

CTHC Section 3 General Information and FAQ's

General:

CTHC, as well as potential contractors and subcontractors, have an obligation to develop practical steps to achieve the goals of providing employment and business opportunities to CTHC residents, other Section 3 eligible persons and Section 3 businesses. Such obligations shall be demonstrated not merely through inclusion or "best effort" steps, but shall result in a reasonable level of success. Focus shall be on the recruitment, employment, and utilization of CTHC residents and other Section 3 eligible persons and businesses in the workforce, and 10% of the work resulting out of the expenditure of HUD funding for construction, professional services, and other on-site service contracts.

CTHC and Contractors may demonstrate compliance with Section 3 requirements by meeting the numerical goal set forth in the Section 3 Clause for providing employment, and contracting opportunities to Section 3 Residents and Section 3 Business Concerns. Efforts to employ Section 3 Residents to the greatest extent feasible shall be made at all job levels.

The numerical goals established above represent minimum numerical targets and any contractor that meets the minimum numerical goals set forth will be considered to have complied with the Section 3 requirements. Any contractor that does not meet the numerical goals set forth above has the burden of demonstrating why it was not feasible to meet the numerical goals. In the event no contractors were successful in meeting the minimum goal set forth above, CTHC shall consider documentation provided by the contractor evidencing impediments encountered despite actions taken to comply with the Section 3 requirements as a method of meeting the Section 3 requirements for the contract. Such evidence shall be subject to the discretion of the Consortium.

The contractor agrees to maintain records documenting Section 3 residents that were hired to work on previous Section 3 covered projects or activities that were retained by the contractor for subsequent Section 3 covered projects or activities.

The contractor agrees to post signs advertising new employment, training, or subcontracting opportunities that will be available as a result of the Section 3 covered projects and activities in conspicuous places at the work site where potential applicants can review them.

The contractor agrees to hire, to the greatest extent feasible, Section 3 residents as 30 percent of new hires (135.30(b)(1)(iii)), or provide written justification to the recipient that is consistent with 24 CFR 135.30 describing why it was unable to meet minimum numerical hiring goals despite its efforts to comply with the provisions of this clause.

The contractor agrees that in order for a Section 3 resident to be counted as a new hire, the resident must work full time.

The contractor and subcontractor agree to award, to the greatest extent feasible, 10 percent of the total dollar amount of subsequent contracts awarded in connection with the Section 3 covered project or activity to Section 3 businesses (135.30(c)).

The contractor agrees to notify Section 3 residents and businesses about the availability of new employment, training, or contracting opportunities created as a result of the receipt of Section 3 covered financial assistance, as stipulated by the awarding agency.

The contractor agrees to verify the eligibility of prospective Section 3 residents and businesses for employment, training, or subcontracting opportunities, in accordance with the recipient's policies and procedures.

The contractor agrees to provide priority consideration to eligible residents and businesses in accordance with 24 CFR 135.36.

The contractor agrees to notify potential bidders on subcontracts that are associated with Section 3 covered projects and activities about the requirements of Section 3, and include the Section 3 clause in its entirety into every subcontract awarded.

The contractor agrees to impose sanctions upon any subcontractor that has violated the requirements of this clause in accordance with the awarding agency's Section 3 policies and procedures.

The contractor agrees to comply with all monitoring, reporting, recordkeeping, and other procedures specified by the awarding agency.

Failure to comply with this clause shall result in the imposition of sanctions. Appropriate sanctions for noncompliance may include: requiring additional certifications or assurances of compliance; termination or cancelation of the contract, subcontract, memorandum of understanding, cooperative agreement, or similar legally binding arrangement for default; refraining from entering into subsequent contracts, subcontracts, memoranda of understanding, cooperative agreements, or similar legally binding arrangement; repayment of funds, and withholding a portion of contract awards, subcontracts, memoranda of understanding, cooperative agreements, or similar legally binding arrangements.

Reports:

The Consortium requires the following to be submitted detailing Section 3 compliance, as applicable, as they occur:

- Job posting
- Advertisement for employment opportunities
- Lists of applications received and results
- Documentation of training provided to Section 3 employees to include sign in sheet
- Pictures(s) of job site signage with the date the picture was taken
- Any other documentation or methods used to notify businesses and residents of opportunities

Complaint Process:

Upon receipt of a written complaint, the specific allegations will be investigated and a finding made. If it is determined that the contractor or subcontractor has functioned in such a manner as to breach the contractual obligations of the approved Section 3 Plan, the CTHC will notify the appropriate parties of such findings and of the corrective measure that will be required. Any Section 3 resident or business may file a complaint alleging noncompliance with Section 3 by a contractor or subcontractor. Section 3 residents and businesses may also seek judicial relief.

Written complaints must be filed within 180 days of occurrence and must contain:

- Name and address of the person filing the complaint;
- Name and address of the subject of complaint (HUD Recipient or Contractor)
- Description of acts or omissions in alleged violation of Section 3
- Statement of Corrective action sought

Complaints may be filed in writing to the Consortium or the regional FHEO office:

Central Texas Housing Consortium
PO Box 1326
Temple, TX 76503-1623

Ft. Worth Regional Office FHEO
Ft. Worth Regional Office of FHEO
U.S. Dept. of Housing and Urban Dev.
801 Cherry Street, Unit #45, Suite 2500
Fort Worth, Texas 76102

SECTION 3 FAQ's

1. Who is a Section 3 Resident?

A Section 3 Resident is a person who is a resident of public housing or a low or very –low income person who resides in Bell, Coryell, or Lampasas counties.

