
**SECTION 3 PLAN
for
City of Kettering, Ohio**

**OFFICE OF ECONOMIC OPPORTUNITY
FAIR HOUSING EQUAL OPPORTUNITY
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**RESOLUTION
A RESOLUTION TO ADOPT THE SECTION 3 PLAN
TO COMPLY WITH 24 CFR, PART 135 OF THE
UNITED STATES DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT SECTION 3**

WHEREAS, the United States Congress passed Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) to further the goal of ensuring that federal funds benefit the residents of projects funded wholly or in part by those funds, and

WHEREAS, Part 135 of Section 3 is to establish the standards and procedures to be followed to ensure that the objectives of Section 3 are met; and

WHEREAS, the City of Kettering has hired a consulting firm to develop a Section 3 Plan in adherence to 24 CFR, Part 135 that more comprehensively addresses the standards and procedures prescribed in the Act; and

WHEREAS, the Section 3 Plan has been reviewed by the City of Kettering's Community Development Manager and her comments incorporated into the Plan.

NOW, THEREFORE, BE IT RESOLVED THAT City Council authorizes the City of Kettering, Ohio to adopt and implement the revised Section 3 Plan to ensure compliance with Federal Law.

APPROVED AND ADOPTED this _____ day of _____, 2009.

By: _____

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General Policy Statement

It is the policy of the City of Kettering, Ohio to require its contractors to provide equal employment opportunity to all employees and applicants for employment without regard to race, color, religion, sex, national origin, disability, veteran's or marital status, or economic status and to take affirmative action to ensure that both job applicants and existing employees are given fair and equal treatment.

In addition, the City of Kettering, Ohio has adopted a Section 3 plan to establish policy that ensures economic opportunities for low and very low income persons residing in the City of Kettering. This City of Kettering implements this policy through the awarding of contracts to contractors, vendors, and suppliers that create employment and business opportunities for qualified low- and very low-income persons residing in the City of Kettering and specifically in areas targeted by the City for redevelopment using federal monies.

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

Section 3 Purpose

U.S. Code Title 12, Chapter 13, Section 1701u states “the Congress finds that:

(1) Federal housing and community development programs provide State and local governments and other recipients of Federal financial assistance with substantial funds for projects and activities that produce significant employment and other economic opportunities;

(2) low- and very low-income persons, especially recipients of government assistance for housing, often have restricted access to employment and other economic opportunities;

(3) the employment and other economic opportunities generated by projects and activities that receive Federal housing and community development assistance offer an effective means of empowering low- and very low-income persons, particularly persons who are recipients of government assistance for housing; and

(4) prior Federal efforts to direct employment and other economic opportunities generated by Federal housing and community development programs to low- and very low-income persons have not been fully effective and should be intensified.”

This section also states that “it is the policy of the Congress and the purpose of this section to ensure that the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing.”

Therefore, the City of Kettering established this Section 3 Plan to ensure that employment and other economic and business opportunities generated by the Department of Housing and Urban Development (HUD) financial assistance, to the greatest extent feasible, are directed to low- and very low-income persons, especially recipients of government-assistance for housing and business concerns that provide economic opportunities to low- and very-low income persons.

Section 3 Contracting Policy and Procedure

The City of Kettering will include Section 3 policy in all procurements generated for use with HUD funding.

This policy and procedure contains goal requirements for awarding contracts to Section 3 Business Concerns.

All contractors/businesses seeking Section 3 preference must, before submitting bids/proposals to the City of Kettering, be required to complete certifications, as appropriate, as acknowledgement of the Section 3 contracting and employment provisions required by this section. Such certifications shall be adequately supported with appropriate documentation as referenced in the form.

Section 3 Employment & Training Goals

It is the policy of the City of Kettering to utilize residents and other Section 3 eligible persons and businesses in contracts partially or wholly funded with monies from the U.S. Department of Housing and Urban Development (HUD). The City of Kettering has established employment and training goals that contractors and subcontractors should meet in order to comply with Section 3 requirements as referenced in 24 CFR 135.30. The numerical goal is thirty percent (30%) of the aggregate number of new hires in any fiscal year.

It is the responsibility of contractors, vendors and suppliers 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. All contractors submitting bids or proposals to the City of Kettering are required to certify that they comply with the requirements of Section 3.

The Section 3 Contract Clause specifies the requirements for contractors hired for Section 3 covered projects. The Section 3 Clause must be included in all Section 3 covered projects. The Section 3 Contract Clause is included as a part of this plan.

Resident Hiring Requirements

The City of Kettering has established a numerical goal for new hires for contractors on Section 3 eligible projects. This goal is thirty percent (30%) of the aggregate number of new hires in any fiscal year.

In addition, the City of Kettering has adopted the following fiscal scale for resident hiring that is to be used on all construction contracts, service contracts and professional service contracts that contain a labor component.

