Vermont Housing & Conservation Board Section 3 Policy and Procedures

Background & Purpose

Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968 [12 U.S.C. 1701u and 24 CFR Part 135] that helps foster local economic development, neighborhood economic improvement, and individual self-sufficiency. The Section 3 regulations require that, to the greatest extent feasible, recipients of certain HUD financial assistance provide job training, employment, and contracting opportunities for low income residents in connection with projects and activities in their neighborhoods.

Section 3 regulations apply to recipients of certain kinds of HUD funding and to contracts generated in connection with covered HUD funding awards. VHCB is subject to Section 3 as are Developers/Grantees that are awarded HOME and other federal HUD funding administered by VHCB. In addition, Section 3 requirements flow down to contractors and subcontractors hired in connection with HUD funded projects.

The purpose of this policy is to state VHCB’s commitment to Section 3 compliance and provide guidance for VHCB staff and Developers receiving Section 3 covered funding.

Definitions

“Section 3 resident” is: 1) a public housing resident, or 2) a low- or very low-income person (as defined by HUD) residing in the metropolitan area or non-metropolitan county where the Section 3 covered assistance is expended.

“Section 3 business concern” is a business entity that is formed in accordance with state law, and licensed under state, county, or municipal law to engage in the type of business activity for which it was formed, and can provide evidence that they meet one of the following criteria:

- The business is fifty-one (51) percent or more owned by Section 3 residents; or

- The business’ permanent, full-time employees include persons, at least 30% of whom are currently Section 3 residents, or within three (3) years of the date of first employment with the business concern were Section 3 residents; or

- The business provides evidence of a commitment to subcontract in excess of 25 percent of the dollar amount of all subcontracts to be awarded to business concerns that meet the qualifications set forth above.

“Covered HUD funding” is funding from HUD that triggers Section 3 compliance, including but not limited to HOME, HUD EDI, HOPWA, NSP, Healthy Homes and Lead Hazard Control, and certain other grants awarded under HUD NOFAs. Note: The requirements of Section 3 only apply to the portion(s) of covered funding that were used for project/activities involving housing construction, rehabilitation, demolition, or other public construction; however, Section 3 applies to the entire covered project or activity regardless of whether the activity was fully or partially funded with covered assistance.
Policy

VHCB and Developers/Grantees who receive covered HUD funding awards from VHCB shall comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 USC 1701u), 24 CFR Part 135, to ensure that employment and other economic opportunities generated by HUD funds, 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 that provide economic opportunities to low- and very low-income persons.

For VHCB, Section 3 requirements apply when VHCB receives a covered HUD funding award of $200,000 or more. Similarly, for Developers and/or Grantees, Section 3 requirements apply when a covered HUD funding of $200,000 or more is awarded by VHCB. In these instances, VHCB and Developers/Grantees must take reasonable steps to attempt to meet the following minimum Section 3 compliance thresholds:

- Award 10 percent of the total dollar amount of all covered construction contracts ($100,000 or more) to Section 3 businesses; and
- Hire Section 3 residents for 30 percent of new employment opportunities generated in connection with the covered award and/or contract(s).

VHCB will ensure that Section 3 requirements are included in agreements with Developers/Grantees as applicable, and provide guidance, technical assistance, and training as needed to further Section 3 compliance.

VHCB will collect Section 3 reporting information from Developers/Grantees and submit a Section 3 report annually to HUD for each covered HUD funding award.

VHCB will continue to work with the State of Vermont to explore ways to improve Statewide Section 3 compliance, provide resources to assist Developer/Grantees and contractors, and provide training opportunities for Section 3 residents.

Section 3 Requirements for Developers/Grantees

Developers/Grantees, contractors, and subcontractors shall comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 USC 1701u), 24 CFR Part 135, to ensure that employment and other economic opportunities generated by HUD funds, to the greatest extent feasible, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns that provide economic opportunities to low- and very low-income persons.

1. Developers/Grantees, contractors and subcontractors shall, to the greatest extent feasible, employ Section 3 residents as new hires over the duration of the Project.
2. Developers/Grantees, contractors and subcontractors shall, to the greatest extent feasible, award contracts for the project to Section 3 businesses.

