

**SECTION 3 PLAN
FOR
THE STATE OF KANSAS
SMALL CITIES CDBG PROGRAM
AND
LEAD HAZARD CONTROL AND HEALTHY HOMES PROGRAM**

Rev. 12/27/2023

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Section 3 Overview

Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1992, requires that economic opportunities generated by certain U.S. Department of Housing and Urban Development (HUD) financial assistance for housing and community development programs are, to the greatest extent feasible and consistent with existing Federal, state, and local laws and regulations, directed toward low- and very low-income persons. Section 3 applies to training or employment arising in conjunction with HUD-funded housing rehabilitation (including demolition), housing construction, or other public construction projects.

These opportunities are, to the greatest extent feasible, required to be given to low- and very low-income persons and business concerns that provide economic opportunities 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.

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 new regulations became effective on November 30, 2020 and is codified at [24 CFR Part 75](#).

Purpose of This Document

This Plan outlines how the State of Kansas Small Cities CDBG Program, and its recipients, contractors, and subcontractors will comply with HUD's Section 3 requirements in implementing the State of Kansas Small Cities CDBG Program and Lead Hazard Control and Healthy Homes Program (LHC). The State of Kansas and any recipient of applicable CDBG or LHC funds will, to the greatest extent feasible, ensure that employment and other economic opportunities are directed to low- and very low-income persons and to eligible businesses and requires the same of its contractors and subcontractors.

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

The State of Kansas Small Cities CDBG Program may amend its Section 3 Plan as necessary to ensure continued compliance with HUD's requirements and/or reflect updated Section 3 guidance and outreach strategies.

What Section 3 is Not

- Section 3 is NOT race or gender specific. Its purpose is focused on income and location eligibility.
- Section 3 is NOT an entitlement program for eligible individuals and businesses; it is a compliance program that provides job training and contract opportunities.
- Section 3 is NOT optional; it is the law for agencies and businesses that receive certain HUD funding and are subject to this requirement.

Key Definitions

Section 3 Worker. A Section 3 worker is any worker who currently fits, or when hired since November 30, 2020, fit, at least one of the following categories, as documented:

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

- 3) The worker is a YouthBuild participant. YouthBuild is a community-based pre-apprenticeship program administered by the U.S. Department of Labor that provides job training and educational opportunities for at-risk youth ages 16-24 who have previously dropped out of high school.

(NOTE: Kansas has only one YouthBuild Program that is near Kansas City)

Targeted Section 3 Worker. A Targeted Section 3 worker is a worker who meets the definition of a Section 3 worker and at least one of the following, as documented:

- 1) Employed by a Section 3 business concern; or
- 2) Currently meets, or when hired meets, at least one of the following categories, as documented since November 30, 2020:
 - i. Living in the service area or the neighborhood of the project, as defined in 24 CFR Part 75.5 (within a one-mile radius of the project – however, if fewer than 5,000 people live within that one-mile radius, the radius may be expanded outward until that population is reached); or
- 3) A YouthBuild participant. (NOTE: Kansas has only one YouthBuild Program that is near Kansas City)

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

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

Applicability

The regulation established an applicability threshold of **\$200,000 for housing rehabilitation, housing construction, demolition, and other public construction** (i.e., roads, sewers, community centers, sidewalks, and other public facilities) **projects** assisted with housing and community development financial assistance.

NOTE: Kansas Small Cities CDBG does not construct housing and its housing rehabilitation program is a single-family program with a \$25,000 limit per household assisted. Therefore, Section 3 does not apply to any Small Cities CDBG housing rehabilitation projects, including associated demolition.

For projects funded with Lead Hazard Control and Healthy Homes program, this Plan applies to projects that exceed **\$100,000** in federal financial assistance. This Plan applies to projects that include multiple funding sources, such as housing and community development financial assistance and Lead Hazard Control and Healthy Homes funding.

Per 24 CFR 75.3(a)(iii), Section 3 requirements apply to the entire project, not just the HUD-financed portion.

If a public construction project receives more than \$200,000 of HUD funding, then Section 3 requirements are triggered and apply to all employment training opportunities and contracts for work arising in connection with the project (subject to Project and Activity Types noted below), including efforts that are financed by other, non-HUD sources of funds. State of Kansas Small Cities CDBG and Lead Hazard Control Programs must make all recipients, contractors, and subcontractors aware of the need to comply with Section 3 requirements.

Timing

These Section 3 requirements apply to new grants, commitments, contracts, or projects funded on or after the November 30, 2020, effective date. For Section 3 projects, this means that requirements apply if a recipient of HUD funds executes a legally binding written agreement or contract on or after November 30, 2020. For example:

- An executed recipient agreement, including any subsequent contracts or agreements, that has project- or activity-level details with respective budgets, schedules, and/or secured financing.
- An agreement or contract, that includes secured financing, with a developer or for-profit entity to complete a multifamily rehabilitation project.

