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# SECTION 3

Contra Costa County

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# AGENDA

**What is Section 3 and When Does it Apply?**

**Section 3 is Not...**

**Benchmarks / What Section 3 Does**

**Important Definitions**

**Benchmarks and Numerical Goals**

**Qualitative Efforts**

**Reporting**

**Opportunity Portal**

**Questions**

## WHAT IS SECTION 3 AND WHEN DOES IT APPLY?

- Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968 that helps foster local economic development, neighborhood improvement, and individual self-sufficiency.
- The Section 3 program requires the recipients of certain HUD financial assistance, to the greatest extent feasible, to provide job training, employment, and contracting opportunities for low- or very low-income residents in connection with projects and activities in their neighborhoods. Currently, low income in Contra Costa County is considered under \$74,200 per year.
- Contra Costa County is the recipient of HUD funding, therefore the County's allocation of funds triggers Section 3 requirements whenever the project creates the need for new employment, contracting, or training opportunities.
- Section 3 projects or activities involve housing construction, rehabilitation (including reduction and abatement of lead-based paint hazards), demolition, or other public construction.
- Section 3 is triggered when financial assistance through HUD programs exceeds \$200,000. When financial assistance through Lead Hazard Control and Healthy Homes Programs exceeds \$100,000, Section 3 is triggered for that project.

## Section 3 is Not...

A racial quota program

Based on gender

An entitlement for eligible individuals or businesses

Optional – it's the law



## Section 3...

Is based on an individual's income and location

Provides economic opportunities to low- and very low-income persons

Offers training, employment, and contractual opportunities

Does not require hiring or contracting unless it is necessary to complete the project

Not limited to low-wage construction jobs

Section 3 businesses and employees must be qualified

## BENCHMARKS:

- 25% of all labor hours must be performed by a Section 3 worker
- 5% of all labor hours must be performed by Targeted Section 3 workers
- Benchmark Notice should be updated by the Secretary of HUD every 3 years

## SEEKS IMPROVEMENTS BY

- Promoting sustained employment and career development
- Reporting on key outcome metrics
- Aligning reporting with standard business practices
- Providing program oversight
- Clarifying obligations



$$\frac{\text{Section 3 labor hours}}{\text{Total labor hours}} = 25\% \quad \text{AND} \quad \frac{\text{Targeted Section 3 labor hours}}{\text{Total labor hours}} = 5\%$$

All individuals performing applicable work/labor hours for the federally funded project that do not meet one of the Section 3 designations are reported only under the “All Workers” category.

## UNIVERSE OF WORKERS



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# IMPORTANT DEFINITIONS

# SECTION 3 BUSINESS CONCERN

A SECTION 3 BUSINESS IS:



**51% or more owned and controlled by low- or very low-income persons**

**OR**



**Over 75% of labor hours performed for the business over the prior three-month period are performed by Section 3 workers**

**OR**



**51% or more owned and controlled by current residents of public housing or Section 8-assisted housing**



## SECTION 3 BUSINESS CONCERN

- Contractors or subcontractors who wish to be identified as a Section 3 Business must complete the Section 3 Business Self-Certification form and provide requested backup documentation.
- Documentation of Section 3 status can also be met by inclusion on any list or database published by HUD reporting Section 3 status.
- Section 3 Business status will be reported once for each contract of services.
- Once a business is determined to be a Section 3 Business, the designation will remain in effect for the life of the contract for services.
- Records supporting this status must be made available upon request to Contra Costa County, HUD, or other state and federal authorized officials.

# SECTION 3 WORKER

A SECTION 3 WORKER IS ANY WORKER WHO CURRENTLY FITS, OR WHEN HIRED WITHIN THE LAST 5 YEARS FIT, AT LEAST ONE OF THE FOLLOWING CATEGORIES:



**A low- or very low-  
income resident**

**OR**



**Employed by a Section  
3 Business concern**

**OR**



**A Youthbuild  
participant**

# TARGETED SECTION 3 WORKER

## DEFINITION



**Employed by a  
Section 3 Business  
concern**

**OR**



**Currently fits or when hired  
fit at least one of the  
following categories as  
documented within the past  
5 years:**

- **Living within the service area or the neighborhood of the project, as defined by 24 CFR 25.5**
  - **A YouthBuild participant**

