

Section 3 Legacy Rule Guidance

This guidance document covers the Section 3 Legacy Rule, codified in 24 CFR Part 135. The Legacy Rule is no longer applicable after November 30, 2020. However, the change in regulation does not undermine the validity of binding contracts executed prior to November 30, 2020, which were informed by the prior rule. The Section 3 Final Rule, effective November 30, 2020, replaces the prior Section 3 regulations and is now codified in 24 CFR Part 75.

“Using an effective program under Section 3 of the Housing and Urban Development Act of 1968 may help members of protected classes gain economic opportunities necessary to allow them to exercise fair housing choice.” (January 2011, State of Texas Analysis of Impediments to Fair Housing)

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General Policy Statement

It is the policy of the Texas General Land Office (GLO) to comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701 u).

Section 3 Purpose

Section 3 of the Housing and Urban Development Act of 1968, as amended, requires the GLO to ensure that training, employment and other economic opportunities generated by certain HUD financial assistance shall be directed, to the greatest extent feasible, and consistent with existing Federal, State and Local laws and regulations, to low- and very low-income persons.

The GLO will make every effort to ensure Recipients of Section 3-covered funding achieve compliance and the compliance of their contractors/subcontractors with the Section 3 requirements, as outlined in *24 CFR §135.32*.

Key provisions to achieve this goal include:

- As part of this policy, **the GLO will have a designated Section 3 Coordinator(s) to assist report and monitor for compliance of Section 3 activities**. The Section 3 Coordinator(s) will provide technical assistance to Recipients regarding their Section 3 program requirements.
- **Recipients of awards over \$200,000 might consider adopting a Section 3 plan locally**. While this is not required, it is a helpful tool in pursuing compliance.
- **Recipients should also consider designating a Section 3 coordinator** to oversee their efforts. See Exhibit K for a sample form to do so. Again, while not required, Hud has found that hiring a Section 3 coordinator or assigning one individual the responsibility of coordinating all Section 3 related activities to be instrumental for reaching the employment and contracting goals.
- **Providing Section 3 training for communities at the start of each project**. In addition, ongoing TA will be conducted as necessary. A copy of best practices will also be made available to recipients (Exhibit M).

Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of the Recipients contract for default, and debarment or suspension from future HUD assisted contracts. (24CFR135.38(F))

Applicability

Section 3 requirements are triggered when HUD-sourced assistance is expended for housing rehabilitation, housing construction or other public construction projects that are equal to or greater than \$200,000 and sub-contracts of such projects in the amount of \$100,000 or more (see below).

There are no minimum thresholds for Public Housing Authorities (PHAs). The requirements of Section 3 apply to all PHAs regardless of the amount of assistance received. PHAs do not have thresholds for construction projects. Contractors hired by PHAs are required to comply with Section 3 regardless of the dollar amount of the contract.

Covered projects include:

- Housing Rehabilitation (to include reduction of lead-based paint hazards, and demolition);
- Housing Construction (to include reduction of lead-based paint hazards and demolition);
- Public Infrastructure (e.g., street repair, sewage line repair or installation, updates to building facades, etc.);
- Public Facilities and Park Improvements; and,
- Job creating or job sustaining Economic Development Projects as applicable.

Section 3 does not apply to Homebuyer assistance activities (e.g., down payment assistance). Section 3 requirements apply to the entire project or activity, regardless of whether it is fully or partially funded, (135.3(b)).

Section 3 Definitions

Employment Opportunities Generated by Section 3 Covered Assistance — “all employment opportunities generated by the expenditure of 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 specialist, payroll clerk, etc.” (24 CFR §135.5)

Housing and Community Development Assistance — “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.” (24 CFR §135.5)

HUD YouthBuild Programs — “programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (42 U.S.C. 12899), and provide disadvantaged youth with opportunities for employment, education leadership development, and training in the construction or rehabilitation of housing for homeless individuals and members of low- and very low-income families.” (24 CFR §135.5)

Low-income Person — “families (including single persons) whose household incomes do not exceed

80 per centum of the median income for the area.” (24 CFR §135.5) To determine if a household’s income is considered low-income, HUD’s income limits may be obtained from <http://www.huduser.org/portal/datasets/il.html>

Metropolitan Area — “metropolitan area means a metropolitan statistical area (MSA), as established by the Office of Management and Budget.” (24 CFR §135.5)

Non-metropolitan County — “any county outside of a metropolitan area.” (24 CFR §135.5)

New Hires — “a full-time employee for a new permanent, temporary, or seasonal position that is created during the expenditure of Section 3 covered financial assistance.” (24 CFR §135.5)

Recipient — “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, 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.” (24 CFR §135.5)

Section 3 Clause — “the contract provisions set forth in § 135.38.” (24 CFR §135.5)

Section 3 Covered Activity — “any activity which is funded by Section 3 covered assistance public and Indian housing assistance.” (24 CFR §135.5)

Section 3 Covered Assistance — “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 project (which includes other buildings or improvements, regardless of ownership).” (24 CFR §135.5)

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.” (24 CFR §135.5)

Section 3 — “Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u)” (24 CFR §135.1)

Section 3 Business Certification form — A form used to document a business as a “Section 3 Business Concern.”

Section 3 Business Concern — “a business concern, (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 subcontract 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.” (24 CFR §135.5)

Section 3 Covered Project — “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.” (24 CFR §135.5)

Section 3 Joint Venture — “means an association of business concerns, one of which qualifies as a Section 3 business concern, formed by written joint venture agreement to engage in and carry out a specific business venture for which purpose the business concerns combine their efforts, resources and skills for joint profit, but not necessarily on a continuing or permanent basis for conducting business generally, and for which Section 3 business concern (1) is responsible for a clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and (2) performs at least 25% of the work and is contractually entitled to compensation proportionate to its work.” (24 CFR §135.40)

Section 3 Resident — 1) a public housing resident; or 2) a low- or very low-income person residing in the metropolitan area or non-metropolitan county where the Section 3 covered assistance is expended. (24 CFR §135.5)

Section 3 Resident Self Certification Form — form used to document a resident of a local community as a Section 3 Resident.

Service Area — “is the geographical area in which the persons benefiting from Section 3 covered project reside. The Service Area shall not extend beyond the unit of local government in which the Section 3 covered financial assistance is expended.” (24 CFR §135.5)

Subcontractor — “any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor’s obligation for the performance of work generated by the expenditure of Section 3 covered assistance, or arising in connection with a Section 3 covered project.” (24 CFR §135.5)

The greatest extent feasible — “every effort must be made to comply with the regulatory requirements of Section 3, meaning Recipients of Section 3 covered financial assistance should make every effort within their disposal to meet the regulatory requirements. For instance, this may mean going a step beyond the normal notification procedures for employment and contracting procedures by developing strategies that will specifically target Section 3 residents and businesses for these types of economic opportunities.” (HUD’s FAQ’s):

<http://portal.hud.gov/hudportal/documents/huddoc?id=11secfaqs.pdf>

Very low-income Person — “families (including single persons) whose household income do not exceed 50 per centum of the median family income for the area.” (24 CFR §135.5) To determine if a household’s income is considered very low-income (very low income is defined as 50% or below the median income of that area.) HUD’s income limits may be obtained from <http://www.huduser.org/portal/datasets/il.html>

Compliance with Section 3

Recipients and contractors may demonstrate compliance with the “greatest extent feasible” (CFR 24 §135.30) requirement of Section 3 by meeting HUD’s numerical goals for providing training, employment, and contracting opportunities to Section 3 Residents and Section 3 Business Concerns.

The minimum numerical goals are:

- 30% of total number of new hires as Section 3 Residents;
- 10% of all awarded construction contracts, awards to Section 3 Business Concerns;
- 3% of all awarded non-construction contracts, awards to Section 3 Business Concerns.

For Recipients that do not engage in training, or hiring, but award contracts to contractors that will engage in training, hiring, and subcontracting, Recipients must ensure that, to the greatest extent feasible, contractors will make good faith efforts to provide training, employment, and contracting opportunities to Section 3 Residents and Section 3 Business Concerns. The numerical goals established in this Section represent **minimum goals** and are considered safe harbor numerical targets. Recipients are strongly encouraged to adopt numerical goals that exceed the **minimum** requirements.

