CITY OF MONTGOMERY, ALABAMA

SECTION 3 PLAN

1. Overview of Section 3 Requirements

A. WHAT IS SECTION 3?

The term, "Section 3" in this plan refers to a provision of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) that is regulated under requirements found at 24 CFR Part 75. The purpose of Section 3 regulations is to ensure that employment and other economic opportunities generated by certain federal financial assistance to recipients thereof are, to the greatest extent feasible, and consistent with existing federal, State and local laws and regulations, directed to low- and very low-income persons, particularly those who receive government assistance for housing, and to business concerns which provide these opportunities to low- and very low-income persons. Additional information is available on the HUD website at: **https://hudapps.hud.gov/OpportunityPortal/**.

The applicable Section 3 income limits criteria will be determined annually using the guidelines published at *http://www.huduser.gov/portal/datasets/i/il2021/select*. For the purposes of Section 3 income eligibility determinations, the City of Montgomery will use individual income rather than family/household income standards in defining or identifying Section 3 workers, Targeted Section 3 workers, or Section 3 business concerns.

Contract recipients are NOT expected to terminate existing employees to meet Section 3 goals and objectives. However, recipients are expected to make every reasonable effort to utilize the existing available and qualified workforce by following the applicable Section 3 prioritizations of effort, when hiring additional employees as needed for covered contracts.

Under Part 75 rules, contract recipients are required to certify best efforts to follow the prioritization of effort requirements, both prior to the beginning of work and after work is completed.

B. PURPOSE OF THIS DOCUMENT

This plan outlines how the City of Montgomery and its subrecipients, contractors, subcontractors, and developers (hereafter collectively or partially referred to as "contract recipients") will comply with the U.S. Department of Housing and Urban Development's (HUD's) Section 3 requirements in implementing the City's HOME and Community Development Block Grant (CDBG) programs. The City will follow this plan to ensure, to the greatest extent feasible, that the purposes and requirements of Section 3 are implemented for all of its funded Section 3 covered contracts, especially with regard to Section 3 workers, Targeted Section 3 workers, and Section 3 business concerns, as are defined below and at 24 CFR Part 75.

The City of Montgomery may amend its Section 3 Policies and Procedures document from time to time as necessary to ensure continued compliance with HUD's requirements and/or to reflect updated Section 3 guidance and outreach strategies.

C. APPLICABILITY

Applicability to Section 3 coverage is determined at the project level only.

The rule applies to housing and public facility construction projects that exceed **$200,000** or more of financial assistance from Public Housing Authority (PHA) or housing and community development (HCD) programs such as CDBG, HOME, HOME-ARP, and/or other associated HUD entitlement programs.

For projects funded with Lead Hazard Control and Healthy Homes (LHCHH) Programs, this plan applies to all contracts that exceed **$100,000**. NOTE: LHCHH assistance is not included in calculating whether the assistance exceeds the $200,000 threshold. HUD public housing financial assistance and HUD housing and community development financial assistance is not included in calculating whether the assistance exceeds the LHCHH $100,000 threshold.

The City does not provide public housing financial assistance as defined under the United States Housing Act of 1937, 42 U.S.C. 1437 et seq. activities related to Public Housing, all of which would be covered under Section 3. Therefore, this plan is not intended to be applicable to contracts awarded under Public Housing Authority (PHA) action plans for such development assistance, operating funds, capital funds, or mixed-finance development.

This plan also applies to projects that include multiple funding sources from combinations of CDBG, HOME, HOME-ARP, HESG, or other HUD financial assistance for single or multiple contract recipients, as well as for Lead Hazard Control and Healthy Homes Program contracts, and/or for projects that combine resources from both HDC and PHA assistance.

Section 3 requirements **do not** apply to: (1) material supply contracts [§ 75.3(b)], (2) Indian and Tribal Preferences [§ 75.3(c)], and (3) other HUD or other federal assistance not subject to Section 3 [§75.3(d)]. However, for financial assistance that is not subject to Section 3, contract recipients are encouraged to consider ways to support the purposes of Section 3 as far as it is feasible.

2. Section 3 Coordination

Section 3 Coordinators serve as the central point of contact for Section 3 compliance for the City of Montgomery and its contract recipients supporting City HUD funded programs. Community Development staff members serving in this capacity are delegated under guidance of the Director of Community Development. Contract recipients and others with questions regarding Section 3 compliance can be directed to a Community Development Section 3 Coordinator, by contacting:

Grants Administrator
Community Development Division
334-625-2735

OR

https://www.montgomeryal.gov/government/city-government/city-departments/community-development/community-development-division

3. Goals for Employment, Training, and Contracting

In awarding contracts funded under its administrative responsibilities for community housing and development (HCD) activities, the City of Montgomery must follow the Part 75 **Subpart C** requirements for employment, training, and contracting goals. However, for any project that may be funded with the combined financial assistance of both PHA and HCD resources, the requirements at Part 75 **Subpart B** will apply, unless otherwise indicated in the written HCD funding agreement, at the recommendation of the City Grants Administrator. See footnoted annotations in sections in the following sections.

GOAL 1: SAFE HARBOR COMPLIANCE

The City will be considered by HUD to have complied with the Section 3 requirements, by its documentation and certification of all contract recipients having met or exceeded the Section 3 benchmarks for the required prioritization of effort, absent evidence of the contrary. Therefore, mandatory documentation of compliance procedures will apply, with no exceptions, as follows:

PROJECTED SAFE HARBOR STRATEGY by CONTRACT

Included with the original contract bid or proposal, potential contract recipients are required to submit a projected strategy for implementing the required **prioritization of effort** for Section 3 workers, Targeted Section 3 workers, and Section 3 business concerns as outlined below. The plan will list anticipated ESTIMATES of the following:

1) Anticipated total number of labor hours expected to be generated by their own contract;
2) Anticipated total number of Section 3 worker hours to be generated;
3) Anticipated total number of Targeted Section 3 worker hours to be generated; and
4) Anticipated qualitative effort(s), if any, with projected dates of implementation (see below).

