



# SECTION 3 POLICY

Rockford Housing Authority

223 South Winnebago Street

Rockford, IL 61102

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**Resolution Number:**

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## **I. General Policy Statement**

To ensure that the regulation promulgated under 24 CFR Part 75 "Economic Opportunities for Low- and Very Low-Income Persons" is met, RHA has developed and approved a Section 3 Policy.

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

RHA implements this policy by awarding contracts to contractors, vendors, and suppliers, to create employment and business opportunities for residents of the RHA and other qualified low- and very low-income persons residing in the service area.

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

RHA is committed to complying with Section 3 in its operations and ensuring the compliance of its sub-recipients, contractors, and subcontractors. Pursuant to these statutory and regulatory requirements, RHA incorporates its Section 3 Policy in this Procedure Manual.

## **II. Purpose**

The purpose of Section 3 is to ensure that economic opportunities, most importantly employment, generated by certain HUD financial assistance shall be directed 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.

Consistent with existing Federal, state, and local laws and regulations, PHAs or other recipients receiving public housing financial assistance and their contractors and subcontractors must make their best efforts to provide employment and training opportunities generated by the public housing financial assistance to Section 3 workers.

### III. Applicability

Section 3 requirements apply to all projects and activities funded in part or in whole with covered funds. If any HUD funding is used for the project or activity, then the entire project is subject to Section 3 regulations.

Section 3 does not apply to material or supply-only contracts.

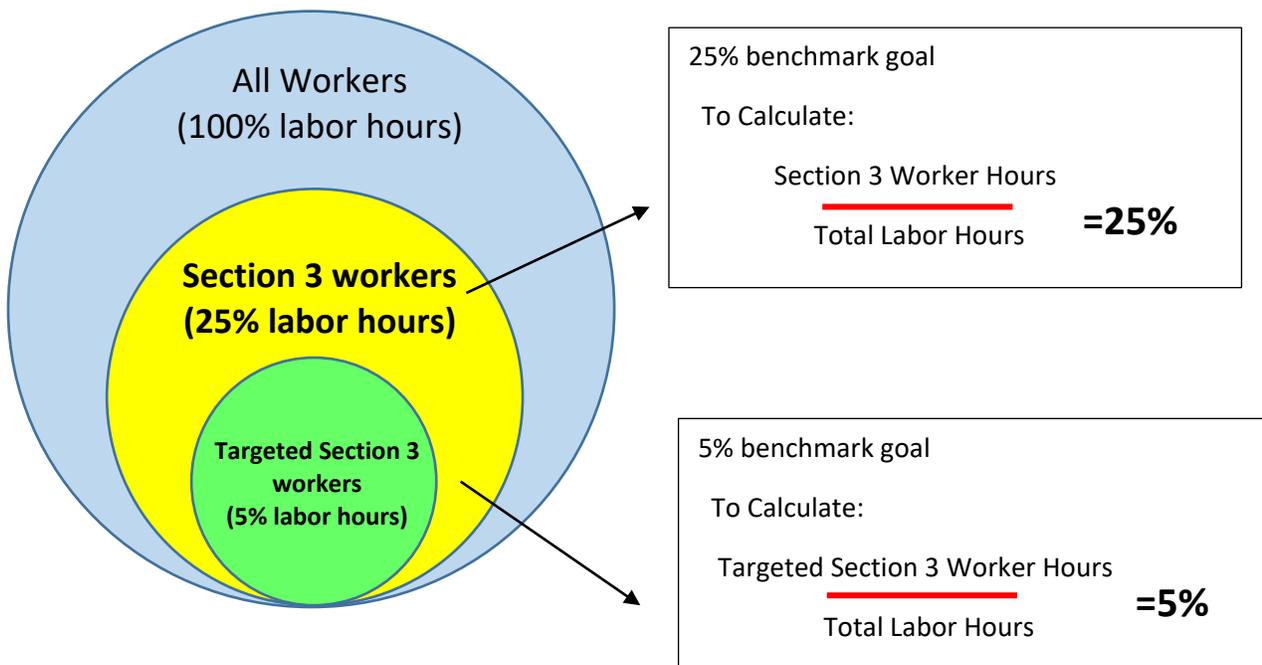
### Section 3 Benchmarks and Priorities

#### Benchmarks

HUD established Section 3 Benchmarks to determine Section 3 compliance. Consistent with existing Federal, state, and local laws and regulations, RHA and its contractors must make their best efforts to provide employment and training opportunities generated by the public housing financial assistance to Section 3 Workers.

