

STATE OF MARYLAND

SECTION 3

POLICIES AND PROCEDURES MANUAL



Lawrence J. Hogan, Jr., Governor

Boyd K. Rutherford, Lt. Governor

Kenneth C. Holt, Secretary

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Maryland Department of Housing and Community Development

7800 Harkins Road

Lanham, MD 20706



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Section 3 of the Housing and Urban Development Act of 1968 applies to specific federal programs funded by the U.S. Department of Housing and Urban Development (HUD) and administered by or through the Maryland Department of Housing and Community Development (DHCD). The purpose of the requirement is to ensure that, to the extent feasible, employment and other economic opportunities are made available to low and very low income persons as a result of HUD funding in projects which include construction per Title 24 of the Code of Federal Regulations Part 75.

Section 3 applies to the following programs:

- Community Development Block Grant (CDBG)
- Community Development Block Grant - Disaster Recovery (CDBG-DR)
- Community Development Block Grant – Recovery Housing Program (RHP)
- Emergency Solutions Grant (ESG)
- HOME Investment Partnerships (HOME)
- HOME – American Rescue Plan (HOME-ARP)
- Housing Trust Fund (HTF)

This manual provides Section 3 policies, procedures and forms to be used by recipients of funding from the applicable programs from DHCD. This information and forms will be amended periodically to ensure compliance with HUD requirements and/or to reflect new guidance, changes or the inclusion of new programs. This would also apply to the Housing Opportunities for Persons with Aids (HOPWA) Program administered by the Maryland Department of Health in the event a capital project was awarded.

REQUIREMENTS

The Section 3 regulations and requirements apply to projects which include construction ***and*** the total project cost includes more than \$200,000 of federal funds from one or more of the applicable programs. Section 3 applies to the entire project ***regardless*** of the use of the HUD funding in a project. The requirements apply to all contracts and subcontracts for construction activities ***regardless*** if the HUD funding is used for the contract or subcontract.

What types of projects trigger Section 3?

- Construction or improvement of public infrastructure
- Construction or improvement of public facilities
- Construction, renovation or rehabilitation of multi-family housing
- Construction or rehabilitation of single-family housing
- Construction or renovation of private buildings

The “Section 3 Project” is the project site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management and financing.

Section 3 applies to all construction activities and contracts for the following examples:

EXAMPLE 1: A sewer improvement project which is funded with \$250,000 of CDBG funds for engineering and \$800,000 of state funds for construction.

EXAMPLE 2: Construction of a new multi-family senior housing development using \$1,000,000 of HOME funds and \$300,000 of HTF.

EXAMPLE 3: Acquisition of land using \$600,000 of CDBG funds and \$5,000,000 of private funds for construction of new rental housing.

EXAMPLE 4: Renovation of a homeless shelter using \$50,000 of ESG and \$151,000 of CDBG funds.

EXAMPLE 5: Rehabilitation of one owner occupied, single family house using \$201,000 of HOME funds.

EXAMPLE 6: Construction, renovation or rehabilitation of multi-family housing that exceeds \$200,000 from applicable programs.

The regulations require that employment and other economic opportunities shall, *to the greatest extent feasible*, consistent with existing federal, state and local laws and regulations, be directed to low and very low income persons and to businesses that provide economic opportunities to low and very low income persons. Recipients of HUD funding and their project partners, if any, must comply with Section 3 requirements. Recipients are housing developers, governments, non-profit organizations and other eligible entities who are awarded HUD funding from DHCD. Partners include subrecipients, general contractors, subcontractors or others. The recipient will have the overall responsibility for Section 3 compliance.

Recipients must prioritize hiring persons who qualify as *Section 3 Workers* and *Targeted Section 3 Workers*. They must also prioritize awarding contracts to qualified *Section 3 Business Concerns*. Note that workers must still be qualified, and businesses must meet applicable procurement requirements.

Who qualifies as a Section 3 Worker?

A Section 3 Worker is an individual who:

- is determined to be a low or very income person per HUD income limits in the county where the project is located; or
- is a YouthBuild participant; or
- is employed by a Section 3 Business Concern.

There are several ways to income qualify a person as a Section 3 Worker:

- Existing workers can complete a self-certification form providing information on their individual income (not household) from the prior calendar year.
- New hires must complete a self-certification form providing information on their individual income (not household) from the prior calendar year.
- If they work for a Section 3 Business Concern, the employer must provide a certification.

The Recipient will review and approve all submitted certifications. Section 3 Workers will maintain low and very low income status for a five-year period after certifications are approved. The employer will be able to submit copies of approved certifications for other Section 3 projects.

YouthBuild is a community-based pre-apprenticeship program that provides job training and educational opportunities for at-risk youth ages 16-24 who have previously dropped out of high school. There are two YouthBuild programs in Maryland that were approved by the U.S. Department of Labor in 2019 and 2020. They are:

- ▶ Civic Works, Inc., Baltimore, 410/366-8533
- ▶ Volunteers of America Chesapeake, Inc., Lanham, 301/459-2020

Specific forms will be provided to collect information on YouthBuild participants.