If a Recipient fails to meet the Section 3 minimum numerical goals, they must be prepared to demonstrate that efforts were made to meet the numerical goals. Failure to meet numerical goals requires a documented explanation of efforts be submitted to the GLO. The GLO will then examine the Recipient’s efforts and provide technical assistance as necessary. However, “failure to comply may lead to sanctions, suspension and limited denial of participation pursuant to HUD’s regulations in 24 CFR part 24, where appropriate, may be applied to the recipient or the contractor.” (24 CFR §135.74)

Section 3 Residents

Residents to be given priority in hiring are those who live in the service area where a Section 3 project is located who are either:

- Public housing residents including persons with disabilities;
- Low-income or very-low-income person(s) who live in the metropolitan statistical area (MSA) or non-metro county area of project;
- HUD YouthBuild program participants (centers in Austin, Houston, Kendleton, El Paso, New Waverly, San Antonio, Brownsville, and Dallas);
- Homeless, defined under McKinney Act (42 U.S.C. 11301 et seq.).

A resident seeking Section 3 preference shall submit a Section 3 Resident Certification Form (see

Exhibit A for sample) to the Recipient or the contractor or subcontractor to verify and approve the certification. The Recipient should maintain a list of Section 3 Residents for current and future Section 3 job opportunities.

HUD has clarified that a Self-Certification is an acceptable means for establishing eligibility as a Section 3 Resident. Although not required, recipients may utilize acceptable support documentation with the Section 3 Resident Certification Form which may include any of the following:

- Proof of residency in a public housing development;
- Evidence of participation in a HUD YouthBuild program operated in the metropolitan (or non-metropolitan county) where the Section 3 covered assistance is spent;
- Copy of Section 8 voucher certificate or voucher;
- Evidence of eligibility or participation in a federally-assisted program for low- and very-low-income persons (e.g., Jobs, JTPA, Job Corps, etc.);
- Evidence that the individual resides in the Section 3 area and is a low or very-low-income person, as defined in Section 3(b) (2) of the U.S. Housing Act of 1937 (1937 Act);
- Other acceptable documentation to the Recipient.

Section 3 Business Concern

To determine if a business qualifies for Section 3 designation Recipients will be required to perform a local Section 3 Business Concern Certification (see sample form for a Business Concern Certification Exhibit B attached in this policy). Recipients may refer to the HUD's Section 3 Business Concern Certification listing to see if the applicable business is already listed as a Section 3 Business Concern.

A Section 3 Business Concern is one that is:

- Owned by 51% or more by Section 3 Residents; or
- Employs at least 30% of employees who qualify as Section 3 Residents (or within 3 years of the date of first employment with the business concern were Section 3 Residents); or
- Commits to subcontract more than 25% of the dollar award of all subcontracts to be awarded to business concerns that meet one of the first two qualifications above.

Contractors and Subcontractors must post all new hire opportunities with the local Workforce Solutions Center and WorkinTexas.com. See Exhibit L for more information.

Section 3 Preference

HUD requires that preference be given to Section 3 Residents in training and employment opportunities and preference for contracting opportunities be given to Section 3 Business Concerns.

- I. "Recipients and their contractors and subcontractors will provide **Preference for Section 3 Residents in training and employment opportunities** and shall direct their efforts to provide to the greatest extent feasible training and employment opportunities generated from

expenditure of Section 3 covered assistance to Section 3 Residents” (24 CFR §135.34) in order of priority:

- Section 3 Residents residing in the service area or neighborhood in which the Section 3 covered project is located (collectively, referred to as category 1 residents);and
- Participants in HUD YouthBuild programs (category 2 residents);
- 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;
- Other Section 3 Residents.

Types of Economic Opportunities that may arise from a Section 3 Project:

- For Public Housing Authorities, all employment opportunities generated by the expenditure of development, operating, and modernization assistance, including management and administrative jobs, technical, professional, construction and maintenance jobs; and jobs at all levels.
- For all others, all employment opportunities arising in connection with housing rehabilitation (including reduction and abatement of lead base paint hazards), housing construction, or other public construction (i.e., management and administrative jobs, technical, professional, and construction and non-construction jobs; and jobs at all levels).

HUD offers examples of efforts that can be made to promote opportunities for Section 3 Businesses to apply (see Exhibit C); and efforts that can be made to offer training and employment opportunities to Section 3 Residents (see Exhibit D).

A Section 3 Resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the Recipient, Contractor or Subcontractor, if requested, that the person is a Section 3 Resident. A Section 3 Resident must demonstrate that they meet the qualifications for new employment opportunities created as a result of the expenditure of the covered assistance.

II. Preference for Section 3 Business Concerns in contracting opportunities (24 CFR

§135.36), Recipients, contractors, and subcontractors shall direct their efforts to award Section 3 Covered contracts, to the greatest extent feasible, to Section 3 Business Concerns in order of priority to:

- (First priority)- Business concerns that provide economic opportunities for Section 3 residents in the service area or neighborhood in which the Section 3 covered project is located (category 1 businesses);
- (Second priority)- HUD YouthBuild programs (category 2 businesses);
- (Third priority)- Other Section 3 Business Concerns.

A business concern seeking to qualify for a Section 3 contracting preference shall certify that they are a Section 3 Business. If desired, the recipients may ask that the Business submit evidence that it qualifies as a Section 3 Business Concern. The recipient may also request evidence that demonstrates that the

business concern is responsible and has the ability to perform successfully under the terms and conditions of the proposed contract. (24 CFR §85.36) This regulation requires consideration of, among other factors, the potential contractor's record in complying with public policy requirements. HUD offers examples of procurement procedures that provide for preference for Section 3 Business Concerns. (See Exhibit E).

Section 3 Clause

Recipients must incorporate the entire Section 3 Clause into all solicitations and any contracts or subcontracts in excess of \$100,000 (24 CFR §135.38) (See Exhibit F).

Reporting Requirements

Recipients must document actions taken to comply with the employment, training and contracting requirements of Section 3, the results of actions taken, and impediments encountered (if any). Recipients should maintain records of job vacancies, solicitation of bids or proposals, selection materials and contracting documents (including scope of work and contract amount), in accordance with Federal and State procurement laws and regulations. The documentation should demonstrate efforts taken towards the achievement of the Section 3 numerical goals.

Recipients must submit to the GLO:

- Section 3 Quarterly Progress Report (online, see Exhibit G for sample)
- Section 3 Annual Summary Report (online, see Exhibit H for sample)

Although not required, recipients may wish to require more frequent reporting from contractors if desired. An example of a monthly report may be found in Exhibit I.

Complaint Process

In the event that a complaint is received; the GLO Section 3 Coordinator(s) will assist or work with the applicable Recipient to obtain:

- Relevant information regarding the complaint at hand;
- Documentation used to comply with Section 3;
- Reports submitted to the Recipient to monitor Section 3 compliance;
- All other relevant information.

Complaints will be accepted by the GLO using HUD's Section 3 Complaint Register Form (See Exhibit J).

EXHIBITS

Exhibit A



Texas General Land Office
 Community Development Block Grant (CDBG)
 Disaster Recovery Program

**SECTION 3
 RESIDENT EMPLOYMENT OPPORTUNITY DATA
 ELIGIBILITY FOR PREFERENCE**

Economic Opportunities for Low and Very Low-Income Persons

Grantee/Subrecipient:	Contract Number:	Date:
<input type="text"/>	<input type="text"/>	<input type="text"/>

ELIGIBILITY FOR PREFERENCE

A Section 3 Resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the Subrecipient, Grantee, Contractor or Subcontractor, if requested, that the person is a Section 3 Resident, as defined in Section CFR 135.5. (An example of evidence of eligibility for the preference is evidence of receipt of public assistance, or evidence of participation in a public assistance program.)

**Section 3 Resident Certification
 for Worker Seeking Preference in
 Training and Employment**

RESIDENT COMPLETES THIS SECTION:

I, _____, am a legal resident of the _____

_____ and meet the income eligibility guidelines for a low- or very- low-income person as published on [HUD'S income limits www.huduser.org/portal/datasets/il.html](http://www.huduser.org/portal/datasets/il.html) and documented on the reverse side of this form.

