

New Jersey Department of Community Affairs  
Sandy Recovery Division: HUD CDBG-DR Funds  
Section 3 Plan

June 26, 2015

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## 1. Section 3 Policy Overview

Section 3 (24 CFR Part 135) of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u)<sup>1</sup> is intended to ensure that, to the greatest extent feasible, low- and very low-income persons receive benefits in employment and related economic opportunities when such opportunities are generated by funding from the U.S. Department of Housing and Urban Development (“HUD”). It also specifically encourages economic opportunities for households who are recipients of government assistance for housing. The Section 3 program requires that recipients of HUD funds, to the greatest extent feasible, provide (a) employment and training opportunities for low- or very low-income residents in connection with construction projects in their neighborhoods; and (b) contracting opportunities for businesses that are owned by or substantially employ low- or very low-income persons<sup>2</sup>.

Superstorm Sandy caused unprecedented damage to New Jersey’s housing, business, infrastructure, health, social service and environmental sectors. Storm damage was particularly concentrated in communities bordering on or near the Atlantic Ocean or the Hudson River, many of which were flooded by Sandy’s storm surge. Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, and Union Counties have been identified by HUD as New Jersey’s most impacted areas.

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 established the Sandy Recovery Division (“SRD”) in order to oversee the funds administration.

For those projects undertaken due to Superstorm Sandy, the SRD Section 3 Plan identifies the goals, objectives, and actions that SRD 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 135.

SRD takes seriously its requirements under Section 3, as found in SRD’s Section 3 policy, and endeavors to meet, or exceed, these federal requirements to ensure that low- and very low-income persons benefit from employment opportunities created by virtue of HUD funded programs, and that businesses that are owned by or substantially employ low- and very low-income persons receive HUD funded contracts.

In addition to SRD’s requirements and the requirements of its subrecipients to comply with Section 3 for Section 3 covered projects, contractors who enter into covered contracts with

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<sup>1</sup> [http://portal.hud.gov/hudportal/documents/huddoc?id=DOC\\_12047.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_12047.pdf)

<sup>2</sup> Please visit <http://www.huduser.org/portal/datasets/il.html> to determine HUD’s income limits for your area.

DCA or subrecipients related to Sandy Recovery must agree to comply with all conditions pertaining to these requirements, which can be found in Appendix B *Section 3 Contract Clause for Covered Contracts*. All contractors and subcontractors, including Section 3 business concerns, must comply with these general conditions. Included in these conditions are the requirements that each contractor and subcontractor post notices for available jobs, certify that Section 3 is being complied with, and that they submit quarterly reports on Section 3 utilization and compliance (see Appendix E *Section 3 Summary Report*). Failure to comply can lead to the termination of the contract for default and affect DCA’s decision to do business with a non-compliant contractor in the future.

SRD will stress the following Section 3 program goals and requirements for applicable Section 3 covered contracts:

<b>Type of Work</b>	<b>Section 3 Hiring</b>	<b>Section 3 Contracting</b>
Construction	30% of new hires	10% of the value of all construction contracts
Non-Construction	30% of new hires	3% of the value of all non-construction (professional service) contracts

This Section 3 Plan can be used twofold: (a) as a guide to SRD’s Section 3 policy and (b) as a resource for all applicable forms.

SRD recognizes that this Section 3 Plan has been specifically designed for hiring and providing contracting opportunities for Section 3 business concerns and residents for covered Section 3 Superstorm Sandy projects. However, there are other businesses which can be positively affected through these contracts, such as minority, women, or other disadvantaged business entities. SRD, as a division of a state agency, is also committed to providing business opportunities for these groups.

### **1.1 Applicability**

Section 3 is triggered when the award of HUD funds for construction, rehabilitation, and construction-related projects creates the need for new employment, contracting, or training opportunities.

Section 3 requirements that apply to HUD funded Programs:

- Section 3 applies to the State of New Jersey, as a recipient of HUD funding, as well as to subrecipients receiving HUD funding exceeding \$200,000. Whenever any portion of HUD funding is invested into projects involving housing construction, demolition or

rehabilitation, commercial/private improvements for economic development, or other public construction (e.g., roads, sewers, community centers, and public facilities), the requirements of Section 3 may apply, based on the guidance provided below.

