

**RESOLUTION**

**A RESOLUTION TO ADOPT THE SECTION 3 PLAN TO COMPLY WITH 24 CFR, PART 135 OF THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SECTION 3**

**WHEREAS**, the United States Congress passed Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) to further the goal of ensuring that federal funds benefit the residents of projects funded wholly or in part by those funds, and

**WHEREAS**, Part 135 of Section 3 is to establish the standards and procedures to be followed to ensure that the objectives of Section 3 are met; and

**WHEREAS**, the City of Diamondhead, Mississippi has developed a Section 3 Plan in adherence to 24 CFR, Part 135 that comprehensively addresses the standards and procedures prescribed in the Act; and

**WHEREAS**, the Section 3 Plan is intended to ensure, to the greatest extent feasible, that training and employment opportunities generated by the U.S. Department of Housing and Urban Development projects be given to low income residents of the Section 3 project area and that contracts for work in connection with projects funded in whole or in part with U.S. Department of Housing and Urban Development funds be awarded to qualified Section 3 Business Concerns; and

**WHEREAS**, the City of Diamondhead hereby appoints the City Clerk as the "Section 3 Coordinator" to be the liaison between the City and the Regional Housing Authority and WIN Job Centers to ensure that job and training opportunities are being offered to eligible certified Section 3 residents and business concerns.

**NOW, THEREFORE, BE IT RESOLVED** by the Mayor and City Council of the City of Diamondhead, Mississippi that:

- Section One: The Mayor and City Council of the City of Diamondhead, Mississippi, adopts and directs staff to implement the Section 3 Plan to ensure compliance with the U.S. Department of Housing and Urban Development Act of 1968 as well as compliance with the Section 3 requirements of the Mississippi Development Authority.
- Section Two: The Mayor and City Council of the City of Diamondhead, Mississippi, hereby appoint the City Clerk as the "Section 3 Coordinator" to be the liaison between the City and the Regional Housing Authority and WIN Job Centers to ensure that job and training opportunities are being offered to eligible certified Section 3 residents and business concerns.

The foregoing Resolution having first been reduced to writing, was read by the Clerk and moved by Councilmember Knobloch, seconded by Councilmember LaFontaine, and was adopted by the following vote:

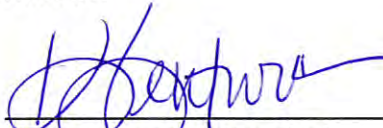
	AYES:	NAYS:	ABSENT
Councilmember Lopez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Councilmember LaFontaine	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Councilmember Rech	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Councilmember Sislow	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Councilmember Knobloch	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Schafer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Mayor Thomas Schafer, IV then declared the Resolution adopted this the 19<sup>th</sup> day of August, 2014.

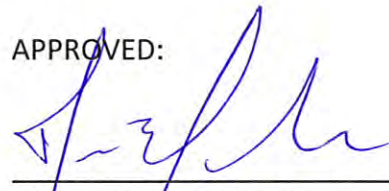
SEAL



ATTEST:

  
\_\_\_\_\_  
Kristin Ventura, City Clerk

APPROVED:

  
\_\_\_\_\_  
Mayor Thomas Schafer, IV

# DIAMONDHEAD, MISSISSIPPI

## SECTION 3: PLAN & GUIDEBOOK

Policies, Procedures and Utilization Plan  
for the Implementation of Section 3  
of the 1968 Housing and Urban Development Act

*“ensure that employment and 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. . .”*

**DIAMONDHEAD,  
MISSISSIPPI**

**POLICIES AND  
PROCEDURES FOR  
SECTION 3  
COMPLIANCE**

**General Policy Statement**

It is the policy of the City of Diamondhead to require its contractors to provide equal employment opportunities to all employees and applicants for employment without regard to race, color, religion, sex, national origin, disability, veteran's or marital status, or economic status and to take affirmative action to ensure that both job applicants and existing employees are given fair and equal treatment.

The City of Diamondhead has a population of 8,425.