DOCUMENTED SAFE HARBOR STRATEGY by CONTRACT

Throughout implementation of the work, contract recipients are required to track and to certify results of the prioritization of effort requirements in two ways, as follows:

- Worker Payroll Tracking Report using the form at Attachment C, or otherwise as provided or approved by Community Development;

- Section 3 Monthly Compliance Report at Attachment D, or otherwise on a form provided or approved by Community Development.

Payroll tracking must be reported separately for each pay period. For any pay periods wherein no work was performed, the contract recipient should enter, “No Work” on the first row.

Recipients that have not met the safe harbor requirements upon completion of the contract must provide evidence of *completed* **qualitative efforts** to assist low and very low-income persons with employment and training opportunities throughout construction on the project. Eligible qualitative efforts are subject to approval by Community Development.* However, the following examples are usually acceptable:

- Outreach efforts to generate job applicants who are Public Housing Targeted Workers
- Outreach efforts to generate job applicants who are Other Funding Targeted Workers
- Direct, on-the job training (including apprenticeship)
- Indirect such as arranging for, contracting for, or paying tuition for, off-site training
- Technical assistance to help Section3 workers compete for jobs (e.g., resume assistance, coaching)
- Outreach efforts to identify and secure bids from Section 3 business concerns
- Technical assistance to help Section 3 business concerns understand and bid on contracts
- Division of contracts into smaller jobs to facilitate participation by Section 3 business concerns
- Provided or connected residents with supportive services that can provide direct services or referrals
- Provided or connected residents with supportive services providing one or more of the following: work readiness health screenings, interview clothing, uniforms, test fees, transportation

- Assisted residents with finding childcare
- Assisted residents to apply for/or attend community college or a four-year educational institution
- Assisted residents to apply for or attend vocational/technical training
- Assisted residents to obtain financial literacy training and/or coaching
- Bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns
- Provided or connected residents with training on computer use or on-line technologies
- Other*

SAFE HARBOR BENCHMARKS

The City has established employment and training goals that contract recipients should meet in order to comply with Section 3 requirements outlined in 24 CFR 75.19 for housing and community development financial assistance. The safe harbor benchmark goals are as follows:

1) Twenty-five (25) percent or more of the total number of labor hours worked by all workers on a Section 3 covered project are Section 3 workers;

   Section 3 Labor Hours / Total Labor Hours = 25% +

2) Five (5) percent or more of the total number of labor hours worked by all workers on a Section 3 project are Targeted Section 3 workers, as defined at 24 CFR 75.21.

   Targeted Section 3 Labor Hours[1] / Total Labor Hours = 5% +

HUD establishes and updates Section 3 benchmarks for Section 3 workers and/or Targeted Section 3 workers through a document published in the Federal Register, not less frequently than once every 3 years. Given that the Section 3 benchmarks are subject to change every (3) three years or sooner, the City will review the Section 3 Plan every 3 years as needed.

It is the responsibility of contractors to implement efforts to achieve Section 3 compliance. Prior to final draw, any contractor that does not meet the Section 3 benchmarks must demonstrate, by appropriate documentation, why it was not feasible to have met the benchmarks or accomplished qualifying efforts.

B. GOAL 2: CERTIFYING the PRIORITIZATION OF EFFORT

EMPLOYMENT AND TRAINING

Under this plan, all contract recipients should make best efforts to provide employment and training opportunities to Section 3 workers within the Montgomery metropolitan statistical area (MSA) in the priority order listed below: [2]

[1] For projects subject to **Subpart B**, Targeted Section 3 Worker definition at §75.11 applies

[2] For projects subject to **Subpart B**, the following priority applies:

1) To residents of the public housing projects for which the public housing assistance is expended;'
2) To residents of other public housing projects managed by the PHA that is providing the assistance, OR for residents of Section 8 assisted housing that is managed by the PHA;
3) To participants in YouthBuild programs; and
4) To low- and very low-income persons residing within the Montgomery MSA

1) Section 3 worker residing within the service area or the neighborhood of the project, and

2) Participants in Youthbuild programs.

CONTRACTING

Under this plan, the City and its funded contract recipients must make their best efforts to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 workers within the Montgomery metropolitan statistical area (MSA) in the following order or priority.[3]

Section 3 Business Concerns that provide economic opportunities to:

1) Section 3 workers residing within the service area or the neighborhood of the project; and

2) Youthbuild programs.

4. Section 3 Eligibility and Certifications

All entities and individuals that meet Section 3 criteria and are participating in a Section 3 covered project may seek Section 3 preference from the contract recipient for training, employment, or contracting opportunities generated by federal financial assistance provided by the City Community Development Division. In such case, each must self-certify to having met the applicable criteria.

In the case of employees of, or applicants seeking employment with NON-Section 3 business concerns, individuals may self-certify to qualify as a Section 3 worker or a Targeted Section 3 worker, using forms provided or approved by Community Development. **NON-Section 3 business concerns must provide self-certification forms to all current employees, as well as applicants for full time employment, on Section 3 covered projects.**

Business concerns seeking Section 3 business concern preference status must certify similarly, based on income qualifications of the ownership.

A. SECTION 3 WORKER and TARGETED SECTION 3 WORKER Self-Certification

For the purposes of Section 3 worker eligibility, a worker seeking Section 3 certification must submit self-certification documentation to the recipient contractor or subcontractor, attesting to having met the applicable income criteria for Section 3 worker or Targeted Section 3 worker status, as defined in 24 CFR Part 75.

1) The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction.

2) Nothing in this part shall be construed to require the employment of someone who meets this

[3]For projects subject to **Subpart B**, the following priority applies.
Section 3 business concerns that provide economic opportunities for:

1) residents of public housing projects for which the assistance is provided;
2) residents of other public housing projects OR Section 8 assisted housing managed by the PHA that is providing assistance'
3) participants in YouthBuild programs; and
4) Section 3 Workers residing within the Montgomery MSA.

definition of a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of the position to be filled.

