

City of Racine
Section 3
Plan

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1. Overview of Section 3 Requirements

A. WHAT IS SECTION 3?

Section 3, a crucial provision of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), is governed by the regulations outlined in 24 CFR 75. These regulations are designed to ensure that employment and economic opportunities resulting from specific HUD financial assistance are channeled, to the fullest extent possible, and in accordance with existing Federal, State, and local laws, towards individuals and businesses aiding low- and very low-income demographics. Specifically, the aim is to benefit those who receive government housing assistance, emphasizing economic empowerment and growth within these communities.

Qualifications for Section 3 Status

Individuals who qualify under Section 3 include:

- Public housing residents
- Housing Choice Voucher holders
- Low-income or very low-income individuals residing in the metropolitan area where Section 3 covered assistance is allocated

These qualifications seek to promote inclusivity and economic stability within targeted communities, fostering a network of opportunities for those who are often marginalized or underserved.

B. PURPOSE OF THIS DOCUMENT

This document presents the City of Racine's commitment to fulfilling HUD's Section 3 requirements within the implementation of its HUD-funded programs. The City of Racine, alongside its subrecipients, contractors, and subcontractors, pledges to prioritize the channeling of employment and economic opportunities towards low- and very low-income individuals, identified as Section 3 workers and Targeted Section 3 workers. Similarly, eligible businesses categorized as Section 3 Businesses will also be the focus of this endeavor. This commitment extends to ensuring that our contractors adhere to the same principles.

The City of Racine reserves the right to make amendments to its Section 3 Policies and Procedures document as needed. These updates will serve to guarantee ongoing compliance with HUD's stipulations and to incorporate any newly issued Section 3 guidance or outreach strategies. Our goal is to continually enhance our efforts in promoting economic inclusivity and opportunities for those within our community who are often marginalized or underserved.



C. APPLICABILITY

This Section 3 Compliance Plan encompasses a broad range of financial assistance programs to ensure equitable distribution of opportunities within the City of Racine and its projects. Below are the specific criteria for applicability:

1. **Public Housing Financial Assistance:**

- All funding allocations, regardless of expenditure amount or contract size, fall under the purview of this plan. This includes development assistance, operating funds, capital funds, and all mixed-finance development projects.

2. **Housing and Community Development Financial Assistance:**

- This plan is applicable to housing rehabilitation, housing construction, and other public construction endeavors that exceed \$200,000 in housing and community development financial assistance from one or more HUD programs. Determination of applicability is made at the project level.

3. **Lead and Hazard Control and Healthy Homes Programs:**

- Projects exceeding \$100,000 under these programs are subject to the provisions outlined in this plan.

4. **Multiple Funding Source Projects:**

- This plan extends to projects that combine various funding sources, including public housing financial assistance, housing and community development financial aid for single or multiple recipients, and the Lead Hazard Control and Healthy Homes Program.

Exclusions from Section 3 Requirements: The following are exempt from Section 3 requirements as specified under HUD regulations:

1. **Material Supply Contracts:** § 75.3(b)
2. **Indian and Tribal Preferences:** § 75.3(c)
3. **Other HUD and Federal Assistance not Subject to Section 3:** §75.3(d)

While Section 3 requirements do not apply to the aforementioned categories, recipients are strongly encouraged to explore avenues to align with the principles and objectives of Section 3, fostering inclusivity and economic empowerment within our community.



2. Section 3 Coordinator

For any inquiries or clarifications regarding Section 3 compliance related to Community Development and Housing funded projects through the City Development department, please reach out to the designated Section 3 Coordinator:

Brittany T. Brown
Compliance Specialist
Phone: 262-636-9151
Email: Brittany.Brown@cityofracine.org

As the central point of contact for Section 3 matters within the Economic Development & Housing Division, Brittany T. Brown is available to assist subrecipients, contractors, subcontractors, and other stakeholders. Please do not hesitate to contact her for guidance, questions, or further information regarding Section 3 compliance procedures and requirements.

3. Employment, Training, and Contracting Goals

A. SAFE HARBOR COMPLIANCE

The City of Racine will be deemed to have fulfilled Section 3 requirements and achieved safe harbor status if it certifies adherence to the prescribed prioritization of effort and meets or exceeds the Section 3 benchmarks, in the absence of contradictory evidence.

