

HUD Section 3 Compliance Acknowledgment and Intent to Comply

Name of (circle one): <u>Owner / Developer</u> OR <u>General Contractor</u>			
Business Street Address			
Business Phone Number		Contact Email	
Primary Contact Name			
Primary Contact Phone Number		Title	

Name of (circle one): <u>General Contractor</u> OR <u>Demolition Contractor</u>			
Business Street Address			
Business Phone Number		Contact Email	
Primary Contact Name			
Primary Contact Phone Number		Email	

If awarded a HUD funded contract, I will:

- A. Insert the HUD Section 3 Clause language into all HUD Section 3 covered contracts and subcontracts;
- B. Submit and implement, *to the greatest extent feasible*, a City of Detroit Section HUD Section 3 Plan which will form part of our contractual obligations to the City of Detroit;
- C. Submit all required employment and contracting documentation as requested by the Section 3 Program Manager after review of the Section 3 Plan; and
- D. Take affirmative actions to comply with all HUD Section 3 notification, information, attain and report monthly (or agreed upon timing with Section 3 Program Manager) efforts toward achieving established HUD Section 3 hiring and contracting compliance goals and reporting obligations.

We are (I am) committed to comply with the HUD Section 3 Act, the Section 3 regulations, and the City of Detroit HUD Section 3 requirements. It is our desire to work together to ensure compliance, *to the greatest extent feasible*, through the awarding of contracts for work and services to HUD Section 3 business concerns and to provide employment and training to HUD Section 3 residents.

(NOTE: This page is part of your bid package.)

Owner / Developer OR General Contractor:

Print Name: _____ Title: _____

Signature: _____ Date: _____

General Contractor OR Demolition Contractor:

Print Name: _____ Title: _____

Signature: _____ Date: _____

HUD City of Detroit Section 3

Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968, federal regulation §24 CFR 135. The City of Detroit is committed to their Section 3 Program to foster local economic development, neighborhood economic development, and individual self-sufficiency. Section 3 Program requires recipients of certain HUD housing and community development financial assistance, to the greatest extent feasible, to provide employment and job training for low- and very low-income persons and contracting opportunities to business concerns which provides economic opportunities to low- and very low-income persons in connection with projects and activities in their neighborhoods.

Employment and Training

To demonstrate compliance with HUD Section 3 regulations, the goal is to employ Section 3 residents at least thirty percent (30%) of the aggregate number of new hires and to provide training to those new hires. Also the agreement is to provide information regarding existing employees and projected hiring needs as a part of the City of Detroit Section 3 Plan when submitting plans for HUD covered contracts.

Contracting

To demonstrate compliance with HUD Section 3 regulations, the goal is to contract at least 10% of the total dollar amount of all Section 3 covered construction work and 3% of the total dollar amount of all Section 3 covered non-construction work to Section 3 business concerns.

Therefore, the goals for each developer, contractor and subcontractor on a covered Section 3 project must acknowledge and actively seek to achieve the following Section 3 goals:

- ☐ At least thirty percent (30%) of the aggregate number of new hires needed to complete the project shall be Section 3 Residents; and
- ☐ At least ten percent (10%) of the total dollar amount of all covered construction contracts shall be awarded to Section 3 business concerns; and
- ☐ At least three percent (3%) of the total dollar amount of all covered non-construction (including routine maintenance, HVAC servicing, re-painting, lawn care, and professional services – architectural, engineering, legal services, accounting, marketing, etc.) contracts shall be awarded to Section 3 business concerns.

A Section 3 Plan is submitted when a company is bidding on or has been awarded a HUD funded covered project. When awarded HUD funds for a covered Section 3 project, the Section 3 Plan is used as a baseline for meeting the minimum goal requirements as stated above. Compliance documents:

- ☐ Section 3 Plan
- ☐ Workforce Form
- ☐ Verification of Income Form (for Section 3 Residents only)
- ☐ Section 3 Summary Report - as agreed upon depending of the length of the project (timing could be monthly, quarterly, semi-annual, and/or annual), ***which could include certified payroll, unconditional waiver, or etc.***
- ☐ Section 3 Final Summary Report – at completion of project

Section 3 Business Certification and Program Information

Section 3 business concerns receive a preference in HUD contracting opportunities. If you would like more information on the Section 3 Program and to certify as a Section 3 business, visit Civil Rights, Inclusion & Opportunity's (CRIO) web page, <http://www.DetroitMi.gov/Government/Departments-and-Agencies/Civil-Rights-Inclusion-Opportunity>. The office is located in the Coleman A. Young Municipal Center (CAYMC), Suite 1240. The program manager is Patricia Ford, 313-224-9515, CRIOsection3@DetroitMi.gov.

HUD Section 3 Clause

All Section 3 covered contracts shall include the following information (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 impediments 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 this provision 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).

Additional Section 3 Information

What is a Section 3 Resident?

A Section 3 Resident: (1) is a public housing resident or (2) meets the requirement of household income for low- or very low-income person;

Family Size	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
Income	\$39,700	\$45,400	\$51,050	\$56,700	\$61,250	\$65,800	\$70,350	\$74,850

FY 2018 - 2019 - \$70,900 Median Income; Metro Detroit Income Limits subject to change annually
(source: Detroit-Warren-Livonia MI HUD METRO FMR AREA AMI Income Limits as of 06/30/2018)

What is a Section 3 Business Concern?

A Section 3 Business Concern meets one of the following criteria:

- ☐ Fifty-one percent (51%) or more of the business is owned by Section 3 residents; OR
- ☐ Thirty percent (30%) or more current permanent full-time employees are Section 3 residents or within 3 years of the date of 1st employment with the business concern were Section 3 residents; OR
- ☐ Business can provide a firm commitment to subcontract in excess of twenty-five percent (25%) or more of the total dollar amount of contracts to Section 3 business concerns.

Priorities for Section 3 Contracting, Training, and Employment

For contracting:

- ☐ Businesses that meet the definition of a Section 3 business concern

For training and employment:

- ☐ Persons in public and assisted housing
- ☐ Persons in the area where the HUD financial assistance is expended
- ☐ Participants in HUD Youthbuild programs
- ☐ Homeless persons

Examples of non-construction and construction jobs include but not limited to:

Non-construction		Construction
Administrative / Management	Services	
Accounting	Appliance repair	Architecture
Bookkeeping	Carpet installation	Bricklaying
Payroll	Catering	Carpentry
Purchasing	Computer / Information	Cement / Masonry
Research	Florists	Demolition
Word processing / Data entry	Janitorial	Drywall
	Landscaping	Electrical
	Manufacturing	Elevator construction
	Marketing	Engineering
	Photography	Fencing
	Printing	Heating
	Transportation	Iron works
		Machine operation
		Painting
		Plastering
		Plumbing
		Surveying
		Tile Setting