

[Grantee or Subrecipient Name]
Section 3 *Project* Implementation Plan
OVERVIEW

NOTE TO BIDDERS: You must return ALL applicable forms in this packet with your bid. Failure to do so may result in your bid being disqualified.

Section 3 Goals

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.

Contracts 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.

Preference for Contracting with Section 3 Business Concerns

[Grantee or Subrecipient Name] is required by HUD Regulation 24 CFR Part 75 to make best efforts to contract with businesses that direct economic opportunities to Section 3 workers. As part of its qualitative efforts, [Grantee or Subrecipient Name] has elected to institute a preference which stipulates that contract award shall be given to the bidder using the highest number of qualified Section 3 subcontractors and/or workers if the bid is reasonable and no more than **ten** percent (**10%**) higher than the lowest responsive bid from any qualified source. This benefit applies to ALL projects, even if Section 3 is not triggered.

Programmatic Responsibilities

Contractors and/or Subcontractors are expected to meet the minimum goals listed above, to the greatest extent feasible. (Note: Section 3 may not be required for all projects, but best efforts to comply with the minimum numerical goals are still highly recommended.) 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.

Submit FORMS 1 & 2 for all projects or FORMS 1 – 5 for all Section 3-triggered projects (over \$200,000) at the time of the bid submission or application for funding.

[Grantee or Subrecipient Name]
Section 3 **Project** Implementation Plan
FORM 1 – SECTION 3 ASSESSMENT AND CERTIFICATIONS

This form is required for ALL projects and must be submitted with bid or application for funding.

Project Information

Project Name:
Project Location or Address(es):

Developer/Contactor Information:

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

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 for 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

4. Is your bid/contract amount greater than \$200,000? ☐ Yes ☐ No

If response to item 4 above is "YES," Section 3 requirements will be fully enforced on this project. Failure to comply may result in the suspension offunding. Please complete the certifications below and submit FORMS 1-5 with your bid or application for funding.

If NO, 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.

Certifications		YES	NO	N/A
All Projects:	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)	☐	☐	
	I understand that I must complete and submit FORMS 1 and 2 and submit them with my bid even if my bid is under \$200,000.	☐	☐	
Projects over \$200K:	I have included/will include the Section 3 Clause (FORM 5) in all subcontracts for which Section 3 compliance is required.	☐	☐	☐
	I understand that I am required to submit quarterly and final Section 3 reports (FORM 6), associated forms as applicable (FORMS 2, 3 and 4) and supporting documentation.	☐	☐	☐
	I 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.	☐	☐	☐
	I understand the minimum numerical goals for Section 3 participation and I have completed FORMS 1 through 4 and attached them to my bid.	☐	☐	☐

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

Section 3 *Project* Implementation Plan
FORM 2 – SUBCONTRACTOR INFORMATION, VERSION (1, 2, 3)

This form is required for ALL projects (regardless of whether Section 3 is triggered) 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.

Project Name	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					

[Grantee or Subrecipient Name]
Section 3 **Project** Implementation Plan
FORM 3 – LIST OF PERMANENT EMPLOYEES, VERSION (1, 2)

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

Project Name	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>.)

[Grantee or Subrecipient Name]
Section 3 *Project* Implementation Plan
FORM 4 – DOCUMENTATION OF QUALITATIVE EFFORTS

This form is required for all Section 3-triggered projects (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:

- Section 3 Business List used in solicitation. Must have been provided by [Grantee or Subrecipient Name] prior to solicitation and should be no more than 30 days old at the time of solicitation.
- 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 (a) identify the name of the project, (b) state the project is a HUD Section 3 Project, and (c) 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
- Other:

[Grantee or Subrecipient Name]
Section 3 *Project* Implementation Plan
FORM 5 – SECTION 3 CONTRACT CLAUSE

All Section 3 covered contracts and subcontracts must include the following clause:

- I. 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 USC.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.
- II. 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.
- III. 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.
- IV. 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 actions, 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 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.
- V. 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.
- VI. 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.
- VII. 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 USC 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).

Section 3 *Project* Implementation Plan
FORM 6 – SECTION 3 PROJECT COMPLIANCE REPORT

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

QuarterlyJanuary – March: Due April 15thApril – June: Due July 15thJuly – September: Due October 15thOctober – December: Due January 15thFinal

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: ☐ Quarterly ☐ 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	% Section 3 hours (Divide column B by column A)

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	% Targeted Section 3 hours (Divide column B by column A)

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: _____

FORM 7—SECTION 3 BUSINESS OUTREACH FORM

Please complete this form to determine if your business may qualify as a Section 3 Business. Businesses that qualify will be contacted by [Grantee or Subrecipient Name] Section 3 Coordinator to complete a Section 3 Business Application and asked to provide additional documentation to verify their status as a Section 3 Business.

What is Section 3?

Section 3 is a provision of the Housing and Urban Development Act of 1968 (24 CFR Part 75) that requires recipients of certain HUD financial assistance, to the greatest extent possible, to provide job training, employment, and contract opportunities for low- or very low-income residents in connection with projects and activities in their neighborhood.

A business can qualify as Section 3 if it meets one of the following criteria:

- A. It is at least 51% owned and controlled by low- or very low-income persons;
- B. Over 75% of the labor hours performed for the business over the past three-month period were performed by workers who met at least one of the criteria below; or
- C. It is at least 51% owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

Workers must meet one of the following criteria for a business to qualify as Section 3 under item B above:

- Reside 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);
- Be a HUD YouthBuild participant; or
- 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>.)

Subcontractor Information

Company Name:		
Contact Person:		
Address:		
City:	State:	Zip:
Phone:	Email:	

- ☐ I have reviewed the above information and my business MAY QUALIFY as a Section 3 Business. Please contact me about completing an application.
- ☐ I have reviewed the above information and my business DOES NOT QUALIFY as a Section 3 Business.

 Signature of Business Owner

 Date

Please return completed forms to:

[Grantee or Subrecipient Name] Section 3 Program

Address

City, State ZIP

Phone | Email

FORM 8— SECTION 3 WORKER OUTREACH FORM

Please complete this form to determine if you may qualify as a Section 3 or Targeted Section 3 Worker. Workers who qualify will be contacted by [Grantee or Subrecipient Name] Section 3 Coordinator to complete a Section 3 Worker Application and asked to provide additional documentation to verify their status as a Section 3 or Targeted Section 3 Worker.

What is Section 3?

Section 3 is a provision of the Housing and Urban Development Act of 1968 (24 CFR Part 75) that requires recipients of certain HUD financial assistance, to the greatest extent possible, to provide job training, employment, and contract opportunities for low- or very low-income residents in connection with projects and activities in their neighborhood.

A worker can qualify as Section 3 if they meet one of the following criteria:

- Are employed by a Section 3 business concern;
- Are a HUD YouthBuild participant; or
- Their 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>.)

A worker can qualify as targeted Section 3 if they meet one of the following criteria:

- Are employed by a Section 3 business concern.
- Are a HUD YouthBuild participant; or
- Reside 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);

Worker Information

Name:		
Employer Name:		
Address:		
City:	State:	Zip:
Phone:	Email:	

- ☐ I have reviewed the above information and I MAY QUALIFY as a Section 3 or Targeted Section 3 worker. Please contact me about completing an application.
- ☐ I have reviewed the above information and I DO NOT QUALIFY as a Section 3 or Targeted Section 3 worker.

 Signature

 Date

Please return completed forms to:

[Grantee or Subrecipient Name] Section 3 Program

Address

City, State ZIP

Phone | Email