RESIDENT HIRING SCALE

TOTAL LABOR DOLLARS USE TOTAL CONTRACT AMOUNT FOR SERVICE CONTRACTS	RESIDENT AS A % OF TOTAL LABOR DOLLARS
Labor dollars \$100,000, but less than \$200,000	9% of the labor dollars
At least \$200,000, but less than \$300,000	8% of the labor dollars
At least \$300,000, but less than \$400,000	7% of the labor dollars
At least \$400,000, but less than \$500,000	6% of the labor dollars
At least \$500,000, but less than \$1 million	5% of the labor dollars
At least \$1 million, but less than \$2 million	4% of the labor dollars
At least \$2 million, but less than \$4 million	3% of the labor dollars
At least \$4 million, but less than \$7 million	2% of the labor dollars
\$7 million or more	1 - ½% of the labor dollars

With this sliding formula, it is expected that an appropriate number of residents with particular qualifications or willingness to begin unskilled labor will be able to participate in contracted labor efforts. A prime contractor, through its subcontractor(s), may satisfy City of Kettering resident hiring requirement set forth above in one of the following manners:

1. Subcontract or joint venture with a resident owned business. The business must be 51% or more owned by a qualifying low-income resident, or subcontract/joint venture with a business that employs full-time, 30% or more low and very-income individuals residing within the City of Kettering.
2. Direct hiring of City of Kettering low and very low-income neighborhood residents based on the Resident Hiring Scale, or
3. Contractor makes a contribution to an appropriate training and employment fund to provide assistance to Section 3 residents to obtain training. The level of contribution would be commensurate with the sliding scale set forth in the Resident Hiring Scale.

Section 3 Coordinator

In order for the City of Kettering to implement the Section 3 plan and maintain compliance with its various components, the City will identify a Section 3 Coordinator to serve as the liaison between the City, its contractors, subcontractors, HUD and Section 3 residents and business concerns.

Assisting Contractors to Achieve Section 3 Goal Hiring and Contracting Goals

The City of Kettering will assist contractors with little or no experience in achieving Section 3 hiring and contracting goals by:

- Requiring the contractor to present a list, to the Section 3 Coordinator, of the number of subcontracting and/or employment opportunities expected to be generated from the initial contract.
- Providing contractor with a list of Section 3 business concerns interested and qualified for construction projects.
- Assisting the contractor as appropriate with advertising employment opportunities and subcontracting opportunities to the community.
- Reviewing the new hire clause with contractors and subcontractors to ensure that the requirement is understood. *It is not intended for contractors and subcontractors to terminate existing employees, but to make every effort feasible to employ Section 3 program participants before any other person, when hiring additional employees needed to complete proposed work to be performed with HUD (federal) funds.*

Preference for Contracting with Section 3 Business Concerns

The City of Kettering, in compliance with Section 3 regulations, will require contractors and subcontractors (including professional service contractors) to direct their efforts toward contracts to Section 3 business concerns in the following order to priority:

Category 1: Business concerns that are 51% or more owned by Section 3 resident(s), or whose full-time, permanent workforce includes 30% of Section 3 residents as employees.

Category 2: HUD Youthbuild programs being carried out in the City of Kettering in which Section 3 covered assistance is expended.

Category 3: Business concerns that subcontract in excess of 25% of the total amount of subcontracts to Section 3 business concerns.

Contractors and subcontractors are expected to extend, to the greatest extent feasible, efforts to achieve the numerical goals established by the City of Kettering.

Section 3 Business Certification

Any business seeking Section 3 preference in the awarding of contracts or purchase agreements with the City of Kettering shall complete the *Section 3 Business Concern Application*, which can be obtained from the City of Kettering Section 3 Coordinator.

The business seeking Section 3 preference must be able to provide adequate documentation as evidence of eligibility for preference under the Section 3 Program. Certifications for Section 3 preference for business concerns must be submitted to the Section 3 Coordinator of the City of Kettering prior to the submission of bids for approval. If the Section 3 Coordinator previously approved the business concern to be Section 3 certified, then the certification can be submitted along with the bid.

Efforts to Award Contract Opportunities To Section 3 Business Concerns

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

- Advertise contracting opportunities via newspaper, mailings, posting notices that provide general information about the work to be contracted and where to obtain additional information.
- Provide written notice of contracting opportunities to all known Section 3 business concerns. The written notice will be provided in sufficient time to enable business concerns the opportunity to respond to the bid invitation.
- Contact business assistance agencies, Minority and Women's Business Enterprise (M/WBE) contractor associations and community organizations to inform them of contracting opportunities and to request their assistance in identifying Section 3 businesses.

Contractor's Requirements in Employing Section 3 Residents

Under the City of Kettering Section 3 Plan, contractors and subcontractors are required to provide employment opportunities for open positions to Section 3 residents/ participants in the priority order listed below:

- a) Category 1** – Residents of government-assisted housing in the neighborhood area in which the contract shall be expended;
- b) Category 2** – Residents of government-assisted housing in other qualifying low-income areas in the City of Kettering;
- c) Category 3** – Participants in HUD Youthbuild program being carried out in the project boundary area.
- d) Category 4** – City of Kettering residents who meet the income guidelines for Section 3 preference (refer to Section 3 Income Limits).

After the award of contracts, the contractor must, prior to beginning work, inform the City of Kettering's Section 3 Coordinator of the following:

- Names of the Section 3 business concerns to be utilized,
- Estimates of the number of employees to be utilized for contract,
- Projected number of available positions, to include job descriptions and wage rates (construction wages consistent with Davis Bacon),
- Efforts that will be utilized to seek Section 3 participants. (See Exhibit 2)

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 or 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.

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.

Assistant – the Assistant Secretary for Fair Housing and Equal Opportunity.