Who is a Targeted Section 3 Worker?

A Targeted Section 3 Worker is an individual who:

- is employed by a Section 3 Business Concern; or
- is a YouthBuild participant; or
- is a low or very low income worker who resides within a one mile radius of the Section 3 funded project.

Note that if fewer than 5,000 people live within a one-mile radius of the Section 3 funded project, the "Section 3 service area" expands within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census

What is a Section 3 Business Concern?

A Section 3 Business Concern is defined as:

- a business in which at least 51% is owned and controlled by low or very income persons; or
- a business in which at least 51% is owned and controlled by current public housing residents or residents who live in a Section 8 assisted house; or
- a business where over 75% of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers.

Recipients will provide forms to Section 3 Business Concerns to submit for approval.

HUD maintains a Section 3 Business Registry. Businesses that have self-certified that they meet one of the regulatory definitions of a Section 3 business can be listed in a searchable online database. The database can be used by grantees, developers and contractors to solicit bidders. The registry can be found at <https://hudapps.hud.gov/OpportunityPortal/searchBusiness.action>

HUD also maintains a database to help match Section 3 Workers to jobs and training opportunities and identify opportunities for Section 3 Business Concerns.
<https://hudapps.hud.gov/OpportunityPortal/>

All forms and income limits will be provided by DHCD.

Per 24 CFR 75.5, workers or businesses shall not be negatively affected as a result of a prior arrest or conviction.

Section 3 does not apply to the following:

- Housing rehabilitation *programs*. It only applies to each individual housing unit if the total cost to rehabilitate a unit is more than \$200,000 of funding from applicable programs
- Material supply contracts

GOALS AND REPORTING

Goals

Recipients must track and report on all labor hours performed by paid workers on a Section 3 project. Specifically, for the entire project, recipients must report on:

- the total number of paid labor hours worked by all workers; and
- the total number of paid labor hours worked by Section 3 Workers; and
- the total number of paid labor hours worked by Targeted Section 3 Workers.

HUD's benchmark goal set for Section 3 Workers is at least 25% of all reported labor hours for each Section 3 project.

The benchmark goal for Targeted Section 3 Workers is at least 5% of all reported labor hours for each Section 3 project.

If it is not feasible to meet the benchmark goals, the Recipient must be prepared to report and provide evidence on qualitative efforts made by Recipients, contractors and other interested partners to meet the benchmark goals. Such qualitative efforts may include, but are not limited to, the following:

- Outreach to generate applications from Section 3 Workers;
- Conducting or providing referrals for training and apprenticeship opportunities to Section 3 Workers;
- Providing technical assistance to help Section 3 Workers compete for jobs;
- Providing Section 3 Workers with assistance to find employment opportunities such as: resume writing, interview preparations, and connecting individuals with job placement services;
- Holding at least one job fair;
- Providing or referring Section 3 workers to services which support work readiness such as interview clothing, test fees, transportation, childcare, etc.
- Providing or referring Section 3 Workers with assistance to apply for or attend community college, a four-year academic institution or vocational and technical training;
- Assisting Section 3 Workers to secure financial literacy training or coaching;
- Engaging in efforts to identify and secure bids from Section 3 Business Concerns;
- Providing or referring to technical assistance to help Section 3 Business Concerns bid on contracts;
- Dividing contracts into small jobs to encourage participation by Section 3 Business Concerns;
- Promoting use of business registries aimed to create opportunities for Section 3 Business Concerns;
- Providing bonding assistance, guaranties, or other efforts to support viable bids from Section 3 Business Concerns;
- Outreach engagement or referral with Maryland employment offices;
- Or other efforts developed and implemented locally.

Recipients will be considered to have complied with the Section 3 requirements and met “safe harbor” if they can demonstrate that they followed the identified Section 3 process and made good faith effort(s) to meet or exceed Section 3 benchmarks. The qualitative efforts will be very important in the event a contractor or subcontractor does not have to hire any new employees during the course of the work.

Failure to comply with or to meet safe harbor may result in a monitoring finding(s) with corrective actions that may include repayment of funds, debarment, suspension of funds or limited denial of participation in DHCD federally funded programs pursuant to 24 CFR Part 24.

Note that hours for professional services or administration are not to be reported.

If construction work is provided as a donation to a project, the hours are to be reported if the workers performing the work are paid. Section 3 forms should be completed by workers.

In the event that construction work is completed by Force Accountant Labor, the hours are to be reported if the workers performing the work are paid. Section 3 forms should be completed by workers.