The policy shall result in a reasonable level of success in the recruitment, employment, and utilization of Section 3 residents and other eligible persons and business by qualified contractors working on contracts partially or wholly funded with the United States Department of Housing and Urban Development (HUD) funds. This includes funding with Community Development Block Grant (CDBG) funds. The City of Diamondhead shall examine and consider a contractor's or vendor's potential for success by providing employment and business opportunities to Section 3 residents prior to acting on any proposed contract award.

**What is Section 3?**

Section 3 of the Housing and Urban Development Act of 1968, {12U.S.C.1701u}(section3) and implementing regulations at 24 C.F.R.135 states the purpose of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section3) is to 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. The City of Diamondhead, Mississippi (Hereafter referred to as "The City") fully embraces this definition of Section 3 and has set forth policies and procedures to "ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible be directed to low and very low income persons, and to business concerns which provide economic opportunities to low and very low income persons.

**Why is it important to the City of Diamondhead?**

The City, as a grantee for federal Community Development Block Grant (CDBG) funds, is required by HUD to develop and implement a Section 3 program which provides hiring and economic opportunities for low and very low income persons, particularly those who are recipients of government assistance for housing and business concerns which provide economic opportunities to low-and very low income persons to achieve these objectives.

The City embraces the spirit and intent of its obligations under Section 3, and has set forth the following policies which are applicable to contractors, subcontractors and others engaged in projects funded with funds sourced from the U. S. Department of Housing and Urban Development. These policies are discussed throughout the remainder of this guidebook.

## **About The City of Diamondhead's Policies Regarding Section 3**

The City of Diamondhead's Section 3 policies require that new employment opportunities be extended to low and very low income residents of the area where the project is being implemented. In essence, Section 3 eligible residents are to be extended preference in new hiring situations which result from the infusion of HUD sourced funds.

These policies also require that designated Section 3 business concerns are to be extended preference in contracting, sub-contracting, purchasing and servicing activities. All bids submitted for HUD funded projects will be required to also contain the contractor's proposed Section 3 Utilization Plan. Approval of the Plan will be part of the overall bid review process.

The primary objective is to connect low and very low income persons with economic opportunities associated with the City's Section 3 eligible projects. In addition, certified Section 3 eligible residents are to be made aware of hiring opportunities emanating from the City's Section 3 projects.

### **What is the Section 3 Hiring Policy?**

The City of Diamondhead's Section 3 Hiring Policy is an essential component of any Section 3 Utilization Plan submitted to the City for approval by contractors. The City of Diamondhead recognizes the importance of making sure that low and very low income residents benefit from any and all City (MDA/HUD sourced) projects built in their communities. Contractors and sub-contractors are likewise expected by the City to demonstrate in their Section 3 Utilization Plans and through their subsequent implementation actions that Section 3 eligible residents are included in the hiring goals and are indeed beneficiaries of the plan's hiring policies and practices. The following low and very low income resident hiring goals apply to all projects (submitted by contractors) for which Section 3 guidelines are applicable:

Highest Priority: Low and very low income residents residing in "affected neighborhoods" adjacent or near where a project is located. (*Category 1 residents*)

Second Priority: Participants in HUD Youthbuild programs (*Category 2 residents*)

Third Priority: Where the Section 3 project is assisted under the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.), homeless persons residing in the service area or neighborhood in which the section 3 covered project is located shall be given the highest priority.

Fourth Priority: Other low- very low income residents throughout the City.

Under the City of Diamondhead's Section 3 Hiring Policy, all MDA HUD funded projects' contractors and subcontractors will be contractually obligated to:

1. Conduct employment outreach to community based agencies for all new hires.
2. Accept and give preferential employment consideration to referred Section 3 eligible residents.
3. Provide appropriate employment outreach signage at the project site and throughout the project area to inform low and very low neighborhood residents of employment opportunities.
4. Provide training opportunities to certified Section 3 Residents and Business Concerns.

