

**SECTION 3 PLAN
FOR
THE STATE OF KANSAS
SMALL CITIES CDBG PROGRAM**

Table of Contents

Purpose 3

General Policy Statement 3

24 CFR Part 75.19 Requirements. 3

Applicability of Section 3 requirements to individual projects 4

Section 3 Reporting Requirements..... 7

Assistance to achieve the goals 8

Orders of priority consideration for employment and contracting opportunities...... 9

APPENDIX A 11

Section 3 Clause..... 13

Contractor’s Requirements..... 14

Additional Section 3 Information 26

Exhibits/Forms

Exhibit 1: Sample Contractor Section 3 Plan Form and Certification of Bidder Regarding Section 3 and Segregated Facilities form

Exhibit 2: Contractor Permanent Workforce Form, Section 3 Worker Certification and Section 3 Business Concern Certification Form

Exhibit 3: Targeted Section 3 Worker Certification

Exhibit 4: Targeted Section 3 And Section 3 Worker Tracking and Safe Harbor Compliance Form

Exhibit 5: Notice to Citizens

Exhibit 6: Final Section 3 Utilization Report

Purpose

Section 3 of the Housing and Urban Development Act of 1968, as amended, (12 U.S.C. 1701u) ("Section 3") requires that economic opportunities generated by certain U.S. Department of Housing and Urban Development (HUD) financial assistance for housing and community development programs be directed to low- and very low-income persons. The priority of assistance should be to those who are recipients of government assistance for housing and business concerns which provide economic opportunities to low- and very low-income persons.

The Section 3 program was created to ensure that persons living in communities where HUD-assisted programs were being funded could economically benefit from the resources being spent. This would improve the overall socioeconomic condition of not only the community, but also the low- and very low-income residents that reside within the neighborhoods.

The implementing regulation for Section 3 can be found at [24 CFR Part 75](#).

General Policy Statement

State of Kansas Small Cities CDBG Program shall comply with Section 3 requirements set forth at 24 CFR 75 of the federal regulation which states that, to the greatest extent possible, businesses and employers working on HUD-funded projects must make a good faith effort to train and employ low-income individuals living in the local area and also to contract with businesses owned by or that employ Section 3 workers.

It is the policy of Kansas Small Cities CDBG Program that all Grantees are required to make good faith efforts to provide "**to the greatest extent feasible**" opportunities to Section 3 area workers and Section 3 business concerns.

Failure to comply with the requirements of Section 3 may result in a monitoring finding or sanctions that may include, debarment, suspension of funds or limited denial of participation in State of Kansas Small Cities CDBG programs.

24 CFR Part 75.19 Requirements.

(a) *Employment and training.* (1) To the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, recipients covered by this subpart shall ensure that employment and training opportunities arising in connection with Section 3 projects are provided to Section 3 workers within the metropolitan area (or nonmetropolitan county) in which the project is located.

(2) Where feasible, priority for opportunities and training described in paragraph (a)(1) of this section should be given to:

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

(b) *Contracting.* (1) To the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, recipients covered by this subpart shall ensure contracts for work awarded in connection with Section 3 projects are provided to business concerns that provide economic

opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which the project is located.

(2) Where feasible, priority for contracting opportunities described in paragraph (b)(1) of this section should be given to:

(i) Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area or the neighborhood of the project, and

(ii) YouthBuild programs.

Applicability of Section 3 requirements to individual projects

Whenever any portion of CDBG funding is invested into projects involving housing construction, demolition or rehabilitation, commercial/private improvements for economic development, or other public construction (e.g., roads, sewers, community centers, and public facilities), the requirements of Section 3 may apply, based on the guidance provided below.

Section 3 requirements that apply to CDBG funded Projects:

In conjunction with construction activity, **Section 3 applies to projects that receive \$200,000 or more in CDBG assistance**, including projects that are financed in conjunction with state, local, or private matching or leveraged funds, provided that the Section 3 monetary threshold requirements are met. In particular:

- Section 3 applies to recipients of CDBG funding, as well as its sub-recipients, contractors and subcontractors; and
- Professional service contract labor hours (construction contract oversight, engineering, architectural, environmental and property evaluation, construction progress and construction draw inspection, and prevailing wage labor compliance) are not required to be reported. If a contract covers both professional services and other work and the recipient, contractor, or sub-contractor chooses not to report labor hours from professional services, the labor hours under the contract that are not from professional services must still be reported.
- Section 3 requirements do not apply to material supply contracts

The regulations should not be construed to mean that recipients are required to hire Section 3 Workers or award contracts to Section 3 Business Concerns other than what is needed to complete covered projects and activities. If the expenditure of funding for an otherwise covered project and activity does not result in new employment, contracting, or training opportunities, reporting is still required.

