



## **Section 3 Plan for CDBG and HOME Grants**

**City of Lafayette**

**Lafayette Housing Authority**

**(Grant Administrator)**

**Contact Section 3 Coordinator at**

**[CDBG@lha.lafayette.in.gov](mailto:CDBG@lha.lafayette.in.gov) or [HOME@lha.lafayette.in.gov](mailto:HOME@lha.lafayette.in.gov)**

# Table of Contents

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<b>1) Overview of Section 3 Requirements.....</b>	<b>3</b>
a. What is Section 3?.....	3
b. Purpose of this Document.....	3
c. Applicability.....	3
<b>2) Section 3 Coordinator(s).....</b>	<b>4</b>
<b>3) Employment, Training, and Contracting Goals.....</b>	<b>4</b>
a. Safe Harbor Compliance.....	4
b. Safe Harbor Benchmarks.....	5
c. Certification of Prioritization of Effort for Employment, Training, and Contracting Goals.....	6
<b>4) Section 3 Eligibility and Certifications.....</b>	<b>6</b>
a. Section 3 Worker and Targeted Section 3 Worker Certification.....	7
b. Section 3 Business Concern Certification.....	8
<b>5) Assisting Contractors with Achieving Section 3 Goals.....</b>	<b>8</b>
<b>6) Section 3 Outreach.....</b>	<b>9</b>
a. Outreach Efforts for Employment and Training.....	9
b. Outreach Efforts for Contracting.....	10
<b>7) Section 3 Contracting Policy and Procedure.....</b>	<b>11</b>
<b>8) Section 3 Provisions/Contract Language.....</b>	<b>11</b>
<b>9) Reporting Requirements.....</b>	<b>13</b>
a. Monthly Reporting.....	13
b. Annual/End of Project Reporting.....	13
c. Reporting On Projects With Multiple Funding Sources.....	13
<b>10) Internal Section 3 Complaint Procedure.....</b>	<b>14</b>
<b>11) Appendices.....</b>	<b>15</b>
a. Appendix A: Definitions.....	15
b. Appendix B: Multiple Funding Sources – Chart.....	17
c. Appendix C: Section 3 Worker and Targeted Section 3 Worker Self-Certification Form.....	18
d. Appendix D: Section 3 Business Concern Certification Form.....	19
e. Appendix E: Verification of Qualitative Efforts.....	20
f. Appendix F: Section 3 Performance and Summary Monthly Reporting Form (not completed).....	n/a
g. Appendix G: Annual/End of Project Cumulative Report Form (not completed).....	n/a

# 1. Overview of Section 3 Requirements

## a. What is Section 3?

Section 3 is a provision of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) that is regulated by the provisions of 24 CFR 75. Section 3 regulations 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 persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

## b. Purpose of this Document

This plan outlines how the City of Lafayette, the Lafayette Housing Authority (LHA), subrecipients, contractors, and subcontractors will comply with HUD's Section 3 requirements in implementing City of Lafayette's, Community Development Block Grant (CDBG) programs and the HOME Investment Partnership programs. Lafayette Housing Authority staff will serve as the Section 3 Coordinator, who will, to the greatest extent feasible, ensure that employment and other economic opportunities are directed to low- and very low- income persons (Section 3 workers and Targeted Section 3 workers) and to eligible businesses (Section 3 Businesses) and requires the same of their contractors.

The Section 3 Coordinator may amend the Section 3 Policies and Procedures document as necessary to ensure continued compliance with HUD's requirements and/or to reflect updated Section 3 guidance and outreach strategies.

## c. Applicability

For housing and community development financial assistance, this plan applies to housing rehabilitation, housing construction, and other public construction projects that exceed \$200,000 or more of housing and community development financial assistance from one or more HUD programs. Applicability is determined at the project level.

This plan also applies to projects that include multiple funding sources (for example, a combination of CDBG and HOME funds in one project totaling \$200,000 or more).

Section 3 requirements **DO NOT** apply to: 1) Material Supply Contracts- §75.3(B), 2) Indian and Tribal Preferences- §75.3(c), and 3) Other HUD assistance and other Federal assistance not subject to Section 3 §75.3(d). However, for financial assistance that is not subject to Section 3, recipients are encouraged to consider ways to support the purpose of Section 3.