The RHA and its Contractors will be considered to have complied with requirements in proposed 24 CFR part 75, subpart B & C. when benchmarks are either met or exceeded.

- 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
- ii. **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**.



### Resident Order of Priorities

The RHA and their contractors must make their best efforts in employment and training opportunities in the following order of priority:

- i. To residents of the public housing projects for which the public housing financial assistance is expended;
- ii. To residents of other public housing developments managed by the PHA that is providing the assistance or for residents of Section 8-assisted housing managed by the PHA;
- iii. To participants in YouthBuild programs; and
- iv. To low- and very low-income persons residing within the metropolitan area (or nonmetropolitan county) in which the assistance is expended.

### Contracting Order of Priorities

The RHA and their contractors must make their best efforts in contracting and sub-contracting opportunities in the following order of priority:

- i. To Section 3 business concerns that provide economic opportunities for residents of the public housing development for which the assistance is provided;
- ii. To Section 3 business concerns that provide economic opportunities for residents of other public housing projects or Section 8-assisted housing managed by the PHA that is providing the assistance;
- iii. To YouthBuild programs; and
- iv. To Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which the assistance is provided.

## Section 3 Resident Eligibility

### Section 3 Worker:

Any worker who currently meets or when hired within the past five years met 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. (Note this will include PH residents)
- ii. The Worker is employed by a Section 3 business concern.
- iii. The Worker is a YouthBuild participant.

### A Targeted Section 3 Worker:

For **public housing financial assistance** means a Section 3 worker who is:

- i. A worker employed by a Section 3 business concern; or
- ii. A worker who currently meets or when hired met at least one of the following categories, as documented within the past five years:
  - a. A resident of public housing or Section 8-assisted housing;
  - b. A resident of other public housing development or Section 8-assisted housing managed by the PHA that is providing the assistance; or
  - c. A YouthBuild participant.

## Section 3 Business Eligibility

### A Section 3 Business Concern:

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.

## IV. Certification Procedure for Section 3 Workers and Businesses:

RHA has developed certification forms for workers and businesses.

Any Worker seeking priority in employment must be able to self-certify their status as an eligible Section 3 or Targeted Section 3 Worker. If asked, they may need to provide evidence of their housing status for the Targeted Section 3 Worker priority. Additionally, to receive any priority, the Worker must fulfill the requirements and qualifications of the sought after position.

Any business seeking Section 3 priority will need to provide evidence of which eligibility requirement they meet. Additionally, they will need to submit evidence to demonstrate that they are a responsible firm and have the ability to perform under the terms and conditions of the proposed contract.

### Section 3 Worker:

For the Worker to qualify as a Section 3 Worker, one of the following must be maintained:

- i. A worker's self-certification that their income is below the income limit from the prior calendar year;
- ii. A worker's self-certification of participation in a means-tested program such as public housing or Section 8-assisted housing;
- iii. Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing or the administrator of tenant-based Section 8-assisted housing that the Worker is a participant in one of their programs;
- iv. An employer's certification that the Worker's income from that employer is below the income limit when based on an employer's calculation of what the Worker's wage rate would translate to if annualized on a full-time basis; or
- v. An employer's certification that the Worker is employed by a Section 3 business concern.

### **Targeted Section 3 Worker:**

For a worker to qualify as a Targeted Section 3 worker, one of the following must be maintained:

- i. A worker's self-certification of participation in public housing or Section 8-assisted housing programs;
- ii. Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing or the administrator of tenant-based Section 8-assisted housing that the Worker is a participant in one of their programs;
- iii. An employer's certification that the Worker is employed by a Section 3 business concern; or
- iv. A worker's certification that the Worker is a YouthBuild participant.

### **Section 3 Business Concern:**

For a business to qualify as a Section 3 business, one of the following must be maintained:

- i. A business' self-certification that their income is below the HUD established income limit from the prior calendar year AND documentation that they own and control at least 51 percent of the business;
- ii. Three months of payroll review to establish the 75 percent rule; or
- iii. Lease or proof of residency in public housing or Section 8-assisted housing AND documentation that they own and control at least 51 percent of the business.
- iv. Nothing in this policy or regulations 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.

