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City of Watertown

Planning and Community Development Department

Section 3 of the Housing and Urban Development

Act of 1968

Policy and Procedures

24 CFR Part 75

Version	Date	Summary of Changes
1.0	02/01/2023	Initial Document
2.0	02/24/2023	Update to Contracting Procedures

Table of Contents

1. Introduction.....	1
A. What is Section 3	1
B. Purpose of This Document.....	1
C. 24 CFR Part 75 Amendments and Conflicts	1
D. Section 3 Coordinator	1
2. Applicability	2
A. Section 3 Projects.....	2
B. Contract for Materials	2
3. Section 3 Requirements and Benchmarks.....	2
A. Prioritization of Efforts in Employment, Training, and Contracting	2
B. Safe Harbor Benchmarks	3
C. Safe Harbor Compliance.....	3
4. Qualitative Efforts.....	4
5. Contracting Procedures	6
A. Bids and Proposals.....	6
B. NOFOs and Subrecipient Agreements	7
C. Contract provisions	7
6. Section 3 Eligibility, Certification, Recordkeeping	7
A. Section 3 Worker	7
B. Targeted Section 3 Worker	8
C. Section 3 Business Concern.....	8
D. Establishing Section 3 Status	9
E. Additional Documentation.....	9
7. Reporting.....	9
A. Section 3 Compliance Reports.....	9
B. Reporting of Labor Hours	9
C. Additional Reporting if Benchmarks Are Not Met.....	10
8. Monitoring Compliance	10
9. Resources	10
A. General Information.....	10
B. Forms	11
C. Questions and Complaints	11
10. Appendices	11
A. Appendix A: Definitions.....	11
B. Appendix B: Multiple Funding Sources for Housing and Community Development	14
C. Appendix C: Example Flyer to Follow Prioritization of Efforts.....	15

Introduction

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 concern which provide economic opportunities to low- and very low-income persons.

The goal of Section 3 benefits and dollars spent are staying local to help foster economic development, neighborhood economic development, and individual self-sufficiency. Improving the lives of the target recipients, low and very low-income persons, and creating opportunities for jobs, for training, and possible business ownership helps people work their way out of poverty.

B. Purpose of This Document

This Section 3 Policy and Procedures document outlines how the City of Watertown (herein referred to as the “City”) and its subrecipients, contractors and subcontractors will comply with HUD’s Section 3 requirements in implementing the City’s HUD funded programs. The City 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 its subrecipients and contractors.

The City may amend its 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. 24 CFR Part 75 Amendments and Conflicts

Amendments to 24 CFR Part 75 shall apply to this Policy as of the effective date of the updated regulation. Where provisions of this Policy conflict with 24 CFR Part 75, the latter shall prevail.

D. Section 3 Coordinator

The City will designate a Section 3 Coordinator to serve as the central point of contact for Section 3 compliance. Subrecipients and contractors are encouraged to reach out to that individual with any questions or requests for guidance regarding Section 3 compliance.

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2. Applicability

A. Section 3 Projects (Housing and Community Development Financial Assistance)

- i. For Housing and Community Development Financial Assistance, this plan applies to housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs when the total amount of assistance to the project exceeds threshold \$200,000. Applicability is determined at the project level.
- ii. For projects funded with Lead Hazard Control and Healthy Homes Programs, this applies to projects that exceed \$100,000.
- iii. The requirements in this part apply to an entire Section 3 project, regardless of whether the project is fully or partially assisted under HUD programs that provide Housing and Community Development Financial Assistance
- iv. This plan also applies to projects that have multiple funding sources. Multiple funding source projects include projects that include Public Housing Financial Assistance, Housing and Community Development Financial Assistance for single or multiple recipients, and the Lead Hazard Control and Healthy Homes Program.

B. Contract for Materials

Section 3 requirements do not apply to material supply contracts.

3. Section 3 Requirements and Benchmarks

A. Prioritization of Effort in Employment, Training, and Contracting

To the greatest extent feasible, employment and training opportunities should be provided to Section 3 workers in the metropolitan area and contracting opportunities shall be provided to Section 3 businesses that provide economic opportunities to Section 3 workers in the metropolitan area.

Subrecipients, contractors, and subcontractors will be required to certify that they will and have made best efforts to follow the order of prioritization prior to beginning work and after work is completed as listed below:

Employment and Training

Where feasible, priority of opportunity and training should be given to:

- i. Section 3 workers residing within the service area or neighborhood of the project, and
- ii. Participants in YouthBuild programs.

