



**SECTION 3**  
**Projects with a**  
**90 Day or Less Timeframe**



# Section 3

## FORMS, REPORTS AND POLICY

---

This project is governed under Section 3 of the Housing and Urban Development Act of 1968 [12 U.S.C. 1701u and 24 CFR Part 135], which provides preference to low- to very low-income residents of the local community (regardless of race or gender), and the businesses that substantially employ these persons, for new employment, training and contracting opportunities.

## Required Section 3 Forms and Reports

### Section 3 Opportunity Plan

A Section 3 Opportunity Plan must be completed by bidders or applicants seeking funding from the City of Memphis, Division of Housing and Community Development for a Section 3 covered project. The Section 3 Opportunity Plan must be submitted with the project bid or grant application.

A Section 3 Opportunity Plan is included.

### Section 3 Summary Report

Project award recipients are required to complete and submit a Section 3 Summary Report each month throughout the life of the project. Information reported is cumulative and should run through the last day of the reporting month. Example: A report period of May 2014 will document required information from the start of the project through the last day of May 2014.

A Section 3 Summary Report is included.

### Section 3 Business Certification Form

Preferential contract consideration will be granted to Section 3 businesses. The Section 3 Business Certification Form must be completed by businesses seeking Section 3 status.

The Section 3 Business Certification Form must be completed by businesses listed as Section 3 in the Section 3 Opportunity Plan. The certification form must also be submitted with the Section 3 Summary Report when a contract is issued to a Section 3 after the start of the project.

A Section 3 Business Certification Form is included.

### Section 3 Resident Certification Form

A worker reported as a new hire on the Section 3 Summary Report must complete a Section 3 Resident Certification Form to determine Section 3 status. The Section 3 Resident Certification Form must be completed one time and submitted with the Section 3 Summary Report during the month in which the new hire first appears on the summary report.

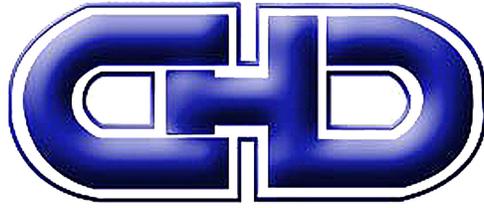
A Section 3 Resident Certification Form is included.

## Section 3 Policy Memorandum

The Section 3 policy for the City of Memphis, Division of Housing and Community Development is included at the end of this document.

CITY OF MEMPHIS

DIVISION OF HOUSING



AND COMMUNITY DEVELOPMENT

# Section 3 Opportunity Plan

PROJECTS WITH A 90 DAY OR LESS TIMEFRAME



# Understanding Section 3

## A LOCAL JOBS AND CONTRACTING INITIATIVE

### CITY OF MEMPHIS, DIVISION OF HOUSING AND COMMUNITY DEVELOPMENT

---

## What is Section 3?

Section 3 is a HUD requirement designed to ensure that the HUD funds invested in housing and community development activities provide employment opportunities for low-income people.

HUD's regulations state that "to the greatest extent feasible," businesses and employers working on HUD-funded projects must make a good faith effort to train and employ low- to very low- income individuals in the area (called "Section 3 residents") and also to contract businesses identified as Section 3.

In summary, the obligations of Section 3 are:

1. Provide training for Section 3 residents, and report on the outreach and training undertaken.
2. To the greatest extent feasible hire and train Section 3 residents, and report on employees and new hires.
3. To the greatest extent feasible contract with Section 3 businesses, and report on contracts and subcontracts.

## Contracting Obligations

### Applies to projects valued at \$100,000 or more

Section 3 requires that award recipients fulfill the following obligations:

- Meet HUD's contracting requirement (the "minimum numerical target for contracting") that Section 3 businesses receive least 10% of the building trades contracts for the project, and at least 3% of the total amount for all non-building trade contracts.
- "To greatest extent feasible" contract with Section 3 business concerns identified as
  - ▷ 51 percent or more owned by Section 3 residents; or
  - ▷ At least 30 percent of its full-time employees include persons that are currently Section 3 residents, or were Section 3 residents within three years of the date of first hire; or
  - ▷ Provides evidence, as required, of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontractors to businesses that meet one of the qualifications above.

