Polk County
Housing and Neighborhood
Development Office

SECTION 3 FOR CONTRACTORS

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Point of Contact

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Introduction

Polk County Housing and Neighborhood Development Office ("County") is the recipient of certain HUD financial assistance for public housing and housing and community development activities. These programs require compliance with Section 3 of the Housing and Urban Development Act of 1968. Section 3 requires that employment and other economic opportunities be directed toward low- and very-low income persons, particularly those who are recipients of federal assistance for housing, and to business concerns that employ these residents.

This handbook is provided as a guide to understanding Section 3 of the Housing and Urban Development Act of 1968, and the business and employment goals related to this project. It is intended to assist contractors in complying with Section 3 requirements, but does not supersede the contract provisions.

Contractor Responsibilities

What are the Contractor's Responsibilities?

The General Contractor and all subcontractors on this project are subject to compliance with Section 3 requirements as outlined in the Section 3 Clause of each contract, and the implementation of the regulations as outlined in 24 CFR part 135.

The General Contractor is required to incorporate the Section 3 Clause into all subcontracts.

The contractor and subcontractors agree to the greatest extent feasible, meet or exceed the following numerical goal:

• To employ qualified Section 3 residents as 30 percent (30%) of aggregate number of new hires resulting from contracts and subcontracts on this project

• Award to Section 3 business concerns at least ten percent (10%) of the total dollar amount of all section 3 covered contracts for building trades work, maintenance, repair, modernization or development of public or Indian housing, or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction; and 3% of the total dollar amount of all other Section 3 contracts.

The contractor and subcontractors will report of Section 3 hiring, training, and subcontracting activities monthly to the Labor and Environmental Compliance Specialist.

At the completion of the project, the contractor will complete a Section 3 Summary Report, detailing the achievements and activities to reach Section 3 compliance on the project. In evaluating compliance, a recipient that has not met the numerical goals has the burden of demonstrating why it was not feasible to meet the numerical goals set forth in this section.

Activities that will help you achieve this goal:

• Develop an estimated workforce projection for your work on this site

• List which positions you anticipate hiring while on this project

• Complete "Polk County Section 3 Economic Opportunity Plan" as evidence of your commitment to make employment opportunities available on this site

• Provide job descriptions for all open positions available through the company to Career Source Polk career centers (www.careersourcepolk.com).

• Include Section 3 preference language in all newspaper ads, flyers, and job notices.

• Contact the project manager for referrals of public housing residents who are seeking employment and training opportunities.

• Provide job applications to the Career Source Polk career centers (www.careersourcepolk.com) so that local area Section 3 residents may complete them on site.

• Coordinate interview times at a time and place accessible to public housing and other low-income residents.

• Consistently notify the Labor and Environmental Compliance Specialist and Polk Works career center about new employment opportunities available within your company.

• Have applicants who want to pursue Section 3 preference complete a Section 3 Resident Affidavit form

• Document employment outreach efforts, advertisements, applicants and referrals to help reach the project Section 3 goals.

Section 3 Clause

24 CFR PART 135

ECONOMIC OPPORTUNITIES FOR LOW- AND VERY LOW-INCOME PERSONS

Sec. 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).

What is Section 3?
Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968 that helps foster local economic development, neighborhood economic improvement, and individual self-sufficiency. The Section 3 program requires that recipients of certain HUD financial assistance, to the greatest extent feasible, provide job training, employment, and contracting opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods.

Who are Section 3 residents?
Section 3 residents are:

- Public housing residents or
- Persons who live in the area where a HUD-assisted project is located and who have a household income that falls below HUD's income limits. Determining Income Levels
- Low income is defined as 80% or below the median income of that area.
- Very low income is defined as 50% or below the median income of that area.

