



SECTION 3 OVERVIEW

Section 3 of the U.S. Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u) requires SHRA to ensure that employment and other economic opportunities are directed to public housing residents, other low-income persons particularly recipients of government housing assistance, and local businesses that provide economic opportunities to low- and very low-income persons and Section 3 Workers.

Outlined below are minimum requirements to be met by the contractor and all subcontractors performing work on this project. The minimum requirements are triggered by federal regulations and SHRA Economic Opportunity Plan (EOP) policy and requires active involvement by the contractor and all subcontractors in soliciting local Section 3 workers and businesses. Specifically, Section 3 of the Housing and Urban Development Act of 1968 as amended (12U.S.C. 1701u) and SHRA policy requires that economic opportunities be provided to Section 3 Workers and Section 3 Businesses.

| SECTION 3 EMPLOYMENT GOALS | | |
|-----------------------------------|-----------------------|------------------------|
| Who Must Comply | Area of Focus | Goal |
| Contractors | Section 3 Labor Hours | 25% of all labor hours |
| Any Tier Subcontractors | Section 3 Labor Hours | 25% of all labor hours |

| SECTION 3 SUB-CONTRACTING GOALS | | |
|---|----------------------|------------------------|
| Who Must Comply | Area of Focus | Goal |
| Building trades work for maintenance, repair, modernization or development of public or Indian housing, or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction | Subcontract Awards | 25% of all labor hours |
| Any Tier Subcontractors | Subcontract Awards | 25% of all labor hours |
| All other Section 3 covered contracts | Subcontract Awards | 25% of all labor hours |

Progressive sanctions may be imposed on any contractor / subcontractor found not to be in compliance or willfully disregards the requirements of Section 3 including cancellation, termination or suspension of the contract in whole or in part, and the contractor may be declared ineligible for further SHRA contract awards for a period of one to three years.

Definitions

Employment Opportunity

Any job opening arising from SHRA contracts/projects, to include permanent, temporary or seasonal employment opportunities, including management and administrative jobs. Management and administrative jobs include architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups; and jobs directly related to administrative support of these activities (construction manager, relocation specialist, payroll clerk, etc.).

New Hire

An individual that is not employed by the contractor prior to the time the contract is executed (hired to specifically perform work on this project). New hires and jobs created (both union and nonunion) include all job openings and vacancies created as a result of retirement, voluntary separation, terminations and expansions of the workforce, as a result of a project funded by SHRA.

Section 3 Resident/Worker

- a. Public housing residents
- b. Persons who live in the Local Area (within the boundaries of the City and County of Sacramento) where a HUD assisted project is located and who is considered to be a low- to very-low income person (have an individual income that falls below HUD's income limits).

Targeted Section 3 Worker (for public housing)

- a. Employed by a Section 3 business concern or
- b. Currently meets or when hired met at least one of the following categories as documented within the past five years:
 - A resident of public housing; or
 - A resident of other public housing projects or Section 8 (HCV) assisted housing; or
 - A YouthBuild participant.

Targeted Section 3 Worker (for housing and community development)

- Employed by a Section 3 business concern or
- Currently meets or when hired met at least one of the following categories as documented within the past five years:
 - Living within the service area or the neighborhood of the project, as defined in 24 CFR 75.5
 - A YouthBuild participant.

Persons who live in the Local Area (within the boundaries of the City and County of Sacramento) where a HUD or SHRA assisted project is located and who is considered to be a low- to very-low income person (have a household income that falls below HUD's income limits). HUD income limits are provided below.

Review the chart below, match your household size (include yourself) with the **maximum** individual income before taking this employment opportunity.

| <i>INCOME LIMITS – 2022</i> | | | | | | | | |
|-----------------------------|----------|----------|----------|----------|----------|----------|-----------|-----------|
| Number in Household | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Maximum Individual Income | \$56,750 | \$64,850 | \$72,950 | \$81,050 | \$87,550 | \$94,050 | \$100,550 | \$107,000 |

For example, if your household size is 3 and the individual annual income was \$72,950.00, you would fall within the income limits of the chart. From the chart above, the individual income was below the maximum for a family of 3 (\$72,950).

If the applicant's annual income is within the limits of the chart, that person is considered a Section 3 Worker.

Section 3 Business

- (1) Be at least 51% owned and controlled by current low or very low income persons residing in City/County of Sacramento;
- (2) Over 75% of the labor hours performed by business are performed by Section 3 workers and/or low - or very low - income persons residing in the City/County of Sacramento; or
- (3) 51% of the business must be owned and controlled by current SHRA public housing or Section 8 residents that currently live in the City/County of Sacramento.

Section 3 Covered Contract

A contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project.

Section 3 Covered Project

The construction, reconstruction, conversion or rehabilitation of housing, (including conversion to RAD) other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance or SHRA funds.