## **New Hires**

### **RHA**

This procedure encompasses all employment opportunities including, but not limited to, full-time, part-time, or temporary. RHA will make every effort to ensure that opportunities are made available to Section 3 and Targeted Section 3 Workers. The employment policy of RHA is to hire the best-qualified applicants and not to discriminate based on race, color, religion, sex, national origin, veteran status, disability, age, sexual orientation, or any other characteristic protected from discrimination by applicable federal, state or local law.

Each employment opportunity must follow these steps in order:

1. The position must be reported to the hiring agent.
2. If the position is to be filled, the position will be posted internally per any local collective bargaining agreements (CBAs) in place. This allows for internal promotional opportunities and for existing staff to apply for the position within that timeframe.

3. If the position is filled by an internal applicant (RHA current employee), then the position will not need to be posted externally, and no Section 3 Opportunity Notice is required.
4. However, if no internal applicant is selected, a Section 3 Opportunity Notice is required to be posted in the following locations upon expiration of the seven-day internal posting period:
  - a. In the Section 3 Portal
  - b. At all RHA developments
  - c. On RHA social media
5. Upon the application deadline, all qualified applicants are to be reviewed. If a Section 3 or Targeted Section 3 Worker is identified as a qualified candidate, all things being equal, priority for employment may be given to the Section 3 or Targeted Section 3 Worker.
6. Additionally, it is the RHA policy that all Section 3 and Targeted Section 3 Workers referred through an RHA training program will be interviewed and given opportunity in the hiring process.
7. Nothing in this policy or regulations shall be construed to require the employment of someone who meets the definition of a Section 3 Worker or Targeted Section 3 Worker. Section 3 Workers or Targeted Section 3 Workers are not exempt from meeting the qualifications of the position to be filled.

### **Contractors**

Per the RHA Section 3 Policy and 24 CFR Part 75, contractors are required to give employment and training opportunities to Section 3 Workers and Targeted Section 3 Workers.

Each employment opportunity must comply with the following:

1. Notify the Section 3 Compliance Manager of the opportunity via email. The following information must be included in the notification:
  - a. Job title.
  - b. Skills, qualifications, and education needed.
  - c. Contact info for the person accepting applications and the link to application submission site such as Indeed.
  - d. Application deadline. The application period **MUST** be open for a minimum of three business days.
2. A PDF of the Section 3 Opportunity Notice will be sent to the Contractor for approval.
3. Once approved, the Section 3 Opportunity Notice will be posted in the following locations:
  - a. At the job site
  - b. In the Section 3 Portal
  - c. At all RHA developments
  - d. On RHA social media

4. Once the application window has closed, all qualified applicants are to be reviewed. If a Section 3 Worker or Targeted Section 3 Worker is identified as a qualified candidate, all things being equal, priority for employment should be given to the Section 3 Worker or Targeted Section 3 Worker.
5. If the person hired is NOT a Section 3 Worker or Targeted Section 3 Worker, RHA reserves the right to request documentation of the Contractor's hiring process. Documents requested in a hiring audit are:
  - a. All applications received.
  - b. The corresponding self-certification for all applications received. (If someone chooses not to fill this out, still attach a blank copy to the application and write DID NOT COMPLETE).
  - c. The documentation of where the opportunity was advertised. RHA will then review all submitted documents to ensure that a qualified Section 3 Worker did not apply, and therefore a Non-Section 3 Worker or Non-Targeted Section 3 Worker was hired by the contractor.

## **V. Compliance Monitoring**

RHA shall comply with 24 CFR Part 75 in its compliance monitoring. RHA has developed a Section 3 Hours Worked Certification form that is to be submitted monthly by all contracts. Additionally, for contracts where Davis Bacon Wage Rates apply, certified payroll will need to be submitted for documentation of the hours worked listed on the monthly certification.

### **Section 3 Opportunity Notices**

In conjunction with "best efforts," RHA and its contractors are required to list any and all employment and training opportunities in the following areas:

- i. At the job site
- ii. In the Section 3 Portal
- iii. At all RHA developments
- iv. On RHA social media

Additional notification efforts RHA and its contractors may select are:

- i. The local community newspaper(s)
- ii. Homeless service agencies
- iii. Local HUD-supported housing communities
- iv. Any other community agency that assists the low-income population

### **Non-Compliance**

Contractors are expected to make every effort to comply with the RHA Section 3 Policy; failure to meet the requirements listed herein and in 24 CFR Part 75 could result in penalties up to and including contract termination. RHA shall execute these remedies, in exact order, to achieve compliance:

- i. **First Notice:** RHA will notify the Contractor via email that an observation or report of non-compliance has been received. The Contractor will have a period of ten business days to bring the contract into compliance and provide verification to the RHA.
- ii. **Second Notice:** If the Contractor has failed to bring the contract into compliance, a curing letter will be sent via email, first-class mail, and certified mail. The Contractor will be notified that they have thirty (30) days to bring the contract into compliance.
- iii. **Termination of Contract:** If the contractor fails to bring the contract into compliance, the contract will be terminated under the RHA Procurement Policy guidelines.