For each project or activity that is not subject to Section 3, the following language must be included in bid packets, quotes, and/or contract language:

The total project cost of this project is below the Section 3 threshold of \$200,000 per 24 CFR 75. Therefore, it is not subject to Section 3 reporting requirements and is considered to be a non-Section 3 covered project.

Although not required, the contractor awarded this project is encouraged to provide employment and other economic opportunities generated by HUD assistance or HUD-assisted projects to low and very-low income persons, particularly those who are recipients of government assistance for housing or residents of the community with which the Federal assistance is spent. The Contractor is also encouraged to provide outreach to Section 3 businesses for needed subcontractors, utilize the Section 3 opportunity portal at <https://hudapps.hud.gov/OpportunityPortal/>, and to encourage all subcontractors to do the same. Contractor is encouraged to report actions taken to the City.

## **2. Section 3 Coordinator**

The Section 3 Coordinator serves as the central point of contact for Section 3 compliance regarding CDBG and HOME funds for the subrecipients, contractors, and subcontractors supporting the program. Subrecipients, contractors, subcontractors and others are encouraged to reach out to the Section 3 Coordinator with questions regarding Section 3 compliance for CDBG and HOME funded projects:

Lafayette Housing Authority Grant Administrators can be reached via email at [CDBG@lha.lafayette.in.gov](mailto:CDBG@lha.lafayette.in.gov) or [HOME@lha.lafayette.in.gov](mailto:HOME@lha.lafayette.in.gov) or by phone at 765-771-1300. Email is the preferred method.

## **3. Employment, Training, and Contracting Goals**

### **a. Safe Harbor Compliance**

The Section 3 Coordinator will be considered to have complied with the Section 3 requirements and met safe harbor by certifying the required prioritization of effort has been followed and met or exceeded the Section 3 benchmarks, absent evidence to the contrary.

Prior to the beginning of work, contractors and subcontractors will be required to certify that they will follow the required prioritization of effort for Section 3 workers, Targeted Section 3 workers, and Section 3 business concerns as outlined below in section 3, subparagraph c. After completion of the project, contractors will complete a Section 3 Cumulative Report to certify that they followed the prioritization of effort requirements. If multiple contractors are

working on a project, the primary contractor or project manager will complete a cumulative report for the entire project.

If the contractor and subcontractor do not meet the safe harbor requirements, they must provide evidence that they have made qualitative efforts to assist low and very low-income persons with employment and training opportunities. This can be reported on the form provided in Appendix E: Verification of Qualitative Efforts along with the submission of supporting documentation of qualitative efforts made.

## **b. Safe Harbor Benchmarks**

HUD has established employment and training goals that subrecipients, contractors, and subcontractors should meet to comply with Section 3 requirements outlined in 24 CFR Part 75.19 for housing and community development financial assistance. The safe harbor benchmark goals are as follows:

- 1) Twenty-five (25) percent or more of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers;

And,

- 2) Five (5) percent or more of the total number of labor hours worked by all workers on a Section 3 project are Targeted Section 3 workers, as defined at 24 CFR Part 75.21;

HUD establishes and updates Section 3 benchmarks for Section 3 workers and/or Targeted Section 3 workers through a document published in the Federal Register, not less frequently than once every 3 years. Given that the Section 3 benchmarks are subject to change every three years or sooner, the Section 3 Coordinator will review and update the Section 3 Plan every 3 years, as needed.

It is the responsibility of contractors to implement efforts to achieve Section 3 compliance. Any contractor that does not meet the Section 3 benchmarks must demonstrate why meeting the benchmarks was not feasible. All contractors submitting bids or proposals for CDBG or Home funded projects to the City of Lafayette and/or the Lafayette Housing Authority, as grant administrator, are required to certify that they will comply with the requirements of Section 3.

### **c. Certification of Prioritization of Effort for Employment, Training, and Contracting**

#### **Employment and Training**

Following Section 3, contractors, and subcontractors receiving housing and community development financial assistance should provide employment and training opportunities to Section 3 workers within the metropolitan area (or nonmetropolitan county) in which the project is located in the priority listed below:

- 1) Section 3 workers residing within the service area or the neighborhood of the project, and
- 2) Participants in YouthBuild programs (<https://youthbuild.org/our-programs/>)

Contractors and subcontractors may also demonstrate compliance with this initiative if they have hired from local training programs that serve, train and education Section 3 Workers and Targeted Section 3 Workers.

