

Community Development Block Grant (CDBG)

SECTION 3 IMPLEMENTATION GUIDE

Policies, Procedures and Utilization Plan for the Implementation of Section 3 of the 1968 Housing and Urban Development Act

County Labor Compliance Officer and Section 3 Representative:

Doug Anderson

Capital Projects Manager

Facilities & Fleet Division

707-234-6054

andersond@mendocinocounty.gov

Introduction

Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1992 (Section 3), contributes to the establishment of stronger, more sustainable communities by ensuring that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs are, to the greatest extent feasible, directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. 12 U.S.C § 1701.

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Policies and Procedures for Section 3 Compliance

1.0 Background

Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1992 (Section 3), contributes to the establishment of stronger, more sustainable communities by ensuring that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs are, to the greatest extent feasible, directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. 12 U.S.C § 1701.

The Section 3 Program is a means by which the U.S. Department of Housing and Urban Development (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. Section 3 applies to all HUD-funded Public and Indian Housing assistance for development, operating, and modernization expenditures. Section 3 also applies to certain HUD-funding Housing and Community Development projects that complete housing rehabilitation, housing construction, and other public construction. For Section 3 implementing regulations, see 24 CFR Part 75 et al.

The County of Mendocino (County) Section 3 policy shall result in a reasonable level of success in the recruitment, employment, and utilization of Section 3 residents and other eligible persons and businesses by qualified contractors working on contracts partially or wholly funded with the United States Department of Housing and Urban Development (HUD) monies. The County shall examine and consider a contractor's or vendor's potential for success by providing employment and business opportunities to Section 3 residents prior to acting on any proposed contract award.

2.0 What is Section 3?

Section 3 of the Housing and Urban Development Act of 1968, {12U.S.C.1701u)(Section3) and implementing regulations at 24 CFR Part 75 states the purpose of Section 3 of the Housing and urban Development Act of 1968 (12 U.S.C. 1701u) (Section3) is to 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. The County of Mendocino, California (Hereafter referred to as County) fully embraces this definition of Section 3 and has set forth policies and procedures to "ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible be directed to low and very low-income persons, and to business concerns which provide economic opportunities to low and very low-income persons.

3.0 Why is it important to the County?

The County, as a recipient of federal funds provided through HUD, is required by the California Department of Housing and Community Development (HCD) to develop and implement a Section 3 program which provides hiring and economic opportunities for low and very low-income persons, particularly those who are recipients of government assistance for housing and business concerns which provide economic opportunities to low- and very low-income persons to achieve these objectives.

The County embraces the spirit and intent of its obligations under Section 3 and has set forth the following policies which are applicable to developers, contractors, subcontractors, and others engaged in projects funded through the County with HUD/HCD funds (meeting the respective established threshold of \$200,000 in financial assistance) sourced from the U.S. Department of Housing and Urban Development. These policies are discussed throughout the remainder of this implementation plan.

4.0 The County's Section 3 Policies

The Section 3 policies require that new employment opportunities be extended to low and very low-income residents of the area where the project is being implemented. In essence, Section 3 eligible residents are to be extended preference in new hiring situations which result from CDBG assistance.

These policies also require that designated Section 3 business concerns be extended preference in contracting, sub-contracting, purchasing, and servicing activities. All bids submitted for CDBG funded projects that meet Section 3 thresholds will be required to also contain the contractor's Section 3 Assurances including the Statement of Workforce Needs and Contractor/Subcontractor Breakdown. Review of these documents will be part of the overall bid review process.

In implementation of these policies, the County has tasked the County Administration Center with the overall responsibility for implementation and monitoring of the Section 3 policies for CDBG, CDBG DR and CV 2&3 projects.

5.0 What Projects Must Follow the County's Section 3 Policies?

The County's Section 3 Policies are applicable to all Community Development Block construction projects including but not limited to CDBG, CDBG-DR, CDBG-MIT, HUD/ HCD, meeting the Section 3 threshold related to:

- Public Improvements (Infrastructure)
- Public Facilities

It is important to emphasize that the infusion of any HUD/HCD dollars through the County into a project at any point in a project and at any level exceeding the federal thresholds triggers the full applicability of the Section 3 Policies to the entire project. It is the policy of the County that full and complete Section 3 obligations apply to all projects and situations as indicated below:

1. All construction projects for which the amount of the County's (HUD sourced) assistance exceeds \$200,000.

2. All Contractors/Subcontractors on projects who have met the threshold above.

Additionally, all contracts will include required Section 3 Contract Language provided as Attachment A.