3. All Section 3 covered contracts shall include the Section 3 clause.

4. Developers/Grantees shall provide documentation to VHCB demonstrating compliance with the requirements of Section 3.

**Safe harbor and compliance determination** – In the absence of evidence to the contrary, a Developer/Grantee, contractor, or subcontractor who meets the following minimum numerical goals will be considered to have complied with the Section 3 requirements:

- At least 30% of new hires over the duration of the project were/are Section 3 residents;
- At least 10% of the total dollar amount of all contracts in excess of $100,000 for building trades work is awarded to Section 3 businesses; and
- At least 3% of the total dollar amount of all contracts in excess of $100,000 for any work other than building trade work is awarded to Section 3 businesses.

In evaluating compliance with the Section 3 requirements, if it is found that the Developer/Grantee, contractor or subcontractor have not met the numerical goals set forth in this section, then they have the burden of demonstrating why it was not feasible to meet the numerical goals set forth in this section. Such justification may include impediments encountered despite actions taken. Developers/Grantees, contractors or subcontractors can also indicate other economic opportunities, such as those listed in 24 CFR Part 135.40, which were provided in its efforts to comply with Section 3 and the requirements of 24 CFR Part 135.

**Section 3 Procedures**

*The following condition shall be included in all covered agreements with Developer/Grantees (currently a Standard HOME loan/grant condition):*

The Developer shall comply with Section 3 requirements in accordance with 24 CFR 135. Economic opportunities provided in connection with this project shall, to the greatest extent feasible, be provided to low income persons residing within the area in which the project is located and to Section 3 businesses. Section 3 requirements shall be included in bid documents, and “the Section 3 Clause” shall be attached to all contracts executed in connection with this project. In addition, HUD’s Section 3 report form shall be submitted to VHCB within 60 days of the final disbursement (see condition #21).

*The following Section 3 checklist (also attached) shall be given to Developer/Grantees at or before the time the covered funding agreement is signed to assist with Section 3 compliance:*
Grant agreement phase

___Signed grant/loan agreement with VHCB contains Section 3 provisions

Procurement phase

___The RFP/RFB includes the following language: “Women and minority owned businesses, small locally owned businesses, and Section 3 businesses encouraged to apply”

___The RFP/RFB informs bidders that Section 3 applies to the contract and that bidders must submit any new hire postings to vermontjoblink.com

___Bidders must submit Section 3 and WBE/MBE questionnaire with bid

___Preference must be given to Section 3 businesses if the business can demonstrate eligibility

Contract phase (for contracts exceeding $100,000)

___Section 3 Clause included

___Section 3 new hire report and summary included

Construction phase

___Notices (which state the preference for Section 3 residents) for jobs in connection with the project are posted at the job site and at public housing developments within the county where the project is located

Completion phase

___Collect Section 3 summary reports from all contractors

___Submit Section 3 report form (HUD 60002) to VHCB, including an explanation of employment and training efforts and efforts taken to award contracts to Section 3 businesses

Section 3 requirements are incorporated into the “Checklist for HOME Projects”, and shall be incorporated into compliance checklists for other covered HUD funding programs, as applicable.

Additional guidance is available on HUD’s website:

Attachments to this policy:
HUD CPD Section 3 Requirements
Section 3 Contractor Clause
Section 3 and WMB/BME Questionnaire for businesses
Section 3 New Hire Report and Summary
Section 3 Summary Report (form HUD-60002)
Section 3 Requirements

FOR RECIPIENTS OF HUD COMMUNITY PLANNING & DEVELOPMENT FUNDING

Why HUD Enforces Section 3?

Each year the U.S. Department of Housing and Urban Development invests billions of federal dollars into distressed communities for projects designed to build and rehabilitate housing, improve roads, develop community centers, and otherwise assist families achieve the American Dream.

The Section 3 regulation recognizes that HUD funding typically results in projects/activities that generate new employment, training and contracting opportunities. These economic opportunities not only provide "bricks and mortar", but can also positively impact the lives of local residents who live in the neighborhoods being redeveloped.

Section 3 of the Housing and Urban Development Act of 1968 [12 U.S.C. 1701u and 24 CFR Part 135] is HUD’s legislative directive for providing preference to low- and very low-income residents of the local community (regardless of race or gender), and the businesses that substantially employ these persons, for new employment, training, and contracting opportunities resulting from HUD-funded projects.

