

ECONOMIC OPPORTUNITIES for LOW- and VERY LOW-INCOME PERSONS

(Section 3 of the Housing and Urban Development Act of 1968)

Employment. Under the section 3 program, HUD requires PHAs and their contractors and subcontractors to use their best efforts to give low- and very low-income persons the training and employment opportunities generated by public housing development, operating subsidies, and modernization assistance. For other programs that provide housing and community development (CD) assistance, HUD is required to ensure that, to the greatest extent feasible, opportunities for training and employment arising in connection with housing rehabilitation, housing construction, or other public construction are given to such persons in the metropolitan area or nonmetropolitan county. For both categories, the law establishes priorities among eligible persons.

Contracting. Section 3 also requires PHAs and their contractors and subcontractors to make their best efforts to award contracts to businesses that provide economic opportunities for low- and very low-income persons. In providing housing and CD assistance under other programs, HUD is required to ensure that contracts awarded for work in connection with housing rehabilitation, housing construction, or other public construction are given to businesses that provide economic opportunities for such persons in the metropolitan area or nonmetropolitan county. For both categories, the law establishes priorities among eligible families.

The objectives of Section 3 are: (1) to use HUD program funds to provide a springboard for residents to become economically empowered through direct participation in construction and other activities designed to physically improve and revitalize their neighborhoods, and (2) to anchor Departmental efforts to strengthen communities, promote individual responsibility and reduce dependency on Federal assistance such as welfare and housing subsidies.

Legal Authority: Section 3 of the HUD Act of 1968; 24 CFR Part 135.

**CERTIFICATION FOR BUSINESS CONCERNS SEEKING SECTION 3 BUSINESS 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 ___ Other evidence ___ Copy of evidence of participation in a public assistance program

For the business entity as applicable:

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

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

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

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

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

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

- | | |
|---|--|
| <input type="checkbox"/> Current financial statement | <input type="checkbox"/> List of owned equipment |
| <input type="checkbox"/> Statement of ability to comply | <input type="checkbox"/> List of all contracts for the past 2 years with public policy |

Corporate Seal

Notary Seal

Authorizing Name and Signature

Notary Name and Signature

Title

My term expires: _____
Residing at: _____

Section 3 Business Preference Clause
(Attachment H)

This contract is subject to the following conditions under Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3).

- 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 the 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 the 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 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 (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 Enterprise. 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 no in derogation of compliance with Section 7(b).