6.0 Meeting Section 3 Benchmarks

HUD has established benchmarks for Section 3 workers or Targeted Section 3 workers as follows:

1. Twenty-five percent (25%) or more of the total number of labor hours worked by all workers on the project are performed by Section 3 Workers.
2. Five percent (5%) or more of the total number of labor hours worked by all workers on the project are performed by Targeted Section 3 Workers.

7.0 Roles and Responsibilities

To achieve its stated goals, the County works in a coordinated fashion with HCD and with its contractors and vendors, and in partnership with key organizations. The following responsibilities have been designated to respective parties.

1. **Section 3 Coordination:** The County Administration Center serves as the lead for the implementation of all components of CDBG, CDBG DR and CV 2&3 of the Section 3 Plan, as outlined in the sections below. Among other responsibilities, the Center plans and conducts outreach events, recruits' businesses and individuals to participate in Section 3 contracting opportunities, tracks and reports Section 3 requirements and goals, and ensures effective coordination amongst county agencies, contractors and vendors, and partner organizations. The Center is responsible for all reporting to HCD. These tasks may be fulfilled by one or more staff including consultant grant administrators or other consultants.
2. **Contractors and Vendors:** The County utilizes their contractors and vendors to support their efforts, including the organization and facilitation of outreach and engagement to residents and businesses, completing project and program design to maximize Section 3 contracting opportunities, and ensuring compliance with applicable regulatory requirements.

8.0 Outreach and Training

In addition to the County's firm commitment to meeting the benchmarks in Section 6.0 of this document, the County also recognizes the need for broad outreach, education, and training relative to Section 3. The County will use the below approach for engaging Section 3 businesses.

A. Standard Outreach and Coordination

- Establish and maintain a directory of service organization, job referral agencies, and manpower training programs operating within, or servicing, project area residents.
- Development and Distribution of Section 3 informational and educational materials.

- Require contractors to submit prior to the award of a contract a signed assurance that it will comply with Section 3 regulations and requirements, Attachment D.
- Require contractors to provide, prior to the signing of a contract, a statement of work force needs, including trainee positions, Attachment F.
- Require contractors to post available positions at local housing authority office, complexes, and boards. A current list of locations is attached as Attachment J.
- Require contractors to maintain the names and addresses of each low-income resident worker referred for filling vacancies and actions taken with respect to each referral and, if the worker was not employed, the reasons, therefore.
- Ensure contractor makes continuing personal recruitment efforts directed to service organizations and to schools with lower-income resident training programs.
- Ensure contractors notify community-based organizations of available employment opportunities and shall maintain records of response from such organizations.

B. Workforce Training

The contractor will be required to estimate the number of new employment training positions that will be created as well as an estimate of how many of the positions are projected to be filled by local low-income area residents, with the expectation that they will attempt to meet the benchmarks outlined in Section 6.0.

The County will require that contractors, to the greatest extent feasible, employ or fill training positions with lower-income project area residents; contractors will, at a minimum, provide evidence of the following:

- Attempts to recruit from the project area through local advertising media, community organizations, public and private agencies operating within or serving the project area, such as the State Employment Department and the Workforce Investment Board.
- Maintain a list of all lower-income area residents who have applied either on their own or on referral from any source, and that he has employed such persons if otherwise qualified and if an opening exists.

9.0 Section 3 Hiring Prioritization

The County's Section 3 Hiring Prioritization is an essential component of any Section 3 Utilization Plan submitted to the County for approval by developers and contractors. The County recognizes the importance of making sure that low and very low-income residents benefit from any and all County (HUD funded) projects built in their communities. Developers and contractors are likewise expected by the County to demonstrate in their Section 3 Utilization Plans and through their subsequent implementation actions that Section 3 eligible residents are included in the hiring goals and are indeed beneficiaries of the plan's hiring policies and practices. The following low and very low-income resident hiring goals apply to all

projects (submitted by developers and/or contractors) for which Section 3 guidelines are applicable:

Highest Priority: Low and very low-income residents residing in the service area or the neighborhood where a project is located;

Second Priority: Participants in YouthBuild programs;

Third Priority: Other low- very low-income residents throughout the County.

