### Section 3 Requirements

### HUD Funded Public Works Projects

1. **GENERAL**
   1. In addition to the use of MBE and WBE subcontractors and suppliers, and the use of women and minorities as employees, HUD regulations require that businesses owned by residents of, or which are located within Thurston County employ low-income employees to be used as subcontractors and suppliers and that contractors employ low-income residents of Thurston County to be used as employees and trainees in the accomplishments of this work.
   2. The work to be performed under this contract is on a public works project assisted under a program providing direct Federal financial assistance in excess of $100,000 pursuant to the Department of Housing and Urban Development Act of 1968, as amended, 12 USC 1701u. Section 3 of that Act requires that opportunities for training and employment be given to lower income residents of the project area and that public works contract for work in connection with the project be awarded to business concerns which are located in or owned in substantial part by persons residing in the area of the project.
   3. The parties to this public works contract will comply with the provisions of Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development and all applicable rules and orders of the Department issued thereunder prior to the execution of this contract. The parties to this contract certify and agree that they are under no contractual or other disability, which would prevent them from complying with these requirements.
   4. The contractor will send to each labor organization or representative of workers with which he/she has a collective bargaining agreement or other contract or understanding, if any, a notice advising the labor organization or worker’s representative of his commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.
   5. The contractor will comply with, and include the following Section 3 requirements in every subcontract for work in connection with the public works project and will, at the direction of Contracting Agency, take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the Secretary of Housing and Urban Development. The contractor will not subcontract with any subcontractor where it has notice or knowledge that the latter has been found in violation of applicable federal regulations and will not let any subcontract unless the subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.
2. **SPECIFIC REQUIREMENTS**
   1. Goals and Objectives of Section 3.

Section 3 refers to Section 3 of the Housing and Urban Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by Housing and Urban Development (HUD) funds shall, to the greatest extent feasible, be directed to:

* + 1. Low and very low income persons, and
    2. Business concerns which provide economic opportunities to low and very low-income persons.
  1. **Applicability**

All construction contracts issued by Contracting Agency for which the amount of CDBG, ESG, HOME or other HUD funding exceeds $100,000 in value. This proposed Contract and project is subject to the provisions of HUD Section 3 requirements.

* 1. Definitions
     1. A “Section 3 Resident” means a public housing resident or a person who resides in Thurston County who is low or very low income. (See current Section 8 income limits, or determine that income level(s) are less than 80% of the County median income).
     2. A “Business Concern” means a business formed and licensed in accordance with State and local laws to engage in the type of activity for which it was formed.
     3. A “Section 3 Business Concern” means a business concern whose:
        1. Ownership is 51% or more by low-income Thurston County; or whose
        2. Workforce of permanent and full time employees is comprised of at least 30% low income Thurston County residents, or Thurston County residents who qualified as low income within three (3) years of the date of their current hire with the business; or whose
        3. Commitment to subcontract in excess of 25% of the dollar award of all subcontracts to Section 3 businesses can be documented and verified.
     4. All bidders, whether they are currently a Section 3 business or not, upon award of the bid, will develop a Section 3 Hiring and Subcontracting Opportunities Plan. A Section 3 Plan is a written plan formulated between the bidder and Contracting Agency, which includes at least 10% of new hires from Section 3 residents. Section 3 residents may be identified through recognized or licensed apprenticeship programs, training programs at such institutions as Bates and Clover Park technical colleges, unions, and unemployed individuals with the necessary skills registered with a public or private employment agency.
     5. Bidders are advised that Contracting Agency and its contractors and subcontractors shall direct their efforts to award Section 3 covered contracts to the greatest extent feasible, to Section 3 businesses and residents in the following priority:
        1. Category 1 Business: A Section 3 business that provides economic opportunities for Section 3 residents in the area in which the project is located.
        2. Category 2 Business: An entity selected to carry out a HUD Youthbuild program.
        3. Category 3 Business: See definition II.c of a Section 3 Business Concern.
  2. **Requirements**
     1. All work to be performed is subject to Section 3 requirements of the Housing and Urban Development Act of 1968, as amended, 12 (USC 1701u(Section 3). The purpose of Section 3 is to ensure employment and other economic opportunities generated by HUD assisted projects covered by Section 3, shall, to the greatest extent possible be directed to low and very low income persons, particularly persons who are recipients of HUD assistance for housing.
     2. All parties to this contract agree to comply with HUD’s regulations in 24 CFR, Part 135, which implements Section 3. As evidenced by their execution of this contract, all parties to this contract certify that they have no contractual or other impediment that would prevent them from complying with Section 3 requirements.
     3. The Contractor agrees to send each labor union or representative of workers with which the contractor has a collective bargaining agreement, if any, a notice advising of the Contractor’s commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site for both employees and applicants for training and employment positions. The notice shall describe the Section 3 preference, shall set forth a minimum number and job titles subject to new hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications; and the anticipated date when work will begin.
     4. The Contractor agrees to include this Section 3 clause in every subcontract, and agrees to take appropriate action upon finding that a subcontractor is in violation of Section 3 requirements. The Contractor will not subcontract with any subcontractor where the Contractor has notice or knowledge that the subcontractor has been found in violation of Section 3 requirements.
     5. By signing this contract, the Contractor certifies that any vacant employment positions, including training positions that are filled after the Contract is awarded but before the contract is executed were not filled to circumvent the Contractor’s obligations under Section 3 requirements.
     6. Noncompliance with HUD’s Section 3 requirements as fully set forth in 24 CFR, Part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
     7. Copies of 24 CFR, Part 135 may be obtained from Thurston County Housing and Community Renewal .
     8. The Bidder/Contractor for this contract has formulated a Section 3 Plan. The Plan is included as an Attachment to this contract. Contracting Agency shall provide to the Thurston County Housing and Community Renewal regular status reports throughout the contract period as agreed upon with Thurston County. For any goal not met, the report shall identify the impediments encountered, and the Contractor’s actual and future actions to overcome such impediments. The report shall also identify any other economic opportunities which the Contractor has taken or intends to take.

