# Section 3 Policies and Procedures for Recipients of HUD, HOME, or HTF Program Funds

*Jackson County Housing Authority*

*PO Box 1209*
*Murphysboro, IL 62966*
*Telephone: 618.684.3183*

Effective for projects receiving a commitment of HOME and/or HTF funds on or after June 23, 2021

The Jackson County Housing Authority (JCHA) must comply with Section 3 of the Housing and Urban Development Act of 1968, as amended (Section 3). Section 3 requires that economic opportunities that are generated by the use of Federal funds be made available to low- and very low-income persons, particularly those who receive Federal financial assistance for housing and those residing in communities where the financial assistance is expended. Section 3 establishes benchmark goals for (a) 25% of total labor hours worked by Section 3 workers, and (b) 5%of total labor hours worked by

**Targeted Section 3 Workers**

These procedures summarize the Section 3 requirements and describe how JCHA implements them. They outline what JCHA and its housing partners must do to comply with Section 3 and identify the record-keeping and reporting requirements that funded entities must conduct.

The Section 3 implementing regulations (at 24 CFR part 75) can be found at, Electronic Code of Federal Regulations (eCFR).

Section 3 applies to Section 3 projects as follows (24 CFR 75.3(a)(2)(i)]:

Section 3 projects mean housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of $200,000. The threshold is $100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970 (12 U.S. C. 1701z- 1 or 1701z-2), the Lead-Based Paint Poisoning Prevention Act (42 U.S.C 4801 et seq.); and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 et seq.). The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.

Whether the project is fully or partially assisted, Section 3 applies to the entire project [24 CFR 75.3(a)(2)(iii)].

Section 3 requirements do not apply to material supply contracts (24 CFR 7 5.3(b)].

**Section 3 Employment and Training**

Recipient is defined as the entity receiving a commitment in excess of a threshold of $200,000.

To comply with Section 3 regulations, the Recipient must, to the greatest extent feasible, ensure employment and training opportunities arising in connection with the Section 3 project is provided to Section 3 workers within the metropolitan area (or nonmetropolitan county) in which the project is located (24 CFR 75.19(a)(1)].

Where feasible, priority for opportunities and training should be given to (24 CFR 7 5.19(a)(2)(i-ii)]:

- Section 3 workers residing within the service area or the neighborhood of the project, and
- Participants in Youth Build programs.

**Section 3 Contracting**

To comply with Section 3 regulations, the Recipient must, to the greatest extent feasible, ensure contracts for work awarded in connection with Section 3 projects are provided to business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which the project is located [24 CFR 75.19(b)(1)].

Where feasible, priority for contracting opportunities should be given to [24 CFR 75.19(b)(2)(i-ii)]:

- Section 3 business concerns that provide economic opportunities to Section 3 workers reside within the service area or the neighborhood of the project, and
- Youth Build programs.

**Section 3 Reporting requirements**

To comply with Section 3 regulations, the Recipient must report [24 CFR 75.25(a)]:

- The total number of labor hours worked;
- The total number of labor hours worked by Section 3 workers; and
- The total number of labor hours worked by Targeted Section 3 workers.

The labor hours reported must include the total number of labor hours worked on a Section 3 project, including labor hours worked by any subrecipients, contractors and subcontractors [24CFR 75.25(a)(3)].

In order to meet Section 3 reporting requirements, Recipients may report labor hours by Section 3 workers and Targeted Section 3 workers from professional services without including labor hours from professional services in the total number of labor hours worked for the project [24 CFR 75.25(a)(4)].

**Additional Reporting if Section 3 Benchmarks are not met [24CFR 75.25(b))**

If the Recipient's reporting indicates the Section 3 benchmarks have not been met, the Recipient must report on the nature of activities pursued in the absence of not meeting Section 3 benchmarks (see Form 3.28c).

**Section 3 Contract Provisions**

Recipients must include language applying Section 3 requirements in any subrecipient agreement or contract for a Section 3 project [24 CFR 75.27(a)] (see Form 3.28a).