10.0 Certification of Section 3 Workers

The County Administration Center will certify very low and low-income persons as “Section 3 eligible.” The Section 3 Coordinator is the staff person who is tasked with this responsibility and is responsible for maintaining a current and accurate list of Section 3 eligible residents and making referrals of certified Section 3 eligible residents job opportunities on all CDBG funded projects.

Individuals applying for Section 3 Worker certification can obtain a Section 3 Worker Certification Form (Attachment B) from the Section 3 coordinator.

1. Each applicant must submit the following documentation with their application:
 - a. A completed Section 3 Worker Certification Form
 - b. Verification of residency
2. Upon receipt of the completed application, the Section 3 Coordinator will review the application.
3. Upon completion of the review, if the applicant has turned in all supporting documentation and has met the required criteria, they will be recommended for certification by the Section 3 Coordinator.
4. Once an individual is certified under Section 3, they are added to the official County Section 3 registry. All Section 3 certified residents must apply for re-certification every three (3) years.

As a Section 3 Worker, individuals will receive the following benefits:

- A list of all the Section 3 certified Workers will be forwarded to developers, contractors, and subcontractors on active Section 3 projects.
- Section 3 Workers will also be provided with a list of developers, subcontractors, and contractors along with their contact information.
- Section 3 Workers will also be given information on how to find available apprenticeship programs through the California Apprenticeship Council at www.dir.ca.gov/databases/das/aigstart.asp.

11.0 Certification of Section 3 Business Concerns

The County Administration Center will certify business concerns as Section 3 eligible. The County will encourage all certified businesses to register with the HUD Section 3 Business Registry (<http://www.hud.gov/section3>) and make available listings of such concerns to any

developer, contractor, or subcontractor interested in work pertaining to HUD funded projects.

Businesses applying for Section 3 Business Concern certification can obtain a Business Certification Form (Attachment C) from the Section 3 Coordinator or via email

1. Each applicant must attach the following documentation to their application:
 - a. A completed Certification for Businesses Seeking Preference Form
 - b. A copy of the necessary source documentation based on the method of certification
 - c. Verification of residency and business location
2. Upon receipt of the completed application, the County Administration Center will review the application for completeness and eligibility.
3. Upon completion of the review, if the applicant has turned in all supporting documentation and has met the required criteria, they will be recommended for certification.
4. Once a business concern is certified under Section 3, they are added to the official County Section 3 registry. All Section 3 certified business concerns must apply for re-certification every three (3) years.

All Section 3 Business Concerns shall be licensed with the State and have experience in the service to be provided to the County.

12.0 Section 3 Procedures for All Contractors/Sub-contractors on HUD Funded Projects

The County fully embraces the spirit and intent of its Section 3 obligations, and it is important for any Contractor/Sub-contractor who is interested in work related to HUD funded projects for County to clearly understand that Section 3 obligations and requirements accompany any commitment of County funding meeting or exceeding the federal threshold. It is important to advise all Contractors/Sub-contractors that the infusion of any HUD sourced dollars through the County into a project at any point in a project and at any level exceeding the federal thresholds triggers the full applicability of the County's Section 3 Policies to the entire project.

What are Contractors Required to Do to meet Section 3 Obligations?

1. Submit the completed forms along with all required bid/proposal requirements:
 - Section 3 Statement of Assurances (Attachment D)
 - Contracts/Subcontracts Breakdown Report (Attachment E)
2. Workforce Needs/Status Report (Attachment F) prior to contract execution.
3. Submit a Section 3 Affirmative Action Plan (Attachment H) prior to contract execution.
4. Maintain the names and addresses of all lower-income area residents who have applied either on their own or on referral from any source, documenting status of application and, if the worker was not employed, the reasons, therefore.
5. Attempt to recruit from the project area through local advertising

media, community-based organizations, and public/private agencies operating within or serving the project area, such as the State Employment Department and other workforce programs. Maintain records of response from such organizations.

6. Submit a Section 3 Business Utilization Report (Attachment G) and a Workforce Needs/Status Report (Attachment F) with each application for payment.
7. Sub-contractors, regardless of contract amount, are required to submit their completed Section 3 documents to the contractor, who in turn will submit the entire package.
8. Contractors are subject to a compliance review by the County and/or HUD/HCD. Contractors are required to maintain records in a manner where they will be readily available to County and/or HUD/HCD staff.

