

Neighborhood Services Department
Housing Rehabilitation Division

SECTION 3

NSD supports the Section 3 Program and its efforts to foster local economic development, neighborhood economic improvement, and individual self-sufficiency. Contractors (and sub-contractors) will have the opportunity to qualify for the Section 3 Program through business, employee, and/or contract certifications. Section 3 qualified contractors may be notified of other bid opportunities outside of the Housing Rehab section.

Please review the attached Section 3 Brochure and Notice of Section 3 Covered Activity for additional information about the Section 3 Program and how to complete the forms in this packet.

SECTION 3 BROCHURE

Neighborhood Services Department

What is Section 3? It is a means by which HUD fosters local economic development, neighborhood economic improvements and individual self-sufficiency. Section 3 is the basis for creating jobs for Section 3 residents and bidding contractors in areas receiving certain types of HUD financial assistance.

Under Section 3 of the HUD Act of 1968, wherever HUD financial assistance is expended for housing or community development, to the greatest extent feasible, economic opportunities will be given to Section 3 residents and businesses in that area.

Section 3 policy. Congress established the Section 3 policy to guarantee that the employment and other economic opportunities created by federal financial assistance for housing and community development programs should, if possible, be directed toward low- and very-low income persons, particularly those who are recipients of government assistance for housing.

What is a Section 3 business? Neighborhood Services Department (NSD) certifies contractor(s) with an active Arizona Registrar of Contractors, Residential or Commercial license that meet one of the three following categories.

- At least 51 percent or more owned by Section 3 residents, or
- At least 30 percent of its full time employees include persons that are currently Section 3 residents, or were Section 3 residents up to three years after the date of first hire, or
- Provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to a Section 3 business concern.

How can businesses find Section 3 residents to work for them? Businesses can recruit in the neighborhood and public housing developments to inform residents about available training and job opportunities. Contacting resident organizations and local community development and employment agencies to locate potential workers are effective ways of acquiring jobs. Phoenix Workforce Connections is a possible outlet to find job seekers.

Does being self-certified as a Section 3 Business mean that a firm is automatically entitled to HUD funded contracts? A Section 3 business is not entitled to a contract simply by being certified. It is still necessary to provide responsible bids and performance under the terms and conditions of prospective contracts. Section 3 tracking and reporting is a requirement of HUD funding.

Employment goals are based on “new hires”, which are defined as full-time employees for permanent, temporary or seasonal employment opportunities.

Certification is valid from January 1 through December 31. Re-certification requests will be sent out in January of new calendar year. Contractors on Section 3 vendor list will be sent bid announcements.

Notice of Section 3 Covered Activity

Regulation

24 CFR Part 135 refers to Section 3, to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, 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, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons. Firms submitting proposals are strongly encouraged to utilize Section 3 certified residents and business concerns however non-utilization Section 3 related components does not negate their proposal from competing.

Preference to Section 3 Bidders (only when specified in the Bid Packet)

In accordance to 24 CFR Part 135 regulations a preference percentage may be included in the base bid will be given to certified Section 3 business concerns that provide the required supporting documentation with the proposal. Required Section 3 documentation includes but is not limited to STATEMENT OF WORKFORCE NEED WORKSHEET, CERTIFICATION FOR BUSINESS CONCERNS SEEKING SECTION 3 PREFERENCE IN CONTRACTING & DEMONSTRATION OF CAPABILITY, SECTION EMPLOYEE CERTIFICATION.

Additional Assistance for Completing Section 3 documentation

Statement of Workforce Need Worksheet

The Workforce Need Statement Worksheet records the following:

- 1) **number of employees needed for each position on the job** – *how many people do you need for the job*
- 2) **number employees currently filling each position** – *how many people are already working for you*
- 3) **estimated number of employees needed to fill each position** – *subtract the number of employees currently filling each position from number of employees needed for each positions to complete the estimated number of employees*
- 4) **estimated number of Section 3 employees to be hired to fill the open positions** – *use column 3 to estimate the number of Section 3 residents you anticipate hiring.*

➤ *Reminder when qualified Section 3 residents are available to hire for a position it is strongly encouraged to select that candidate.*

Section 3 Business Concern Certification

Business owner who identify that they, their employees, or sub-contractors qualify as a Section 3 resident/business concerns are strongly encouraged to submit the required paperwork to become a certified Section 3 Business Concern.

- *Section 3 Business Concerns may be given preference when bidding on HUD funded projects through the City of Phoenix and their sub-recipients.*
- Business Concern through **Ownership**: *Is the business owned (51% or more) by individuals whose household incomes are NO GREATER THAN 80% of Area Median Income?*
 - Business Concern through **Employees**: *Do 30% (or more) of your full time, permanent employees have household incomes that are NO GREATER THAN 80% of Area Median Income?*
 - Business Concern through **Contracts**: *Will you subcontract more than 25% of this contract with any business that is either 51% owned by Section 3 residents or 30% or more of its employees are Section 3 residents?*

If you answered YES to any of the questions above you AND provide the required supporting documentation, you have an opportunity to become certified as a Section 3 business.