2. What is a Section 3 Business Concern?

A Section 3 Business Concern means a business concern that meets one of the following criteria; (1) at least 51 percent ownership by a Section 3 Resident; or (2) at least 30 percent of its permanent full-time employees include persons that are currently Section 3 Residents, or were Section 3 eligible residents within 3 years of date of first employment with the business concern; or (3) provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to Section 3 Business Concerns that qualify via the Section 3 ownership or workforce criterion.

3. Who can become certified as a Section 3 Business Concern?

A business concern that meets the eligibility criterion of (1) or (2) as set forth in the answer to question #2, "What is a Section 3 Business Concern?" can certify. CTHC does not certify Section 3 Business Concerns that qualify based on criterion (3). Instead, their Section 3 commitments are evaluated on a per contract basis.

4. How can I demonstrate Section 3 compliance?

A bidder/proposer and its subcontractors demonstrate Section 3 compliance by submitting: (1) Contractor's Section 3 Compliance Report, that projects a commitment to award contracts to certified Section 3 Business Concerns and/or hire certified Section 3 Residents, IF there is a need to award contracts and/or hire new employees; and (2) supporting documentation verifying that the bidder/proposer and its subcontractors outreached to Section 3 Business Concerns found on the HUD website.

5. What are examples of supporting documentation that verify outreach to Section 3 Business Concerns?

At a minimum, supporting documentation shall include a list of calls or copies of emails- with outcomes- to CTHC certified Section 3 Resident Concerns and HUD Business Concerns.

6. Do I have to comply with Section 3 hiring goals, if I do not plan to hire new employees and I do not plan to award contracts/subcontracts?

No. The requirements to comply with Section 3 are triggered when there is a need for new hires, contractors and/or subcontractors.

7. What is the Section 3 Clause, and why is it important?

The contractor must include the Section 3 Clause in its entirety in every subcontract that is subject to compliance with Title 24, Part 135 of the Code of Federal Regulations. The Section 3 Clause is the provisions set forth in Title 24, Part 135.38 of the Code of Regulations.

8. Does CTHC monitor Section 3 Compliance?

Yes. The CTHC Section 3 Coordinator monitors compliance by reviewing contractors' and subcontractors' certified payroll and/or workforce reports. Contractors and subcontractors must seek to maintain their approved percentages of Section 3 participation throughout the term of the Section 3 covered contract/project.

§135.38 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). 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 part135 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 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 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).

SECTION 3 BUSINESS CERTIFICATION

The undersigned makes this affidavit with full knowledge that under penalty of perjury, and certifies the Section 3 status as marked:

Project Name _____

I, _____, am the _____ of
(Name of owner, officer, representative) (Title)

_____, located at _____;
(Company Name) (Address, City, State, Zip)

Whose business concern is

_____ 51 percent or more owned and managed by Section 3 residents; or

_____ Employs Section 3 residents for at least 30 percent of its full-time, permanent staff; or within 3 years of the date of first employed with the business

_____ Provides evidence of a commitment to subcontract to Section 3 business concerns, 25 percent or more of the dollar amount of the awarded contract.

_____ None of the above.

And, for the project named above, we claim status as a Section 3 business concern in the category listed below:

_____ Category 1: Business concern that is 51 percent or more owned by residents of the housing development for which the Section 3 covered is expended, or whose full time permanent work force includes at least 30 percent of these persons as employees.

_____ Category 2: Business concern that is 51 percent or more owned by residents of other CTHC managed housing developments, including scattered sites, or whose full time permanent work force includes at least 30 percent of these persons as employees.

_____ Category 3: HUD YouthBuild program being carried out within the City of Temple or Belton.

_____ Category 4: Business concern that is 51 percent or more owned by Section 3 residents, including residents receiving other HUD housing assistance or who live in low-income households, or whose full time permanent work force includes at least 30 percent of these persons as employees.

_____ Category 5: Business concerns that subcontract at least 25 percent of the total contract award to Section 3 business concerns.

Signature _____

Date _____

SECTION 3 EMPLOYMENT/TRAINING PREFERENCE CLAIM FORM

A person seeking preference in employment and/or training shall certify to the employer, and submit evidence showing they meet the criteria of a Section 3 resident (i.e. proof of a receipt of public assistance or residency in a Department of Housing and Urban Development (HUD), other federally-assisted housing program, or other government assistance program).

SECTION 3 RESIDENT CERTIFICATION

I, _____, certify that the information I have provided below is true and accurate.

I have attached one of the following documents as proof of my status:

- Proof of residency (lease in a HUD or other federally assisted program).
- Proof of public assistance, e.g., Temporary Assistance for Needy Families (TANF) recipients, etc.
- Proof of participation in a HUD YOUTHBUILD program or in another federally assisted program such as job training programs, etc.
- Proof of participation in a state or local assistance program, or other program that assists low-or very-low income persons.

ONLY USE THE FOLLOWING IF ONE OF THE ABOVE IS NOT APPLICABLE.

- Employee household income, from all sources, does not exceed Total Family Income for my family size.

PLACE "X" IN APPROPRIATE ROW TO DENOTE FAMILY SIZE

NUMBER OF FAMILY MEMBERS		TOTAL FAMILY INCOME FOR BELL & CORYELL COUNTIES	TOTAL FAMILY INCOME FOR LAMPASAS COUNTY
1		\$33,250	\$33,400
2		\$38,000	\$38,200
3		\$42,750	\$42,950
4		\$47,450	\$47,700
5		\$51,250	\$51,550
6		\$55,050	\$55,350
7		\$58,850	\$59,150
8		\$62,650	\$63,000

PRINT NAME: _____

SIGNATURE: _____ DATE _____

COUNTY OF RESIDENCE: _____