My permanent address is: _____

I have attached the following documentation as evidence of my status:

- | | |
|--|---|
| <input type="checkbox"/> Copy of lease | <input type="checkbox"/> Copy of receipt of public assistance |
| <input type="checkbox"/> Copy of Evidence of participation in a public | <input type="checkbox"/> Other |

Resident Signature

Date

Print Name

SECTION 3 INCOME LIMITS

All residents of public housing developments of the Housing Authority of _____

Qualify as Section 3 Residents.

Alternatively, individuals residing in the

City of _____

or County of _____

Who meet the income limits set forth below, can also qualify for Section 3 status.

A picture identification card and proof that illustrates applicant is a current resident of the subject area.

HUD updates area median income (AMI) annually and income limits vary by county. To find the latest income limits visit HUD's website: www.huduser.org/portal/datasets/il.html

Eligibility Guideline

Number in Household	Very Low Income (50% AMI)	Low Income (80%)
1 Individual		
2 Individuals		
3 Individuals		
4 Individuals		
5 Individuals		
6 Individuals		
7 Individuals		
8 Individuals		

Signature Field

Date

Print Name

Exhibit B



Texas General Land Office
 Community Development Block Grant (CDBG)
 Disaster Recovery Program

CERTIFICATION FOR BUSINESS CONCERNS
Seeking Section 3 Preference in Contracting and
Demonstration of Capability

Economic Opportunities for Low and Very Low-Income Persons

Grantee/Subrecipient:

Contract Number:

Date:

CONTRACTOR INFORMATION

Name of Business

Address of Business

- Type of Business: Corporation Partnership Non-Profit
 Sole Proprietorship Joint Venture Consortium

Attach the following documentation as evidence of Section 3 eligible status:
 (Definition of "Section 3 Business Concern" in 24 CFR 135 describes the three alternative

For Business claiming status as a Section 3 resident-owned enterprise:

- Copy of resident lease Copy of receipt of public assistance
 Copy of evidence of participation in a public assistance program Other evidence

For business entity as applicable:

- Copy of Articles of Incorporation Certificate of Good Standing
 Assumed Business Name Certificate Partnership Agreement
 List of owners/stockholders and % ownership of each appointed officers Corporation Annual Report
 Organization chart with names and titles and brief function statement Latest Board minutes
 Additional documentation

For business entity claiming Section 3 status by subcontracting 25 percent of the dollar awarded to qualified Section 3 business(es):

- List of subcontracted Section 3 business(es) and subcontract amount

For business claiming Section 3 status, by claiming at least 30 percent of their workforce are currently Section 3 residents or were Section 3 eligible residents within 3 years of date of first employment with the business:

- List of all current full-time employees List of employees claiming Section 3 status
 PHA/IHA Residential lease less than 3 years from day of employment Other evidence of Section 3 status less than 3 years from date of employment

Evidence of ability to perform successfully under the terms and conditions of the proposed contract:

- Current financial statement Statement of ability to comply with public policy
 List of owned equipment
 List of all contracts for the past two years

Authorized Name and Signature

Date

Attested by: _____

Corporate Seal)

Exhibit C



Texas General Land Office

Community Development Block Grant (CDBG) Disaster Recovery Program

[Code of Federal Regulations]
[Title 24, Volume 1]
[Revised as of April 1, 2003]
From the U.S. Government Printing Office via GPO Access
[CITE: 24CFR135.92]
[Page 704-707]

TITLE 24--HOUSING AND URBAN DEVELOPMENT
CHAPTER I--OFFICE OF ASSISTANT SECRETARY FOR EQUAL OPPORTUNITY,
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
PART 135--ECONOMIC OPPORTUNITIES FOR LOW- and VERY LOW-INCOME
PERSONS

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II. Examples of Efforts to Award Contracts to Section 3 Business Concerns

[Items appearing in Bold are options that can be done with minimal effort and/or expense.]

- (1) In determining the responsibility of potential contractors, consider their record of Section 3 compliance as evidenced by past actions and their current plans for the pending contract.
- (2) Contacting business assistance agencies, minority contractors' associations and community organizations to inform them of contracting opportunities and requesting their assistance in identifying Section 3 businesses which may solicit bids or proposals for contracts for work in connection with Section 3 covered assistance.
- (3) Advertising contracting opportunities by posting notices, which provide general information about the work to be contracted and where to obtain additional information, in the common areas or other prominent areas of the housing development or developments in low-income areas.
- (4) For Housing Authorities (HA), contacting resident councils, resident management corporations, or other resident organizations (where they exist) and requesting their assistance in identifying category 1 and category 2 business concerns.
- (5) Providing written notice to all known Section 3 business concerns of the contracting opportunities. This notice should be in sufficient time to allow the Section 3 business concerns to respond to the bid invitations or request for proposals.
- (6) Following up with Section 3 business concerns that have expressed interest in the contracting opportunities by contacting them to provide additional information on the contracting opportunities.
- (7) Coordinating pre-bid meetings at which Section 3 business concerns could be informed of upcoming contracting and subcontracting opportunities.
- (8) Carrying out workshops on contracting procedures and specific contract opportunities in a timely manner so that Section 3 business concerns can take advantage of upcoming contracting opportunities, with such information being made available in languages other than English where appropriate.
- (9) Advising Section 3 business concerns as to where they may seek assistance to overcome limitations such as inability to obtain bonding, lines of credit, financing, or insurance.
- (10) Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways to facilitate the participation of Section 3 business concerns.
- (11) Where appropriate, breaking out contract work items into economically feasible units to facilitate participation by Section 3 business concerns.
- (12) Contacting agencies administering HUD YouthBuild programs, and notifying these agencies of the contracting opportunities.

- (13) Advertising the contracting opportunities through trade association papers and newsletters, and through the local media, such as community television networks, newspapers of general circulation, and radio advertising.**
- (14) Developing a list of eligible Section 3 business concerns.**
- (15) For HAs, participating in the "Contracting with Resident-Owned Businesses" program provided under 24 CFR part 963.
- (16) Establishing or sponsoring programs designed to assist residents of public or Indian housing in the creation and development of resident-owned businesses.
- (17) Establishing numerical goals (number of awards and dollar amount of contracts) for award of contracts to Section 3 business concerns.**
- (18) Supporting businesses which provide economic opportunities to low-income persons by linking them to the support services available through the Small Business Administration (SBA), the Department of Commerce and comparable agencies at the State and local levels.
- (19) Encouraging financial institutions, in carrying out their responsibilities under the Community Reinvestment Act, to provide no or low-interest loans for providing working capital and other financial business needs.
- (20) Actively supporting joint ventures with Section 3 business concerns.
- (21) Actively supporting the development or maintenance of business incubators which assist Section 3 business concern

Exhibit D



Texas General Land Office
Community Development Block Grant (CDBG)
Disaster Recovery Program

[Code of Federal
Regulations] [Title 24,
Volume 1]
[Revised as of April 1, 2003]
From the U.S. Government Printing Office via GPO
Access [CITE: 24CFR135.92]
[Page 704-707]

TITLE 24--HOUSING AND URBAN DEVELOPMENT
CHAPTER I--OFFICE OF ASSISTANT SECRETARY FOR EQUAL OPPORTUNITY,
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
PART 135--ECONOMIC OPPORTUNITIES FOR LOW- and VERY LOW-INCOME
PERSONS

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Appendix to Part

135

**I. EXAMPLES OF EFFORTS TO OFFER TRAINING AND EMPLOYMENT OPPORTUNITIES
TO SECTION 3 RESIDENTS**

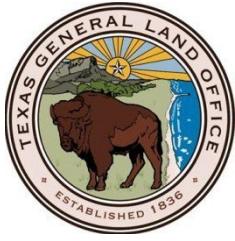
- (1) Entering into ``first source'' hiring agreements with organizations representing Section 3 residents.
- (2) Sponsoring a HUD-certified ``Step-Up'' employment and training program for Section 3 residents.
- (3) Establishing training programs, which are consistent with the requirements of the Department of Labor, for public and Indian housing residents and other Section 3 residents in the building trades.
- (4) Advertising the training and employment positions by distributing flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) to every occupied dwelling unit in the housing development or developments where category 1 or category 2 persons (as these terms are defined in Sec. 135.34) reside.
- (5) Advertising the training and employment positions by posting flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) in the common areas or other prominent areas of the housing development or developments. For HAs, post such advertising in the housing development or developments where