#### **Contracting**

Following Section 3, contractors, and subcontractors must make their best efforts to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 workers in the metropolitan (or nonmetropolitan county) in which assistance is located in the following order or priority (*where feasible*):

- 1) Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area of the neighborhood of the project, and
- 2) YouthBuild Programs (<https://youthbuild.org/our-programs/>)

Contractors and subcontractors will be required to certify that they will and have made best efforts to follow the prioritization (both employment and training and contracting) requirements prior to the beginning work and after work is completed.

## **4. Section 3 Eligibility and Certifications**

Individuals and businesses that meet Section 3 criteria may seek Section 3 preference from the Section 3 Coordinator, or the contractors/subcontractors for training, employment, or contracting opportunities generated by housing and community development financial assistance. To qualify as a Section 3 worker, Targeted Section 3 worker, or a Section 3 business concern, each must self-certify that they meet the applicable criteria. For self-certification forms, refer to Appendices C and D of this plan.

Businesses who misrepresent themselves as Section 3 business concerns and report false information to the Section 3 Coordinator may have their contracts terminated as default and be barred from ongoing and future considerations for contracting opportunities.

a. **Section 3 Worker and Targeted Section 3 Worker Certification**

A Section 3 worker or a Targeted Section 3 worker may be certified in two different ways depending on the needs of the Section 3 Coordinator, the Contractor, and any Subcontractor.

**Option 1:**

A Section 3 worker seeking certification shall submit self-certification documentation to the recipient contractor or subcontractor, that the person is a Section 3 worker, or a Targeted Section 3 worker as defined in 24 CFR Part 75. For the purposes of Section 3 worker eligibility, the Section 3 Coordinator will use individual income rather than family/household income to determine eligibility. The income limits will be determined annually using the guidelines published at <https://www.huduser.org/portal/datasets/il.html>.

Section 3 workers and Targeted Section 3 workers who are seeking preference in training and employment must submit the Section 3 Worker and Targeted Section 3 Worker Certification Form found in Appendix C. The certification procedure will consist of the following:

- 1) New and current employees must complete Section 3 Worker and Targeted Section 3 Worker Certification Form at the beginning of the project.
- 2) Contractors and subcontractors must maintain self-certifications for at least 5 years after project completion per record retention guidelines.
- 3) Contractors and subcontractors must establish a way to track Section 3 and Targeted Section 3 workers' hours and provide documentation to the Section 3 Coordinator as to whether the appropriate benchmarks have been met.

Persons seeking the Section 3 worker preference shall demonstrate that it meets one or more of the following criteria currently or when hired within the past five years (up to November 30, 2020), as documented:

- 1) A low- or very low-income resident (the worker's income for the previous or annualized calendar year is below the income limit established by HUD); or
- 2) Employed by a Section 3 business concern; or
- 3) A YouthBuild participant

Persons seeking the Targeted Section 3 worker preference shall demonstrate that it meets one or more of the following criteria:

- 1) Employed by a Section 3 business concern; or
- 2) Currently meets or when hired met at least one of the following categories as documented within the past 5 years:
  - a. Living within the service area or neighborhood of the project, as defined in 24 CFR Part 75.5; or
  - b. A YouthBuild participant

**Option 2:**

A Contractor and Subcontractor shall provide a list of their employees that will work on the Section 3-covered project. This list shall contain the employees' names, home addresses including county, and current annual income prior to starting the project. The Contractors and Subcontractors must work with the Section 3 Coordinator to identify which individuals will fall under Section 3 worker, Targeted Section 3 worker, and those individuals that will not. The Contractor and Subcontractor will be required to sign this document that they are certifying the employees' Section 3 worker and Targeted Section 3 worker status. If any new employee is hired to work on the Section 3-covered project, the employer will be required to update the list, inform the Section 3 Coordinator, and resubmit a newly signed form. All documentation must be retained in the project records for 5 years from the end of the project.

**b. Section 3 Business Concern Certification**

The Section 3 Coordinator shall encourage contractors and subcontractors to make best efforts to award contracts and subcontracts to Section 3 business concerns.

Businesses that believe they will meet the Section 3 Business requirements may self-register in the HUD Business registry, here: <http://www.hud.gov/Sec3Biz>. Businesses may seek Section 3 Business Concern preference by demonstrating that it meets one or more of the following criteria:

- 1) At least 51 percent of the business is owned and controlled by low- or very low- income persons; or
- 2) At least 51 percent of the business is owned and controlled by current public housing residents or residents who currently live in Section 9-assisted housing; or
- 3) Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers.