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 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 generated by the expenditure of Section 3 covered public assistance (i.e., operating assistance, development assistance and modernization assistance, (as described in Section 135.3 (a) (1)). With respect to Section 3 covered housing and community development assistance, this term means all employment opportunities arising in connection with Section 3 covered projects (as described in Section 135.3 (a) (2)), including management and administrative jobs. 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.

Housing Authority (HA) – Public Housing Agency.

Housing Development – low-income housing owned, developed, or operated by public housing agencies in accordance with HUD's public housing program regulations codified in 24 CFR Chapter IX.

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, PHA, 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.

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 concern, 1) That is 51 percent or more owned by Section 3 resident: 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 business concerns that meet the qualifications set forth in paragraphs 1 or 2 above.

Section 3 Covered Assistance – 1) public housing development assistance provided pursuant to Section 5 of the 1937 Act; 2) public housing operating assistance provided pursuant to Section 9 of the 1937 Act; 3) public housing modernization assistance provided pursuant to Section 14 of the 1937 Act; 4) assistance provided under any HUD housing or community development program that is expended for work arising in connection with housing rehabilitation, construction, or other public construction project (which includes other buildings or improvements, regardless of ownership).

Section 3 Clause – the contract provisions set forth in Section 135.38.

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 (FAR). 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 – a public housing resident or an individual who resides in the metropolitan area or nonmetropolitan 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 income 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 1

Section 3 Business Concern Certification Application

Dear Business Owner:

This is your invitation to become certified as a Section 3 business concern. As part of our effort to promote contract, employment and training opportunities for all City of Kettering businesses in compliance with federal Section 3 regulations, the City of Kettering has created this simple Section 3 certification application process. The City is seeking to extend the benefits of and to promote compliance with Section 3 by (1) identifying Section 3 business concerns and (2) targeting Section 3 business concerns for contract opportunities.

As a certified Section 3 business concern, you will be provided opportunity to contract with the City of Kettering on HUD-funded projects within the City.

There are two ways to receive designation as a Section 3 business concern. Your company will qualify if (1) it is owned by one or more Section 3 residents, or (2) 30% or more of its full time permanent workforce are Section 3 Residents. Verification of status under either of these options can be attained by completing the appropriate form: Form S3-A for "*Section 3 Business Concern – Resident Business Owner(s)*" or Form S3-B, "*Section 3 Business Concern – 30%+ Workforce*". **YOU NEED ONLY SUBMIT THE BUSINESS CONCERN APPLICATION FORM WITH EITHER S3-A OR S3-B TO BE ELIGIBLE FOR SECTION 3 CERTIFICATION.**

Please answer all questions and sign the forms. Please then forward the form via email to Tom Luckett at tom.luckett@ketteringoh.org or by postal mail to:

Tom Luckett, Section 3 Coordinator
Planning & Development Department
City of Kettering
3600 Shroyer Road
Kettering, Ohio 45429

If you have any questions or concerns, please feel free to contact Tom Luckett at (937) 296-3314.

SECTION 3 BUSINESS CONCERN APPLICATION

Business Name:																				
D.B.A. (if different from above):																				
Address:	City:	State/Zip:																		
Business Phone: ()	Fax: ()																			
E-Mail:	Business Website:																			
Employer Identification Number:	Owners Social Security Number (if no EIN):																			
Contact Person & Title:	Contact Phone:																			
<p>Trade Description:</p> <table style="width: 100%; border: none;"> <tr> <td><input type="checkbox"/> Carpentry</td> <td><input type="checkbox"/> Heating (HVAC)</td> <td><input type="checkbox"/> Electrical</td> </tr> <tr> <td><input type="checkbox"/> Painting</td> <td><input type="checkbox"/> Masonry Restoration</td> <td><input type="checkbox"/> Asbestos</td> </tr> <tr> <td><input type="checkbox"/> Plumbing</td> <td><input type="checkbox"/> Roofing</td> <td><input type="checkbox"/> Lead Abatement</td> </tr> <tr> <td><input type="checkbox"/> GC</td> <td><input type="checkbox"/> Exterminating</td> <td><input type="checkbox"/> Carpet/Flooring</td> </tr> <tr> <td><input type="checkbox"/> Boiler/Burner Replacement</td> <td><input type="checkbox"/> Rubbish Removal</td> <td><input type="checkbox"/> Ironwork</td> </tr> <tr> <td><input type="checkbox"/> Accountant Services</td> <td><input type="checkbox"/> Legal Services</td> <td><input type="checkbox"/> Demolition</td> </tr> </table> <p><input type="checkbox"/> Other _____</p>			<input type="checkbox"/> Carpentry	<input type="checkbox"/> Heating (HVAC)	<input type="checkbox"/> Electrical	<input type="checkbox"/> Painting	<input type="checkbox"/> Masonry Restoration	<input type="checkbox"/> Asbestos	<input type="checkbox"/> Plumbing	<input type="checkbox"/> Roofing	<input type="checkbox"/> Lead Abatement	<input type="checkbox"/> GC	<input type="checkbox"/> Exterminating	<input type="checkbox"/> Carpet/Flooring	<input type="checkbox"/> Boiler/Burner Replacement	<input type="checkbox"/> Rubbish Removal	<input type="checkbox"/> Ironwork	<input type="checkbox"/> Accountant Services	<input type="checkbox"/> Legal Services	<input type="checkbox"/> Demolition
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<input type="checkbox"/> Boiler/Burner Replacement	<input type="checkbox"/> Rubbish Removal	<input type="checkbox"/> Ironwork																		
<input type="checkbox"/> Accountant Services	<input type="checkbox"/> Legal Services	<input type="checkbox"/> Demolition																		
Date Business was established:																				
____/____/____	<i>Month</i>	<i>Day</i>																		
<i>Year</i>																				
Type of Business Entity (check one):																				
<input type="checkbox"/> Corporation	<input type="checkbox"/> Partnership	<input type="checkbox"/> Sole Proprietorship																		
<input type="checkbox"/> Limited Liability Corporation (LLC)	<input type="checkbox"/> Limited Liability Partnership (LLP)																			
<input type="checkbox"/> Joint Venture	Other (Describe): _____																			
Number of employees: Full-time: _____ Part-time: _____ Contract: _____																				
Total: _____																				
Section 3 employees: Full-time: _____ Part-time: _____ Contract: _____																				
Total: _____																				

