claiming Section 3 status by subcontracting 25 percent of the dollar awarded to qualified Section 3 business:**

- List of subcontracted Section 3 business(es) and subcontract amount

**For business claiming Section 3 status, claiming at least 30 percent of their workforce are currently Section 3 residents or were Section 3 eligible residents within 3 years of date of first employment with the business:**

- |   |   |
|---|---|
| <input type="checkbox"/> List of all current full-time employees                            | <input type="checkbox"/> List of employees claiming Section 3 status                                  |
| <input type="checkbox"/> PHA/IHA Residential lease less than 3 years from day of employment | <input type="checkbox"/> Other evidence of Section 3 status less than 3 years from date of employment |

Evidence of ability to perform successfully under the terms and conditions of the proposed contract:

- Current financial statement
- Statement of ability to comply with public policy
- List of owned equipment
- List of all contracts for the past two years

\_\_\_\_\_  
Authorizing Name and Signature

Attested by: \_\_\_\_\_

**RESIDENT EMPLOYMENT OPPORTUNITY DATA**

**CITY OF VISALIA**  
**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:

|   |   |
|---|---|
| <input type="checkbox"/> Copy of lease  | <input type="checkbox"/> Copy of receipt of public assistance |
| <input type="checkbox"/> Copy of Evidence of participation in a public assistance program | <input type="checkbox"/> Other evidence                       |

\_\_\_\_\_

Signature \_\_\_\_\_  
 \_\_\_\_\_

Print Name \_\_\_\_\_ Date \_\_\_\_\_

### SECTION 3 INCOME LIMITS

All residents of public housing developments of the Tulare Housing Authority qualify as Section 3 residents.

Additionally, individuals residing in the County of Tulare, City of Visalia

Who 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        |                 | \$\$32,100 |
| 2 individuals       |                 | \$36,700   |
| 3 individuals       |                 | \$41,300   |
| 4 individuals       |                 | \$45,850   |
| 5 individuals       |                 | \$49,550   |
| 6 individuals       |                 | \$53,200   |
| 7 individuals       |                 | \$56,900   |
| 8 individuals       |                 | \$60,550   |

***Tulare County Family Median Income for 2013(as of Dec 2012)***

| <i>Number of Persons in Household</i> |          |          |          |          |          |          |          |          |
|---------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
|                                       | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> | <b>6</b> | <b>7</b> | <b>8</b> |
| <b>80% of MFI</b>                     | \$32,100 | \$36,700 | \$41,300 | \$45,850 | \$49,550 | \$53,200 | \$56,900 | \$60,550 |

**Completed Applications:**

Mail completed application and required documentation to:

City of Visalia Community Development Department  
315 E. Acequia Avenue  
Visalia, CA 93291  
Attn: Rhonda Haynes, Housing Specialist

# APPENDIX ONE

## Section 3 Contract Clauses:

These clauses should be included in any contract awarded for Section 3 covered projects administered by the Subrecipient:

(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 contract 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 shall include the Section 3 clauses in every subcontract subject to compliance with regulations in 24 CFR part 135, and shall 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).

# APPENDIX TWO

## Section 3 Questions and Answers

**Section 3 Jobs for Residents:**

Providing job training, economic opportunities, and self-sufficiency to businesses and residents of neighborhoods receiving U.S. Department of Housing and Urban Development (HUD) funding for housing and community development.

**What is Section 3?**

It is a means by which HUD fosters local economic development, neighborhood economic improvement, and individual self-sufficiency.

Section 3 is the legal basis for providing jobs for residents and awarding contracts to businesses in areas receiving certain types of HUD financial assistance.

Under Section 3 of the HUD Act of 1968, wherever HUD financial assistance is given for housing or community development, to the greatest extent feasible, economic opportunities will be given to residents and businesses in that area.

**Section 3 Policy**

Congress established the Section 3 policy to ensure that the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low and very low income persons, particularly those who are recipients of government assistance for housing.

**Who are Section 3 residents?**

Residents of public housing and low-income persons who live in the area in which a HUD-assisted project is located.

**What is a Section 3 business?**

A business that:

- ◆ Is owned by Section 3 residents or
- ◆ Employs Section 3 residents in full-time positions or
- ◆ Subcontracts with businesses which provide economic opportunities to low income persons.

What types of economic opportunities are available under Section 3? Examples include:

|                                   |               |                 |
|-----------------------------------|---------------|-----------------|
| <b>Administrative/ Management</b> |               |                 |
| Accounting                        | Payroll       | Research        |
| Bookkeeping                       | Purchasing    | Word processing |
| <b>Services</b>                   |               |                 |
| Appliance repair                  | Floral        | Marketing       |
| Carpet installation               | Janitorial    | Photography     |
| Catering                          | Landscaping   | Printing        |
| Computer/information              | Manufacturing | Transportation  |
| <b>Construction</b>               |               |                 |
| Architecture                      | Bricklaying   | Cement/masonry  |
| Demolition                        | Drywall       | Electrical      |
| Elevator construction             | Carpentry     | Engineering     |
| Fencing                           | Heating       | Ironworks       |
| Machine operation                 | Painting      | Plastering      |
| Plumbing                          | Surveying     | Tile setting    |

**Who will award the economic opportunities?**

Recipients of HUD financial assistance and their contractors and subcontractors are required to provide economic opportunities to the greatest extent feasible, consistent with existing Federal, State, and local laws and regulations.

**Who receives priority under Section 3?**

For training and employment:

- ◆ Persons in public and assisted housing
- ◆ Persons in the neighborhood
- ◆ Participants in HUD Youthbuild programs
- ◆ Homeless persons.

