

# [Grantee or Subrecipient Name] Section 3 *Project* Implementation Plan

## OVERVIEW

NOTE TO BIDDERS: You must return ALL applicable forms in this packet with your bid. Failure to do so may result in your bid being disqualified.

### Section 3 Goals

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 recipients of certain HUD financial assistance to provide job training, employment, and contracting, to the greatest extent feasible, to low- or very low-income residents, in connection with projects and activities in their neighborhoods. Section 3 is race and gender-neutral and is NOT the same as WBE/MBE.

Projects receiving over $200,000 in HUD assistance (CDBG-DR and CDBG-MIT) trigger Section 3. When triggered, best efforts must be made to extend Section 3 opportunities to verified Section 3 residents and business concerns to meet these *minimum* numeric goals:

1. Twenty-five percent (25%) of the total hours on a Section 3 project must be worked by Section 3 workers; and
2. Five percent (5%) of the total hours on a Section 3 project must be worked by Targeted Section 3 workers. Preference for Contracting with Section 3 Business Concerns

[Grantee or Subrecipient Name] is required by HUD Regulation 24 CFR Part 75 to make best efforts to contract with businesses that direct economic opportunities to Section 3 workers. As part of its qualitative efforts, [Grantee of Subrecipient Name] has elected to institute a preference which stipulates that contract awards shall be given to the bidder using the highest number of qualified Section 3 subcontractors and/or workers if the bid is reasonable and no more than ten percent (10%) higher than the lowest responsive bid from any qualified source. This benefit applies to ALL projects, even if Section 3 is not triggered.

### Programmatic Responsibilities

Contractors and/or Subcontractors are expected to meet the minimum goals listed above, to the greatest extent feasible. (Note: Section 3 may not be triggered for all projects, but best efforts to comply with the minimum numerical goals are still highly recommended.) All efforts to utilize Section 3 businesses and workers should be documented, and this Section 3 Project Plan should be submitted for all relevant project bids.

Submit FORMS 1 & 2 for all projects or FORMS 1 – 5 for all Section 3-triggered projects (HUD (CDBG-DR and CDBG-MIT funding) provided assistance is over $200,000 for the project) at the time of the bid submission or application for funding.

Refer to the Section 3 Forms Matrix included below for the following:

* Form Title/Purpose
* Submission points during the project reporting period
* Responsibilities for utilization

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| **Section 3 Forms** | **Submit with Bid proposal or subcontract award** | **Submit at time of Contract Award** | **Submit with Quarterly Report Activity Report in Grants Network** | **Submit with Final**  **Report** | **Purpose of Form** |
| **Form 1 Assessment and Certifications**: By completing this form the contractor/developer agrees to make efforts “to the greatest extent feasible” to comply with Section 3 as required by HUD, includes agreement to submit quarterly and final reports. | x | x (This form moves from bid proposal to contract award.) |  |  | This form certifies that contractor/developer will utilize the forms packet accordingly. General contractors ensure that all subcontractors utilized for the project also certify to Section 3 requirements. |
| **Form 2 Subcontractor Information Form**: This form is required for ALL projects regardless of whether Section 3 is triggered. This form provides for subcontractors to be utilized on the project and identifies Section 3 Business status of the subcontractor. | x (This form is to be completed to the extent this information is known to contractor at time of bid) | x (Updated from bid submission and is to be completed to extent known at time of contract) | x | x | Contractors update this form quarterly for recordkeeping. Supports recordkeeping. data for Form 4 - Qualitative Efforts and Form 6 Project Compliance Report. |
| **Form 3 List of Permanent Employees** (A computer generated employee registry that can identify Section 3 and Targeted Section 3 workers can be provided in lieu of this form. | x (This form is only required to be completed if bidder wins contract, completion of this from at time of bid should be optional on part of contractor or developer.) | x (Updated from bid submission to be included in executed contract.) |  | x | * Contractors update this form quarterly for recordkeeping – it can possibly align with the contractor’s payroll system. * Supports data for Form 4 Qualitative Efforts and Form 6 Project Compliance Report. |
| **Form 4 Qualitative Efforts**: This form reports all efforts made to direct the employment and other economic opportunities generated by HUD financial assistance, to the greatest extent feasible, to Section 3 workers. Qualitative reporting is required when the Section 3 Benchmarks are not met for the project. | x (It is probable that no efforts will be reported at time of bid but gives opportunity to the bidder to explain any efforts taken to demonstrate compliance with Section 3 requirements.) | x (Updated from bid submission to be included in executed contract.) | x | x |  |
| **Form 5 Section 3 Contract Clause**: To be included for ALL contracts. Includes Section 3 requirements for those projects that receive over $200,000 in HUD assistance. Section 3 is applicable on a project basis if the project triggers the $200,000 Section 3 threshold. All contracts for a Section 3 covered project must comply with Section 3 requirements regardless of the contract price. Benchmark reporting is aggregated for the project. | x (not a signature form – must be included in bid proposal solicitation) | x (Not a signature form – must be included in executed contract) |  |  | Supports Form 4 Qualitative Efforts when Section 3 requirements are communicated for the project. |
| **Form 6 Project Compliance Report**: This form is used to report labor hours on the project, including the breakdown of total labor hours performed by Section 3 workers and total labor hours performed by Targeted Section 3 workers. | This form is included in the bid packet and serves as informative use only to bidder | x (Needs to be in packet at contract award. Will be completed for quarterly reporting submission) | x | x | Identify all benchmark data per applicable quarterly reporting period. Only include benchmark data relevant to the applicable quarterly reporting period. |
| **Form 7 Section 3 Business Outreach**: this form is used to verify that a business meets the status criteria of a Section 3 Business Concern. All workers employed by Section 3 Business Concern are counted as Section 3 workers and Targeted Section 3 workers. | This form is included in the bid packet for bidder to utilize as applicable. It is not required to submit this form at the time of bid/proposal submission deadline. | X (included in contract agreement – for contractor to use to solicit Section 3 subcontractors) | x | x |  |
| **Form 8 Section 3 Worker Outreach Form:** This form is used to document Section 3 and Targeted Section 3 worker status. Workers qualify as Section 3 if they are employed by a Section 3 business concern, or their annualized income is at or below 80 percent of the area median income for the area in which the worker resides, or the worker is a YouthBuild participant. The instructional guidance for this form includes navigation of the HUD income limits. The form also provides guidance to certifying the Section 3 worker as a Targeted Section 3 worker. | This form is included for informative use only at the time of bid solicitation – if bidder wins contract, they will document Section 3 status of existing employees and engage in Section 3 hiring efforts. | x (included in contract agreement to be used by contractor in Section 3 hiring efforts) | x | x | * This form is to be submitted to HCD or the project Subrecipient identified on the form immediately upon completion of the form. * Supports contractor to complete Form 3 List of permanent employees to identify Section 3 and Targeted Section 3 workers. * Supports Form 4 Qualitative Reporting and Form 6 Project Compliance Report. |