

Title 24: Housing and Urban Development

PART 135—ECONOMIC OPPORTUNITIES FOR LOW- AND VERY LOW-INCOME PERSONS

Subpart B—Economic Opportunities for Section 3 Residents and Section 3 Business Concerns

§ 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 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 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).

**CERTIFICATION FOR BUSINESS CONCERNS SEEKING SECTION 3 PREFERENCE
IN CONTRACTING & DEMONSTRATION OF CAPABILITY**

Company Name: _____
Company Owner: _____
Address: _____
Phone: _____ Fax: _____ Email: _____
Business Type: Corporation Partnership Sole Proprietorship

SECTION 3 DETERMINATION:

If the answer to any of the questions below is YES, the business qualifies as a Section 3 Business Concern. Please provide the required documentation as needed to the Project Manager.

1. Is the business owned (51% or more) by individuals whose household incomes are NO GREATER THAN 80% of Area Median Income? *(Please see Income Limits below)*

Yes No

If yes, the business is considered a 'Section 3 Resident-Owned Enterprise'. One form of documentation is needed for each of the business owners:

Federal Income Tax Returns W-2 Income Statements Paycheck Stubs
 Evidence of Public Assistance Other:

2. Do 30% (or more) of your full time, permanent employees have household incomes that are NO GREATER THAN 80% of Area Median Income? *(Please see Income Limits below)*

Yes No

If yes, the business is considered a Section 3 Business Concern. Please provide the following:

List of all current Full Time employees
 Self-Certification Income Forms for all employees earning less than 80% of median income

3. Will you subcontract more than 25% of this contract with any business that is either 51% owned by Section 3 residents or 30% or more of its employees are Section 3 residents?

Yes No

If yes, please provide the following documentation:

List of subcontracted Section 3 business(es) and subcontract amount.
 Evidence which identifies the subcontractor is considered a Section 3 Business Concern (Sections 1 and 2 above provide examples of evidence to be used to identify a Section 3 Business Concern)

2017 Income Limits / Maricopa County										
FY 2015 Income Limit Area	Area Median Income	FY 2017 Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Maricopa County	\$64,000	<u>Very Low (50%) AMI</u>	\$23,200	\$26,500	\$29,800	\$33,100	\$35,750	\$38,400	\$41,050	\$43,700
		<u>Low (80%) AMI</u>	\$37,100	\$42,400	\$47,700	\$52,950	\$57,200	\$61,450	\$65,700	\$69,900
		<u>Moderate (120%) AMI</u>	\$55,650	\$63,600	\$71,550	\$79,450	\$85,850	\$92,200	\$98,550	\$104,900

****NOTE: ALL BIDDERS MUST COMPLETE THIS SECTION OF THIS FORM.**** *Bidders do not have to have hiring needs in order to be selected for the Contract Award.*

ESTIMATED PROJECT WORKFORCE BREAKDOWN

Job Category	Total Estimated positions needed (this project)	No. positions occupied by permanent employees	No. positions not occupied	No. positions to be filled with Section 3 residents (this project)
Officer/Supervisors				
Office/Clerical				
Technical Support				
Field Supervisors				
Tradesmen				
Trainees/Labor				

General Contractor Certification Statement

I, the undersigned understand that this information will be used to ensure compliance with U.S. Department of Housing and Urban Development Section 3 eligibility requirements. By signature below, I am certifying that the above information is true and correct. The penalty for making false statements is prescribed in the U.S. Criminal Code 18 U.S.C. 1001. Additionally, U.S. Criminal Code Section 1010, Title 18 U.S.C. "Federal Housing Administration transactions" pro-vides in part "Whoever, for the purpose of... influencing in any way the action of such Administration...makes, utters or publishes any statement knowing the same to be false...shall be fined not more than \$5,000 or imprisoned not more than two years or both."

Signature: _____

Date: _____