Has Business worked with the City of Kettering in the past? YES NO

Is yes, please provide Vendor Number:

Does Business have any special designation(s)? YES NO

If YES, check all that apply: MBE WBE Other _____

**SECTION 3 BUSINESS CONCERN
Resident Business Owner(s)**

Name of Owner: _____

Home Address: _____

Name of Business: _____

Percentage of Ownership: _____ %

Check the appropriate box for your family size and income:

Check Box	# of Persons in Household	Gross Household Income Max.
<input type="checkbox"/>	1 Person	\$39,700
<input type="checkbox"/>	2 Persons	\$45,350
<input type="checkbox"/>	3 Persons	\$51,050
<input type="checkbox"/>	4 Persons	\$56,700
<input type="checkbox"/>	5 Persons	\$61,250
<input type="checkbox"/>	6 Persons	\$65,750
<input type="checkbox"/>	7 Persons	\$70,300
<input type="checkbox"/>	8 Persons	\$74,850

I certify that I am a resident of City of Kettering and my **Total Household Income** last year was less than the amount shown above for my family size.

If the business is owned by more than one Section 3 resident, each should submit a separate Resident Business Owner Verification Form. List each owner below:

I certify that the other Section 3 residents listed below collectively own at least 51% of the business.

Name	Position	Percentage of Ownership

I certify that the information provided is true and accurate.

Print Name:	Date:
Signature:	

SECTION 3 BUSINESS CONCERN 30%+ WORKFORCE

A business can be certified as a Section 3 business concern if at least 30% of its permanent, full-time employees are currently Section 3 residents or were Section 3 residents within three years of the date of employment with the business.

For your firm to be eligible UNDER THIS CRITERIA, you must provide the following information for all permanent FT employees.

Copy this form if necessary.

<u>LIST ALL EMPLOYEES</u> NAME & ADDRESS	DATE HIRED (MM/DD/YYYY)	CHECK IF SECTION 3 RESIDENT	JOB TITLE/TRADE
Name: Address: City/Zip:		<input type="checkbox"/>	
Name: Address: City/Zip:		<input type="checkbox"/>	
Name: Address: City/Zip:		<input type="checkbox"/>	
Name: Address: City/Zip:		<input type="checkbox"/>	
Name: Address: City/Zip:		<input type="checkbox"/>	
Name: Address: City/Zip:		<input type="checkbox"/>	
Total Number of Employees:			
Number of Section 3 Residents:			
% of Total Workforce:			

I certify that the above statements are true, complete, and correct to the best of my knowledge and belief.

Print Name: Title: Company Name: Date: Signature: _____
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Exhibit 2

**The City of Kettering
Eligibility for Preference**

A Section 3 resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the recipient contractor or subcontractor, if requested, that the person is a Section 3 resident, as defined in Section 135.5. (An example of evidence of eligibility for the preference is evidence of receipt of public assistance, or evidence of participation in a public assistance program.)

**Certification for Resident
Seeking Section 3 Preference for Employment**

I, _____, am a legal resident of the City of Kettering and satisfy one or more of the following criteria:

- Reside in government-assisted housing; or
- Meet the income eligibility guidelines for a low- or very low-income person as published by the U.S. Department of Housing and Urban Development.

My permanent address is: _____

I have attached the following documentation as evidence of my status:

___ Copy of lease ___ Documentation of income ___ Other documentation

A picture identification card and proof of current residency is also required.

Signature: _____
Print Name: _____ Date: _____

Income Eligibility Guideline

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Very Low (50%) Income Limits	\$23,000	\$26,300	\$29,600	\$32,850	\$35,500	\$38,150	\$40,750	\$43,400
Low (80%) Income Limits	\$36,800	\$42,050	\$47,300	\$52,550	\$56,800	\$61,000	\$65,200	\$69,400

Exhibit 3

SECTION 3 CONTRACTING

POLICY & PROCEDURE

INTRODUCTION

The City of Kettering's Planning and Development Department is a diverse department with a mission of *Making Kettering the Community of Choice*.

The purpose of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed to low and very-low income individuals, especially recipients of government assistance for housing, and to business concerns which provide economic opportunities to low and very low income individuals. (Section 3 means section 3 of the Housing and Urban Development Act of 1968, as amended 12 U.S.C. 1701u).