Further, as a condition of receiving HUD Community Planning and Development assistance, recipients certify that they will comply with the requirements of Section 3 annually pursuant to 24 CFR 570.607(b). Accordingly, the Department has the legal responsibility to monitor recipients for compliance and can impose penalties upon those that fail to meet these obligations.

Applicability of Section 3 to Community Planning & Development Assistance

The requirements of Section 3 apply to recipients of HUD Community Planning and Development funding exceeding $200,000.

All projects/activities involving housing construction, demolition, rehabilitation, or other public construction—i.e., roads, sewers, community centers, etc. that are completed with covered funding, are subject to the requirements of Section 3.

[Note: the requirements of Section 3 do not apply on a per-project-basis. Rather, the requirements apply to all covered construction and rehabilitation activities that are funded with covered assistance.]

Contractors or subcontractors that receive contracts in excess of $100,000 for Section 3 covered projects/activities are required to comply with the Section 3 regulations in the same manner as the direct recipient that provided funding to them.

If the recipient agency receives Section 3 covered funding and invests these funds into covered projects/activities, but no individual contract exceeds $100,000, responsibility for complying with Section 3 only applies to the recipient.

Accordingly, recipient must attempt to reach the Section 3 minimum numerical goals found at 24 CFR Part 135.30 by: 1) Awarding 10 percent of the total dollar amount of all covered construction contracts to Section 3 businesses; and 2) Hiring Section 3 residents for 30 percent of new employment opportunities.
Section 3 Covered Community Planning and Development funding

- Community Development Block Grants (CDBG)
- Home Investment Partnership Assistance
- Housing Opportunities for Persons with Aids (HOPWA)
- Economic Development Initiative (EDI)
- Brownfield Economic Development Initiative (BEDI)
- Emergency Shelter Grants
- Homeless Assistance
- University Partnership Grants
- Neighborhood Stimulus Program (NSP)
- Certain Grants Awarded Under HUD Notices of Funding Availability (NOFAs)

*NOTE:* The requirements of Section 3 only apply to the portion(s) of covered funding that were used for project/activities involving housing construction, rehabilitation, demolition, or other public construction.

Section 3 applies to the entire covered project or activity regardless of whether the activity was fully or partially funded with covered assistance.

Section 3 Covered Recipient Agencies

"Recipient" refers to any entity that receives Section 3 covered financial assistance directly from HUD or from another recipient and includes, but is not limited to any of the following:

- States; Units of Local Government; Native American Tribes; or other Public Bodies
- Public or Private Nonprofit Organizations
- Private Agencies or Institutions
- Mortagors; Developers; Limited Dividend Sponsors; Builders; Property Managers; Community Housing Development Organizations
- Successors, assignees or transferees of any such entity listed above

- Recipients do NOT include any ultimate beneficiary under the HUD program that Section 3 applies and does NOT refer to contractors.

Triggering the Requirements of Section 3

Section 3 is triggered when the normal completion of construction and rehabilitation projects creates the need for new employment, contracting, or training opportunities.

The Section 3 regulations should not be construed to mean that recipients are required to hire Section 3 residents or award contracts to Section 3 businesses other than what is needed to complete covered projects/activities.

If the expenditure of covered funding does not result in new employment, contracting, or training opportunities, the requirements of Section 3 have not been triggered. However, each agency must still submit Section 3 annual reports indicating this information.
Recipient Responsibilities Pursuant to Section 3

Each recipient (and their covered contractors, subcontractors, or subrecipients) are required to comply with the requirements of Section 3 for new employment, training, or contracting opportunities resulting from the expenditure of covered funding. This responsibility includes:

1. Implementing procedures to notify Section 3 residents and business concerns about training, employment, and contracting opportunities generated by Section 3 covered assistance;

2. Notifying potential contractors working on Section 3 covered projects of their responsibilities;

3. Incorporating the Section 3 Clause into all covered solicitations and contracts [see 24 CFR Part 135.38];

4. Facilitating the training and employment of Section 3 residents and the award of contracts to Section 3 business concerns;