**Providing Other Economic Opportunities:**

If a contractor cannot hire or provide labor hours for Section 3 Workers and/or Targeted Section 3 Workers to achieve the established benchmarks, the Contractor must then commit to offering another economic opportunity. These economic opportunities may include, but are not limited to:

- i. Trade Union enrollment.
- ii. Scholarships or sponsorships for Training Programs.
- iii. Contribution to the RHA's Section 3 Training Fund.

## **VI. Reporting Requirements**

Contractors are required to report on hours worked monthly, at a minimum, and will be required to submit Exhibit 4: Section 3 Hours Worked Certification form for their documentation. Contracts requiring certified payroll will be required to submit these as with the Section 3 Hours Worked Certification.

RHA reserves the right to audit any current contract at any time. If an audit request is sent, the Contractor will have a period of five business days to submit all requested documents. Contractors can refer to 24 CFR Part 75 and this RHA Section 3 Policy: Recordkeeping to see a list of required forms and certifications that will need to be maintained.

**Qualitative Efforts if Benchmarks are not Met**

If the Section 3 Benchmarks described in 24 CFR 75.13 are not met, RHA must report in a form prescribed by HUD on the qualitative nature of its Section 3 compliance activities AND those of its contractors and subcontractors. Such qualitative efforts may include but are not limited to the following:

1. Engaged in outreach efforts to generate job applicants who are Targeted Section 3 Workers.
2. Provided training or apprenticeship opportunities.
3. Provided technical assistance to help Section 3 Workers compete for jobs (e.g., resume assistance, coaching)

4. Provided or connected Section 3 Workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.
5. Held one or more job fairs.
6. Provided or referred Section 3 Workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, childcare).
7. Provided assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.
8. Assisted Section 3 Workers to obtain financial literacy training and /or coaching.
9. Engaged in outreach efforts to identify and secure bids from Section 3 Business Concerns.
10. Provided technical assistance to help Section 3 Business Concerns understand and bid on contracts.
11. Divided contracts into smaller jobs to facilitate participation by Section 3 Business Concerns.
12. Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 Business Concerns.
13. Promoted use of business registries designed to create opportunities for disadvantaged and small businesses.
14. Outreach, engagement, or referrals with the state one-stop system as defined in Section 121 (e)(2) of the Workforce Innovation and Opportunity Act.

## **VII. Recordkeeping Requirements**

HUD shall have access to all records, reports, and other documents or items of the recipient that are maintained to demonstrate compliance with the requirements of this part or that are maintained in accordance with the regulations governing the specific HUD program by which the Section 3 project is governed, or the public housing financial assistance is provided or otherwise made available to the recipient, sub-recipient, Contractor, or subcontractor.

Additionally, the Contractor will work with the RHA Section 3 Compliance Manager and any other designated staff to notify residents of any opportunities afforded under the contract. The Contractor is responsible for maintaining all section 3 documentation and sharing this information with RHA upon request or audit. Documents to be maintained are:

- i. Section 3 Self-Certification forms from Section 3 and Targeted Section Workers.
- ii. Any documents pertaining to the certification and establishment of Section 3 status.
- iii. Contractor forms.
- iv. All documents pertaining to the Section 3 Opportunity Notice (advertisements, newspaper solicitation, workforce board, etc.).

- v. Section 3 Hours Worked Compliance form.

Per 24 CFR Part 75.31, the RHA may report on Section 3 Workers and Targeted Section 3 Workers for five years from when their certification as a Section 3 Worker or Targeted Section 3 Worker is established. RHA and its contractors will be required to maintain this documentation for the entire eligible term. Once the five years have expired, the Worker can re-certify as a Section 3 Worker or Targeted Section 3 Worker if they are still eligible.

## **VIII. Definitions**

**Recipient:** 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, any State, local government, instrumentality, PHA, or other public agency, public or private nonprofit organization.