Section 3 requirements that apply to HUD funded projects:

In conjunction with construction activity, Section 3 applies to projects that are fully or partially funded with HUD assistance, including projects that are financed in conjunction with state, local or private matching or leveraged funds, provided that the Section 3 covered project threshold requirements are met. In particular:

- Once it is determined that Section 3 applies to a project, the requirements apply to all contracts for construction work arising in connection with that project including those funded partially or in whole with HUD assistance.
- In conjunction with construction and rehabilitation activities, Section 3 applies to contractors or subcontractors that receive contracts in excess of \$100,000 for Section 3 covered projects/activities. Covered contractors or subcontractors are required to comply with the Section 3 regulations in the same manner as the State.
- In the event that contracts that do not exceed \$100,000 are awarded using covered assistance, Section 3 obligations shall be carried out by the subrecipient.
- “Section 3 covered contract” includes professional service contracts, provided that the work to be performed is generated by the expenditure of funds in furtherance of Section 3 covered work (e.g., housing construction, housing rehabilitation and other public construction), arising in connection with construction projects. Professional service contracts that may constitute Section 3 “covered contracts” include construction contract oversight, engineering, architectural, environmental and property evaluation, construction progress, and construction draw inspection and prevailing wage labor compliance.
- Direct beneficiaries (i.e. homeowners, landlords and businesses) are not responsible for meeting Section 3 requirements, as previously detailed above.

The regulations should not be construed to mean that recipients are required to hire Section 3 residents 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 into contracts with Section 3 residents 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 residents 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. Exhibit A provides a summary of the Section 3 requirements for Section 3 covered activities.

Exhibit A – Summary of Section 3 Requirements

	Section 3 Resident Hiring	Section 3 Business Concern Contracting	Section 3 Utilization Plan Provided in Bid/Procurement	Training Provided to Section 3 Residents / Businesses	Notification and Outreach to Section 3 Residents / Businesses	Quarterly Reporting
<b>Construction Contracts (over \$100K)</b>	30% of new hires	10% of contract value	✓	✓	✓	✓
<b>Non-Construction Contracts (over \$100K)</b>	30% of new hires	3% of contract value	✓	✓	✓	✓

## 1.2 Numerical Goals

SRD, subrecipients, and contractors will be required to make a definitive effort to meet the Section 3 HUD numerical goals found at 24 CFR Part 135.30:

- Thirty percent (30%) of the aggregate number of new hires are Section 3 residents;
- Ten percent (10%) of the total dollar amount of all covered construction contracts are awarded to Section 3 business concerns; and
- Three percent (3%) of the total dollar amount of all covered non-construction contracts are awarded to Section 3 business concerns. Non-construction contracts may include, but not be limited to, accounting, payroll, bookkeeping, purchasing, data processing, marketing, printing, environmental, architectural/engineering, and related.

When the State awards Community Development Block Grant (“CDBG”) funds to units of local government, nonprofit organizations, subrecipients or other funded entities, SRD requires that the minimum numerical goals set forth at 24 CFR Part 135.30 be met for all covered projects or programs. Contractors and subcontractors must take responsibility for meeting the Section 3 goals, however SRD 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 Coordinator

SRD has designated a DCA Section 3 Coordinator to facilitate compliance with the Section 3 goals and stated objectives. Additionally, DCA has procured a consulting firm with Section 3 expertise to provide staff support to the DCA Section 3 Coordinator. The Section 3 Coordinator working with their contract staff will conduct outreach and training to Section 3 business concerns, residents, contractors, and other stakeholders; identify Sandy Recovery programs, projects and contracts that trigger Section 3 compliance; and assist with efforts to facilitate compliance with SRD and HUD's goals.

The Section 3 Coordinator may be involved in the following:

- Perform outreach, training, and assistance to Section 3 business concerns, residents, and other stakeholders.
- Determine applicability of the Section 3 requirement for programs and projects.
- Serve as a resource to contractors who are required to comply with Section 3.
- 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.





### 3. Outreach and Training

While SRD requires subrecipients and contractors to take responsibility for meeting Section 3 goals, including performing outreach and maintaining sufficient documentation, SRD will also undertake its own efforts to support the achievement of Section 3 goals. SRD will facilitate outreach and training to Section 3 business concerns, Section 3 residents, and stakeholders who have an interest in providing economic opportunities to low- and very-low income populations.

Outreach may include the following:

- Encourage Section 3 business concerns to register in the HUD Section 3 Business Registry.
- Contact NJ businesses already registered with the HUD Section 3 Business Registry to reiterate the need to provide the required supporting documentation to support certification as a Section 3 business to the contractor if and when they are hired.
- Coordinate with New Jersey Department of Labor and Workforce Development in an effort to create a pipeline of Section 3 residents available for hire to meet the needs of contractors.
- Conduct outreach to local chambers of commerce and other organizations and agencies that engage in community development.
- Initiate trainings and information sessions to promote awareness of how to become certified as a Section 3 business concern and/or Section 3 resident.
- Encourage contracting opportunities and open positions to be posted on the applicable NJ website.