Contracting

Where feasible, priority for contracting opportunities should be given to:

- i. Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area or neighborhood of the project, and
- ii. YouthBuild programs.

B. Safe Harbor Benchmarks

HUD has established employment and training goals that subrecipients, contractors, and subcontractors should meet in order 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:

- i. 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

$$25\% = \frac{\textit{Section 3 Labor Hours}}{\textit{Total Labor Hours}}$$

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

$$5\% = \frac{\textit{Targeted Section 3 Labor Hours}}{\textit{Total Labor Hours}}$$

HUD establishes and updates the benchmarks for Section 3 and Targeted Section 3 workers at least once every 3 years through a document published in the Federal Register. This policy will be revised as needed to include updated benchmarks.

It is the responsibility of subrecipients, contractors, and subcontractors to implement efforts to achieve Section 3 compliance. Any subrecipients, contractors, and subcontractors that does not meet the Section 3 benchmarks must demonstrate why meeting the benchmarks were not feasible. All contractors submitting bids or proposals to the City are required to certify that they will comply with the requirements of Section 3. Contractors are also required to have subcontractors certify they will comply with the requirements of Section 3.

C. Safe Harbor Compliance

Subrecipients, contractors, and subcontractors will be considered to have complied with Section 3 requirements and met safe harbor, if they certify that they followed the required prioritization of effort and met or exceeded the Section 3 benchmarks, absent evidence of the contrary.

Prior to the beginning of work, contractors and subcontractors are 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 outline above in Section A. After completion of the project, on the Section 3 Compliance Report, subrecipients, contractors, and subcontractors will be required to certify that they followed the prioritization of efforts requirements.

Some ways to certify that prioritization of efforts was met is by (refer to Appendix C for example flyer and language that should be included):

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- i. Providing flyers to YouthBuild Programs of current job, training, and apprenticeship opportunities.
 - ii. Provide flyers in apartment buildings within one mile of the service area.

Flyers can be provided to the following locations within the 1-mile of the service area:

- i. Maywood Terrace – Watertown Housing Authority
- ii. Hilltop Towers – Watertown Housing Authority
- iii. Skyline Apartments – Watertown Housing Authority
- iv. Starwood Apartments
- v. Creekwood Apartments
- vi. Salvation Army

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 (refer to the section below).

4. Qualitative Efforts

In accordance with 24 CFR 75.25, subrecipients and contractors must engage in qualitative efforts to satisfy the Section 3 benchmarks and provide economic opportunities to Section 3 workers and business concerns. Documentation must be provided to serve as evidence for completing qualitative efforts. Examples of such efforts may include, but not limited to the following:

Applicant Outreach:

- i. Engage in outreach efforts to generate job applicants that are Section 3 and Targeted Section 3 workers, including posting job openings at the job site, HUD Opportunity Portal, social media pages, The WorkPlace, and other platforms.
- ii. Clearly indicate Section 3 eligibility on all postings, notifications, and advertisements with the following statement: “This is a Section 3 eligible job opportunity. We encourage applications from individuals that are low-income, live in public housing, a YouthBuild participant, live within 1 mile of the worksite, and/or receive Section 8 voucher.”
- iii. Include the Section 3 Worker Self-Certification form in all job postings.

On-Stop / YouthBuild Outreach:

- iv. Engage in outreach or referrals with local YouthBuild programs or other community organizations to assist with training and recruiting Section 3 and Targeted Section 3 workers.
- v. Reach out to the JCC for potential Section 3 applicants.

Training and Apprenticeships:

- i. Provide training or apprenticeship opportunities.

Job Fairs:

- i. Hold or attend one or more job fairs.

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- ii. Sponsor a job informational meeting in the Service Area / Neighborhood of the Project.

Business Concern Outreach:

- i. Engage in outreach effort to identify and secure bids from Section 3 businesses by advertising notices of contracting opportunities and related information on the HUD Opportunity Portal and local community papers/newspaper posting.
- ii. Provide written notice to all known Section 3 business concerns, with sufficient time for interested business to respond to bid invitations.
- iii. Send notice of contracting opportunities to local community development organizations, business development organizations, minority contracting associations, and/or veteran owned businesses that might also be Section 3 businesses.
- iv. State clearly in all notices that the contracting opportunity is Section 3 eligible and include a copy of the Section 3 Business Concern Certification form. The following statement can be added to the advertisement: “This is a Section 3 eligible job opportunity. We encourage applications from Section 3 businesses concerns.”