The HUD income limits as of 2014 for the Polk County metropolitan statistical area are as follows:

Family Size	Extremely Low Income	Low Income
1	$11,770	$28,200
2	$15,930	$32,200
3	$20,090	$36,250
4	$24,250	$40,250
5	$27,200	$43,500
6	$29,200	$46,700
7	$31,200	$49,950
8	$33,200	$53,150

What is a Section 3 business concern?
A business that:

- Is 51% or more owned by Section 3 residents;
- Employs Section 3 residents as 30% of its full-time, permanent staff; or
- HUD YouthBuild programs being carried out in the metropolitan area in which Section 3 covered assistance is expended.
- Provides evidence of a commitment to subcontract to Section 3 business concerns, 25% or more of the dollar amount of the awarded contract.

What are the numerical goals of the program?

- Employ qualified Section 3 residents, as 30 percent (30%) of aggregate number of new hires resulting from contracts and subcontracts on this project
- Award to Section 3 business concerns at least ten percent (10%) of the total dollar amount of all section 3 covered contracts for building trades work.

• Award to Section 3 business concerns at least three percent (3%) of the total dollar amount of all section 3 covered contracts for non-construction work.

What is a "new hire"?
A new hire means a full-time employee for a new permanent, temporary, or seasonal position that is created during the expenditure of Section 3 covered financial assistance.

What is the order of preference for meeting the hiring goals?
Under the Polk County's Section 3 Program, contractors and subcontractors are required to:

Provide employment opportunities to Section 3 residents/participants in the priority order listed below:

a) **Category 1 – Section 3 Resident**
Residents of the housing development or developments for which the contract shall be expended.
b) **Category 2 – Section 3 Resident**
Housing Choice Voucher residents as well as all other Polk County residents in the vicinity of the project who meet the income guidelines for Section 3 preference (refer to Section 3 Income Limits).
c) **Category 3 – Section 3 Resident**
Participants in HUD Youthbuild program being carried out in the project boundary area.

How can I determine if my business is a Section 3 business?
You may qualify as a Section 3 business based on company ownership or workforce composition. (a) Ownership: Review your company ownership to determine if the company is at least 51% owned by Section 3 residents. (b) Review your current payroll data to determine if you employ a workforce of at least 30% of workers who live in low-income households. Any current employee who lives within the Polk County and who lives in a household with an income below the "Low-Income" limits listed in the table, is eligible to be counted as a Section 3 resident and employee. If it appears you may qualify, complete the Application for Section 3 Business Certification, and contact the Labor and Environmental Compliance Specialist.

How are Section 3 requirements affected by the Davis Bacon and Related Acts?
Contractors and subcontractors must still comply with the labor standards provisions of at 29 CFR Parts 3 and 5, also known as the Davis Bacon and Related Acts, including the prevailing wage, reporting requirements, apprentice and trainee standards, and overtime provisions.

Are Section 3 residents or business concerns guaranteed employment and contracting opportunities under Section 3?
No. Section 3 residents must demonstrate that they meet the qualifications for new employment opportunities created as a result of the expenditure of the covered assistance. Section 3 business concerns must submit evidence to the satisfaction of the party awarding the contract to demonstrate that they are responsible firms and have the ability to perform successfully under the terms and condition of the proposed contract.

Are recipients and contractors required to provide long-term employment opportunities, and not simply seasonal or temporary employment?

Recipients and contractors are required, to the extent feasible, to direct all employment opportunities to low- and very low-income persons – including seasonal and temporary employment opportunities. Recipients and contractors are encouraged to provide long-term employment. They may count a Section 3 resident employee for three years to meet the business criterion that at least 30 percent of the permanent, full-time employees are Section 3 residents.

Where can I get technical assistance for questions related to Section 3 activities or reporting requirements?

Recipients and contractors can contact the Labor and Environmental Compliance Specialist (863-534-5616)

SECTION 3 BUSINESS CERTIFICATION

The undersigned makes this affidavit with full knowledge that its contents will be used in the expenditure of funds provided by the United States Government. Under penalty of perjury, he/she hereby claims the following preference under the Section 3 requirements for the following Polk County, Housing and Neighborhood Development project:

Project Name & Number: _____
Under the penalty of perjury I hereby state:

I, _____, am the _____ of
(Name of owner, officer, representative) (Title)
_____, located at _____;
(Company Name) (Address, City, State, Zip)
whose business concern is

- ☐ 51 percent or more owned and managed by qualified Section 3 residents;
- ☐ Employs Section 3 residents for at least 30 percent of its full-time, permanent staff; or
- ☐ Provides evidence of a commitment to subcontract to Section 3 business concerns, 25 percent or more of the dollar amount of the awarded contract.
- ☐ None of the above.