## **Certification of Section 3 Eligible Residents**

The City or its designated agent will certify very low and low income persons as "Section 3 eligible." An employee of the City will serve as the Section 3 Coordinator who is tasked with this responsibility and serves as the liaison between the Regional Housing Authorities and WIN Job Centers to insure the full range of employment opportunities are being offered to Section 3 eligible residents. The City is responsible for maintaining a current and accurate list of Section 3 eligible residents, and making referrals of certified Section 3 eligible residents for jobs and other training opportunities.

Residents residing in a public housing authority shall be automatically certified as a Section 3 Eligible Resident; however, documentation of proof of residency is required.

## **What is the Section 3 Business Opportunity Policy?**

The City of Diamondhead's Section 3 Business Opportunity Policy is another essential component of any Section 3 Utilization Plan. Diamondhead is committed to making sure that designated Section 3 Eligible business concerns derive economic benefit from applicable City (MDA/HUD sourced) projects built in their communities. Diamondhead recognizes the importance of making sure Section 3 certified business concerns benefit from applicable City (MDA/HUD sourced) projects built in their communities. Contractors and subcontractors are likewise expected by the City to demonstrate in their Section 3 utilization plans and through their subsequent implementation actions that Section 3 certified business concerns are included in the contracting goals and are indeed economic beneficiaries of the plan's business and procurement policies and practices. Under the City of Diamondhead's Section 3 policy, Section 3 Eligible Business Concerns will be given priority in contracting for appropriate work that is funded through MDA with HUD funds.

## **Certification of Section 3 Business Concerns**

The City or its designated agent will certify business concerns as Section 3 eligible. The City will maintain a current and accurate list of certified Section 3 Business Concerns and will make available listings of such concerns to any contractor or subcontractor interested in work pertaining to City funded (MDA/HUD sourced) projects. The City will have access to these Section 3 certified business concerns listings in order to facilitate the assessment and review of Section 3 plans submitted for review and approval.

## **Contractors Contractual Obligations:**

Under the City of Diamondhead's Section 3 Business Opportunity Policy funded sub-grantees and private entities will be contractually obligated to:

1. Conduct employment outreach to Section 3 eligible business concerns for sub-contracting and business opportunities.
2. Accept and give preferential business engagement consideration to Section 3 business concerns.
3. Provide appropriate employment outreach signage at the project site and throughout the project area to inform Section 3 eligible business concerns of business opportunities.
4. Document outreach efforts related to Section 3 eligible business concerns.
5. Maintain proper documentation of utilization of Section 3 eligible business concerns.

## **City of Diamondhead's Commitment to Section 3 Goals**

The City of Diamondhead, Mississippi sets overall Section 3 employment and contracting goals when any part of a project is funded in whole or in part with funds from the Mississippi Development Authority. These funds are provided by the U.S. Department of Housing and Urban Development.

The City's Section 3 goals are as follows:

1. Employment: Thirty percent (30%) of the aggregate number of new hires during a one year period of the project. (Example: A construction contractor hires 10 new workers. Three of the new workers should be Section 3 eligible persons.)
2. Contracting: (a) At least 10 percent (10%) of the total dollar amount of all Section 3 covered contracts for building trades work arising in connection with Housing rehabilitation, construction, and other public construction (infrastructure) with federal funds; and (b) At least three percent (3%) of the total dollar amount of all other covered Section 3 contracts to eligible Section 3 business concerns. The City will review Section 3 Utilization Plans and provide determinations within 7 to 10 working days.

## **City of Diamondhead's Commitment to Outreach and Training**

In addition to the City's firm commitment to the above stipulated goals, Diamondhead also recognizes the need for broad outreach, education and training relative to Section 3. The cornerstone of the City's outreach and training effort is the established relationship the City has with both the Regional WIN Job Center and the Housing Authorities. The wealth of training and resources these agencies provide to the City's Section 3 outreach and educational efforts play a tremendous role in helping the City meet its Section 3 goals and objectives. Examples of on-going outreach and educational efforts may include:

- Participation in local community meetings to include Section 3 Residents and Business Concerns
- Development and Distribution of Section 3 informational and educational materials
- Media and/or Radio announcements
- The City's Section 3 Plan and related information placed for public review at City Hall; as well as, the posting of the plan for public review at the Regional Housing Authority and WIN Job Centers.