Reporting

At the completion of the project, the Recipient's designated Section 3 Coordinator must complete the *Section 3 Final Report Form* which provides data from all contractors and subcontractors:

- Total number of certified Section 3 Workers, Targeted Section 3 Workers and YouthBuild participants
- Listing of all certified Section 3 Business Concerns
- Total number of paid labor hours performed for the entire project from all construction contracts
- Total number of paid labor hours performed by Section 3 Workers
- Total number of paid labor hours performed by Targeted Section 3 Workers
- Narrative explanation regarding efforts to comply with Section 3 requirements

The Section 3 Coordinator must submit the *Section 3 Final Report Form* upon completion of the project. The report should contain cumulative information from all contracts. The final report must include explanations regarding efforts to achieve benchmark goals.

Each DHCD program may have additional reporting requirements that will be provided.

If a project includes funding from more than one applicable program, the report is to be submitted to each DHCD funding program.

THE SECTION 3 PROCESS

The first step to achieve compliance with Section 3 is to ensure that the requirements are included in all written documents. It will be identified as a regulatory requirement of the project in all DHCD grant or loan agreements. Recipients must include the information in agreements with partners.

The Section 3 Clause must be included in all bidding and contracts with construction contractors and subcontractors. It outlines additional responsibilities and actions required by them.

The following steps are required for construction activities. There is a process provided for projects/activities requiring bidding, sole source contracts and one for CDA multi-family housing construction projects. The identified processes are required in addition to other information required by funding sources and applicable state or federal requirements.

Bid Solicitation

1. The Recipient must designate a Section 3 Coordinator for the entire project who is responsible for Section 3 Compliance.

2. Advertise Request for Proposal or Invitation to Bid which will include the following statements, "Federal Section 3 hiring requirements apply to this project" and "Section 3 Business Concerns are encouraged to submit proposals."
3. Include the following in the bid documents:
 - *Section 3 Clause*
 - *Section 3 Hiring/Labor Hour Estimate Form*
 - *Section 3 Business Certification Form(s)(if applicable).*
4. Search the HUD Section 3 Business Registry to determine if there are Section 3 Business Concerns in your region. If yes, bid information should be sent directly to them. Document effort.
5. Provide copy of bid for posting to local housing authority, county housing office, employment agencies, job training services, and other related agencies. Document effort.
6. At the pre-bid conference, explain Section 3 requirements related to Section 3 Business Concerns and Section 3 workers. Provide *Fact Sheet for Contractors*.
7. The contractor selection process includes ensuring that all required forms are submitted with the bid documents.
8. The Section 3 Coordinator must review and approve *Section 3 Business Certification Forms* prior to selection of bid. The approval process includes verifying the submitted information prior to awarding of contractors or subcontractors. This step is required for all Section 3 Businesses including those listed in HUD's Section 3 Business Registry.
9. For selected contractor, the *Section 3 Clause* must be signed and included in the contract.
10. At the pre-construction conference, the contractor must submit completed *Section 3 Worker Certification Forms* for all their current employees who will or could work on the project as well as those of any subcontractors to the Section 3 Coordinator for approval.
11. During the project, *Section 3 Worker Certification Forms* must be submitted for new hires to the Section 3 Coordinator for approval upon hire. Available job opportunities should be posted in multiple places including the HUD Opportunity Portal and local job service center.
12. At any time during the project if a YouthBuild participant works on the job, the contractor must submit a *Section 3 Youth Build Participant Form* to the Section 3 Coordinator for approval.
13. A *Section 3 Labor Hours Worksheet* will be provided for each contractor and applicable subcontractor to use to track weekly hours.

Document all efforts and activities undertaken to comply with Section 3.

This process applies to each contract approved through bid solicitation.

CDA Multi-Family Construction

For multi-family housing development projects, the process is slightly different as the application process requires identification of the general contractor.

1. In the application for funding, the pending Recipient must submit the *Section 3 Hiring/Labor Hour Estimate Form*.
2. If approved with funding from an applicable program, the Recipient must designate a Section 3 Coordinator for the entire project who is responsible for Section 3 Compliance.
3. The contract between the Recipient and the general contractor must include the *Section 3 Clause (CDA Multi-Family Construction – Developer)* form.
4. The general contractor must search the HUD Section 3 Business Registry to determine if there are Section 3 Business Concerns in the project area for the various subcontracts. If yes, bid information should be provided to them. Document effort.
5. The Section 3 Coordinator will review and approve *Section 3 Business Certification Forms* completed by selected Section Business Concerns, if any. The approval process includes verifying the submitted information prior to awarding of subcontracts. This step is required for all Section 3 Businesses including those listed in HUD's Section 3 Business Registry.
6. Each subcontractor must sign and submit a *Section 3 Clause (CDA Multi-Family Construction – Subcontractor)* form to the general contractor.
7. At the pre-construction conference, the general contractor must submit *Section 3 Worker Certification Forms* for all their current employees who will or could work on the project to the Section 3 Coordinator for approval. Subcontractors must submit forms prior to commencement of their work.
8. During the project, *Section 3 Worker Certification Forms* must be submitted for new hires to the Section 3 Coordinator for approval upon hire by general contractor or subcontractor. Available job opportunities should be posted in multiple places including the HUD Opportunity Portal and local job service center.
9. At any time during the project if a YouthBuild participant works on the job, the contractor must submit a *Section 3 YouthBuild Participant Form* to the Section 3 Coordinator for approval.