Businesses that seek Section 3 preference shall certify or demonstrate to the Section 3 Coordinator, contractors, or subcontractors, that they meet the definitions provided above. Businesses may demonstrate eligibility by submitting the Section 3 Business Concern Certification Form, located in Appendix D.

Section 3 Business Concern Certification Forms must be submitted at the time of bid/proposal. 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, as long as the form is submitted within the prescribed expiration date. The Section 3 Business Concern Certification Form will expire 6 months. Establishing a 6 month certification of eligibility period allows the Section 3 Coordinator the ability to assess contractor performance to ensure the business is striving to meet the required goals.

## 5. Assisting Contractors with Achieving Section 3 Goals

In an effort to assist contractors with meeting or exceeding Section 3 goals, the Section 3 Coordinator will do the following:

- 1) Share Section 3 Plan with contractors and subcontractors and explain policies and procedures.
- 2) Encourage contractors wanting to submit a bid/offer/proposal to attend a pre-bid meeting.
- 3) Require contractor/subcontractors to sign an acknowledgement of the Section 3 Plan at the pre-construction meeting.
- 4) Review Section 3 benchmarks and prioritization of effort with the contractors and subcontractors to ensure that the goals are understood. It is not intended for contractors and subcontractors to terminate existing employees, but to make every effort feasible to meet Section 3 benchmark goals by utilizing existing qualified workforce and by considering qualified eligible Section 3 workers and Targeted Section 3 workers (per the prioritization of effort outline in Section #3) before any other person, when hiring additional employees is needed to complete the proposed work to be performed with CDBG or HOME programs.
- 5) Inform contractors about the HUD Section 3 Opportunity Portal at <https://hudapps.hud.gov/OpportunityPortal/>.
- 6) Require contractors to notify Section 3 Coordinator of their interests regarding employment of Section 3 workers prior to hiring.
- 7) Encourage local business to register on the HUD Business Registry and direct contractors to the HUD Section 3 Business Registry at <https://www.hud.gov/section3businessregistry>
- 8) Leverage the Section 3 Coordinators communication outlets (social media, website, etc.) to effectively communicate employment and contracting opportunities that arise

## 6. Section 3 Outreach

### a. Outreach Efforts for Employment and Training

In order to educate and inform workers and contractors, the Section 3 Coordinator will be prepared to provide training and technical assistance on a regular basis per program guidelines. When training opportunities are available, contractors and subcontractors should, to the greatest extent feasible:

- 1) Notify the Section 3 Coordinator when training opportunities are available.
- 2) Provide information/handouts about Section 3 training opportunities to potential Section 3 workers and Targeted Section 3 workers.
- 3) Conduct an annual training about Section 3, for potential Section 3 workers and Section 3 businesses.

Contractors and subcontractors should employ several active strategies to notify Section 3 workers and Targeted Section 3 workers of Section 3 job opportunities, including:

- 1) Clearly indicating Section 3 eligibility on all job postings with the following statement: “This job is a Section 3 eligible job opportunity. We encourage applications from individuals that are low income and/or live in Public Housing and/or receive a Section 8 voucher.”;
- 2) Including the Section 3 Worker and Targeted Section 3 Worker Self-Certification Form in all job postings.
- 3) Contacting local community organizations and provide them with job postings for Section 3 eligible applicants; and
- 4) Coordinating a programmatic ad campaign, which results in widespread job posting across diverse ad networks, including:
  - a. Advertising job opportunities via social media.
  - b. Advertising job opportunities via flyer distribution and posting ads in common areas of housing developments, City Hall, and the Lafayette Housing Authority.

## **b. Outreach Efforts for Contracting**

When contracting opportunities arise in connection with CDBG or HOME projects, the Section 3 Coordinator will employ the following strategies to notify Section 3 Business Concerns of Section 3 contracting opportunities, including but not limited to:

- 1) Adding Section 3 language to all RFPs, procurement documents, bid offerings, and contracts.
- 2) Coordinating pre-bid meetings to inform Section 3 Business Concerns of upcoming contracting opportunities. The Section 3 Coordinator will participate in these meetings to explain and answer questions related to Section 3 policy.
- 3) Advertising contracting opportunities on local job sites, in local community papers, and notices that provide general information about the work to be contracted and where to obtain additional information.
- 4) Providing 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 bid invitations.
- 5) Coordinating with the prime contractor to publicize contracting opportunities for small businesses.
- 6) Coordinating with the City of Lafayette’s Business/Economic Development Department and all other business assistance agencies and contractor associations to inform them of contracting opportunities and request their assistance in identifying Section 3 business concerns. This could include local community development organizations, business development agencies (Chamber of Commerce), and minority contracting associations.