5. Assisting and actively cooperating with the Department in making contractors and subcontractors comply;

6. Refraining from entering into contracts with contractors that are in violation of Section 3 regulations;

7. Documenting actions taken to comply with Section 3; and

8. Submitting Section 3 Annual Summary Reports (form HUD-60002) in accordance with 24 CFR Part 135.90.

In addition to the responsibilities described above, State and County agencies or consortia that distribute covered funds to units of local government, nonprofit organizations, or other subrecipients, must attempt to reach the minimum numerical goals set forth at 24 CFR Part 135.30, regardless of the number of subrecipients that receive covered funding. State or County agencies must also do the following:

1. Inform subrecipients about the requirements of Section 3;

2. Assist subrecipients and their contractors with achieving compliance;

3. Monitor subrecipients’ performance with respect to meeting the requirements of Section 3; and

4. Report to HUD on the cumulative Section 3 activities taking place within their jurisdiction on an annual basis.
Section 3 Residents and Business Concerns

Section 3 Residents Are:

1. Residents of Public and Indian Housing; or

2. Individuals that reside in the metropolitan area or nonmetropolitan county in which the Section 3 covered assistance is expended and whose income do not exceed the local HUD income limits set forth for low- or very low-income households.

Section 3 Business Concerns Are One of the Following:

1. Businesses that are 51 percent or more owned by Section 3 residents;

2. Businesses whose permanent, full-time employees include persons, at least 30 percent of whom are currently Section 3 residents, or within three years of the date of first employment with the firm were Section 3 residents; or

3. Businesses that provide evidence of a commitment to subcontract in excess of 25 percent of the dollar amount of all subcontracts to be awarded to businesses that meet the qualifications described above.

In accordance with the regulation, residents and businesses concerns seeking Section 3 preference shall certify, or submit evidence to the recipient, contractor, subcontractor or subrecipient (if requested) verifying that they meet the definitions provided above.

Recipients can use their discretion for determining the type of verification that is required by prospective Section 3 residents and business concerns. Some examples include: proof of residency in a public housing authority; proof of federal subsidies for housing, food stamps, or unemployment benefits; and payroll data or other relevant business information.

Section 3 Summary Reports (Form HUD-60002)

Annually, each direct recipient of Community Planning and Development funding is required to submit Form HUD-60002 to HUD’s Economic Opportunity Division in Washington, DC., preferably online from the following website: www.hud.gov/section3.

Due Date: Recipients of covered Housing and Community Development assistance are required to submit Form HUD-60002 at the same time as annual performance reports (e.g., CAPERS reports)

The Section 3 Summary Report shall follow the same program, fiscal, or calendar year as the annual performance report and should correspond to the covered projects and activities that were administered during the reporting period.

NOTE: Section 3 reports must be submitted by all agencies that receive Community Planning and Development funding in excess of $200,000 whether the requirements were triggered or not.
Determining What Should Be Reported on Form HUD-60002

Section 3 Annual Summary Reports are intended to measure each recipient’s efforts to comply with the statutory and regulatory requirements of Section 3 in its own operations AND those of its covered contractors, subcontractors, and subrecipients. Each submission of form HUD-60002 should indicate the following:

- The total dollar amount of HUD funding that was received by the recipient for covered projects/activities during the specified reporting period.

- The total number of new employees that were hired by the recipient and/or its covered contractors, subcontractors, and subrecipients, as a result of performing or completing covered project/activities.

- The number of new employees that were hired by the recipient (or its covered contractors, subcontractors, and subrecipients), as a result of covered projects/activities, that met the definition of a Section 3 resident.

- The total number of man hours worked on covered projects (optional).

- The aggregate number of hours worked by Section 3 residents on covered projects (optional).

- The total number of Section 3 residents that participated in training opportunities that were made available by the recipient agency, its contractors, subrecipients, or other local community resource agencies.

- The total dollar amount of construction and/or non-construction contracts (or subcontracts) that were awarded with covered funding.

- The dollar amount of the recipient’s construction or non-construction contracts (or subcontracts) that were awarded to Section 3 business concerns.