10. A *Section 3 Labor Hours Worksheet* will be provided for the general contractor and each subcontractor to use to track weekly hours.

Document all efforts and activities undertaken to comply with Section 3.

Sole Source Selection

In the rare occurrence when sole source contracts are approved for non-CDA multi-housing projects, the following process must be followed:

1. The approved contractor must provide the Section 3 Coordinator with the following documents:
 - *Section 3 Hiring/Labor Hour Estimate Form*
 - *Section 3 Clause*
 - *Section 3 Business Certification Form* (if applicable).
2. If one is submitted, the Section 3 Coordinator will review and approve the *Section 3 Business Certification Form* prior to execution of the contract. The approval process includes verifying the submitted information prior to awarding of contractors or subcontractors. This step is required for all Section 3 Businesses including those listed in HUD's Section 3 Business Registry.
3. The contract between the Recipient and the contractor must include the *Section 3 Clause* in the contract.
4. At the pre-construction conference, the contractor must submit *Section 3 Worker Certification Forms* for all their current employees who will or could work on the project as well as those of any subcontractors to the Section 3 Coordinator for approval.
5. During the project, *Section 3 Worker Certification Forms* must be submitted for new hires to the Section 3 Coordinator for approval upon hire. Available job opportunities should be posted in multiple places including the HUD Opportunity Portal and local job service center.
6. At any time during the project if a YouthBuild participant works on the job, the contractor must submit a *Section 3 YouthBuild Participant Form* to the Section 3 Coordinator for approval.
7. A *Section 3 Labor Hours Worksheet* will be provided for each contractor to use to track weekly hours.

Document all efforts and activities undertaken to comply with Section 3.

Recipients are to retain copies of all bidding documentation, contracts, certifications, reports and related documents upon the completion of the project for the retention period specified by each program.

MONITORING

DHCD program staff will monitor projects for Section 3 compliance. Recipients will be provided with a *Section 3 Compliance Documentation Checklist*.

Monitoring findings or concerns will be issued based on review of the required documentation. DHCD Section 3 monitoring checklists will be made to recipients.

Note that each DHCD program may have different processes for monitoring. For projects with multiple sources of applicable funding, DHCD monitors will coordinate on monitoring issues and concerns.

QUESTIONS AND ANSWERS

Note that there will be a separate Question and Answer document on the Section 3 webpage which is updated quarterly.

- Q. Does qualifying as a Section 3 Business Concern mean that the business will be selected if it meets the technical requirements of the bid, regardless of bid price?**
No. Bid selection is based on submission of the most qualified and responsive bid in accordance with procurement requirements.
- Q. If an applicant for a job qualifies as low and very low income but are not qualified for the job, do they get preference?**
No. Selected workers must meet job qualifications.
- Q. How can contractors find eligible Section 3 Workers and Targeted Section 3 Workers in a labor union state?**
Work with local labor unions and educate them about Section 3 requirements. Identify labor classifications with salary ranges that are within Section 3 or Targeted Section 3 Worker income limits. Ensure that bidders know that workers in these classifications may qualify as a Section 3 or Targeted Section 3 Worker.
- Q. If there are no official YouthBuild programs in my area, am I expected to reach out to the closest YouthBuild program?**
No.
- Q. For a Section 3 project that has multiple locations or project sites throughout a municipality, community or county, how is the Section 3 Service Area determined?**

For linear or scattered site projects, any part of the project site(s) can be utilized to determine if a worker lives within the service area.

- Q. Do the total number of labor hours to be reported include hours performed by an engineer or an architect?**

No. Hours for professional services are not to be reported.

- Q. What if an applicable program funds multiple phases of a project over several years? How do you apply Section 3 requirements?**

It would depend on the amount and activities funded to determine when Section 3 would apply. For example, if only \$175,000 of CDBG funds were awarded for the first phase of a project and it was leveraged with \$300,000 of other sources for construction activities, then Section 3 would not apply. However, if another \$400,000 of CDBG funds was awarded in the second phase, then Section 3 requirements would apply to construction contracts awarded after funding approval for that phase. The requirements would not apply to any change orders to previously awarded contracts as Recipients would not be able to effectively apply Section 3 requirements retroactively.

- Q. Do “qualitative” efforts need to be project specific to qualify? For example, the County Community College offers technical school tuition to low and very low income residents. Most people are applying to attend classes to be a dental assistant, not construction training. Would offering tuition for the dental assistant classes count as a “qualitative” effort for the Section 3 project?**

Assisting with employment and training opportunities should be in connection with the HUD financial assistance, so assisting persons with classes to be a dental assistant would not qualify.