# Hiring Obligations

## Applies to all projects

Section 3 requires that award recipients fulfill the following obligations when new employees are hired:

- Meet HUD’s hiring requirement (the “minimum numerical target for training and employment”) that 10% of new hires be Section 3 individuals
- “To greatest extent feasible” provide preference to hire area residents:
  - ▷ Low- to very low-income residents of the housing development or developments in which the HUD funds shall be expended; or
  - ▷ Low- to very low-income residents of other housing developments managed by the Memphis Housing Authority; or
  - ▷ Participants in HUD Youthbuild program; or
  - ▷ All other residents (including Section 8 recipients) of the City of Memphis or Shelby County who meet the low- to very low-income guidelines for Section 3 preference

# Section 3 Opportunity Plan

(TO BE COMPLETED FOR PROJECTS WITH A 90 DAY OR LESS TIMEFRAME)

CITY OF MEMPHIS, DIVISION OF HOUSING AND COMMUNITY DEVELOPMENT

---

## Purpose

The purpose of the Section 3 Opportunity Plan is to ensure that jobs and economic opportunities generated by the U. S. Department of Housing and Urban Development (HUD) financial assistance for housing and community development programs shall be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing and business concerns providing such opportunities.

---

BIDDER OR APPLICANT

---

PROJECT NAME

---

CONTACT NAME

TELEPHONE

## Requirements

The submitter of this Section 3 Opportunity Plan hereby agrees to comply with all the provisions of Section 3 as set forth in 24 CFR 135, which implements Section 3 requirements.

The Section 3 Opportunity Plan must be submitted with the request for quotation (RFQ), request for proposal (RFP) or grant application to the City of Memphis, Division of Housing and Community Development (HCD).

If a contract is awarded, a Section 3 Summary Report identifying progress in meeting the goals established in this Plan must be submitted monthly throughout the contract period. The Section 3 Summary Report shall be submitted no later than 10 days after the end of each calendar month of the contract (e.g., January 10, February 10). For any goal not met, the report shall identify other economic opportunities that the contract recipient has or intends to provide.

The failure of the contract recipient to comply with the approved Plan shall be considered an event of default under the contract agreement.

# Commitment to Contracting

Applies to projects valued at \$100,000 or more

Each applicant or bidder for a construction or labor-related contract must complete this Plan and submit all relevant information required herein. The following contracting requirements must be satisfied:

- At least ten percent (10%) of the total dollar amount of all HUD-funded construction contracts shall be awarded to businesses identified as Section 3.
- At least three percent (3%) of the total dollar amount of all HUD-funded, non-construction contracts shall be awarded to businesses identified as Section 3.

---

## Section 3 Business Participation Goal

Total Proposed Project Amount: \$ \_\_\_\_\_

Section 3 Business Goal (10% of Total Project Amount): \$ \_\_\_\_\_

---

## Outreach Efforts to Section 3 Businesses

The following businesses identified as Section 3 were contacted to determine capacity and availability to work on the above-listed project:

Company \_\_\_\_\_

Contact \_\_\_\_\_

Telephone \_\_\_\_\_

Date(s) Contacted \_\_\_\_\_ Quote Provided (Y/N) \_\_\_\_\_

Follow-up Action and Company Response \_\_\_\_\_

---

---

Company \_\_\_\_\_

Contact \_\_\_\_\_

Telephone \_\_\_\_\_

Date(s) Contacted \_\_\_\_\_ Quote Provided (Y/N) \_\_\_\_\_

Follow-up Action and Company Response \_\_\_\_\_

\_\_\_\_\_

(Use additional sheets as necessary)

### Commitment to Section 3 Business

The businesses listed below are identified as Section 3 businesses and included in the official bid response or application for project funding.