- Detailed narrative descriptions of the specific actions that were taken by the recipient (or its covered contractors, subcontractors, subrecipients, or others) to comply with the requirements of Section 3 and/or meet the minimum numerical goals for employment and contracting opportunities.
Section 3 Reporting and Compliance Determinations

Absent evidence to the contrary, the Department considers recipients of covered funding to be in compliance with Section 3 if they meet the minimum numerical goals set forth at 24 CFR Part 135.30. Specifically:

a. 30 percent of the aggregate number of new hires shall be Section 3 residents;

b. 10 percent of the total dollar amount of all covered construction contracts shall be awarded to Section 3 business concerns; and

c. 3 percent of the total dollar amount of all covered non-construction contracts shall be awarded to Section 3 business concerns.

Recipients that fail to meet the minimum numerical goals above bear the burden of demonstrating why it was not possible to do so. Such justifications should describe the efforts that were taken, barriers encountered, and other relevant information that will enable the Department to make a compliance determination.

Recipients that submit Section 3 reports containing all zeros, without a sufficient explanation to justify their submission, are in noncompliance with the requirements of Section 3.

Failure to comply with the requirements of Section 3 may result in sanctions, including: debarment, suspension, or limited denial of participation in HUD programs pursuant to 24 CFR Part 24.

Recipients that are subject to annual A-133 Audits may also receive an audit finding for failure to submit form HUD-60002 to HUD.

Important Notes for Submitting Form HUD-60002

- Recipients must submit a separate form HUD-60002 for each type of covered funding (e.g., separate reports must be submitted for CDBG and HOME funding).

- Use the online Section 3 Summary Reporting System at: www.hud.gov/section3 to ensure that form HUD- 60002 is received by the Economic Opportunity Division in HUD Headquarters in a timely manner.

- The “reporting period” option in the online Section 3 Summary Reporting System (box #7) lists quarters but the Section 3 reporting is an annual requirement. Accordingly, recipients should select Quarter 4 to document the total amount of covered activities/projects that were completed during the entire reporting period.

- If the recipient (or its covered contractors, subcontractors and subrecipients) did not hire any new employees during the reporting period, and/or if no covered construction or non-construction contracts were awarded, the recipient must indicate this in Part III of form HUD-60002 and certify that this information is true and accurate by penalty of law.
Where Are Reports Submitted

Form HUD-60002 must be submitted to HUD’s Economic Opportunity Division, in Washington, DC. Recipients are strongly encouraged to submit form HUD-60002 online at: www.hud.gov/section3.

Recipients can also download a hard copy of form HUD 60002 from the website listed above. Hard copies shall be submitted via fax or mail to:

U.S. Department of Housing and Urban Development
Attn: Economic Opportunity Division
451 Seventh Street, SW
Room 5235
Washington, DC 20410
202-708-1286 (fax)

Additional Section 3 Guidance and Technical Assistance

The Economic Opportunity Division is committed to providing recipient’s guidance and technical assistance for compliance with the requirements of Section 3.

For additional information, please visit the Section 3 website at: www.hud.gov/section3. This webpage provides the following tools and information:

- Section 3 Statute—12 U.S.C. 1701u
- Section 3 Regulation—24 CFR Part 135
- Frequently Asked Questions
- Section 3 Model Programs
- Guidance on Section 3 and Economic Stimulus Funding
- Guidance on Section 3 and the Neighborhood Stimulus Program (NSP)
- Sample Section 3 Certification Forms (residents and business concerns)
- Link to HUD’s Local Income Eligibility Calculator
- Link to Section 3 Annual Reporting System (form HUD-60002)
- Downloadable Forms
- Contact Information for Economic Opportunity Division staff
- Email inquiries on Section 3 can be sent to section3@hud.gov
Section 3 clause.

All section 3 covered contracts shall include the following clause (referred to as the section 3 clause):

A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).
Section 3, Women, Minority Business Concern Questionnaire

Business Name: 
Business Contact Person: 
Address: 
Phone Number: 

1. Is your business a Section 3 business concern? ☐ Yes ☐ No

2. Is your business a Women-Owned business concern? ☐ Yes ☐ No
   2(a) Please list any self-certifications, agency certifications, and/or program certifications your business holds:

3. Is your business a Disadvantaged/Minority-owned business concern? ☐ Yes ☐ No

What is a Section 3 business concern? (Adapted from: http://www.hud.gov/offices/fheo/section3/Section3.pdf)

A business that:
   • Is 51 percent or more owned by Section 3 residents;
   • Employs Section 3 residents for at least 30 percent of its full-time, permanent staff; or
   • Provides evidence of a commitment to subcontract to Section 3 business concerns, 25 percent or more of the dollar amount of the awarded contract.