Persons seeking the Section 3 worker preference must document having met, either currently or when hired within the past three (3) years, under one or more of the following criteria. The worker is:

1) A low- or very low-income resident (i.e., the worker's personal income from the current applicable employer for the previous calendar year (or as annualized) is below the income limit established by HUD); or

2) Employed by a Section 3 business concern; or

3) A Youthbuild participant

Persons seeking the Targeted Section 3 worker preference must demonstrate having met one or more of the following criteria:[4]

1) Employed by a Section 3 business concern; or

2) Currently meets, or when hired met at least one of the following criteria as documented within the past three (3) years;

   a) Living within the service area or the neighborhood of the project, as defined in 24 CFR Part 75.5; or
   b) A Youthbuild participant.

Workers who are seeking to self-certify for the above status classifications for preference in training and employment must submit the "Section 3 Worker and Targeted Section 3 Worker Self-Certification Form," as provided or approved by the City Community Development office, using the following procedure:

1) The recipient of the Section 3 covered contract (whether developer, general, prime, or subcontractor) will make blank self-certification forms available to employees, and to applicants for employment at the time of accepting application, who work on any portion of the Section 3 covered project, using the above form, or forms as approved or provided by Community Development.

2) The employee/applicants will complete and submit self-certification forms to the providing recipient/contractor/subcontractor, who will forward the forms to the original contract recipient.

3) The providing recipient/contractor/subcontractor will review and identify Section 3 and Targeted Section 3 workers on labor hours tracking documentation, provided to the original contract recipient.

4) Community Development will track labor hours for Section 3 and Targeted Section 3 workers, as

[4] For projects subject to **Subpart B**, the following priority applies.
The worker is:
1) Employed by a Section 3 business concern; or
2) Currently meets, or when hired met at least one of the following categories as documented within the past three (3) years:
   a) a resident of public housing; or
   b) a resident of other public housing properties or Section 8 assisted housing; or
   c) a YouthBuild participant.

reported by developers, subrecipients, contractors, and/or subcontractors.

Methods for Identification and Determination of Section 3 Status:

Generally, for housing and community development financial assistance through HOME, HOME-ARP, CDBG, HESG, or any combination thereof, the City of Montgomery must follow the identification and prioritization standards in **Subpart C** of Part 75, when determining worker status under the Section 3 regulations.

However, in cases where the City awards a contract for any Section 3 covered project that uses multiple sources of funds combined from both public housing (PIH) financial assistance *and* housing and community development (HCD) assistance, the City of Montgomery will follow the identification and prioritization standards as outlined in **Subpart B** of Part 75.

B. SECTION 3 BUSINESS CONCERN CERTIFICATION

The City and its developers, subrecipients, contractors, and/or subcontractors will encourage all associated recipients participating in Section 3 covered projects to make best efforts to award contracts to Section 3 business concerns.

IN ALL CASES, business concerns that receive Section 3 covered contracts directly or indirectly through the City must certify that the entity either (1) DOES qualify as a Section 3 business concern, or (2) does NOT qualify as a Section 3 business concern, by providing a completed and signed "Section 3 Business Concern Certification for Contractors and Subcontractors" form to the contracting recipient.

In particular, this form must be included with the submittal of any bid/proposal for Section 3 covered contract participation. If the City of Montgomery had previously approved a business concern for Section 3 status, then a copy of the active certification can be submitted in lieu of a new form, as long as the bid/proposal is submitted within the certification's applicable effective date.

All qualified Section 3 business concerns are required to provide documentation to the applicable recipient of having met one or more of the following criteria:

1) At least 51 percent of the business is owned and controlled by low-income persons;[5] or

2) At least 51 percent of the business is owned and controlled by current public housing residents or residents who currently live in Section 8 assisted housing; or

3) Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; and

In addition, each Section 3 business concern must provide evidence that it has self-registered under the "Section 3 Businesses" tab at this link: https://hudapps.hud.gov/OpportunityPortal/ .

Any Section 3 business concern's City of Montgomery certification will expire after (6) six months. Establishing a (6) six month certification of eligibility period allows Community Development the ability to assess contractor performance to ensure the business is striving to meet the required goals.

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[5] The City will use individual income rather than family/household income standards in defining or identifying Section 3 business concerns.

The status of a Section 3 business concern shall not be negatively affected by a prior arrest or conviction of its owner(s) or employees.

Nothing in this plan shall be construed to require the contracting or subcontracting of any given Section 3 business concern. Section 3 business concerns are not exempt from meeting the specifications of the contract.

Business concerns that mis-represent Section 3 business concern status, and/or purposely report any false information to the City, are subject to termination of any City contracts and declaration of default, and to disbarment from ongoing and future considerations for City contracting opportunities.

5. Assisting Contract Recipients with Achieving Section 3 Goals

In an effort to assist contract recipients with meeting or exceeding the Section 3 goals, City Community Development staff will do the following:

1) Provide technical assistance upon request, to City CD contract recipients, and explain policies and procedures as needed for following the Montgomery Community Development Section 3 Plan;

2) Provide all contract recipients with a copy of this Section 3 Plan and associated procedural requirements no later than the day of the official pre-construction conference, and obtain a signed acknowledgement of receipt (attachment E or equivalent);

3) Review applicable Section 3 benchmarks and prioritization of effort strategies with contract recipients to ensure that the applicable goals are understood;

4) Include notification of Section 3 requirements in all City advertising, leveraged as much as possible by other available and effective communication outlets such as social media, etc., for available Section 3 covered contracts.

5) Upon completion of each City-funded Section-3 covered project, the City will evaluate applicable Section 3 data that may have been accumulated during administration of the project contracts, and install available updates to the Section 3 Opportunity Portal, accordingly.

6. SECTION 3 OUTREACH

A. OUTREACH EFFORTS FOR EMPLOYMENT AND TRAINING

When job training opportunities are available in association with a Section 3 covered project, all contract recipients should, to the greatest extent feasible:

1) Contact and notify a City of Montgomery Section 3 Coordinator in the Community Development office when training opportunities are available.

2) Provide information about all available training opportunities to potential Section 3 workers and Targeted Section 3 workers, and new job applicants.