Section 3 requirements apply to all contractors and subcontractors performing work in connection with projects and activities funded by assistance covered by Section 3, for contracts or subcontracts exceeding \$100,000.

A business concern seeking to qualify for a Section 3 contracting preference shall certify or submit evidence that the business concern qualifies as a Section 3 business concern. The Section 3 business must also be able to demonstrate its ability to complete the contract. The ability to perform successfully under the terms and conditions of the proposed contract is required of all contractors and subcontractors subject to the procurement standards of 24 CFR 85.36, 24 CFR 85.36b(8).

Contractors who do not qualify as Section 3 business concerns, but who enter into contracts with the City of Kettering must agree to comply with certain general conditions (refer to Section 3 Clause). All contractors and subcontractors, including Section 3 businesses, must comply with these general conditions. In addition each contractor and subcontractor must submit quarterly documentation of Section 3 compliance (refer to Section 3 Compliance Report). Failure to comply with these conditions may lead to sanctions which can include termination of the contract for default and suspension or debarment from future HUD-assisted contracts.

Please direct any questions you may have regarding this information to Tom Lockett, Section 3 Coordinator at (937) 296-3314.

WHAT IS A SECTION 3 BUSINESS CONCERN?

A Section 3 Business Concern is a business concern, as defined in this section—

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

Note: A business concern seeking to qualify for Section 3 shall certify and submit evidence that the business meets one of the guidelines stated above. (Refer to Section 3 Business Concern Certification Application – Exhibit 1)

WHO IS A SECTION 3 RESIDENT?

For purposes of the City of Kettering, a Section 3 resident is:

- A resident of government-assisted housing;
- An individual who lives in the City of Kettering and whose income falls below HUD's published guidelines for low- or very low income.

ORDER OF PROVIDING PREFERENCE SECTION 3 BUSINESS CONCERN

When considering the award of contracts to business concerns, and more than one Section 3 business concern is being considered, to the greatest extent possible, awards shall be made in the following order of priority:

a) Category 1 – Business owner(s) is/are resident(s) of government-assisted housing in the neighborhood area in which the contract shall be expended;

b) Category 2 – Business owner(s) is/are resident(s) of government-assisted housing in other qualifying low-income areas in the City of Kettering;

c) Category 3 – Business owner(s) hires participants in HUD Youthbuild program being carried out in the project boundary area.

d) Category 4 – Business owner(s) is/are resident(s) of City of Kettering who meet the income guidelines for Section 3 preference (refer to Section 3 Income Limits).

Note: A Section 3 business concern seeking any of the above preferences shall submit evidence that it meets the guidelines of that preference.

WHAT IF MY BUSINESS DOES NOT QUALIFY AS A SECTION 3 BUSINESS?

The City of Kettering will, to the greatest extent feasible, offer contracting opportunities to Section 3 business concerns. However, in the event no Section 3 business bids on a contract, or bids but is not able to demonstrate to the City's satisfaction that it has the ability to perform successfully under the terms and conditions of the proposed contract, then that contract will be awarded to a non-Section 3 business concern that can meet the terms and conditions of the proposed contract through the competitive bidding process.

That business concern must meet, as all businesses must (including Section 3 businesses), the general conditions of compliance (refer to Section 3 Clause).

This will include:

1. Submitting a list of all positions necessary to complete contract, name of employees who will fill those positions, names of all other employees.
2. Posting notices of any vacant positions, including training and/or apprenticeship positions, qualifications for positions, place where applications will be received and starting date of employment.
3. To the greatest extent possible, making vacant positions, including training and/or apprenticeship positions, available to Section 3 residents (all categories) in order of priority.
4. As positions are vacated during completion of contract, following guidelines enumerated in numbers 2 and 3 above.
5. Submitting Compliance Reports as required.
6. If notified of non-compliance, correcting non-compliance within allowable time period.

ORDER OF PROVIDING PREFERENCE EMPLOYMENT OF SECTION 3 RESIDENT

When considering the employment of a Section 3 resident, the following order of priority is followed as outlined in 24 CFR 135.32:

- a) Category 1** – Residents of government-assisted housing in the neighborhood area in which the contract shall be expended;
- b) Category 2** – Residents of government-assisted housing in other qualifying low-income areas in the City of Kettering;
- c) Category 3** – Participants in HUD Youthbuild program being carried out in the project boundary area.
- d) Category 4** – City of Kettering residents who meet the income guidelines for Section 3 preference (refer to Section 3 Income Limits).

In all cases, applicants must meet the minimum qualifications for the position. In no instance shall it be construed that preference is given to Section 3 residents who do not meet these minimum qualifications.

SECTION 3 INCOME LIMITS

All residents of government-assisted housing qualify as Section 3 residents. Additionally, individuals residing in the City of Kettering who meet the income limits set forth below can also qualify for Section 3 status.

Income Eligibility Guideline

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Very Low (50%) Income Limits	\$23,000	\$26,300	\$29,600	\$32,850	\$35,500	\$38,150	\$40,750	\$43,400
Low (80%) Income Limits	\$36,800	\$42,050	\$47,300	\$52,550	\$56,800	\$61,000	\$65,200	\$69,400

SECTION 3 Procurement Documents and Requirements

The City of Kettering has initiated efforts to enhance hiring of Section 3 residents in specific procurement areas. These initiatives are designed to set the requirements for resident hiring and developing and/or strengthening administrative procedures for facilitating contractors' hiring of Section 3 residents residing in the City of Kettering.