The former Section 3 regulation (24 CFR 135) and its requirements still apply to agreements entered prior to November 30, 2020, and their subsequent contracts or agreements.

Project and Activity Types

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 (e.g., CDBG funds used to rehabilitate 20 units in one building as part of an effort to rehabilitate 40 units in two buildings on a single property. The “Section 3 project” includes the rehabilitation of all 40 units.). Once the project is complete, the Section 3 requirements no longer apply to subsequent contracts.

Section 3 requirements do not apply to projects with housing and community development financial assistance that do not include housing rehabilitation, housing construction, demolition, or other public construction (e.g., funds used for direct homebuyer assistance or tenant-based rental assistance).

Professional service contracts, meaning non-construction services that require an advanced degree or professional licensing (e.g., contracts for legal services, financial consulting, accounting services, environmental assessment, architectural services, civil engineering services, construction contract oversight, and prevailing wage labor compliance) are not required to be reported. If a contract covers both professional services and construction 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.

Per 24 CFR 75.3(b), Section 3 requirements do not apply to material supply contracts (materials-only contracts or contracts that do not require any labor). This would include contracts for the purchase of products and materials, including but not limited to, lumber, drywall, wiring, concrete, pipes, toilets, sinks, carpets, and office or janitorial supplies.

The Section 3 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.

Labor Hours

The recent update to Section 3 regulations included several changes and the most significant change was to begin tracking and reporting labor hours instead of tracking and reporting new hires and contracts. “Labor hours” means the number of paid hours worked by persons on a Section 3 project. The Final Rule’s focus on labor hours seeks to measure total actual employment and the proportion of the total employment performed by low- and very low-income workers. In addition, the change to tracking labor hours captures continued and long-term employment. The focus on labor hours creates an incentive for employers to invest in and retain their newly hired workers.

24 CFR 75.25 requires recipients to report the total labor hours for three (3) categories of workers on the project: all workers, Section 3 workers, and Targeted Section 3 workers (see Reporting Labor Hours below).

Pursuant to 24 CFR 75.27, recipients must include language applying Section 3 requirements to any agreement or contract for a Section 3 project and must require contractors and subcontractors to meet the regulations requirements, regardless of whether their agreements or contacts include Section 3 language.

Prioritization of Effort

Employment and Training. Pursuant to 24 CFR 75.19(a) the State of Kansas CDBG and/or LHC recipients, contractors, and subcontractors must, to the greatest extent feasible, ensure Section 3 workers within the metropolitan area (or nonmetropolitan county) in which the Section 3 project is located are provided with employment and training opportunities arising in connection with the project. Where feasible, a recipient should give priority for opportunities and training to the following and in the priority-order listed below:

- 1) Section 3 workers residing within the service area or the neighborhood of the project; and
- 2) Participants in YouthBuild programs. **(NOTE: Kansas has only one YouthBuild Program that is near Kansas City.)**

Contracting. Pursuant to 24 CFR 75.19(b) the State of Kansas CDBG and/or LHC recipients, contractors, and subcontractors must, to the greatest extent feasible, ensure business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which the Section 3 project is located are provided with employment and training opportunities arising in connection with the project. Where feasible, a recipient should give priority for contracting opportunities to the following and in the priority order listed below:

- 1) Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area or the neighborhood of the project; and
- 2) YouthBuild programs. **(NOTE: Kansas has only one YouthBuild Program that is near Kansas City.)**

All employment and training opportunities, and contracting awards provided in accordance with 24 CFR 75.19 must be consistent with Federal, state, and local laws and regulations.

Employment, Training, and Contracting Goals

Safe Harbor Compliance. The recipient of applicable State of Kansas CDBG and/or LHC funding will be considered to have complied with the Section 3 requirements and met **safe harbor**, if they certify that they followed the required “prioritization of effort” and met or exceeded the “Section 3 benchmarks”, absent evidence to the contrary.

Prior to beginning of work, contractors and subcontractors will be required to certify that they will follow the required “prioritization of effort” for Section 3 workers, Targeted Section 3 workers, and Section 3 business concerns as outlined above. After completion of the project, contractors and subcontractors will be required to certify that they followed the “prioritization of effort” requirements.

Safe Harbor Benchmarks. State of Kansas CDBG and LHC programs have established employment and training goals that recipients, contractors, and subcontractors should meet to comply with Section 3 requirements outlined in 24 CFR Part 75.19.

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

Section 3 Labor Hours / Total Labor Hours = at least 25 percent.