Document	Provided with Bid Documents	Provided by Contract Signing	Provided with Pay Applications	Provided at Completion
Attachment B: Section 3 Worker Certification				X
Attachment C: Section 3 Business Certification				X
Documentation of Section 3 Recruitment		X		
Attachment D: Section 3 Assurances	X			
Attachment E: Contract/Subcontract Breakdown Report	X			
Attachment F: Workforce Needs/Status Report		X	X	X
Attachment G: Section 3 Business Utilization Report			X	
Attachment H: Section 3 Affirmative Action Plan		X		

13.0 Documenting Section 3 Efforts

Monthly Reports

The County shall require monthly reports from all developers, contractors, and sub-contractors on Section 3 projects (See Attachment G for report form). Report forms shall be included with each monthly application for payment. These reports shall be submitted along with all other payment application documents to the Principal Administrative Analyst.

Data Analysis

The County Administration Center is responsible for gathering all Section 3 Workforce Needs Status Reports, Attachment F, from the contractors. The County evaluates the initial Section 3 Workforce Needs Report for baseline data compared to Section 3 recruitment efforts made by the contractor, which are associated with the data. The interim reports are analyzed against the initial or prior interim report, to assess the contractor's employment, training or contracting needs and to evaluate their Section 3 compliance status.

During CDBG funded project construction, the County will utilize the weekly Davis Bacon certified payrolls and, when applicable, the County list of all certified and targeted Section 3 workers to calculate the total labor hours on the project and the labor hours performed by Section 3 workers and Targeted Section 3 workers.

The data from the status reports will be collected and combined into an overall report submitted to HCD quarterly via the eCivis grants management system or as requested by HCD.

Quarterly Reports

The County Administration Center is responsible for gathering and analyzing all data on covered projects and drafting the Section 3 Benchmarks Report. The drafted report is reviewed and approved by the Principal Administrative Analyst and forwarded to HCD per the grant administration requirements.

The County will receive and maintain records to document compliance with the Section 3 Program objectives. Records will include specific information and documentation to demonstrate whether the numerical goals were met and that the recipient and contractors/subcontractors carried out their responsibilities.

14.0 Enforcement

Complaints and Compliance Reviews

The County Administration Center is responsible for handling and addressing all Section 3 complaints for all HUD/HCD assisted contracts. The following individuals and business concerns, personally or through an authorized representative, may file a complaint alleging noncompliance with Section 3:

- Any Section 3 Worker on behalf of himself or herself, or as a representative of people similarly situated, seeking employment, training or other economic opportunities generated from the expenditure of Section 3 covered assistance with a recipient or contractor, or by a representative who is not a Section 3

Worker but who represents one or more Section 3 Workers;

- Any Section 3 business concern on behalf of itself, or as a representative of other Section 3 business concerns similarly situated, seeking contract opportunities generated from the expenditure of Section 3 covered assistance from a recipient or contractor, or by an individual representative of Section 3 business concerns.

A complaint must be received no later than 180 days from the date of the action or omission upon which the complaint is based.

Where a complaint alleges noncompliance with Section 3 that is continuing, as manifested in several incidents of noncompliance, the complaint will be timely if filed within 180 days of the last alleged occurrence of noncompliance.

Where a complaint contains incomplete information, the Principal Administrative Analyst shall request the needed information from the complainant. In the event this information is not furnished within sixty (60) days of the date of the request, the complaint may be closed.

Each complaint must be in writing, signed by the complainant, and include:

- The complainant's name and address.
- The name and address of the respondent.
- A description of the acts or omissions by the respondent that is sufficient to inform the County of the nature and date of the alleged noncompliance.

Complaints may be reasonably and fairly amended at any time. Such amendments may include, but are not limited to, amendments to cure, technical defects, or omissions, including failure to sign or affirm a complaint, to clarify or amplify the allegations in a complaint, or to join additional or substitute respondents. Except for the purposes of notifying respondents, amended complaints will be considered as having been made as of the original filing date.