# SERVICE AREA

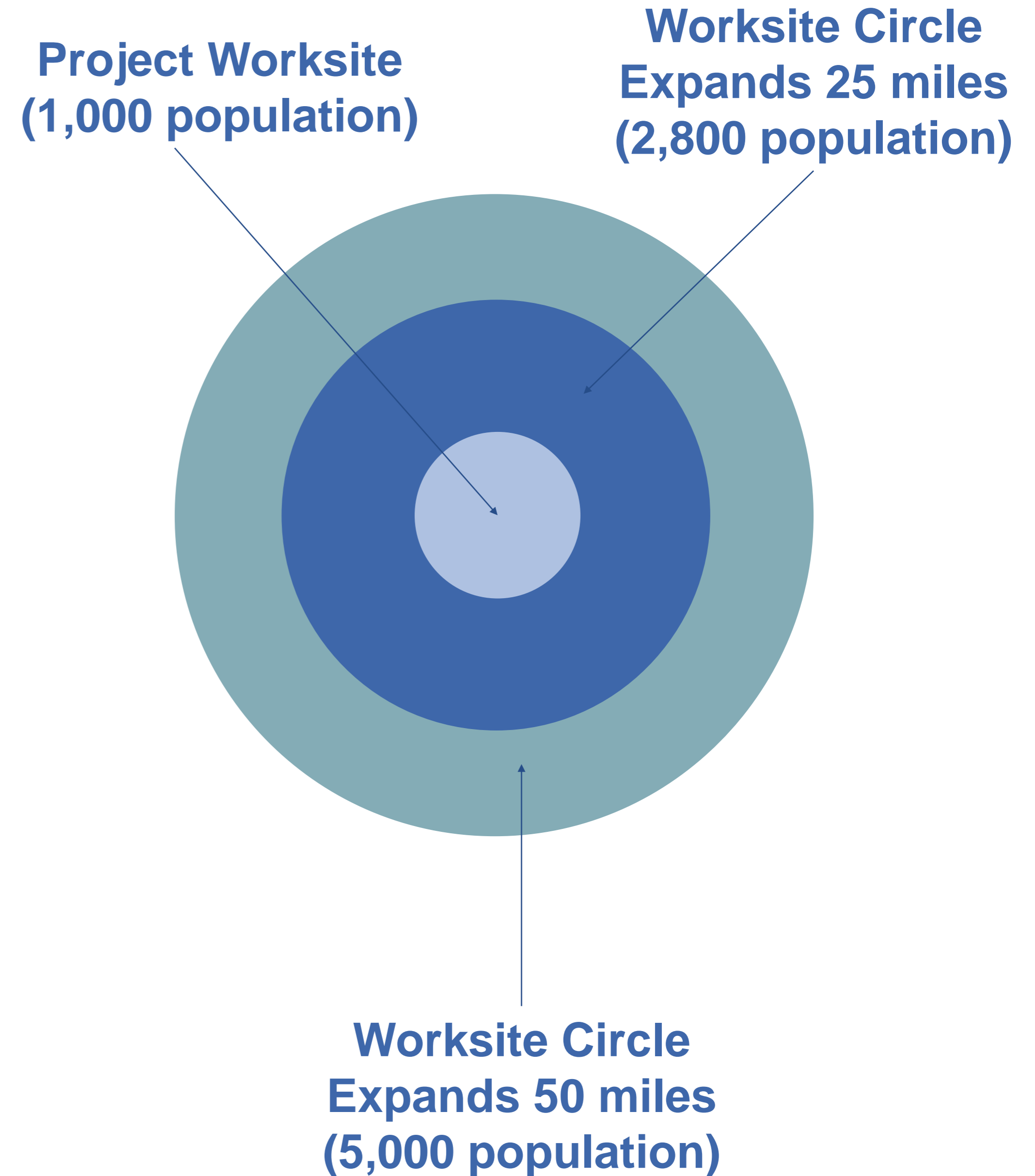
NEIGHBORHOOD OF THE PROJECT

Service Area = an area within one mile of the Section 3 project

OR

If less than 5,000 people live within one mile of the Section 3 project, then...

Service Area = an area within a circle centered around the Section 3 project site that encompasses 5,000 people



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# YOUTHBUILD

- Academic and occupational skills training program serving youth ages 16-24 who have dropped out of high school, or previously dropped out and re-enrolled
- Additional Criteria:
  - A member of a low-income family and/or
  - A youth in foster care (including youth aging out of foster care) and/or
  - A youth or adult offender and/or
  - A youth with a disability and/or
  - A migrant youth

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# QUALITATIVE EFFORTS

HUD and Contra Costa County consider all subrecipients who meet or exceed both benchmarks for Section 3 workers and Targeted Section 3 workers to be in compliance. If a subrecipient is unable to meet the benchmarks, the subrecipient must report on the qualitative nature of its activities and those its contactors and subcontractors pursued. Such qualitative efforts may, for example, include but are not limited to the following:

- Engaged in outreach efforts to generate job applicants who are Targeted Section 3 workers
- Provided technical assistance to help Section 3 works compete for jobs (resume assistance, etc.)
- Provided training or apprenticeship opportunities
- Hosted job fairs
- Divided contracts into smaller jobs to facilitate participation by Section 3 Business concerns
- Provided bonding assistance, guarantees, etc., to support viable bids from Section 3 Business concerns
- Provided written notice to all Section 3 Business concerns of contracting opportunities
- Used the services of the U.S. Small Business Administration and the Minority Business Development Agency
- Provided technical assistance to help Section 3 Business concerns understand and bid on contracts
- Connected Section 3 workers with assistance in seeking employment through job placement, job fairs, etc.
- Promoted the use of the HUD Opportunity Portal

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# REPORTING

For Section 3 covered contracts, contractors must submit the Section 3 Labor Hours Tracking Form (Exhibit F) on a monthly basis, and the Section 3 Year-End Report annually. The information required includes:

- The total number of labor hours worked
- The total number of labor hours worked by Section 3 workers
- The total number of hours worked by Targeted Section 3 workers
- The percentage of labor hours worked by Section 3 workers
- The percentage of labor hours worked by Targeted Section 3 workers
- If benchmarks are unmet, qualitative efforts and an explanation of those efforts

## MONTHLY REPORTING


Contractors are required to submit a monthly labor hours report to the HCI staff contact for your project **by the last day of each month.**

## ANNUAL REPORTING

Once a year, contractors must submit a final Section 3 cumulative report for the program year (Exhibit G). This report is **due July 10**. If the contractor or subcontractor's portion of work on the project ends before July 10, the report should be submitted after work is complete.

# REPORTING: Exhibit A – Worker Certification

EXHIBIT A



**Contra Costa County Section 3 Worker and Targeted Section 3 Worker Self-Certification**

A person seeking preference in training and employment shall certify or submit evidence to the recipient sub-recipient, contractor, or subcontractor that they meet eligibility as a Section 3 Worker, as defined in Section 24 CFR § 75.

Date (month and year): \_\_\_\_\_  
 Worker Name: \_\_\_\_\_  
 Worker Apartment Complex Name (if applicable): \_\_\_\_\_  
 Worker Address: \_\_\_\_\_  
 \_\_\_\_\_  
 Worker Email Address: \_\_\_\_\_  
 I live within a 1 mile radius or less from project site (circle): Y N  
 Employer/Company Name: \_\_\_\_\_  
 Trade/Job Interest: \_\_\_\_\_  
 Experience (circle): Y N                      Years Experience: \_\_\_\_\_

To meet the income qualifications, you must earn 80% of the area median income or below for Contra Costa County. This limit is updated annually. A Section 3 Worker can be anyone, but the income is based on where the worker lives.

Section 3 Income Limit for Contra Costa County Residents as of June 15, 2022	
1 Person	\$74,200

Place a checkmark beside any of the following that applies below:

My income for the previous year was below the amount listed above\*.

I am employed by a Section 3 Business Concern.

I am a YouthBuild participant.

I reside in public housing or Section 8-assisted housing.

I reside within one mile of the work site.

I am not a Contra Costa County resident. My County is \_\_\_\_\_ and my income is \$ \_\_\_\_\_

\* Section 3 Income qualification limits are based on where the worker lives and not the location of the project.

I hereby certify that the information provided by me is true and correct and understand any falsification of any of the information could subject me to disqualification from participation.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

EXHIBIT A | Revised July 2022



# REPORTING: Exhibit B – Section 3 Business Self-Certification

EXHIBIT B



### Contra Costa County Section 3 Business Self-Certification

To self-certify as a Section 3 Business Concern, per 24 CFR § 75, the company or firm must meet at least one of the categories below. Supporting documentation must be provided with this form to be confirmed as a Section 3 Business.

Check if Applies	Section 3 Business Category	Additional Required Data
<input type="checkbox"/>	Business is at least 51% owned by low- or very low-income persons.	Proof of ownership showing all owners and their percentages and a completed Section 3 Business Owner Self-Certification form for all low- and very low-income owners.
<input type="checkbox"/>	Over 75% of the labor hours performed for the business are low- or very low-income persons.	Provide the last 90 days' full payrolls for the entire company. Provide a list of employees who worked the last 90 days with the total hours worked for each employee and an indication of which employees are Section 3 Workers.
<input type="checkbox"/>	Business is at least 51% owned by current public housing residents or residents who currently live in Section 8-assisted housing.	Proof of ownership showing all owners and their percentages and documentation of residence in public housing or a Section 8 unit.

