



**CITY OF NEW ORLEANS  
OFFICE OF COMMUNITY  
DEVELOPMENT**

Section 3 of the Housing and Urban  
Development Act of 1968  
Policy and Procedures

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## **I. Section 3 Purpose**

The purpose of Section 3 of the U.S. Housing and Urban Development (HUD) Act of 1968, as amended, 12 U.S.C. 1701u, is to ensure that, to the greatest extent feasible, employment and other economic opportunities generated by HUD financial assistance for housing and community development programs are directed toward low- and very-low income persons, particularly those who are recipients of government assistance for housing. The regulations are found at 24 CFR Part 135. Section 3 requires that “good faith, documented efforts” are made to direct economic opportunities towards Section 3 residents and business concerns.

The Section 3 regulations apply to subrecipients of housing and community development assistance in excess of \$200,000 expended for the following:

1. Housing rehabilitation (including reduction and abatement of lead-based paint hazards)
2. Housing construction
3. Other public construction projects

Section 3 applies to contracts and subcontracts in excess of \$100,000 awarded in connection with the Section 3 covered activities.

The Compliance Unit is responsible for administering and enforcing Section 3 regulations on all covered contracts involving HUD financial assistance. Recipients or contractors subject to Section 3 requirements must maintain appropriate documentation to establish that HUD financial assistance for housing and community development programs were directed toward low- and very-low income persons.

## **II. Section 3 Mission Statement**

It is the mission of the City of New Orleans (herein referred to as the “City”), in agreement with Section 3 of the U.S. Housing and Urban Development (HUD) Act of 1968, to promote self-sufficiency of the at-risk residents and businesses of the City of New Orleans by ensuring that employment, training, contracting and other economic and business opportunities generated by HUD financial assistance, through the awarding of contracts that meet or exceed \$100,000, are directed towards public housing residents and other low- and very low-income persons, particularly those who are recipients of government housing assistance, and towards business concerns that provide economic opportunities to low- and very low-income persons.

## **III. Section 3 Vision Statement**

It is the vision of the City to identify the goals, objectives and actions that will be implemented by the City to ensure compliance with the requirements of Section 3 in its own operations and the operations of covered contractors, subcontractors, and sub-recipients. The City will designate a Section 3 Coordinator who will partner with other City departments, contractors, Section 3 business owners, members of the community, and local public housing and resident councils to coordinate and monitor activities to contribute to Section 3 compliance.

## **IV. Section 3 Goals**

Each contractor, subcontractor, and sub-recipient on a covered Section 3 project must acknowledge and actively seek to achieve the following Section 3 goals:

- Ten percent (10%) of the total dollar amount of all Section 3 covered contracts for building trades work for maintenance, repair, modernization or development of public or Indian housing, or building trades work arising with housing rehabilitation, housing construction, and other public construction, shall be awarded to Section 3 businesses;
- Three percent (3%) of total dollar amount of all non-construction Section 3 covered contracts shall be awarded to Section 3 businesses; and
- Thirty percent (30%) of the aggregate number of new hires and trainees needed to complete a Section 3 covered project/activity shall be Section 3 residents.

The City of New Orleans is also responsible for meeting the above stated Section 3 goals.

## **V. Section 3 Contracting Procedure**

The City will use the following methods to facilitate compliance of Section 3 by covered subrecipients, contractors, and subcontractors:

### **A. Pre-Award Phase**

- Section 3 information and requirements are included in all of its procurements (bid specifications, RFPs/RFQs, and NOFAs) for projects covered by Section 3, which by reference become a part of the City's contract with the successful bidder/respondent.
- Section 3 information is provided to all prospective bidders at pre-bid meetings.
- In a competitive bid, the two lowest bidders are required to certify that they will comply with Section 3 by submitting a signed Section 3 Project Plan (**Exhibit A**) as part of their post-bid documents submission. The plan outlines the business' workforce needs and proactive efforts to direct economic opportunities to Section 3 residents and businesses.
- Contractors submitting applications or proposals must submit a Section 3 Project Plan as part of their submission.
- In order to be considered responsive, the respondents' or two lowest bidders' project plans are reviewed by the Labor Compliance Unit and evaluated via the Section 3 Validation form (**Exhibit B**).
- Section 3 Plans must be complete and must include the required substantiating documentation in order to be approved:
  - If the bidder/respondent is not able to show a commitment to meet the subcontracting goals, documented good faith efforts must be attached.
- If the Section 3 Plan is not complete or the required documentation is not submitted, the bidder/respondent will be considered non-responsive.

### **B. Contract Award Phase**

- After the lowest responsive bidder or successful respondent has been identified, the contractor must submit the Section 3 Project Plan for each subcontractor with a projected contract amount over \$100,000.
  - It is the prime contractor's responsibility to review all subcontractors' Section 3 Project Plans before submitting them to the City.
- All required subcontractors' plans must be received by the City before the contract can begin routing for signature.

### C. Contractor Responsibility

It is the responsibility of contractors and vendors to implement progressive efforts to attain Section 3 compliance. Any contractor that does not meet the Section 3 numerical goals must demonstrate why meeting the goals was not feasible.

The Section 3 Contract Clause specifies the requirements of contractors hired for Section 3 covered projects. The Section 3 Clause (p. A 9) must be included, in its entirety, in the contract of all Section 3 covered projects.

### D. Subrecipients

All applicants for housing and community development assistance in excess of \$200,000 for housing construction, rehabilitation, or other public construction are required to certify that they will comply with the requirements of Section 3 by submitting a Section 3 Plan for Subrecipients (**Exhibit C**) with their application/proposal. If the Section 3 Plan is not complete or the required documentation is not submitted, the applicant will be considered non-responsive. Subrecipients are responsible for collecting and reviewing a Section 3 Project Plan for all prime contracts and subcontracts over \$100,000 arising from the Section 3 covered assistance.

## **VI. Section 3 Resident Certification Procedure**

There will be multiple sites throughout New Orleans for local area residents to register to become Section 3 residents. The Housing Authority of New Orleans (HANO), City of New Orleans' (CNO) Office of Community Development (OCD), and CNO's Office of Workforce Development (OWD) will certify residents as Section 3 residents and upload each resident's personal information into a shared Section 3 database. The OWD will serve as the primary location for residents to become certified as Section 3 residents who reside in the City of New Orleans. All persons living in the City of New Orleans or the surrounding Metropolitan Statistical Area (MSA) who meet the Section 3 eligibility guidelines can visit OWD to complete a job readiness assessment.