Section 3 Business	Work to Be Performed	Contract Amount	Percentage of Total Project
<b>TOTALS</b>		\$	

# Commitment to the Employment and Training

## Applies to all projects

Each applicant or bidder for a construction or labor-related contract must complete this Plan and submit all relevant information required herein. Applicants and bidders must satisfy the following hiring requirements:

- ▶ Thirty percent (30%) of the aggregate number of **new** positions during a one year period shall be filled with Section 3 residents. Example: A construction contractor hires 10 new workers. Three of the new workers should qualify as local low- to very low- income persons.

The bidder or applicant hereby submits this statement that identifies \_\_\_\_\_ employment opportunities for Section 3 residents during the term of the contract. The bidder or applicant affirms that the jobs identified shall be for meaningful employment that may or may not be related to the scope of services of this project. The bidder or applicant has committed to employ \_\_\_\_\_ Section 3 residents, which represents \_\_\_\_\_% of employment opportunities identified.

Job Category	Estimated Positions for this Project Occupied by Permanent Employees	Estimated Positions for this Project Not Occupied	Total Estimated Positions Needed for this Project
<b>TOTALS</b>			

Occupied positions include:

\_\_\_\_\_ Neighborhood residents

\_\_\_\_\_ Memphis public housing residents

# Compliance

The failure of the bidder or applicant to comply with the Section 3 Opportunity Plan shall be considered an event of default under the contract agreement.

Acknowledged by

---

PRESIDENT OR AUTHORIZED OFFICER

---

SIGNATURE

---

BUSINESS OR ORGANIZATION NAME

---

DATE



# **SECTION 3**

# **SUMMARY REPORT**





**Part II: Contracts Awarded**

Construction Contracts

- A. Total dollar amount of all construction contracts on this project: \$ \_\_\_\_\_
- B. Total dollar amount of contracts awarded to Section 3 businesses \$ \_\_\_\_\_
- C. Percentage of total dollar amount awarded to Section 3 businesses \_\_\_\_\_ %
- D. Total number of Section 3 businesses receiving contracts \_\_\_\_\_

Non-Construction Contracts

- A. Total dollar amount of all non-construction contract \$ \_\_\_\_\_
- B. Total dollar amount of non-construction contracts awarded to Section 3 businesses \$ \_\_\_\_\_
- C. Percentage of the total dollar amount awarded to Section 3 businesses \_\_\_\_\_ %
- D. Total number of Section 3 businesses receiving contracts \_\_\_\_\_

**Part III: Summary**

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

\_\_\_\_\_ Attempted to recruit low-income residents through: local advertising media, signs prominently displayed at the project site, contacts with community organizations and public or private agencies operating within the metropolitan area (or non-metropolitan county) in which the Section 3 covered program or project is located or similar methods.

\_\_\_\_\_ Participated in a HUD program or other program which promotes the training or employment of Section 3 residents.

**Part III: Summary (continued)**

\_\_\_\_\_ Participated in a HUD program or other program which promotes the award of contracts to business concerns which meet the definition of Section 3 business concerns.

\_\_\_\_\_ Coordinated with Youthbuild programs administered in the metropolitan area in which the Section 3 covered project is located.

\_\_\_\_\_ Other, describe below

---

---

---

---

---

---

I hereby certify that all information contained above is accurate, complete and current to the best of my knowledge. I understand that if I do not submit a completed Section 3 Summary Report by the 10<sup>th</sup> of each month as indicated in the instructions, the City of Memphis, Division of Housing and Community Development reserves the right to withhold payment until a completed Section 3 Summary Report is submitted.

\_\_\_\_\_

Print Name of the Preparer

\_\_\_\_\_

Date

\_\_\_\_\_

Signature of the Preparer

## INSTRUCTIONS

Project award recipients are required to complete and submit a Section 3 Summary Report each month throughout the life of the project. Information reported is cumulative and should run through the last day of the reporting month. Example: A report period of May 2014 will document required information from the start of the project through the last day of May 2014.

Reports are due by the 10<sup>th</sup> day of the each month. Example: If the report period is May 2014, the Section 3 Summary Report is due June 10, 2014.

A final Section 3 Summary Report should include an **X** next to **FINAL** at the top of the report.