For contracting:

- ◆ Businesses which fit the definition of a Section 3 business.

**How can businesses find Section 3 residents to work for them?**

Business can recruit in the neighborhood and public housing developments to tell residents about available training and job opportunities. Distributing flyers, posting signs, placing ads, and contacting resident organizations and local community development and employment agencies to find potential workers are effective ways of getting jobs and people together.

**How can businesses and low-income persons find out more about Section 3?**

Contact the Fair Housing and Equal Opportunity representative at your nearest HUD Field Office.

**What kinds of economic opportunities?**

- ◆ Job training
- ◆ Employment
- ◆ Contracts

**What if it appears an entity is not complying with Section 3?**

There is a complaint process. Section 3 residents and business concerns may file complaints if they think a violation of Section 3 requirements has occurred where a HUD-funded project is planned or underway. Complaints will be investigated; if appropriate, voluntary resolutions will be sought. A complaint that cannot be resolved voluntarily can result in an administrative hearing.

**Will HUD require compliance?**

Yes. HUD investigates complaints and monitors the performance of recipients and contractors. HUD examines employment and contract records for evidence of actions taken to train and employ Section 3 residents and to award contracts to Section 3 businesses.

**How can Section 3 businesses or residents complain about a violation of Section 3 requirements?**

They can file a complaint in writing to the local HUD Field Office or to:

The Assistant Secretary for Fair Housing and Equal Opportunity  
U.S. Department of Housing and Urban Development  
451 Seventh Street, S.W.,  
Room 5100  
Washington, D.C. 20410-2000

A written complaint should contain:

- ◆ Name and address of the person filing the complaint
- ◆ Name and address of subject of complaint (HUD recipient or contractor)
- ◆ Description of acts or omissions in alleged violation of Section 3
- ◆ Statement of corrective action sought

# APPENDIX THREE

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## SECTION 3 COMPLIANCE – SUGGESTED EXAMPLES

Following are acceptable methods that, when documented, demonstrate compliance with Section 3:

1. Consulting with State and local agencies administering training programs funded through JTPA or JOBS probation and parole agencies, unemployment compensation programs, community organizations and other officials or organizations to assist with recruiting Section 3 Residents for a contractor's or subcontractor's training and employment positions.
2. Advertising the jobs to be filled through the local media.
3. Employing a job coordinator, or contracting with a business concern that is licensed in the field of job placement (preferably a Section 3 Business Concern) that will undertake efforts to match eligible and qualified Section 3 Residents with the training and employment positions that the contractor intends to fill.
4. Establishing training programs, which are consistent with the requirements of the Department of Labor, for public housing residents and other Section 3 Residents in the building trades.
5. 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 housing developments where category 1 or category 2 persons reside.
6. Entering into "first source" hiring agreements with organizations representing Section 3 Residents.
7. Contacting resident council, resident management corporations, or other resident organizations, where they exist, in the housing developments where category 1 or category 2 persons reside, to request the assistance of those organizations in notifying residents of the training and employment positions to be filled.
8. Sponsoring a job information meeting to be conducted at a location in the housing developments where category 1 or category 2 persons reside or in the neighborhood or service area of the Section 3 covered project.
9. Arranging assistance in conducting job interviews and completing job applications for residents of the housing developments where category 1 or category 2 persons reside and in the neighborhood or service area in which a Section 3 project is located.
10. Arranging for a location in the housing developments where category 1 or category 2 persons reside, or the neighborhood or service area of the project, where job applications may be delivered and collected or where job interview can be conducted.
11. Where there are more qualified Section 3 Residents than there are to be filled, maintaining a file of eligible qualified Section 3 Residents for future employment positions.
12. Undertaking such continued job training efforts as may be necessary to ensure the continued employment of Section 3 Residents previously hired for employment opportunities.

## **APPENDIX THREE**

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### Efforts to Award Contracts to Section 3 Business Concerns That Demonstrate Compliance with the “Greatest Extent Feasible” Requirements of Section 3

1. In determining that responsibility of potential subcontractors, consider their record of Section 3 compliance as evidence by past actions and their current plans for the pending subcontract.
2. Contacting business assistance agencies, minority contractors’ associations and community organizations to inform them of contracting opportunities and request 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. 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 invitation or request for proposals.
4. Following up with Section 3 Business Concerns that have expired interest in the contracting opportunities by contracting them to provide additional information on the contracting opportunities.
5. Coordinating pre-bid meetings at which Section 3 Business Concerns could be informed of upcoming contracting and subcontracting opportunities.
6. 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.
7. Arranging solicitations, times for presentations of subcontract bids, quantities, specifications, and delivery schedules in ways to facilitate the participation of Section 3 Business Concerns.
8. Where appropriate, breaking out subcontract work items into economically feasible units to facilitate participation by Section 3 Business Concern.
9. Advertising subcontracting opportunities through trade association papers and newsletters, and through other local media, such as newspapers of general circulation.
10. Developing a list of eligible Section 3 Business Concerns.

**NOTICE TO ALL EMPLOYEES  
WORKING ON FEDERALLY FUNDED PROJECTS  
SECTION 3 COMPLIANCE**

**Section 3 is a statutory provision that targets economic opportunities flowing from U.S. Department of Housing and Urban Development (HUD) assisted projects, to lower income residents and businesses in areas where HUD is "investing" public funds. This legislation stipulates that participants in HUD's assistance programs - recipients and contractors - are required to make good faith efforts to provide "to the greatest extent feasible", employment, training and contracting opportunities, to Section 3 residents and business concerns.**

**If you have questions about Section 3 regulations, call the City of Visalia Community Development Department at (559) 713-4460.**