Contractor and Subcontractor Requirements:

1. Pre-Work Certification:

- Prior to commencing work, contractors and subcontractors are obligated to certify their commitment to following the required prioritization of effort for Section 3 workers, Targeted Section 3 workers, and Section 3 business concerns. This certification is detailed in Section C below.

2. Post-Project Certification:

- Upon completion of the project, contractors and subcontractors must provide certification on the Section 3 Cumulative Report. This certification confirms their adherence to the prioritization of effort requirements outlined for Section 3 workers, Targeted Section 3 workers, and Section 3 business concerns.



Safe Harbor Compliance:

If a contractor or subcontractor certifies compliance and meets the safe harbor criteria, no further evidence or documentation will be required.

Non-Compliance Resolution:

In cases where contractors or subcontractors do not meet the safe harbor requirements, they are expected to provide evidence demonstrating qualitative efforts to support low and very low-income individuals with employment and training opportunities. This evidence should showcase proactive steps taken to assist these demographics, aligning with the objectives of Section 3.

B. SAFE HARBOR BENCHMARKS

In order to comply with the Section 3 requirements outlined in [24 CFR Part 75.9 for public housing financial assistance] or [24 CFR Part 75.19 for housing and community development financial assistance], the City of Racine has established the following safe harbor benchmark goals for employment and training. These benchmarks serve as the standard for subrecipients, contractors, and subcontractors:

For Public Housing Financial Assistance ([24 CFR Part 75.9]):

1. Section 3 Workers:

- Twenty-five (25) percent or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA's fiscal year must be Section 3 workers.
- Formula: $\text{Section 3 Labor Hours} / \text{Total Labor Hours} = 25\%$

2. Targeted Section 3 Workers:

- Five (5) percent or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA's fiscal year must be Targeted Section 3 workers, as defined in 24 CFR Part 75.11.
- Formula: $\text{Targeted Section 3 Labor Hours} / \text{Total Labor Hours} = 5\%$

For Housing and Community Development Financial Assistance ([24 CFR Part 75.19]):

1. Section 3 Workers:

- Twenty-five (25) percent or more of the total number of labor hours worked by all workers on a Section 3 project must be Section 3 workers.
- Formula: $\text{Section 3 Labor Hours} / \text{Total Labor Hours} = 25\%$



2. Targeted Section 3 Workers:

- Five (5) percent or more of the total number of labor hours worked by all workers on a Section 3 project must be Targeted Section 3 workers, as defined in 24 CFR Part 75.21.
- Formula: Targeted Section 3 Labor Hours / Total Labor Hours = 5%

Review and Updates:

HUD establishes and updates Section 3 benchmarks for Section 3 workers and/or Targeted Section 3 workers through a document published in the Federal Register, not less frequently than once every 3 years. In alignment with this, the City of Racine will review and update its Section 3 Plan annually, as necessary.

Contractor Responsibilities:

It is the responsibility of contractors to actively implement efforts to achieve Section 3 compliance. Contractors must certify their commitment to comply with Section 3 requirements when submitting bids or proposals to the City of Racine. In cases where contractors do not meet the Section 3 benchmarks, they must provide evidence demonstrating why meeting these benchmarks was not feasible.

These safe harbor benchmark goals are established to promote economic opportunities, job creation, and skill development within low- and very low-income communities. They serve as a guide for contractors and subcontractors to ensure alignment with the City of Racine's Section 3 objectives and requirements. For further guidance or clarification, contractors are encouraged to contact the designated Section 3 Coordinator.

C. CERTIFICATION OF PRIORITIZATION OF EFFORT FOR EMPLOYMENT, TRAINING, AND CONTRACTING

EMPLOYMENT AND TRAINING

Under the City of Racine's Section 3 Program, contractors and subcontractors are expected to make diligent efforts to provide employment and training opportunities to Section 3 workers and award contracts to business concerns that support Section 3 objectives. The following prioritization of effort outlines the order in which these opportunities should be provided:

Employment and Training Opportunities for Section 3 Workers:

For Public Housing Financial Assistance:

Contractors and subcontractors should prioritize employment and training opportunities for Section 3 workers in the following order:



1. Residents of Public Housing Projects:

- Opportunities should first be extended to residents of the specific public housing projects for which the financial assistance is being utilized.

2. Residents of Other Public Housing Projects or Section 8-Assisted Housing:

- Next, opportunities can be offered to residents of other public housing projects managed by the PHA providing the assistance, or to residents of Section 8-assisted housing managed by the PHA.