- category 1 or category 2 persons reside; for all other recipients, post such advertising in the housing development or developments and transitional housing in the neighborhood or service area of the Section 3 covered project.
- (6) Contacting resident councils, resident management corporations, or other resident organizations, where they exist, in the housing development or developments where category 1 or category 2 persons reside, and community organizations in HUD assisted neighborhoods, to request the assistance of these organizations in notifying residents of the training and employment positions to be filled.
 - (7) Sponsoring (scheduling, advertising, financing or providing in-kind services) a job informational meeting to be conducted by an HA or contractor representative or representatives at a location in the housing development or developments where category 1 or category 2 persons reside or in the neighborhood or service area of the Section 3 covered project.
 - (8) Arranging assistance in conducting job interviews and completing job applications for residents of the housing development or developments where category 1 or category 2 persons reside and in the neighborhood or service area in which a Section 3 project is located.
[[Page 705]]
 - (9) Arranging for a location in the housing development or developments where category 1 persons reside, or the neighborhood or service area of the project, where job applications may be delivered to and collected by a recipient or contractor representative or representatives.
 - (10) Conducting job interviews at the housing development or developments where category 1 or category 2 persons reside, or at a location within the neighborhood or service area of the Section 3 covered project.
 - (11) Contacting agencies administering HUD YouthBuild programs, and requesting their assistance in recruiting HUD YouthBuild program participants for the HA's or contractor's training and employment positions.
 - (12) Consulting with State and local agencies administering training programs funded through JTPA or JOBS, probation and parole agencies, unemployment compensation programs, community organizations and other officials or organizations to assist with recruiting Section 3 residents for the HA's or contractor's training and employment positions.
 - (13) Advertising the jobs to be filled through the local media, such as community television networks, newspapers of general circulation, and radio advertising.
 - (14) Employing a job coordinator or contracting with a business concern that is licensed in the field of job placement (preferably one of the Section 3 business concerns identified in part 135), that will undertake, on behalf of the HA, other recipient or contractor, the efforts to match eligible and qualified Section 3 residents with the training and employment positions that the HA or contractor intends to fill.
 - (15) For an HA, employing Section 3 residents directly on either a permanent or a temporary basis to perform work generated by Section 3 assistance. (This type of employment is referred to as "force account labor" in HUD's Indian housing regulations. See 24 CFR 905.102, and Sec. 905.201(a)(6).)
 - (16) Where there are more qualified Section 3 residents than there are positions to

be filled, maintaining a file of eligible qualified Section 3 residents for future employment positions.

- (17) Undertaking job counseling, education and related programs in association with local educational institutions.
- (18) Undertaking such continued job training efforts as may be necessary to ensure the continued employment of Section 3 residents previously hired for employment opportunities.
- (19) After selection of bidders but prior to execution of contracts, incorporating into the contract a negotiated provision for a specific number of public housing or other Section 3 residents to be trained or employed on the Section 3 covered assistance.
- (20) Coordinating plans and implementation of economic development (e.g., job training and preparation, business development assistance for residents) with the planning for housing and community development.

Exhibit E



Texas General Land Office
Community Development Block Grant (CDBG)
Disaster Recovery Program

III. EXAMPLES OF PROCUREMENT PROCEDURES THAT PROVIDE FOR PREFERENCE FOR SECTION 3 BUSINESS CONCERNS

This Section III provides specific procedures that may be followed by recipients and contractors (collectively, referred to as the "contracting party") for implementing the Section 3 contracting preference for each of the competitive procurement methods authorized in 24 CFR 85.36(d).

- (1) Small Purchase Procedures. For Section 3 covered contracts aggregating no more than \$25,000, the methods set forth in this paragraph (1) or the more formal procedures set forth in paragraphs (2) and (3) of this Section III may be utilized.

- (i) Solicitation.

- (A) Quotations may be solicited by telephone, letter or other informal procedure provided that the manner of solicitation provides for participation by a reasonable number of competitive sources. At the time of solicitation, the parties must be informed of:

- the Section 3 covered contract to be awarded with enough specificity;
 - the time within which quotations must be submitted; and
 - the information that must be submitted with each quotation.

- (B) If the method described in paragraph (i) (A) is utilized, there must be an attempt to obtain quotations from a minimum of three qualified sources in order to promote competition. Fewer than three quotations are acceptable when the contracting party has attempted, but has been unable, to obtain a sufficient number of competitive quotations. In unusual circumstances, the contracting party may accept the sole quotation received in response to a solicitation provided the price is reasonable. In all cases, the contracting party shall document the circumstances when it has been unable to obtain at least three quotations.

- (ii) Award.

- (A) Where the Section 3 covered contract is to be awarded based upon the lowest price, the contract shall be awarded to the qualified Section 3 business concern with the lowest responsive quotation, if it is reasonable and no more than 10 percent higher than the quotation of the lowest responsive quotation from any qualified source. If no responsive quotation by a qualified Section 3 business concern is within 10 percent of the lowest responsive quotation from any qualified source, the award shall be made to the source with the lowest

quotation.

(B) Where the Section 3 covered contract is to be awarded based on factors other than price, a request for quotations shall be issued by developing the particulars of the solicitation, including a rating system for the assignment of points to evaluate the merits of each quotation. The solicitation shall identify all factors to be considered, including price or cost. The rating system shall provide for a range of 15 to 25 percent of the total number of available rating points to be set aside for the provision of preference for Section 3 business concerns. The purchase order shall be awarded to the responsible firm whose quotation is the most advantageous, considering price and all other factors specified in the rating system.

(2) Procurement by sealed bids (Invitations for Bids). Preference in the award of Section 3 covered contracts that are awarded under a sealed bid (IFB) process may be provided as follows:

(i) Bids shall be solicited from all businesses (Section 3 business concerns, and non-Section 3 business concerns). An award shall be made to the qualified Section 3 business concern with the highest priority ranking and with the lowest responsive bid if that bid-- (A) is within the maximum total contract price established in the contracting party's budget for the specific project for which bids are being taken, and (B) is not more than "X" higher than the total bid price of the lowest responsive bid from any responsible bidder. "X" is determined as follows:

x=lesser of:

When the lowest responsive bid is less than \$100,000.	10% of that bid or \$9,000.
When the lowest responsive bid is:	
At least \$100,000, but less than \$200,000.	9% of that bid, or \$16,000.
At least \$200,000, but less than \$300,000.	8% of that bid, or \$21,000.
At least \$300,000, but less than \$400,000.	7% of that bid, or \$24,000.
At least \$400,000, but less than \$500,000.	6% of that bid, or \$25,000.
At least \$500,000, but less than \$1 million.	5% of that bid, or \$40,000.
At least \$1 million, but less than \$2 million.	4% of that bid, or \$60,000.
At least \$2 million, but less than \$4 million.	3% of that bid, or \$80,000.
At least \$4 million, but less than \$7 million.	2% of that bid, or \$105,000.
\$7 million or more.....	1-1/2% of the lowest responsive bid, with no dollar limit.

(ii) If no responsive bid by a Section 3 business concern meets the requirements of paragraph (2)(i) of this Section, the contract shall be awarded to a responsible bidder with the lowest responsive bid.

(3) Procurement under the competitive proposals method of procurement (Request for Proposals (RFP)).

(i) For contracts and subcontracts awarded under the competitive proposals method of procurement (24 CFR 85.36(d)(3)), a Request for Proposals (RFP) shall identify all evaluation factors (and their relative importance) to be used to rate proposals.

(ii) One of the evaluation factors shall address both the preference for Section 3 business concerns and the acceptability of the strategy for meeting the greatest extent feasible requirement (Section 3 strategy), as disclosed in proposals submitted by all business concerns (Section 3 and non-Section 3 business concerns). This factor shall provide for a range of 15 to 25 percent of the total number of available points to be set aside for the evaluation of these two components.

