



## City of Frisco Section 3 Policy



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## **Overview of Section 3 Requirements**

### **What is Section 3?**

Section 3 is a provision of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) that is regulated by the provisions of 24 CFR 75. Section 3 regulations ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

### **Purpose**

This policy outlines how the City of Frisco and its subrecipients, contractors and subcontractors will comply with HUD's Section 3 requirements in implementing Frisco's Community Development Block Grant (CDBG). The City of Frisco will, to the greatest extent feasible, ensure that employment and other economic opportunities are directed to low- and very low-income persons (Section 3 workers and Targeted Section 3 workers) and to eligible businesses (Section 3 Businesses) and requires the same of its contractors.

The City of Frisco may amend this document as necessary to ensure continued compliance with HUD's requirements and/or to reflect updated Section 3 guidance and outreach strategies.

### **Applicability**

For housing and community development financial assistance, this policy applies to housing rehabilitation, housing construction, and other public construction projects that exceed \$200,000 or more of housing and community development financial assistance from one or more HUD programs. Applicability is determined at the project level.

For projects funded with Lead Hazard Control and Healthy Homes Programs, this policy applies to projects that exceed \$100,000. The policy also applies to projects that include multiple funding sources when one of those sources are listed above.

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 assistance and other Federal assistance not subject to Section 3 §75.3 (d). However, for financial assistance that is not subject to Section 3, recipients are encouraged to consider ways to support the purpose of Section 3.

## **Section 3 Coordinator**

The Section 3 Coordinator for the City of Frisco's CDBG program serves as the central point of contact for Section 3 compliance for the City of Frisco's CDBG program and its subrecipients, contractors and subcontractors supporting the program. Subrecipients, contractors, subcontractors and others are encouraged to reach out to the City of Frisco's Section 3 Coordinator with questions regarding Section 3 compliance:

Rebecca Barton  
Community Development Manager  
[commdevdiv@friscotexas.gov](mailto:commdevdiv@friscotexas.gov)

## **Employment, Training, and Contracting Goals**

### **Safe Harbor Compliance**

The City of Frisco will be considered to have complied with the Section 3 requirements and met safe harbor, if they certify that they followed the required prioritization of effort and met or exceeded the Section 3 benchmarks, absent evidence of the contrary.

Prior to the beginning of work, contractors and subcontractors will be required to certify that they will follow the required prioritization of effort for Section 3 workers, Targeted Section 3 workers, and Section 3 business concerns as outlined below in the Section 3 Eligibility and Certifications Section. Contractors and subcontractors must provide evidence that they have made qualitative efforts to assist low and very low-income persons with employment and training opportunities. After completion of the project, on the Section 3 Cumulative Report, contractors and subcontractors will be required to certify that they followed the prioritization of effort requirements.

### **Safe Harbor Benchmarks**

The City of Frisco has established employment and training goals that subrecipients, contractors, and subcontractors should meet in order to comply with Section 3 requirements outlined in 24 CFR Part 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 project are Section 3 workers;

Section 3 Labor Hours/Total Labor Hours = 25%

And

- 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 Part 75.21.

Targeted Section 3 Labor Hours/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 three years or sooner, the City of Frisco will review and update the Section 3 Policy as needed.

It is the responsibility of contractors to implement efforts to achieve Section 3 compliance. Any contractor that does not meet the Section 3 benchmarks must demonstrate why meeting the benchmarks were not feasible. All contractors submitting bids or proposals to the City of Frisco are required to certify that they will comply with the requirements of Section 3.

### **Certification of Prioritization Efforts for Employment, Training, and Contracting**

#### **Employment and Training**

Under the City of Frisco's Section 3 Program, contractors and subcontractors should make best efforts to provide employment and training opportunities to Section 3 workers in the priority order listed below:

Provide employment and training opportunities to Section 3 workers within the metropolitan area (or nonmetropolitan county) in which the project is located in the priority order listed below:

- 1) Section 3 workers residing within the service area or the neighborhood of the project, and
- 2) Participants in YouthBuild programs.

Contractors and subcontractors will be required to certify that they will and have made best efforts to follow the prioritization of effort requirements prior to the beginning work and after work is completed.