Contractor & Subcontractor Obligations for Section 3 Compliance

- (1) Demonstrate outreach and engagement efforts, to the greatest extent feasible, to utilize eligible Section 3 workers/residents as employees and trainees when hiring opportunities arise.
- (2) Identify the number of positions, by classification/function, required to plan and complete the work to be done under the Section 3 covered project, this includes management and administrative personnel;
- (3) Determine how many of these positions are currently filled and which are not filled by regular, permanent employees.

Contractor & Subcontractor Actions to Demonstrate a Good Faith Effort

The awarded contractor and all subcontractors on the Section 3 Covered Contract/Project are required to identify any hiring opportunities resulting from obtaining this contract. Prior to receiving the Notice to Proceed, the awarded contractor and all subcontractors shall provide to SHRA Procurement Services a complete Employee Roster and a completed/signed Section 3 Economic Opportunity Plan. If the awarded contractor and/or his subcontractors do not anticipate hiring anyone as a result of the contract, complete the bottom section of the form: "Notification of the Intent to Use Current Workforce."

Examples of actions demonstrating a good faith effort to employ Section 3 qualified residents and businesses include:

- (1) Advertise in local/neighborhood newspapers/publications.
- (2) Post opportunity flyers/notices in the common areas of SHRA 11 public housing communities.
- (3) Submit Agency job order form to SHRA.
- (4) Contact and post flyers/notices at the Sacramento County Business Information Centers, local and ethnic Chambers of Commerce, SBA, etc.

- (5) At the job site, post the job opportunity notice and the Section 3 poster where the public may reasonably view it.
- (6) Contact local job training centers, i.e. SETA or labor organizations.

Order of Preference for Hiring and Contracting

Order of Providing Training and Employment Opportunities to Section 3 Workers/Residents

All contractors and any second tier subcontractor shall, to the greatest extent feasible, provide training and employment opportunities to Section 3 workers/residents to meet or exceed the 25% of the total labor hours for the project in the following order of priority:

- Priority 1: A targeted Section 3 worker (persons residing on project/construction site);
- Priority 2: A Section 3 worker (persons within the City/County of Sacramento residing in public/HCV housing);
- Priority 3: All other Section 3 eligible workers of City/County Sacramento meeting HUD's Income Limits.

Order of Providing Preference for Section 3 Businesses in Contracting Opportunities

Contractors and subcontractors shall direct their efforts to award Section 3 covered contracts, to the greatest extent feasible, to Section 3 businesses in the order of priority provided below.

- Priority 1: Businesses that are 51 percent (51%) or more owned by residents of the housing site at which the Section 3 covered assistance is expended, or whose full-time, permanent workforce includes no less than 30 percent (30%) of these persons as employees;
- Priority 2: Businesses that are 51 percent (51%) or more owned by residents of other housing sites or developments managed by SHRA or whose full-time, permanent workforce includes no less than 30 percent (30%) of these persons as employees;
- Priority 3: Businesses that are 51 percent (51%) or more owned by Section 3 residents, or whose permanent, fulltime workforce includes no less than 30 percent (30%) Section 3 residents, or that subcontract in excess of 25 percent (25%) of the total amount of subcontracts to business concerns identified above.

Other Agency Economic Opportunities Plan Process

In the event a Prime Contractor has no demonstrated plan or need to hire and/or subcontract with or is unable to meet the labor hour requirements above. The Prime Contractor is required to provide other economic opportunities by completing form Section 00630.

Other Economic Opportunities could include direct subcontracting with a Section 3 Businesses (subcontracting for work not included in the scope of work), training programs, mentorship program participation, joint ventures or other results oriented economic opportunities directed towards Section 3 Workers and Businesses. Any Other Economic Opportunities must be proposed in detail in form Section 00630.

If, Other Economic Opportunities are not available, the Prime Contractor may choose to make a direct contribution to the Agency's Section 3 Training Fund. Guidance on how to contribute to the Agency Section 3 Fund is outlined below:

Labor Hour Requirements Contribution: The Prime Contractor may choose to contribute to the Agency Section 3 Fund in order to meet its Other Economic Opportunity because they are unable to meet the

labor hour requirements or because they cannot provide other economic opportunities, the Prime Contractor may choose to pay 5% of the total dollar amount of the contract for building trade work or 1.5% for all other contracts to the Section 3 Fund. The amount paid shall not exceed \$100,000 for any one contract.

Contracting Requirements Contribution: If the Prime Contractor chooses to contribute to the Agency's Section 3 Fund as its Other Economic Opportunity, the difference between the 10% of the covered contract for building and trade work or 3% for non-construction and the actual amount provided to Section 3 Business Concerns shall be paid to the Agency's Section 3 Fund. A Prime Contractor may pay the entire 10% of the covered contract for building or trade work or 3% for non-construction contracts, if the Prime Contractor has documented the infeasibility of offering any Other Economic Opportunities. In either case, the amount paid shall not exceed \$500,000 for any one contract.