Competition Assistance:

- i. Provide technical assistance to help Section 3 business concerns understand and bid on contracts.

Contract Sizing:

- i. Divide contracts into smaller jobs to facilitate participation by Section 3 business concerns, particularly where economies of scale or efficiency of delivery are not factors. [2 CFR 200.321(b)(3)]

Bidder Viability Support:

- i. Provide bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.

Business Registries:

- i. Promote use of the HUD Opportunity Portal or other business registries designed to create opportunities for disadvantaged and small businesses.

Employment Assistance:

- i. Provide technical assistance to help Section 3 workers compete for jobs, or connect them with assistance in seeking employment, including:
 - a. Resume assistance
 - b. Interview preparation
 - c. Coaching
 - d. Job placement services

Work Readiness and Retention:

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- i. Provide or refer Section 3 workers to services supporting work readiness and retention, such as:
 - a. Interview clothing
 - b. Licensing or testing fees
 - c. Transportation
 - d. Childcare

Financial Literacy:

- i. Help Section 3 workers obtain financial literacy training or coaching.

Education Assistance:

1. Provide assistance to Section 3 workers to apply for or attend:
 - a. Community college
 - b. Four-year educational institution
 - c. Vocational or technical training

5. Contracting Procedures

The City will utilize the following procedures during procurement and contracting involving HUD financial assistance to ensure the subrecipients, prime contractors, and subcontractors are aware of and prepared to comply with applicable Section 3 requirements.

A. Bids and Proposals

Pre-bid

- i. The section 3 Coordinator will provide information about Section 3 and answer any questions that bidders have.
- ii. A Section 3 Requirements, Acknowledgements, and Certification document will be provided with the bid specifications and must be submitted as part of a contractor's bid response. This document contains information about Section 3 requirements and serves as the bidder's or respondent's commitment and plan to meet the Section 3 benchmarks.

Bid/Offer/Proposal Submission

- i. At this point, a Section 3 Requirements, Acknowledgements, and Certification document will need to be submitted. Bidders and respondents that fail to submit a Section 3 Requirements, Acknowledgements, and Certification document may be deemed non-responsive and ineligible for contract award.
- ii. Additional items may be submitted such as pictures of previous work you have completed and references.

Contract Award/Prior to Execution

- i. Once the bidder or successful respondent has been identified, all identified subcontractors must also complete and submit a Section 3 Requirements, Acknowledgements, and Certification document and a Section 3 Plan.
- ii. The Section 3 Coordinator will review all Section 3 submissions for completeness and may request additional information or documentation as necessary.
- iii. The Section 3 Coordinator must receive all required documentation, including subcontractors' Section 3 Plans, before the contract can be executed.

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- iv. Once the review is completed, the Section 3 Coordinator will complete a Section 3 Validation Contract Routing Form, (Exhibit B), to confirm that all required documentation has been received.

B. NOFOs and Subrecipient Agreements

All notices of funding opportunity for HUD Housing and Development Financial Assistance for housing construction, rehabilitation, or other public construction projects must contain Section 3 regulatory language and provisions. Each applicant must complete and submit a Section 3 Plan to the City with their application. Section 3 applicability is determined after the award amount and funding source are finalized. Subrecipients subject to Section 3 must submit all required documentation including Section 3 Plans for all identified prime contractors and subcontractors. The Section 3 Coordinator must receive and review all Section 3 documentation before the grant agreement is executed. Once the review is complete, the Section 3 Coordinator will complete a Section 3 Validation form, (Exhibit B), to confirm that all required documentation has been received.

For activities receiving funding from multiple sources, the City may coordinate Section 3 monitoring and enforcement with other agencies in accordance with 24 CFR 75 Subpart D, “Provisions for Multiple Funding Sources, Record Keeping, and Compliance.”

C. Contract Provisions

The City will include standard Section 3 language in all HUD-funded subrecipient agreements and contracts to ensure compliance with the regulations in 24 CFR Part 75.

Subrecipients and contractors are required to meet the requirements of 24 CFR Part 75, regardless of whether Section 3 language is included in subrecipient agreements, program regulatory agreements, or contracts.