AND

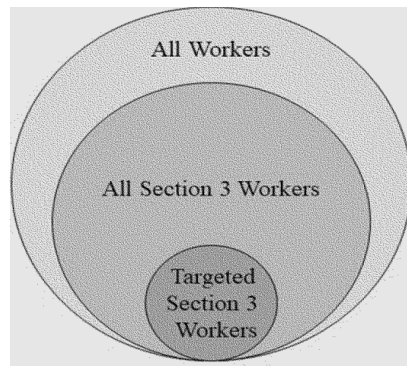
- 2) Five percent or more of the total number of labor hours worked by all workers on a Section 3 project are Targeted Section 3 workers, as defined at 24 CFR 75.21.

Targeted Section 3 Labor Hours / Total Labor Hours = at least 5 percent.

HUD establishes and updates Section 3 benchmarks for Section 3 workers and/or Targeted Section 3 workers through a document published in the Federal Register, not less frequently than once every 3 years.

Certification of Section 3 Workers and Business Concerns

Section 3 Workers. For purposes of Section 3 worker or Targeted Section 3 worker eligibility, State of Kansas Small Cities CDBG Program will use individual income rather than family/household income to determine eligibility. The income limits will be determined annually using the guidelines published at <https://www.huduser.org/portal/datasets/il.html>.



The status of Section 3 workers and Targeted Section 3 workers will be certified and documented by using one of the following methods:

1. **Worker income self-certification:** Using the Worker Self-Certification Form 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 and Targeted Section 3 Worker Self-Certification (Form 4736C)
2. **Employer certification of worker income:** The employer can use the Employer Self-Certification Form to document that the worker's income from that employer is below the income limit for one (1) person when based on an employer's calculation of what the worker's wage rate would translate to if annualized on a full-time basis.
 - a. Employer Certification (Form 4736A)

NOTE: Documentation submitted by employers should only contain employee names, state and county of residence, annual income, 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 Concern. Contractors or subcontractors who wish to be identified as a Section 3 Business Concern must complete the Section 3 Business Concern Self-Certification form and provide requested backup documentation.

- a. Section 3 Business Concern Form (Forms B and B1)

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.

Business 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.

Reporting Labor Hours

For Section 3 projects, recipients/contractors must report the following 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.

Section 3 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, but no later than November 30, 2020.

The total labor hours reported must include the total number of labor hours worked on a Section 3 project, including labor hours worked by any recipients, contractors, and subcontractors that the recipient is required to report.

Recipients may report their own labor hours or that of a contractor or subcontractor based on the employer's good faith assessment of all labor hours informed by the employer's existing salary or time and attendance-based payroll systems, though an attendance-based payroll system is not required by HUD.

If the contractor and subcontractor do not meet the safe harbor requirements, they must provide evidence that they have made **qualitative efforts** to assist low- and very low-income persons with employment and training opportunities.

Reporting Qualitative Efforts. If the recipient does not meet the established benchmarks for the Section 3 project, the recipient must report 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:

- 1) Engage in outreach efforts to generate job applicants what are Targeted Section 3 workers.
- 2) Provide training or apprenticeship opportunities.
- 3) Provide technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching).
- 4) Provide or connect 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) Hold one or more job fairs.
- 6) Provide or refer Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, childcare).
- 7) Provide assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.
- 8) Assist Section 3 workers to obtain financial literacy training and/or coaching.
- 9) Engage in outreach efforts to identify and secure bids from Section 3 business concerns.
- 10) Provide technical assistance to help Section 3 business concerns understand and bid on contracts.
- 11) Divide contracts into smaller jobs to facilitate participation by Section 3 business concerns.
- 12) Provide bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.
- 13) Promote 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.
- 15) Provide or connect residents with training on computer use or online technologies.
- 16) Other efforts – please specify.

Assistance to Achieve Section 3 Goals

A local government/recipient that receives CDBG funding has the responsibility to comply with Section 3 requirements. The recipient is also required to “ensure compliance” of their contractors and sub- contractors. To assist contractors with meeting and exceeding the Section 3 goals, the recipient and the State of Kansas will do the following:

1. Notify 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 recipient;
2. State will create a coalition that will uphold Section 3 through hiring and marketing practices;
3. Department of Commerce will hire personnel focusing on encouraging applications from all backgrounds and assist contractors and recipients with Section 3 hiring;
4. State will maintain information on the requirements of Section 3 on the program's website to bring contractors up to date with requirements and adopt hiring procedures;
5. State will expand its existing WBE/MBE list to include Section 3 workers interested in working on Section 3 projects and business concerns interested in contracting on Section 3 projects;
6. Bring certification classes to low-income areas and market opportunities to low-income persons;
7. Host classes around the state and offer courses for both Spanish and English speaking persons to learn about LSWP;
8. Notify potential contractors of their responsibilities under Section 3;
9. Include Section 3 language in all applicable contracts;
10. Require contractors and sub-contractors to meet the requirements of 24 CFR 75.19, regardless of whether Section 3 language is included in recipient agreements, program regulatory agreements, or contracts;
11. Document action(s) taken to meet the HUD benchmarks;
12. Respond to Section 3 complaints; and
13. Complete and submit the required Section 3 forms to Commerce.