- All individuals seeking assistance through OWD will be asked to voluntarily complete a Section 3 Resident Certification form (**Exhibit D**). If the individual is certified and deemed ready for employment, he/she will be placed into the Section 3 database.
- If the individual is deemed eligible for Section 3 participation but deemed not ready for employment, a referral will be made to other agencies that are better equipped to address the individual's needs such as GED school, colleges, trade schools, etc.
- The job readiness component is a part of the City's commitment to provide economic opportunities and training to residents/eligible participants to become gainfully employed.

## **VII. Section 3 Business Concerns**

### A. Award Efforts

The City will use the following methods to notify and contract with Section 3 business concerns when contracting opportunities exist:

- Maintain a Section 3 page on the City's website to advertise contracting opportunities that will provide general information about the work to be contracted and where to obtain additional information.
- Maintain a list of certified Section 3 businesses.

- Send notices to all vendors on the City’s current DBE list, non-profit registry and other interested entities, inviting eligible businesses to submit certification forms. Businesses shall certify or submit evidence, if requested, that the business concern is a Section 3 business concern as defined in Section 135.5 of 24 CFR.

The City is bound by the Section 3 contracting goals. Ten percent (10%) of construction contracts and three percent (3%) of non-construction contracts on projects involving HUD financial assistance shall be awarded to eligible Section 3 business concerns.

Goals apply to all construction costs of projects, not just the amount of HUD financial assistance. Records, such as contract agreements and good faith documented efforts, must be maintained for performance and efforts/actions taken to reach the goals. If the goals are not met, a description of impediments encountered despite actions taken should be included.

#### **B. Contracting Priorities with Section 3 Business Concerns**

The City, in compliance with Section 3 regulations, will require its staff, covered contractors, and subcontractors (including professional service contractors) to direct their efforts to award contracts in housing and community development programs, where feasible, to 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.

However, Section 3 is a preference, not an entitlement. It is the City’s goal to create economic opportunities that will be afforded to low- to very low-income residents of the City of New Orleans in an effort to promote self-sufficiency.

#### **C. Certification Procedure**

Any business seeking preference in the awarding of contracts or purchase agreements with the City as a Section 3 business concern shall complete the Section 3 Business Certification form (**Exhibit E**). This form can be obtained from the City’s Section 3 Coordinator, and the business seeking Section 3 status must provide adequate documentation as evidence of eligibility for preference under the Section 3 Program prior to the submission of bids for approval. If the Section 3 Coordinator previously approved the business concern to be Section 3 certified within the last three years, then the certification can be submitted along with the bid. A Section 3 business concern that is certified as such by another governmental entity is also considered to be a Section 3 business concern by the City. The recertification of a Section 3 business concern occurs once every three years on a rolling basis.

Businesses may also certify as a Section 3 business concern online via HUD’s online self-certification application at [www.hud.gov/Sec3biz](http://www.hud.gov/Sec3biz).

### **VIII. Monitoring and Compliance**

The City, via OCD’s Compliance Unit, will monitor performance of the following (but not limited to): outreach, hiring practices, use of subcontractors, and the dollar value of subcontracts awarded to Section 3 business concerns as needed throughout the year. All contracts will be evaluated at closing for compliance with the Section 3 Project Plan for the contract.

Noncompliance with Section 3 by any business may be used to determine contractor responsibility and bid responsiveness on future contracting opportunities with the City. In addition, noncompliance may result in sanctions, debarment, suspension, or limited denial of future participation in HUD programs pursuant to 24 CFR Part 135.

### **IX. Reporting**

Prime contractors and subcontractors are required to submit to the City a Section 3 Status Update (**Exhibit F**) on a quarterly basis. Subrecipient agencies are responsible for collecting Section 3 activity updates from their covered prime contractors and subcontractors periodically. Subrecipients are required to report all Section 3 activity to the City annually.

The City will report the progress of all Section 3 efforts in the submittal of Form 60002 (**Exhibit G**) electronically to HUD as well as submit the Section 3 Summary Report in the Consolidated Annual Performance and Evaluation Report (CAPER).

### **X. Internal Section 3 Complaint Procedure**

In an effort to resolve business' or residents' complaints regarding noncompliance through an internal process, the City encourages the submittal of such complaints to its Section 3 Coordinator as follows:

- Complaints of noncompliance should be filed in writing and must contain the name of the complainant and description of the alleged violation of 24 CFR 135.
- Complaints must be filed within thirty (30) calendar days after the complainant becomes aware of the alleged violation.
- An investigation will be conducted to determine if the complaint is valid. If the complaint is found to be valid, the Section 3 Coordinator will conduct a formal investigation affording all interested parties, if any, an opportunity to submit his/her account and/or evidence pertinent to the complaint.
- The Section 3 Coordinator will provide written documentation detailing the findings of the investigation. The City's Director of Administrative Support will review the findings for accuracy and completeness before it is released to complainants. The finding will be made available no later than forty-five (45) days after the filing of complaint.
- If a contractor is found to be noncompliant with HUD's regulations in 24 CFR Part 135, it may result in sanctions, termination of contract for default, and debarment or suspension from future HUD assisted contracts.

If complainants wish to have their concerns considered outside of the City, a complaint may be filed with:

Assistant Secretary for Fair Housing and Equal Opportunity  
United States Department of Housing and Urban Development  
451 Seventh Street, SW  
Washington, DC 20410

This complaint must be received not later than 180 days from the date of the action or omission upon which the complaint is based, unless the time for filing is extended by the Assistant Secretary for good cause shown.

## **XI. Definitions**

**Applicant** — 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 agency or other public body, public or private 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.

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

**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.

**Employment opportunities generated by Section 3 covered assistance** — all employment opportunities arising in connection with Section 3 covered projects (as described in 24 CFR Part 135.3(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 specialist, payroll clerk, etc.

**HUD Youthbuild programs** — programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (42 U.S.C. 12899), and 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.

**Low-income person** — families (including single persons) whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum 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 area (MSA), as established by the Office of Management and Budget.

**New hires** — full-time employees for permanent, temporary or seasonal employment opportunities.

**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, public housing authority, or other public body, public or private 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.



**Secretary** — the Secretary for Fair Housing and Equal Opportunity.

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

**Section 3 business concern** — A business:

1. that is at least 51 percent or more owned by Section 3 residents; or
2. whose permanent, full-time employees include persons, at least 30 percent of whom are currently Section 3 residents, or within three years of the date of first employment with the business concern were Section 3 residents; or
3. that provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontractors to be awarded to Section 3 business concerns that meet the qualifications set forth in items 1 or 2 above.