Contractors and subcontractors should employ several active strategies to notify Section 3 workers and Targeted Section 3 workers of job opportunities associated with a Section 3 covered contract/project, including:

1) Clearly indicating Section 3 eligibility on all training and employment advertising and job postings with the following statement, or equivalent; “This opening is a Section 3 eligible job opportunity. We encourage applications from individuals who are low-income and/or live in public housing, and/or who receive a federal Section 8 voucher.”

2) Including the Section 3 Worker and Targeted Section 3 Worker Self-Certification Form in all job applications.

3) Utilizing the Section 3 Opportunity Portal to find qualified candidates.

4) Establishing a current list of Section 3 eligible applicants.

B. OUTREACH EFFORTS FOR CONTRACTING

When contracting opportunities arise in connection with its applicable federally funded programs, Community Development will employ the following strategies to notify Section 3 business concerns of Section 3 contracting opportunities, including but not limited to:

1) Adding Section 3 language to all RFP’s, procurement documents, bid offerings and contracts.

2) Including timely notice of contracting opportunities, in accordance with the City’s adopted Citizen Participation Plan, to Section 3 business concerns that are currently registered with Community Development and/or the HUD Section 3 Opportunity Portal.

3) Coordinating with City contract recipients to require all prime contractors to publicize subcontracting opportunities for small businesses.

4) Responding to inquiring Section 3 business concerns by connecting them with economic development resources, as available, to support business development through assistance in obtaining contracting opportunities (e.g., bonding and insurance assistance, etc.).

7. Section 3 Provisions/Contract Language

As mentioned above, Community Development will include, and requires all contract recipients to likewise include standard Section 3 language in all subrecipient agreements or contracts for Section 3 covered projects. The City requires that all contract recipients for Section 3 covered projects **must meet the requirements, as applicable, of §75.19, whether or not Section 3 language is, in fact, included in said agreements.**

Community Development will take appropriate actions to ensure that it does not knowingly execute a contract with any contractor that has been found in violation of the Section 3 regulations. Likewise, it will also take appropriate actions, as may be determined by the Director of Community Development, should it become known that any covered contract recipient is in violation of 24 CFR Part 75, with regard thereto. At a minimum, CD staff will document the violation in writing and mitigation actions will be required, up to and including penalties of suspension and/or disbarment from City contracts in the future. On a periodic basis the Section 3 Coordinator will audit CDBG and HOME programs contractors for compliance with the minimum Section 3 requirements outlined in the Section 3 Plan.

8. Reporting Requirements

Contract recipients of all Section 3 covered contracts must submit Worker Payroll Tracking Report (Attachment C) for each pay period in the following manner:

1) Always list each worker that is on the payroll for the applicable contract, and complete all data requirements accordingly.

2) In the event that there are no labor hours to report for the pay period, whether for specific workers or all workers, indicate on the applicable rows: “No Work.”

A. MONTHLY REPORTING

Contract recipients must submit *all applicable backup documentation* with a Section 3 Monthly Compliance Report (Attachment D) to the provider of said contract, as follows:

1) Enter the number of certifications (Section 3 business, Section 3 worker, Targeted Section 3 worker) collected for the month covered in the report (reporting period). Attach a copy of each certification to the back of the Monthly Compliance Report, and save originals in contractor’s files.

2) Combine and enter the total labor hours tracked on the Worker Payroll Tracking Reports collected during the applicable reporting period.

3) If labor hours entered = 0: check at least one of the listed qualifying efforts at the bottom, and include estimated or planned date of carrying it out. The same qualifying effort may be indicated for subsequent monthly reports, if desired, or enter alternate effort(s) and date(s). **The City may delay final draws at the end of construction if no hours OR qualitative efforts have been provided by a contract recipient for City HUD program assistance.**

B. FINAL REPORTING at PROJECT COMPLETION

Upon the completion of a given project, a Community Development Section 3 Coordinator will conduct a final review of the project’s overall performance and compliance.

For CDBG contracts (including CARES; -CV; -DR; -MIT; -NSP; Recovery Housing Program, and Section 108 programs, if any), Community Development will report Section 3 data for completed projects annually by program year in a cumulative report in its annual CAPER.

For HOME and HOME-ARP contracts, CD staff will report Section 3 data in IDIS, on a project basis, after completion of construction as part of the closeout process for the project’s City federal assistance.

All City subrecipient agreements and development construction agreements/contracts shall include a City “Section 3 Clause and Certification” forms, which shall be made a part of the funding agreement (see attachment F). The certifying official of the contract recipient shall complete and execute certification of this form, and submit it to the applicable Community Development project manager or program manager, prior to disbursement of final draw of any City financial assistance.

C. REPORTING ON PROJECTS WITH MULTIPLE FUNDING SOURCES

For Section 3 projects that include BOTH sources of financial assistance, i.e., from HUD’s PHA *and* City HCD, Community Development will report on the project as a whole and will identify the multiple associated

contract recipients. The requirements at Part 75 Subpart B will apply, unless otherwise indicated in the written HCD funding agreement, at the recommendation of the City Grants Administrator.

For Section 3 covered projects assisted with funding from multiple sources for CDBG and HOME/HOME-ARP assistance, Community Development will follow subpart C of Part 75 and will report to the applicable HUD program office, as prescribe by HUD.

9. Internal Procedures for Section 3 Complaints

In effort to resolve complaints generated due to non-compliance through an internal process, Community Development encourages submittal of such complaints to a Community Development Section 3 Coordinator as follows:

1) Complaints of non-compliance should be filed in writing and must contain the name and contact information of the complainant and a brief description, including, if applicable, the alleged violation of rules under Section 3 regulations as found at 24 CFR Part 75.

2) Complaints must be filed within ten (10) days after the complainant becomes aware of the alleged violation.

3) If the complaint is found to be valid, the Director of Community Development will conduct an informal, but through investigation, affording all interested parties an opportunity to submit testimony and/or evidence pertinent to the complaint. The Director may require any or all parties to submit testimony in writing.