I hereby certify that all the information on this form is true and correct. I attest that my business meets the Section 3 definition and understand proof of this information may be requested. If found to be inaccurate, I understand that I may be disqualified as a Section 3 Business.

\_\_\_\_\_

Authorized Signature Date

\_\_\_\_\_

Printed Name Title

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

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

Telephone Number: \_\_\_\_\_ Type of Business:  Corporation

Sole Proprietorship

Partnership

Joint Venture

# REPORTING: Exhibit C – Section 3 Business Owner Certification

EXHIBIT C



## Contra Costa County Section 3 Business Owner Certification

A business owner seeking Section 3 Business Certification shall certify and submit this form in conjunction with the Section 3 Business Self-Certification form.

Owner Name: \_\_\_\_\_

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

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

Business Email Address: \_\_\_\_\_

Percent Ownership of Business: \_\_\_\_\_

To meet the income qualifications, the business owner must earn 80% of the area median income or below for Contra Costa County. This limit is updated annually. The income of the business owner is based on where the owner lives.

Section 3 Income Limit as of June 15, 2022	
1 Person	\$74,200

Place a checkmark beside any of the following that applies below:

My income for the previous year was below the amount listed above.

I am currently a resident of public housing or live in Section 8-assisted housing.

I hereby certify that all the information on this form is true and correct. I attest that my business and my business ownership meet the Section 3 definition and understand proof of this information may be requested. If found to be inaccurate, I understand that I may be disqualified as a Section 3 Business and Section 3 Business Owner.

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date

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

\_\_\_\_\_  
Title

# REPORTING: Exhibit D – Section 3 Clause

## EXHIBIT D



### 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 economic opportunities, most importantly employment, generated by certain HUD financial assistance shall be directed to low- and very 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 agree to comply with HUD's regulations in 24 CFR part 75, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 75 regulations.
- C. The contractor agrees to send to each labor organization or representative of 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 engage in qualitative efforts including but not limited to:
  - a. Engaging in outreach efforts to generate job applicants who are Targeted Section 3 Workers.
  - b. Providing training or apprenticeship opportunities.
  - c. Providing or referring Section 3 Workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, childcare).
  - d. Engaging in outreach efforts to identify and secure bids from Section 3 business concerns.
  - e. Promoting the use of business registries designed to create opportunities for disadvantaged and small businesses.
  - f. Engaging in outreach and referrals with the state one-stop system of the workforce Innovation and Opportunity Act.
- E. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 75, 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 75. The contractor will not subcontract

# REPORTING: Exhibit E – Pre-Award Compliance Certification

EXHIBIT E



**Pre-Award Compliance Certification**  
To be completed and returned to the County.

Project Name: \_\_\_\_\_ Developer/Owner: \_\_\_\_\_

Contractor Name: \_\_\_\_\_

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

Contact Person: \_\_\_\_\_ Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Contract Amount (\$): \_\_\_\_\_ Date of Contract: \_\_\_\_\_

The undersigned owner and general contractor of the above-referenced project is committed to comply with the Section 3 Act and Section 3 regulations. Contra Costa County will work with the owner and the general contractor to ensure compliance, to the greatest extent feasible, through the employment of Section 3 Workers and Targeted Section 3 Workers. Furthermore, the owner hereby agrees to implement at least the following actions directed towards employing Section 3 Workers and Targeted Section 3 Workers:

- The owner or general contractor must submit the Section 3 Year End Monitoring Report by July 10th of each fiscal year.
- The general contractor and subcontractors must submit monthly reports (Exhibit F: Labor Hours Tracking Form) on all Section 3 covered projects. Reports are due at the end of each month. Reports shall be submitted to the HCI staff contact for your project.
- The owner or general contractor shall maintain comprehensive documentation of their Section 3 outreach efforts and implementation activities. Section 3 files should be clearly maintained and be available for review by Contra Costa County and/or HUD officials.
- The owner and general contractor will make best efforts to ensure that all Section 3 Business Concerns, and Targeted Section 3 Workers within the Service Area are notified of pending opportunities.
- The owner and general contractor will ensure all subcontractors are aware of their obligation to meet Section 3 benchmarks laid out in Contra Costa County's Section 3 Guidance Manual. Subcontractors will consult with the general contractor instead of the County regarding questions and reporting.

EXHIBIT E

- The owner and general contractor agree to register on HUD's Section 3 Opportunity Portal to help match Section 3 workers to jobs and training opportunities and Section 3 businesses to contracting opportunities (<https://hudapps.hud.gov/OpportunityPortal/>).

We the undersigned, have read and fully agree to this Section 3 Compliance Certification, and become party to the full implementation of this program.