**Section 3 clause** — the contract provisions set forth in 24 CFR Part 135.38.

**Section 3 covered assistance** — assistance provided under any HUD housing or community development program that is expended for work arising in connection with housing rehabilitation, housing construction, or other public construction project (which includes other buildings or improvements, regardless of ownership).

**Section 3 covered contracts** — a contract or subcontract (including a professional service contract) awarded by a recipient 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 awarded under HUD's procurement program, which are governed by the Federal Acquisition Regulation. 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.

**Section 3 covered project** — the construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance.

**Section 3 resident** — an individual who resides in the metropolitan area or non-metropolitan county in which the Section 3 covered assistance is expended and who is considered to be a low- to very low-income person.

**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.

**Very low-income person** — families (including single persons) whose incomes do not exceed 50 per centum of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.

# **Exhibit A**

## Section 3 Project Plan

**Purpose:** Section 3 of the Housing and Urban Development (HUD) Act of 1968 (12 U.S.C. 1701u) ensures 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.

**Instructions:** All contractors and subcontractors with a covered contract over \$100,000 must fill out and submit this Section 3 Project Plan. The plan certifies the contractor’s commitment to comply with the requirements of Section 3, and includes an outline of efforts to achieve the Section 3 goals.

### Basic Information

Business Name \_\_\_\_\_ Project \_\_\_\_\_

Contact Person \_\_\_\_\_ Title \_\_\_\_\_

Phone # \_\_\_\_\_ Email \_\_\_\_\_

Type of Business:     Construction                       Non-Construction

Type of Contract:     Prime Contract                       Subcontract

Section 3 Business:  No                                       Yes (*Attach certification form and required documentation.*)

### Section 3 Goals for Training, Employment, and Subcontracting

The contractor sets the following minimum numerical goals to ensure that economic opportunities are directed to Section 3 residents and business concerns. To the greatest extent feasible:

Hiring                                      (1) Thirty percent (30%) of the aggregate number of new hires needed to complete the project shall be Section 3 residents.

Subcontracting                            (2) At least ten percent (10%) of the total dollar amount of all Section 3 covered construction subcontracts shall be awarded to eligible Section 3 business concerns.

(3) At least three percent (3%) of the total dollar amount of all Section 3 covered non-construction subcontracts shall be awarded to eligible Section 3 business concerns.

### Definitions

- **Section 3 resident:** A public housing resident; or a low- (<80% Area Median Income) or very low- (<50% AMI) income person residing in the metropolitan area or non-metropolitan county in which the section 3 covered assistance is expended.
- **Section 3 business concern:** A business —
  - (1) that is 51% or more owned by Section 3 residents; or
  - (2) whose roster of permanent, full-time staff is at least 30% composed of employees who are current Section 3 residents, or were Section 3 residents within three years of the date of first employment with the business; or
  - (3) that provides evidence of a commitment to subcontract in excess of 25% of the dollar award of all subcontracts to business concerns that meet the qualifications set forth in paragraphs (1) or (2) in this definition of “Section 3 business concern.”
- **New hire:** A full-time employee for a newly generated permanent, temporary, or seasonal employment opportunity.

Please see Appendix A (p. 6) for the current income limits for Section 3 eligibility, or find the HUD Income Limits Documentation System online at [www.huduser.gov](http://www.huduser.gov).

**Contractor’s Responsibilities**

The prime contractor must ensure compliance with Section 3 by its company and all subcontractors with a contract in excess of \$100,000.

- (1) The prime contractor assumes responsibility for the review and submission of its own and all applicable subcontractors’ Section 3 project plans.
- (2) Completed plans shall include the following:
  - a. Basic Information and contractor’s Certification of Understanding (pp. 1–2)
  - b. Anticipated Hiring and Subcontracting worksheets (pp. 3–4)
  - c. Description of Good Faith Efforts worksheet (p. 5)
- (3) If the contractor is unable to satisfy the minimum numerical goals detailed above, the contractor must also submit documented evidence of efforts made to provide employment and subcontracting opportunities to Section 3 residents and businesses.

**Evidence of Good Faith Efforts**

Contractors are obligated to make good faith efforts to comply with the Section 3 hiring and subcontracting goals.

- (1) The contractor shall attempt to recruit local, low-income residents for job opportunities.
- (2) The contractor shall notify and give preference to Section 3 residents for training opportunities arising from the project, such as internships or apprenticeships.
- (3) The contractor shall attempt to solicit, facilitate, and select qualified Section 3 business concerns for subcontracting opportunities.
- (4) Some examples of outreach efforts for hiring and subcontracting include:
  - a. advertising in local media (radio, magazines, trade publications, etc.)
  - b. displaying signs prominently at the project site
  - c. consulting federal, state, and local databases to identify potential Section 3 businesses
  - d. providing notices of employment and subcontracting opportunities to community organizations, public or private agencies, and Section 3 businesses operating within the Section 3 project area

Documentation of the contractor’s good faith efforts to provide training, employment, and contracting opportunities to Section 3 residents and Section 3 business concerns will be monitored throughout the project. Please see Appendix B (pp. 7–8) for more examples of outreach efforts.

**Section 3 Clause**

The Section 3 clause, found at 24 CFR 135.38 (see Appendix C, p. 9) shall be included in all solicitations and contracts over \$100,000 for both construction and non-construction work on this project.

**Certification of Understanding**

The business entity identified above hereby certifies understanding that this contracting opportunity is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968 (24 CFR Part 135). If awarded a contract, the business entity agrees to adhere to all such requirements, including committing to the numerical goals for hiring and subcontracting set forth by the regulations, providing evidence of good faith efforts, maintaining records of Section 3 activity, and submitting reports of such activity to the contract administrator periodically or upon request.

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_



CITY OF NEW ORLEANS

# **Anticipated Hiring**

Enter the number of new hires per job classification anticipated in connection with this contract.

Job classifications needed to complete the project (i.e. Administrative, Laborer, Electrical, Demolition, Abatement, Technical, Security)	Total estimated # of employees needed for this project	Anticipated # of new hires needed to complete the job	Goal: # of new hires to be Section 3 residents (30% of # of new hires)
<b>Totals:</b>			

## Anticipated Subcontracting

List all subcontracts anticipated in connection with this project.