4) Director of Community Development will review all findings of the investigation for accuracy and completeness, and will provide the complainant with a written letter of response. If desired, the complainant(s) may seek further review of the complaint and the Director's findings through consultation with the Birmingham local HUD field office.

DEFINITIONS

The following definitions apply to this City of Montgomery Section 3 Plan under HUD's Economic Opportunities for Low-and Very Low-Income Persons as set forth at 24 CFR Part 75:

Contract recipient means the City as well as any entity that receives Montgomery housing and community development assistance contracts, funded either directly or indirectly, using federal CDBG, HOME, HOME-ARP, HESG, or other federal programs, for any Section 3 covered projects. Contract recipients include, but are not limited to, any State or local government agency, or other public or private nonprofit or for profit organization, subrecipient, developer, contractor or subcontractor.

Contractor means any entity entering into a contract with:

a. A recipient to perform work in connection with the expenditure of public housing financial assistance or for work in connection with a Section 3 project; or
b. A subrecipient for work in connection with a Section 3 project.

Labor hours means the number of paid hours worked by persons on a Section 3 project or by persons employed with funds that include public housing financial assistance.

Low-income person means a person as defined in Section 3(b)(2) of the 1937 Act, at or below 80% AMI. Note that Section 3 worker eligibility uses individual income rather than family/household income.

Material supply contract means a contract for the purchase of products and materials, including, but not limited to, lumber, drywall, wiring, concrete, pipes, toilets, sinks, carpets, and office supplies.

Professional services means non-construction services that require an advanced degree or professional licensing, including, but not limited to, contracts for legal services, financial consulting, accounting services, environmental assessment, architectural services, and civil engineering services.

Section 3 means Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u) as set forth at 24 CFR Part 75.

Section 3 Business Concern means a business concern meeting at least one of the following criteria, as documented within the last six-month period:

a. It is at least 51 percent owned and controlled by low- or very low-income persons; OR
b. Over 75 percent of the labor hours performed for the business over the prior three-month period were performed by Section 3 workers; OR
c. It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

Section 3 Coordinator is person tasked with overseeing all Section 3 responsibilities for the Community Development Division office.

Section 3 project means a project defined in 24 CFR Part 75.3(a)(2).

Section 3 worker means any worker who currently fits, or when hired within the past three (3) years, fit at least one of the following categories, as documented:

a. The worker's income for the previous or annualized calendar year is below the limit established by HUD.
b. The worker is employed by a Section 3 business concern.

Section 8-assisted housing refers to housing receiving project-based rental assistance or tenant-based assistance under Section 8 of the 1937 Act.

Service area or the neighborhood of the project means an area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.

Subcontractor means any entity that has a contract with a contractor to undertake a portion of the contractor's obligation to perform work in connection with the expenditure of public housing financial assistance or for a Section 3 project.

Subrecipient has the meaning provided in the applicable program regulations or in 2 CFR 200.93.

Targeted Section 3 Worker has the meanings provided in 24 CFR Part 75.11, 75.21, or 75.29, and does not exclude an individual that has a prior arrest or conviction.

Very low-income person means the definition for this term set forth in section 3(b)(2) of the 1937 Act (at or below 50% AMI).

Attachment A

Section 3 Business Concern Certification for Contractors and Subcontractors

Instructions: Enter the following information and select the criteria as applicable.

Business Information (PRINT):

Name of Business _____

Physical Address of Business _____

Federal UEI Code of Business (NO DUNS/SSN accepted) _____

City/State/Zip Code _____

Name of Business Owner _____

Phone Number of Owner _____

Email Address of Owner _____

Name of Preferred Contact _____ ☐ Same as above

Contact Phone No(if different) _____

Type of Business (select from the following options):

☐ Corporation ☐ Partnership ☐ Sole Proprietorship ☐ Joint Venture

Select from <u>ONE</u> of the following three options below:

☐ At least 51 percent of the business is owned and controlled by low- or very low-income persons – OR – by current public housing residents or residents who currently live in Section 8-assisted housing. (Refer to income guidelines on page 3 and <u>attach supporting documentation</u>, including percentage of ownership, for each owner.)

☐ Over 75 percent of the labor hours performed for the business over the prior three-month period were performed by Section 3 Workers (Refer to definition on page 3 and <u>attach supporting documentation</u>).

☐ None of the above applies.

Business Concern Affirmation:

***Regardless of Section 3 status*, all business concerns awarded a contract for this Section 3-covered project must acknowledge the statements below by checking the box and signing at the space provided.**

☐ This business concern is submitting or expects to submit a proposal for construction contracts/subcontracts greater than $200,000, for which it *reasonably estimates* that 25% or more of the total number of labor hours worked by all workers will be worked by Section 3 Workers; AND that 5% or more of the total number of labor hours worked by all workers will be worked by Targeted Section 3 Workers.

☐ I hereby affirm that the above statements are true, complete, and correct to the best of my knowledge and belief. I understand that business owners who misrepresent their concerns as Section 3 Business Concerns and/or report false information to the City of Montgomery or its federally funded contractors, subcontractors, partners or federal grant Subrecipients may have their contracts terminated for default and/or be disbarred from ongoing and future considerations for contracting opportunities.

Print Name: _____

Signature: _____ Date:*_____

*Certification expires six months from this date.

Information regarding Section 3 Business Concerns can be found at 24 CFR 75.5

FOR ADMINISTRATIVE USE ONLY

Based upon this certification, is this business a Section 3 Business Concern?

□ YES □ NO

FEDERAL REGULATIONS REQUIRE THAT EMPLOYERS MUST RETAIN A COPY OF THIS SIGNED FORM IN THEIR SECTION 3 COMPLIANCE FILE FOR THREE (3) YEARS.

City of Montgomery, Alabama

Section 3 Income Limits

Eligibility Guidelines

The worker's personal income from this employer must be at or below the amount provided below for an individual (household of 1), regardless of actual household size.

Section 3 Individual Income Limits for City of Montgomery, Alabama
FY 2025

Income Category	Individual Income Limit
Very Low Income (50%)	$29,300
Low Income (80%)	$46,850

See *https://www.huduser.gov/portal/datasets/il.html* for most recent income limits as listed under the most recent "Montgomery, Al MSA" from the HMFA table.