3. Participants in YouthBuild Programs:

- Participants in YouthBuild programs are also to be considered for employment and training opportunities.

4. Low- and Very Low-Income Persons within the Metropolitan Area:

- Finally, efforts should be made to provide opportunities to low- and very low-income individuals residing within the metropolitan area or nonmetropolitan county where the assistance is being utilized.

For Housing and Community Development Financial Assistance:

Employment and training opportunities for Section 3 workers should be provided in the following order:

1. Section 3 Workers within the Project's Service Area:

- Opportunities should first go to Section 3 workers residing within the service area or neighborhood of the project.

2. Participants in YouthBuild Programs:

- Next, consideration should be given to participants in YouthBuild programs.

Contractors and subcontractors are required to certify their commitment to and implementation of these prioritization of effort requirements before commencing work and upon completion of the project.

Contracting with Section 3 Business Concerns:

For Public Housing Financial Assistance:

When awarding contracts and subcontracts, contractors and subcontractors should prioritize Section 3 business concerns in the following order:



1. Residents of Public Housing Projects:

- Contracts should first be awarded to Section 3 business concerns that provide economic opportunities for residents of the specific public housing projects for which the assistance is provided.

2. Residents of Other Public Housing Projects or Section 8-Assisted Housing:

- Next, contracts can be awarded to Section 3 business concerns supporting residents of other public housing projects managed by the PHA or Section 8-assisted housing managed by the PHA.

3. YouthBuild Programs:

- YouthBuild programs should also be considered for contracting opportunities.

4. Section 3 Workers within the Metropolitan Area:

- Finally, contracts can be awarded to Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area or nonmetropolitan county of the assistance location.

For Housing and Community Development Financial Assistance:

Contracts should be awarded to Section 3 business concerns in the following order:

1. Section 3 Workers within the Project's Service Area:

- Priority should be given to Section 3 business concerns supporting Section 3 workers within the service area or neighborhood of the project.

2. Participants in YouthBuild Programs:

- YouthBuild programs should be considered for contracting opportunities.

Contractors and subcontractors must certify their efforts to comply with these prioritization of effort requirements both before work begins and upon completion of the project.

For further information or assistance with Section 3 compliance, contractors and subcontractors are encouraged to contact the designated Section 3 Coordinator.

4. Section 3 Eligibility and Certifications

Individuals and businesses that meet Section 3 criteria may seek Section 3 preference from the City of Racine or its contractors/subcontractors for training, employment, or contracting opportunities generated by public housing financial assistance or housing and community



development financial assistance]. To qualify as a Section 3 worker, Targeted Section 3 worker or a Section 3 business concern, each must self-certify that they meet the applicable criteria.

Businesses who misrepresent themselves as Section 3 business concerns and report false information to the City of Racine may have their contracts terminated as default and be barred from ongoing and future considerations for contracting opportunities.

Some Types of Section 3 Covered Housing and Community Development Funding

- Community Development Block Grants (CDBG)
- Home Investment Partnership Assistance
- Housing Opportunities for Persons with Aids (HOPWA)
- Economic Development Initiative (EDI)
- Brownfield Economic Development Initiative (BEDI)
- Emergency Shelter Grants
- Homeless Assistance
- University Partnership Grants
- Neighborhood Stimulus Program (NSP)
- Certain Grants Awarded Under HUD Notices of Funding Availability (NOFAs)
- Section 202 Supportive Housing for the Elderly
- Section 811 Supportive Housing for the Disabled
- Project Based Section 8 Vouchers

A. SECTION 3 WORKER AND TARGETED SECTION 3 WORKER CERTIFICATION

To qualify as a Section 3 worker or Targeted Section 3 worker under the City of Racine's program, individuals seeking certification must submit self-certification documentation to the recipient contractor or subcontractor. The following guidelines outline the criteria and process for certification:



Eligibility Criteria for Section 3 Workers:

Income Determination: The City of Racine will use individual income, rather than family or household income, to determine eligibility for Section 3 workers. Income limits will be determined annually using guidelines published by HUD at [HUD Income Limits](#).