#### **Contracting**

Under the City of Frisco's Section 3 Policy, contractors and subcontractors must make their best efforts to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 workers in the following order or priority:

- 1) Business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which assistance is located in the following order of priority (where feasible):
  - a) Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area or the neighborhood of the project;

and

- b) YouthBuild programs.

Contractors and subcontractors will be required to certify that they will and have made best efforts to follow the prioritization of effort requirements prior to the beginning of work and after work is completed.

### **Section 3 Eligibility and Certifications**

Individuals and businesses that meet Section 3 criteria may seek Section 3 preference from the City of Frisco or its contractors/subcontractors for training, employment, or contracting opportunities generated by housing and community development financial assistance. To qualify as a Section 3 worker, Targeted Section 3 worker or a Section 3 business concern, each must self-certify that they meet the applicable criteria.

Businesses who misrepresent themselves as Section 3 business concerns and report false information to the City of Frisco may have their contracts terminated as default and be barred from ongoing and future considerations for contracting opportunities.

### **Section 3 Worker and Targeted Section 3 Worker Certification**

A Section 3 worker seeking certification shall submit self-certification documentation to the recipient contractor or subcontractor, that the person is a Section 3 worker or Targeted Section 3 worker as defined in 24 CFR Part 75. For the purposes of Section 3 worker eligibility, the City of Frisco will use individual income rather than family/household income to determine eligibility. The income limits will be determined annually using the guidelines published at <https://www.huduser.gov/portal/datasets/il.html>.

Persons seeking the Section 3 worker preference shall demonstrate that it meets one or more of the following criteria currently or when hired within the past five years, as documented:

- 1) A low or very low-income resident (the worker's income for the previous or annualized calendar year 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 shall demonstrate that it meets one or more of the following criteria:

- 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 five 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.

Section 3 workers and Targeted Section 3 workers who are seeking preference in training and employment must submit the Section 3 Worker and Targeted Section 3 Worker Certification Form, available in Appendix C. The certification procedure will consist of the following:

- 1) Each worker on a CDBG funded project will complete the Section 3 Worker and Targeted Section 3 Worker Self-Certification form and submit to the contractor/subcontractor.
- 2) The prime contractor will submit completed self-certification forms to the City.
- 3) The City will review and identify Section 3 and Targeted Section 3 workers.
- 4) The City will track labor hours for Section 3 and Targeted Section 3 workers.

#### PROJECTS INVOLVING MULTIPLE SOURCES OF FUNDING

In cases where Section 3 covered projects include multiple sources of funds, including public housing financial assistance and housing and community development assistance, Pennington County Housing and Redevelopment Commission must follow the definition of Targeted Section 3 worker and priorities as outlined in subpart B of Part 75. For housing and community development financial assistance, the City of Frisco may follow either subpart B or subpart C of Part 75.

In cases where Section 3 covered projects include multiple housing and development funding sources (financial assistance) from single or multiple recipients, the City of Frisco will follow subpart C of Part 75. Refer to chart in Appendix B.

### **Section 3 Business Concern Certification**

The City of Frisco should encourage contractors and subcontractors to make best efforts to award contracts and subcontracts to Section 3 business concerns.

Businesses that believe they meet the Section 3 Business requirements may self-register in the HUD Business registry, here: <https://hudapps.hud.gov/OpportunityPortal/>. Businesses may seek Section 3 Business Concern preference by demonstrating that it meets one or more of the following criteria:

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

Businesses that seek Section 3 preference shall certify, or demonstrate to the City of Frisco, contractors or subcontractors, that they meet the definitions provided in the above. Businesses may demonstrate eligibility by submitting a Section 3 Business Concern Certification Form, located in Appendix D.

Section 3 Business Concern Certification Forms must be submitted at the time of bid/proposal. If the City of Frisco previously approved the business concern to be Section 3 certified, then the certification can be submitted along with the bid, as long as the form is submitted within the prescribed expiration date. The Section 3 Business Concern Certification Form will expire after 24 months.