Section 3 Goals

Contractors and sub-contractors will be required, to the greatest extent feasible, meet the Section 3 HUD benchmarks.

- 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;

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

And

- 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;

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

Additional Reporting if Section 3 Benchmarks are not met:

- If the Recipient's reporting indicates the Section 3 benchmarks have not been met, the Recipient must report on the nature of activities pursued in the absence of not meeting Section 3 benchmarks

Section 3 Worker

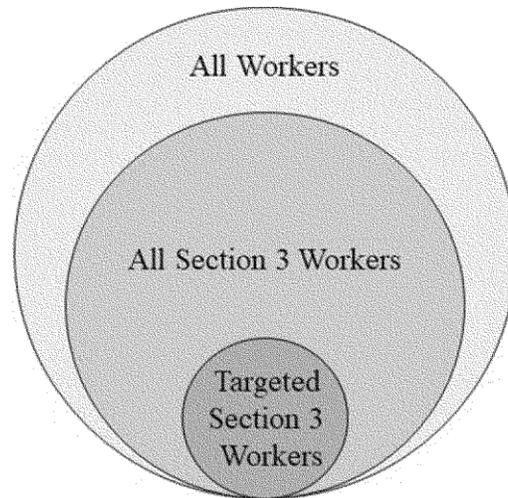
A Section 3 worker is any worker who currently fits, or when hired within the past five years fit, at least one of the following categories, as documented:

- (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.

Targeted Section 3 Worker

A Targeted Section 3 worker: any worker who currently fits, or when hired within the past five years fit, at least one of the following categories, as documented

- (1) A worker employed by a Section 3 business concern; or
- (2) Currently fits or when hired fit at least one of the following categories, as documented within the past five years:
 - (i) Low- or very low-income workers residing within a one-mile radius of the Section 3 project. If fewer than 5,000 people live within that one-mile radius, the circle may be expanded outward until that population is reached or the neighborhood of the project, as defined; or
 - (ii) A YouthBuild participant.



The status of workers on the Section 3 project will be determined by one of the following methods:

1. **Worker income self-certification:** the use of certification forms provided to contractors and subcontractors working on the project. Each worker on the project must complete the provided certification form to be kept in the grant record for reference when tracking and aggregating labor hours worked.
 - a. Section 3 Worker Certification (Exhibit 2; Form A)
 - b. Targeted Section 3 Worker Certification (Exhibit 3; Form C)
2. **Worker is employed by a Section 3 Business Concern:** The contractor or subcontractor is able to provide documentation that it qualifies as a Section 3 Business Concern. All employees of a qualifying business will be considered Section 3 workers.
3. **Worker is a Youthbuild participant:** Verifiable documentation must be provided by the worker or the employer showing the worker is participating in a Youthbuild program.
4. **Employer wage record:** The employer is able to provide certified documentation that the worker's income from that employer is below the income limit for the corresponding family size when based on an employer's calculation of what the worker's wage rate would translate to if annualized on a full-time basis.

NOTE: Documentation submitted by employers should only contain employee names, state and county of residence, annual income, and a certifying signature and date. Do not include any information such as social security numbers or bank account information.

Nothing in this part shall be construed to require the employment of someone who meets this definition of a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of the position to be filled.

Section 3 Business

A Section 3 business concern is a business that meets at least one of the following criteria, documented within the last six-month period:

- It is at least 51 percent owned and controlled by low- or very low-income persons;
- Over seventy-five (75) percent of the labor hours performed by the business are performed by low or very low-income persons; or
- 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.

Contractors or subcontractors who wish to be identified as a Section 3 Business must complete the Section 3 Business Self-Certification form (Exhibit 2; Form B1) and provide requested backup documentation.

While contracting and subcontracting with Section 3 Business Concerns is encouraged, nothing in this part shall be construed to require the contracting or subcontracting of a Section 3 Business Concern. Additionally, Section 3 Business Concerns are not exempt from meeting the specifications of the contract, including required licensures and certifications.