Criteria for Section 3 Worker Preference: Individuals seeking the Section 3 worker preference must demonstrate that they meet one or more of the following criteria, either currently or within the past five years:

1. **Low or Very Low-Income Resident:**
 - The worker's income for the previous calendar year or annualized calendar year falls below the income limit established by HUD.
2. **Employed by a Section 3 Business Concern.**
3. **YouthBuild Participant.**

Eligibility Criteria for Targeted Section 3 Workers:

For Public Housing Financial Assistance:

Individuals seeking the Targeted Section 3 worker preference must demonstrate one or more of the following criteria, currently or within the past five years:

1. **Employed by a Section 3 Business Concern.**
2. **Residency:**
 - a) Resident of public housing.
 - b) Resident of other public housing projects or Section 8-assisted housing.
 - c) YouthBuild Participant.

For Housing and Community Development Financial Assistance:

Individuals seeking the Targeted Section 3 worker preference must demonstrate one or more of the following criteria, currently or within the past five years:

1. **Employed by a Section 3 Business Concern.**
2. **Residency:**
 - a) Living within the service area or neighborhood of the project.
 - b) YouthBuild Participant.



Certification Procedure:

1. Section 3 workers and Targeted Section 3 workers seeking preference in training and employment must submit the **Section 3 Worker and Targeted Section 3 Worker Certification Form**.
2. The certification procedure will consist of the following steps:

a) Submission of Documentation:

- Individuals seeking certification must submit self-certification documentation to the recipient contractor or subcontractor.

b) Criteria Verification:

- The recipient contractor or subcontractor will verify the provided documentation to ensure it aligns with the eligibility criteria outlined above.

c) Certification Form Submission:

- Upon verification, Section 3 workers and Targeted Section 3 workers will complete and submit the Section 3 Worker and Targeted Section 3 Worker Certification Form.

Contractors and subcontractors are responsible for ensuring compliance with the Section 3 worker and Targeted Section 3 worker requirements. Individuals seeking certification should carefully review the eligibility criteria and provide accurate documentation to support their application.

PROJECTS INVOLVING MULTIPLE SOURCES OF FUNDING

In cases where Section 3 covered projects include multiple sources of funds, including public housing financial assistance and housing and community development assistance, the [PHA] must follow the definition of Targeted Section 3 worker and priorities as outlined in subpart B of Part 75. For housing and community development financial assistance, the City of Racine may follow either subpart B or subpart C of Part 75.

In cases where Section 3 covered projects include multiple housing and development funding sources (financial assistance) from single or multiple recipients, the City of Racine will follow subpart C of Part 75. Refer to chart in [Appendix B](#).

B. SECTION 3 BUSINESS CONCERN CERTIFICATION

The City of Racine encourages contractors and subcontractors to prioritize awarding contracts and subcontracts to Section 3 business concerns. Businesses seeking Section 3 Business



Concern status may self-register in the HUD Business Registry at [HUD Section 3 Business Registry](#).

Eligibility Criteria for Section 3 Business Concerns:

Businesses seeking Section 3 Business Concern preference must demonstrate that they meet one or more of the following criteria:

1. Ownership and Control:

- At least 51 percent of the business is owned and controlled by low- or very low-income persons; or

2. Residency:

- At least 51 percent of the business is owned and controlled by current public housing residents or residents currently living in Section 8-assisted housing; or

3. Employment of Section 3 Workers:

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

Certification Procedure:

1. Section 3 Business Concern Certification Form:

- Businesses seeking Section 3 preference must certify or demonstrate to the City of Racine, contractors, or subcontractors that they meet the above definitions.
- The Section 3 Business Concern Certification Form can be found at [Link to Form].

2. Submission Deadline:

- Section 3 Business Concern Certification Forms must be submitted at the time of bid/proposal.

3. Expiration and Renewal:

- If the City of Racine has previously approved the business concern as Section 3 certified, the certification can be submitted along with the bid as long as the form is submitted within the prescribed expiration date.
- The Section 3 Business Concern Certification Form will expire after [Insert Months].



- Establishing a [Insert Months] certification of eligibility period allows the City of Racine to assess contractor performance and ensure that the business is actively working to meet the required Section 3 goals.

Certification Form Submission:

Contractors and subcontractors are responsible for ensuring that Section 3 Business Concern Certification Forms are submitted promptly. This certification process ensures that businesses seeking Section 3 preference are eligible and committed to promoting economic opportunities within low- and very low-income communities.

5. Assisting Contractors with Achieving Section 3 Goals

To assist contractors and subcontractors in meeting or exceeding the Section 3 goals, the City of Racine has implemented the following supportive measures:

1. Sharing Section 3 Plan:

- The Section 3 Plan will be shared with contractors and subcontractors, accompanied by an explanation of policies and procedures.