Section 3 Worker Definition:

- A low, very low, or extremely low-income resident (the worker's income for the previous or annualized calendar year is below the income limit established by HUD); **OR**
- Employed by a Section 3 business concern; **OR**
- A federal YouthBuild Program participant.

Targeted Section 3 Worker Definition (for Housing and Community Development Financial Assistance projects):

- A Section 3 worker employed by a Section 3 business concern; **OR**
- Currently matches (or matched when hired) at least one of the following categories as documented within the past three (3) years:
  - Resides within one mile of the project site, as defined in 24 CFR 75.5 (must be confirmed in writing by the employer); **OR**
  - A YouthBuild participant.

Attachment B:

Self-Certification of Eligibility
for Section 3 Worker or Targeted Section 3 Worker Status

The purpose of HUD's Section 3 program is to provide employment, training and contracting opportunities to low-income individuals, particularly those who are recipients of federal government assistance for housing or other public assistance programs.

Your response is voluntary, confidential, and has no effect on your employment.

A worker seeking Section 3 certification must self-certify on this form that the worker is a Section 3 Worker or Targeted Section 3 Worker as defined on the following page (i.e., per 24 CFR Part 75) and must submit this form to the applicable contractor or subcontractor.

Employee Name (PRINT): _____ Date Hired: _____

Company name (employer): _____

Select the applicable options below:

1. Are you a resident of public housing or Housing Choice Voucher Holder (Section 8)? ☐ **YES** ☐ **NO** (If "YES," you qualify as a Section 3 Worker; skip to signature line.)
2. Do you believe you earn more from this employer, annually, than the "Low-income" category on page 2 ($46,850)?
   ☐ **YES** ☐ **NO** (If "YES," you do NOT qualify as a Section 3 Worker; skip to signature.)
3. Do you reside within one mile* of the project site?
   ☐ **YES** ☐ **NO**
4. Are you a participant in the federal YouthBuild Program?
   ☐ **YES** ☐ **NO**

Select from *ONE* of the following two options below, based on the definitions on page 2:

To the best of my knowledge, I qualify as a:

☐ **Section 3 Worker** (as defined on page 2)

☐ **Targeted Section 3** Worker (as defined on page 2)

I hereby certify that the above is correct to the best of my knowledge.

Employee Address: _____

Signature: _____ Date:_____

FOR ADMINISTRATIVE USE ONLY – (Completed by: _____)	
Is the employee a Section 3 Worker based upon their self-certification?	□ **YES** □ **NO**
Is the employee a Targeted Section 3 Worker based upon their self-certification?	□ **YES** □ **NO**
Was this an applicant who was hired as a result of the Section 3 project?	□ **YES** □ **NO**

Federal regulations require that employers must retain a copy of this form in their Section 3 compliance file for three (3) years.

The City of Montgomery, Alabama

Section 3 Income Limits

Eligibility Guidelines

The worker's personal income from this employer must be at or below the amount provided below for an individual, regardless of actual household size.

Section 3 Individual Income Limits for City of Montgomery, Alabama
FY 2025

Income Category	Individual Income Limit
Very Low Income (50%)	$29,300
Low Income (80%)	$46,850

See *https://www.huduser.gov/portal/datasets/il.html* for most recent income limits as listed under the most recent "Montgomery, Al MSA" from the HMFA table.

Section 3 Worker Definition:

- A low, very low, or extremely low-income resident (the worker's income for the previous or annualized calendar year is below the income limit established by HUD); **OR**
- Employed by a Section 3 business concern; **OR**
- A federal YouthBuild Program participant.

Targeted Section 3 Worker Definition (for Housing and Community Development Financial Assistance projects):

- A Section 3 worker employed by a Section 3 business concern; **OR**
- Currently matches (or matched when hired) at least one of the following categories as documented within the past three (3) years:
  - Resides within one mile* of the project site, as defined in 24 CFR 75.5; **OR**
  - A YouthBuild participant.

*(must be confirmed in writing by the employer)

Attachment C:

Worker Payroll Tracking Report

Project Name: _____ Payroll Number: _____

Name of Contract Recipient/Employer:_____

Worker ID Use Employee Number or Last Name, First Initial	Job Classification	Wage Rate	✓Check if Section 3 Worker	✓Check if Targeted Section 3 Worker	All Labor Hours This Payroll

*List EACH worker on the payroll for the stated contract, even if there was no work for the period, or for the given worker during the period. Copy and attach an additional page as needed.

Attachment D:

Section 3 Monthly Compliance Report

Certifications This Period

Number of Section 3 Business Entities certified this report period: _____
(Attach signed Section 3 Business Certifications behind this page.)

Number of Section 3 Workers self-certified during this report period: _____
(Attach signed Self-Certification forms behind this page)

Number of Targeted Section 3 Workers certified this report period: _____

Labor Hours Worked This Period

1. Total labor hours worked by **all project workers** this report period: _____
   (Use Davis-Bacon certified payrolls, if applicable.)

2. Total labor hours worked by **Section 3 Workers** this report period: _____

3. Total labor hours worked by **Targeted Section 3 Workers** this period: _____

If labor hours reported above are "zero," check at least one (1) of the efforts listed below, which either has been made, or is planned to be made, prior to completion of construction, to achieve Section 3 goals.