And, for the project named above, we claim preference in contracting as a Section 3 business in the category listed below:

- ☐ Category 1: Business concern that is 51-percent or more owned by residents of the housing development for which the Section 3 covered is expended, or whose full-time permanent work force includes at least 30-percent of these persons as employees.
- ☐ Category 2: Business concern that is 51-percent or more owned by residents of other Polk County managed housing developments, including scattered sites, or whose full-time permanent work force includes at least 30-percent of these persons as employees.
- ☐ Category 3: HUD YouthBuild program being carried out within the Polk County.
- ☐ Category 4: Business concern that is 51-percent or more owned by Section 3 residents, including residents receiving other HUD housing assistance or who live in low-income households, or whose full-time permanent work force includes at least 30-percent of these persons as employees.
- ☐ Category 5: Business concerns that subcontract at least 25-percent of the total contract award to Section 3 business concerns (Categories 1-4 above.)

I agree to provide the following evidence to the Project Manager to support this claim for Section 3 preference.

a) For businesses claiming Section 3 status based on ownership of the firm:

- ☐ Copy of the Articles of Incorporation or Articles of Organization
- ☐ List of owners/stockholders and percentage (%) ownership of each
- ☐ Section 3 Resident Affidavits from owners/officers who qualify as Section 3 residents
- ☐ Category 1 and Category 2 only: Evidence of public housing assistance for each Section 3 eligible owner

b) For businesses claiming Section 3 status based on a workforce comprised of at least 30-percent Section 3 residents:

- ☐ List of all current full-time employees, their hire dates, and their Section 3 status
- ☐ Section 3 Resident Affidavits from all employees for which you are claiming Section 3 status.

c) For businesses claiming Section 3 status based commitment to subcontract 25-percent to Section 3 businesses:

- ☐ List of subcontracted Section 3 businesses and subcontract amount
- ☐ Evidence that identifies each firm listed as a Section 3 business (i.e., written acknowledgement from Polk County Housing and Neighborhood Development Office or the evidence listed above in paragraphs (a) and (b).)

AFFIANT

I declare under penalty of perjury, that the information provided in this affidavit and all supporting documents are true and correct.

Signature _____
Printed Name _____
Date: _____

NOTARY

On this _____ day of _____, 20____, before me personally appeared _____ (name of signer), whose identity was proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to this document, and who acknowledged that he/she signed the above/attached document.

_____
Notary Public (Seal)
My commission expires: _____

SECTION 3 RESIDENT PREFERENCE CLAIM FORM

The undersigned makes this affidavit with full knowledge that its contents will be used in the expenditure of funds provided by the United States Government. Under penalty of perjury, he/she hereby claims preference under the Section 3 requirements on projects managed by the Polk County, Housing and Neighborhood Development Office.

Section 3 Resident Name:_____
My current address is:_____
My household consists of_____ adults and ____ children.
My annual household income is $_____.
My source of income is: _____
(Please list exact source, i.e., employer's name, SSI, TANF, child support, etc.)

My Section 3 Eligibility is based on the following:

Public Housing Resident:

- ☐ Priority 1: I am a current or relocated resident of the housing development where Section 3 covered assistance is being expended.
- ☐ Priority 2: I am currently a resident of the Polk County-managed public housing development, or scattered sites, and I have been listed on the lease agreement since (month/year) _____.

Graduate of the HUD YouthBuild Program:

- ☐ Priority 3: I have completed the HUD YouthBuild Program and have earned the rights and responsibilities of graduation from the program. My completion date was (month/year)_____.