Type of subcontractors needed to complete the project (trade description)	Business name and address (if already selected)	Section 3 business? <i>If yes, attach certification form.</i>	Projected contract amount
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$

Goals Summary	Total subcontracting \$	Section 3 subcontracting \$	% Section 3	Goal met? Yes / No	Good faith efforts attached? Yes / No
<b>Construction (10% Goal)</b>	\$	\$	%		
<b>Non-Construction (3% Goal)</b>	\$	\$	%		

## **Description of Good Faith Efforts**

Please describe the efforts you plan to make or have already made to direct hiring, training, and contracting opportunities to Section 3 residents and businesses. You may utilize the examples of good faith efforts listed in Appendix B (pp. 7–8) as well as your own ideas about how to achieve the best results. Please attach any documented evidence of your efforts, and submit with your Section 3 plan.

**Goal 1: 30% of the aggregate number of new hires to be Section 3 residents**

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**Goal 2: 10% of the total dollar amount of all covered construction subcontracts to be awarded to eligible Section 3 business concerns**

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**Goal 3: 3% of the total dollar amount of all covered non-construction subcontracts to be awarded to eligible Section 3 business concerns**

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## Appendix A

### FY 2017 Income Limits Summary

The table below shows the income limits set by the Department of Housing and Urban Development (HUD) that determine eligibility for certain programs, including preference for some federally-funded economic opportunities as a Section 3 resident. HUD develops income limits based on Median Family Income estimates and Fair Market Rent (FMR) area definitions for each metropolitan area, parts of some metropolitan areas, and each non-metropolitan county.

Persons in Family	1	2	3	4	5	6	7	8
Low (80%) Income	\$35,500	\$40,550	\$45,600	\$50,650	\$54,750	\$58,800	\$62,850	\$66,900
Very Low (50%) Income	\$22,200	\$25,350	\$28,500	\$31,650	\$34,200	\$36,750	\$39,250	\$41,800
Extremely Low Income	\$13,300	\$16,240	\$20,420	\$24,600	\$28,780	\$32,960	\$37,140	\$41,320

The New Orleans-Metairie, LA HUD Metro FMR Area contains the following areas: Jefferson Parish, LA; Orleans Parish, LA; Plaquemines Parish, LA; St. Bernard Parish, LA; St. Charles Parish, LA; St. John the Baptist Parish, LA; and St. Tammany Parish, LA.

For more information, please see the HUD Income Limits Documentation System online at [www.huduser.gov](http://www.huduser.gov).



## Appendix B

### ***I. Examples of Efforts to Offer Training and Employment Opportunities to Section 3 Residents***

- (1) Entering into “first source” hiring agreements with organizations representing Section 3 residents.
- (2) Sponsoring a HUD-certified “Step-Up” employment and training program for section 3 residents.
- (3) Establishing training programs, which are consistent with the requirements of the Department of Labor, for public and Indian housing residents and other section 3 residents in the building trades.
- (4) Advertising the training and employment positions by distributing flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) to every occupied dwelling unit in the housing development or developments where category 1 or category 2 persons (as these terms are defined in §135.34) reside.
- (5) Advertising the training and employment positions by posting flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) in the common areas or other prominent areas of the housing development or developments. For HAs, post such advertising in the housing development or developments where category 1 or category 2 persons reside; for all other recipients, post such advertising in the housing development or developments and transitional housing in the neighborhood or service area of the section 3 covered project.
- (6) Contacting resident councils, resident management corporations, or other resident organizations, where they exist, in the housing development or developments where category 1 or category 2 persons reside, 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.
- (7) Sponsoring (scheduling, advertising, financing or providing in-kind services) a job informational meeting to be conducted by an HA or contractor representative or representatives at a location in the housing development or developments where category 1 or category 2 persons reside or in the neighborhood or service area of the section 3 covered project.
- (8) Arranging assistance in conducting job interviews and completing job applications for residents of the housing development or developments where category 1 or category 2 persons reside and in the neighborhood or service area in which a section 3 project is located.
- (9) Arranging for a location in the housing development or developments where category 1 persons reside, 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.

- (10) Conducting job interviews at the housing development or developments where category 1 or category 2 persons reside, or at a location within the neighborhood or service area of the section 3 covered project.
- (11) Contacting agencies administering HUD Youthbuild programs, and requesting their assistance in recruiting HUD Youthbuild program participants for the HA's or contractor's training and employment positions.
- (12) Consulting with State and local agencies administering training 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.
- (13) Advertising the jobs to be filled through the local media, such as community television networks, newspapers of general circulation, and radio advertising.
- (14) 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 part 135), that will undertake, on behalf of the HA, other recipient or contractor, the efforts to match eligible and qualified section 3 residents with the training and employment positions that the HA or contractor intends to fill.
- (15) For an HA, employing section 3 residents directly on either a permanent or a temporary basis to perform work generated by section 3 assistance. (This type of employment is referred to as “force account labor” in HUD's Indian housing regulations. See 24 CFR 905.102, and §905.201(a)(6).)
- (16) 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.
- (17) Undertaking job counseling, education and related programs in association with local educational institutions.
- (18) Undertaking such continued job training efforts as may be necessary to ensure the continued employment of section 3 residents previously hired for employment opportunities.

(19) 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.

(20) 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.

## ***II. Examples of Efforts to Award Contracts to Section 3 Business Concerns***

(1) Utilizing procurement procedures for section 3 business concerns similar to those provided in 24 CFR part 905 for business concerns owned by Native Americans (see section III of this Appendix).

(2) In determining the responsibility of potential contractors, consider their record of section 3 compliance as evidenced by past actions and their current plans for the pending contract.

(3) Contacting business assistance agencies, minority contractors associations and community organizations to inform them of contracting opportunities and requesting their assistance in identifying section 3 businesses which may solicit bids or proposals for contracts for work in connection with section 3 covered assistance.

(4) Advertising contracting opportunities by posting notices, which provide general information about the work to be contracted and where to obtain additional information, in the common areas or other prominent areas of the housing development or developments owned and managed by the HA.

(5) For HAs, contacting resident councils, resident management corporations, or other resident organizations, where they exist, and requesting their assistance in identifying category 1 and category 2 business concerns.

(6) Providing written notice to all known section 3 business concerns of the contracting opportunities. This notice should be in sufficient time to allow the section 3 business concerns to respond to the bid invitations or request for proposals.

(7) Following up with section 3 business concerns that have expressed interest in the contracting opportunities by contacting them to provide additional information on the contracting opportunities.

(8) Coordinating pre-bid meetings at which section 3 business concerns could be informed of upcoming contracting and subcontracting opportunities.

(9) Carrying out workshops on contracting procedures and specific contract opportunities in a timely manner so that section 3 business concerns can take

advantage of upcoming contracting opportunities, with such information being made available in languages other than English where appropriate.