- 7) Connecting Section 3 business concerns with resources to support business development to assist in obtaining contracting opportunities. Contractors will also be encouraged to collaborate with the Section 3 Coordinator as subcontract opportunities arise in an effort to notify eligible Section 3 business concerns about the contracting opportunities.

## **7. Section 3 Contracting Policy and Procedure**

The Section 3 Coordinator will adopt a Section 3 Contracting Policy and Procedure to be followed and included in all procurements documents generated for use with HUD funding. This policy and procedure will contain requirements for making efforts to award contracts to Section 3 Business Concerns.

All contractors/businesses seeking Section 3 preference during procurement must, before submitting bids/proposals to the City of Lafayette and/or the Lafayette Housing Authority, as grant administrator, must complete certifications, as appropriate. Such certifications shall be adequately supported with appropriate documentation as referenced in the Section 3 Business Concern Certification Form.

## 8. Section 3 Provisions/Contract Language

The Section 3 Coordinator will include standard Section 3 language in all of its contracts to ensure compliance with regulations in 24 CFR Part 75. The Section 3 Coordinator will take appropriate actions upon finding that a contractor is in violation of 24 CFR Part 75 and does not knowingly contract with any contractor that has been found in violation of Section 3 regulations. On a periodic basis, the Section 3 Coordinator will audit the contractors for compliance with the minimum Section 3 requirements outlined in the Section 3 Plan.

In addition, contractors and subrecipients are required to include language in all Section 3 covered contracts or agreements for subcontractors to meet the requirements of 24 CFR Part 75.19 for housing and community development financial assistance.

For businesses, noncompliance with HUD's regulations in 24 CFR Part 75 may result in sanctions, termination of the contract for default, and debarment or suspension from future HUD assisted contracts.

Below is the contract language used in the City of Lafayette and the Lafayette Housing Authority, as grant administrator, contracts regarding Section 3 requirements:

### **“Compliance with Section 3 Final Rule—Contracts over \$200,000**

#### **During the performance of this contract, the Contractor agrees as follows:**

- 1) The work performed under this contract is subject to the requirements of Section 3 Final Rule (24 CFR Part 75) of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. The purpose of Section 3 is, to the greatest extent feasible and consistent with existing Federal, state, and local laws and regulations, to provide employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3 to low- and very low- income persons, particularly those who are recipients of government assistance for housing or residents of the community in which the Federal assistance is spent.
- 2) The parties to this Contract agree to comply with HUD's regulations in 24 CFR Part 75, which implement Section 3 Final Rule. 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 part 75 regulations.

- 3) Pursuant to 24 CFR Part 75, all parties to this Contract agree to make, to the greatest extent feasible and consistent with existing Federal, state, and local laws and regulations, qualitative efforts to provide employment and other economic opportunities to low- and very low- income individuals. All parties to this Contract agree to track labor hours of all employees, labor hours of Section 3 workers, and track labor hours of Targeted Section 3 workers to meet required benchmarks. The benchmarks established in Section 3 state that 25% of total labor hours worked shall be worked by Section 3 and Targeted Section 3 workers. If established benchmarks are not met, the parties to this Contract agree to provide documentation of the qualitative efforts made to hire and retain Section 3 workers. Where feasible, parties to this Contract should give priority for opportunities and training to:
  - 3.1) Section 3 workers residing within the service area or the neighborhood of the project, and
  - 3.2) Participants in YouthBuild Programs
- 4) All parties to this Contract are required to retain records to demonstrate Section 3 compliance. This includes, but is not limited to, documentation of workers' self-certification of Section 3 status, documentation of hours worked by all employees, Section 3 workers, and Targeted Section 3 workers along with documentation that benchmarks have been met and/or documentation of qualitative efforts made to assist, employ, and provide various economic opportunities and trainings to low- and very low-income persons. Records must be maintained for 5 years for the purposes of monitoring at a Federal, state, or local level.
- 5) The Contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 75, and agrees to take appropriate actions, as provided in an applicable provision of the subcontract in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 75. The Contractor will not subcontract with any subcontractor where the Contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 75.
- 6) Noncompliance with HUD's regulations in 24 CFR part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD-assisted contracts."