Resolution of Complaint

1. Within fifteen (15) days of timely filing of a complaint that contains complete information, the County shall determine whether the complainant alleges an action or omission by a recipient or the recipient's contractor that if proven qualifies as noncompliance with Section 3. If a determination is made that there is an allegation of noncompliance, the complaint shall be sent to the alleged party for resolution.
2. If the alleged party believes that the complaint lacks merit, the alleged party must notify the Principal Administrative Analyst in writing of this recommendation with supporting reasons, within 30 days of the date of receipt of the complaint. The determination that a complaint lacks merit is reserved to the County responsible for implementing the project.
3. If there is merit to the complaint, the alleged party will have sixty (60) days from the date of receipt of the complaint to resolve the matter. At the expiration of the 60-day period, the Principal Administrative Analyst shall meet with the alleged party and the complainant to ensure resolution of the complaint has been reached. If resolution has been reached, the

notification must be signed by both the entity and the complainant and must summarize the terms of the resolution reached between the two parties.

4. Any request for an extension of the 60-day period must be submitted in writing to the County and must include a statement explaining the need for the extension.
5. Complaints will be forwarded to HCD when appropriate.

15.0 Record Maintenance and Documentation

All projects which are subject to Section 3 guidelines are required to maintain comprehensive documentation of their Section 3 outreach efforts and implementation activities. There should be clearly maintained Section 3 documentation files available to be produced to and reviewed by HCD and/or HUD officials.

The County's Section 3 Certified Worker and Business Concern registry shall be maintained at the County Administration Center.

The Section 3 Contract Clause specifies the requirements for contractors hired for Section 3 covered projects. The Section 3 Clause must be included in all Section 3 covered contracts. The Section 3 Contract Clause is included in Attachment A.

Attachment A - Required Section 3 Contract Language

This section is applicable to all Contracts and Subcontracts

This agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1801 u) as amended. Section 3 requires that every applicant, recipient, contracting party, Contractor, and Subcontractor shall incorporate, or cause to be incorporated, in all Contracts for work in connection with a Section 3 Project, the following clause (referred to as a Section 3 clause):

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, 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.

The parties to this contract agree to comply with HUD's regulations in 24 CFR part 75, which implement Section 3. As evidence 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 part 75 regulations.

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.

The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract 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.

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.

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.

Section 3 Benchmarks:

- a) Twenty-five percent (25%) of all labor hours worked by all workers on a Section 3 Project are performed by Section 3 Workers;
- b) Five percent (5%) of all labor hours worked by all workers on a Section 3 Project are performed by Targeted Section 3 Workers;

Obtaining a list of Section 3 Contractors:

- HUD Section 3 Business Registry
<https://portalapps.hud.gov/Sec3BusReg/BRegistry/SearchBusiness>
- Contact the project Section 3 Administrator

Obtaining a list of Section 3 Workers

- Contact the project Section 3 Administrator

Each reported Section 3 Business, Worker or Targeted Worker will be required to submit a Self- Certification form upon contract execution and prior to any payment being made to the contractor.

Section 3 Worker and Targeted Worker Certification Form

A Section 3 Worker 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 Worker, as defined in 24 CFR Section 75.5.

I _____, (Print Name) meet the following qualifications as a Section 3 Worker:

- ☐ I am employed by a Section 3 Business
- ☐ I am a YouthBuild participant
- ☐ My total annualized income does not exceed the income guidelines by family size as published below
- I am a resident of the County of Mendocino, California

To determine eligibility based on annualized income:

- 1) Determine the number of person(s) in your family and circle that number in the appropriate box below.
- 2) Look at the amount of money listed in the block that is circled. Is the total family income above or below that amount of money?
- 3) Place a check after either "Above" or "Below" to match the appropriate answer in Question 2.

HOUSEHOLD INCOME GUIDELINES- Mendocino County

1	2	3	4	5	6	7	8
Person	Persons	Persons	Persons	Persons	Persons	Persons	Persons
\$55,900	\$63,900	\$71,900	\$79,850	\$86,250	\$92,650	\$99,050	\$105,450
Above ()	Above ()	Above ()	Above ()	Above ()	Above ()	Above ()	Above ()
Below ()	Below ()	Below ()	Below ()	Below ()	Below ()	Below ()	Below ()

Name: _____ Telephone: _____

Address: _____ (will be verified)

I hereby certify that the information provided by me to be true and correct and understand any falsification of any of the information could subject me to disqualification from participation and punishment under the law.