## **Assisting Contractors with Achieving Section 3 Goals**

In an effort to assist contractors with meeting or exceeding the Section 3 goals, the City of Frisco will do the following:

- 1) Share this Section 3 Policy with contractors and subcontractors and explain policies and procedures
- 2) Invite contractors wishing to submit a bid/offer/proposal to attend a pre-bid meeting
- 3) Review Section 3 benchmarks and prioritization of effort with contractors and subcontractors to ensure that the goals are understood. It is not intended for contractors and subcontractors to terminate existing employees, but to make every effort feasible to meet Section 3 benchmark goals by utilizing existing qualified workforce and by considering qualified eligible Section 3 workers and Targeted Section 3 workers before any other person, when hiring additional employees is needed to complete proposed work to be performed with the CDBG program.
- 4) Inform contractors about the HUD Section 3 Opportunity Portal  
<https://hudapps.hud.gov/OpportunityPortal/>

- 5) Encourage local businesses to register on the HUD Business Registry and direct contractors to the HUD Section 3 Business Registry  
<https://hudapps.hud.gov/OpportunityPortal/>
- 6) Require contractors to submit a list of core employees (including administrative, clerical, planning and other positions pertinent to the construction trades) at the time of contract award.

## **Section 3 Outreach**

### **Outreach Efforts for Employment and Training**

In order to educate and inform workers and contractors, the City of Frisco's Section 3 Coordinator will be prepared to provide training and technical assistance on a regular basis per program guidelines. When training opportunities are available, contractors and subcontractors should, to the greatest extent feasible:

- 1) Notify the Section 3 Coordinator when training opportunities are available
- 2) Provide information/handouts about Section 3 training opportunities to potential Section 3 workers and Targeted Section 3 workers.
- 3) Conduct an annual training for Section 3 workers and Section 3 businesses

Contractors and subcontractors should employ several active strategies to notify Section 3 workers and Targeted Section 3 workers of Section 3 job opportunities, including:

- 1) Clearly indicating Section 3 eligibility on all job postings with the following statement: "This job is a Section 3 eligible job opportunity. We encourage applications from individuals that are low income and/or live in Public Housing and/or receive a Section 8 voucher".
- 2) Including the Section 3 Worker and Targeted Section 3 Worker Self-Certification Form in all job postings
- 3) Working with the Section 3 Coordinator to connect Section 3 worker and Targeted Section 3 workers in the City of Frisco database with opportunities and/or utilize the Section 3 Opportunity Portal to find qualified candidates
- 4) Establishing a current list of Section 3 eligible applicants
- 5) Contacting local community organizations and provide them with job postings for Section 3 eligible applicants; and
- 6) Coordinating a programmatic ad campaign, which results in widespread job posting across diverse ad networks including:
  - a) Advertising job opportunities via social media, including LinkedIn and Facebook;

- b) Advertising job opportunities via flyer distributions and mass mailings and posting ad in common areas of housing developments and all public housing management offices
- c) Contacting resident councils, resident management corporations, and neighborhood community organizations to request their assistance in notifying residents of available training and employment opportunities

### **Outreach Efforts for Contracting**

When contracting opportunities arise in connection with the Community Development Block Grant, the City of Frisco 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 RFPs, procurement documents, bid offerings and contracts.
- 2) Coordinating pre-bid meetings to inform Section 3 Business Concerns of upcoming contracting opportunities. The Section 3 Coordinator will participate in these meetings to explain and answer questions related to Section 3 policy.
- 3) Advertising contracting opportunities in local community papers and notices that provide general information about the work to be contracted and where to obtain additional information.
- 4) Providing written notice of contracting opportunities to all known Section 3 Business Concerns. The written notice will be provided in sufficient time to enable business concerns the opportunity to respond to bid invitations.
- 5) Coordinating with the prime contractor to publicize contracting opportunities for small businesses.
- 6) Connecting Section 3 business concerns with resources to support business development to assist in obtaining contracting opportunities (e.g., bonding and insurance assistance, etc.). Contractors will also be encouraged to collaborate with the City of Frisco as subcontract opportunities arise in an effort to notify eligible Section 3 business concerns about the contracting opportunities.

### **Section 3 Contracting Policy and Procedure**

The City of Frisco will incorporate this Section 3 Policy in all required procurements generated for use with HUD funding. This policy and procedure contain requirements for making efforts to award contracts to Section 3 Business Concerns.

The City of Frisco will include standard Section 3 language in all of its contracts to ensure compliance with regulations in 24 CFR Part 75. The City of Frisco will take appropriate actions upon finding that a contractor is in violation of 24 CFR Part 75 and does not

knowingly contract with any contractor that has been found in violation of the Section 3 regulations. On a periodic basis the Section 3 Coordinator will audit the City of Frisco contractors for compliance with the minimum Section 3 requirements outlined in the Section 3 Policy.