## 9. Reporting Requirements

For Section 3 covered contracts, contractors must submit the Section 3 Performance and Summary Report to the Section 3 Coordinator on a monthly basis, and the annual reporting requirement set for in that form's instructions.

**a. Method of Reporting**

- 1) Contractors are required to use the provided Section 3 Labor Project Tracking Hours Form as provided by HUD. This form is designed to gather all necessary information from contractors and to perform necessary calculations for safe harbor benchmarks.

**b. Quarterly Reporting**

- 1) If the project is not subject to Davis-Bacon reporting, Contractors are required to submit quarterly activity reports to the Section 3 Coordinator by the 15<sup>th</sup> day of the first month following the end of the quarter
- 2) If a project is subject to Davis-Bacon reporting, the Contractor will submit the Section 3 reports along with the Davis-Bacon Certified Payrolls.

**c. Annual Reporting/End of Project**

- 1) Once the project is completed, contractors must submit a final Section 3 cumulative report for the program year. If multiple contractors and subcontractors are working on a single project, the primary contractor must submit the cumulative report.
- 2) Upon completion of a project, the Section 3 Coordinator will conduct a final review of the project's overall performance and compliance with Section 3 regulations.

**d. Reporting on Projects with Multiple Funding Sources**

- 1) For projects assisted with funding from multiple sources of housing and community development assistance that exceeds the threshold of \$200,000, the Section 3 Coordinator will follow subpart C of Part 75 and will report to the applicable HUD program office, as prescribed by HUD.

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

In an effort to resolve complaints generated due to non-compliance through an internal process, contractors, subcontractors, etc. are encouraged to submit such complaints to the Section 3 Coordinator as follows:

- 1) Complaints of non-compliance should be filed in writing with the Section 3 Coordinator and must contain the name of the complainant and brief description of the alleged violation of 24 CFR Part 75.
- 2) Complaints must be filed within thirty (30) calendar days after the complainant becomes aware of the alleged violation.

- 3) An investigation will be conducted if complaint was found to be valid. The Section 3 Coordinator will conduct an informal, but thorough, investigation affording all interested parties, if any, an opportunity to submit testimony and/or evidence pertinent to the complaint.
- 4) The Section 3 Coordinator will provide written documentation detailing the findings of the investigation. The City of Lafayette and the Lafayette Housing Authority, as grant administrator, will review the findings for accuracy and completeness before it is released to complainants. The findings will be made available no later than sixty (60) days after the filing of the original complaint. If complainants wish to have their concerns considered outside of the City of Lafayette and the Lafayette Housing Authority a complaint may be filed with the HUD program office responsible for the Section 3 project or to the local HUD field office. These offices can be found through the HUD website, [www.hud.gov/](http://www.hud.gov/).

Complainants may be eligible to bring complaints under other federal laws. The U.S. Equal Employment Opportunity Commission (EEOC) is responsible for enforcing federal laws that make it illegal to discriminate against a job applicant or an employee because of the person's race, color, religion, sex, (including pregnancy), national origin, age (40 or older), disability, or genetic information (medical history or predisposition to disease). For more information about complainant rights, please contact EEOC at: [www.EEOC.gov](http://www.EEOC.gov).

The Department of Labor Office of Federal Contract Compliance Programs (OFCCP) enforces, for the benefit of job seekers and wage earners, the contractual promise of affirmative action and equal employment opportunity required of those who do business with the Federal government. More information about the services they provide can be obtained at: <http://www.dol.gov/ofccp/>.



# 11. Appendices

## Appendix A: Definitions

The term HUD is defined in 24 CFR Part 5.

The following definitions also apply to 24 CFR Part 75 HUD's Economic Opportunities for Low- and Very Low- Income Persons:

*1937 Act* means the United States Housing Act of 1937, 42 U.S.C. 1437 *et seq. activities related to Public Housing*

*Contractor* means any entity entering a contract with:

- 1) A recipient to perform work in connection with a Section 3 projects; or
- 2) A subrecipient for work in connection with a Section 3 project.