☐ Outreach efforts to generate job applicants who are Public Housing Targeted Workers
☐ Outreach efforts to generate job applicants who are Other Funding Targeted Workers
☐ Direct, on-the job training (including apprenticeship)
☐ Indirect such as arranging for, contracting for, or paying tuition for, off-site training
☐ Technical assistance to help Section3 workers compete for jobs (e.g., resume assistance, coaching)
☐ Outreach efforts to identify and secure bids from Section 3 business concerns
☐ Technical assistance to help Section 3 business concerns understand and bid on contracts
☐ Division of contracts into smaller jobs to facilitate participation by Section 3 business concerns
☐ Provided or connected residents with supportive services that can provide direct services or referrals
☐ Provided or connected residents with supportive services providing one or more of the following: work readiness health screenings, interview clothing, uniforms, test fees, transportation
☐ Assisted residents with finding childcare
☐ Assisted residents to apply for/or attend community college or a four-year educational institution
☐ Assisted residents to apply for or attend vocational/technical training
☐ Assisted residents to obtain financial literacy training and/or coaching
☐ Bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns
☐ Provided or connected residents with training on computer use or on-line technologies
☐ Other. Specify: _____

Give known or planned dates for carrying out the effort(s) checked above:
Start: _____ End: _____

City PM Initial: _____

Attachment E

Contract Recipient's Section 3 Compliance Certification

********************Must Be Submitted with Bid/Proposal********************

Name of Contract Recipient/contractor/subcontractor: _____

Mailing Address: _____

Contract/Project Title: _____

I hereby acknowledge that I have received a copy of, or electronic access to the City of Montgomery's Community Development Section 3 Plan. I certify that I have read and do understand said Plan and the Section 3 requirements of the U.S. Department of Housing and Urban Development (HUD) at 24 CFR 75 regarding requirements under Section 3 for prioritization of resident employment and resident business resources, and the utilization thereof, as may be applicable to the above named contract/project. I further certify herein that: _____(insert name of contract recipient/contractor/subcontractor) is/are under any contractual restrictions or other disabilities which would prevent the same from complying with Section 3 requirements.

Accordingly, the following anticipated ESTIMATES apply to this Bid/Proposal:

1) Total labor hours expected to be generated by this contract: _____
2) Total Section 3 worker hours to be generated: _____
3) Total Targeted Section 3 worker hours to be generated: _____
4) Qualitative effort(s), if any, that may be implemented: _____

_____

Signature of authorized officer: _____

Title of authorized officer: _____

Date: _____

Attachment F

SECTION 3 CLAUSE

Compliance with Section 3 of the Housing and Urban Development Act of 1968 (24 CFR Part 75).

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.

All parties signatory to this contract agree to comply with HUD's regulations in 24 CFR part 75, 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 75 regulations. The contract recipient for this federal assistance is [INSERT NAME], otherwise referred to as “the contractor” for the purposes of this Section 3 Clause and Certification document.

The contractor agrees to send a notice advising of the contractor's commitments under this Section 3 clause to each subcontractor, labor organization or representative of workers, with which the contractor has a contract, collective bargaining agreement or other understanding, if any. The contractor will post copies of the notice in a conspicuous place at the work site, where both employees and applicants for training and employment positions can clearly see and read the notice at all times, and where it is weather-safe. The notice shall describe: the Section 3 preferences; the estimated minimum number and titles of jobs subject to hire; availability of any apprenticeship and training positions with the qualifications for each; the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

The contractor agrees to implement fully all requirements for Section 3 compliance with regard to any subcontract that is subject to Section 3 compliance, and to include this Section 3 Clause in every applicable subcontract. Full implementation shall routinely involve obtaining any backup documentation for reported data as may be required under the City Community Development’s Section 3 Plan, by all reasonable and available means, which may include withholding of payment to subcontractors on draws if necessary. Accordingly, the contractor also agrees to take appropriate action, as provided either in an applicable provision of the subcontract, or in this Section 3 clause, upon finding that the subcontractor is in violation of the regulations in 24 CFR part 75. 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 75.

The contractor certifies that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and/or (2) with persons other than those to whom Section 3 employment opportunities are to be prioritized thereby, were NOT filled in order to circumvent intentionally the contractor's obligations under 24 CFR part 75.

The contractor understands and accepts that any noncompliance with HUD's regulations at 24 CFR part 75 may result in delay or withholding of final draws, sanctions, termination of this contract for default, and/or debarment or suspension from future HUD assisted or other City contracts.

SECTION 3 CERTIFICATION

Because the contract amount of this [INSERT PROGRAM] Agreement is more than $200,000, the Project is a Section 3-covered project under 24 CFR Part 75. Therefore, the contractor hereby certifies as follows:

The **Contractor and/or Subcontractor(s) (as applicable)** agree(s), to the greatest extent feasible, to provide employment opportunities to Section 3 Workers and Targeted Section 3 Workers, as well as contracting opportunities to Section 3 business concerns, consistent with the definitions and requirements thereof at 24 CFR 75.25 (and other existing Federal, State and local laws and regulations). Specifically:

1. A **good faith effort** will be made to ensure that no less than 25% (or other amount as may be adjusted by HUD) of the total number of labor hours worked[6] by all workers on the project are performed by Section 3 workers; and
2. A **good faith effort** will be made to ensure that at least 5% (or other amount as may be adjusted by HUD) of the total number of labor hours worked by all workers on the Project are performed by Targeted Section 3 workers. Section 3 businesses shall certify Section 3 Business status.
3. A **good faith effort**, with respect to the Project, is hereby defined to consist of ALL of the following:
    a) **Business Certification**: [INSERT NAME OF CONTRACTOR] will require all contractors and subcontractors whose contract amount for any construction work is more than $200,000 to complete a Section 3 Business Concern for Contractors and Subcontractors Form, as provided or approved by City Community Development, that will enable the originating contractor to determine if (1) the business does qualify as a Section 3 business concern, as defined by HUD at 24 CFR 75.5, or (2) the business does NOT so qualify.
    b) **Employee Certification**: All Section 3 business concerns and NON-Section 3 business concerns will determine and document whether or not <u>each</u> current employee participating, or potentially participating, in carrying out the work of the project, meets the definition of a Section 3 worker or Targeted Section 3 worker, by providing all such workers, as well as applicants for such jobs, with a copy and reasonable opportunity to self-certify eligibility on the “Section 3 Worker and Targeted Section 3 Worker Self-Certification” form, or other form as provided or approved by Community Development. Employers qualifying for Section 3 business concern status are allowed the option to document employee income eligibility using available payroll documentation, subject to approval of a City Section 3 Coordinator or program manager.
    c) **Outreach Signage**: [INSERT NAME OF CONTRACTOR] will cause a “Help Wanted” sign to be posted in English and Spanish at the project site, no later than the Notice To Proceed date plus ten (10) working days. The sign must include an email address and toll-free telephone number for workers to contact, in order to submit an application for employment as a Section 3 Worker, and for questions from contractors, subcontractors

