

HUD Section 3 New Rule Provisions

I. COMPLIANCE WITH “SECTION 3” IN THE PROVISION OF TRAINING EMPLOYMENT AND BUSINESS OPPORTUNITIES

Any entity, including a borrower, receiving more than \$200,000 of federal funds for a housing rehabilitation, housing construction and other public construction project assisted under a HUD program that provides housing and community development financial assistance (Section 3 Project) is subject to the Section 3 requirements outlined in 24 C.F.R. Part 75 as implemented by the City of Minneapolis’ administrative implementation guidance. Section 3 requires, “to the greatest extent feasible, “ that job training, employment and contracting opportunities at the Section 3 assisted development are directed to low- and very low- income persons, particularly those living in areas where the HUD funds are spent. All contracts on Section 3 Projects shall include the following clauses:

- A. The work to be performed under or funded by this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701 u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly those living in areas where the HUD funds are spent.
- B. The parties to this contract agree to comply with HUD’s regulations in 24 C.F.R. part 75 and the City of Minneapolis’ administrative requirements, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 75 regulations or the City’s administrative requirements.
- C. The contracting party agrees to submit (or cause it’s contractor to submit) a Section 3 action plan prior to contracting for any of the Section 3 Project work to contractcompliance@minneapolismn.gov or to the assigned Contract Compliance Officer.
- D. The contracting party agrees to submit (or cause it’s contractor to submit) quarterly reports to contractcompliance@minneapolismn.gov two (2) weeks after the end of a quarter (Quarter 1 is due April 15, quarter 2 is due July 15, quarter 3 is due October 15, and quarter 4 is due January 15) documenting all efforts made to comply with Section 3.
- E. The contracting party agrees to send (or cause it’s contractor to send) to each labor organization or representative or 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 (1) the minimum number and job titles subject to hire; (2) the availability of apprenticeship and training positions, the qualifications for each and the name and location of the person(s) taking applications for each of the positions; and (3) the anticipated date the work shall begin.
- F. The contracting party agrees to include (or cause it’s contractor to include) this Section 3 clause in every subcontract subject to compliance with regulations in 24 C.F.R. part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24

C.F.R. part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 C.F.R. part 75.

- G. The contracting party must certify (or cause its contractor to certify) that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 C.F.R. part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 C.F.R. part 75.
- H. Non-compliance with HUD's 24 C.F.R. Part 75 regulation may result in a default of this contract.
- I. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract are subject to the provisions of Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).