Other Low-Income Resident

☐ Priority 4: Other low income resident. I am currently a resident of Polk County, and, I have a household income less than 80% of the median household income for metropolitan of Polk County per the HUD income table shown below.

Family Size	Extremely Low Income	Low Income
1	$11,770	$28,200
2	$15,930	$32,200
3	$20,090	$36,250
4	$24,250	$40,250
5	$27,200	$43,500
6	$29,200	$46,700
7	$31,200	$49,950
8	$33,200	$53,150

By signing below, you declare that the information provided above is true and correct, under penalty of perjury, and you acknowledge that documentation to support or verify your claim for Section 3 preference may be requested by the Polk County Housing and Neighborhood Development Office or HUD and that you intend to comply with such a request, should it arise.

Signature _____ Date: _____

Assurance of Compliance (Section 3, HUD ACT of 1968)

TRAINING, EMPLOYMENT, AND CONTRACTING OPPORTUNITIES FOR BUSINESS AND LOWER INCOME PERSONS

A. The project assisted under this (contract) (agreement) is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S. C. 170U. Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in or owned in substantial part by persons residing in the area of the project.

B. Notwithstanding any other provision of this (contract) (agreement), the (applicant) (recipient) shall carry out the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary set forth in 24 CFR Part 135 (published in 38 Federal Register 29220, October 23, 1973), and all applicable rules and orders of the Secretary issued thereunder prior to the execution of this (contract) (agreement). The requirements of said regulations include but are not limited to development and implementation of an affirmative action plan for utilizing business concerns located within or owned in substantial part by persons residing in the area of the project; the making of a good faith effort, as defined by the regulation, to provide training, employment and business opportunities required by Section 3; and incorporation of the "Section 3 Clause" specified by Section 135.20 (b) of the regulations in all contracts for work in connection with the project. The (applicant) (recipient) certifies and agrees that it is under no contractual or other disability which would prevent it from complying with these requirements.

C. Compliance with the provision of Section 3, the regulations set forth in 24 CFR Part 135, and all applicable rules and orders of the Secretary issued thereunder prior to approval by the Government of the application for this (contract) (agreement), shall be a condition of the Federal financial assistance provided to the project, binding upon the (applicant) (recipient), its successors and assigns. Failure to fulfill these requirements shall subject the (applicant) (recipient), its contractors and subcontractors, its successors, and assigns to the sanctions specified by the (contract) (agreement), and to such sanctions as are specified by 24 CFR Section 135

COMPANY:_____
SIGNATURE:_____
ADDRESS:_____
DATE: _____

Sample Plan

Polk County Section 3 Economic Opportunity Plan Questions

The Section 3 Economic Opportunity Plan must describe the proposed strategies for achieving the Section 3 training and employment numerical goals, and subcontracting numerical goals. (where subcontracting is allowable in the Bid.)

Please review the information below, and provide your responses on separate paper. (A Section 3 Economic Opportunity Plan Instruction Sheet is attached to further assist you in developing your responses to the information requested below.)

1. Identify individual(s) responsible for planning, implementing and tracking the projects' Section 3 training and employment goals. Describe their prior experience in this area.

2. Describe efforts (contractor and subcontractor) to be taken to recruit, solicit, encourage, facilitate, and hire public housing and other low-income persons. Identify any private or public resources that will be used.

3. Describe contractor's activities to be taken for recruiting, soliciting, encouraging, facilitating and selecting Section 3 subcontractors, where applicable.

4. Describe plans to structure project activities in ways that create opportunities for Section 3 firms' participation, where applicable.

YOUR RESPONSES TO QUESTIONS 1-4, WILL CONSTITUTE YOUR PLAN; PLEASE ATTACH YOUR PLAN DOCUMENT AND ALSO INCLUDE THE FOLLOWING INFORMATION ON YOUR PLAN:

(1) COMPANY NAME:_____

(2) YOUR NAME AND PHONE NUMBER:_____

(3) BID NUMBER AND NAME:_____

Sample Plan (Cont.)