2. Pre-Bid Meeting Requirement:

- Contractors wishing to submit bids/offers/proposals will be required to attend a pre-bid meeting to familiarize themselves with Section 3 requirements.

3. Signing of Section 3 Plan:

- Contractors will be required to sign the Section 3 Plan at the pre-construction conference, indicating their commitment to Section 3 goals.

4. Review of Benchmarks and Effort Prioritization:

- City officials will review Section 3 benchmarks and prioritization of effort with contractors and subcontractors to ensure clarity and understanding.
- Contractors are encouraged to utilize their existing qualified workforce and consider qualified eligible Section 3 workers and Targeted Section 3 workers before other hires.

5. Labor Hours Expectations:

- At the time of bid submission, contractors must present a list detailing the expected number of total labor hours, Section 3 worker labor hours, and Targeted Section 3 worker labor hours for the initial contract.



- Additionally, a list of projected available positions, including job descriptions and wage rates, must be provided.

6. Local Worker Database Maintenance:

- The City of Racine will maintain a local Section 3 worker/Targeted Section 3 worker database.
- Contractors will be provided with a list of interested and qualified Section 3 workers and Targeted Section 3 workers, along with their contact information.

7. HUD Section 3 Opportunity Portal:

- Contractors will be informed about the HUD Section 3 Opportunity Portal at [HUD Section 3 Opportunity Portal](#).

8. Notification Requirement:

- Contractors are required to notify the Section 3 Coordinator of their interest in employing Section 3 workers prior to hiring.

9. HUD Business Registry:

- Contractors will be encouraged to direct local businesses to register on the HUD Business Registry at [HUD Section 3 Business Registry](#).

10. Communication Channels Utilization:

- The City of Racine will leverage its communication outlets, including social media, website, etc., to effectively communicate employment and contracting opportunities arising under Section 3.

11. Submission of Core Employee List:

- Contractors must submit a list of core employees (including administrative, clerical, planning, and other pertinent positions in the construction trades) at the time of contract award.

These measures aim to facilitate contractor compliance with Section 3 requirements, promote opportunities for Section 3 workers, and encourage the involvement of local businesses in HUD-funded projects. Contractors and subcontractors are encouraged to engage with the Section 3 Coordinator for guidance and support in implementing these measures effectively.



6. Section 3 Outreach

A. OUTREACH EFFORTS FOR EMPLOYMENT AND TRAINING

To ensure workers and contractors are informed and educated about Section 3 opportunities, the City of Racine's Section 3 Coordinator will provide regular training and technical assistance in accordance with program guidelines. Contractors and subcontractors are encouraged to take the following steps to promote awareness and participation in training opportunities:

Contractor Responsibilities:

1. **Notification of Training Opportunities:**
 - Notify the Section 3 Coordinator when training opportunities become available.
2. **Dissemination of Information:**
 - Provide information and handouts about Section 3 training opportunities to potential Section 3 workers and Targeted Section 3 workers.
3. **Annual Training Session:**
 - Conduct an annual training session for Section 3 workers and Section 3 businesses.

Strategies to Notify Section 3 Workers:

Contractors and subcontractors should employ proactive strategies to inform Section 3 workers and Targeted Section 3 workers of job opportunities. These strategies include:

1. **Clear Job Postings:**
 - Clearly indicate Section 3 eligibility on all job postings with the following statement:
 - "This job is a Section 3 eligible job opportunity. We encourage applications from individuals that are low income and/or live in Public Housing and/or receive a Section 8 voucher."
2. **Include Certification Form in Postings:**
 - Include the Section 3 Worker and Targeted Section 3 Worker Self-Certification Form in all job postings.
3. **Utilize Section 3 Coordinator and Database:**



- Work with the Section 3 Coordinator to connect Section 3 workers and Targeted Section 3 workers in the City of Racine’s database with job opportunities.
 - Utilize the Section 3 Opportunity Portal to find qualified candidates.
4. **Maintain List of Applicants:**
- Establish a current list of Section 3 eligible applicants for future reference.
5. **Engage Community Organizations:**
- Contact local community organizations and provide them with job postings for Section 3 eligible applicants.
6. **Programmatic Advertising Campaign:**
- Coordinate a programmatic ad campaign to promote job postings across diverse ad networks.
 - a) Advertise job opportunities on social media platforms such as LinkedIn and Facebook.
 - b) Distribute flyers and conduct mass mailings.
 - c) Post ads in common areas of housing developments and all public housing management offices.
7. **Engage Resident Councils and Community Groups:**
- Contact resident councils, resident management corporations, and neighborhood community organizations to request assistance in notifying residents of available training and employment opportunities.