Training regarding the Section 3 Plan will be an integral component of providing knowledge transfer and supporting implementation by subrecipients and contractors. Training documents will be developed to facilitate instructional knowledge of the subject matter as well as provide attendees tools and documents for future reference. This Section 3 policy and guidelines training will supplement any HUD training that may occur and will be developed in alignment with HUD regulations. In the event that a subrecipient and/or contractor may need additional training, requests can be made to the Section 3 Coordinator and adhoc training can be arranged.

In addition to SRD outreach and training, SRD encourages all contractors and subcontractors to provide technical training, internships, and employment opportunities to Section 3 residents.

## 4. Economic Opportunities for Section 3 Business Concerns

### 4.1 HUD Section 3 Business Registry

The HUD Section 3 Business Registry will be the main source for contractors to identify Section 3 business concerns when subcontracting. Businesses interested in being identified as a Section 3 business concern should register for the database online at the HUD website:

<http://www.hud.gov/Sec3Biz>

To be included in the database a business must “self-certify” that it is a Section 3 business concern, and the website includes instructions, frequently asked questions, and information about how to determine whether a business qualifies.

### 4.2 Section 3 Business Certification

When a Section 3 business concern is hired by the subrecipient or a contractor, documentation to support their Section 3 eligibility must be provided. In order to be certified, a business must complete Appendix F *Section 3 Business Concern Certification Form* and submit it along with appropriate supporting documentation to the subrecipient or contractor.

As an alternative, if the Section 3 business concern has already been certified by a New Jersey public entity, such as a Housing Authority or Urban County, the business should submit that certificate. The submission of additional supporting documentation may be requested and should be available for review by the Section 3 Coordinator upon request.

As part of the monitoring process, either SRD or the subrecipient may request the certificate and supporting documents. In addition, the documents may be requested if the contractor or Section 3 business concern is flagged through the Grievance Process.

### 4.3 Section 3 Flow-through Language

All Superstorm Sandy projects that need to be Section 3 compliant must include the required Section 3 language attached in Appendix B *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 135.38)

### 4.4 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<sup>3</sup> to make active efforts to comply with Section 3. These procurement responsibilities include:

- Notifying the Section 3 Coordinator 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 all RFPs, procurement documents, bid offerings and contracts; and
- The inclusion of scoring in the proposal evaluation process based on the respondent's Section 3 utilization plan.

Examples of procurement procedures can be found in Appendix A.

In addition, subrecipients and contractors shall 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 residents 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.

#### **4.5 Section 3 Project Utilization Plan**

SRD and subrecipients will be awarding contracts to contractors and vendors who appropriately outline their plans to employ Section 3 residents and award contracts and/or subcontracts to Section 3 business concerns. One component of the bid and procurement documentation requirements is a Section 3 utilization plan, an example of which can be found in Appendix D.

The Section 3 utilization plan may include the following:

- 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 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

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<sup>3</sup> Section 3 requirements do not apply to materials-only contracts for the purchase of supplies if there are no corresponding installation or construction activities.

- 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 and encourage them to register on the HUD Section 3 Business Registry;
- Use the HUD Section 3 Business Registry to identify and contact Section 3 business concerns about potential contracting opportunities;
- Enter into "first source" hiring agreements with organizations representing Section 3 residents;
- Review during pre-bid meetings and technical assistance sessions the minimum numerical goals for new hires 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;
- Encourage subrecipients and contractors to target Section 3 businesses through New Jersey's Selective Assistance Vendor Information Registry for small businesses or minority-/ women-owned business entities; and
- Sponsor a HUD-certified "Step-Up" employment and training program for Section 3 residents.

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.

#### **4.6 Technical Assistance with Meeting Section 3 Goals and Hiring**

SRD realizes that, in some cases, contractors and subcontractors may not have prior experience working with Section 3 requirements. SRD and its Section 3 Coordinator 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 residents 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.

## 5. Economic Opportunities for Section 3 Residents

### 5.1 Section 3 Resident Hiring Notification and Certification

Contractors and vendors with hiring opportunities are required to post staffing or hiring needs at work sites, as well as through the Career Centers. Section 3 residents are encouraged to find hiring opportunities through the Career Centers, which can also provide other career related services.

To be considered towards meeting the Section 3 goals, the resident must complete the *Section 3 Resident Certification Form*, in Appendix G. It is the contractor's responsibility to collect the completed paperwork and supporting documentation and make it available for inspection upon request.