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. Subrecipients are allowed discretion to determine the required documentation to verify a Section 3 Business Concern. At monitoring, Commerce will check that documentation has been received and is in the file, not for a specific type of documentation.

Section 3 Reporting Requirements

Reporting of Labor Hours

- (a) Reporting Labor Hours. (1) recipients must report in a manner prescribed by HUD:
- (i) The total number of labor hours worked;
 - (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.
- 1) 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
 - 2) The labor hours reported under paragraph (a)(1) of this section must include the total number of labor hours worked on a Section 3 project, including labor hours worked by any subrecipients, contractors and subcontractors that the recipient is required, or elects pursuant to paragraph (a)(4) of this section, to report

- 3) Recipients reporting under this section, as well as subrecipients, contractors and subcontractors who report to recipients, may report labor hours by Section 3 workers, under paragraph (a)(1)(ii) of this section, and labor hours by Targeted Section 3 workers, under paragraph (a)(1)(iii) of this section, from professional services without including labor hours from professional services in the total number of labor hours worked under paragraph (a)(1)(i) of this section. If a contract covers both professional services and other work and the recipient or contractor or subcontractor chooses not to report labor hours from professional services, the labor hours under the contract that are not from professional services must still be reported.
- 4) Recipients may report their own labor hours or that of a subrecipient, contractor, or subcontractor based on the employer's good faith assessment of the labor hours of a full-time or part-time employee informed by the employer's existing salary or time and attendance based payroll systems, unless the project or activity is otherwise subject to requirements specifying time and attendance reporting

(b) Safe Harbor Compliance

Additional reporting if Section 3 benchmarks are not met. If the recipient's reporting under paragraph (a) of this section indicates that the recipient has not met the Section 3 benchmarks described in § 75.23, the recipient must report in a form prescribed by HUD on the qualitative nature of its activities and those its contractors and subcontractors pursued. Such qualitative efforts may, for example, include but are not limited to the following:

Consequences for noncompliance- any recipient with outstanding findings of noncompliance with Section 3 may be barred from receiving additional competitively awarded financial assistance.

Assistance to achieve the goals

A local government that receives CDBG funding has the responsibility to comply with Section 3 requirements. The grantee is also required to “ensure compliance” of their contractors and sub-contractors.

This responsibility includes:

1. Notifying Section 3 Workers and business concerns about jobs and contracts generated by Section 3 covered assistance so that they may submit bids/proposals for available contracts and job openings with the grantee;
2. Notify potential contractors of their responsibilities under Section 3;
3. Include Section 3 language in all applicable contracts;
4. Require sub-recipients, contractors, and sub-contractors to meet the requirements of §75.19, regardless of whether Section 3 language is included in recipient or sub-recipient agreements, program regulatory agreements, or contracts;
5. Document action(s) taken to meet the HUD benchmarks;
6. Respond to Section 3 complaints; and
7. Complete and submit the required Section 3 Forms to Commerce.

Outreach Best Practices

Grantees must develop a Section 3 plan, including outreach to Section 3 Workers and Businesses within the municipality. Best practices include:

1. Publication of opportunities in newsletters or other local newspapers, including those targeted to Limited English Proficient populations.
2. Use of signage at the project site and flyers posted in the project area.
3. Notification of potential training or employment opportunities to neighborhood and non-profit groups, including Public Housing Authorities, servicing low- and very low-income persons.
4. Communicate opportunities to employment agencies and career centers.
 - A copy of a “Notice to Citizens...Opportunity for Work” is included herein as Appendix D, which can be used for development of Section 3 employment opportunities. Send completed form to: Kansas Department of Commerce, KANSASWORKS, State Operations Director, 1000 S.W. Jackson St., Suite 100, Topeka, KS 66612-1354, Fax (785) 296-1404, Mike.Beene@ks.gov (see Exhibit 5)

Orders of priority consideration for employment and contracting opportunities.

(a) General.