All contractors/businesses seeking Section 3 preference must, before submitting bids/proposals to the City of Frisco be required to complete certifications, as appropriate. Such certifications shall be adequately supported with appropriate documentation as referenced in the Section 3 Business Concern Certification Form, available in Appendix D.

In addition, contractors and subrecipients are required to include language in all Section 3 covered contracts or agreements for subcontractors to meet the requirements of 24 CFR Part 75.19 (for housing and community development financial assistance).

For businesses, noncompliance with HUD's regulations in 24 CFR part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

## **Reporting Requirements**

For Section 3 covered contracts, contractors must submit the Section 3 Performance and Summary Report to the City of Frisco's Community Development Division on a monthly basis, unless an alternative reporting period is identified in the subrecipient's contract.

If Section 3 Benchmarks are not met, the City must report to HUD the qualitative measures taken by its contractors or subrecipients. Qualitative efforts may include, but are not limited to the following:

- 1) Engaged in outreach efforts to generate job applicants who are Targeted Section 3 workers.
- 2) Provided in training or apprenticeship opportunities.
- 3) Provided technical assistance to help Section 3 workers compete for jobs.
- 4) Provided or connected Section 3 workers with assistance in seeking employment including drafting resumes, preparing, for interviews, and finding job opportunities connecting residents to job placement services.
- 5) Held one or more job fairs.
- 6) Provided or referred Section 3 workers to services supporting work readiness and retention (e.g. work readiness activities, interview clothing, test fees, transportation, child care).

- 7) Provided assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.
- 8) Assisted Section 3 workers to obtain financial literacy training and/or coaching.
- 9) Engaged in outreach efforts to identify and secure bids from Section 3 concerns.
- 10) Provided technical assistance to help Section 3 business concerns understand and bid on contracts.
- 11) Divided contracts into smaller jobs to facilitate participation by Section 3 business concerns.
- 12) Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.
- 13) Promoted use of business registries designed to create opportunities for disadvantaged and small businesses.
- 14) Outreach, engagement, or referrals with the state on-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.
- 15) Contractors/subcontractors will maintain in their Section 3 file:
  - a) A Section 3 Employee Certification Form for each potential employee who attended training
  - b) A course outline for internally conducted or contracted training
  - c) A course certificate, license, or other form of certification for a training program
  - d) Any statements regarding impediments encountered despite actions taken.

### **Monthly Reporting**

The prime contractor is required to submit activity reports to the City of Frisco's Section 3 Coordinator via email to [commdevdiv@friscotexas.gov](mailto:commdevdiv@friscotexas.gov) by the 10th day of each month, unless an alternate reporting period is identified in the subrecipient's contract. The prime contractor is responsible for collecting, and qualifying, the data from its subcontractors.

### **Annual Reporting**

Once a project is completed, the prime contractor must submit a final Section 3 cumulative report for the program year. Upon the completion of a project, the City of Frisco's Section 3 Coordinator will conduct a final review of the project's overall performance and compliance. The City of Frisco's Section 3 Coordinator, or designee, will submit the Section 3 data into IDIS or the required system by HUD.

### **Reporting on Projects with Multiple Funding Sources**

For Section 3 projects that include public housing financial assistance and housing and community development financial assistance, the City of Frisco will report on the project

as a whole and will identify the multiple associated recipients.

For projects assisted with funding from multiple sources of housing and community development assistance that exceed the thresholds of \$200,000 and \$100,000 for Lead Hazard Control and Healthy Homes Programs (LHCHH), the City of Frisco will follow subpart C of Part 75 and will report to the applicable HUD program office, as prescribed by HUD.

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. Refer to chart in Appendix B.