(10) Advising section 3 business concerns as to where they may seek assistance to overcome limitations such as inability to obtain bonding, lines of credit, financing, or insurance.

(11) Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways to facilitate the participation of section 3 business concerns.

(12) Where appropriate, breaking out contract work items into economically feasible units to facilitate participation by section 3 business concerns.

(13) Contacting agencies administering HUD Youthbuild programs, and notifying these agencies of the contracting opportunities.

(14) Advertising the contracting opportunities through trade association papers and newsletters, and through the local media, such as community television networks, newspapers of general circulation, and radio advertising.

(15) Developing a list of eligible section 3 business concerns.

(16) For HAs, participating in the "Contracting with Resident-Owned Businesses" program provided under 24 CFR part 963.

(17) Establishing or sponsoring programs designed to assist residents of public or Indian housing in the creation and development of resident-owned businesses.

(18) Establishing numerical goals (number of awards and dollar amount of contracts) for award of contracts to section 3 business concerns.

(19) Supporting businesses which provide economic opportunities to low income persons by linking them to the support services available through the Small Business Administration (SBA), the Department of Commerce and comparable agencies at the State and local levels.

(20) Encouraging financial institutions, in carrying out their responsibilities under the Community Reinvestment Act, to provide no or low interest loans for providing working capital and other financial business needs.

(21) Actively supporting joint ventures with section 3 business concerns.

(22) Actively supporting the development or maintenance of business incubators which assist Section 3 business concerns.

## Appendix C

### **24 CFR § 135.38 Section 3 clause**

All section 3 covered contracts shall include the following clause (referred to as the 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). 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 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)


# **Exhibit B**



Office of Community Development  
 Compliance Unit  
 Section 3 Validation

OFFICE OF COMMUNITY DEVELOPMENT	
Solicitation No.:	Project:
Date:	Department:
Bid/Proposal Amount:	Project Manager:
Section 3	
Section 3 plan received? Yes / No	
Hiring summary: Total new hires anticipated:                      Section 3 new hires goal (30%):	

Subcontracting goals summary	Total subcontracting	Section 3 subcontracting	% Section 3	Goal met? Yes / No	Good faith efforts attached? Yes / No
Construction (10% Goal)	\$	\$	%		
Non-Construction	\$	\$	%		

Section 3 Compliance Review	
	The bidder/respondent, _____, has submitted the Section 3 Plan and required documentation.

If you have any questions or require additional information, please contact Michelle Redler at 504.658.8418 or meredler@nola.gov.

# **Exhibit C**

## Section 3 Plan for Subrecipients

**Purpose:** Section 3 of the Housing and Urban Development (HUD) Act of 1968 (12 U.S.C. 1701u) ensures 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.

**Instructions:** All subrecipients receiving covered HUD assistance over \$200,000 must fill out and submit this Section 3 Plan. The plan certifies the subrecipient’s commitment to comply with the requirements of Section 3, and includes an outline of efforts to achieve the Section 3 goals.

**Basic Information**

Subrecipient \_\_\_\_\_ Contract Amount \_\_\_\_\_

Contact Person \_\_\_\_\_ Title \_\_\_\_\_

Phone # \_\_\_\_\_ Email \_\_\_\_\_

Type of Activity \_\_\_\_\_

Section 3 Certified:     No         Yes *(Attach certification form and required documentation.)*

**Section 3 Goals for Training, Employment, and Contracting**

The subrecipient sets the following minimum numerical goals to ensure that economic opportunities are directed to Section 3 residents and business concerns. To the greatest extent feasible:

Hiring                                    (1) Thirty percent (30%) of the aggregate number of new hires needed to complete the covered activity shall be Section 3 residents.

Contracting                            (2) At least ten percent (10%) of the total dollar amount of all Section 3 covered construction contracts shall be awarded to eligible Section 3 business concerns.

(3) At least three percent (3%) of the total dollar amount of all Section 3 covered non-construction contracts shall be awarded to eligible Section 3 business concerns.

**Definitions**

- **Section 3 resident:** A public housing resident; or a low- (<80% Area Median Income) or very low- (<50% AMI) income person residing in the metropolitan area or non-metropolitan county in which the section 3 covered assistance is expended.
- **Section 3 business concern:** A business —
  - (1) that is 51% or more owned by Section 3 residents; or
  - (2) whose roster of permanent, full-time staff is at least 30% composed of employees who are current Section 3 residents, or were Section 3 residents within three years of the date of first employment with the business; or
  - (3) that provides evidence of a commitment to subcontract in excess of 25% of the dollar award of all subcontracts to business concerns that meet the qualifications set forth in paragraphs (1) or (2) in this definition of “Section 3 business concern.”
- **New hire:** A full-time employee for a newly generated permanent, temporary, or seasonal employment opportunity.

Please see Appendix A (p. 6) for the current income limits for Section 3 eligibility, or find the HUD Income Limits Documentation System online at [www.huduser.gov](http://www.huduser.gov).

**Subrecipient’s Responsibilities**

The subrecipient must ensure compliance with Section 3 by its company and all contractors and subcontractors with a contract in excess of \$100,000.

- (1) The subrecipient assumes responsibility for the review and acceptance of all applicable contractors’ and subcontractors’ Section 3 Project Plans.
- (2) The subrecipient’s completed Section 3 Plan for Subrecipients shall include the following:
  - a. Basic Information and subrecipient’s Certification of Understanding (pp. 1–2)
  - b. Anticipated Hiring and Contracting worksheets (pp. 3–4)
  - c. Description of Good Faith Efforts worksheet (p. 5)
- (3) If the subrecipient is unable to satisfy the minimum numerical goals detailed above, the subrecipient must also submit documented evidence of efforts made to provide employment and contracting opportunities to Section 3 residents and businesses.

**Evidence of Good Faith Efforts**

Subrecipients are obligated to make good faith efforts to comply with the Section 3 hiring and contracting goals.

- (1) The subrecipient shall attempt to recruit local, low-income residents for job opportunities.
- (2) The subrecipient shall notify and give preference to Section 3 residents for training opportunities arising from the project, such as internships or apprenticeships.
- (3) The subrecipient shall attempt to solicit, facilitate, and select qualified Section 3 business concerns for contracting opportunities.
- (4) Some examples of outreach efforts for hiring and contracting include:
  - a. advertising in local media (radio, magazines, trade publications, etc.)
  - b. displaying signs prominently at the project site
  - c. consulting federal, state, and local databases to identify potential Section 3 businesses
  - d. providing notices of employment and subcontracting opportunities to community organizations, public or private agencies, and Section 3 businesses operating within Section 3 project areas

Documentation of the subrecipient’s good faith efforts to provide training, employment, and contracting opportunities to Section 3 residents and Section 3 business concerns will be monitored throughout the contract term. Please see Appendix B (pp. 7–8) for more examples of outreach efforts.