- (1) Recipients of housing and community development financial assistance and their sub-recipients, and contractors shall provide priority consideration to Section 3 residents and Section 3 businesses for new training, employment, and contracting opportunities generated as a result of the expenditure of Section 3 covered financial assistance.
- (2) Priority consideration should not be construed to be a quota or set-aside program, or as an entitlement to economic opportunities such as a particular job or contract.
- (3) Section 3 residents must possess the same job qualifications, skills, eligibility criteria, and capacity as other applicants for employment and training opportunities being sought.
- (4) Section 3 businesses must be selected in accordance with the procurement standards of 24 CFR 85.36 or 24 CFR 84.40, as appropriate, including price, ability and willingness to comply with this part, and other factors, to be considered lowest responsible bidders on contracting opportunities being sought.
- (5) Recipients of housing and community development financial assistance and their sub-recipients, and contractors may give priority consideration to a Section 3 resident or business if such resident or business is qualified for the respective employment or contracting opportunities
- (6) Recipients of housing and community development and their sub-recipients, and contractors must give priority consideration to a Section 3 resident or business when that Section 3 resident or business is equally qualified with other individuals or businesses that would be offered employment or contracting opportunities.

(b) Orders of priority consideration for employment and training opportunities.

(1) Recipients of housing and community development financial assistance that meet the funding thresholds shall direct their efforts to provide training and employment opportunities generated from the expenditure of Section 3 housing and community development financial assistance, to Section 3 residents in the following order of priority consideration:

- (i) Section 3 residents residing in the neighborhood or service area where the housing and community development financial assistance is spent;
- (ii) Section 3 residents participating in DOL Youth Build programs;
- (iii) Section 3 residents residing in a neighborhood or service area within the Section 3 local area that has been officially identified by OCD;
- (iv) Other Section 3 residents located in the Section 3 local area.

(2) Recipients of housing and community development financial assistance may, at their own discretion, provide priority consideration specifically to residents of public housing or recipients of other Federal assistance for housing, including individuals or families receiving Section 8 housing choice vouchers within the neighborhood where work on the Section 3 covered project or activity is located.

(c) Orders of priority consideration for Section 3 businesses in contracting opportunities.

(1) Recipients of housing and community development financial assistance and their sub-recipients, and contractors shall direct their efforts to provide contracting or subcontracting opportunities generated from the expenditure of housing and community development financial assistance to Section 3 businesses in the following order of priority consideration:

- (i) Section 3 businesses that can provide evidence, to the satisfaction of the awarding agency, that a minimum of 75 percent of previously hired Section 3 residents residing in the service area of the project or neighborhood will be retained for the project.
- (ii) Section 3 businesses that can provide evidence to the satisfaction of the awarding agency that a minimum of 50 percent of on-the-job training or registered apprenticeship opportunities will be provided to Section 3 residents in the neighborhood or area to be served by the Section 3 project or activity.
- (iii) Section 3 businesses that are located in the neighborhood or service area where the Section 3 covered project or activity is located, and a minimum of 30 percent of its permanent full-time workforce is comprised of Section 3 residents residing in the neighborhood or service area where the Section 3 covered project or activity is located.
- (iv) Grantees selected to carry DOL Youth Build programs.

APPENDIX A

§ 75.5 Definitions.

The terms *HUD*, *Public housing*, and *Public Housing Agency (PHA)* are defined in 24 CFR part 5. The following definitions also apply to this part:

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

Contractor means any entity entering into a contract with:

- (1) 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
- (2) A subrecipient for work in connection with a Section 3 project.

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

Low-income person means a person as defined in Section 3(b)(2) of the 1937 Act.

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.

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

Public housing financial assistance means assistance as defined in § 75.3(a)(1).

Public housing project is defined in 24 CFR 905.108.

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

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

Section 3 business concern means:

- (1) A business concern meeting at least one of the following criteria, documented within the last six-month period:
 - (i) It is at least 51 percent owned and controlled by low- or very low-income persons;
 - (ii) Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
 - (iii) It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

(2) The status of a Section 3 business concern shall not be negatively affected by a prior arrest or conviction of its owner(s) or employees.

(3) Nothing in this part shall be construed to require the contracting or subcontracting of a Section 3 business concern. Section 3 business concerns are not exempt from meeting the specifications of the contract.

Section 3 project means a project defined in § 75.3(a)(2).

Section 3 worker means:

(1) Any worker who currently fits or when hired within the past five years fit at least one of the following categories, as documented:

(i) The worker's income for the previous or annualized calendar year is below the income limit established by HUD.

(ii) The worker is employed by a Section 3 business concern.

(iii) The worker is a YouthBuild participant.

(2) The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction.

(3) Nothing in this part shall be construed to require the employment of someone who meets this definition of a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of the position to be filled.