## **Internal Section 3 Compliant Procedure**

In an effort to resolve complaints generated due to non-compliance through an internal process, the City of Frisco encourages submittal of such complaints to its Section 3 Coordinator as follows:

- 1) Complaints of non-compliance should be filed in writing and must contain the name of the complainant and brief description of the alleged violation of 24 CFR Part 75. Complaints may be submitted by email to [commdevdiv@friscotexas.gov](mailto:commdevdiv@friscotexas.gov).
- 2) Complaints must be filed within thirty (30) calendar days after the complainant becomes aware of the alleged violation.
- 3) An investigation will be conducted if complaint is found to be valid. The City of Frisco will conduct an informal, but thorough investigation affording all interested parties, if any, an opportunity to submit testimony and/or evidence pertinent to the complaint.
- 4) The City of Frisco will provide written documentation detailing the findings of the investigation. The City of Frisco will review the findings for accuracy and completeness before it is released to complainants. The findings will be made available no later than one hundred twenty (120) days after the filing of complaint. If complainants wish to have their concerns considered outside of the City of Frisco a complaint may be filed with:

Fort Worth Regional Office  
Department of Housing and Urban Development  
307 W. 7th St., Suite 1000  
Fort Worth, TX 76102  
(817) 978-5600

Complainants may be eligible to bring complaints under other federal laws. The U.S. Equal Employment Opportunity Commission (EEOC) is responsible for enforcing federal laws that make it illegal to discriminate against a job applicant or an employee because of the person's race, color, religion, sex (including pregnancy), national origin, age (40 or older), disability or

genetic information (medical history or predisposition to disease). For more information about complainant rights, please contact EEOC at: <https://www.eeoc.gov/>.

The Department of Labor Office of Federal Contract Compliance Programs (OFCCP) enforces, for the benefit of job seekers and wage earners, the contractual promise of affirmative action and equal employment opportunity required of those who do business with the Federal government. More information about the services they provide can be obtained at: <https://www.dol.gov/agencies/ofccp>.

## Appendices

### Appendix A: Definitions

The terms *HUD*, *Public housing*, and *Public Housing Agency (PHA)* are defined in 24 CFR part 5.

The following definitions also apply to 24 CFR Part 75 HUD's Economic Opportunities for Low-and Very Low-Income Persons:

*1937 Act* means the United States Housing Act of 1937, 42 U.S.C. 1437 *et seq. activities related to Public Housing*

*Contractor* means any entity entering into a contract with:

- 1) 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
- 2) 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 contracts* means contracts 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* mean 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.

*Public housing financial assistance* means assistance as defined in 24 CFR Part 75.3(a)(1).

*Public housing project* is defined in 24 CFR 905.108.

*Recipient* means any entity that receives directly from HUD public housing financial assistance or housing and community development assistance that funds Section 3 projects, including, but not limited to, any State, local government, instrumentality, PHA, or other public agency, public or private nonprofit organization.

*Section 3* means Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u).

*Section 3 business concern* means:

- 1) A business concern meeting at least one of the following criteria, documented within the last six-month period:
  - a) It is at least 51 percent owned and controlled by low- or very low-income persons;
  - b) Over 75 percent of the labor hours performed for the business over the prior three-month period are 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.
- 2) 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.
- 3) Nothing in this part shall be construed to require the contracting or subcontracting of a Section 3 business concern. Section 3 business concerns are not exempt from meeting the specifications of the contract.

*Section 3 Coordinator* is person tasked with overseeing all Section 3 responsibilities for the PHA/CD office.

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

*Section 3 worker* means:

- 1) Any worker who currently fits or when hired within the past five 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 income limit established by HUD.
  - b) The worker is employed by a Section 3 business concern.
  - c) The worker is a YouthBuild participant.
- 2) The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction.
- 3) Nothing in this part shall be construed to require the employment of someone who meets this definition of a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of the position to be filled.

*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.

*Small PHA* means a public housing authority that manages or operates fewer than 250 public housing units.

*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).

*YouthBuild programs* refers to YouthBuild programs receiving assistance under the WorkforceInnovation and Opportunity Act (29 U.S.C. 3226).

## Appendix B: Multiple Funding Sources Chart

TYPE OF FINANCIAL ASSISTANCE	DEFINITIONS *TARGETED SECTION 3 WORKER	THRESHOLDS	PRIORITIZATION	REPORTING
<b>Public Housing and Housing and Community Development</b>	<b>PHA</b> – must follow subpart B of Part 75  <b>HCD</b> – may follow subpart B or C of Part 75	None *Any amount of PH assistance triggers Section 3	<b>PHA</b> – must follow subpart B of Part 75 <b>HCD</b> – may follow subpart B or C of Part 75	<b>PHA</b> – must follow subpart B of Part 75 <b>HCD</b> – may follow subpart B or C of Part 75 Both - Must report on project as a whole and identify the multiple associated recipients
<b>Multiple Sources of Housing and Community Development</b> <i>(single or multiple recipients)</i>	Must follow subpart C of Part 75	Exceeds \$200,000 for Section 3 projects *LHCHHP exceeds \$100,000	Must follow subpart C of Part 75	Must follow subpart C of Part 75 Must report on project as a whole and identify the multiple associated recipients  Must report to the applicable HUD program office, as prescribed by HUD