**Section 3 Clause**

The Section 3 clause, found at 24 CFR 135.38 (see Appendix C, p. 9) shall be included in all solicitations and contracts over \$100,000 for both construction and non-construction work on covered activities.

**Certification of Understanding**

The subrecipient identified above hereby certifies understanding that this funding opportunity is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968 (24 CFR Part 135). If awarded HUD assistance, the subrecipient agrees to adhere to all such requirements, including committing to the numerical goals for hiring and contracting set forth by the regulations, providing evidence of good faith efforts, maintaining records of Section 3 activity, and submitting reports of such activity to the City of New Orleans periodically or upon request.

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_



CITY OF NEW ORLEANS



### Anticipated Hiring

Enter the number of new hires per job classification anticipated in connection with the covered activity.

<b>Job classifications needed to complete the activity (i.e. Administrative, Laborer, Electrical, Demolition, Abatement, Technical, Security)</b>	<b>Total estimated # of employees needed</b>	<b>Anticipated # of new hires needed</b>	<b>Goal: # of new hires to be Section 3 residents (30% of # of new hires)</b>
<b>Totals:</b>			

## Anticipated Contracting

List all contracts anticipated in connection with the covered activity.

Type of contractors needed to complete the activity (trade description)	Business name and address (if already selected)	Section 3 business? <i>If yes, attach certification form.</i>	Projected contract amount
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$

Goals Summary	Total contracting \$	Section 3 contracting \$	% Section 3	Goal met? Yes / No	Good faith efforts attached? Yes / No
<b>Construction (10% Goal)</b>	\$	\$	%		
<b>Non- Construction (3% Goal)</b>	\$	\$	%		

## **Description of Good Faith Efforts**

Please describe the efforts you plan to make or have already made to direct hiring, training and contracting opportunities to Section 3 residents and businesses. You may utilize the examples of good faith efforts listed in Appendix B (pp. 7–8) as well as your own ideas about how to achieve the best results. Please attach any documented evidence of your efforts, and submit with your Section 3 plan.

**Goal 1: 30% of the aggregate number of new hires to be Section 3 residents**

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**Goal 2: 10% of the total dollar amount of all covered construction contracts to be awarded to eligible Section 3 business concerns**

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**Goal 3: 3% of the total dollar amount of all covered non-construction contracts to be awarded to eligible Section 3 business concerns**

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## Appendix A

### FY 2017 Income Limits Summary

The table below shows the income limits set by the Department of Housing and Urban Development (HUD) that determine eligibility for certain programs, including preference for some federally-funded economic opportunities as a Section 3 resident. HUD develops income limits based on Median Family Income estimates and Fair Market Rent (FMR) area definitions for each metropolitan area, parts of some metropolitan areas, and each non-metropolitan county.

Persons in Family	1	2	3	4	5	6	7	8
Low (80%) Income	\$35,500	\$40,550	\$45,600	\$50,650	\$54,750	\$58,800	\$62,850	\$66,900
Very Low (50%) Income	\$22,200	\$25,350	\$28,500	\$31,650	\$34,200	\$36,750	\$39,250	\$41,800
Extremely Low Income	\$13,300	\$16,240	\$20,420	\$24,600	\$28,780	\$32,960	\$37,140	\$41,320

The New Orleans-Metairie, LA HUD Metro FMR Area contains the following areas: Jefferson Parish, LA; Orleans Parish, LA; Plaquemines Parish, LA; St. Bernard Parish, LA; St. Charles Parish, LA; St. John the Baptist Parish, LA; and St. Tammany Parish, LA.

For more information, please see the HUD Income Limits Documentation System online at [www.huduser.gov](http://www.huduser.gov).

## Appendix B

### ***I. Examples of Efforts to Offer Training and Employment Opportunities to Section 3 Residents***

- (1) Entering into "first source" hiring agreements with organizations representing Section 3 residents.
- (2) Sponsoring a HUD-certified "Step-Up" employment and training program for section 3 residents.
- (3) Establishing training programs, which are consistent with the requirements of the Department of Labor, for public and Indian housing residents and other section 3 residents in the building trades.
- (4) Advertising the training and employment positions by distributing flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) to every occupied dwelling unit in the housing development or developments where category 1 or category 2 persons (as these terms are defined in §135.34) reside.
- (5) Advertising the training and employment positions by posting flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) in the common areas or other prominent areas of the housing development or developments. For HAs, post such advertising in the housing development or developments where category 1 or category 2 persons reside; for all other recipients, post such advertising in the housing development or developments and transitional housing in the neighborhood or service area of the section 3 covered project.
- (6) Contacting resident councils, resident management corporations, or other resident organizations, where they exist, in the housing development or developments where category 1 or category 2 persons reside, 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.
- (7) Sponsoring (scheduling, advertising, financing or providing in-kind services) a job informational meeting to be conducted by an HA or contractor representative or representatives at a location in the housing development or developments where category 1 or category 2 persons reside or in the neighborhood or service area of the section 3 covered project.
- (8) Arranging assistance in conducting job interviews and completing job applications for residents of the housing development or developments where category 1 or category 2 persons reside and in the neighborhood or service area in which a section 3 project is located.
- (9) Arranging for a location in the housing development or developments where category 1 persons reside, 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.

- (10) Conducting job interviews at the housing development or developments where category 1 or category 2 persons reside, or at a location within the neighborhood or service area of the section 3 covered project.
- (11) Contacting agencies administering HUD Youthbuild programs, and requesting their assistance in recruiting HUD Youthbuild program participants for the HA's or contractor's training and employment positions.
- (12) Consulting with State and local agencies administering training 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.
- (13) Advertising the jobs to be filled through the local media, such as community television networks, newspapers of general circulation, and radio advertising.
- (14) 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 part 135), that will undertake, on behalf of the HA, other recipient or contractor, the efforts to match eligible and qualified section 3 residents with the training and employment positions that the HA or contractor intends to fill.
- (15) For an HA, employing section 3 residents directly on either a permanent or a temporary basis to perform work generated by section 3 assistance. (This type of employment is referred to as "force account labor" in HUD's Indian housing regulations. See 24 CFR 905.102, and §905.201(a)(6).)
- (16) 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.
- (17) Undertaking job counseling, education and related programs in association with local educational institutions.
- (18) Undertaking such continued job training efforts as may be necessary to ensure the continued employment of section 3 residents previously hired for employment opportunities.