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

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

Small PHA means a public housing authority that manages or operates fewer than 250 public housing units.

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

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

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

Very low-income person means the definition for this term set forth in section 3(b)(2) of the 1937 Act.

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

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), contributes to the establishment of stronger, more sustainable communities by ensuring that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs are, to the greatest extent feasible, directed toward low- and very low-income persons, particularly those who receive Federal financial assistance for housing and those residing in communities where the financial assistance is expended.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 75, 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 75 regulations.
- C. The contractor agrees to send to each labor organization or representative or 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 75, 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 75. The Contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 75.
- 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 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 75.
- F. Noncompliance with HUD's regulations in 24 CFR part 75 may result in sanctions, termination of this Contract for default, and debarment or suspension from future HUD assisted contracts.

Contractor's Requirements

- The Prime Contractor must submit a Section 3 plan to the Sub-Recipient outlining Section 3 hiring and employment opportunities.
- The Prime Contractor must notify all sub-contractors of their responsibilities under Section 3
- The Prime Contractor must provide a permanent workforce breakdown of all current employees and identify those Section 3 workers that were hired within the last five years.
- The Prime Contractor must provide an estimated breakdown of potential hires for the awarded project and timeline of anticipated hiring
- The Prime Contractor must refrain from contracting with sub-contractors as to whom they have received notice or have knowledge that the sub-contractors have been found in violation of the regulations in 24 CFR 75.
- Maintain records that document a good faith effort to utilize Section 3 workers and Target Section 3 workers as trainees and employees. (Required of both contractor and sub-contractor.) and any other qualitative efforts to comply with Section 3.

Recordkeeping requirements for recipients are found at 24 CFR § 75.31. The contractor is required to maintain documentation to demonstrate compliance with the regulations and is responsible for requiring their subcontractors to maintain or provide any documentation that will assist recipients in demonstrating compliance, including documentation that shows hours worked by Section 3 workers and Targeted Section 3 workers.

Exhibit 1

CONTRACTOR SECTION 3 PLAN

(Contractor) agrees to implement affirmative steps to comply with the Section 3 requirements set forth at 24 CFR 75 directed at increasing the utilization of lower income residents and businesses within the City or County of _____.

- A. To implement Section 3 requirements by seeking the assistance of local officials in determining the exact boundaries of the applicable project area.
- B. To attempt to recruit from within the City/County the necessary number of lower income residents through local advertising media, signs placed at the proposed site for the project, and community organizations and public or private institutions operating within or serving the project area.
- C. To maintain a list of all lower income residents who have applied either on their own or on referral from any source, and to employ such persons, if otherwise eligible and if a vacancy exists.
- D. To insert this Section 3 plan in all bid documents, and to require all bidders to submit a Section 3 affirmative action plan including utilization goals and the specific steps planned to accomplish these goals.
- E. To formally contact unions, subcontractors and trade associations to secure their cooperation for this program.
- F. To maintain records, including copies of correspondence, memoranda, etc., which document that all the above affirmative action steps have been taken.
- G. To appoint or recruit an executive official of the company or agency as Equal Opportunity Officer to coordinate the implementation of this Section 3 plan.
- H. To list all permanent workforce for this project by job title.
- I. To list all projected workforce needs for this project by job classification and time frame for potential hire.

As officers and representatives of _____
(Name of Bidder)

We, the undersigned, have read and fully agree to the above and become a party to the full implementation of this program.

Signature

Title

Date

Exhibit 1

**CERTIFICATION OF BIDDER
REGARDING SECTION 3
AND SEGREGATED FACILITIES**

Name of Proposed Contractor

Project Name & Number

The undersigned hereby certifies that:

- a. Section 3 provisions are included in the Contract.
- b. A written Section 3 plan was prepared and submitted as part of the bid proceedings
- c. No segregated facilities will be maintained.

Signer Name

Title

SIGNATURE

DATE

Exhibit 2

**Section 3 Worker Certification
Form A2**

A Section 3 Worker seeking the preference in training and employment provided by this part shall certify or submit evidence to the recipient contractor or subcontractor that the person is a Section 3 Worker, as defined in Section 24 CRF 75.

Worker Name: _____

Household Income Guidelines:

Place a check mark beside the number of people in your (the worker's) household.