**Owner**

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

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

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

**General Contractor**

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

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

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

**Subcontractor**

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

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

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

EXHIBIT E

**Section 3 Contractor Estimated Project Workforce**

The employment and training component of Section 3 applies to the prime contractor and all subcontractors providing construction services or professional services to Contra Costa County's CDBG, HOME, HOPWA, ESG, and NSP Programs. It is the responsibility of the Prime Contractor to enforce these same requirements within any subcontracts.

To be in compliance with HUD's new Section 3 benchmarks, 25% of total labor hours must be Section 3 Workers and 5% of total labor hours must be Targeted Section 3 Workers. Please note the Section 3 Workers and Targeted Section 3 Workers must meet the minimum qualifications for the available job.

Complete the table below.

Job Category	Total Estimated Positions	Number of Positions Currently Occupied by Permanent Employees	Number of Vacant Positions	Number of Positions to be Filled with Targeted and/or Sec. 3 Workers	Estimated Hiring Date for Targeted and/or Sec. 3 Workers
Officers/Supervisors					
Professionals					
Technicians					
Office					
Clerical					
Trade					
Journeyman					
Apprentices					
Trainees					
Others					
Others					
Others					
<b>TOTAL</b>					



# REPORTING: Exhibit G – Section 3 Annual Report

Exhibit G

Contra Costa County Section 3 Annual Report						
<small>Updated August 2021</small>						
<small>Recipients use this form to provide the County the information necessary to report Section 3 Benchmarks. This is information based on July 1st to June 30th and due July 10th of each year.</small>						
Year Reporting:						
Recipient Name:					Project Number:	
Project Name:						
Contact Person:						
Date Report Submitted to County:						
Project Address:						
Phone:						
<b>Section 3 is an initiative to employ local low- and very low-income workers and create economic opportunities for businesses owned by low-income individuals.</b>						
<b>PART 1: EMPLOYMENT AND TRAINING (All fields are mandatory)</b>						
	A	B	C	D	E	
Job Category	Total Labor Hours Worked on Project	Total Labor Hours Worked on Project by Section 3 Workers	Total Labor Hours Worked on Project by Targeted Section 3 Workers	% of Total Labor Hours Worked by Section 3 Workers *	% of Total Labor Hours Worked by Targeted Section 3 Workers	
Professionals						
Technicians						
Office/Clerical						
Officials/Managers						
Sales						
Craft Workers (skilled)						
Operatives (semiskilled)						
Laborers (unskilled)						
Service Workers						
Other						
Total						
<small>* Includes hours worked by Section 3 Workers and Targeted Section 3 Workers</small>						
<b>PART 2: SUMMARY OF EFFORTS</b>						
<small>Indicate the efforts made to direct the employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, Section 3 Workers and Targeted Section 3 Workers. Check all that apply.</small>						
<input type="checkbox"/>	Attempted to recruit low-income workers through: local advertising, signs prominently displayed at the project site, contacts with community organizations and public or private agencies operating within the metropolitan area in which the Section 3 covered program or project is located (Contra Costa County), or similar methods.					
<input type="checkbox"/>	Participated in a HUD program or other program which promotes the training or employment of Section 3 residents.					
<input type="checkbox"/>	Participated in a HUD program or other program which promotes the award of contracts to business concerns which meet the definition of Section 3 Business Concerns.					
<input type="checkbox"/>	Coordinated with YouthBuild Programs administered in the area in which the Section 3 covered project is located.					
<input type="checkbox"/>	Provided or connected Section 3 Workers with employment search assistance such as resume writing, interview preparations, or connecting with placement services.					
<input type="checkbox"/>	Engaged in outreach efforts to generate job applicants who are Targeted Section 3 Workers.					
<input type="checkbox"/>	Promoted use of business registries designed to create opportunities for disadvantaged and small businesses.					
<input type="checkbox"/>	Engaged in outreach efforts to identify and secure bids from Section 3 business concerns.					
<input type="checkbox"/>	Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.					
<input type="checkbox"/>	Provided training or apprenticeship opportunities for Section 3 Workers or Targeted Section 3 Workers.					
<b>Is there any supplemental information you would like to provide?</b>						

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# OPPORTUNITY PORTAL

<https://hudapps.hud.gov/OpportunityPortal>

## **SECTION 3 WORKERS:**

- Search for employment and training opportunities
- Post resume

## **SECTION 3 RECIPIENTS AND BUSINESS CONCERNS:**

- Post job and training positions
- Search for job applicants
- Post contract opportunities

## **SECTION 3 BUSINESS CONCERNS:**

- Search for contracts

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**QUESTIONS?**