**Section 3 business concern means (24CFR 75.5)**:

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 worker means (24 CFR 75.5)**:

1. Any worker who currently fits or when hired within the past five years {time period only goes back to the 24 CFR 75 effective date of 11-30-2020) fit at least one of the following categories, as documented:
   (i) The worker's income for the previous or annualized calendar year is below the income limit established by HUD.
   (ii) The worker is employed by a Section 3 business concern.
   (iii) The worker is a Youth Build participant.

The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction.

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.

**Targeted Section 3workermeans [24CFR 75.21(a)]**:

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 five years (time period only goes back to the 24 CFR 75 effective date of 11-30-2020) 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 Youth Build participant.

**Exhibits to Section 3 Policies and Procedures**

| Form | Description |
|---|---|
| 3.28a | Certificate of Section 3 Compliance and Section 3 Clause |
| 3.28b | Parties Involved Form |
| 3.28c | Weekly Hours Worked Certification |
| 3.28d | Section 3 Worker Certification |
| 3.28e | Section 3 Business Certification |

# JACKSON COUNTY HOUSING AUTHORITYHOME AND HTF PROGRAMS SECTION 3 CERTIFICATION

**PURPOSE, AUTHORITY AND RESPONSIBILITY**

Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968 that promotes local economic development and individual self-sufficiency.

Section 3 requires that, to the greatest extent possible, economic opportunities that are generated by the use of Federal funds be made available to low- and very low-income persons, particularly those who receive Federal financial assistance for housing and those residing in communities where the financial assistance is expended. Section 3 established benchmark goals for (a) 25% of total labor hours worked by Section 3 workers; and (b) 5% of total labor hours worked by Targeted Section 3 workers.

_____(hereinafter called the Recipient/Contracts) hereby **CERTIFIES** that upon being awarded a contract to participate in the following HUD-funded project:

_____(the "Project) located in_____

(city or town) in _____ County, that the Recipient/Contractor:

(a) is under no contractual or other impediment that would prevent it from complying with requirements of Section 3 as set forth in 24 CFR part 75; and

(b) will comply with HUD's regulations in 24 CFR Part 75; and

(c) will submit to the Jackson County Housing Authority (JCHA) appropriate Section 3 documentation of total labor hours performed per contractor/subcontractor, certifications of Section 3 workers, and confirmation of Section 3 business concerns and Youth Build participants; and

(d) will include the Section 3 Clause and this Section 3 Certification of Compliance in every subcontract and further agrees to take the appropriate action pursuant to those regulations in the event the contractor/subcontractor is found to be in violation of 24 CFR Part 75; and

(e) will not contract/subcontract with any contractor/subcontractor where the Recipient/Contracts has notice or knowledge that the contractor/subcontractor has been found in violation of any provision of 24 CFR Part 75.

_____ _____
Authorized Representative's Signature Date

_____
Printed Name and Title

# Section 3 Clause

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), 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 receive Federal financial assistance for housing and those residing in communities where the financial assistance is expended.

B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 75, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 75 regulations.

C. 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.

D. 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.

3.28b
Recipient must complete this form and submit to JCHA.

# Parties Involved Form

Project Name _____

| **Owner Name** | |
|---|---|
| Contact Name | |
| Email Address | |
| Address | |
| City, State, Zip | |
| Phone | |

| **Developer** | |
|---|---|
| Contact Name | |
| Email Address | |
| Address | |
| City, State, Zip | |
| Phone | |

| **GC** | |
|---|---|
| Contact Name | |
| Email Address | |
| Address | |
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| Phone | |

Each Contractor, Subcontractor, Lower-tier Subcontractor must complete this form and submit to Recipient, who in turn submits to JCHA.
Note: Form must be completed for each pay period of the Project site.