**Contractor** Any entity entering into a contract with:

- i. A recipient to perform work in connection with the expenditure of public housing financial assistance or for work in connection with a Section 3 project; or
- ii. A sub-recipient for work in connection with a Section 3 project.

**Subcontractor** Any entity that has a contract with a contractor to undertake a portion of the Contractor's obligation to perform work in connection with the expenditure of public housing financial assistance or for a Section 3 project.

**Labor Hours** 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** A person as defined in Section 3(b)(2) of the 1937 Act which states that an individual whose income does not exceed 80% of the area median income as determined by HUD is defined as a low-income person.

**Very Low-Income Person** A person as defined in Section 3(b)(2) of the 1937 Act which states that an individual whose income does not exceed 50% of the area median income as determined by HUD is defined as a very low-income person.

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

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

**Public Housing Financial Assistance**

- i. Development assistance provided pursuant to section 5 of the United States Housing Act of 1937 (the 1937 Act);
- ii. Operations and management assistance provided pursuant to section 9(e) of the 1937 Act;
- iii. Development, modernization, and management assistance provided pursuant to section 9(d) of the 1937 Act; and
- iv. The entirety of a mixed-finance development project as described in 24 CFR 905.604, regardless of whether the project is fully or partially assisted with public housing financial assistance as defined in 24 CFR Part 75.

**Section 3 Projects**

- i. Housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000. The threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z-1 or 1701z-2), the Lead-Based Paint Poisoning Prevention Act (42 U.S.C 4801 et seq.); and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 et seq.). The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.
- ii. The Secretary must update the thresholds provided in paragraph (a)(2)(i) of this section not less than once every 5 years based on a national construction cost inflation factor through Federal Register notice not subject to public comment. When the Secretary finds it is warranted to ensure compliance with Section 3, the Secretary may adjust, regardless of the national construction cost factor, such thresholds through Federal Register notice, subject to public comment.
- 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

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

**Section 8-Assisted Housing** Refers to housing receiving project-based rental assistance or tenant-based assistance under Section 8 of the 1937 Act.

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

**Section 3 Worker** Any worker who currently files 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 limits established by HUD.
- (ii) The worker is employed by a Section 3 business concern.
- (iii) The worker is a Youthbuild participant.

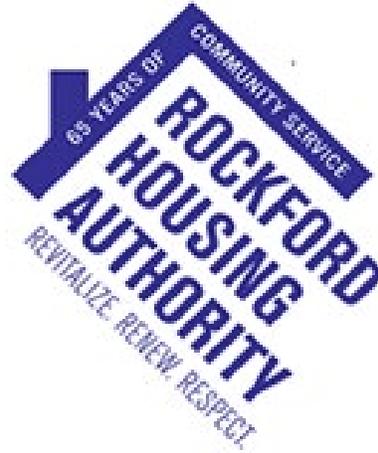
**Targeted Section 3 Worker** means a worker as defined in 24 CFR Section 75.11, 75.21 or 75.29.

**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 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 as 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.

**Section 3 Opportunity Notice** Is an RHA term that refers to any employment, training, or education notice posted under the applicable terms in 24 CFR Part 75.

24 CFR Section 75.1 et.al. means the regulations as now in effect or hereinafter amended that establish the requirements to be followed to ensure the objectives of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. Section 1701 u) (Section 3) are met.



# SECTION 3

Required Contractor Forms

For

Rockford Housing Authority

223 South Winnebago Street

Rockford, IL 61102

These forms are specific to the implementation of the RHA Section 3 Policy per the 24 CFR Part 75: Economic Opportunities for Low- and Very Low-Income Persons: Section 3 Regulation. These forms are required for all departmental contracting activities associated with RHA, including day-to-day operational service purchasing.

Forms revised as of June 17, 2021

**24 CFR Part 75: Economic Opportunities for Low- and Very Low-Income Persons**

The following forms establish the requirements to be followed to ensure the objectives of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C 1701u) (Section 3) are met. The purpose of Section 3 is to ensure that economic opportunities, most importantly employment, generated by certain HUD financial assistance shall be directed 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.

To be considered for a contract award, the Contractor must comply with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (24 CFR Part 75), as amended and the RHA's Section 3 Policy and Plan.