COMPLAINTS

Complaints regarding a Section 3 project should be submitted to the DHCD Section 3 Specialist. The Section 3 Specialist will coordinate with program staff to address issues.

Please submit written complaints to section3.dhcd@maryland.gov

TECHNICAL ASSISTANCE

Section 3 information and forms can be found on the Section 3 page on the DHCD website at www.dhcd.maryland.gov

For general questions regarding general Section 3 requirements and compliance, contact the DHCD Section 3 Specialist. For specific questions, contact the specific program staff.

DHCD Section 3 Specialist: Justin Fair
Justin.fair@maryland.gov
301/429-7499

FORMS

- Section 3 Clause
- Section 3 Clause – Multi-Family Construction – Developer
- Section 3 Clause – Multi-Family Construction - Subcontractors
- Section 3 Business Certification Form
- Section 3 Compliance Documentation Checklist
- Section 3 Final Report Form
- Section 3 Hiring/Labor Hour Estimate Form – CDA Multi-Family Construction
- Section 3 Hiring/Labor Hour Estimate Form – Bid Solicitation/Sole Source Solicitation
- Section 3 Worker Certification Form
- Section 3 YouthBuild Participant Form
- Section 3 Labor Hours Worksheet (EXCEL Document to be provided by program)

Section 3 Income Limits

Section 3 Clause

ALL CONSTRUCTION CONTRACTS SHALL INCLUDE THE FOLLOWING CLAUSE

- A. The work to be performed under this contract is subject to 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, to the greatest extent feasible, that employment and other economic opportunities are made available to low and very low income persons as a result of projects funded through specific programs of the U.S. Department of Housing and Urban Development (HUD). The applicable regulations are found at 24 CFR Part 75 (the Section 3 Regulations). The terms "Section 3 Workers," "Section 3 Business Concerns," and "YouthBuild Programs" as used herein have the meanings specified in the Section 3 Regulations. Section 3 Project refers to the project that is the subject of this contract, and "Section 3 Clause" refers to this Section 3 Clause.
- B. The parties to this contract agree to comply with the Section 3 regulations and with the requirements of the Maryland Department of Housing and Community Development (DHCD) (the "DHCD Requirements" and, together with the Section 3 Regulations, the "Section 3 Requirements") and certify that they are under no contractual or other impediment that would prevent them from complying with the Section 3 Requirements.
- C. The contractor agrees, to the greatest extent feasible, and consistent with existing Federal, state and local laws and regulations, to provide employment and training opportunities (for any vacant positions) to Section 3 Workers, in the following priority where feasible: to low and very low income persons in the service area or neighborhood of the Section 3 Project, and to participants in YouthBuild Programs.
- D. The contractor agrees, to the greatest extent feasible, and consistent with existing Federal, state and local laws and regulations, to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 Workers, in the following priority where feasible: to Section 3 Business Concerns that provide economic opportunities to Section 3 Workers residing in the service area or neighborhood of the Section 3 Project, and to YouthBuild Programs.
- E. The contractor agrees to include this Section 3 Clause in every subcontract subject to Section 3 and agrees to take appropriate action upon a finding that the subcontractor is in violation of the Section 3 Requirements. 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 Section 3 Requirements.
- F. 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 and shall set forth the following: (1) a minimum number and job titles to hire; (2) availability of apprenticeship

Section 3 Clause

CDA Multi-Family Construction - Developer

A. The work to be performed under this contract is subject to 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, to the greatest extent feasible, that employment and other economic opportunities are made available to low and very low income persons as a result of projects funded through specific programs of the U.S. Department of Housing and Urban Development (HUD). The applicable regulations are found at 24 CFR Part 75 (the Section 3 Regulations). The terms "Section 3 Workers," "Section 3 Business Concerns," and "YouthBuild Programs" as used herein have the meanings specified in the Section 3 Regulations. Section 3 Project refers to the project that is the subject of this contract, and "Section 3 Clause" refers to this Section 3 Clause.

B. The parties to this contract agree to comply with the Section 3 regulations and with the requirements of the Maryland Department of Housing and Community Development (DHCD) (the "DHCD Requirements" and, together with the Section 3 Regulations, the "Section 3 Requirements") and certify that they are under no contractual or other impediment that would prevent them from complying with the Section 3 Requirements.

C. The contractor agrees, to the greatest extent feasible, and consistent with existing Federal, state and local laws and regulations, to provide employment and training opportunities (for any vacant positions) to Section 3 Workers, in the following priority where feasible: to low and very low income persons in the service area or neighborhood of the Section 3 Project, and to participants in YouthBuild Programs.

D. The contractor agrees, to the greatest extent feasible, and consistent with existing Federal, state and local laws and regulations, to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 Workers, in the following priority where feasible: to Section 3 Business Concerns that provide economic opportunities to Section 3 Workers residing in the service area or neighborhood of the Section 3 Project, and to YouthBuild Programs.