## **Documenting Section 3 Efforts**

### **Enforcement - Complaints and Compliance Reviews (Pursuant to Section 135.76)**

#### **A. City's Complaint Process**

Any Section 3 Resident or Business may file a complaint alleging noncompliance with Section 3 by a recipient, contractor, or subcontractor. Complaints will be investigated by the City. A written complaint must contain:

- Name and address of the person filing the complaint;
- Name and address of the subject of complaint (MDA/HUD Recipient or Contractor)
- Description of acts or omissions in alleged violation of

Section 3 Written complaints should be filed with:

Mayor Thomas E. Schafer IV  
City of Diamondhead  
5000 Diamondhead Circle  
Diamondhead, MS 39525

Upon receipt of a written complaint the Mayor on behalf of the City will designate a person(s) to investigate the specific allegations of the complaint and render a finding. If it is determined that the Contractor/Subcontractor (Recipient) has functioned in such a manner as to breach the contractual obligations of the approved Section 3 Plan, the City will notify the appropriate parties of such findings and of the corrective measures that will be required.

- B. Section 3 residents and businesses may also file a complaint with the Mississippi Development Authority (MDA) utilizing the process described below:

MDA's Complaint Process. Any Section 3 Resident or Business may file a complaint alleging noncompliance with Section 3 by a recipient, contractor, or subcontractor. Complaints will be investigated; if appropriate, voluntary resolutions will be sought. Complaints must be submitted to MDA within 180 days of the action or omission upon which the complaint is based.

Complaints are to be filed in writing and addressed to:

Community Services Division  
Mississippi Development Authority  
P.O. Box 849  
Jackson, MS 39205-0849

A written complaint to MDA must contain:

- Name and address of the person filing the complaint;
- Name and address of the subject of complaint (MDA/HUD Recipient or Contractor)
- Description of acts or omissions in alleged violation of Section 3
- Statement of corrective actions sought.

- C. Section 3 residents and businesses may also file a complaint with HUD utilizing the process described below or may seek judicial relief.

HUD's Complaint Process. Any Section 3 Resident or Business may file a complaint alleging noncompliance with Section 3 by a recipient, contractor, or subcontractor. Complaints will be investigated; if appropriate, voluntary resolutions will be sought. There are appeal rights to the Secretary. Section 3 residents and businesses may also seek judicial relief. Complaints must be submitted to HUD within 180 days of the action or omission upon which the complaint is based.



Complaints are to be filed in writing to the local FHEO office:

**ATLANTA REGIONAL OFFICE**

U.S. Department of Housing and Urban Development Southeast  
Office 40 Marietta Street  
Atlanta, GA 30303

or:

The Assistant Secretary for Fair Housing and Equal Opportunity  
U.S. Department of Housing and Urban  
Development 451 Seventh Street, SW, Room  
5100  
Washington, DC 20410-2000

A written complaint must contain:

- Name and address of the person filing the complaint;
- Name and address of the subject of complaint (HUD Recipient or Contractor)
- Description of acts or omissions in alleged violation of Section 3
- Statement of corrective actions sought.

- D. Compliance – The City will conduct regular compliance reviews which consist of comprehensive analysis and evaluation of the compliance with Section 3 by contractors, subcontractors and all parties involved within a Section 3 funded project. Where noncompliance is found, the City will notify the recipient or contractor of the deficiency and recommendations for corrective actions. On complaints sent to MDA and/or HUD, the City will conduct an evaluation and make recommendations for corrective actions.
- E. Findings - A finding of noncompliance by the City, MDA, or HUD may result in sanctions based on the program under which the Section 3 covered assistance was funded.