6. Section 3 Eligibility, Certification, and Recordkeeping

Individuals and business that meet Section 3 criteria may seek Section 3 preference from the City or its contractors/subcontractors for training, employment, or contracting opportunities generated by the City’s HUD-funded programs. To qualify as a Section 3 worker, Targeted Section 3 worker, or Section 3 business concern, the City maintains and requires the submission of documentation certifying that they meet the applicable criteria. Individuals that have a prior arrest or conviction are **not excluded** from qualifying as a Section 3 worker, Targeted Section 3 worker, or a Section 3 business concern. For the purpose of determining Section 3 worker eligibility, the City will use individual income rather than family/household income. The income limits will be determined annually using the guidelines published online by HUD at: <https://www.huduser.gov/portal/datasets/il.html>.

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

A. Section 3 Worker

For an individual to qualify as a Section 3 worker, the City requires one of the following:

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- i. A Section 3 Worker Self-Certification, (Exhibit C), from the individual certifying that their income for the previous or annualized calendar year is below the HUD income limit, or that they are a YouthBuild participant; or
 - ii. A Section 3 Worker Employer Certification, (Exhibit D), from the employer certifying that currently, or when hired within the last 5 years, fit at least one of the following criteria below: (if hired before November 30, 2020, the employee needs to currently meet one of the following)
 - 1. The worker's income from that employer is below the income limit when based on a calculation of what the worker's wage rate would translate to if annualized on a full-time basis; or
 - 2. The worker is employed by a Section 3 business concern (please have business fill out Exhibit E); or
 - 3. The worker is a YouthBuild participant.

B. Targeted Section 3 Worker

For an individual to qualify as a Targeted Section 3 worker, the City requires one of the following:

- i. A Section 3 Business Certification, Exhibit E, to certify that the worker is employed by a Section 3 Business concern.
- ii. A Section 3 Worker Employer Certification, (Exhibit D), from the employer certifying that currently, or when hired within the last five years, fit at least one of the following criteria below: (if hired before November 30, 2020, the employee needs to currently meet one of the following):
 - 1. A YouthBuild participant; or
 - 2. The worker's residence is currently, or was when hired within the past five years, within one mile of the worksite or, if fewer than 5,000 people live within one mile of a work site, within a circle centered on the work site that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.

C. Section 3 Business Concerns

A business seeking designation as Section 3 business concern shall submit a Section 3 Business Certification, (Exhibit E), in order to be added to the City's list of certified Section 3 businesses. Businesses must meet one or more of the following criteria:

- i. At least 51% of the business is owned and controlled by low or very low-income persons; or
- ii. At least 51% of the business is owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing; or
- iii. Over 75% of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers.

The City reserves the right, but is not obligated, to accept a business's Section 3 certification approved by another governmental entity, including such certifications provided by HUD.

Certification as a Section 3 business concern does not relieve contractors from their Section 3 obligations on covered projects, including the achievement of Section 3 benchmarks. Businesses which are identified as Section 3 business concerns on covered projects may be required to provide the City with an updated Section 3 Business Certification form, regardless of whether the business previously submitted this form or was determined eligible by the City.

D. Establishing Section 3 Status

Due to the New Rule, **do not look back prior to the effective date of November 30, 2020.**

Section 3 Business Concern Status	A Section 3 Worker Status
Businesses verify their status as a Section 3 business concern at the time the contract is awarded.	Workers are established as Section 3 workers or Targeted Section 3 workers at either the date of initial hire/contract or employee certification date.
Once verified, a Section 3 business concern maintains its Section 3 status for as long as it continues to meet the definition (24 CFR Part 75.5).	Established Section 3 Workers or Targeted Section 3 workers may count their labor hours for five years from the date used to establish their status.
Section 3 defers to local, state, and other federal rules and regulations (24 CFR Part 75.19)	Workers may re-establish their status as a Section 3 worker or Targeted Section 3 worker at the end of the five-year period.

E. Additional Documentation

The City reserves the right to request any additional documentation it deems necessary to verify Section 3 eligibility. All Section 3 workers, employers, and businesses submitting certification forms agree to provide such documentation to the City upon request.