E. The contractor agrees to include this Section 3 Clause in every subcontract subject to Section 3 and agrees to take appropriate action upon a finding that the subcontractor is in violation of the Section 3 Requirements. 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 Section 3 Requirements.

F. 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 and shall set forth the following: (1) a minimum number and job titles to hire; (2) availability of apprenticeship

and training positions; (3) the qualifications for each; (4) the name and location of the person(s) taking applications for each of the positions; and (5) the anticipated date the work shall begin.

G. The contractor agrees to obtain Section 3 Worker certification forms from (1) all existing employees that will or may work on the project; and (2) from persons hired to work on the project.

H. The contractor agrees to notify Section 3 Businesses Concerns about the availability of new contracting opportunities created as a result of the Section 3 Project.

I. The contractor agrees to provide a written narrative regarding all efforts to comply with Section 3.

J. The contractor agrees to maintain records documenting employees who qualified as Section 3 Workers that were hired to work on previous Section 3 projects that were retained by the contractor for subsequent Section 3 projects.

K. The contractor agrees to notify subcontractors that are associated with the Section 3 Projects about the Section 3 Requirements and include this Section 3 Clause in its entirety in every awarded subcontract.

L. The contractor agrees to impose sanctions upon any subcontractor that has violated the requirements of this Section 3 Clause in accordance with DHCD's policies and procedures.

M. The contractor agrees to comply with all monitoring, reporting, recordkeeping, and other procedures specified by DHCD.

N. Non-compliance with the Section 3 Requirements may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD funded projects and contracts.

O. The Section 3 Regulations are hereby incorporated into this Section 3 Clause, and to the extent there is any conflict between this Section 3 Clause and the Section 3 Regulations, the Section 3 Regulations shall control.

Developer Designee

Developer Designee Signature

Date

General Contractor Name

General Contractor Signature

Date

Section 3 Clause

CDA Multi-Family Construction - Subcontractors

A. The work to be performed under this contract is subject to 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, to the greatest extent feasible, that employment and other economic opportunities are made available to low and very low income persons as a result of projects funded through specific programs of the U.S. Department of Housing and Urban Development (HUD). The applicable regulations are found at 24 CFR Part 75 (the Section 3 Regulations). The terms "Section 3 Workers," "Section 3 Business Concerns," and "YouthBuild Programs" as used herein have the meanings specified in the Section 3 Regulations. Section 3 Project refers to the project that is the subject of this contract, and "Section 3 Clause" refers to this Section 3 Clause.

B. The parties to this contract agree to comply with the Section 3 regulations and with the requirements of the Maryland Department of Housing and Community Development (DHCD) (the "DHCD Requirements" and, together with the Section 3 Regulations, the "Section 3 Requirements") and certify that they are under no contractual or other impediment that would prevent them from complying with the Section 3 Requirements.

C. The contractor agrees, to the greatest extent feasible, and consistent with existing Federal, state and local laws and regulations, to provide employment and training opportunities (for any vacant positions) to Section 3 Workers, in the following priority where feasible: to low and very low income persons in the service area or neighborhood of the Section 3 Project, and to participants in YouthBuild Programs.

D. The contractor agrees, to the greatest extent feasible, and consistent with existing Federal, state and local laws and regulations, to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 Workers, in the following priority where feasible: to Section 3 Business Concerns that provide economic opportunities to Section 3 Workers residing in the service area or neighborhood of the Section 3 Project, and to YouthBuild Programs.

E. The contractor agrees to include this Section 3 Clause in every subcontract subject to Section 3 and agrees to take appropriate action upon a finding that the subcontractor is in violation of the Section 3 Requirements. 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 Section 3 Requirements.

F. 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 and shall set forth the following: (1) a minimum number and job titles to hire; (2) availability of apprenticeship

and training positions; (3) the qualifications for each; (4) the name and location of the person(s) taking applications for each of the positions; and (5) the anticipated date the work shall begin.

G. The contractor agrees to obtain Section 3 Worker certification forms from (1) all existing employees that will or may work on the project; and (2) from persons hired to work on the project.

H. The contractor agrees to notify Section 3 Businesses Concerns about the availability of new contracting opportunities created as a result of the Section 3 Project.

I. The contractor agrees to provide a written narrative regarding all efforts to comply with Section 3.

J. The contractor agrees to maintain records documenting employees who qualified as Section 3 Workers that were hired to work on previous Section 3 projects that were retained by the contractor for subsequent Section 3 projects.

K. The contractor agrees to notify subcontractors that are associated with the Section 3 Projects about the Section 3 Requirements and include this Section 3 Clause in its entirety in every awarded subcontract.

L. The contractor agrees to impose sanctions upon any subcontractor that has violated the requirements of this Section 3 Clause in accordance with DHCD's policies and procedures.

M. The contractor agrees to comply with all monitoring, reporting, recordkeeping, and other procedures specified by DHCD.

N. Non-compliance with the Section 3 Requirements may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD funded projects and contracts.