Who are Section 3 residents?
(HUD Income Limits available online: http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/income/index.cfm)

Section 3 residents are:
   • Public housing residents or,
   • Persons who live in the area where a HUD-assisted project is located and who have a household income that falls below HUD’s income limits.

Determining Income Levels
   • Low income is defined as 80% or below the median income of that area.
   • Very low income is defined as 50% or below the median income of that area.

How is a "woman-owned small business" defined? (Adapted from: http://www.wavc.org/documents/wobCERT.pdf)

The Federal Acquisition Regulations (FAR) defines a "woman-owned small business concern" in Part 19.001 Definitions, as follows: "Woman-owned small business concern means a small business concern—(a) which is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and (b) whose management and daily business operations are controlled by one or more women."

How is a “minority-owned business” defined?

Although definitions vary, in general a minority-owned business is a for-profit enterprise, physically located in the United States or its trust territories, which is owned, operated, and controlled by minority group member(s). "Minority group members" most often identified are US citizens who are Asian, African-American, Hispanic, and Native American (for a complete listing, see http://www.sba.gov/library/cfrs/13cfr124.html). Ownership by minority individuals means the business is at least 51 percent owned by such individuals or, in the case of a publicly-owned business, at least 51 percent of the stock is owned by one or more such individuals. Further, the management and daily operations are controlled by those minority group members.

Certification – The information above is true and complete to the best of my knowledge and belief.

Signature: ___________________________ Date: ___________________________

Vermont Housing and Conservation Board
VT Agency of Commerce and Community Development
Employer Guide for Section 3 New Hires

The US Department of Housing & Urban Development ("HUD") requires recipients of HUD funding, such as the Vermont Housing and Conservation Board (VHCB) and the VT Agency of Commerce and Community Development (the Agency), to collect information on every person hired in connection with Section 3 projects to insure the State’s compliance with Federal regulations.

As part of VHCB and the Agency’s Section 3 Procedures, your firm is required to report the number of employees hired in connection with a Section 3 Project who are Section 3 Eligible. Complete this form by entering the names and addresses of all new hires and by indicating whether they are Section 3 Eligible. Section 3 Eligible Employees are those who reside in the same county as the project and whose total gross income (from all members in the last 12 months) is not greater than 80% of the Area Median Income (AMI).

The attached table (VT HUD income limits) may be used as a guide to employees to determine whether their household income is above or below 80% AMI.

This form must be completed by all firms working on a Section 3 project, defined as a contract that exceeds $100,000, even if the firm is not a Section 3 Business.

INSTRUCTIONS FOR EMPLOYERS:

1. Enter the name and address of every new employee hired in connection with the Section 3 Project on the list below. (Add additional sheets if necessary).

2. Determine whether each new hire is Section 3 eligible.

3. Indicate the Section 3 eligibility of each new hire by checking the appropriate box.

4. Job Categories
   i.   Professionals
   ii.  Technicians
   iii. Office and Clerical
   iv.  Sales
   v.   Trades
   vi.  Labor
   vii. Services Workers
   viii. Other

5. An authorized representative of the firm must certify the accuracy and completeness of the New Hire Report by signing where indicated.

6. If there were NO new hires during the period, please indicate this by checking the box at the bottom of the New Hire Report.
Section 3 Eligibility Worksheet

For Employer use only, this form does not need to be submitted to VHCB or the Agency.

Employers should ask new hires the following questions to determine eligibility for purposes of completing the Section 3 New Hire Report.

Employee Name: ____________________________
Date of Hire: ____________________________

1. Are you a resident of public housing?
   YES ☐   NO ☐

   If the answer is “YES,” please skip question “2” and proceed directly to question “3”. If the answer is “NO,” please follow up by asking question “2”.

2. Are you a resident of the county where the project is located?
   YES ☐   NO ☐

   If the answer is “NO,” this person is not a Section 3-eligible resident. Therefore, there is not a need to ask question “3”.