# Section 3 Weekly Hours Worked

Company Name | Project Name

Company Address | City | State | Zip

Contact Name for Section 3 | Phone | Email Address

Pay Period: _____ to _____

**Section 3 established benchmark goals for (a) 25% of total labor hours worked by Section 3 workers, and (b) 5% of total labor hours worked by Targeted Section 3 workers.**

| Employee Name | Total labor hours Employee worked at Project during Pay Period | Employee is a Section 3 worker (Yes/No) | Employee is a Targeted Section 3 worker (Yes/No) |
|---|---|---|---|
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| Total for Pay Period | | | |

Signature | Date

# Definitions

**Section 3 worker means (24 CFR 75.5)**:

Any worker who currently fits or when hired within the past five years (time period only goes back to the 24 CFR 75 effective date of 11-30-2020) fit at least one of the following categories, as documented:

1. The worker's income for the previous or annualized calendar year is below the income limit established by HUD.
   a. The worker is employed by a Section 3 business concern.
   b. The worker is a Youth Build 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.

**Targeted Section 3workermeans [24CFR 75.21(a)]:**

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 five years (time period only goes back to the 24 CFR 75 effective date of 11-30-2020) fit at least one of the following categories, as documented within the past five years:

   a. Living within the service area or the neighborhood of the project, as defined in § 75.5; or
   b. A Youth Build participant.

**Section 3 business concern means (24CFR 75.5)**:

1. A business concern meeting at least one of the following criteria, documented within the last six- month period:
   a. It is at least 51 percent owned and controlled by low- or very low-income persons.
   b. Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers: or
   c. 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.

## Additional Reporting if Section 3 Benchmarks are not met [24 CFR 75.25(b}]

If the Recipient's reporting indicates the Section 3 benchmarks have not been met, the Recipient must report on the nature of activities pursued in the absence of not meeting Section 3 benchmarks. In the absence of not meeting Section 3 benchmarks, the Recipient made efforts including (check all that apply and provide documentation of effort(s)):

___ Engaged in outreach efforts to generate job applicants who are Targeted Section 3 workers.

___ Provided training or apprenticeship opportunities.

___ Provided technical assistance to help Section 3 workers compete for jobs *(i.e..,* resume assistance, coaching).

___ Provided or connected Section 3 workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.

___ Held one or more job fairs.

___ Provided or referred Section 3 workers to services supporting work readiness and retention *(i.e.,* work readiness activities, interview clothing, test fees, transportation, child care).

___ Provided assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.

___ Assisted Section 3 workers to obtain financial literacy training and/or coaching.

___ Engaged in outreach efforts to identify and secure bids from Section 3 business concerns.

___ Provided technical assistancetohelpSection3 business concerns understand and bid on contracts.

___ Divided contracts into smaller jobs to facilitate participation by Section 3 business concerns.

___ Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.

___ Promoted use of business registries designed to create opportunities for disadvantaged and small businesses.

___ Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.

___ Other, please describe:_____

By signing this document, as an authorized employee of the Recipient, I certify the above efforts are true and accurate to the best of my knowledge and belief.

Recipient Signature Date

# Section 3 Worker Certification

Employee Name _____ Project Name _____

Employee's Address _____ City _____ State _____ Zip _____

**Section 3 worker means (24 CFR 75.5)**:

1. Any worker who currently fits or when hired within the past five years (time period only goes back to the 24 CFR 75 effective date of 11-30-2020) fit at least one of the following categories, as documented:

   a. The worker's income for the previous or annualized calendar year is below the income limit established by HUD (see the following income limits).
   b. The worker is employed by a Section 3 business concern.
   c. The worker is a Youth Build 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.

By signing this document, I certify that I am a Section 3 worker because I fit into one or more category listed above.

Signature _____ Date _____

# Section 3 Business Certification

If your business meets at least one of the categories listed below, please complete this form.

Business Name

Business Address | City | State | Zip

Contact Name | Email | Phone

Section 3business concern means (24 CFR 75.5**):**

(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 residentsor 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.

By signing this document, I certify_____
is a Section 3 business concern because it fits into one or more category listed above.

Signature | Title | Date