O. The Section 3 Regulations are hereby incorporated into this Section 3 Clause, and to the extent there is any conflict between this Section 3 Clause and the Section 3 Regulations, the Section 3 Regulations shall control.

Project: _____

Subcontractor Name

Subcontractor Signature

Date

MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

SECTION 3 BUSINESS CERTIFICATION FORM

This project includes funding from the U.S. Department of Housing and Urban Development and requires compliance with Section 3 regulations and requirements. Complete the following information to certify that your business qualifies as a Section 3 Business Concern.

Name of Business: _____

Address of Business: _____

Name of Business Owner: _____

Phone Number of Business Owner: _____

Email of Business Owner: _____

If there are additional owners, please provide information for each on an additional sheet

Name of Contact Person: _____

Phone Number of Contact Person: _____

Email of Contact Person: _____

Type of Business: ☐ Corporation ☐ Partnership
 ☐ Sole Proprietorship ☐ Joint Venture

Select ONE of the following that applies. Supporting information must be submitted with certification for approval.

☐ At least 51% of the business is owned and controlled by low or very low income persons
Submit documentation providing total household income information for all owners

☐ At least 51% of the business is owned and controlled by current public housing residents or residents who live in Section 8 assisted housing
Submit certification from public housing or from property manager of a project-based Section 8 assisted housing or administrator of tenant based-based Section 8 assisted housing.

___ Over 75% of the labor hours performed for the business over the prior three month period are performed by Section 3 Workers.

Submit time sheets and Section 3 Worker Certification forms for each worker

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

Print Name: _____

Signature: _____ Date: _____

**Certification expires within six months of the date of the signature.*

For Administrative Use Only:

► What supporting documentation was submitted? _____

► Is the documentation verifiable? ___ YES ___ NO

► Is this business verified as a Section 3 Business Concern? ___ YES ___ NO

NOTES: _____

Reviewed by: _____ Date: _____

MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

SECTION 3 COMPLIANCE DOCUMENTATION CHECKLIST

The following information is to be maintained to document compliance with Section 3. Not all are applicable to each project.

PROCUREMENT AND CONTRACT DOCUMENTS	
	Copies of bid solicitations to ensure that Section 3 applicability is referenced
	Contract documents include applicable Section 3 Clause
	Pre-bid meeting minutes, sign-in sheets and agenda to determine if Section 3 requirements were discussed with prospective bidders.
	Pre-construction meeting minutes, sign-in sheets and agenda to determine if Section 3 requirements were discussed.
	Review and approval of Section 3 Business Concern Certification Forms that were submitted in response to bidding.
BUSINESS AND WORKER RECORDS	
	Section 3 Worker Forms received for all workers – existing and new hires.
	List of all workers which identifies Section 3 Workers and Targeted Section 3 Workers.
	List of Section 3 Business Concerns awarded contract(s).
	YouthBuild Participant Form.
	List of YouthBuild participants.
	Completed Section 3 Labor Hours Worksheet for general contractor and subcontractors.
	Correspondence or other records related to training and other qualitative efforts that may demonstrate Section 3 compliance.
OUTREACH DOCUMENTS	
	Evidence of outreach efforts to determine how Section 3 Workers or Business Concerns were targeted for employment, training or contracting opportunities.
	Evidence that contractors notified local labor unions about their Section 3 obligations.
	Evidence that contractors or subcontractors posted signs regarding job vacancies and/or subcontracting opportunities at the job site.
	Evidence that contractors or subcontractors posted information regarding job vacancies and/or subcontracting opportunities in other places.

OTHER DOCUMENTS

	Section 3 Clause signed by Developer and General Contractor
	Section 3 Clause signed by General Contractor and Subcontractors
	Section 3 Clause signed by Subcontractors
	Section 3 Hiring/Labor Hour Estimate Form
	Section 3 Final Report Form
	Section 3 Labor Hours Worksheet maintained

MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

SECTION 3 FINAL REPORT FORM

Project: _____

Total Number Certified Section 3 Workers	
Total Number Certified Targeted Section 3 Workers	
Total Number YouthBuild Participants	
Total Number of Section 3 Business Concerns	

Identify all certified Section 3 Business Concern and specific trade:

Section 3 Business Concern	Trade

	Total Number	Percentage	Benchmark Goals
Total Number Paid Labor Hours		100%	
Total Number Paid Labor Hours by Section 3 Workers			25%
Total Number Paid Labor Hours by Targeted Section 3 Workers			5%

Was HUD's benchmark goal of 25% met for Section 3 Workers? ____ Yes ____ No

Was HUD's benchmark goal of 5% met for Targeted Section 3 Workers? ____ Yes ____ No

Over

If benchmark goal of 25% was not met for Section 3 Workers, please provide a narrative explanation as to reasons why not and identify qualitative efforts made to comply with Section 3:

If benchmark goal of 5% was not met for Targeted Section 3 Workers, please provide a narrative explanation as to reasons why not and identify qualitative efforts made to comply with Section 3:

I affirm that the above statements and supporting documentation are true, complete and correct to the best of my knowledge and belief. I hereby certify, under penalty of law, that the following information is correct to the best of my knowledge.