Place Check	Household/ Family Size	Income Limit
	1	
	2	
	3	
	4	
	5	
	6	
	7	
	8	

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

Place a check mark beside any of the following that apply below:

My income for the previous year was below the amount next to the household/family size I checked on the table above.

I am employed by a Section 3 business concern.

I am a Youthbuild participant.

I hereby certify that the information provided by me to be true and correct and understand any falsification of any of the information could subject me to disqualification from participation.

Signature

Date

Exhibit 2

**Section 3 Business Concern Certification Form
Form B1**

To Self-Certify as a Section 3 Business your company/firm per 24 CFR 75, must meet one of the listed categories below. You must provide that supporting documentation with this form to be properly and completely confirmed as a Section 3 business.

Section 3 Business Category	Additional Required Data	Mark an "X" on Your Election
It is at least 51 percent owned by low- or very low-income persons;	Proof of ownership showing all owners and their percentages and a completed Section 3 Self-Certification form for all low- and very low-income owners	
Over 75 percent of the labor hours performed for the business are performed by low- or very low-income persons; or	Provide the last 90 days full payrolls for the entire company, make a list of the names from the payrolls of the Section 3 workers, and provide a completed Section 3 Individual Self-Certification for all low- and very low-income workers you list	
It is a business at least 51 percent owned by current public housing residents or residents who currently live in Section 8- assisted housing.	Proof of ownership showing all owners and their percentages and a Section 3 Worker Self Certification form for all public housing and/or Section 8 owners	

I hereby certify to the US Department of Housing and Urban Development (HUD) that all of the information on this form is true and correct. I attest under penalty of perjury that my business meets the elected definition and understand proof of this information may be requested. If found to be inaccurate, I understand that I may be disqualified as a certified Section 3 business

Signature: _____

Date Signed: _____

Print Name: _____

Title: _____

Company Name: _____

Address: _____

Telephone Number: _____

Exhibit 2

**Section 3 Business Owner Certification
Form B2**

A business owner seeking Section 3 Business Certification shall certify and submit this form in conjunction with the Section 3 Business Self-Certification form.

Owner Name: _____

Percent Ownership of Business: _____

Household Income Guidelines:

Place a check mark beside the number of people in your (the owner's) household.

Place Check	Household/ Family Size	Income Limit
	1	
	2	
	3	
	4	
	5	
	6	
	7	
	8	

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

Place a check mark beside any of the following that apply below:

My income for the previous year was below the amount next to the household/family size I checked on the table above.

I am currently a resident of public housing or live in Section 8 assisted housing.

I hereby certify that the information provided by me to be true and correct and understand any falsification of any of the information could subject me to disqualification from participation.

Employee Signature

Date

Exhibit 3

**Targeted Section 3 Worker Certification
Form C**

A Targeted Section 3 Worker seeking the preference in training and employment provided by this part shall certify or submit evidence to the recipient contractor or subcontractor that the person is a Section 3 Worker, as defined in Section 24 CRF 75.

Worker Name: _____

Household Income Guidelines:

Place a check mark beside the number of people in your (the worker's) household.

Place Check	Household/ Family Size	Income Limit
	1	
	2	
	3	
	4	
	5	
	6	
	7	
	8	

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

Section 3 Project/Service Area:

Place a check mark beside any of the following that apply below:

My income for the previous year was below the amount next to the household/family size checked on the table above, and I live within the project/service area as defined above.

I am employed by a Section 3 Business Concern

I am a YouthBuild participant

Employee Signature

Date

Exhibit 4

Targeted Section 3 And Section 3 Worker Tracking Form
Form D

Section 3 established benchmark goals for (a) 25% of total labor hours worked by Section 3 workers, and (b) 5% of total labor hours worked by Targeted Section 3 workers.

[Section 3 Labor Hours Tracking Form](#)

Subrecipients should use the Section 3 Labor Hours Tracking Form (Exhibit 5, Form D) to track the labor hours of the workers across all contracts and subcontracts involved in the Section 3 project. This form/spreadsheet will keep a running total of the labor hours, Section 3 hours, and the Targeted Section 3 hours worked. The Section 3 benchmark percentages are also automatically calculated and adjusted any time new labor hours are added, to allow the subrecipient to always know where it stands with benchmark compliance.

When Commerce monitors a CDBG-funded activity, the Commerce representative conducting the monitoring will check the grant records to verify how Section 3 requirements are being met, that the appropriate documentation, forms, and certifications are in the file, and to check the current status of meeting the benchmarks.