7. Reporting

A. Section 3 Compliance Reports

Subrecipients and contractors are required to submit **Monthly Compliance Reports (Exhibit G)** and **Project End Reports (Exhibit H)**, as well as supporting documentation of their qualitative efforts and achievements. Monthly reports will be due on the 15th of each month for the preceding month, and the project end report will be due thirty (30) days after the project completion. Such documentation should include:

- i. Section 3 worker and Targeted Section 3 worker certification forms (as necessary)
- ii. Section 3 business concern certification forms (as necessary)
- iii. Certified payroll or time-and-attendance based reports (monthly and project end reports)
- iv. Documentation of qualitative efforts (monthly and project end reports)

B. Reporting of Labor Hours

Subrecipients and contractors are required to report the following [24 CFR 75.25(a)]:

- i. The total number of labor hours worked; and
- ii. The total number of labor hours worked by Section 3 workers; and
- iii. The total number of labor hours worked by Targeted Section 3 workers.

Section 3 workers and targeted Section 3 workers labor hours may be counted for five years from when their status as a Section 3 worker or Targeted Section 3 worker is established pursuant to 24 CFR 75.31.

The labor hours reported must include the total number of labor hours worked on a Section 3 project, including labor hours worked by any recipients and subrecipients, prime contractors and subcontractors, and owners. Labor hours **does not** include material supply contracts and vendors or professional service hours.

Subrecipients and contractors may report labor hours by Section 3 workers and labor hours by Targeted Section 3 workers from professional services without including labor hours from professional services in the total number of labor hours worked. Professional services are non-construction services that require an advanced degree or professional licensing, such as accounting, engineering, architects, and so on.

C. Additional Reporting if Benchmarks Are Not Met

If the safe harbor benchmarks are not met, subrecipients, contractors, and subcontractors must report on the nature of their efforts to meet the benchmarks, as well as any other activities or efforts aimed at increasing economic opportunities for Section 3 workers and business concerns. Refer to Section 4 labeled Qualitative Efforts.

8. Monitoring and Compliance

The City, via the Department of Planning and Community Development, will monitor contractors performance for compliance with Section 3 requirements throughout a covered project, in this case monthly, and at project end, including the compliance and review of Section 3 Compliance Reports and related supporting documentation.

Noncompliance with Section 3 by any business may be used to determine contractor responsibility and bid responsiveness on future contracting opportunities with the City. In addition, noncompliance may result in sanctions, debarment, suspension, or limited denial of future participation in HUD programs pursuant to 24 CFR Part 75.

9. Resources

A. General Information

The Section 3 implementing regulations on 24 CFR Part 75 can be found in the Electronic Code of Federal Regulations at <https://www.ecfr.gov/current/title-24/subtitle-A/part-75>

HUD publishes general information about Section 3 online at <https://www.hud.gov/section3>

Access to Section 3 FAQs, can be found at <https://www.hud.gov/sites/documents/11SECFAQS.PDF>

Current HUD Income Limits can be found at <https://www.huduser.gov/portal/datasets/il.html>

The HUD Section 3 Opportunity Portal can be found at <https://hudapps.hud.gov/OpportunityPortal/>

B. Forms

All City of Watertown compliance, certification, and reporting forms referenced in this policy are available online at: <https://www.watertown-ny.gov/CommunityDevelopmentBlockGrant>

C. Questions and Complaints

Questions or complaints regarding the City's Section 3 policy should be directed to the Section 3 Coordinator in the Planning and Community Development Department:

245 Washington St, Room 305,
Watertown, NY 13601
Sharlice, Bonello, Planner
sbonello@watertown-ny.gov

Consistent with 24 CFR Part 75.33, complaints alleging failure of compliance may be reported to the HUD program office responsible for the Section 3 project, or to the local HUD field office.

10. Appendices

Appendix A: Definitions

- A. Contractor** means any entity entering into a contract with the City or one of its subrecipients to perform work in connection with a Section 3 project.
- B. Construction** means the creation of a new or replacement facility, the substantial rehabilitation of an existing facility, or the limited rehabilitation of an existing facility, this includes construction and/or rehabilitation of water and wastewater systems. The cost of acquiring new or replacement equipment may be included in the cost of construction.
- C. Housing and Community Development Financial Assistance** has the meaning described by HUD and includes, without limitation, the following sources of funding:
- i. Community Development Block Grant (CDBG)
 - ii. HOME Investment Partnership Program (HOME)
 - iii. National Disaster Resilience (NDR)
 - iv. Housing Opportunities for Persons with AIDS (HOPWA)
 - v. Emergency Solutions Grants (ESG)
 - vi. Neighborhood Stabilization Program (NSP)
 - vii. Lead Hazard Control Grants
 - viii. Healthy Homes Production Grants
 - ix. Disaster Recovery Grants
 - x. Economic Stimulus Funds
- D. HUD** means the United States Department of Housing and Urban Development.
- E. 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.
- F. Low-income persons** mean a person whose income does not exceed 80% of the area median income, as defined in Section 3 (b)(2) of the 1937 Act. Note that Section 3 worker eligibility uses individual income rather than family/household income.