Print Name: _____

Signature: _____ Date: _____

MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

**SECTION 3 HIRING/LABOR HOUR ESTIMATE FORM
CDA MULTI-FAMILY CONSTRUCTION**

This project could receive funding from the U.S. Department of Housing and Urban Development and would require compliance with Section 3 regulations and requirements. This form must be provided at the time of the application.

Project: _____

Developer: _____

General Contractor: _____

Estimated days for all construction activities: _____

Estimated number of hours for all construction activities: _____

At this time, does the General Contractor anticipate needing to hire new employees during the course of this project: ☐ YES ☐ NO If YES, how many: _____

Form Completed By:

Name: _____

Signature: _____

Date: _____

MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

**SECTION 3 HIRING/LABOR HOUR ESTIMATE FORM
BID SOLICITATION/SOLE SOURCE SOLICITATION**

This project includes funding from the U.S. Department of Housing and Urban Development and would require compliance with Section 3 regulations and requirements. This form must be submitted with bids.

Project: _____

Contractor: _____

Estimated days for all construction activities: _____

Estimated number of hours for all construction activities*: _____

At this time, do you anticipate needing to hire new employees during the course of this project**:

___ YES ___ NO If YES, how many: _____

Form Completed By:

Name: _____

Signature: _____

Date: _____

*For submission as a General Contractor, please include work to be completed by Subcontractors.

**For submission as a General Contractor, please include any anticipated new hires by Subcontractors.

MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

SECTION 3 WORKER CERTIFICATION FORM

This project includes funding from the U.S. Department of Housing and Urban Development and requires compliance with Section 3 regulations and requirements. The requested information will remain confidential and viewed only by your employer, authorized representatives of the project, the State of Maryland and the U.S. Department of Housing and Urban Development.

Employee Name: _____

Street Address: _____ (No PO Box)
_____ County: _____

Date of Hire: _____

What was the total amount of income earned by you during the past 12 months? Only count your income and not any income or financial assistance for other members of your household.

I affirm that the above statement is true, complete and correct to the best of my knowledge and belief.

Signature: _____

Date: _____

Contractor/Subcontractor: _____

The employer's representative must certify that the identified income for an existing employee is what was paid in the previous year or is the salary to be provided to a new hire.

Name: _____

Signature: _____

Date: _____

For Administrative Use Only:

Income Limits used: County _____ Year _____

Is the person: _____ Low Income _____ Very Low Income

Does the person qualify as a Section 3 Worker? ____ YES ____ NO

Does the person qualify as a Targeted Section 3 Worker? ____ YES ____ NO

Does the person work for a certified Section 3 Business Concern? ____ YES ____ NO

Does the person reside within a one-mile radius of the Section 3 project? ____ YES ____ NO

Does the person reside in the Section 3 service area? ____ YES ____ NO

Reviewed by: _____ Date: _____

This person is certified as a Section 3 Worker for a five year period through _____.

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SECTION 3 YOUTHBUILD PARTICIPANT FORM

This project includes funding from the U.S. Department of Housing and Urban Development and requires compliance with Section 3 regulations and requirements. YouthBuild participants qualify as Section 3 Workers and Targeted Section 3 Workers.

Participant Name: _____

Business: _____

YouthBuild Program: _____

Address: _____

Age of Participant: _____

I certify that the information that the above-named participant is a participant in our Youthbuild Program and working for the identified business.

Name: _____

Signature: _____

Date: _____

For Administrative Use Only:

YouthBuild status confirmed: ____ YES ____ NO

Reviewed by: _____ Date: _____

MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**SECTION 3 INCOME LIMITS – 2021****3/1/2022*****Income limits for individual only***

COUNTY	VERY LOW INCOME	LOW INCOME
Allegany	\$25,200	\$40,350
Anne Arundel	\$36,800	\$55,950
Baltimore City	\$36,800	\$55,950
Baltimore	\$36,800	\$55,950
Calvert	\$45,150	\$57,650
Caroline	\$25,200	\$40,350
Carroll	\$36,800	\$55,950
Cecil	\$33,100	\$52,950
Charles	\$45,150	\$57,650
Dorchester	\$25,200	\$40,350
Frederick	\$45,150	\$57,650
Garrett	\$25,200	\$40,350
Harford	\$36,800	\$55,950
Howard	\$36,800	\$55,950
Kent	\$27,500	\$44,000
Montgomery	\$45,150	\$57,650
Prince George's	\$45,150	\$57,650
Queen Anne's	\$36,800	\$55,950
St. Mary's	\$38,050	\$55,950
Somerset	\$25,200	\$40,350
Talbot	\$30,600	\$48,950
Washington	\$27,050	\$43,250
Wicomico	\$25,200	\$40,350
Worcester	\$27,950	\$44,700