*Labor hours* means the number of paid hours worked by persons on a Section 3 project or by persons employed with funds that include public housing financial assistance.

*Low-income person* means a person as defined in Section 3(b)(2) of the 1937 Act, at or below 80% AMI. Note that Section 3 worker eligibility uses individual income rather than family/household income.

*Material supply contracts* means contracts for purchase of products and materials, including, but not limited to, lumber, drywall, wiring, concrete, pipes, toilets, sinks, carpets, and office supplies.

*Professional services* means non-construction services that require an advanced degree or professional licensing, including, but not limited to, contracts for legal services, financial consulting, accounting services, environmental assessment, architectural services, and civil engineering services.

*Recipient* means any entity that receives directly from HUD housing and community development assistance that funds Section 3 projects, including, but not limited to, any State, local government, instrumentality, PHA, or other public agency, public or private nonprofit organization.

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

*Section 3 business concern* means:

- 1) A business concern meeting at least one of the following criteria, documented within the last six-month period:
  - (i) It is at least 51 percent owned and controlled by low- or very low-income persons;

- (ii) Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
  - (iii) It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.
- 2) The status of a Section 3 business concern shall not be negatively affected by a prior arrest or conviction of its owner(s) or employees.
  - 3) Nothing in this part shall be construed to require the contracting or subcontracting of a Section 3 business concern. Section 3 business concerns are not exempt from meeting the specifications of the contract.

*Section 3 Coordinator* is a person tasked with overseeing all Section 3 responsibilities for the City of Lafayette and the Lafayette Housing Authority, as grant administrator.

*Section 3 project* means a project defined in 24 CFR Part 75.3(a)(2).

*Section 3 worker* means:

- 1) Any worker who currently fits, or when hired within the past five years, fit at least one of the following categories, as documented:
  - (i) The worker's income for the previous or annualized calendar year is below the income limit established by HUD.
  - (ii) The worker is employed by a Section 3 business concern.
  - (iii) The worker is a YouthBuild participant.
- 2) The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction.
- 3) Nothing in this part shall be construed to require the employment of someone who meets this definition of a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of the position to be filled.

*Section 8-assisted housing* refers to housing receiving project-based rental assistance or tenant-based assistance under Section 8 of the 1937 Act.

*Service area or the neighborhood of the project* means an area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.

*Subcontractor* means any entity that has a contract with a contractor to undertake a portion of the contractor's obligation to perform work in connection with a Section 3 project.

*Subrecipient* has the meaning provided in the applicable program regulations or in 2 CFR 200.93.

*Targeted Section 3 worker* has the meanings provided in 24 CFR Part 75.11, 75.21, or 75.29 and does not exclude an individual that has a prior arrest or conviction.

*Very low-income person* means the definition for this term set forth in section 3(b)(2) of the 1937 Act (at or below 50% AMI).

*YouthBuild programs* refers to YouthBuild programs receiving assistance under the Workforce Innovation and Opportunity Act (29 U.S.C. 3226).

## Appendix B: Multiple Funding Sources – Chart

<b>Type of Financial Assistance</b>	<b>Definitions *Targeted Section 3 Worker*</b>	<b>Thresholds</b>	<b>Prioritization</b>	<b>Reporting</b>
Multiple Sources of Housing and Community Development (single or multiple recipients)	Must follow subpart C of Part 75	Exceeds \$200,000 for Section 3 projects	Must follow subpart C of Part 75	Must follow subpart C of Part 75. Must report on project as a whole and identify the multiple associated recipients. Must report to the applicable HUD program office, as prescribed by HUD.

## Appendix C: Section 3 Worker and Targeted Section 3 Worker Self-Certification Form

# Section 3 Worker/Targeted Section 3 Worker Self-Certification

**\*Section 3 worker status will remain valid for 5 years from self-certification date\***

Name \_\_\_\_\_

Date \_\_\_\_\_

Address of Employee \_\_\_\_\_  
Street City State Zip Code

Please mark if you are a new or current employee below:

New Employee  Current Employee

Date of Hire \_\_\_\_\_

Please select all that apply from the list below:

Section 3 Worker Status:

\_\_\_\_\_ My current income is less than \$46,900 per year

\_\_\_\_\_ I am a YouthBuild participant (Targeted Section 3 Worker)

\_\_\_\_\_ I am currently employed by a Section 3 Business Concern as confirmed by Employer (Targeted Section 3 Worker)

\_\_\_\_\_ My current residence is within one mile or less of the Section 3 project at project address: \_\_\_\_\_ (Targeted Section 3 Worker)  
Address to be filled in by Employer

I hereby certify that the information included on this form is correct to the best of my knowledge and that such information may be subject to verification by representatives of the City of Lafayette and/or the United States Department of Housing and Urban Development for purposes of meeting the federal requirements of the Community Development Block Grant (CDBG) program.