Consistent with existing Federal, state, and local laws and regulations, PHAs or other recipients receiving public housing financial assistance and their contractors and subcontractors must make their best efforts to provide employment and training opportunities generated by the public housing financial assistance to Section 3 workers.

I have read and acknowledged the requirements of Section 3 HUD Act of 1968:

\_\_\_\_\_  
Name of Contractor

\_\_\_\_\_  
Contract Name and Title

\_\_\_\_\_  
Address

\_\_\_\_\_  
City/State/Zip Code

\_\_\_\_\_  
Phone

\_\_\_\_\_  
Email

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## Compliance Assurance

### Purpose

To ensure that the regulation promulgated under 24 CFR Part 75 "Economic Opportunities for Low- and Very Low-Income Persons" is met, RHA has developed and approved a Section 3 Policy.

This form shall serve as the "assurance of compliance" certification as required in the bid documents, general supplemental conditions, and other required forms for the contract for any HUD work funded by RHA.

### Definitions

#### **A Section 3 Business Concern:**

A business concern meeting at least one of the following criteria, documented within the last six-month period:

- iv. It is at least 51 percent owned and controlled by low- or very low-income persons;
- v. Over 75 percent of the labor hours performed for the Business over the prior three-month period are performed by Section 3 workers; or
- vi. 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.

#### **Section 3 Worker:**

Any worker who currently meets or when hired within the past five years met at least one of the following categories, as documented:

- iv. The Worker's income for the previous or annualized calendar year is below the income limit established by HUD. (Note this will include PH residents)
- v. The Worker is employed by a Section 3 business concern.
- vi. The Worker is a YouthBuild participant.

#### **A Targeted Section 3 Worker:**

For **public housing financial assistance** means a Section 3 worker who is:

- iii. A worker employed by a Section 3 business concern; or
- iv. A worker who currently meets or when hired met at least one of the following categories, as documented within the past five years:
  - a. A resident of public housing or Section 8-assisted housing;
  - b. A resident of other public housing developments or Section 8-assisted housing managed by the PHA that is providing the assistance; or
  - c. A YouthBuild participant.

## Hiring Priorities

Employment and training opportunities created by **public housing financial assistance** shall be given to Section 3 Workers in the following order of priority:

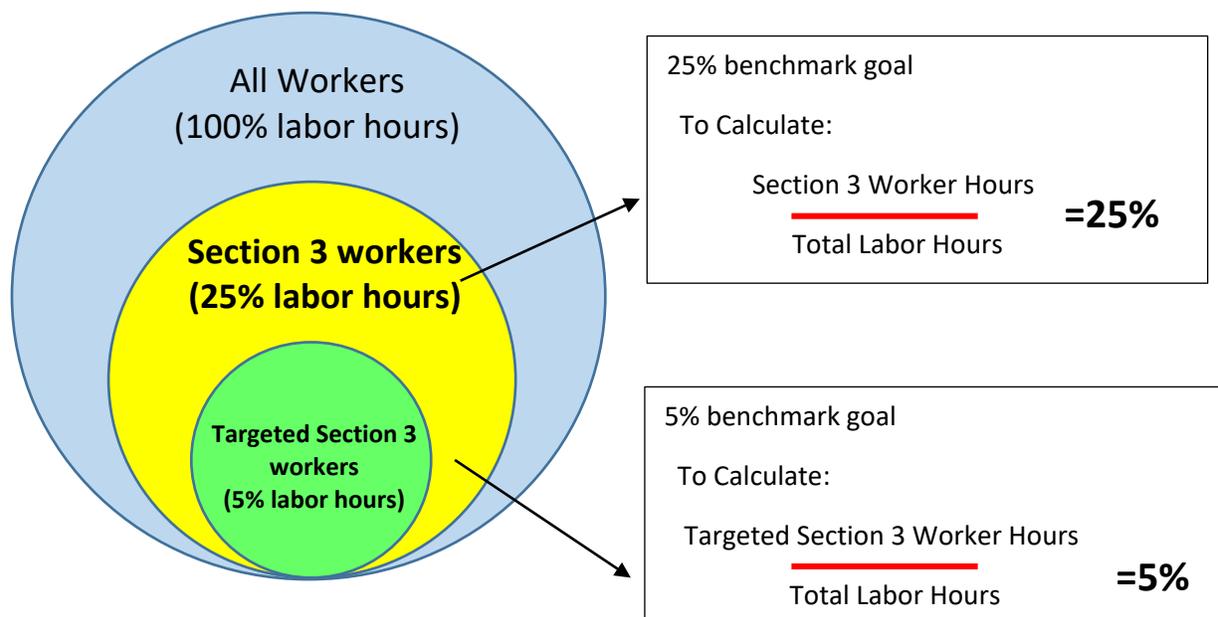
- i. To residents of the public housing development for which the public housing financial assistance is expended;
- ii. To residents of other public housing developments managed by RHA or for residents of Section 8-assisted housing managed by RHA;
- iii. To participants in YouthBuild programs; and
- iv. To low- and very low-income persons residing within the metropolitan area in which the assistance is expended