### 5.2 Efforts to Hire and Train Section 3 Residents

SRD requires that contractors and subcontractors take responsibility for meeting the Section 3 resident hiring goal, that thirty percent (30%) of the aggregate number of new hires are Section 3 residents. Contractors and subcontractors are encouraged to give preference to Section 3 eligible residents who are qualified for the positions available. The Section 3 resident goal is for New Hires only. 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:

- Section 3 residents who live in the neighborhood of the project;
- Residents of the County in which the project is taking place;
- Other Public Housing residents;
- Participants in Youthbuild programs; and
- Other Section 3 residents, including residents 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:

- Establishing training/apprenticeship programs that are consistent with the requirements of the Department of Labor and Workforce Development, for public and Indian housing residents and other Section 3 residents 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 resident councils, resident management corporations or other resident organizations, where they exist, in housing developments and community organizations

in HUD assisted neighborhoods, to request the assistance of these organizations in notifying residents of the training and employment positions to be filled;

- 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 residents 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;
- Consulting with State and local agencies administering training or workforce development 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 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), that will undertake, on behalf of the recipient or contractor, the efforts to match eligible and qualified Section 3 residents with the training and employment positions that the contractor intends to fill;
- Where there are more qualified Section 3 residents than there are positions to be filled, maintaining a file of eligible qualified Section 3 residents for future employment positions;
- 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 residents 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 residents 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 residents) with the planning for housing and community development.

## **6. 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 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 other economic opportunities to Section 3 business concerns, Section 3 residents, and low- and very low-income individuals.

### ***Indirect Participation***

Indirect Participation is where a contractor documents efforts made to comply with Section 3 goals for another project that is unrelated. The other project must be providing a meaningful activity and function on a related project, and not a pass-through.

### ***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 residents or business concerns.

### ***Other Economic Opportunities***

Other Economic Opportunities are quantifiable programs designed to provide economic opportunities to Section 3 residents, 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.



## 7. Recordkeeping and Reporting Requirements

It is required that compliance data, including Appendix E *Section 3 Summary Report*, be submitted to the subrecipient or SRD every quarter, by the 10<sup>th</sup> business day after quarter-end. The subrecipient will then submit the aggregated data by program to SRD. 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.

Upon receipt of a payout request, the subrecipient or SRD 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 residents, and low- and very low-income individuals as discussed in Section 6, above.

Summary of Section 3 recordkeeping and reporting requirements:

- Appendix E *Section 3 Summary Report* must be submitted to the subrecipient or SRD every quarter, by the 10<sup>th</sup> 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 resident must complete the Appendix G *Section 3 Resident Certification Form* (with supporting documentation).
- To be considered towards meeting the Section 3 goal a business must complete Appendix F *Section 3 Business Concern Certification Form* (with supporting documentation), or if the Section 3 business concern has already been certified by a New Jersey public entity, such as a Housing Authority or Urban County, the business should submit that certificate to the contractor.
- Appendix B *Section 3 Contract Clause for Covered Contracts* must be included in all RFPs, contracts and subcontracts.

## 8. Monitoring

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

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, SRD will require 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 inspection upon request.

## 9. Enforcement and Penalties

### 9.1 False Certifications

If SRD or the subrecipient believes that any Section 3 business concern falsely certified to being Section 3 eligible, within seven calendar days, HUD will be informed in order to initiate an investigation into the allegations. If the investigation shows that the business should not have been identified as a Section 3 business concern, the business may be barred from the HUD Section 3 Business Registry, and HUD may initiate additional enforcement proceedings.

### 9.2 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 the goals was not feasible.

If a subrecipient and their contractors fail to meet the reporting requirements and/or goals, the following actions may be taken:

- The DCA Section 3 Coordinator or the Section 3 Coordinator for the respective program may issue a written notice of non-compliance;
- Re-submission of a detailed Section 3 utilization plan, including resident 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.

Pursuant to 24 CFR 135.32(d), SRD or the subrecipient will refrain from entering into contracts with any contractor where SRD or the subrecipient has notice or knowledge that the contractor has been determined to be in violation of the regulations in 24 CFR part 135.

## 10. Grievance Procedures

Any Section 3 resident 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 Director of the Sandy Recovery Division or his/her designee; 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.

Written complaints should be filed with:

Elizabeth Mackay  
Assistant Director, Procurement and Legal  
State of New Jersey  
Department of Community Affairs  
Office of the Commissioner  
101 South Broad Street  
P.O. Box 823  
Trenton, New Jersey 08625-0800

Upon receipt of a written complaint the Director of Legal and Regulatory Affairs will designate person(s) to investigate the specific allegations of the complaint and render a finding. If it is determined that the (subrecipient/contractor/subcontractor) has functioned in such a manner as to breach the contractual obligations of the approved Section 3 Plan, the Director of Legal and Regulatory Affairs will notify the Commissioner of the Department of Community Affairs of such findings and of the corrective measures that will be required. The Commissioner will respond to the complainant.