Outreach Best Practices. Recipients must develop a Section 3 plan, including outreach to Section 3 workers and Section 3 business concerns in and around the Section 3 project area. 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.
 - i. A copy of a "Notice to Citizens...Opportunity for Work" is included herein as Exhibit 5, which can be used for development of Section 3 employment opportunities. Send completed form to: Kansas Department of Commerce, KANSASWORKS, State Operations Director, 1000 SW Jackson St, Suite 100, Topeka, KS 66612-1354, Fax (785) 296-1404.

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 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).

EXHIBIT 1

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 24 CFR 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.

EXHIBIT 2

ACKNOWLEDGE AND UNDERSTAND CONTRACTOR’S SECTION 3 REQUIREMENTS

- The Prime Contractor must submit a Section 3 Plan to the recipient outlining Section 3 hiring and employment opportunities.
- The Prime Contractor must notify all subcontractors of their responsibilities under Section 3.
- The Prime Contractor must provide an existing 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 subcontractors as to whom they have received notice or have knowledge that the subcontractors have been found in violation of the regulations in 24 CFR Part 75.
- Maintain records that document a good faith effort to utilize Section 3 workers and Targeted Section 3 workers as trainees and employees. (Required of both contractor and subcontractor.) 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.

SIGNATURE: _____

DATE: _____

EXHIBIT 3

CONTRACTOR SECTION 3 PLAN

_____ (Contractor) agrees to implement affirmative steps to comply with the Section 3 requirements set forth at 24 CFR Part 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 low- and very low-income residents through local advertising media, signs placed at the proposed site for the project, community organizations, and public or private institutions operating within or serving the project area.
- C. To maintain a list of all low- and very low-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 the Section 3 clause 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 the 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 (Bidder) _____.

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

SIGNATURE: _____

DATE: _____

TITLE: _____

EXHIBIT 4

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 5

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- and very low-income persons. A low- and very low-income person can be calculated by documenting a household of one (1) is 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 low-income residents. A 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 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 recipient, 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

EXHIBIT 6

QUALITATIVE EFFORTS COMPLIANCE FORM

Additional reporting if Section 3 benchmarks are not met. If the recipient's reporting indicates that the recipient has not met the Section 3 benchmarks described in 24 CFR Part 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, childcare).
- Aide in applying 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: _____

EXHIBIT 8

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	Percentage
Section 3 Worker Percentage:	%
Targeted Section 3 Worker Percentage:	%
<small>*Section 3 Worker Benchmark = 25%</small> <small>*Targeted Section Worker Benchmark= 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.

Print Name

Signature

Date

FORM B

SECTION 3 BUSINESS CONCERN CERTIFICATION FORM

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

Section 3 Business Category	Additional Required Data	Your Election
It is at least 51% owned by low- or very low-income persons; or	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% of the labor hours performed for the business over previous 3-month period are performed by Section 3 workers; 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% owned and controlled by current residents of public housing or 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 affirm that the above statements are true, complete, and correct to the best of my knowledge and belief. I understand that businesses who misrepresent themselves as Section 3 Business Concerns and report false information may have their contracts terminated as default and be barred from ongoing and future considerations and contracting opportunities. I hereby certify, under penalty of law, that the provided information is correct to best of my knowledge.

Signature: _____ Date Signed: _____

Print Name: _____ Title: _____

Company Name: _____

Address: _____

Phone #: _____ Email: _____

FORM B1

**SECTION 3 BUSINESS CONCERN OWNER CERTIFICATION
INCOME ELIGIBILITY GUIDELINES**

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: _____

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

- My income is below the income limit for an individual (household of 1) based on a calculation of what the wage rate would translate to if annualized on a full-time basis.

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

See <https://www.huduser.gov/portal/datasets/il.html> for most recent income limits.

Section 3 Worker Definition:

- A low or very low-income resident (the worker’s income for the previous or annualized calendar year is below the income limit established by HUD); or
- Employed by a Section 3 Business Concern; or
- A YouthBuild participant. (uncommon)

Targeted Section 3 Worker Definition:

- Employed by a Section 3 Business Concern or
- Currently meets or met when hired at least one of the following categories as documented since November 30, 2020:
 - A resident of public housing; or
 - A resident of other public housing projects or Section 8-assisted housing; or
 - A YouthBuild participant. (uncommon)

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.

Owner Signature

Date