## Appendix C: Section 3 Worker and Targeted Section 3 Worker Self-Certification

<b>Section 3 Worker Self-Certification – Housing and Community Development</b>	<b>U.S. Department of Housing and Urban Development</b> Office of Field Policy and Management	<b>HUD Form 4736C</b> OMB Approval Number 2501-0041 (Exp. 04/30/2025)
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*(In compliance with Section 3 of the HUD Act of 1968 and 24 CFR Part 75)*

Public reporting for this collection of information is estimated to average 0.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering, and maintaining the data needed, and completing and reviewing the collection of information.

Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1992 (Section 3), and 12 U.S.C. § 1701u ensure that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs are, to the greatest extent feasible, directed toward low- and very low-income persons, particularly those who receive government assistance for housing. The regulations are found at 24 CFR Part 75. This collection of information is required in order to ensure that a worker can be certified as an eligible Section 3 worker as outlined in 24 C.F.R. § 75.31. The information will be used by the Department to ensure compliance with Section 3 of the HUD Act of 1968 employer certification requirements listed in 24 CFR § 75.31, to assess the results of the Department's efforts to meet the statutory objectives of Section 3, to prepare reports to Congress, and by recipients to ensure they are complying with their recordkeeping requirements found in the regulation, and as a self-monitoring tool.

Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions to reduce this burden, to Anna P. Guido, Reports Management Officer, QDAM, Department of Housing and Urban Development, 451 7th Street, SW, Room 4176, Washington, DC 20410-5000. When providing comments, please refer to OMB Approval No. 2501-0041. HUD may not conduct and sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid control number. No assurances of confidentiality are provided for this information collection.

The purpose of this form is to comply with Section 3 of the HUD Act of 1968 employer certification requirements listed in 24 CFR § 75.31. To qualify as a Section 3 worker, any United States legal resident's annual income must not exceed the HUD income limits for the year before the worker was hired, or the individual's current income annualized on a full-time basis for the year must be below the HUD income limit. Additionally, an individual can qualify as a Section 3 worker if they are a YouthBuild participant or employee of a Section 3 Business concern.

Printed Name: \_\_\_\_\_

Street Address (*Not a PO Box*) Apt# City State Zip

Phone #: \_\_\_\_\_ Email: \_\_\_\_\_

To qualify as a Section 3 Worker, you must meet **one** of the following requirements **OR** have your employer certify that you are employed by a Section 3 Business concern. Circle the one applicable.

<ul style="list-style-type: none"> <li>• Income for the previous calendar year is below the income limit*</li> <li>• A participant in a means-tested program such as public housing or Section 8-assisted housing</li> <li>• A YouthBuild Participant*</li> </ul>	Income limit  \$54,550.00
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\*Currently or at the time of hire if hired within the past 5 years

☐ I meet at least one of the requirements in the box above and therefore qualify to be counted as a Section 3 Worker under 24 CFR § 75.

If applicable, please indicate which requirement you meet to be considered a Targeted Section 3 worker in the box below. If you select “Living within the service area or neighborhood of the project,” that selection will have to be confirmed by your employer. If you do not meet any of these requirements or do not know if you meet any of the requirements listed below, you may leave this section blank.

<p>___ Living within the service area or neighborhood of the project (requires employer confirmation)*</p> <p>___ YouthBuild participant*</p>
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\*Currently or at the time of hire if hired within the past 5 years

☐ In addition to qualifying as a Section 3 Worker, I meet at least **one** of the requirements in the box above and therefore qualify to be counted as a Targeted Section 3 Worker under 75 CFR § 75.