The complainant shall have appeal rights to the Assistant Secretary for Fair Housing and Equal Opportunity of the U.S. Department of Housing and Urban Development concerning any agency decision. Appeals must be submitted to HUD within one hundred and eighty (180) days of the action or omission upon which the complaint is based. Complaints are to be filed in writing, using HUD Form 958, with either the local FHEO office, in this case the HUD region 2 office, at:

New York Regional Office of FHEO  
U.S. Department of Housing and Urban Development  
26 Federal Plaza, Room 3532  
New York, New York 10278-0068  
(212) 542-7519

(800) 496-4294

TTY (212) 264-0927

or the

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

## 11. Definitions

### ***Contractor***

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

### ***Youthbuild Programs***

Programs 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. The program is now administered through the US Department of Labor.

### ***Low-income Person***

Families (including single persons) whose incomes do not exceed eighty percent (80%) of the median income for the area, as determined by the Secretary of the U.S. Housing and Urban Development, with adjustments for smaller and larger families. However, the Secretary may establish income ceilings higher or lower than eighty percent (80%) of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low-income families.

### ***Very low-income Person***

Families (including single persons) whose incomes do not exceed fifty percent (50%) of the median income for the area, as determined by the Secretary of the U.S. Housing and Urban Development, with adjustments for smaller and larger families. However, the Secretary may establish income ceilings higher or lower than fifty percent (50%) of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low-income families.

### ***Metropolitan Area***

A metropolitan statistical (MSA) area as established by the Office of Management and Budget (OMB).

### ***New Hires***

Full-time employees for permanent, temporary or seasonal employment opportunities.

### ***Public Housing Resident***

Any individual who resides in public housing as a signatory on a public housing lease, or as a member of the family of the individual(s) who is the signatory on the public housing lease.

### ***Public and Indian Housing Assistance***

Includes Public and Indian housing development assistance provided pursuant to Section 5 of the U.S. Housing Act of 1937 ("1937 Act"), Public and Indian housing operating assistance

provided pursuant to section 9 of the 1937 Act, and Public and Indian housing moderation assistance provided pursuant to section 14 of the 1937 Act.

### ***Recipient***

Any entity which receives Section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State, unit of local government, PHA, IHA, Indian tribe, or other public body, private or public nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies, and does not include contractors.

### ***Regulations***

Unless specified otherwise, the implementing regulations for Section 3 at 24 CFR 135.

### ***Section 3 Business Concern***

A Section 3 eligible business concern is a business that can provide evidence it meets one of the following:

- 51 percent (51%) or more of the business is owned by Section 3 residents; or
- At least thirty percent (30%) of the business' 'full-time' employees include persons that are currently Section 3 residents, or within three (3) years of the date of first employment with the business concern were Section 3 residents; or
- Evidence, as required, of a commitment by the business to subcontract in excess of twenty-five percent (25%) of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications in the above two paragraphs.

### ***Section 3 Clause***

The contract provisions set forth in 24 CFR 135.38.

### ***Section 3 Covered Assistance***

With respect to CDBG funded activities, means HUD assistance to which the obligation to provide training, employment, contracting and other economic opportunities under Section 3 apply, including housing and development assistance expended for housing rehabilitation, housing construction or other public construction projects.

### ***Section 3 Covered Contract***

A contract or subcontract (including a professional service contract) awarded by a recipient, subrecipient, or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project. "Section 3

covered contracts” do not include contracts for supplies and materials. However, whenever a contract includes the installation of the materials, the contract constitutes a Section 3 covered contract.

***Section 3 Residents***

A “Section 3 resident” is: 1) a public housing resident or 2) a low- or very low-income person, as further defined, residing in the metropolitan statistical area or non-metropolitan county in which Federal funds that implicate Section 3 are expended.

***Subcontractor***

Any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor’s obligation for the performance of work generated by the expenditure of Section 3 covered assistance, or arising in connection with a Section 3 covered project.

***Subrecipient***

A public or private nonprofit agency, authority, or organization, or a for-profit entity authorized under 24 CFR 570.201(o), receiving CDBG funds from the recipient (DCA).