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- G. Material supply contracts** means contracts for the purchase of products and materials, including, but not limited to lumber, drywall, wiring, concrete, pipes, toilets, sinks, carpets, and office supplies.
- H. Metropolitan area** means a metropolitan statistical area (MSA) as established by the Office of Management and Budget. The City of Watertown is contained within the Watertown-Fort Drum MSA.
- I. Professional services** mean 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.
- J. Recipient** means any entity that receives directly from HUD Public Housing Financial Assistance or Housing and Community Development Assistance that funds Section 3 projects, including, but not limited to, and State, local government, instrumentality, PHA, or other public agency, public or private nonprofit organization.
- K. Section 3** means Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u).
- L. Section 3 business concern** means a business concern meeting at least one of the following criteria, documented within the last six-month period:
- i. It is at least 51% owned and controlled by low- or very low-income persons;
 - ii. Over 75% of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers: or
 - iii. It is at least 51% owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.
- M. Section 3 project** means any housing rehabilitation, housing construction, and other public construction project assisted under HUD programs that provide Housing and Community Development Financial Assistance when the total amount of assistance exceeds \$200,000. Further defined in 24 CFR Part 75.3 (a)(2).
- N. Section 3 worker** means any worker who currently fits or when hired within the past five years fit at least one of the following categories (if hired before November 30, 2020, the employee needs to currently meet one of the following):
- i. The worker's income for the previous or annualized calendar year is below the income limit established by HUD, based on where they reside.
 - ii. The worker is employed by a Section 3 business concern: or
 - iii. The worker is a YouthBuild participant.
- O. 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.
- P. Subcontractor** means an entity that has a contractor to undertake a portion of the contractor's obligation to preform work in connection with a Section 3 project.
- Q. Subrecipient** means an entity that receives a subaward from the City of Watertown to carry out part of a Federal award but does not include an individual that is a beneficiary of the award.

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- R. Targeted Section 3 worker** for Housing and Community Development Financial Assistance, as defined in 24 CFR 75.21, means a Section 3 worker who is:
- i. A worker employed by a Section 3 business concern: or
 - ii. A worker who currently fits or when hired within the past 5 years, fit at least one of the following categories (if hired before November 30, 2020, the employee needs to currently meet one of the following)
 1. Living within the service area or the neighborhood of the project, or
 2. A YouthBuild participant.
- S. Very low-income persons** mean a person whose income does not exceed 50 percent of the area median income, per the definition of this term set forth in Section 3 (b)(2) of the 1937 Act.
- T. YouthBuild programs** refers to a community-based pre-apprenticeship program that provides job training and educational opportunities for at-risk youth aged 16-24 who have previously dropped out of high school. YouthBuild programs receiving assistance under the Workforce Innovation and Opportunity Act (29 U.S.C. 3226).

Appendix B: Multiple Funding Sources for Housing and Community Development

Type of Financial Assistance	Definitions Targeted Section 3 Workers	Thresholds	Prioritization	Reporting
Multiple Sources of Housing and Community Development <i>(single or multiple recipients)</i>	Must follow subpart C of Part 75	Exceeds \$200,000 for Section 3 projects *LHCHHP exceeds \$100,000	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: Example Flyer to Follow Prioritization of Efforts

Job Opening

Insert Apartment Building Name Here

We are looking for eligible Section 3 Workers, Targeted Section 3 Workers, and Section 3 Business Concerns. Prioritization will be given to eligible Section 3 Workers, Targeted Section 3 Workers, and Section 3 Business Concerns that live within one mile of the service area or neighborhood of the project. If you think that you are eligible, please visit the following link to access the Section 3 Worker Self-Certification form and Section 3 Business Concern Certification form: <https://www.watertown-ny.gov/CommunityDevelopmentBlockGrant>

Project:	Grant Street Seward Street Henry Street – Street Reconstruction Project
Anticipate Project Start and End Date:	XX, XX, 2023
Job Openings:	XXX, XXX, XXX, XXX
Apprenticeships/Job Training Openings:	XXX, XXX, XXX, XXX
Business Name:	XXXX XXXX XXXXX
Phone Number:	(XXX) XXX-XXX
Email:	XXX@email.com

Please contact us for next steps. We look forward to hearing from you!