### Part I: Employment and Training

**Column A:** Contains various job categories. Professionals are defined as people who have special knowledge of an occupation (i.e., architects, engineers, surveyors, planners, and computer programmers). For construction positions, list each trade and provide data in columns B through F for each trade where persons were employed. The category of “Other” includes occupations such as service workers.

**Column B:** Enter the number of all new hires (throughout the life of the project) for each category of workers identified in Column A. New hire refers to a person who is not on the award recipient’s or contractor’s payroll for employment at the time of selection for project award. Each new hire must complete a Section 3 Resident Certification form to determine Section 3 status. The form must be completed once and submitted with the Section 3 Summary Report during the month that the new hire appears.

**Column C:** Enter number of Section 3 new hires (throughout the life of the project) for each category of workers identified in Column A. Section 3 new hire refers to a Section 3 resident who is not on the award recipient’s or contractor’s payroll for employment at the time of selection for contract award.

**Column D:** Enter the percentage of all the staff hours of new hires (Section 3 residents) in connection with this contract award.

**Column E:** Enter the percentage of the total staff hours worked for Section 3 employees and trainees. Include staff hours for part-time and full-time positions.

**Column F:** Enter the number of Section 3 residents who were trained in connection with this contract award.

## **Part II: Contracts Awarded**

### Construction Contracts

**Item A:** Enter the total dollar amount of all construction contracts awarded.

**Item B:** Enter the total dollar amount of construction contracts on this project awarded to Section 3 businesses. For each Section 3 business reported, a Section 3 Business Certification Form must be submitted. The form only needs to be completed and submitted once.

**Item C:** Enter the percentage of the total dollar amount of contracts awarded to Section 3 businesses.

**Item D:** Enter the number of Section 3 businesses receiving construction contracts.

### Non-Construction Contracts

**Item A:** Enter the total dollar amount of all non-construction contracts awarded.

**Item B:** Enter the total dollar amount of non-construction contracts awarded to Section 3 businesses.

**Item C:** Enter the percentage of the total dollar amount of contracts awarded to Section 3 businesses.

**Item D:** Enter the number of Section 3 businesses receiving non-construction contracts.

## **Part III: Summary**

Indicate which Section 3 outreach activities the recipient and its contractors performed prior to new hiring or contracting for the project.

# Section 3 Business Certification Form

CITY OF MEMPHIS, DIVISION OF HOUSING AND COMMUNITY DEVELOPMENT

---

Businesses seeking Section 3 status and preference in contracting by the City of Memphis, Division of Housing and Community Development (HCD) must complete and submit a Section 3 Business Certification Form.

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

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Federal Employer Identification Number \_\_\_\_\_

## Type of Business

- Corporation       Partnership       Sole Proprietorship       Joint Venture
- 

**Please select one of the following three qualification methods for status as a Section 3 business.**

**Section 3 resident-owned business (51 percent or more owned by Section 3 residents)**

The following documents may be required in the future as added confirmation of status:

- Complete list of Section 3 resident owners
- Section 3 Resident Certification Forms for each Section 3 resident owner

**At least 30 percent of permanent, full-time workforce are currently Section 3 residents or were Section 3 eligible residents within 3 years of date of first employment with the business**

The following documents may be required in the future as added confirmation of status:

- Complete list of all current full-time employees
- Complete list of employees claiming Section 3 status and employees Section 3 Resident Certification Forms
- Other evidence of Section 3 status less than 3 years from day of employment

**Subcontracting 25 percent of the dollar awarded to qualified Section 3 business**

The following documents may be required in the future as added confirmation of status:

- Complete list of subcontracted Section 3 business(es) and subcontract amount(s)
- 

I certify to best of my knowledge that the information contained here within is true and accurate.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Print Name \_\_\_\_\_ Title \_\_\_\_\_

# Section 3 Resident Certification Form

## CITY OF MEMPHIS, DIVISION OF HOUSING AND COMMUNITY DEVELOPMENT

This form is to be completed by residents seeking Section 3 status and the preference in training and employment or by new employees working on Section 3-covered projects.