(iii) The component of this evaluation factor designed to address the preference for Section 3 business concerns must establish a preference for these business concerns in the order of priority ranking as described in 24 CFR 135.36.

(iv) With respect to the second component (the acceptability of the Section 3 strategy), the RFP shall require the disclosure of the contractor's Section 3 strategy to comply with the Section 3 training and employment preference, or contracting preference, or both, if applicable. A determination of the contractor's responsibility will include the submission of an acceptable Section 3 strategy. The contract award shall be made to the responsible firm (either Section 3 or non-Section 3 business concern) whose proposal is determined most advantageous, considering price and all other factors specified in the RFP.

Exhibit F



Texas General Land Office
Community Development Block Grant (CDBG)
Disaster Recovery Program

Code of Federal Regulations
Title 24- Housing and Urban Development

Volume: 1

Date: 2003-04-01

Original Date: 2003-04-01

Title: Section 135.38- Section 3 Clause

Context: Title 24- Housing and Urban Development. Subtitle B- Relating to Housing and Urban Development. Chapter 1- Office of Assistant Secretary for Equal Opportunity, Department. Part 135 Economic Opportunities for Low-and Very Low-Income Persons. Subpart B- Economic Opportunities for Section 3 Residents and Section 3 Business Concerns.

§ 135.38 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 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 135 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 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 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

Exhibit G



Texas General Land Office
Community Development and Revitalization Program

Section 3 Quarterly Summary Report

Economic Opportunities for Low - and Very Low -Income Persons

1. Grantee / Subrecipient Name and Address		2. GLO Contract Number	
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		3. Contact Person/ Section 3 Coordinator	
		<input type="text"/> <input type="text"/>	
		4. Phone (Include area code)	
		<input type="text"/> <input type="text"/>	
5. Email		<input type="text"/> <input type="text"/>	
6. Total Amount of Award:		7. Year	8. Quarter Being Reported
<input type="text"/> <input type="text"/>		<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>
9. Executed Contracts This Quarter		11. Program Code: (Use separate sheet for each program code.)	
<input type="text"/> <input type="text"/>		8 = CDBG-State Administered	
10. Date Report Submitted			
<input type="text"/> <input type="text"/>			

Part I: Employment and Training (Columns B, C and F are mandatory fields. Include New Hires in E & F)**

A	B	C	D	E		F
Job Category	Number of New Hires	Number of New Hires that are Sec. 3 Residents	% of Sec. 3 New Hires (Optional)	Section 3 employee hours (Optional) <small>Include hours for part-time and full-time positions.</small>	Total staff hours (Optional)	Number of Section 3 Trainees <small>Enter the number of Section 3 trainees in connection with this award.</small>
Professionals	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>	<input type="text"/>
Clerical	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>	<input type="text"/>
Case Management	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>	<input type="text"/>
Facilities/Maintenance	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>	<input type="text"/>
Technical (Bookkeeping, IT, etc.)	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>	<input type="text"/>
Carpentry	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>	<input type="text"/>
Masonry	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>	<input type="text"/>
Plumbing	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>	<input type="text"/>
Electrical	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>	<input type="text"/>
Administrative	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>	<input type="text"/>
Other (Describe)						
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>	<input type="text"/>
Total						

Revised form effective 10/6/2017

Part II: Contracts Awarded

1. Construction Contracts:

- A. Total dollar amount of construction contracts awarded []
- B. Total dollar amount of construction contracts awarded to Section 3 businesses []
- C. Percentage of total dollar amount that was awarded to Section 3 businesses
- D. Total number of Section 3 businesses receiving construction contracts []

2. Non-Construction Contracts:

- A. Total dollar amount of all non-construction contracts awarded []
- B. Total dollar amount of non-construction contracts awarded to Section 3 businesses []
- C. Percentage of total dollar amount that was awarded to Section 3 businesses
- D. Total number of Section 3 businesses receiving non-construction contracts []

Contracts Executed During Reporting Quarter (Report all contracts executed during the reporting quarter.)

1. Construction Contracts (10% of all awarded construction contracts, awards to Section 3 Business Concerns-represents minimum goals)

Prime Contractor	Construction Contract Amount	Section 3 Bus.	Contract Award Date	Posted Job Notice in Work-In-Texas/Local Workforce <i>Solut.</i>	No. of New Hires	No. of New Hires (Section 3 Residents)	Total No. of New Hires (Section 3 Residents)	
								+ -
Subcontractor (Name)	Contract Amount	Section 3 Bus.	Contract Award Date	Posted Job Notice in Work-In-Texas/Local Workforce <i>Solut.</i>	Contractor Type: Plumbing, Electrical, etc.			
								+ -

2. Non-Construction Contracts (3% of all awarded non-construction contracts, awards to Section 3 Business Concerns-represents minimum goals, (Report awarded Contracts that are valued at or above \$2,000)

Business Name	Contract Amount	Section 3 Bus.	Contract Award Date	Posted Job Notice in Work-In-Texas/Local Workforce <i>Solut.</i>	Section 3 Contract Amount	Reason/Contract Type	
							+ -

Part III: Summary Of Efforts

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, toward low-and very low-income persons, particularly those who are recipients of government assistance for housing.

(Select Yes to all. If a Section has not been made, default is No)

Recruited low-income residents through: local advertising media, signs prominently displayed at the project site, contracts with the community organizations and public or private agencies operating within the metropolitan area (or non metropolitan county) in which the Section 3 covered program or project is located, or similar methods.

Participated in a HUD program or other program which promotes the training or employment of Section 3 residents.

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.

Coordinated with Youthbuild Programs administered in the metropolitan area in which the Section 3 covered project is located.

Other Efforts; Please describe below.

Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u, mandates that the Department ensures that employment and other economic opportunities generated by its housing and community development assistance programs are directed toward low- and very-low income persons, particularly those who are recipients of government assistance housing. The regulations are found at 24 CFR Part 135. The information will be used by the Department to monitor program recipients' compliance with Section 3, 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 as self-monitoring tool. The data is entered into a database and will be analyzed and distributed. The collection of information involves recipients receiving Federal financial assistance for housing and community development programs covered by Section 3. The information will be collected annually to assist HUD in meeting its reporting requirements under Section 808(e)(6) of the Fair Housing Act and Section 916 of the HCDA of 1992. An assurance of confidentiality is not applicable to this form. The Privacy Act of 1974 and OMB Circular A-108 are not applicable. The reporting requirements do not contain sensitive questions. Data is cumulative; personal identifying information is not included.

Exhibit H



Texas General Land Office
 Community Development Block Grant (CDBG)
 Disaster Recovery Program

Section 3 Annual Summary Report

Economic Opportunities for Low - and Very Low -Income Persons

1. Grantee / Subrecipient Name and Address <div style="border: 1px solid black; height: 100px;"></div>	2. GLO Contract Number <div style="border: 1px solid black; height: 20px;"></div>
	3. Contact Person/ Section 3 Coordinator <div style="border: 1px solid black; height: 20px;"></div>
	4. Phone (Include area code) <div style="border: 1px solid black; height: 20px;"></div>
	5. Email <div style="border: 1px solid black; height: 20px;"></div>
6. Total Amount of Award: <div style="border: 1px solid black; height: 20px;"></div>	7. Contract Begin Date: <div style="border: 1px solid black; height: 20px;"></div>
	8. Contract End Date <div style="border: 1px solid black; height: 20px;"></div>
	9. Revised End Date: <div style="border: 1px solid black; height: 20px;"></div>
10. Executed Contracts <div style="border: 1px solid black; height: 20px;"></div>	11. Program Code: (Use separate sheet for each program code.) <p style="text-align: center;">8 = CDBG-State Administered</p>
12. Date Report Submitted <div style="border: 1px solid black; height: 20px;"></div>	

Part I: Employment and Training (Columns B, C and F are mandatory fields. Include New Hires in E & F)**