The failure of the Contractor to comply in good faith with the approved Plan shall be a material breach of this Contract.

**🞎 NO, COMPANY IS NOT A SECTION 3 BUSINESS**

**SECTION 3 PLAN**

After award of bid, it will, if selected, complete this Section 3 Plan with the Thurston County Housing and Community Renewal. The Section 3 Plan will detail how a minimum of 10% of new hires, as a result of work under this contract, shall be Section 3 residents. List below the estimated number of new hires by the BIDDER/SUBCONTRACTOR and named subcontractor(s):

|  |  |  |  |
| --- | --- | --- | --- |
| **Contractor** | |  | **Est. Number**  **of New Hires** |
| BIDDER/PRIME |  |  |  |
| SUBCONTRACTOR |  |  |  |
| SUBCONTRACTOR |  |  |  |
| SUBCONTRACTOR |  |  |  |
| *(continue on separate sheet, if necessary.)* |

**PRESENT EMPLOYEES**

(Includes your entire organization)

We presently employ \_\_\_\_ full-time employees, including:

* Minorities
* Women
* Lower-income Thurston County residents
* Otherwise qualified disabled individuals

We also presently employ \_\_\_\_ part-time employees, comprised of:

* Minorities
* Women
* Lower-income Thurston County residents
* Otherwise qualified disabled individuals

Further, during the period of this project we expect to provide training for \_\_\_\_ present employees including:

* Minorities
* Women
* Lower-income Thurston County residents
* Otherwise qualified disabled individuals

During the period of this project we agree to follow all requirements listed above under Section 3 Requirements, and follow to the best of our abilities those requirements and to fill all available employment positions with individuals that qualify as a Section 3 employees. We will further work towards hiring qualified Section 3 subcontracting firms when the need becomes available.

Company: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*(typed or printed name)*

### Bidder/Subcontractor Section 3 Representation Form

**🞎 YES, COMPANY IS A SECTION 3 BUSINESS**

|  |  |
| --- | --- |
| BIDDER/ SUBCONTRACTOR: |  |
| STREET ADDRESS: |  |
| TOWN/ZIP CODE: |  |
| CONTACT PERSON: |  |
| PHONE & FAX NO: |  |

**REPRESENTATION**

The BIDDER/SUBCONTRACTOR represents and certifies as a part of its bid that it is:

A SECTION 3 BUSINESS, which:

🞎 is 51% or more owned by low-income Thurston County residents, or;

🞎 has full time employees, 30% or more of whom are Thurston County residents who are low income OR qualified as low-income residents within three years of the date of current hire with the BIDDER/SUBCONTRACTOR, or;

🞎 will award subcontracts in excess of 25% of the dollar amount of all subcontracts to the Section 3 businesses identified below:

|  |  |  |
| --- | --- | --- |
| **Proposed Section 3 Subcontractor** |  | Contract Amount ($) |
|  |  |  |
|  |  |  |
|  |  |  |

*(Continue on separate sheet, if necessary.)*

Company: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*(typed or printed name)*