Signature

Date

Print Name

*Completed forms and documentation should be sent to andersond@mendocinocounty.gov

INTENT TO COMPLY WITH SECTION 3 REQUIREMENTS

(To be provided with procurement documents and returned with all submitted bids)

Section 3 of the Housing and Urban Development Act of 1968 [12 U.S.C. 1701u and 24 CFR Part 75] is HUD's legislative directive for providing preference to low-income residents of the local community (regardless of race or gender), and the businesses that substantially employ these persons, for new employment, training and contracting opportunities resulting from HUD-funded projects. The regulations seek to ensure that low- and very low- income persons, and the businesses that employ these individuals, are notified about the expenditure of HUD funds in their community and encouraged to seek opportunities, if created.

A Section 3 Worker means:

- A public housing resident or someone with a household income that is less than 80% of the area median income.
- An employee of a Section 3 Business
- A YouthBuild participant

A Section 3 business means a business that is meeting at least one of the following criteria, documented within the last six-month period:

- 51% owned and controlled by low- or very low-income persons;
- Over 75% of the labor hours performed for the business over the prior three-month period are performed by Section 3 Workers;
- 51% owned and controlled by current public housing resident or residents .

Note: If your business meets the definition of a Section 3 business, you must register as a Section 3 Business through HUD's website here: <https://portalapps.hud.gov/Sec3BusReg/BRegistry/RegisterBusiness>

Businesses who self-certify that they meet one of the regulatory definitions of a Section 3 business will be included in a searchable online database. The database can be used by agencies that receive HUD funds, developers, contractors, and others to facilitate the award of covered construction and non-construction contracts to Section 3 businesses.

Please complete the following:

1. If awarded a contract, do you agree to insert the HUD Section 3 Clause into all Section 3 covered sub-contracts? Yes ☐ No ☐
2. If awarded a contract for this project, do you anticipate hiring new employees to complete the project?
(Hiring would be specific to this project)
Yes ☐ No ☐
If yes, please estimate the number of employees to be hired: _____
3. Is your business a Section 3 Business? Yes ☐ No ☐
4. Is the bidder willing to consider hiring Section 3 residents for future employment opportunities that are a direct result of this project?
Yes ☐ No ☐
5. Is the bidder willing to consider subcontracting with Section 3 Businesses for this project?
Yes ☐ No ☐

I understand that this contracting opportunity is subject to HUD Section 3 requirements (24 CFR Part 75). I have read and understand the Section 3 requirements as generally described above and presented in the Section 3 contract language included in the procurement documents for this project. If awarded a contract, the business commits to following Section 3 requirements, as they apply to this project. If awarded a contract for this project, the business agrees to provide report on Section 3 efforts and accomplishments.

Name of Contractor/Subcontractor

Address

Print Name

Title

Signature

Date

ATTACHMENT E – SECTION 3 CONTRACTS/SUBCONTRACTS BREAKDOWN

Type of Contract (Business or Professional)	Total Number	Total Approximate Dollar Amount	Estimated No of Contracts to Section 3 Businesses	Estimated Dollar Amount to Section 3 Businesses

NOTE: This document is to be submitted by the contractor with bid documents.

Company

Project

Person Completing the Form

SECTION 3 PROJECT WORK FORCE BREAKDOWN

Job Category	Total Positions Needed for Project	No. Positions Occupied by Permanent Employees	Number of Positions not Occupied	Number of Positions filled with Section 3 residents
Supervisor				
Professional				
Technical				
Office/Cleric.				
Others				
TRADE:				
Journeyman				
Apprentices				
Trainees				
Others				
TRADE:				
Journeyman				
Apprentices				
Trainees				
Others				

Section 3 Resident:

Individual residing within the Section 3 Area whose family income does not exceed 80% of the median income in the Metropolitan Statistical Area or the county if not within a MSA in which the Section 3-covered project is located. See attached income schedule.

Company

Project

Project Number

NOTE: This document must be submitted with bid documents.

Person Completing Form: _____

Authorized Signature _____ Date: _____

SECTION 3 BUSINESS UTILIZATION REPORT

Project No. _____ Total Dollar Amount of Contract _____ Federal ID No. _____
Name of Prime Contractor _____ DUSN NO: _____
Address _____

Name of Subcontractor	Sec3*	Address/Telephone	Trade/ Service or Supply	Contract Amount	Award Date	Competitive or Negotiated Bid	Federal Identification No.

*Check if Section 3

Total Dollar Amount Awarded to
Section 3 Businesses \$ _____

Company

Project

Project Number

NOTE: This report must be completed and submitted by
the Contractor (monthly) with each payment request.