I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct and certifies that the worker identified above meets the definition of a Section 3 worker. **WARNING:** Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §3729, 3802)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**For City of Frisco Use Only**

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

If Yes, what is the name of the company? \_\_\_\_\_

What was the date of hire? \_\_\_\_\_

## Appendix D: Section 3 Employer Certification Form

<b>Section 3 Housing and Community Development Employer Certification Form</b>	<b>U.S. Department of Housing and Urban Development</b> Office of Field Policy and Management	<b>HUD Form 4736A</b> OMB Approval Number 2501-0041 (Exp. 04/30/2025)
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*(In compliance with Section 3 of the HUD Act of 1968 and 24 CFR Part 75)*

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Public reporting for this collection of information is estimated to average 0.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering, and maintaining the data needed, and completing and reviewing the collection of information.

Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1992 (Section 3), and 12 U.S.C. § 1701u ensure that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs are, to the greatest extent feasible, directed toward low- and very low-income persons, particularly those who receive government assistance for housing. The regulations are found at 24 CFR Part 75. This collection of information is required in order to ensure that a worker can be certified as an eligible Section 3 worker as outlined in 24 C.F.R. § 75.31. The information will be used by the Department to ensure compliance with Section 3 of the HUD Act of 1968 employer certification requirements listed in 24 CFR § 75.31, to assess the results of the Department's efforts to meet the statutory objectives of Section 3, to prepare reports to Congress, and by recipients to ensure they are complying with their recordkeeping requirements found in the regulation, and as a self-monitoring tool.

Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions to reduce this burden, to Anna P. Guido, Reports Management Officer, QDAM, Department of Housing and Urban Development, 451 7th Street, SW, Room 4176, Washington, DC 20410-5000. When providing comments, please refer to OMB Approval No. 2501-0041. HUD may not conduct and sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid control number. No assurances of confidentiality are provided for this information collection.

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The purpose of this form is to comply with Section 3 of the HUD Act of 1968 employer certification requirements listed in 24 CFR § 75.31. To qualify as a Section 3 worker, the United States legal resident's annual income must not exceed the HUD income limits for the year before the worker was hired, or the individual's current income annualized on a full-time basis for the year must be below the HUD income limit. Additionally, an individual can qualify as a Section 3 worker and Targeted Section 3 worker, if an employee of a Section 3 Business Concern. To qualify as a Targeted Section 3 worker, an employer can confirm that the employee lives within the service area or neighborhood of the project.

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Please provide the following information about the business/employer:

Name of Business: \_\_\_\_\_

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Street Address	City	State	Zip
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Phone #: \_\_\_\_\_ Email: \_\_\_\_\_

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Please Provide the following information about the worker/employee:

Printed Name of Worker: \_\_\_\_\_

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Street Address ( <i>Not a PO Box</i> )	Apt#	City	State	Zip
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Phone #: \_\_\_\_\_ Email: \_\_\_\_\_

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Please indicate which of the following is true for the worker listed above: (Select all that apply)

<input type="checkbox"/> Worker's income from your employment is below the income limit based on a calculation of what the worker's wage rate would translate to if annualized on a full-time basis*	Income limit  \$54,550
<input type="checkbox"/> Worker is employed by a Section 3 Business Concern (Select if your business qualifies as a Section 3 Business Concern)	
<input type="checkbox"/> Worker's residence is within the service area or neighborhood of the project	

\*Currently or at the time of hire if hired within the past 5 years.

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I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct and certifies that the worker identified above meets the definition of a Section 3 worker. WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §3729, 3802)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## Appendix E: Section 3 Business Concern Certification for Contracting

**Instructions:** Enter the following information and select the criteria that applies to certify your business' Section 3 Business Concern status.

### Business Information

Name of Business \_\_\_\_\_

Address of Business \_\_\_\_\_

Name of Business Owner \_\_\_\_\_

Phone Number \_\_\_\_\_ Email Address \_\_\_\_\_

**Preferred Contact Information** ☐ Same as above

Name of Preferred Contact \_\_\_\_\_

Phone Number of Preferred Contact \_\_\_\_\_

### Type of Business (select from the following options):

☐ Corporation ☐ Partnership ☐ Sole Proprietorship ☐ Joint Venture

### Select from ONE of the following three options below that applies:

☐ At least 51 percent of the business is owned and controlled by low- or very low-income persons (Refer to income guidelines on page 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.

☐ Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers (Refer to definition on page 2).