Procurement Documents

Each bidder/proposer must include a Section 3 Opportunities Plan which indicates its commitment to meet the City of Kettering's Section 3 resident hiring requirements.

If a bidder/proposer fails to submit a Section 3 Opportunities Plan and the related data along with the bid/proposal, such bid/proposal will be declared as "non-responsive".

For Invitations for Bids ("IFB") where awards are made to the lowest, responsive and responsible bidder, the bidder's commitment to satisfy the City of Kettering's resident hiring requirements may be a factor used in determining whether the bidder is "responsive".

SECTION 3 OPPORTUNITIES PLAN (SERVICE & PROFESSIONAL CONTRACTS)

The purpose of Section 3 is to ensure that jobs and economic opportunities generated by HUD financial assistance for housing and community development programs shall be directed to low and very low income persons, particularly those who are recipients of government assistance for housing and business concerns which provide economic opportunities to low and very low income persons.

The Section 3 Opportunities Plan is to be completed for service and professional contracts. There are three ways in which Section 3 can be fulfilled:

1. Subcontract or joint venture with a Section 3 business concern. The business must be 51% or more owned by a qualifying low-income resident, or subcontract/joint venture with a business that employs full-time, 30% or more low and very-income individuals residing within the City of Kettering.
2. Direct hiring of City of Kettering low and very low-income neighborhood residents based on the Resident Hiring Scale, or
3. Contractor makes a contribution to an appropriate training and employment fund to provide assistance to residents to obtain training. The level of contribution would be commensurate with the sliding scale set forth in the Resident Hiring Scale.

The completed Section 3 Opportunities Plan must be submitted to the Section 3 Coordinator at the City of Kettering. Each contractor is required to attend a preconstruction conference with City of Kettering staff where contractual obligations will be explained, the contractor's Section 3 dollar amount will be determined, and the contractor's hiring goals will be discussed.

The Section 3 Opportunities Plan that is submitted with the RFQ/RFP/IFB and the final copy that is submitted to the Section 3 Coordinator must be signed and include the title of person executing the plan.

A Section 3 Compliance Status Report is due quarterly and is the Contractor's communication tool on compliance with Section 3. Contractors may contact the Section 3 Coordinator with any questions regarding forms, responsibilities or requirements relative to Section 3.

**SECTION 3 OPPORTUNITIES PLAN
for Contract #_____.**

I. Opportunities Plan

Option 1: The Contractor plans to subcontract or joint venture with a resident owned business. The business must be 51% or more owned by a qualifying low-income resident, or subcontract/joint venture with a business that employs full-time, 30% or more low and very-income individuals residing within the City of Kettering. *Total percentage of contract: _____%. Total dollar amount of subcontract/joint venture: \$_____*

Option 2: The Contractor plans to directly hire City of Kettering low and very low-income neighborhood residents based on the Resident Hiring Scale. *Total percentage of contract: _____%. Total dollar amount of salary(ies): \$_____*

Option 3: The Contractor plans to make a contribution to an appropriate training and employment fund to provide assistance to residents to obtain training. The level of contribution will be commensurate with the sliding scale set forth in the Resident Hiring Scale. *Total percentage of contract: _____%. Total dollar amount of contribution: \$_____*

Select one or more options outlined above. Total compliance must equal 100% of required amount.

II. Business Concerns List (Option 1)

RFP Title		RFP #		
Subcontract Opportunity	Number of Subcontracts		Contract Goal	
	Filled		Total to be Filled	Section 3 Business Concerns
	TOTAL	Section 3 Business Concerns*		

* Section 3 Business Concerns should complete Section 3 Business Concern Application and either Form S-3A or S-3B as appropriate. A copy of the application and form should be submitted along with this Opportunities Plan or with the Compliance Report as appropriate.

III. Labor Survey – *List all positions required to fulfill contract obligations/requirements.*
 (Option 2)

RFP Title		RFP #			
Job Title	Needed	Number of Positions		Hiring Goal	
		Filled		Total to be Filled	Section 3 Residents
		TOTAL	Section 3 Residents*		

* Section 3 Residents should complete *Certification for Resident Seeking Section 3 Preference for Employment* form. A copy of the form should be submitted along with this Opportunities Plan or with the Compliance Report as appropriate.

IV. Contribution (Option 3)

In the event I am awarded the contract, in lieu of Section 3 resident hiring or Section 3 business concern subcontracting requirements, I have the option to submit a check in the compliance amount of the start of contract date, or allow the City of Kettering to deduct payment from my draw requests to contribute to an appropriate training and employment fund to provide assistance to residents in obtaining training. (Compliance amount is based upon the labor dollars of the contract award.)

You may comply by choosing one or all options. Remember your compliance must be equal to 100% of the required Section 3 labor amount or any remaining percentage(s) will be deducted from payouts and contributed to an appropriate Section 3 resident training/educational fund.

The failure of the contractor to comply with the above-approved plan shall be a material breach of the contract.