A	B	C	D	E		F	
Job Category	Number of New Hires	Number of New Hires that are Sec. 3 Residents	% of Sec. 3 New Hires (Optional)	Section 3 employee hours (Optional) <small>Include hours for part-time and full-time positions.</small>	Total staff hours (Optional)	% of Total Staff Hours for Section 3 Employees <small>The percentage of the total staff hours worked for Section 3 employees connected with this award.</small>	Number of Section 3 Trainees <small>Enter the number of Section 3 trainees in connection with this award.</small>
Professionals							
Clerical							
Case Management							
Facilities/Maintenance							
Technical (Bookkeeping, IT, etc.)							
Carpentry							
Masonry							
Plumbing							
Electrical							
Administrative							
Other (Describe)							
Total							

Revised form effective 10/6/2017

Part II: Contracts Awarded

1. Construction Contracts:

- A. Total dollar amount of construction contracts awarded
- B. Total dollar amount of construction contracts awarded to Section 3 businesses
- C. Percentage of total dollar amount that was awarded to Section 3 businesses
- D. Total number of Section 3 businesses receiving construction contracts

2. Non-Construction Contracts:

- A. Total dollar amount of all non-construction contracts awarded
- B. Total dollar amount of non-construction contracts awarded to Section 3 businesses
- C. Percentage of total dollar amount that was awarded to Section 3 businesses
- D. Total number of Section 3 businesses receiving non-construction contracts

Contracts Executed During Reporting Quarter (Report all contracts executed during the reporting quarter.)

1. Construction Contracts (10% of all awarded construction contracts, awards to Section 3 Business Concerns-represents minimum goals)

Prime Contractor	Construction Contract Amount	Section 3 Bus.	Contract Award Date	Posted Job Notice in Work-In-Texas/Local Workforce <i>Solut.</i>	No. of New Hires	No. of New Hires (Section 3 Residents)	Total No. of New Hires (Section 3 Residents)	
								+ -
Subcontractor (Name)	Contract Amount	Section 3 Bus.	Contract Award Date	Posted Job Notice in Work-In-Texas/Local Workforce <i>Solut.</i>	Contractor Type: Plumbing, Electrical, etc.			
								+ -

2. Non-Construction Contracts (3% of all awarded non-construction contracts, awards to Section 3 Business Concerns-represents minimum goals, (Report awarded Contracts that are valued at or above \$2,000)

Business Name	Contract Amount	Section 3 Bus.	Contract Award Date	Posted Job Notice in Work-In-Texas/Local Workforce <i>Solut.</i>	Section 3 Contract Amount	Reason/Contract Type	
							+ -

Part III: Summary Of Efforts

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, toward low-and very low-income persons, particularly those who are recipients of government assistance for housing.

(Select Yes to all. If a Section has not been made, default is No)

Recruited low-income residents through: local advertising media, signs prominently displayed at the project site, contracts with the community organizations and public or private agencies operating within the metropolitan area (or non metropolitan county) in which the Section 3 covered program or project is located, or similar methods.

Participated in a HUD program or other program which promotes the training or employment of Section 3 residents.

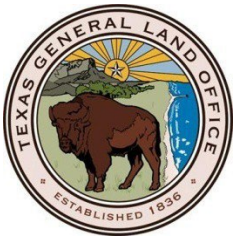
Participated in a HUD program or other program which promotes the award of contracts to business concerns which meet the definition of Section 3 business concerns.

Coordinated with Youthbuild Programs administered in the metropolitan area in which the Section 3 covered project is located.

Other Efforts; Please describe below.

Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u, mandates that the Department ensures that employment and other economic opportunities generated by its housing and community development assistance programs are directed toward low- and very-low income persons, particularly those who are recipients of government assistance housing. The regulations are found at 24 CFR Part 135. The information will be used by the Department to monitor program recipients' compliance with Section 3, 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 as self-monitoring tool. The data is entered into a database and will be analyzed and distributed. The collection of information involves recipients receiving Federal financial assistance for housing and community development programs covered by Section 3. The information will be collected annually to assist HUD in meeting its reporting requirements under Section 808(e)(6) of the Fair Housing Act and Section 916 of the HCDA of 1992. An assurance of confidentiality is not applicable to this form. The Privacy Act of 1974 and OMB Circular A-108 are not applicable. The reporting requirements do not contain sensitive questions. Data is cumulative; personal identifying information is not included.

Exhibit I



Texas General Land Office
 Community Development Block Grant
 (CDBG) Disaster Recovery Program

**NEW HIRES SECTION 3
 MONTHLY COMPLIANCE
 REPORT**

Economic Opportunities for Low and Very Low-Income Persons

Reporting Month:

This form is distributed to the General Contractor (GC) at the Pre-Construction Meeting. GC is also required to provide this form to any subcontractor firms that they anticipate hiring for this project.

CONTRACTOR INFORMATION

Name of Business:

Address of Business:

Authorized Representative for this contract:

Authorized Signatory:

ADDITIONALLY, PLEASE REVIEW AND COMPLY WITH STEPS 1 - 3 BELOW:

1. You must **sign and date** this form for each applicable reporting month in connection with awarded project and deliver to:

2. When you **hire** a Section 3 resident in connection with this project, you must also complete this form and submit it to the Section 3 Coordinator identified above. Even if there were no **new hires** this form **must be completed and submitted to the Section 3 Coordinator identified above.**

I have not hired any new employees during the reporting Month specified.

I have hired Section 3 employees and/or non-Section 3 employees during the reporting month shown here.

The following is a list of the new hires and the trades:

	New Hire Name	Job Category/Trade	Full-time? Yes or No
			<input type="text"/>
			<input type="text"/>
			<input type="text"/>
			<input type="text"/>

I have taken one or more of the following recruitment steps to hire a Section 3 Resident with the highest training and employment priority ranking. **Provide a brief description of actions taken:**

I have taken steps to find a Section 3 Resident in the applicable targeted areas where the project(s)/assistance will take place. **List areas:**

- Placed signs or posters at prominent places in each of the above listed areas. *Photographs were taken to document this action.*

I have advertised to fill vacancy(ies) at the site(s), where work is taking place, in connection with this project. **List advertisements (name publication, e.g. Work in Texas, Houston Chronicle, and/or website(s):**

- Distributed employment flyers to the administrative office of the local Public Housing Authority.
- Provided notice of positions available to the Texas Workforce Commission for potential applicants. *Provide copy of notice.*
- Contacted employment referrals or YouthBuild Program referrals. **List contacts:**

- Contacted with applicable parties to ensure that any HUD YouthBuild programs currently operating in the project(s) area/ assistance will take place.
- Kept a log of all applicants and indicate the reasons why Section 3 Residents who applied were not hired.
- Retained copies of any employment applications completed by public housing, Section 8 certificate or voucher holders or other Section 3 Residents.
- Sent a notice about Section 3 training and employment requirements and opportunities to labor organizations or to worker representatives with whom our firm has a collective bargaining or other agreement.

3. Verification

I have attached proof of all checked items.

Authorized Name and Signature

Date

Attested By: _____

Exhibit J

Complaint Register
Under Section 3 of the Housing
And Urban Development Act of 1968

**U.S. Department of Housing and
Urban Development**
Office of Fair Housing and Equal
Opportunity

OMB Approval No. 2529-
0043 (Expires 11/30/2010)

Name of Complainant (Person or organization)	Home Phone
Street Address	Work Phone

City, State, Zip code

Against whom is this complaint being filed? Business Phone

Name of organization or company

Street Address

City, State, Zip code

Name and identify others (if any) who violated the law in this case

You are (check all that apply)

<input type="checkbox"/> A. Low/Very low income	<input type="checkbox"/> D. Section 3 business concern
<input type="checkbox"/> B. Public housing resident	<input type="checkbox"/> E. A representative of D
<input type="checkbox"/> C. A representative of A or B	

Complaint is against (check one or more boxes)

<input type="checkbox"/> A. Applicant	<input type="checkbox"/> D. Recipient
<input type="checkbox"/> B. Sub-Recipient	<input type="checkbox"/> E. Contractor
<input type="checkbox"/> C. Subcontractor	<input type="checkbox"/> F. Other (please specify) _____

Basis for non-compliance with Section 3

<input type="checkbox"/> Denied Training	<input type="checkbox"/> Denied Employment	<input type="checkbox"/> Denied Contracting
--	--	---