### Business Concern Affirmation

I affirm that the above statements are true, complete, and correct to the best of my knowledge and belief. I understand that businesses who misrepresent themselves as Section 3 business concerns and report false information to City of Frisco may have their contracts terminated as default and be barred from ongoing and future considerations for contracting opportunities. I hereby certify, under penalty of law, that the following information is correct to the best of my knowledge.

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

\*Certification expires within six months of the date of signature. Information regarding Section 3 Business Concerns can be found at 24 CFR 75.5

## The City of Frisco Section 3 Income Limits

### Eligibility Guidelines

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

### Individual Income Limits

<b>FY2023 Income Limit Area</b>	<b>Income Limits Category</b>	<b>FY2023 Individual Income Limits</b>
Dallas, TX HUD Metro FMR Area	Extremely Low Income Limits (30%)	\$20,450 annually
	Very Low Income Limits (50%)	\$34,100 annually
	Low Income Limits (80%)	\$54,550 annually

<https://www.huduser.gov/portal/datasets/il/il2021/2021summary.odn>

### Section 3 Worker Definition:

- A low or very 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 YouthBuild participant.

### City of Frisco Use Only

Is the business a Section 3 business concern based upon their certification?

☐ YES      ☐ NO

## **Appendix F: Section 3 Compliance Bidder's Certification**

Name of Company: \_\_\_\_\_

Address: \_\_\_\_\_

Project Title: \_\_\_\_\_

This is to certify that I have read and understand the Section 3 resident employment and Section 3 resident business utilization requirements that apply to the above cited project, said requirements being known as the Section 3 Clause found in 24 CFR 75 and that neither the project nor the company are under any contractual restrictions or other disabilities which would prevent the company from complying with said requirements.

Signature of Company Officer: \_\_\_\_\_

Title of Officer: \_\_\_\_\_ Date: \_\_\_\_\_

### Appendix G: Developer/Contractor/Sub-Contractor Breakdown

All Contractors and Developers must complete VDR 05-E during the first week of the contract and must update the form whenever a sub-contractor is added.

Name	Address	Type of Contract (i.e. Specified building trade, professional services, etc.)	Is this business a Section 3 business?

**\* COPY THIS FORM AS NEEDED**

## **Appendix H: Section 3 Contract Clause**

A. The work to be performed under this contract is on a project assisted under a program providing direct federal financial assistance from the Department of Housing and Urban Development and 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 requires that to the greatest extent feasible, opportunities for training and employment be given to lower income persons and business concerns that provide economic opportunities to low income persons, particularly those who are recipients of government assistance for housing or residents of the community in which the Federal assistance is spent.

B. The parties to this contract will comply with the provisions of Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth in 24 CFR Part 75 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.

C. The contractor and any subcontractors are required to meet the prioritization requirements of 24 CFR 75.19. To the greatest extent feasible, employment and training opportunities arising in connection with this project are provided to Section 3 workers within the metropolitan area. Where feasible priority for opportunities and training should be given to Section 3 workers residing within the service area of the project site and participants in YouthBuild programs. To the greatest extent feasible, contractors shall ensure contracts for work awarded in connection to this project are provided to business concerns that provide economic opportunities to Section 3 workers residing in the metropolitan area. Where feasible, priority should be given to Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area of the project and has Youth Build programs.

D. The contractor will include this Section 3 clause in every subcontract for work in connection with the project and will, at the direction of the applicant for or recipient of Federal financial assistance, 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, 24 CFR Part 75. The contractor will not subcontract with any subcontractor where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR Part 75 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.

E. Compliance with the provisions of Section 3, the regulations set forth in 24 CFR Part 75, and all applicable rules and orders of the Department issued thereunder prior to the execution of the contract, shall be a condition of the federal financial assistance provided to the project, binding upon the applicant or recipient for such assistance, its successors, and assigns. Failure to fulfill these requirements shall subject the applicant or recipient, its contractors and subcontractors, its successors, and assigns to those sanctions specified by the grant or loan agreement or contract through which federal assistance is provided, and to such sanctions as are specified by 24 CFR Part 75.

**Appendix I: Section 3 Policy Receipt Certification**

Name of Company: \_\_\_\_\_

Address: \_\_\_\_\_

This is to certify that I have received a copy of the City of Frisco Section 3 Policy.

Signature of Company Officer: \_\_\_\_\_

Title of Officer: \_\_\_\_\_ Date: \_\_\_\_\_