 Contractor’s Signature and Title _____
Date

Section 3 Compliance Status Report

NAME OF PRIME CONTRACTOR: _____

TITLE OF CONTRACT/RFP: _____

CONTRACT #: _____

Section 3 Dollar Obligation: \$ _____ Amount of obligation met to date: \$ _____

Person filling out this form: _____ Date: _____

The Contractor hereby agrees to comply with all the provisions of Section 3 as set forth in 24 CFR 135.38. The contractor hereby submits this quarterly Compliance Status Report to report its progress in meeting its Section 3 obligations.

This report is due on a quarterly basis throughout the contract period. The quarterly status report shall be submitted no later than 10 days after the end of each calendar quarter of the contract (e.g., April 10 for calendar quarter January 1 to March 31). The status report shall be in at least the same level of detail as the approved Section 3 Opportunities Plan. For any goal not met, the report shall identify any other economic opportunities, which the contractor has provided, or intend to provide to Section 3 residents.

The failure of the Contractor to comply with the approved plan shall be a material breach of the contract.

RESIDENT HIRING

Section 3 Resident Employee Information (Jobs filled this quarter in compliance with Section 3)			
Job Title	Section3 Resident Name	Address	Social Security #

* Section 3 Residents should complete *Certification for Resident Seeking Section 3 Preference for Employment* form. A copy of the form should be submitted along with this report.

BUSINESSES SUBCONTRACTING OPPORTUNITIES

Section 3 Business Concern Information (Contracts filled this quarter in compliance with Section 3)		
Business Name*	Task Description	Amount obligated

* Section 3 Business Concerns should complete Section 3 Business Concern Application and either Form S-3A or S-3B as appropriate. A copy of the application and form should be submitted along with this report.

If Section 3 residents and or subcontracting requirements have not been met, an authorized representative of the Contractor should detail the following on company letterhead:

- Goals, expressed in terms of percentage of planning subcontracting dollars, for the use of Section 3 business concerns as subcontractors;
- Statement of the total dollar amount to be subcontracted and total dollar amount to be subcontracted to Section 3 business concerns; and
- Description of the method used to develop the goals above and the efforts to be undertaken by the Contractor to meet those goals.

The statement should be signed by an authorized company representative and dated.

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.

Form HUD-60002, Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons.

Instructions: This form is to be used to report annual accomplishments regarding employment and other economic opportunities provided to low- and very low-income persons under Section 3 of the Housing and Urban Development Act of 1968. The Section 3 regulations apply to any *public and Indian housing programs* that receive: (1) development assistance pursuant to Section 5 of the U.S. Housing Act of 1937; (2) operating assistance pursuant to Section 9 of the U.S. Housing Act of 1937; or (3) modernization grants pursuant to Section 14 of the U.S. Housing Act of 1937 and to recipients of housing and community development assistance in excess of \$200,000 expended for: (1) housing rehabilitation (including reduction and abatement of lead-based paint hazards); (2) housing construction; or (3) other public construction projects; and to contracts and subcontracts in excess of \$100,000 awarded in connection with the Section-3-covered activity.

Form HUD-60002 has three parts, which are to be completed for all programs covered by Section 3. Part I relates to **employment and training**. The recipient has the option to determine numerical employment/training goals either on the basis of the number of hours worked by new hires (columns B, D, E and F). Part II of the form relates to **contracting**, and Part III summarizes recipients' **efforts** to comply with Section 3.

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.* A recipient of Section 3 covered assistance shall submit one copy of this report to HUD Headquarters, Office of Fair Housing and Equal Opportunity. Where the program providing assistance requires an annual performance report, this Section 3 report is to be submitted at the same time the program performance report is submitted. Where an annual performance report is not required, this Section 3 report is to be submitted by January 10 and, if the project ends before December 31, within 10 days of project completion. **Only Prime Recipients are required to report to HUD. The report must include accomplishments of all recipients and their Section 3 covered contractors and subcontractors.**

- HUD Field Office: Enter the Field Office name .
1. Recipient: Enter the name and address of the recipient submitting this report.
 2. Federal Identification: Enter the number that appears on the award form (with dashes). The award may be a grant, cooperative agreement or contract.
 3. Dollar Amount of Award: Enter the dollar amount, rounded to the nearest dollar, received by the recipient.
 - 4 & 5. Contact Person/Phone: Enter the name and telephone number of the person with knowledge of the award and the recipient's implementation of Section 3.
 6. Reporting Period: Indicate the time period (months and year) this report covers.
 7. Date Report Submitted: Enter the appropriate date.

8. Program Code: Enter the appropriate program code as listed at the bottom of the page.
9. Program Name: Enter the name of HUD Program corresponding with the "Program Code" in number 8.

Part I: Employment and Training Opportunities

Column A: Contains various job categories. Professionals are defined as people who have special knowledge of an occupation (i.e. supervisors, architects, surveyors, planners, and computer programmers). For construction positions, list each trade and provide data in columns B through F for each trade where persons were employed. The category of "Other" includes occupations such as service workers.

Column B: (Mandatory Field) Enter the number of new hires for each category of workers identified in Column A in connection with this award. New hire refers to a person who is not on the contractor's or recipient's payroll for employment at the time of selection for the Section 3 covered award or at the time of receipt of Section 3 covered assistance.

Column C: (Mandatory Field) Enter the number of Section 3 new hires for each category of workers identified in Column A in connection with this award. Section 3 new hire refers to a Section 3 resident who is not on the contractor's or recipient's payroll for employment at the time of selection for the Section 3 covered award or at the time of receipt of Section 3 covered assistance.