## Section 3 Benchmarks

HUD established Section 3 Benchmarks to determine Section 3 compliance. If awarded a contract with the Housing Authority, you will be required to demonstrate good faith efforts and provide evidence of your efforts to meet the Section 3 Benchmarks as noted below:

Contractors who certify to following the prioritization in § 75.9 and meet or exceed the following Section 3 benchmarks will be considered to have complied with requirements in 24 CFR part 75, subpart B & C, in the absence of evidence to the contrary:

- iii. **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
- iv. **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**.





3. If awarded a contract, do you commit to engaging in good faith efforts to meet or exceed the above-listed benchmarks? \_\_\_\_\_YES \_\_\_\_\_NO
4. If you cannot hire Section 3 Workers and/or Targeted Section 3 Workers and/or provide labor hours to Section 3 Workers and Targeted Section 3 Workers to achieve the above benchmarks, can you provide other economic opportunities to them?  
\_\_\_\_\_YES \_\_\_\_\_NO

**Other economic opportunities such as:**

- a. Trade Union Enrollment
- b. Scholarships/Sponsor for Training Programs
- c. Contribute to the RHA's Section 3 Training Fund

**Contractor Commitments Pursuant to 24 CFR Part 75 Section 3**

**Outreach**

If the need for a new hire arises, the Contractor must provide opportunities to the individuals listed herein to the greatest extent feasible.

- i. Per our policy, contractors MUST post every employment opportunity:
  - a. At the job site
  - b. In the Section 3 Portal
  - c. At all RHA developments
  - d. On RHA social media
- ii. Per our policy, contractors MAY select any number of the following for additional notification to Section 3 Workers:
  - a. The local community newspaper(s)
  - b. Homeless service agencies
  - c. Local HUD-supported housing communities
  - d. Local workforce board
  - e. Any other community agency that assists the low-income population

**Documentation**

The Contractor will work with the RHA Section 3 Compliance Manager and any other designated staff to notify residents of any opportunities afforded under the contract. The Contractor is responsible for maintaining all section 3 documentation and sharing this information with RHA upon request or audit. Documents to be maintained are:

- i. Section 3 Self-Certification forms.
- ii. Any documents pertaining to the certification and establishment of Section 3 status.
- iii. Contractor forms.
- iv. All documents pertaining to the Section 3 Opportunity Notice (advertisements, newspaper solicitation, workforce board, etc.)
- v. Section 3 Hours Worked Certification form.

## Notice of Non-Compliance

Contractors are expected to make every effort to comply with Section 3; failure to meet the requirements listed herein and in 24 CFR Part 75 could result in penalties up to and including contract termination. RHA shall execute these remedies, in exact order, to achieve compliance:

- vi. **First Notice:** RHA will notify the Contractor via email that an observation or report of non-compliance has been received. The Contractor will have a period of ten business days to bring the contract into compliance and provide verification to the RHA.
- vii. **Second Notice:** If the Contractor has failed to bring the contract into compliance, a curing letter will be sent via email, first-class mail, and certified mail. The Contractor will be notified that they have thirty (30) days to bring the contract into compliance.
- viii. **Termination of Contract:** If the contractor fails to bring the contract into compliance, the contract will be terminated under the RHA Procurement Policy guidelines.

Your signature below indicates that you have read and understood the Section 3 requirements set forth in 24 CFR Part 75 and RHA's Section 3 Policy available at [www.rockfordha.org](http://www.rockfordha.org) as applicable and agree to comply with those requirements if awarded a contract. Furthermore, signing this document indicates your intent to satisfy your Section 3 benchmarks and commitments as set forth above and understand that failure to comply with those commitments may result in a determination that you are in material default of the contract. You will be required to submit reports and support documentation of your efforts to satisfy the commitments made herein and the HUD benchmarks if awarded the contract.