Section 3 Resident Self-Certification form

As stated this is **self-certification**. Documentation is not necessary at this time but they must be present to officials if requested.

- Make sure the employee completes the name, address, gender, phone number. and race/ethnic group
- Select the Family Size and Household Income
- Mark the form how you will prove the Household Income and Family Size
- Read and agree to the Certification and Agreement statement and sign
- Remember, the employee is basing their answer on their **Household** income, everyone living in the household at the time.



City of Phoenix

Neighborhood Services Department CERTIFICATION FOR BUSINESS CONCERNS BIDDING SECTION 3 PROJECT

Company Name:
 Address:
 Phone:
 Current Federally Funded Project being bid:
 E-Mail Address:
 Business License Type(s):

SECTION 3 DETERMINATION:

If the answer to any of the questions below is YES, the business qualifies as a Section 3 Business Concern. Please provide the required documentation as needed to the Project Manager.

1. Is the business owned (51% or more) by individuals whose household incomes are NO GREATER THAN 80% of Area Median Income? (Please see Income Limits below)

Yes No

If yes, the business is considered a 'Section 3 Resident-Owned Enterprise'. One form of documentation is needed for each of the business owners:

Federal Income Tax Returns Evidence of Public Assistance

2. Do 30% (or more) of your full time, permanent employees have household incomes that are NO GREATER THAN 80% of Area Median Income? (Please see Income Limits below)

Yes No

If yes, the business is considered a Section 3 Business Concern. Please provide the following:

List of all current Full Time employees
 Self-Certification Income Forms for all employees earning less than 80% of median income

3. The business can provide evidence of a firm commitment to subcontract a minimum of 25% of the total dollar amount of contracts to a business that meets the criteria listed in (1) and/or (2).

Yes No

If yes, please provide the following documentation:

List of subcontracted Section 3 business (es) and subcontract amount.
 Evidence which identifies the subcontractor is considered a Section 3 Business Concern (Sections 1 and 2 above provide examples of evidence to be used to identify a Section 3 Business Concern)

2014 Income Limits - Maricopa County, Arizona

2015 Income Limits	1 Person	2 Person Household	3 Person Household	4 Person Household	5 Person Household	6 Person Household	7 Person Household	8 Person Household
80% of Median	35,850	41,000	46,100	51,200	55,300	59,400	63,500	67,600



City of Phoenix

Neighborhood Services Department Section 3 Income Verification, Self-Certification

Date: _____ Last 4 No. SSN _____

Name: _____
Last Name First Name M.I.

Address: _____
Street City Zip

Company: _____

Project: _____

Male: Female: Phone No. _____

It is the policy of these employers to provide equal opportunity to all of the employees and applicants for employment and to ensure that there be no discrimination against any persons on the grounds of race, color, national origin, political affiliation, sexual preference, age, or sex. The following questions are for the purpose of tracking the hiring benefits of this project and are optional and will remain confidential. This information will not be made a part of your personnel records.

Race/Ethnic Group (check) African American Am. Indian / Native American
 Asian / Pacific Islander Caucasian Hispanic / Latino Other

Annual Household Income (Please check one income box for your family size)

Yearly Household Income

Family Size	Less than	or	greater than
1 <input type="checkbox"/>	\$35,850 <input type="checkbox"/>	or	\$35,851 <input type="checkbox"/>
2 <input type="checkbox"/>	\$41,000 <input type="checkbox"/>	or	\$41,001 <input type="checkbox"/>
3 <input type="checkbox"/>	\$46,100 <input type="checkbox"/>	or	\$46,101 <input type="checkbox"/>
4 <input type="checkbox"/>	\$51,200 <input type="checkbox"/>	or	\$51,201 <input type="checkbox"/>
5 <input type="checkbox"/>	\$55,300 <input type="checkbox"/>	or	\$55,301 <input type="checkbox"/>
6 <input type="checkbox"/>	\$59,400 <input type="checkbox"/>	or	\$59,401 <input type="checkbox"/>
7 <input type="checkbox"/>	\$63,500 <input type="checkbox"/>	or	\$63,501 <input type="checkbox"/>
8 <input type="checkbox"/>	\$67,600 <input type="checkbox"/>	or	\$67,601 <input type="checkbox"/>

Certification and Agreement

This information will be used to ensure compliance with U.S. Department of Housing and Urban Development Section 3 eligibility requirements. With your signature, you are certifying that the above information is correct to the best of your knowledge; falsifying information on this form is a federal offense. The penalty for making false statements is prescribed in the US Criminal Code 18 U.S.C. 1001.

Signature: _____