Date

Person Completing Form

SECTION 3 AFFIRMATIVE ACTION PLAN

[FORM MUST BE COMPLETED AND SUBMITTED PRIOR TO CONTRACT EXECUTION]

In accordance with the Housing and Urban Development Act of 1968, as amended, and the regulations pursuant to that Act.

(Contractor Name)

Agrees to comply with Section 3 of that Act by assuring that to the greatest extent feasible:

1. Training and employment opportunities will be given to lower income residents of the project; and
2. Contracts in connection with the project will be awarded to business concerns which are located in or owned in substantial part by persons residing in the area of the project.

_____(Contractor) will initiate the following actions to ensure utilization of lower income project residents as employees or trainees and to incorporate project area small businesses as subcontractors and suppliers.

1. The Contractor will establish and maintain a directory of service organization, job referral agencies and manpower training programs operating within, or servicing, project area residents.
2. The Contractor will submit prior to the award of a contract, a signed assurance that it will comply with Section 3 regulations and requirements.
3. The Contractor will provide, prior to the signing of a contract, a statement of work force needs, including trainee positions.
4. The Contractor will notify community-based organizations of available employment opportunities and shall maintain records of response from such organizations.
5. The Contractor will make continuing personal recruitment efforts directed to such service organizations and to schools with lower income resident training programs with which he is familiar.
6. The Contractor will maintain a file of the names and addresses of each low-income resident worker referred to him and that action was taken with respect to each such referred worker and if the worker was not employed, the reasons therefore (attached).
7. The Contractor will include the Section 3 clause in every subcontract for work in connection with HUD-assisted projects (attached).

8. For each subcontract, the Prime Contractor will submit, prior to contract award, the Section 3 Affirmative Action Plans of its subcontractors.
9. The Contractor will not attempt to circumvent Section 3 provisions.
10. The Contractor will, to the greatest extent feasible, attempt to employ or fill training positions with lower income project area residents; it will, as a minimum, provide evidence of the following:
 - a. Attempts to recruit from the project area through local advertising media, community organizations, public and private agencies operating within or serving the project area, such as the State Employment Department, and the MPIC.
 - b. Maintain a list of all lower income area residents who have applied either on their own or on referral from any source, and that he has employed such persons if otherwise qualified and if an opening exists.
11. The Contractor will, to the greatest extent feasible, attempt to incorporate project area businesses as subcontractors and suppliers.
12. The Contractor will provide the Section 3 workforce and business utilization reports required under this contract.

_____ (Contractor) fully realizes failure or refusal to comply and give satisfactory assurances of future compliance with the requirements of this Affirmative Action Plan shall be proper basis for any and all of the following actions: cancellation, termination or suspension in whole or in part of the contract; a determination of ineligibility or debarment from any further contracts under any Federal program with respect to which the failure or future occurred until satisfactory assurances of future compliance have been received.

Authorized Signature _____ Date: _____

ATTACHMENT I: Section 3 Definitions

Applicant means any entity which makes an application for Section 3 covered assistance, and includes, but is not limited to, any State, unit of local government, public housing County, Indian housing authority, Indian tribe, or other public body, public or private nonprofit organization, private County or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization (CHDO), resident management corporation, resident council, or cooperative association.

Business concern means a business entity formed in accordance with State law, and which is licensed under State, county or municipal law engaging in the type of business activity for which it was formed.

See definition of "Section 3 business concern" in this section.

Contract. See definition of "Section 3 covered contract" in this section.

Contractor means 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.

Core Employee. Core employees are defined as all employees on an individual company's payroll on or before the effective date of signing the Section 3 covered contract.

Department or **HUD** means the Department of Housing and Urban Development, including its Field Offices to which authority has been delegated to perform functions under this part.

Employment opportunities generated by Section 3 covered housing and community development assistance. This term means all employment opportunities arising in connection with Section 3 covered projects (as described in 75.3(a)(2), including management and administrative jobs connected with the Section 3 covered project. Management and administrative jobs include architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write- ups; and jobs directly related to administrative support of these activities, e.g., construction manager, relocation specialists, payroll clerk, etc.

Housing and community development assistance means any financial assistance provided or otherwise made available through a HUD housing or community development program through any grant, loan, loan guarantee, cooperative agreement, or contract, and includes community development funds in the form of community development block grants, and loans guaranteed under Section 108 of the Housing and Community Development Act of 1974, as amended. Housing and community development assistance does not include financial assistance provided through a contract of insurance or guaranty.