**Section 3 Requirements for the Submittal of Funding Applications to the MDA/HUD**

The City of Diamondhead submits applications for funding to MDA/HUD and as a condition of the application are to submit Section 3 Plans which provides an indication of the commitment of the project to Section 3 requirements as set forth by the City of Diamondhead, MS.

**Section 3 Requirements for Prospective Bidders on MDA/HUD Funded Projects:**

Business concerns that submit bids on HUD funded projects that meet the Section 3 Policies and Procedures must submit a Section 3 Utilization Plan for approval by the City.

As part of the bidding process for MDA/HUD funded projects, Section 3 Utilization Plans are to be developed and submitted to the City. Commitment to Section 3 utilization will be a factor in the bid selection process. The Section 3 Clause will be a part of the contractual documents.

**Documentation and Outreach Requirements**

All bid announcements and complete specifications for Section 3 applicable projects and funded activities that are being funded by assistance from MDA from HUD funds must be sent to the following offices and any other locations that may be requested by the City prior to the bid closing date:

City Hall  
City of Diamondhead  
5000 Diamondhead Circle  
Diamondhead, MS 39525

**Submit copies of bid notifications to the Mississippi Procurement and Technical Assistance Center**

Copies of all bid notices are to be sent to the Mississippi Procurement and Technical Assistance Center.

Mail to: Mississippi Development Authority  
Mississippi Procurement and Technical Assistance Center  
P.O. Box 849  
Jackson, MS 39205-0849

**Document that outreach notices have been placed in the Carthaginian.****Submit Complete Section 3 Plans on all sub-contracts - no threshold limit**

All Sub-contractors are required to complete the MDA Section 3 Project Plans in its entirety including the Section 3 Clause and submit to the Contractor, who in turn will submit the entire package to the City's Section 3 Office.

**Signage**

Section 3 signage is required for construction projects. The sign must be large enough to be visible from the street. The sign must: (a) identify the name of the Federally Funded Project; (b) state "This is a HUD Section 3 Project"; (c) identify the Fair Housing logo on the sign.

## What are Sub-contractors Required to Do to meet Section 3 Obligations?

1. The Section 3 plan will must include specific information regarding the following:
  - Identification of the Project Area
  - Specific Information about the current workforce
  - Specific plan for hiring Section 3 eligible residents
  - Specific plan for engaging Section 3 designated business concerns
  - The requirement to include as part of all bids the Section 3 Plan which identifies activities to comply with the Section 3 Program and the Section 3 Clause in all sub-contracts
  - Firm commitment to conduct outreach and notification to potential Section 3 residents and businesses of hiring opportunities using site signage, flyers, etc.
  - Firm commitment to provide training opportunities to hired Section 3 Residents and/or Business Concerns.
2. All Sub-contractors, no matter the threshold amount are required to submit their complete Section 3 Plans to the contractor, who in turn will submit the entire package to the City as the project's Section 3 Utilization Plan.
3. Sign an Acknowledgement of Receipt of Information regarding Section requirements and obligations which accompany City (HUD sourced) funding.
4. Once there are contractual agreements between the City and contractor, and in turn the contractor and the sub-contractor/recipient, the sub-contractor is obligated to make available all documentation necessary to enable City staff to conduct compliance reviews which consist of comprehensive analysis and evaluation of compliance with approved Section 3 Utilization Plan. Where noncompliance is found, the City will issue immediate notification to the contractor and sub-contractor of the nature of the deficiency and issue directives for corrective actions. The Sub-contractor/recipient is expected under the contractual obligation with the contractor to adhere to implementing the approved Section 3 Utilization Plan.
5. Sub-contractors are subject to a compliance review by HUD and the City. Sub-contractors are required to maintain records in a manner where they will be readily available to HUD, MDA and City staff.
6. Contractors need to certify posting of signage stating "This project is funded in whole or in part with HUD Federally Funded monies and that hiring, training and contractual opportunities will be provided to Section 3 residents and Business Concerns".

### **SECTION 3 DEFINITIONS**

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**Applicant** means any entity which makes an application for Section 3 covered assistance, and includes, but is not limited to, any State, unit of local government, public housing agency, Indian housing authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization (CHDO), resident management corporation, resident council, or cooperative association.