### Eligibility

A resident seeking Section 3 status shall submit evidence to the recipient contractor or subcontractor that the person is a Section 3 resident, as defined in Section 135.5. (An example of evidence of eligibility for the preference is evidence of receipt of public assistance or evidence of participation in a public assistance program.)

- All residents of public housing developments of the Memphis Housing Authority qualify as Section 3 residents.
- All individuals residing in the City of Memphis, Shelby County, Tennessee who meet the low- to very low-income limits set forth below qualify for Section 3 status.
- A photo identification card and proof of current residency is required.

#### 2014 ANNUAL HOUSEHOLD INCOME

Select the statement that represents your household size and from that statement check the appropriate annual income level for your household, as verified by Federal Income Tax Returns, W-2s, Paycheck Stubs or other documents.

	Low to Very Low-Income Status			
My household size is <b>1</b> and my annual household income was	___	\$ 31,750 or less	___	More than \$ 31,750
My household size is <b>2</b> and my annual household income was	___	\$ 36,300 or less	___	More than \$ 36,300
My household size is <b>3</b> and my annual household income was	___	\$ 40,850 or less	___	More than \$ 40,850
My household size is <b>4</b> and my annual household income was	___	\$ 45,350 or less	___	More than \$ 45,350
My household size is <b>5</b> and my annual household income was	___	\$ 49,000 or less	___	More than \$ 49,000
My household size is <b>6</b> and my annual household income was	___	\$ 52,650 or less	___	More than \$ 52,650
My household size is <b>7</b> and my annual household income was	___	\$ 56,250 or less	___	More than \$ 56,250
My household size is <b>8+</b> and my annual household income was	___	\$ 59,900 or less	___	More than \$ 59,900

\*Household income based on HUD FY2014 Income Limits effective Dec. 18, 2013.

I, \_\_\_\_\_, am a legal resident of \_\_\_\_\_  
and \_\_\_ meet \_\_\_ do not meet the income eligibility guidelines for a low- or very-low-income person as published and identified above.

My permanent address is: \_\_\_\_\_  
\_\_\_\_\_

Signature \_\_\_\_\_

Print Name \_\_\_\_\_ Date \_\_\_\_\_



# **SECTION 3**

# **POLICY**



City of Memphis

Division of Housing and Community Development

Section 3 Policy Memorandum

**POLICY**

It is the policy of the City of Memphis, Division of Housing and Community Development (HCD) to require its contractors to provide equal employment opportunity to all employees and applicants for employment without regard to race, color, religion, sex, national origin, disability, veteran's or marital status, or economic status and to take affirmative action to ensure that both job applicants and existing employees are given fair and equal treatment as per Code of Federal Regulations 570.607.

**BACKGROUND**

Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u) requires the City of Memphis, HCD to ensure that employment and other economic and business opportunities generated by the Department of Housing and Urban Development (HUD) financial assistance, to the greatest extent feasible, are directed to public housing residents and other low-income persons, particularly recipients of government housing assistance, and business concerns that provide economic opportunities to low- and very low-income persons.

Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. 1701u (section 3) and implementing regulations at 24 C.F.R.135, state that the purpose of 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.”

The Section 3 regulation recognizes that HUD funding typically results in projects and activities that generate new employment, training and contracting opportunities.

The City of Memphis, HCD, as a participating jurisdiction in program and funding provided by HUD, is required by federal regulations to develop and implement a Section 3 Plan. To ensure compliance with Section 3, the City of Memphis, has developed a HCD Section 3 Plan that sets forth policies and procedures for hiring and economic opportunities for low- and very low-income persons, particularly those who are recipients of government assistance for housing and business concerns.

The HCD Section 3 Plan is applicable to developers, contractors, subcontractors and others engaged in projects awarded through the City of Memphis, HCD with funds sourced from the U. S. Department of Housing and Urban Development meeting the established thresholds of \$200,000 and \$100,000.

## **PROCEDURE**

### **SECTION 3 CONTRACT CLAUSE**

All HUD funded contracts shall include the following clause (referred to as the Section 3 Clause):

- A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
- C. The contractor agrees to send to each labor organization or representative 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 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

- E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.
- F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
- G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).