



SECTION 3 OVERVIEW

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

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

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

SECTION 3 SUB-CONTRACTING GOALS		
Who Must Comply	Area of Focus	Goal
Building trades work for maintenance, repair, modernization or development of public or Indian housing, or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction	Subcontract Awards	At least 10 percent of the total dollar amount of all contracts
Any Tier Subcontractors	Subcontract Awards	At least 10 percent of the total dollar amount of all contracts
All other Section 3 covered contracts		At least three (3) percent of the total dollar amount

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

Definitions

Employment Opportunity

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

New Hire

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

Section 3 Resident

- (1) Public housing residents
- (2) Persons who live in the Local Area (within the boundaries of the City and County of Sacramento) where a HUD or SHRA assisted project is located and who is considered to be a low- to very-low income person (have a household income that falls below HUD’s income limits). HUD income limits are provided below and on the New Hire Questionnaire.

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

INCOME LIMITS – 2021								
Number in Household	1	2	3	4	5	6	7	8
Maximum Household Income	\$50,750	\$58,000	\$65,250	\$72,500	\$78,300	\$84,100	\$89,900	\$95,700

For example, if your household size is 3 and the total annual household income was \$55,000.00, you would fall within the income limits of the chart. From the chart above, the income was below the maximum for a family of 3 (\$65,250).

If the applicant’s total household income is within the limits of the chart, that person is considered a Section 3 Worker.

Section 3 Business

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

Section 3 Covered Contract

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

Section 3 Covered Project

The construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance or SHRA funds.

Contractor & Subcontractor Obligations for Section 3 Compliance

- (1) Demonstrate a good faith effort, to the greatest extent feasible, to utilize eligible/qualified Section 3 area residents as employees and trainees when new hires are needed.
- (2) Identify the number of positions, by classification/function, required to plan and complete the work to be done under the Section 3 covered project, this includes management and administrative personnel;
- (3) Determine how many of these positions are currently filled and which are not filled by regular, permanent employees.

Contractor & Subcontractor Actions to Demonstrate a Good Faith Effort

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

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

- (1) Advertise in local/neighborhood newspapers/publications.
- (2) Post opportunity flyers/notices in the common areas of SHRA public housing communities.
- (3) Contact and post flyers/notices at the Sacramento County BIC's (Business Information Centers), local and ethnic Chambers of Commerce, SBA, etc.
- (4) At the job site, post the job opportunity notice and the Section 3 poster where the public may reasonably view it.
- (5) Contact local job training centers or labor organizations.

Order of Preference for Hiring and Contracting

Order of Providing Training and Employment Opportunities to Section 3 Workers

All contractors and any second tier subcontractor shall, to the greatest extent feasible, provide training and employment opportunities to Section 3 workers to meet or exceed a numerical goal of 25% of all labor hours in the following order of priority:

- Priority 1: A resident of the SHRA housing site within the project area / neighborhood (i.e. Oak Park, Del Paso Heights, North Highlands, Rio Linda, etc.), and/or the Jobs Plus or Resident Services Program;
- Priority 2: A resident of any SHRA housing site;
- Priority 3: All other Section 3 eligible workers in Sacramento City/County.

Order of Providing Preference for Section 3 Businesses in Contracting Opportunities

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

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

Other Agency Economic Opportunities Plan Process

In the event a Prime Contractor has no demonstrated plan or need to hire and/or subcontract with or is unable to meet the hiring and/or subcontracting requirements in Section V. above, the Prime Contractor is required to provide other economic opportunities by completing form Section 00630. It should be noted that the inability to meet the hiring and/or subcontracting requirements must be documented completely on form Section 00630.

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

If the other forms of Other Economic Opportunities are not feasible, the Prime Contractor may propose to make a direct contribution to the Section 3 Training Fund. Guidance on how to contribute to the Section 3 Fund is outlined below:

Hiring Requirements Contribution: If a Prime Contractor chooses to contribute to the Section 3 Fund in order to meet its Other Economic Opportunity because they are unable to meet the hiring requirement or because they cannot provide other economic opportunities, the Prime Contractor will pay 5% of the total dollar amount of the contract for building trade work or 1.5% for all other contracts to the Section 3 Fund. The amount paid shall not exceed \$100,000 for any one contract.

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