By implementing these strategies, contractors and subcontractors can effectively promote Section 3 job opportunities, support workforce development, and engage with the local community to enhance economic opportunities for low-income individuals and residents of public housing.

B. OUTREACH EFFORTS FOR CONTRACTING

When contracting opportunities arise in connection with the HUD program, the City of Racine will employ the following strategies to inform and notify Section 3 Business Concerns of Section 3 contracting opportunities:



Notification Strategies:

1. Inclusion of Section 3 Language:

- Add Section 3 language to all Request for Proposals (RFPs), procurement documents, bid offerings, and contracts to clearly indicate Section 3 contracting opportunities.

2. Mandatory Pre-Bid Meetings:

- Coordinate mandatory pre-bid meetings to inform Section 3 Business Concerns of upcoming contracting opportunities.
- The Section 3 Coordinator will participate in these meetings to explain Section 3 policy and address any related questions.

3. Advertisement in Local Community Papers:

- Advertise contracting opportunities in local community papers and notices, providing general information about the work to be contracted and where to obtain additional details.

4. Written Notice to Section 3 Business Concerns:

- Provide written notice of contracting opportunities to all known Section 3 Business Concerns.
- Notices will be provided with sufficient time for business concerns to respond to bid invitations effectively.

5. Collaboration with Prime Contractors:

- Coordinate with prime contractors to publicize contracting opportunities for small businesses and Section 3 Business Concerns.

6. Engagement with Business Development Entities:

- Coordinate with the City of Racine's Business/Economic Development Department, local community development organizations, business development agencies (such as Chamber of Commerce), and minority contracting associations.
- Inform them of contracting opportunities and request their assistance in identifying Section 3 business concerns.

7. Resource Connection for Business Development:

- Connect Section 3 business concerns with resources to support business development efforts.



- Provide assistance such as bonding and insurance assistance to facilitate their participation in contracting opportunities.

8. Subcontract Collaboration:

- Encourage contractors to collaborate with the City of Racine as subcontract opportunities arise.
 - This collaboration aims to notify eligible Section 3 business concerns about available contracting opportunities.
- + These proactive strategies aim to ensure that Section 3 Business Concerns are aware of and have access to contracting opportunities related to the HUD program. By engaging with local organizations, utilizing mandatory pre-bid meetings, and providing clear communication channels, the City of Racine seeks to promote economic development and enhance opportunities for Section 3 businesses.

7. Section 3 Contracting Policy and Procedure

It is not required, however, recipients may want to consider developing a Section 3 Contracting Policy and Procedure to ensure that Section 3 requirements are incorporated into covered contracts/procurements.

The City of Racine will incorporate Section 3 in its existing Procurement Policy and adopt a Section 3 Contracting Policy and Procedure to be included in all procurements generated for use with HUD funding. This policy and procedure contain requirements for making efforts to award contracts to Section 3 Business Concerns.

All contractors/businesses seeking Section 3 preference must, before submitting bids/proposals to the City of Racine, be required to complete certifications, as appropriate. Such certifications shall be adequately supported with appropriate documentation as referenced in the Section 3 Business Concern Certification Form.



8. Section 3 Provisions/Contract Language

To comply with the requirements outlined in 24 CFR Part 75.9 or 75.19, it is recommended that recipients/grantees develop Section 3 language to include in covered contracts, subcontracts and agreements to ensure that the Section 3 requirements of 24 CFR Part 75 are binding to subrecipients, contractors and subcontractors.

Additionally, public housing authority recipients may want to consider incorporating a section on Resident Owned Business Contracting and provide the option of utilizing the alternative procurement process in Section 24 CFR Part 963.

The City of Racine is committed to ensuring compliance with Section 3 regulations outlined in 24 CFR Part 75 across all its contracts. The following measures will be implemented to uphold these standards:

Standard Section 3 Language in Contracts:

- The City of Racine will include standard Section 3 language in all contracts to align with regulations in 24 CFR Part 75.
- This inclusion ensures that contractors understand and comply with Section 3 requirements throughout the duration of the contract.

Contractor Compliance Actions:

- The City of Racine will take appropriate actions if a contractor is found to be in violation of 24 CFR Part 75.
- The City does not knowingly contract with any entity found in violation of Section 3 regulations.