(19) 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.

(20) 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.

## ***II. Examples of Efforts to Award Contracts to Section 3 Business Concerns***

(1) Utilizing procurement procedures for section 3 business concerns similar to those provided in 24 CFR part 905 for business concerns owned by Native Americans (see section III of this Appendix).

(2) In determining the responsibility of potential contractors, consider their record of section 3 compliance as evidenced by past actions and their current plans for the pending contract.

(3) Contacting business assistance agencies, minority contractors associations and community organizations to inform them of contracting opportunities and requesting their assistance in identifying section 3 businesses which may solicit bids or proposals for contracts for work in connection with section 3 covered assistance.

(4) Advertising contracting opportunities by posting notices, which provide general information about the work to be contracted and where to obtain additional information, in the common areas or other prominent areas of the housing development or developments owned and managed by the HA.

(5) For HAs, contacting resident councils, resident management corporations, or other resident organizations, where they exist, and requesting their assistance in identifying category 1 and category 2 business concerns.

(6) Providing written notice to all known section 3 business concerns of the contracting opportunities. This notice should be in sufficient time to allow the section 3 business concerns to respond to the bid invitations or request for proposals.

(7) Following up with section 3 business concerns that have expressed interest in the contracting opportunities by contacting them to provide additional information on the contracting opportunities.

(8) Coordinating pre-bid meetings at which section 3 business concerns could be informed of upcoming contracting and subcontracting opportunities.

(9) Carrying out workshops on contracting procedures and specific contract opportunities in a timely manner so that section 3 business concerns can take

advantage of upcoming contracting opportunities, with such information being made available in languages other than English where appropriate.

(10) Advising section 3 business concerns as to where they may seek assistance to overcome limitations such as inability to obtain bonding, lines of credit, financing, or insurance.

(11) Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways to facilitate the participation of section 3 business concerns.

(12) Where appropriate, breaking out contract work items into economically feasible units to facilitate participation by section 3 business concerns.

(13) Contacting agencies administering HUD Youthbuild programs, and notifying these agencies of the contracting opportunities.

(14) Advertising the contracting opportunities through trade association papers and newsletters, and through the local media, such as community television networks, newspapers of general circulation, and radio advertising.

(15) Developing a list of eligible section 3 business concerns.

(16) For HAs, participating in the "Contracting with Resident-Owned Businesses" program provided under 24 CFR part 963.

(17) Establishing or sponsoring programs designed to assist residents of public or Indian housing in the creation and development of resident-owned businesses.

(18) Establishing numerical goals (number of awards and dollar amount of contracts) for award of contracts to section 3 business concerns.

(19) Supporting businesses which provide economic opportunities to low income persons by linking them to the support services available through the Small Business Administration (SBA), the Department of Commerce and comparable agencies at the State and local levels.

(20) Encouraging financial institutions, in carrying out their responsibilities under the Community Reinvestment Act, to provide no or low interest loans for providing working capital and other financial business needs.

(21) Actively supporting joint ventures with section 3 business concerns.

(22) Actively supporting the development or maintenance of business incubators which assist Section 3 business concerns.

## Appendix C

### 24 CFR § 135.38 Section 3 clause

All section 3 covered contracts shall include the following clause (referred to as the 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). 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 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).

# **Exhibit D**



## Section 3 Resident Certification

**Eligibility for Preference:** A Section 3 resident seeking preference in training and employment shall certify, or submit evidence to the recipient, contractor, or agency, if requested, that the person qualifies as a Section 3 resident, as defined in 24 CFR 135.5.

Name \_\_\_\_\_

Home Address \_\_\_\_\_ City, State, Zip \_\_\_\_\_

Phone # \_\_\_\_\_ Alternate # \_\_\_\_\_ Email \_\_\_\_\_

Homeless:  Yes  No

**1. I meet the following criteria to be a Section 3 Resident:**

- I am a resident of public housing, OR
- I meet the income limits for the New Orleans-Metairie FMR Area listed below:

<b>INCOME CERIFICATION</b>				
Please find your household size below and check the box that best corresponds to your annual household income amount. Individuals who meet the income limits set forth below can qualify for Section 3 status for three years from the most recent qualifying year.				
Household size	Year 2017	Year 2016	Year 2015	
1 Person	<input type="checkbox"/> \$35,500 or below	<input type="checkbox"/> \$33,600 or below	<input type="checkbox"/> \$33,600 or below	
2 People	<input type="checkbox"/> \$40,550 or below	<input type="checkbox"/> \$38,400 or below	<input type="checkbox"/> \$38,400 or below	
3 People	<input type="checkbox"/> \$45,600 or below	<input type="checkbox"/> \$43,200 or below	<input type="checkbox"/> \$43,200 or below	
4 People	<input type="checkbox"/> \$50,650 or below	<input type="checkbox"/> \$48,000 or below	<input type="checkbox"/> \$48,000 or below	
5 People	<input type="checkbox"/> \$54,750 or below	<input type="checkbox"/> \$51,850 or below	<input type="checkbox"/> \$51,850 or below	
6 People	<input type="checkbox"/> \$58,800 or below	<input type="checkbox"/> \$55,700 or below	<input type="checkbox"/> \$55,700 or below	
7 People	<input type="checkbox"/> \$62,850 or below	<input type="checkbox"/> \$59,550 or below	<input type="checkbox"/> \$59,550 or below	
8 People	<input type="checkbox"/> \$66,900 or below	<input type="checkbox"/> \$63,400 or below	<input type="checkbox"/> \$63,400 or below	

**2. If requested, I am able to provide the following documentation as evidence of my Section 3 eligibility:**

- Copy of a lease in a public housing program
- Copy of receipt or other evidence of participation in a public assistance program (ex. SNAP, WIC, Medicaid/LaCHIP, SSI...)
- Copy of household income tax return(s)
- Other evidence (ex. utility bill, W-2, 1099 form):  
\_\_\_\_\_

**3. I have the following job skills, certifications, or training:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I hereby certify under penalty of perjury that all information presented herein is true and correct to the best of my knowledge. I agree to allow this information to be shared with local and federal entities in an effort to increase my hiring potential.

Signature \_\_\_\_\_ Date \_\_\_\_\_



# **Exhibit E**

## Section 3 Business Concern Certification

**Eligibility for Preference:** A business concern seeking to qualify for a Section 3 contracting preference shall certify or submit evidence, if requested, that the business concern qualifies for Section 3 status, as defined in 24 CFR 135.5. Certification is valid for three years.