## Appendices

### A. Example Procurement Procedures

1. Small Purchase Procedures. For Section 3 covered contracts aggregating no more than \$25,000.
  - i. Solicitation.
    - A. Quotations may be solicited by telephone, letter or other informal procedure provided that the manner of solicitation provides for participation by a reasonable number of competitive sources. At the time of solicitation, the parties must be informed of:
      1. the Section 3 covered contract to be awarded with sufficient specificity;
      2. the time within which quotations must be submitted; and
      3. the information that must be submitted with each quotation.
    - B. If the method described in paragraph (i)(A) is utilized, there must be an attempt to obtain quotations from a minimum of three (3) qualified sources in order to promote competition. Fewer than three (3) quotations are acceptable when the contracting party has attempted, but has been unable, to obtain a sufficient number of competitive quotations. In unusual circumstances, the contracting party may accept the sole quotation received in response to a solicitation provided the price is reasonable. In all cases, the contracting party shall document the circumstances when it has been unable to obtain at least three (3) quotations.
  - ii. Award
    - A. Where the Section 3 covered contract is to be awarded based upon the lowest price, the contract shall be awarded to the qualified Section 3 business concern with the lowest responsive quotation, if it is reasonable and no more than ten (10%) percent higher than the quotation of the lowest responsive quotation from any qualified source. If no responsive quotation by a qualified Section 3 business concern is within ten (10%) percent of the lowest responsive quotation from any qualified source, the award shall be made to the source with the lowest quotation.
    - B. Where the Section 3 covered contract is to be awarded based on factors other than price, a request for quotations shall be issued by developing the particulars of the solicitation, including a rating system for the assignment of points to evaluate the merits of each quotation. The solicitation shall identify all factors to be considered, including price or cost. The rating system shall provide for a range of 15% to 25% of the total number of available rating points to be set aside for the provision of preference for Section 3 business concerns. The purchase order shall be awarded to the responsible firm whose quotation is the

most advantageous, considering price and all other factors specified in the rating system.

2. Procurement by sealed bids (Invitations for Bids). Preference in the award of Section 3 covered contracts that are awarded under a sealed bid) process may be provided as follows:
  - i. Bids shall be solicited from all businesses (Section 3 business concerns, and non-Section 3 business concerns). An award shall be made to the qualified Section 3 business concern with the highest priority ranking and with the lowest responsive bid if that bid—
    - A. is within the maximum total contract price established in the contracting party's budget for the specific project for which bids are being taken, and
    - B. is not more than "X" higher than the total bid price of the lowest responsive bid from any responsible bidder. "X" is determined as follows:

If the Lowest Bid is		X = lesser of	
At Least	But Less Than		
\$100,000	N/A	10%	\$9,000
\$100,000	\$200,000	9%	\$16,000
\$200,000	\$300,000	8%	\$21,000
\$300,000	\$400,000	7%	\$24,000
\$400,000	\$500,000	6%	\$25,000
\$500,000	\$1,000,000	5%	\$40,000
\$1,000,000	\$2,000,000	4%	\$60,000
\$2,000,000	\$4,000,000	3%	\$80,000
\$4,000,000	\$7,000,000	2%	\$105,000
\$7,000,000		1.5%	

- ii. If no responsive bid by a Section 3 business concern meets the requirements of this section, the contract shall be awarded to a responsible bidder with the lowest responsive bid.
3. Procurement under the competitive proposals method of procurement (Request for Proposals).

For contracts and subcontracts awarded under the competitive proposals method of procurement (24 CFR 85.36(d)(3)), a Request for Proposals (RFP) shall identify all evaluation factors (and their relative importance) to be used to rate proposals.

- i. One of the evaluation factors shall address both the preference for Section 3 business concerns and the acceptability of the strategy for meeting the greatest extent feasible requirement (Section 3 strategy), as disclosed in proposals submitted by all business concerns (Section 3 and non-Section 3 business

concerns). This factor shall provide for a range of 15% to 25% of the total number of available points to be set aside for the evaluation of these two components.

- ii. The component of this evaluation factor designed to address the preference for Section 3 business concerns must establish a preference for these business concerns in the order of priority ranking as described in 24 CFR Part 135.36.
- iii. With respect to the second component (the acceptability of the Section 3 strategy), the RFP shall require the disclosure of the contractor's Section 3 strategy to comply with the Section 3 training and employment preference, or contracting preference, or both, if applicable. A determination of the contractor's responsibility will include the submission of an acceptable Section 3 strategy. The contract award shall be made to the responsible firm (either Section 3 or non-Section 3 business concerns) whose proposal is determined most advantageous, considering price and all other factors specified in the RFP.

## **B. Section 3 Contract Clause for Covered Contracts**

A. 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.

B. 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 24 CFR Part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.