Periodic Audits for Compliance:

- The Section 3 Coordinator will conduct periodic audits of City of Racine contractors to ensure compliance with minimum Section 3 requirements outlined in the Section 3 Plan.
- These audits serve to verify adherence to Section 3 guidelines and identify areas for improvement.



Contractual Requirements for Subcontractors:

- Contractors and sub-recipients are required to include language in all Section 3 covered contracts or agreements.
- This language mandates that subcontractors meet the requirements of 24 CFR Part 75.9 (for public housing financial assistance) or 24 CFR Part 75.19 (for housing and community development financial assistance).

Noncompliance Consequences:

- Noncompliance with HUD's regulations in 24 CFR Part 75 may result in severe consequences for businesses.
- Sanctions, termination of default contracts, and potential debarment or suspension from future HUD-assisted contracts are possible outcomes of noncompliance.

These measures ensure that contractors, subcontractors, and businesses understand their obligations under Section 3 regulations. By incorporating standard Section 3 language into contracts, conducting regular audits, and enforcing compliance requirements, the City of Racine maintains its commitment to fostering economic opportunities for low- and very low-income individuals as outlined by HUD.

9. Reporting Requirements

For Section 3 covered contracts, contractors must submit the Section 3 Performance and Summary Report to the City of Racine's Section 3 Coordinator monthly, and the annual reporting requirement outlined in that form's instructions.

A. MONTHLY REPORTING

- 1) Contractors are required to submit monthly activity reports to the Section 3 Coordinator brttany.brown@cityofracine.org by the 262-636-9276 day of each month.

B. ANNUAL REPORTING

- 1) Once a project is completed, contractors must submit a final Section 3 cumulative report for the program year.
- 2) Upon the completion of any HUD-funded project, the City of Racine's Section 3 Coordinator will conduct a final review of the project's overall performance and compliance.



- 3) The Section 3 Coordinator will submit the Section 3 data into HUD's Integrated Disbursement and Information System (IDIS) to HUD.

C. REPORTING ON PROJECTS WITH MULTIPLE FUNDING SOURCES

- 1) For Section 3 projects that include public housing financial assistance and housing and community development financial assistance, the City of Racine will report on the project as a whole and will identify the multiple associated recipients.
- 2) For projects assisted with funding from multiple sources of housing and community development assistance that exceed the thresholds of \$200,000 and \$100,000 for Lead Hazard Control and Healthy Homes Programs (LHCHH), the City of Racine will follow subpart C of Part 75 and will report to the applicable HUD program office, as prescribed by HUD. Note: LHCHH assistance is not included in calculating whether the assistance exceeds the \$200,000 threshold. HUD public housing financial assistance and HUD housing and community development financial assistance is not included in calculating whether the assistance exceeds the LHCHH \$100,000 threshold. Refer to the chart in [Appendix B](#).

10. Section 3 Complaint Procedure

Complaints may be reported to the HUD program office responsible for the public housing financial assistance or the Section 3 project, or to the local HUD field office. The field office will refer complaints to the appropriate HUD program office for resolution relating to the administration of Section 3 program requirements or potential violations of Section 3 requirements. The HUD program office responsible for the public housing financial assistance or the Section 3 project, or to the local HUD field office. These offices can be found through the HUD website, www.hud.gov/.

Complainants may be eligible to bring complaints under other federal laws. The U.S. Equal Employment Opportunity Commission (EEOC) is responsible for enforcing federal laws that make it illegal to discriminate against a job applicant or an employee because of the person's race, color, religion, sex (including pregnancy), national origin, age (40 or older), disability or genetic information (medical history or predisposition to disease). For more information about complainant rights, please contact EEOC at: www.EEOC.gov.

The Department of Labor Office of Federal Contract Compliance Programs (OFCCP) enforces, for the benefit of job seekers and wage earners, the contractual promise of affirmative action and equal employment opportunity required of those who do business with the Federal government. More information about the services they provide can be obtained at: <http://www.dol.gov/ofccp/>.



11. Appendices

APPENDIX A: DEFINITIONS

The terms *HUD*, *Public housing*, and *Public Housing Agency (PHA)* are defined in 24 CFR part 5.