**Business concern** means a business entity formed in accordance with State law, and which is licensed under State, county or municipal law engaging in the type of business activity for which it was formed.

Business concern that provides economic opportunities for low-and very low-income persons.

See definition of "Section 3 business concern" in this section.

**Contract.** See definition of "Section 3 covered contract" in this section.

**Contractor** means any entity which contracts to perform work generated by the expenditure of Section 3 covered assistance, or for work in connection with a Section 3-covered project.

**Department** or **HUD** means the Department of Housing and Urban Development, including its Field Offices to which authority has been delegated to perform functions under this part.

**Employment opportunities generated by Section 3 covered housing and community development assistance.** This term means all employment opportunities arising in connection with Section 3 covered projects (as described in 135.3(a)(2), including management and administrative jobs connected with the Section 3 covered project. 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, e.g., construction manager, relocation specialists, payroll clerk, etc.

**Housing and community development assistance** means any financial assistance provided or otherwise made available through a HUD housing or community development program through any grant, loan, loan guarantee, cooperative agreement, or contract, and includes community development funds in the form of community development block grants, and loans guaranteed under Section 108 of the Housing and Community Development Act of 1974, as amended. Housing and community development assistance does not include financial assistance provided through a contract of insurance or guaranty. JTPA means the job Training Partnership Act (29 U.S.C. 1579(a).

**Low-income person.** See the definition of "Section 3 resident" in this section.

**Metropolitan area** means a metropolitan statistical area (MSA), as established by the Office of Management and Budget.

**Neighborhood area means:**

- (1) For HUD housing programs, a geographical location within the jurisdiction of a unit of general local government (but not the entire jurisdiction) designated in ordinances, or other local documents as a neighborhood, village, or similar geographical designation.
- (2) For HUD community development programs, see the definition, if provided, in the regulations for the applicable community development program, or the definition for this term in 24 CFR 570.204(c)(1). New hires mean full-time employees for permanent, temporary or seasonal employment opportunities.

**Other HUD programs** means HUD programs, other than HUD public and Indian housing programs, that provide housing and community development assistance for "Section 3 covered projects", as defined in this section.

**Recipient** means any entity which receives Section 3 covered assistance directly from HUD or from another recipient and includes, but is not limited to, any State, unit of local government, PHA, IHA, Indian Tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

**Secretary** means the Secretary of Housing Urban Development (HUD).

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

**Section 3 business concern** means a business concern, as defined in this section.

- (1) That is 51 percent or more owned by Section 3 residents; or
- (2) Whose permanent, full-time employees include persons, at least 30 percent of whom are currently Section 3 residents, or within three years of the date of first employment with the business concern were Section 3 residents, or
- (3) That provides evidence of a commitment to by contract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in paragraphs (1) or (2) in this definition of "Section 3 business concern".

**Section 3 clause** means the contract provisions set forth in 24 CFR 135.38.

- (1) Assistance provided under any HUD housing or community development program that is expended for work arising in connection with:
  - (i) Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement); (ii) Housing construction; or (iii) Other public construction projects (which includes other buildings or improvements, regardless of ownership).

**Section 3 covered contract** means 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 contracts" do not include contracts awarded under HUD's procurement program, which are governed by the Federal Acquisition Regulation System (see 48 CFR, Chapter 1). "Section 3 covered contracts" also do not include contracts for the purchase of supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a Section 3 covered contract. For example, a contract for the purchase and installation of a furnace would be a Section 3 covered contract because the contract is for work (i.e., the installation of a furnace) and thus is covered by Section 3.

**Section 3 covered project** means the construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance.

**Section 3 resident** means: (1) A public housing resident; or (2) An individual who resides in the metropolitan area or Non-metropolitan County in which the Section 3 covered assistance is expended, and who is:

(i) A low-income person, as this term is defined in section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2)). Section 3(b)(2) of the 1937 Act defines this term to mean families (including single persons) whose incomes do not exceed 80 percent of the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low-income families; or

(ii) A very low-income person, as this term is defined in section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2)). Section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2)) defines this term to mean families (including single persons) whose incomes do not exceed 50 percent of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 percent of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.