E. 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.

F. 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.

G. 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).

### C. Section 3 Certification for Subrecipients Receiving More than \$200,000

*Certification Regarding Section 3 of the Housing and Urban Development Act of 1968, 24 CFR Part 135*

In accordance to Section 3 requirements for awards exceeding \$200,000, the undersigned certifies, to the best of his or her knowledge that as an applicant, this agency or its key employees:

- a) Will 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.
- b) Will ensure that notices about funding availability and for competitively awarded assistance involving housing rehabilitation, construction or other public construction. The notice must include a statement that one of the purposes of the assistance is to give job training, employment, contracting and other economic opportunities to Section 3 residents and Section 3 business concerns. In addition, if the above threshold is met the requirements also apply to contractor and subcontractor contracts that exceed \$100,000. If no contracts exceeding \$100,000 are awarded, the undersigned is responsible for carrying out the Section 3 obligations set forth at 24 CFR 135.32. (See "HUD Section 3" section of the Small Cities Program Handbook at <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html>).
- c) Will ensure the use of the Section 3 clause in all covered bid solicitations and contracts, and monitor contractors for compliance with all provisions.
- d) Will collect information, document actions taken and submit cumulative reports at least quarterly to SRD while the program is underway as required by the NJ CDBG-DR Sandy Recovery Division.

The applicant agrees that by submitting this certification, it will obtain from all its sub-grantees and contractors a certification that includes paragraphs (a) to (d) above as required.

Name of Agency:
Name and Title of Official Signing for Agency:
Signature of the Above Official:
Date Signed:

#### D. Section 3 Utilization Plan

*Business Opportunities Funded by the New Jersey Department of Community Affairs for Low and Very Low Income Area Residents*

<b>Company Name</b> _____	
<u>Goals</u>	
<ul style="list-style-type: none"> <li>• Thirty percent (30%) of the aggregate number of new hires are Section 3 residents;</li> <li>• Ten percent (10%) of the total dollar amount of the contract is awarded to Section 3 business concerns</li> <li>• Three percent (3%) of the total dollar amount of all covered non-construction contracts are awarded to Section 3 business concerns</li> </ul>	
Total Current Employees	
Total Anticipated New Hires	
Total Anticipated New Hires that are Section 3 Residents	
<b>Percentage of Section 3 New Hires</b>	<b>%</b>
Total Dollar Amount of Contract	\$
Total Dollar Amount of Construction Sub-contracts to be Awarded	\$
Total Dollar Amount of Construction Sub-contracts to be Awarded to Section 3 Business Concerns	\$
Total Dollar Amount of Non-construction Sub-contracts to be Awarded	\$
Total Dollar Amount of Non-construction Sub-contracts to be Awarded to Section 3 Business Concerns	\$
<b>Percentage of Contract Going to Section 3 Business Concerns</b>	<b>%</b>
Number of Technical Trainings to be Provided Annually	
(Note: These amounts may change due to increases and decreases in contract value. All changes should be reflected on the monthly reports.)	

The contractor hereby agrees to the following:

- To comply with all the provisions of Section 3 as set forth in 24 CFR 135

- To commit to employing qualified Section 3 residents for thirty percent (30%) of its new hires
- To commit to awarding ten percent (10%) of the total dollar amount of all sub-contracts for construction, and three percent (3%) of the total dollar amount of for non-construction (professional service) contracts, to Section 3 business concerns
- Any positions provided to Section 3 business concerns or residents are necessary to the successful completion of the contract
- A status report will be provided at the time of each payment request, which will identify the contractor's progress in meeting the Section 3 goals established in the utilization plan. If the goals have not been met, the report will identify any other economic opportunities which the contractor has provided, or intends to provide, in order to meet the Section 3 goals.

As an attachment to this Section 3 utilization plan, describe ways in which your company will perform outreach to the Section 3 community.

---

(Contractor's Signature and Title)

---

(Date)

Sworn & Subscribed Before:

---

(Name)

---

(Date)

---

(Signature of Notary Public)

Date Commission Expires \_\_\_\_\_



*Certification of Bidder Regarding Section 3 and Segregated Facilities*

Name of Prime Contractor: \_\_\_\_\_

Project Name: \_\_\_\_\_

The undersigned hereby certifies that

(a) Section 3 provisions are included in the Contract.

(b) If contract equals or exceeds \$100,000, HUD form 60002<sup>4</sup> will be submitted to the designated subrecipient point of contact within 10 days of the end of each calendar quarter, as well as with the final pay estimate.

(c) No segregated facilities will be maintained.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name & Title of Signer (Print or Type)

\_\_\_\_\_  
Date

<sup>4</sup> [http://www.mhdc.com/rental\\_production/section3/documents/ftp/Form\\_60002\\_Summary\\_Report.pdf](http://www.mhdc.com/rental_production/section3/documents/ftp/Form_60002_Summary_Report.pdf)