What did the person you are complaining against do? (Check all that apply – provide documentation)

- | | |
|--|---|
| <input type="checkbox"/> A. Failed to meet numerical goals, as set out in the Section 3 regulations | <input type="checkbox"/> F. Failed to incorporate the Section 3 clause in Section 3 solicitations or contracts |
| <input type="checkbox"/> B. Failed to ensure that its contractors and subcontractors comply with Section 3 | <input type="checkbox"/> G. Failed to train and/or employ Section 3 residents |
| <input type="checkbox"/> C. Failed to notify Section 3 residents about training and/or employment opportunities | <input type="checkbox"/> H. Failed to award contracts to Section 3 business concerns |
| <input type="checkbox"/> D. Failed to notify Section 3 business concerns about contracting opportunities | <input type="checkbox"/> I. Contracted with a contractor found to be in violation of applicable statutes and/or HUD regulations |
| <input type="checkbox"/> E. Failed to notify potential contractors for Section 3 covered projects of the requirements of Section 3 | <input type="checkbox"/> J. Failed to provide reference to Section 3 residents in training and or employment opportunities. |
| | <input type="checkbox"/> K. Failed to provide preferences for Section 3 business concerns in contracting opportunities |

When did the act(s) checked above occur? (Include the most recent date if several dates are involved):

Summarize what happened? Attach additional information if necessary.

--

	Date:

Instructions for the Complaint Register

Section 3 of the Housing and Urban Development Act of 1968

Public reporting burden for this collection of information is estimated to average 1 hour 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. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB number.

The information is given voluntarily and provides the basis for HUD's investigation of the complaint to determine if the allegations of noncompliance are valid. The Department will use the information provided as the basis for its determination of jurisdiction over a complainant's allegations. All information collected complies with the Privacy Act of 1974 and OMB Circular A-108. The information is not of a sensitive nature. The information is unique to the processing an allegation of noncompliance with the Section 3 statute or implementing regulations.

This form is to be used to report allegations of noncompliance with Section 3 of the Housing and Urban Development Act of 1968, as amended and implementing regulations at 24 CFR Part 135.

What does Section 3 of the Housing and Urban Development Act of 1968 provide?

The law describes the HUD programs directly affected by Section 3, receiving Federal financial assistance from the Department, and dictates how these programs are to provide employment and other economic opportunities for low and very low-income persons.

What does the law cover?

Section 3 applies to any Public and Indian Housing programs that receive: (1) developmental assistance pursuant to Section 5 of the U. S. Housing Act of 1937; (2) operating assistance pursuant to Section 5 of the U.S. Housing act of 1937; or (3) modernization grants pursuant to Section 14 of the U.S. Housing Act of 1937, and to housing and community development assistance extended for: (1) housing rehabilitation (including reduction and abatement of lead based paint hazards); (2) housing construction or (3) other public construction projects; and for which the contract and subcontract exceeds \$100,000.

What can you do about violations of the Law?

Remember, Section 3 applies to the awarding of jobs, training programs, and contracts, generated from projects receiving HUD financial assistance. If you believe that, as a low-income person or a Section 3 business concern, the responsibilities to provide economic opportunities under Section 3 have been violated, you have a right to file a complaint within 180 days of the last alleged occurrences of noncompliance.

Complain to the Assistant Secretary for Fair Housing and Equal Opportunity, Department of Housing and Urban Development, by filing this form by mail or in person. The information received will be used by HUD to determine jurisdiction under Section 3.

HUD will send the complaint to the appropriate HUD recipient for resolution. If resolution by the recipient fails, HUD will investigate. If HUD finds that the complaint has merit, it will try to end the violation by informal resolution. If conciliation fails, HUD may initiate other steps to enforce the law, including but not limited to suspension and debarment of the recipient or contractors as applicable.

You can obtain assistance in learning about Section 3 or in filing a complaint at the HUD Office listed below:

Assistant Secretary
HUD Fair Housing and Equal Opportunity
451 7th Street SW
Washington, DC 20410
(202)-708-3633

Privacy Act of 1974 (P.L.93-579)

Authority: Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1968, as amended by the Housing and Community Development Act of 1992, U.S.C. 1701u and implementing regulations at 24 CFR Part 135.

Purpose: The information requested on this form is to be used to investigate and process Section 3 complaints.

Use: The information requested will be used to process a complaint filed under Part 135. HUD may disclose certain information for Federal, State, and local agencies when relevant to civil, criminal, or regulatory investigations and prosecutions. It will not be otherwise disclosed or released outside of HUD, except as required and permitted by law.

Penalty: Failure to provide some or all of the requested information will result in delay or denial of HUD assistance.

Disclosure of this information is voluntary.

Exhibit K



Texas General Land Office
 Community Development Block Grant (CDBG)
 Disaster Recovery Program

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Appointment of Section 3 Coordinator

Grantee/Subscriber _____

 DRSJH/CS Connet No. _____

GL:O Contract No: _____
 Contrct Awa11rd Date: _____

Section 3 Coordinator Information:

Appointed Section 3 Coordinator: _____

 (Print Name)

I will serve as the Section 3 Coordinator for the aforementioned contract. I understand Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701) and the GLO Section 3 Policy. My contract information is as follows:

Address: _____ City: _____ state: TX, Zip= 75201,
 Phone No: _____ Fax No: 1 _____ E mail Address: _____
 Section 3 Coordinator Signature: _____ Date: _____

Authorized Grantee/Subscriber Representative: _____

 (Print Name)

Authorized Grantee/Subscriber Representative: _____ Date: _____

 (Signature)

Exhibit L



Exhibit L

Posting Job Vacancies at WorkInTexas.com And Connecting Section 3 Residents with Section 3 Jobs

Posting Job Vacancies at WorkInTexas.com Required Language for Job Title and Job Description

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Grantees and Subrecipients:

As required by the GLO Section 3 Policy, all Grantees, Subrecipients and their contractors who are receiving DR funding must post their job vacancies with the state's free job matching system – WorkInTexas.com. There are two ways to do this. You can self-register an employer account and post jobs directly online or you can contact your local Workforce Solutions Office. Staff is available to assist with account registration and/or can post jobs on your behalf at WorkIntexas.com

Specifically, Grantees, Subrecipients and Contractors

- must: Register with WorkInTexas.com;
- Register with their Local Workforce Solutions Center and/or Work-in-Texas Website;
- Post all DR related job postings at WorkInTexas.com;
- and Include the word SEC3 in the job title and job description.

-SAMPLE-

Job Title-

SEC3 Construction Laborer

Job Description-

SEC3

Looking for a general laborer to work in housing construction. Construction experience a plus.

Included with this document is a list of tips that Grantees, Subrecipients and contractors can use in posting job vacancies provided by Texas Workforce Commission.

**Tips for Employers Posting Jobs in
WorkInTexas.com Provided by Texas
Workforce Commission**

WorkInTexas.com is a job matching site rather than a job lead generation site. We compare required job posting qualifications and job seeker qualifications with data in WorkInTexas.com to find quality matches. We believe we're providing better customer service by making sure your jobs attract qualified candidates before providing contact information to you or the job seeker. Recruiting can be difficult and expensive, and we don't want to waste anyone's time. So, ensuring your job posting is as good and complete as possible is rule #1.

Rule #1 – Take the time. Quality in means quality out, so spend the extra time up front making sure you've included as much detail as possible. The more complete your job posting, the better your matching results will be. And, a good job posting will keep you from missing out on good matches down the road.

Rule #2 – Choose occupations wisely. Job “matching” is based on behind-the-scenes computer logic, but it all boils down to the occupations you choose. The more occupations you select, the more job seekers you'll attract (match) to your job posting, and vice versa.

Rule #3 – Include pay, even if you choose to suppress it from job seeker view. It will narrow your results, and possibly increase the quality of your matches. Also, job matches are based on minimum salary, even if maximum salary is provided, so consider posting the actual salary amount you're willing to pay to ensure better job matches (matches will be restricted if the pay is too low).

Rule #4 – Using “Keywords” can help you reduce the number of job seekers matched with your job posting. Keywords are single words or phrases you can enter to clarify specific qualifications you're looking for, such as computer languages, licenses, or certifications.