Safe Harbor Compliance Form
Form E

Additional reporting if Section 3 benchmarks are not met. If the recipient's reporting under paragraph (a) of this section indicates that the recipient has not met the Section 3 benchmarks described in § 75.23, the recipient must report in a form prescribed by HUD on the qualitative nature of its activities and those its contractors and subcontractors pursued. Such qualitative efforts may, for example, include but are not limited to the following:

- Engaged in outreach efforts to generate job applicants who are Targeted Section 3 workers.
- Provided training or apprenticeship opportunities.
- Provided technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching).
- 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.
- Held one or more job fairs.
- Provided or referred Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, child care).
- Provided assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.
- Assisted Section 3 workers to obtain financial literacy training and/or coaching.
- Engaged in outreach efforts to identify and secure bids from Section 3 business concerns.
- Provided technical assistance to help Section 3 business concerns understand and bid on contracts.
- Divided contracts into smaller jobs to facilitate participation by Section 3 business concerns.
- Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.
- Promoted use of business registries designed to create opportunities for disadvantaged and small businesses.
- Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.

Other: _____

Business Owner or Designee Name (Print)

Signature

Date

Section 3

NOTICE TO CITIZENS IN THE CITY/COUNTY OF _____

OPPORTUNITY FOR WORK

The City/County of _____ has received a \$_____ Community Development Block Grant from the Kansas Department of Commerce to _____ (type of project) in the City/County of _____.

This grant will provide the City/County of _____ the opportunity to search for eligible local citizens interested in participating in the project. Section 3 of the Housing and Urban Development Act of 1968, as amended through 1994, provides that to the greatest extent feasible, preference for economic opportunities will be given to citizens in _____ City/County who are determined to be low- to moderate- income individuals. A low- to moderate- income individual can be calculated by documenting household income of less than 80 percent of the county median income. Opportunities such as job training and employment that arise through this Community Development Block Grant project will be directed toward City/County residents. Section 3 business concern can be eligible for a Section 3 contract as awarded in connection with CDBG projects if they meet at least one of the following criteria, documented within the last six-month period:

- It is at least 51 percent owned and controlled by low- or very low-income persons;
- Over seventy-five (75) percent of the labor hours performed by the business are performed by low or very low-income persons; or
- 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 requirements apply to the City/County as a grantee, if the project activity is more than \$200,000 in funding from housing and community development financial assistance programs.

If you wish to determine if you qualify or have an interest in serving as a subcontractor for this project, please contact _____,

_____.

If you are interested in job training or other employment resources, please contact:

KANSASWORKS services at 1-877-509-6757

www.kansasworks.com

FINAL SECTION 3 UTILIZATION REPORT

(To be Completed by contractors and subs for all Projects at or Exceeding \$200,000)

A. SECTION 3 EMPLOYEE LABOR INFORMATION
--

Name of CDBG Grantee:	CDBG Project Number:
------------------------------	-----------------------------

Wage Decision Number:

Total Number of Labor Hours on Project:	
Total Labor Hours:	
All Section 3 Worker Labor Hours:	
Targeted Section 3 Work Hours only:	

Labor Hour Percentage Results	%
Section 3 Worker Percentage:	
Targeted Section 3 Worker Percentage:	
<small>*Section 3 Worker Benchmark = 25% *Targeted Section Worker Benchmen= 5%</small>	

B. CERTIFICATION

Name of Contractor/Sub Contractor	
Address:	
Telephone Number:	

On behalf of the Company, I hereby certify that the above information is true and accurate and is reported fully as required by the Section 3 Affirmative Action Plan as part of the contract for this CDBG assisted construction project. It is further understood that final payment from the State of Kansas CDBG Program for this project cannot be made until this Report is submitted to the CDBG Grantee or authorized designee.

Name: _____ Signature: _____ Date: _____

Documents that need Submitted with Closeout:

1. Section 3 Labor Hours Tracking Form (Page 1)
2. Final Section 3 Utilization Report
3. If Benchmarks are not meet, please provide **Form E** for each business that did not meet the Threshold.

Additional Section 3 Information

- Section 3 Complaint Register Forms can be found at:

https://www.hud.gov/program_offices/field_policy_mgt/section3/complaint_register

- PHA Contact information can be found at:

https://www.hud.gov/program_offices/public_indian_housing/pha/contacts