

Section 3 and Contractor Compliance

Section 3 (24 CFR 75) is a provision of the Housing and Urban Development Act of 1968, as amended (12 U.S. C. 1701u). The purpose of Section 3 is to ensure that employment and other opportunities economic opportunities generated by the U.S. Department of Housing and Urban Development (HUD) Public Housing Federal Financial Assistance, to the greatest extent feasible, and consistent with Existing Federal, State and local laws and regulations, be directed to low and very low-income persons (Section 3 Workers), particularly those who are recipients of government assistance (Targeted Section 3 Workers), and to businesses that provide economic opportunities to low and very low-income persons (Section 3 Business Concerns). Contractors are required to report monthly on the total number of labor hours worked under a Medford Housing Authority (MHA) Section 3 Covered Contract by all employees, and of the total number of labor hours worked under the contract, how many of the hours were worked by employees identified as Section 3 Workers and Section 3 Targeted Workers. Reporting benchmarks and safe harbor of labor hours to meet the Section 3 requirements under a Section 3 Covered Contract are:

- 25% of all employee labor hours will be worked by Section 3 Workers, and
 - 5% of the 25% of all employee labor hours will be worked by Section 3 Targeted Workers
- This means 5% of the 25% of all employees' labor hours will be performed by Section 3 Targeted Workers.

All recipients of Public Housing Finance Assistance who do not meet the goals must report on the efforts utilized to meet the obligations under a Section 3 Covered Contract. The Medford Housing Authority through its own employment opportunities along with that of its contractors will file an annual report with the U.S. Department of Housing and Urban Development indicating the collective labor hours throughout a HUD defined fiscal year.

The Medford Housing Authority Section 3 contract terms will be incorporated into Request for Proposals, Invitation to Bid, other MHA procurement documents that may trigger the Section 3 requirements, and contracts. These documents will be incorporated into a contract between a vendor/contractor and the Medford Housing Authority.

Professional Services contracts and Material Supply contracts are exempt from Section 3. However, these contractors are encouraged to voluntarily participate in Section 3 by a) seeking low and very low-income persons for a position under an MHA contract and/or b) reporting all hours worked under the MHA contract by current employees who identify as Section 3 Workers and Targeted Section 3 Workers. All labor hours worked by all employees under the contract would not have to be reported, only the hours worked by the Section 3 Workers.

Service contractors, construction contractors and subcontractors, and other organizations with a contract or purchase order from the MHA hereto after are referred to as "contractors." All new hires or trainees hired by contractors performing work under MHA contracts will be Section 3 Workers/Targeted Section 3 Workers. Contractors may meet the Section 3 obligations of their contract by identifying active employees working on the contract, who were hired within the last five years, and whose income at the date of hire or within the last calendar or annualized year is below the low and very low-income as defined by HUD and provided by the MHA. Section 3 is not intended for contractors to terminate existing employees, but to make every effort to employ qualified low and very low-income workers or provide training programs to potential employees, or give businesses owned by low and very low-income persons or that employ low and very low-income workers the opportunity for growth and self-sufficiency through employment

or training. Section 3 also requires the contractors to track efforts placed on the hiring of Section 3 Workers and Section 3 Businesses and to aim recruiting efforts first on possible workers and businesses operated/owned by residents of the Medford Housing Authority housing programs.

Section 3 is both race and gender neutral. The standards provided under this regulation are based on income-level and location. Workers and Businesses identified by contractors must be located in the HUD defined Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area (this information will be provided by the MHA). A minority and/or women owned business enterprise must provide evidence that it meets at least one criterion of a Section 3 Business Concern in order to be considered a Section 3 Business Concern. HUD is hopeful that Section 3 will serve to support, and not impede, contract opportunities for minority business enterprises.

The Section 3 Provisions provided within all proposal and bid documents are incorporated into a contract to be awarded by the Medford Housing Authority. All proposers, consultants and contractors will be required to review all sections of the Section 3 Contract Provisions in proposal/bid documents and contracts in order to be fully advised of all procurement phase and contract phase requirements. 24 CFR Economic Opportunity for low and very low-income persons will be attached and incorporated into MHA Section 3 contract documents.

Section 3 Business Concern means:

1. A business concern meeting at least one of the following criteria, documented within the last six-month period:
 - a. It is at least 51 percent owned and controlled by low and very low income persons;
 - b. Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
 - c. 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.

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.

Section 3 Worker is a worker that currently fits, or when hired within the past five years fit one of these categories:

1. Worker's income for the previous or annualized calendar year is below the income limit of the Boston-Cambridge-Quincy, MA and Rockingham County, NH area; or
2. Worker is employed by a Section 3 Business Concern, or
3. Worker is a YouthBuild participant.

The status of a Section 3 Worker shall not be negatively affected by a prior arrest or conviction.

Targeted Section 3 Worker is a worker who:

1. Is employed by a Section 3 Business concern; or
2. Currently fits or when hired fit one of these categories, as documented with the past five years:
 - a. A resident of public housing or Section 8 assisted housing, or
 - b. A YouthBuild participant.

Section 3 Workers and Business Concerns are encouraged to register on the HUD's Section 3 Opportunity Portal for possible employment and contracting opportunities:

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

The Medford Housing Authority will post job opportunities to work within the Medford Housing Authority and on its website <https://medfordhousing.org> under the subtitle, "CONTACT US" / Job Opportunities.

The Medford Housing Authority will post training and/or job opportunities to work with MHA contractors on its website <https://medfordhousing.org> under the subtitle, "RESIDENT SERVICES" / Section 3 Employment and Training Opportunities.