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

Low-income person. See the definition of "Section 3 Worker" in this section.

Neighborhood area means:

(1) For HUD housing programs, a geographical location within the jurisdiction of a unit of general local government (but not the entire jurisdiction) designated in ordinances, or other local documents as a neighborhood, village, or similar geographical designation.

(2) For HUD community development programs, see the definition, if provided, in the regulations for the applicable community development program, or the definition for this term in 24 CFR 570.204(c)(1). New hires mean full-time employees for permanent, temporary or seasonal employment opportunities.

New Employee. Any employee that an individual company hires after the effective date of signing the Section 3 contract with the County California is considered a new employee.

Other HUD programs means HUD programs, other than HUD public and Indian housing programs, that provide housing and community development assistance for "Section 3 covered projects", as defined in this section.

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

Recipient means any entity which receives Section 3 covered assistance directly from HUD or from another recipient and includes, but is not limited to, any State, unit of local government, PHA, IHA, Indian Tribe, or other public body, public or private nonprofit organization, private County 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.

Secretary means the Secretary of Housing Urban Development (HUD).

Section 3 means Section 3 of the Housing Urban Development Act of 1968, as amended (12 U.S.C. 1701u).

Section 3 Business means:

- (1) A business concern meeting at least one of the following criteria, documented within the last six-month period:
 - (i) It is at least 51 percent owned and controlled by low- or very low-income persons;
 - (ii) Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
 - (iii) It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.
- (2) The status of a Section 3 business concern shall not be negatively affected by a prior arrest or conviction of its owner(s) or employees.
- (3) Nothing in this part shall be construed to require the contracting or subcontracting of a Section 3 business concern. Section 3 business concerns are not exempt from meeting the specifications of the contract.

Section 3 covered contract means a contract or subcontract awarded by a recipient or contractor for work generated by the expenditure of HUD assistance, or for work arising in connection with a HUD assisted housing or community development construction project. "Section 3 covered contracts" do not include contracts awarded under HUD's procurement program, which are governed by the Federal Acquisition Regulation System (see 48 CFR, Chapter 1). "Section 3 covered contracts" also do not include contracts for the purchase of supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a Section 3 covered contract. For example, a contract for the purchase and installation of a furnace would be a Section 3 covered contract because the contract is for work (i.e., the installation of a furnace) and thus is covered by Section 3.

Section 3 Project means the construction, reconstruction, conversion, or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), and other public construction which includes buildings or improvements (regardless of ownership) assisted with HUD housing or community development assistance when the total project exceeds \$200,000. The requirements of Section 3 apply to an entire Section 3 project, regardless of whether the project is fully or partially assisted under HUD programs that provide housing and community development financial assistance.

Section 3 Worker means:

- (1) Any worker who currently fits or when hired within the past five years fit at least one of the following categories, as documented:
 - (i) The worker's income for the previous or annualized calendar year is below 80% of the median income for the area.
 - (ii) The worker is employed by a Section 3 business concern.
 - (iii) The worker is a YouthBuild participant.
- (2) The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction.
- (3) Nothing in this part shall be construed to require the employment of someone who meets this definition of a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of the position to be filled.

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

Targeted Section 3 Worker means:

Targeted Section 3 worker. A Targeted Section 3 worker for housing and community development financial assistance means a Section 3 worker who is:

- (1) A worker employed by a Section 3 business concern; or
- (2) A worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years:
 - (i) Living within the service area or the neighborhood of the project, as defined in § 75.5; or
 - (ii) A YouthBuild participant.

Union Resident. Any Union member who meets the Section 3 eligibility guidelines may count towards the Section 3 labor hour benchmarks.

EMPLOYMENT OPPORTUNITY POSTING REQUIREMENTS

BUILD Program
North Coast Opportunities
413 North State Street
Ukiah CA 95482
Dereck Fiedler 707-998-8642
BUILD@ncoinc.org

Career Point Mendocino
2550 N. State Street
Ukiah, CA 95482
Rica Gallegos 707-998-8993
ricagalllegos@careerteam.com

California Human Development Corporation
Mendocino County Ukiah Office
631 South Orchard Avenue Suite 239
Ukiah CA 95482
Norma Garcia 509-899-9929