Rule #5 – Use “Screening Questions.” These are questions you can add to your posting that job seekers must answer before they contact you or apply. Answers do not limit anyone's ability to apply, but the information does offer you a unique opportunity to pre-screen and evaluate interested applicants.

Rule #6 – View your job posting to see what job seekers will see. This is a great self-test of the quality and completeness of your job opportunity. If it looks short on detail to you, imagine what a job seeker will think. Take the time to go back and enter more information.

Rule #7 – Use Site Help. It's our version of a “tutorial” and explains in general terms the major functions in WorkInTexas.com.

If you're looking for Veterans (only)

- All jobs entered in WorkInTexas.com are automatically made available to veterans only for the first two days.
- When posting your job, you can choose to make it available to veterans only for the lifetime of the posting by selecting “Veterans Only – Yes.”
- Veteran applicants who apply for your job will be marked with an American Flag icon, indicating that they are eligible U.S. Military Veterans in good standing.

Registering and Searching for Job Vacancies at

WorkInTexas.com For Section 3 Residents

Dear Section, 3 Resident,

As required by the GLO Section 3 Policy, all Grantees, Subrecipients and their contractors who are receiving DR funding post their job vacancies with their Local Workforce Solutions Center and/or Work-in- Texas.

To help connect you to these job opportunities you must:

- Register as a job seeker with WorkInTexas.com and/or contact the local Workforce Solutions Office for assistance with registration;
- After you complete basic registration, it is important you add a Section 3 related keyword to your profile. To do so follow these steps:
 1. Click on the My Portfolio tab, in the top navigation
 2. Click on Keywords in the Job Matching Criteria Section
 3. In the Keyword to add field enter: sec3 Enter 0 for both years and monthsexperience
 4. Click the Add Keyword button

Job Match Keywords

* indicates required information

* Keyword to add

* Experience years months

In addition, you can search for existing Section 3 job vacancies by selecting the Browse Jobs menu on the title bar then by Text. In the Enter Text line type the word: “**SEC3**”, then hit search.

If you need help, please contact your local Workforce Solutions Center. You may search for one here:

<http://www.twc.state.tx.us/dirs/wdas/directory-offices-services.html?mid=0.07262226541895678>

Exhibit M

SECTION 3 BEST PRACTICES

The Recipient must ensure that the community and its contractors meet or exceed the numerical goals (*CFR 24 §135.30*) OR document the efforts put forth in attempting to meet those goals. Below is a guide to Section 3 best practices which may be helpful for communities striving to meet the numerical goals.

CONSIDERATIONS FOR A SUCCESSFUL SECTION 3 PROGRAM	
<p>1. Appoint a designated Section 3 Coordinator(s) (Exhibit K) A designated Section 3 Coordinator can:</p>	<ul style="list-style-type: none"> a. Monitor ongoing Section 3 outreach efforts; b. Coordinate and/or conduct outreach opportunities to Section 3 businesses; c. Facilitate training and employment of eligible Section 3 residents and businesses; d. Notify contractors of Section 3 responsibilities; e. Certify Section 3 businesses; f. Certify Section 3 residents; g. Document Section 3 compliance actions; h. Conduct a workforce needs analysis that could be used to identify and quantify training, employment, and contracting opportunities; i. Develop resources or seek out trainings to assist residents interested in starting their own businesses with local workforce centers, non-profit organizations, small business administration, etc. to assist local businesses in how to prepare contracts, prepare taxes, and/or obtain licenses, bonding, and insurance requirements, so they too can become a Section 3 business; j. Host educational workshops to Section 3 businesses; k. Maintain a list of certified Section 3 residents by trade for Section 3 businesses; l. Establish relationships with the Small Business Administration (SBA), Minority and Women’s Business Enterprise M/WBE association, Community Development Corporations, and other sources as necessary to assist local housing authorities with educating and mentoring residents with a desire to start their own businesses; m. Participate in the pre-bid, pre-construction, bid opening and or construction meetings to ensure that Section 3 business concerns are addressed; n. Ensure that the Section 3 clause is noted in all contracts; o. Prepare, create and or submit required Section 3 Reports to the GLO; p. Report to Section 3 committee (if applicable); q. Other duties.

<p>2. How will the Recipient monitor and enforce compliance with Section 3?</p>	<ul style="list-style-type: none"> a. Regular monitoring of Section 3 businesses; b. Section 3 business reporting requirements (e.g., New Hires Section 3 Monthly Compliance Report Form (Exhibit I), listing of certified Section 3 Residents, etc.; c. A detailed process on how/ who will review, document and submit required reports; d. Other items as determined locally. e. Dealing with non-compliance of contractors; f. How it will provide incentives for good performance; g. How it will refrain from entering into contracts with any contractor that previously failed to comply with the requirements of Section 3.
<p>3. Ensure that preferences for Section 3 businesses are addressed in the method of award?</p>	<ul style="list-style-type: none"> a. Incorporate (Exhibit C) into procurement notices; b. Provide a Section 3 Business Certification form, with bid packets and require form completion at bid submittal; c. Require contractors to submit a listing of needed trades for possible new hires for the Section 3 project at bid submittal or prior to bid closing; d. Procurement procedures may include a scoring matrix that outlines scoring preference to Section 3 business concerns. Points may be awarded for any builder who has an existing training or apprenticeship program for the designated Section 3 Residents and Business Concerns that will be used on the project. Points may be awarded for an apprenticeship or training program for Section 3 residents, which is directed toward training craftsmen or qualifying agents in trades that are required by state or local regulations to be certified, such as electricians, plumbers, HVAC mechanics, etc.
<p>4. Develop a clear process to identify reporting requirements to the Recipients and subsequently to the GLO?</p>	<ul style="list-style-type: none"> a. Detailed reporting requirements should be noted in the reporting process, procurement documents/notices and contracts; b. Ideally, contractors should submit regular reports on new hires and certified payroll records once the contracted scope of work is underway and/or on a monthly basis c. Detailed process for contractors who fail to submit reports; d. All other actions not noted here.

<p>5. Ensure that the Section 3 clause is included in its contracts? REQUIRED</p>	<p>a. All Recipients must capture the Section 3 Clause (24CFR135.38) in solicitations and all contracts, specifying that work performed under the contract adheres to Section 3 requirements (see Exhibit F).</p>
<p>6. Identify procedures on how to notify Section 3 residents about training and employment opportunities (outreach)?</p>	<p>a. Outreach to Section 3 Residents could include advertising in the area where the project will take place; flyers handed to local workforce centers, PHAs, non-profit organizations, neighborhood community organizations, church organizations and all others not noted here.</p> <p>b. Coordination and personal networking with organization representatives could also go beyond passive measures such as advertising and flyers.</p>
<p>7. Identify procedures on how to notify contractors about Section 3 requirements?</p>	<p>a. Provide Section 3 trainings after bid award with Contractors;</p> <p>b. Bid advertisement documents should discuss Section 3 Economic Opportunities and requirements;</p> <p>c. Post bid information Recipients' website, local newspapers and local workforce centers where the Section 3 project is located;</p> <p>d. Provide bid information in languages other than English (language predominant to area);</p> <p>e. Advertise contracting opportunities via newspaper, mailings, posting notices that provide general information about the work to be contracted and where to obtain additional information.</p>

<p>8. Consider ways to provide, to coordinate and or facilitate training for upcoming economic opportunities for Section 3 businesses and Section 3 Residents?</p>	<p>a. Recipients and businesses and trade unions could collaborate with local community colleges and technical schools to develop curricula and conduct training to Section 3 Residents that improves the abilities of their workforce to meet local business needs;</p> <p>b. There are many existing resources available within the applicable community; start at the local workforce center.</p>
<p>9. Maintain a list of Section 3 Business concerns?</p>	<p>a. Maintaining a list will allow for Recipients to utilize the inventory of Section 3 Business Concerns for possible future Section 3 project opportunities.</p>
<p>12. Consider how to avoid Section 3 regulation violators, as identified by HUD (24 CFR 135.72)?</p>	<p>a. Recipients ensure that contracting opportunities do not go to Section 3 violators. Recipients should develop a process in their plans that address verification of Section 3 violators.</p>