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

## Appendix D: Section 3 Business Concern Certification Form

### Section 3 Business Concern Certification for Contracting

Instructions: Enter the following information and select the criteria that applies to certify your business' Section 3 Business Concern status. Certification expires after 6 months and will need to be renewed.

**Business Information:**

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

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

Name of Business Owner \_\_\_\_\_

Phone Number of Business Owner \_\_\_\_\_

Email Address of Business Owner \_\_\_\_\_

**Preferred Contact Information:**

Same as above

Name of Preferred Contact \_\_\_\_\_

Phone Number of Preferred Contact \_\_\_\_\_

**Type of Business (select from the following options):**

Corporation     Partnership     Sole Proprietorship     Joint Venture

**Select from ONE of the following three options below that applies:**

At least 51 percent of the business is owned and controlled by low- or very low-income persons.

At least 51 percent of the business is owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers.

**Business Concern Affirmation**

I affirm that the above statements are true, complete, and correct to the best of my knowledge and belief. I understand that businesses who misrepresent themselves as Section 3 business concerns and report false information to the City of Lafayette and the Lafayette Housing Authority, as grant administrator, may have their contracts terminated as default and be barred from ongoing and future considerations for contracting opportunities. I hereby certify, under penalty of law, that the following information is correct to the best of my knowledge.

Print Name: \_\_\_\_\_

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

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\*Information regarding Section 3 Business Concerns can be found at 24 CFR 75.5\*

**FOR ADMINISTRATIVE USE ONLY**

Is the business a Section 3 business concern based upon their certification?

YES  NO

**EMPLOYERS MUST RETAIN THIS FORM IN THEIR SECTION 3 COMPLIANCE FILE FOR FIVE YEARS**

## Appendix E: Verification of Qualitative Efforts Form - Section 3

**Qualitative Efforts**\*In compliance with the Section 3 Final Rule (24 CFR Part 75), efforts must be made, to the greatest extent feasible and consistent with existing Federal, state, and local laws and regulations, to provide employment and training opportunities for low- and very low- income persons\*

Business or Entity Name \_\_\_\_\_

Please mark all that apply to the qualitative efforts made by the entity:

- Outreach efforts to generate job applicants who are receiving Section 8 rental assistance
- Direct, on-the-job training (including apprenticeships) for Section 3 workers
- Indirect or technical training such as arranging for, contracting for, or paying tuition for off-site training
- Outreach efforts to identify and secure bids from Section 3 business concerns
- Technical assistance to help Section 3 business concerns understand and bid on contracts
- Division of contracts into smaller jobs to facilitate participation by Section 3 business concerns
- Provided or connected residents with assistance in seeking employment, including drafting resumes, preparing for interviews, finding job opportunities, or connecting residents to job placement services
- Held one or more job fairs
- Provided or connected residents with supportive services that can provide direct services or referrals
- Provided or connected residents with supportive services that provide one or more of the following: work readiness health screenings, interview clothing, uniforms, test fees, or transportation
- Assisted residents with finding childcare
- Assisted residents to apply for/or attend community college or a four-year educational institution
- Assisted residents to apply for or attend vocational/technical training
- Assisted residents to obtain financial literacy training and/or coaching
- Bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns
- Provided or connected residents with training on computer use or online technologies
- Other, please specify \_\_\_\_\_  
 Examples of other qualitative efforts include:
  - Provided technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching)
  - Promoted the use of a business registry designed to create opportunities for disadvantaged and small businesses
  - Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act

Please provide a copy of this form along with documentation of qualitative efforts made (pictures, flyers, etc.) to the Section 3 Coordinator. The original form and documentation must be kept with the project records.

By signing below, this entity certifies that they have taken appropriate qualitative efforts to meet and/or exceed the guidelines set forth in the Section 3 Final Rule (24 CFR Part 75). The entity understands that they must keep records of the qualitative efforts made and documentation supporting those efforts with the project file for monitoring purposes.

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