

APPENDIX B

SECTION 3

PROVISIONS AND PROCEDURES PERTAINING TO
EMPLOYMENT OPPORTUNITIES FOR BUSINESSES AND LOWER INCOME PERSONS
IN CONNECTION WITH FEDERALLY-ASSISTED PROJECTS IN COMPLIANCE WITH
SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968

I. Purpose

The purpose of section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (section 3) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

II. Assurance of Compliance

Every contractor and subcontractor shall incorporate, or cause to be incorporated, in all contracts for work in connection with a Section 3 covered contract, the following clause (referred to as the Section 3 clause):

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

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

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

D. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will

not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

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

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

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

III. Definitions

A. Section 3 Resident

A Public Housing resident or individual who resides in the metropolitan area or non-metropolitan county in which the Section 3 covered assistance is expended, who is considered to be a low- or very low-income person.

B. Low-Income Persons

Families (including single persons) whose incomes do not exceed 80 percent of the median income for the area.

C. Very Low-Income Persons

Families (including single persons) whose incomes do not exceed 50 percent of the median income for the area.

D. Section 3 Business Concern

Note: Preference category rankings are listed in descending order of priority.

Category 1 business - 51% or more owned by residents of the housing development or developments for which the Section 3-covered assistance is expended, or whose full-time, permanent workforce includes 30% of such residents as employees.

Category 2 business - 51% or more owned by residents of other housing developments or developments managed by the housing authority that is expending the Section 3-covered funding, or whose full-time, permanent workforce includes 30% of such residents as employees.

Category 3 business - HUD Youth build programs being carried out in the metropolitan area, or non-metropolitan county, in which the Section 3-covered funding is expended.

Category 4 business - 51% or more owned by Section 3 residents, or whose full-time, permanent workforce includes no less than 30% Section 3 residents; or that subcontract in excess of 25% of the total amount of subcontracts to category 1 or 2 businesses.

IV. Certificate of Compliance

The contractor shall execute the Certificate of Compliance and cause all subcontractors undertaking work in connection with this contract to furnish the same.

SECTION 3 CERTIFICATION

I will abide by and initiate in all of my subcontracts, to the greatest extent feasible, the requirements of Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. 1701u.

_____	_____
Company	Date
_____	_____
Authorized Signature	Title