### E. Section 3 Summary Report<sup>5</sup>

1. Recipient Name & Address: (street, city, state, zip)	2. Federal Identification: (grant no.) 00-0000		3. Total Amount of Award:		
Name	4. Contact Person Name		5. Phone: (Include area code)		
Address	6. Length of Grant:		7. Reporting Period:		
Address	9. Program Code: 8 = CDBG State Administered	10. Program Name:			
8. Date Report Submitted:					
Part I: Employment and Training (** Columns B, C and F are mandatory fields. Include New Hires in E &F)					
A Job Category	B Number of New Hires	C Number of New Hires that are Sec. 3 Residents	D % of Aggregate Number of Staff Hours of New Hires that are Sec. 3 Residents	E % of Total Staff Hours for Section 3 Employees and Trainees	F Number of Section 3 Trainees
Professionals					
Technicians					
Office/Clerical					
Construction by Trade (List Trade					
Trade					
Trade					
Trade					
Trade					
Trade					
Trade					
Trade					
Trade					
Trade					
Trade					
Other (List)					

<sup>5</sup> <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html>



**Part II: Contracts Awarded**

1.) Construction Contracts:

A. Total dollar amount of all contracts awarded on the project	\$
B. Total dollar amount of contracts awarded to Section 3 businesses	\$
C. Percentage of the total dollar amount that was awarded to Section 3 businesses %	%
D. Total number of Section 3 businesses receiving contracts	

2.) Non-Construction Contracts:

A. Total dollar amount all non-construction contracts awarded on the project/activity	\$
B. Total dollar amount of non-construction contracts awarded to Section 3 businesses	\$
C. Percentage of the total dollar amount that was awarded to Section 3 businesses	%
D. Total number of Section 3 businesses receiving non-construction contracts	

**Part III: Summary (Note: to type in the text box below the sheet must be unlocked; go to tools then click Protection then click Unprotect Sheet)**

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

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

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

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

Coordinated with Youthbuild Programs administered in the metropolitan area in which the Section 3 covered project is located.

Other; describe below.

## F. Section 3 Business Concern Certification Form

*Certification for Business Concerns Seeking Section 3 Preference in Contracting and  
Demonstration of Capability*

Name of Business \_\_\_\_\_

Address of Business \_\_\_\_\_

Type of Business:    Corporation     Partnership     Sole Proprietorship     Joint Venture

Attached is the following documentation as evidence of status:

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

- Copy of resident lease                       Copy of receipt of public assistance
- Copy of evidence of participation in a public assistance program
- Other evidence

**For business entity as applicable:**

- Copy of Articles of Incorporation
- Certificate of Good Standing
- Assumed Business Name Certificate
- Partnership Agreement
- List of owners/stockholders and % ownership of each
- Corporation Annual Report
- Latest Board minutes appointing officers
- Organization chart with names and titles and brief function statement
- 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, including signed contracts if a relationship has already been established or a letter of intent to hire the Section 3 business(es) mentioned.

Section 3 Business Concern Certification Page 2

**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:**

- o List of all current full-time employees
- o List of employees claiming Section 3 status
- o PHA/IHA Residential lease less than 3 years from date of first employment
- o Other evidence of Section 3 status less than 3 years from date of first employment

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

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

\_\_\_\_\_  
(Authorizing Name and Signature)

(Corporate Seal)

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

## G. Section 3 Resident Certification Form

### ***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 24 CFR Part 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. Additional documentation supporting eligibility will be submitted upon request. )

### *Certification for Resident Seeking Section 3 Preference in Training and Employment*

I, _____, am a legal resident of the _____ _____ and meet HUD's income eligibility guidelines for a low- or very low-income person. I am currently employed by: _____ My date of first employment with this company was: (month/year) _____ My permanent address is: _____ _____ I have attached the following documentation as evidence of my status: <table><tr><td><input type="checkbox"/> Copy of lease</td><td><input type="checkbox"/> Copy of receipt of public assistance</td></tr><tr><td><input type="checkbox"/> Copy of Evidence of participation</td><td><input type="checkbox"/> Other evidence</td></tr></table>	<input type="checkbox"/> Copy of lease	<input type="checkbox"/> Copy of receipt of public assistance	<input type="checkbox"/> Copy of Evidence of participation	<input type="checkbox"/> Other evidence
<input type="checkbox"/> Copy of lease	<input type="checkbox"/> Copy of receipt of public assistance			
<input type="checkbox"/> Copy of Evidence of participation	<input type="checkbox"/> Other evidence			

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Printed name)

**Section 3 Resident Certification Page 2**

*SECTION 3 INCOME LIMITS*

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

Additionally, individuals residing in the \_\_\_\_\_ (City/County) of \_\_\_\_\_ 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**

<b>Number in Household</b>	<b>Very Low Income</b>	<b>Low Income</b>
1 individual		
2 individuals		
3 individuals		
4 individuals		
5 individuals		
6 individuals		
7 individuals		
8 individuals		

The HUD income limits can be found at <http://www.huduser.org/portal/datasets/il.html>



## H. Section 3 Implementation Guide

----To Be Provided---