PLEASE RE-TYPE YOUR OWN FIRM'S PLAN ON YOUR FIRM STATIONERY
FIRM NAME, ADDRESS, TELEPHONE AND FAX NUMBER

Question #1
Identify individuals responsible for planning, implementing, and tracking the project's Section 3 training and employment goals. Describe their prior experience in this area. The individual responsible for planning, implementing and tracking the project's Section 3 training and employment goals is John Doe, President (or the appropriate title of this individual), of name of firm (hereafter referred to as "Contractor"). He (or she) will obtain all pertinent information to become thoroughly familiar and ensure contract compliance with the HUD Section 3 Regulation. John Doe has worked on construction (or service, whichever is applicable) projects, and is qualified to administer contractor's Section 3 Economic Opportunity Plan (Plan.)

Question #2
Describe efforts (contractor and subcontractor) to be taken to recruit, solicit, encourage, facilitate and hire public housing and other low-income persons. Identify any private or public resources that will be used.
The employment goal is thirty percent (30%) of the aggregate number of new hires.
Contractor will take the following steps to recruit, solicit, encourage, facilitate and hire public housing and other low-income persons, in the event any vacancies occur throughout the duration of the project:

1. Meet with resident associations and managers at the public housing site where work is to take place, first, and second, at other public housing sites.

2. Schedule a time and place for public housing residents to complete job applications.

3. Develop a list of "pre-qualified" Section 3 public housing and other low-income residents who could fill job vacancies that may later become available.

4. Send notices about Section 3 training and employment obligations and opportunities required for this project to Career Source Polk career centers (www.careersourcepolk.com).

5. Establish a training program to provide public residents and other low income residents with the opportunity to learn basic skills and job requirements.

6. Advertise in major and community newspapers and on job sites for workers who meet the definition of a Section 3 resident. Contractor will establish files to record and retain written documentation of all training and employment outreach efforts and resources from agency representatives and job applicants.

Question #3
(ONLY APPLICABLE TO FIRMS THAT SUBCONTRACT)
Describe the contractor's activities to be taken for recruiting, soliciting, encouraging, facilitating and selecting Section 3 subcontractors, where applicable.

Contractor will take all feasible measures to recruit, solicit, encourage, facilitate, and select qualified Section 3 business subcontracting firms to perform at least 10% of the project award amount (contract sum) for each Polk County project for which Contractor is the successful bidder.

Contractor understands that, in addition to awarding work to qualified Section 3 businesses, it is our responsibility to:

1. Use the contractor's or firms solicitation letter to advertise to the "greatest extent feasible" to all firms on lists provided to us by the Polk County and other organizations about the type of work needed to complete each Polk County project,

2. Advise firms of Contractor's obligation to seek and award work to qualified Section 3 businesses, where feasible,

3. Clarify the definition of a Section 3 resident and business.

4. Explain how to qualify as a Section 3 business in order to be eligible to receive a preference from Contractor when subcontractor work is to be awarded, and

5. Provide Section 3 certified firms that are qualified to perform work with an opportunity to submit price quotations for Polk County project work, and where financially feasible, hire such firms as subcontractors.

Documentation of Outreach to find Eligible Section 3 Subcontracting Firms

1. Contractor will establish files to record and retain written documentation of all outreach efforts and responses received from organizations and subcontractors who are contacted.

2. Contractor will provide Polk County with an outreach close-out letter for each project awarded. If Contractor is unable to meet Polk County's requirement to contract at least 10% of the award amount to Section 3 businesses, Contractor will include in its close-out letter an explanation as to why this requirement was not met.

Question #4
(ONLY APPLICABLE TO FIRMS THAT SUBCONTRACT) **Describe plans to structure project activities in ways to create opportunities for Section 3 firms to participate, where applicable.**

Contractor will make every effort to structure project activities to increase opportunities for Section 3 businesses. This will be accomplished by sub-dividing the work into smaller amounts, or by using multiple firms to complete similar types of work.

Submitted by:_____
Submission Date: _____

_____
President Name