\_\_\_\_\_  
Name of Contractor

\_\_\_\_\_  
Contract Name and Title

\_\_\_\_\_  
Services Provided

\_\_\_\_\_  
Business Certifications (MBE/WBE/SBE)

\_\_\_\_\_  
Address

\_\_\_\_\_  
City/State/Zip Code

\_\_\_\_\_  
Phone

\_\_\_\_\_  
Email

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**Form #3: Section 3 Business Self-Certification**

**Business Name:** \_\_\_\_\_

**Contact Name:** \_\_\_\_\_ **Title:** \_\_\_\_\_

**Address:** \_\_\_\_\_ **City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

**Phone:** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Does your business qualify as a Section 3 Business based on the definition in 24 CFR Part 75.5?**

\_\_\_\_\_ **YES**                  \_\_\_\_\_ **NO**

If YES, check the box below under which subcategory you qualify:

**A Business Concern meeting at least one of the following criteria, documented within the last six-month period:**

1. \_\_\_\_\_ It is at least 51 percent owned and controlled by low- or very low-income persons (see the annual limit established by HUD)
2. \_\_\_\_\_ Over 75 percent of the labor hours performed for the business over the prior 3 month period are performed by Section 3 Workers (See 24 CFR Part 75.5 and 75.11 for definition of a Section 3 Worker)
3. \_\_\_\_\_ It is a business at least 51 percent or more owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

If awarded the contract, the Contractor will be responsible for providing documentation of their Section 3 status. Documentation can include, but is not limited to:

1. Proof of business ownership.
2. Three months of payroll review to establish the 75 percent rule.
3. Lease or proof of residency in public housing or Section 8-assisted housing.

By submitting this form, my business certifies that the statements and information contained on this form are true and accurate, and meet the HUD Section 3 business self-certification eligibility requirements in accordance with 24 CFR Part 75. I further understand that a Section 3 business is not entitled to a contract simply by being listed in the RHA Section 3 Business Registry database. Section 3 Business Concerns are not exempt from meeting the specifications of the contract or other Section 3 requirements and obligations. Information that is misrepresented on this form will be grounds for terminating Section 3 certification.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



**SECTION 3 SELF-CERTIFICATION FORM**

**Print Name:** \_\_\_\_\_ **Phone #:** \_\_\_\_\_

**Address:** \_\_\_\_\_ **Unit #:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip Code:** \_\_\_\_\_

**Email Address:** \_\_\_\_\_

Section 3 is a HUD regulation that states that any entity receiving Section 3 covered funding must be Section 3 compliant. Section 3 compliance is achieved by providing education, training, and employment opportunities to section 3 person(s).

**A Section 3 Worker is:** Any worker who currently meets or when hired within the past five years met at least one of the following categories, as documented:

1. The worker’s income for the previous or annualized calendar year is below the income limit established by HUD.
2. The worker is employed by a Section 3 business concern.
3. The worker is a YouthBuild participant.

**A Targeted Section Worker is:** A Targeted Section 3 worker for public housing financial assistance means a Section 3 worker who is:

1. A worker employed by a Section 3 business concern.
2. A worker who currently meets or when hired met at least one of the following categories, as documented within the past five years:
  - i. A resident of public housing or Section 8-assisted housing.
  - ii. A resident of other public housing developments or Section 8-assisted housing managed by the PHA that is providing the assistance.
  - iii. A YouthBuild participant.

**Please check the appropriate box below:**

\_\_\_ Yes, I am a Section 3 Worker.

\_\_\_ Yes, I am a Targeted Section 3 Worker.

\_\_\_ No, I am not a Section 3 Worker.

By completing this form, you will help the agency/contractor determine Section 3 status, and therefore, achieve compliance. Completion of this form is voluntary.

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

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



## Section 3 Hours Worked Certification

This form is DUE by the 10<sup>th</sup> of each month.

Business Name: \_\_\_\_\_

Contract Name: \_\_\_\_\_

<b>Section 3 Worker Hours:</b>	_____
<b>Targeted Section 3 Worker Hours:</b>	_____
<b>Non-Section 3 Worker Hours:</b>	_____
<b>Total Hours:</b>	_____
<b>Month:</b> _____	<b>Year:</b> _____

Contracts requiring Certified Payrolls will need to attach all payrolls for the reporting period to this certification form.

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

Title: \_\_\_\_\_

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

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