Column D: Enter the percentage of all the staff hours of new hires (Section 3 residents) in connection with this award.

Column E: Enter the percentage of the total staff hours worked for Section 3 employees and trainees (including new hires) connected with this award. Include staff hours for part-time and full-time positions.

Column F: (Mandatory Field) Enter the number of Section 3 residents that were trained in connection with this award.

Part II: Contract Opportunities

Block 1: Construction Contracts

Item A: Enter the total dollar amount of all contracts awarded on the project/program.

Item B: Enter the total dollar amount of contracts connected with this project/program that were awarded to Section 3 businesses.

Item C: Enter the percentage of the total dollar amount of contracts connected with this project/program awarded to Section 3 businesses.

Item D: Enter the number of Section 3 businesses receiving awards.

Block 2: Non-Construction Contracts

Item A: Enter the total dollar amount of all contracts awarded on the project/program.

Item B: Enter the total dollar amount of contracts connected with this project awarded to Section 3 businesses.

Item C: Enter the percentage of the total dollar amount of contracts connected with this project/program awarded to Section 3 businesses.

Item D: Enter the number of Section 3 businesses receiving awards.

Part III: Summary of Efforts – Self-explanatory

Submit one (1) copy of this report to the HUD Headquarters Office of Fair Housing and Equal Opportunity, at the same time the performance report is submitted to the program office. The Section 3 report is submitted by January 10. Include only contracts executed during the period specified in item 8. PHAs/IHAs are to report all contracts/subcontracts.

* The terms "low-income persons" and very low-income persons" have the same meanings given the terms in section 3 (b) (2) of the United States Housing Act of 1937. **Low-income persons** mean families (including single persons) whose incomes do not exceed 80 percent 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 percent of the median for the area on the basis of the Secretary's findings such that variations are necessary because of prevailing levels of construction costs or unusually high- or low-income families. **Very low-income persons** mean low-income families (including single persons) whose incomes do not exceed 50 percent of the median family income area, as determined by the Secretary with adjustments or smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 percent 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 5

HUD Compliance and Monitoring?

HUD monitors the performance of recipients and contractors. HUD examines employment and contract records for evidence of actions taken to train and employ Section 3 residents and to award contracts to Section 3 businesses. HUD provides technical assistance to recipients and contractors in order to obtain compliance with Section 3 requirements.

What if it appears that an entity is not complying with Section 3?

There is a complaint process. Section 3 residents and business concerns may file complaints if they think a violation of Section 3 requirements has occurred where a HUD-funded project is planned or underway. Complaints will be investigated; if appropriate, voluntary resolutions will be sought. There are appeal rights to the Secretary. Section 3 residents and businesses may also seek judicial relief.

How can Section 3 businesses or residents complain about a violation of Section 3 requirements?

They can file a complaint in writing to the local HUD FHEO Office or to:

The Assistant Secretary for Fair Housing and Equal Opportunity

U.S. Department of Housing and Urban Development
451 Seventh Street, SW, Room 5100
Washington, DC 20410-2000
1-800-669-9777
1-800-927-9276 (TTY)

www.hud.gov www.espanol.hud.gov

A written complaint should contain:

1. Name and address of the person filing the complaint;
2. Name and address of subject of complaint (HUD recipient or contractor);
3. Description of acts or omissions in alleged violation of Section 3;
4. Statement of corrective actions sought.



04736

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Section 3

Economic Opportunity

A Piece of the American Dream



U.S. Department of Housing and Urban Development



Fair Housing and Equal Opportunity

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Previous Editions are Obsolete

Section 3 Act

Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (as amended), requires that economic opportunities generated by certain HUD financial assistance for housing (including Public and Indian Housing) and community development programs shall, to the greatest extent feasible, be given to low and very low-income persons, particularly those who are recipients of government assistance for housing, and to businesses that provide economic opportunities for these persons.

Other HUD programs covered by Section 3 (to distinguish between HUD Public and Indian housing programs) are those that provide housing or community development assistance for housing rehabilitation, housing construction, or other public construction project.

Who are Section 3 residents?

Public housing residents including persons with disabilities.

Low and very low income persons who live in the area where a HUD assisted project is located.

What is a Section 3 business?

A section 3 business is one:

That is owned by Section 3 residents
Employs Section 3 residents or;
Subcontracts with businesses that provide opportunities to low and very low income persons.

What types of Economic Opportunities are available under Section 3?

- ✓ Jobs and Employment opportunities
- ✓ Training and Educational opportunities
- ✓ Contracts and Business opportunities

Who will provide the Economic Opportunities?

Recipients of HUD financial assistance and their contractors and subcontractors are expected to develop a Section 3 Plan to assure that economic opportunities to the greatest extent feasible, are provided to low and very low-income persons and to qualified Section 3 businesses. One element of that Plan is the use of a Section 3 clause which indicates that all work performed under the contract are subject to the requirements of Section 3.

Who receives Economic Opportunities under Section 3?

For training and employment:

- ✓ persons in public and assisted housing;
- ✓ persons in the affected project neighborhood;
- ✓ participants in HUD Youth-build programs;
- ✓ homeless persons.

For contracting:

- ✓ businesses which fit the definition of a Section 3 business.

How can individuals and businesses find out more about Section 3?

Contact the Fair Housing and Equal Opportunity representative at your nearest HUD Office.