HUD Section 3 Compliance - Contract Clause

- I. 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 USC §1701u) ("Section 3"). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted developments covered by Section 3 shall, to the greatest extent feasible, be directed to low- and very low-income persons, including persons who are recipients of HUD assistance for housing, with a preference for both targeted workers living in the service area or neighborhood of the Development and YouthBuild participants, as defined at 24 CFR Part 75 ("Section 3 Regulations").
- II. The Parties agree to comply with HUD's regulations in Section 3 Regulations, which implement Section 3. As evidenced by their execution of this Contract, the Parties certify that they are under no contractual or other impediments that would prevent them from complying with the Section 3 Regulations.
- III. The subrecipient/contractor/subcontractor agrees to include this Section 3 clause in every contact/subcontract subject to compliance with regulations in Section 3 Regulations and agrees to take appropriate action, as provided in an applicable provision of the contact/subcontract in this Section 3 clause, upon a finding that the contactor/subcontractor violates the regulations in Section 3 Regulations. The subrecipient/contractor/subcontractor will not subcontract with any contractor/subcontractor where the subrecipient/contractor has notice or knowledge that the contractor/subcontractor has been found in violation of the regulations in Section 3 Regulations.
- IV. The subrecipient/contractor/subcontractor agrees to maintain hiring and contracting practices to the greatest extent feasible, and consistent with existing Federal state, and local laws and regulations, to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 Workers, in the following priority where feasible; to Section 3 Business Concerns that provide economic opportunities to Section 3 Workers residing in the service area or neighborhood of the Section 3 project, and to YouthBuild Programs.
- V. The subrecipient/contractor/subcontractor agrees to the greatest extent feasible to follow Safe Harbor benchmarks so that 25 percent of the total labor hours expended on the project are by Section 3 Workers, of which 5 percent are by Targeted Section 3 Workers as defined in 24 CFR part 75. As part of these practices, subrecipient/contractor/subcontractor agrees to provide priority consideration to eligible residents and businesses in accordance with 24 CFR Part 75, as applicable. If the subrecipient/contractor/subcontractor is not able to meet this benchmark goal, it must provide a narrative of efforts taken and supporting documentation explaining why it was unable to meet the goal, despite greatest extent feasible efforts taken. Qualitative efforts will then need to be submitted with supporting documentation.
- VI. The subrecipient/contractor/subcontractor will certify that any vacant employment positions, including training positions, shall be filled after a contractor is selected but before the Contract is executed.
- VII. The subrecipient/contractor/subcontractor agrees to send each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 Clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for job training and employment positions can see the notice. The notice shall describe the Section 3 preference and shall set forth the following: (1) job

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- titles to hire; (2) availability of apprenticeship and training positions; (3) name and location of the applicant; (3) the anticipated date the work shall begin; and (4) personal/business contact information.
- VIII. The subrecipient/contractor/subcontractor agrees to obtain Section 3 Worker certification forms from (1) all existing employees that will or may work on the projects; and (2) from persons hired to work on the project.
- IX. The subrecipient/contractor/subcontractor agrees to provide written narrative regarding all efforts to comply with Section 3.
- X. The subrecipient/contractor/subcontractor agrees to maintain records documenting employees who qualified as Section 3 Workers that were hired to work on previous Section 3 projects that were retained by the subrecipient/contractor/subcontractor for subsequent Section 3 projects.
- XI. The subrecipient/contractor agrees to notify the contactor/subcontract that are associated with the Section 3 Projects about the Section 3 Requirements and include the Section 3 Clause in its entirety in every awarded contactor/subcontract.
- XII. The subrecipient/contractor/subcontractor agrees to comply with all monitoring, reporting, recordkeeping, and other procedures specified by United States Department of Housing and Urban Development (HUD). The subrecipient/contractor/subcontractor is responsible for providing Section 3 performance metrics and supporting documentation for all its subrecipients, contractors, and subcontractors, as applicable.
- XIII. Noncompliance with HUD's regulations in Section 3 Regulations may result in sanctions, termination of this Contract for default, and debarment or suspension from future HUD assisted contracts.
- XIV. The Section 3 Regulations are hereby incorporated into this Section 3 Clause, and to the extent there is any conflict between this Section 3 Clause and the Section 3 Regulations, the Section 3 Regulations shall control.