[6] This includes all contractors and subcontractors, clerical and administrative staff; professional service providers are not required, but may be included upon notification of a City Section 3 Coordinator.

and workers seeking Section 3 information. The sign will legibly display the following definitions:

Section 3 Worker Definition:
- **A low, very low, or extremely low-income resident); OR**
- **Employed by a Section 3 business concern; OR**
- **A federal YouthBuild Program participant.**

Targeted Section 3 Worker Definition (for Housing and Community Development Financial Assistance projects):
- **A Section 3 worker employed by a Section 3 business concern; OR**
- **Currently matches (or matched when hired) at least one of the following categories within the past three (3) years:**
  a) **Resides within one mile* of the project site, as defined in 24 CFR 75.5; OR**
  b) **A YouthBuild participant.**

d) **Outreach Advertising**: [INSERT NAME OF CONTRACTOR] agrees, at a minimum, to ensure that all new employment opportunities offered by its contractors and subcontractors for this project are listed with the Alabama Employment Service local office, closest to the project site.

e) **Reporting**: [INSERT NAME OF CONTRACTOR] agrees to collect and provide all reports, data, backup documentation, etc., as may be required by the City, including, but not limited to reporting requirements in the current City of Montgomery Community Development Section 3 Plan. All worker and business status certifications collected throughout project construction, along with all other relevant backup documents, must be submitted with each Section 3 Monthly Compliance Report, on the same date as the regularly scheduled monthly project report, to the applicable project or program manager.

ALL PARTIES signed below understand and agree that nothing in this certification shall be construed to require employment of a Section 3 worker or Targeted Section 3 worker who, in the judgment of the contractor, does not meet the qualifications of the position to be filled, or subcontracting with a Section 3 business concern which, in the judgment of the contractor, does not have the capability of satisfactorily performing the work of the contract.

The contractor and/or subcontractor(s) agree to provide [INSERT NAME OF CONTRACTOR] with the following information upon project completion, and prior to final payment:

1. Total Labor Hours Worked by All Project Workers

2. Total Labor Hours Worked by Section 3 Workers

3. Total Labor Hours Worked by Targeted Section 3 Workers

Executive Page-Section 3 Clause & Certification

I (We) understand and agree to the foregoing Section 3 Clause & Section 3 Certification.

_____	_____
Contract Recipient CO Signature	General Contractor CO Signature
_____	_____
Applicable Subcontractor Signature	Applicable Subcontractor Signature
_____	_____
Applicable Subcontractor Signature	Applicable Subcontractor Signature

FUNDING SOURCES and CERTIFICATION

Project Name: _____

Project Address: _____

Owner Name: _____

Owner's UEI Code: _____

Owner Contact/Phone: _____

Owner's Fiscal Year: _____

Please enter the following data for all sources of funding making up the total project costs.

Source:	Total City HUD Funds[1]	Non-HUD Federal[2]	State[3]	Private Loan[4]	Owner[5]	Other[6]
Amount:	$	$	$	$	$	$

[1] Identify the federal sponsoring entity. City of Montgomery Participating Jurisdiction (PJ)

[2] Identify the federal sponsoring entity.

[3] Specify State sponsoring and origins of funds (e.g. general fund, bonds secured by [specify] revenues, etc.)

[4] Specify whether cash or materials/labor.

[5] Describe the specific source of resources and origins (i.e. federal, state, local government, private)

[6] Describe the specific source of resources and origins

Total Labor Hours Worked by All Workers: _____

Total Labor Hours Worked by Section 3 Workers: _____

Total Labor Hours Worked by Targeted Section 3 Workers: _____

CERTIFICATION

Federal False Claims Act, 31 U.S.C. §§ 3729-3733

I certify that the information contained herein is true and correct to the best of my knowledge, and that the Owner fully understands that any person or persons involved in making or conspiring to make false statements, claims or affidavits concerning the information required by this report is (are) subject to criminal prosecution.

_____ _____

Contract Recipient CO Signature Date

_____

Name and Title

Section 3 Reporting Form 24 CFR 75

Project Name: Address :	Grant Number:	Total Amount of Award:
	Contact Person:	Program Name:
	Phone Number:	Date Report Submitted:

	Hours	Calculated Percentage	Safe Harbor Benchmark Met (Yes or No)
Total Labor Hours			
Section 3 Target Worker Hours			-
Section 3 Worker Hours			-

Nature of Agency Efforts:

This section is required if, based on the labor hours reporting above, the reporting agency did not meet the safe harbor benchmarks.

Maintain records available for HUD review to document any efforts checked:
Check all that apply.

☐ Outreach efforts to generate job applicants who are Public Housing Targeted Workers
☐ Outreach efforts to generate job applicants who are Other Funding Targeted Workers
☐ Direct, on-the job training (including Apprenticeship).
☐ Indirect such as arranging for, contracting for, or paying tuition for, off-site training.
☐ Technical assistance to help Section3 workers compete for jobs (e.g., resume assistance, coaching).
☐ Outreach efforts to identify and secure bids from Section 3 business concerns.
☐ Technical assistance to help Section 3 business concerns understand and bid on contracts.
☐ Division of contracts into smaller jobs to facilitate participation by Section 3 business concerns.
☐ Provided or connected residents with supportive services that can provide direct services or referrals.
☐ Provided or connected residents with supportive services that provide one or more of the following: work readiness health screenings, interview clothing, uniforms, test fees, transportation.
☐ Assisted residents with finding childcare.
☐ Assisted residents to apply for/or attend community college or a four-year educational institution.
☐ Assisted residents to apply for or attend vocational/technical training.
☐ Assisted residents to obtain financial literacy training and/or coaching.
☐ Bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.
☐ Provided or connected residents with training on computer use or on-line technologies.
☐ Other. Specify:

Completed by: (Print) _____ Title: _____

_____ Date: _____
Signature