**Basic Information:**

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

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

Phone # \_\_\_\_\_ Fax # \_\_\_\_\_ Email \_\_\_\_\_

Type of Business:     Corporation     Partnership     Sole Proprietorship     Joint Venture

Type of Services Provided: \_\_\_\_\_

**Type of Section 3 Business:**

Please answer the following questions and provide the indicated required documentation where applicable. The City of New Orleans' Office of Community Development reserves the right to request additional documentation (see page 2) to verify the information provided on this form.

1. Are you currently certified as a Section 3 business by the Housing Authority of New Orleans (HANO)?  
 Yes                       No

*Attach a copy of HANO's certification letter.*

2. Does 51% of your business ownership consist of Section 3 residents?  
 Yes                       No

*Attach proof of ownership and Section 3 Resident Certification(s).*

3. Are at least 30% of all full time employees currently qualified as Section 3 residents, or were qualified as Section 3 residents within 3 years of the date of first employment with the business?  
 Yes                       No

*Attach a current employee roster and the qualified employees' Section 3 Resident Certifications.*

4. Will at least 25% of the dollar amount you subcontract be awarded, under the proposed contract, to qualified Section 3 businesses that meet any of the above three criteria?  
 Yes                       No

*Attach a list of all expected subcontracting opportunities, evidence of commitment to certified Section 3 subcontractors (see page 2 for examples of acceptable evidence), and each proposed Section 3 subcontractor's Business Concern Certification form. Please note that if selecting this option as proof of Section 3 status, your certification is only valid under the proposed contract.*

**Certification:**

I hereby certify under penalty of perjury that all information presented herein is true and correct to the best of my knowledge. I understand that falsifying information and incomplete statements will disqualify certification status. I agree to allow this information to be shared with local and federal entities in an effort to increase my business' contracting potential.

**Signature** \_\_\_\_\_ **Title** \_\_\_\_\_

**Print Name** \_\_\_\_\_ **Date** \_\_\_\_\_



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The following is a list of documentation (not all inclusive) that the City of New Orleans' Office of Community Development may request to ascertain accuracy of the Section 3 Business Certification form.

**For businesses claiming status as a Section 3 resident owned enterprise (at least 51% of ownership consists of Section 3 residents):**

- Company documents outlining ownership structure: copy of articles of incorporation, operating agreement (LLC), list of shareholders and percentage of ownership interest (corporation), partnership agreement, certificate of good standing, corporation annual report, etc.
- Completed and signed Section 3 Resident Certifications for each resident/owner counted as a Section 3 resident
- Substantiating documentation for each Section 3 resident: copy of public housing lease, copy of household income tax return, etc.

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

- Substantiating documentation to confirm total number of full-time employees such as employment roster with hire dates, payroll documentation, etc.
- Completed and signed Section 3 Resident Certifications for each full-time employee counted as a Section 3 resident
- Substantiating documentation for each Section 3 resident: copy of public housing lease, copy of household income tax return, etc.

**For businesses claiming Section 3 status by subcontracting 25% of the dollar amount of all subcontracts under the proposed contract to qualified Section 3 businesses:**

- Documentation to confirm total amount available for subcontracting
- Each subcontractor's name, scope of work to be performed, and amount of the subcontract
- Copy of subcontract (\*if available)
- Section 3 business concern certification documents for each subcontractor including:
  - Completed Section 3 Business Concern Certification; and
  - Substantiating documentation depending on specific certification eligibility (30% of full-time employees are Section 3 residents or 51% of business is owned by Section 3 residents)



# **Exhibit F**

## Section 3 Status Update

**Instructions:** All contractors and subcontractors with a contract over \$100,000 must fill out and submit this Section 3 Status Update periodically or upon request. The update summarizes the contractor's progress and efforts to achieve the Section 3 hiring and subcontracting goals. If more space is needed, you may use additional pages, or submit a spreadsheet supplying the required information. Submit all associated Section 3 Resident and Business Certifications and documented good faith efforts with this report.

### Basic Information

Business Name \_\_\_\_\_ Project \_\_\_\_\_  
 Contact Person \_\_\_\_\_ Title \_\_\_\_\_  
 Phone # \_\_\_\_\_ Email \_\_\_\_\_  
 Reporting Period: \_\_\_\_\_ - \_\_\_\_\_

## Hiring and Training

List all employees hired or trained in connection with this project during the reporting period.

Job classification (i.e. Administrative, Laborer, Electrical, Demolition, Abatement, Technical, Security, Trainee)	Name of employee / trainee	Section 3 resident? <i>If yes, attach certification form.</i>

### Goals Summary

Total number of new hires	Number of Section 3 new hires	% Section 3	30% Goal met? Yes / No	Good faith efforts attached? Yes / No
		%		

Please describe the efforts you have made to direct hiring and training opportunities to Section 3 residents.

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## Subcontracting

List all subcontracts executed in connection with this project within the reporting period.

Type of subcontractor (trade description)	Name of business	Section 3 business? <i>If yes, attach certification form.</i>	Contract date	Contract amount
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$

Goals Summary	Total subcontracting \$	Section 3 subcontracting \$	% Section 3	Goal met? Yes / No	Good faith efforts attached? Yes / No
<b>Construction (10% Goal)</b>	\$	\$	%		
<b>Non-Construction (3% Goal)</b>	\$	\$	%		

Please describe the efforts you have made to direct contracting opportunities to Section 3 businesses.

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**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_



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# **Exhibit G**





**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**

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.

Public reporting for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB number.

Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u, mandates that the Department ensures that employment and other economic opportunities generated by its housing and community development assistance programs are directed toward low- and very-low income persons, particularly those who are recipients of government assistance housing. The regulations are found at 24 CFR Part 135. The information will be used by the Department to monitor program recipients' compliance with Section 3, to assess the results of the Department's efforts to meet the statutory objectives of Section 3, to prepare reports to Congress, and by recipients as self-monitoring tool. The data is entered into a database and will be analyzed and distributed. The collection of information involves recipients receiving Federal financial assistance for housing and community development programs covered by Section 3. The information will be collected annually to assist HUD in meeting its reporting requirements under Section 808(e)(6) of the Fair Housing Act and Section 916 of the HCDA of 1992. An assurance of confidentiality is not applicable to this form. The Privacy Act of 1974 and OMB Circular A-108 are not applicable. The reporting requirements do not contain sensitive questions. Data is cumulative; personal identifying information is not included.