3. In the last 12 months, was your gross household income (meaning the total for everyone in your family earning income) NOT GREATER THAN the amount which corresponds to the low-income limit for your household size and county in the attached chart (current VT HUD income limits)?
   YES ☐   NO ☐
**Section 3 New Hire Report**

**Project Name & Location:** ____________________________  
**Reporting Period:** ____________________________

**General Contractor:** ____________________________  
**Name of Firm Completing This Form:** ____________________________

**Select Firm Type (circle one):**  
G.C. / Sub-Contractor / Prof. Services Consultant  
**Contract Amount:** ____________________________

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☐ Check this box if there were NO new hires during this period.

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

**Signature of Authorized Representative:** ____________________________

**Print Name:** ____________________________

**Title:** ____________________________  
**Date:** ____________________________

Section 3 New Hire Document Package.doc
# Section 3 Summary Report

**Economic Opportunities for Low – and Very Low-Income Persons**

**U.S. Department of Housing and Urban Development**

**Office of Fair Housing And Equal Opportunity**

**OMB Approval No: 2529-0043**

(exp. 11/30/2010)

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### 1. Recipient Name & Address: (street, city, state, zip)

### 2. Federal Identification: (grant no.)

### 3. Total Amount of Award

### 4. Contact Person

### 5. Phone: (Include area code)

### 6. Length of Grant:

### 7. Reporting Period:

### 8. Date Report Submitted:

### 9. Program Code: (Use separate sheet for each program code)

### 10. Program Name:

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## Part I: Employment and Training (**Columns B, C and F are mandatory fields, Include New Hires in E & F**)

<table>
<thead>
<tr>
<th>Job Category</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
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<tbody>
<tr>
<td>Professionals</td>
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<td>Technicians</td>
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<td>Office/Clerical</td>
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<td>Construction by Trade (List)</td>
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<td>Other (List)</td>
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</tbody>
</table>

**Note:** Program Codes:

1 = Flexible Subsidy
2 = Section 202/811
3 = Public/Indian Housing
4 = Homeless Assistance
5 = HOME
6 = CDBG State Administered
7 = CDBG Entitlement
8 = HOME State Administered
9 = Other CD Programs
10 = Other Housing Programs

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*Program Codes: 1 = Flexible Subsidy, 2 = Section 202/811, 3 = Public/Indian Housing, 4 = Homeless Assistance, 5 = HOME, 6 = CDBG State Administered, 7 = CDBG Entitlement, 8 = HOME State Administered, 9 = Other CD Programs, 10 = Other Housing Programs.*

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Page 1 of 2  
Ref 24 CFR 135
### Part II: Contracts Awarded

1. Construction Contracts:
   
   A. Total dollar amount of all contracts awarded on the project $  
   
   B. Total dollar amount of contracts awarded to Section 3 businesses $  
   
   C. Percentage of the total dollar amount that was awarded to Section 3 businesses %  
   
   D. Total number of Section 3 businesses receiving contracts  

2. Non-Construction Contracts:
   
   A. Total dollar amount all non-construction contracts awarded on the project/activity $  
   
   B. Total dollar amount of non-construction contracts awarded to Section 3 businesses $  
   
   C. Percentage of the total dollar amount that was awarded to Section 3 businesses %  
   
   D. Total number of Section 3 businesses receiving non-construction contracts  

### Part III: Summary

Indicate the efforts made to direct the employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, toward low- and very-low-income persons, particularly those who are recipients of government assistance for housing. (Check all that apply.)

- Attempted to recruit low-income residents through: local advertising media, signs prominently displayed at the project site, contracts with the community organizations and public or private agencies operating within the metropolitan area (or nonmetropolitan county) in which the Section 3 covered program or project is located, or similar methods.
- Participated in a HUD program or other program which promotes the training or employment of Section 3 residents.
- Participated in a HUD program or other program which promotes the award of contracts to business concerns which meet the definition of Section 3 business concerns.
- Coordinated with Youthbuild Programs administered in the metropolitan area in which the Section 3 covered project is located.
- Other, describe below.  

Public reporting for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB number.

Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u, mandates that the Department ensures that employment and other economic opportunities generated by its housing and community development assistance programs are directed toward low- and very-low income persons, particularly those who are recipients of government assistance housing. The regulations are found at 24 CFR Part 135. The information will be used by the Department to monitor program recipients' compliance with Section 3, to assess the results of the Department's efforts to meet the statutory objectives of Section 3, to prepare reports to Congress, and by recipients as self-monitoring tool. The data is entered into a database and will be analyzed and distributed. The collection of information involves recipients receiving Federal financial assistance for housing and community development programs covered by Section 3. The information will be collected annually to assist HUD in meeting its reporting requirements under Section 808(e)(6) of the Fair Housing Act and Section 916 of the HCOA of 1992. An assurance of confidentiality is not applicable to this form. The Privacy Act of 1974 and OMB Circular A-108 are not applicable. The reporting requirements do not contain sensitive questions. Data is cumulative; personal identifying information is not included.
Form HUD-60002, Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons.

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

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

Recipients or contractors subject to Section 3 requirements must maintain appropriate documentation to establish that HUD financial assistance for housing and community development programs were directed toward low- and very low-income persons. A recipient of Section 3 covered assistance shall submit one copy of this report to HUD Headquarters, Office of Fair Housing and Equal Opportunity. Where the program providing assistance requires an annual performance report, this Section 3 report is to be submitted at the same time the program performance report is submitted. Where an annual performance report is not required, this Section 3 report is to be submitted by January 10 and, if the project ends before December 31, within 10 days of project completion. Only Prime Recipients are required to report to HUD. The report must include accomplishments of all recipients and their Section 3 covered contractors and subcontractors.

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

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

Part I: Employment and Training Opportunities
Column A: Contains various job categories. Professionals are defined as people who have special knowledge of an occupation (i.e., supervisors, architects, surveyors, planners, and computer programmers). For construction positions, list each trade and provide data in columns B through F for each trade where persons were employed. The category of "Other" includes occupations such as service workers.
Column B: (Mandatory Field) Enter the number of new hires for each category of workers identified in Column A in connection with this award. New hire refers to a person who is not on the contractor's or recipient's payroll for employment at the time of selection for the Section 3 covered award or at the time of receipt of Section 3 covered assistance.
Column C: (Mandatory Field) Enter the number of Section 3 new hires for each category of workers identified in Column A in connection with this award. Section 3 new hire refers to a Section 3 resident who is not on the contractor's or recipient's payroll for employment at the time of selection for the Section 3 covered award or at the time of receipt of Section 3 covered assistance.
Column D: Enter the percentage of all the staff hours of new hires (Section 3 residents) in connection with this award.
Column E: Enter the percentage of the total staff hours worked for Section 3 employees and trainees (including new hires) connected with this award. Include staff hours for part-time and full-time positions.
Column F: (Mandatory Field) Enter the number of Section 3 residents that were trained in connection with this award.
Part II: Contract Opportunities
Block 1: Construction Contracts
Item A: Enter the total dollar amount of all contracts awarded on the project/program.
Item B: Enter the total dollar amount of contracts connected with this project/program that were awarded to Section 3 businesses.
Item C: Enter the percentage of the total dollar amount of contracts connected with this project/program awarded to Section 3 businesses.
Item D: Enter the number of Section 3 businesses receiving awards.
Block 2: Non-Construction Contracts
Item A: Enter the total dollar amount of all contracts awarded on the project/program.
Item B: Enter the total dollar amount of contracts awarded with this project awarded to Section 3 businesses.
Item C: Enter the percentage of the total dollar amount of contracts awarded with this project/program awarded to Section 3 businesses.
Item D: Enter the number of Section 3 businesses receiving awards.
Part III: Summary of Efforts – Self-explanatory

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

* The terms "low-income persons" and "very low-income persons" have the same meanings given in the terms in section 3 (b) (2) of the United States Housing Act of 1937. Low-income persons mean families (including single persons) whose incomes do not exceed 80 percent of the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that

The Secretary may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of the Secretary's findings such that variations are necessary because of prevailing levels of construction costs or unusually high- or low-income families. Very low-income persons mean low-income families (including single persons) whose incomes do not exceed 50 percent of the median family income area, as determined by the Secretary with adjustments or smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 percent of the median for the area on the basis of the Secretary's findings such that variations are necessary because of unusually high or low family incomes.