**Section 3 Clause**



### **Section 3 Clause**

All Section 3 covered contracts shall include the following clause (referred to as the Section 3 Clause):

A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implements 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 135 regulations.

C. The contractor agrees to send to each labor organization or representative or workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

## **INCOME GUIDELINES**

## **INCOME GUIDELINES**

CDBG Program Income Guidelines 2014 City of Diamondhead, Mississippi

Number of Person's in Household	Extremely Low Income (Less Than 30% of Median)	Very Low Income (Less Than 50% of Median)	Low Income (Less Than 80% of Median)
1	\$11,670	\$18,200	\$29,150
2	\$15,730	\$20,800	\$33,300
3	\$19,790	\$23,400	\$37,450
4	\$23,850	\$26,000	\$41,600
5	\$27,910	\$28,100	\$44,950
6	\$30,200	\$30,200	\$48,300
7	\$32,250	\$32,250	\$51,600
8	\$34,350	\$34,350	\$54,950

## SECTION 3 OVERVIEW

## **SECTION 3 OVERVIEW**

### **Goals of the Section 3 Contract**

HUD regulations (24 C.F.R., Section 135) establish goals requiring that recipients of housing and community development funds and their contractors show that 30% of any newly hired employees each year come from targeted low and very low income population which includes public housing residents, residents of the neighborhoods (including the homeless) in which Section 3 Projects are located, participants in Youthbuild programs, and other low income individuals. Recipients must also commit to allocate at least 10% of building trades contracts and three percent of all other contracts to businesses certified as Section 3 eligible business concerns. These federal mandates apply to all Section 3 contracts with the City of Diamondhead, Mississippi and specific actions to achieve these goals are essential for a Section 3 Utilization Plan to receive approval by the City.

- The employment goal of Section 3 is that at least 30% of all new hires "new employee" generated by this development be extended to persons that are Section 3 eligible resident; and
- The utilization of a Section 3 Business Concern is that at least 10% of the total dollar amount awarded to the Recipient (Borrower/Developer) for the development of the project must be awarded to eligible Section 3 Businesses in the construction industry; and
- At least 3% of the total dollar amount awarded to the Recipient (Borrower/Developer) for the development of the project must be awarded to eligible Section 3 Businesses in non-construction fields. (Ex. Accounting Firm, Insurance Providers, Marketing/P.R. Firm, Law Consultations, etc.)

### **What is the definition of "Core Employees"?**

Core employees are defined as all employees on an individual company's payroll on or before the effective date of signing the Section 3 contract.

Please submit your core list of employees (name, last four digits social security number and hire date) and effective date of signing the Section 3 Contract. This list must be received prior to the start of the Project.

### **What is the definition of "New Employees"?**

Any employee that an individual company hires after the effective date of signing the Section 3 contract with the City of Diamondhead, Mississippi is considered a new employee.

### **What is the definition of "Section 3 Resident"?**

A person of low and/or very low income resident residing in "affected neighborhoods" adjacent or near an eligible Section 3 Project. This includes public housing residents, residents of the neighborhoods (including the homeless) in which Section 3 Projects are located, participants in Youthbuild programs, and other low income individuals.

### **What is the definition of a "Section 3 Business Concern"?**

A Section 3 Business concern is a business:

1. That 51% of the business is owned by Section 3 Residents; or
2. Whose current, permanent, full-time employees are composed of at least 30% Section 3 eligible residents, or within three years of the date of first employment with the business concern were Section 3 residents, or
3. That provides evidence of a commitment to by contract in excess of 25% of the dollar award of all contracts to be awarded to business concerns that meet the qualifications set forth in (1) or (2) of this definition.

### **Union Resident**

Any Union member who meets the Section 3 eligibility guidelines may count towards the Section 3 Hiring Goals.