The following definitions also apply to 24 CFR Part 75 HUD's Economic Opportunities for Low- and Very Low-Income Persons:

1937 Act means the United States Housing Act of 1937, 42 U.S.C. 1437 *et seq.* activities related to *Public Housing*

Contractor means any entity entering into a contract with:

(1) A recipient to perform work in connection with the expenditure of public housing financial assistance or for work in connection with a Section 3 project: or

(2) A subrecipient for work in connection with a Section 3 project.

Labor hours means the number of paid hours worked by persons on a Section 3 project or by persons employed with funds that include public housing financial assistance.

Low-income person means a person as defined in Section 3(b)(2) of the 1937 Act, at or below 80% AMI. Note that Section 3 worker eligibility uses individual income rather than family/household income.

Material supply contracts means contracts for the purchase of products and materials, including, but not limited to, lumber, drywall, wiring, concrete, pipes, toilets, sinks, carpets, and office supplies.

Professional services means non-construction services that require an advanced degree or professional licensing, including, but not limited to, contracts for legal services, financial consulting, accounting services, environmental assessment, architectural services, and civil engineering services.

Public housing financial assistance means assistance as defined in 24 CFR Part 75.3(a)(1).

A public housing project is defined in 24 CFR 905.108.

Recipient means any entity that receives directly from HUD public housing financial assistance or housing and community development assistance that funds Section 3 projects, including, but not limited to, any State, local government, instrumentality, PHA, or other public agency, public or private nonprofit organization.



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

Section 3 business concern means:

(1) A business concern meeting at least one of the following criteria, documented within the last six-month period:

(i) It is at least 51 percent owned and controlled by low- or very low-income persons.

(ii) Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers: or

(iii) It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

(2) The status of a Section 3 business concern shall not be negatively affected by a prior arrest or conviction of its owner(s) or employees.

(3) Nothing in this part shall be construed to require the contracting or subcontracting of a Section 3 business concern. Section 3 business concerns are not exempt from meeting the specifications of the contract.

Section 3 Coordinator is a person tasked with overseeing all Section 3 responsibilities for the PHA/CD office.

Section 3 project means a project defined in 24 CFR Part 75.3(a)(2).

Section 3 worker means:

(1) Any worker who currently fits or when hired within the past five years fits at least one of the following categories, as documented:

(i) The worker's income for the previous or annualized calendar year is below the income limit established by HUD.

(ii) The worker is employed by a Section 3 business concern.

(iii) The worker is a YouthBuild participant.

(2) The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction.

(3) Nothing in this part shall be construed to require the employment of someone who meets this definition of a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of the position to be filled.



Section 8-assisted housing refers to housing receiving project-based rental assistance or tenant-based assistance under Section 8 of the 1937 Act.

Service area or the neighborhood of the project means an area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, 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.

Small PHA means a public housing authority that manages or operates fewer than 250 public housing units.

Subcontractor means any entity that has a contract with a contractor to undertake a portion of the contractor's obligation to perform work in connection with the expenditure of public housing financial assistance or for a Section 3 project.

Subrecipient has the meaning provided in the applicable program regulations or in 2 CFR 200.93.

Targeted Section 3 worker has the meanings provided in 24 CFR Part 75.11, 75.21, or 75.29, and does not exclude an individual that has a prior arrest or conviction.

Very low-income person means the definition for this term set forth in section 3(b)(2) of the 1937 Act (at or below 50% AMI).

YouthBuild programs refers to YouthBuild programs receiving assistance under the Workforce Innovation and Opportunity Act (29 U.S.C. 3226).



APPENDIX B: MULTIPLE FUNDING SOURCES - CHART

TYPE OF FINANCIAL ASSISTANCE	DEFINITIONS *TARGETED SECTION 3 WORKER	THRESHOLDS	PRIORITIZATION	REPORTING
Public Housing and Housing and Community Development	PHA - must follow subpart B of Part 75 HCD - may follow subpart B or C of Part 75	None *Any amount of PH assistance triggers Section 3	PHA - must follow subpart B of Part 75 HCD - may follow subpart B or C of Part 75	PHA - must follow subpart B of Part 75 HCD - may follow subpart B or C of Part 75 Both - Must report on project as a whole and identify the multiple associated recipients
Multiple Sources of Housing and Community Development <i>(single or multiple recipients)</i>	Must follow subpart C of Part 75	Exceeds \$200,000 for Section 3 projects *LHCHHP exceeds \$100,000	Must follow subpart C of Part 75	Must follow subpart C of Part 75 Must report on project as a whole and identify the multiple associated recipients Must report to the applicable HUD program office, as prescribed by HUD