



Andy Schor, Mayor

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**Section 3 Compliance Manual
Fiscal Year 2024**

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Glossary

- **Funding Entity:** A subrecipient, developer, contractor, or other organization that receives more than \$200,000 in federal housing and community development funding from the City of Lansing for a construction-related project or activity, or more than \$100,000 in lead hazard remediation funding from the same.
- **Low Income:** A family (including a single-person household) whose income does not exceed 80% of the Area Median Income (AMI), as determined by HUD.
- **Very Low Income:** A family whose income is at or below 50% of AMI.
- **Section 3 Business Concern:** Any business entity formed in accordance with State law, and which is licensed under State, county or municipal law to engage in Section 3 covered activities; AND was documented within the last six-month period as:
 - 51% or more owned/controlled by low- or very low-income persons; or
 - > 75% of labor hours performed over prior three-month period are performed by low- or very low-income workers; or
 - 51% or more owned/controlled by current residents of public housing or Section 8 residents
- **Section 3 Contractor:** Any entity that contracts to perform work generated by the expenditure of Section 3 covered assistance or for work in connection with a Section 3 covered project.
- **Section 3 Worker** - For the purposes of this Plan, a Section 3 Worker is, or when hired in the past five years was:
 - A low- or very low-income individual; or
 - A YouthBuild participant; or
 - Someone employed by a Section 3 Business Concern
- **Targeted Section 3 Worker** - A Targeted Section 3 Worker is a Section 3 Worker who is:
 - Employed by a Section 3 Business Concern; or
 - Who currently fits or when hired fit one of the following definitions, as documented in the previous five years:
 - Living within the service area of the neighborhood of the project (i.e. within one mile of the project); or
 - A YouthBuild participant; or
 - Resident of public housing or Section 8 assisted housing; or
 - Resident of another project managed by the PHA
- **Section 3 Subcontractor**—Any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor’s obligation for the performance of work generated by the expenditure of Section 3 covered assistance or arising in connection with a Section 3 covered project.

Introduction

Section 3 is the legislative directive from the U.S. Department of Housing and Urban Development (HUD) for providing economic opportunity that is generated by HUD-funded projects to low- and very low-income workers (regardless of race or gender). Section 3 also provides contracting preferences to local businesses that substantially employ low- and very low-income residents of the local community.

On July 1, 2021, HUD's revised Section 3 rule took effect. The revised rule eliminates the "new hire" compliance standard in favor of an "hours worked" standard by replacing 24 CFR Part 135 with 24 CFR Part 75.

Section 3 is activated when construction and rehabilitation projects receive at least \$200,000 of federal Housing and Community Development financial assistance or \$100,000 from the Lead Hazard Control and Healthy Homes Program. Recipients or contractors are not required to hire Section 3 Workers or award contracts to Section 3 businesses other than what is needed to complete a covered project. The recipient and its contractors are required to submit Section 3 report information.

As a condition of receiving HUD housing and community development program funds, recipients must certify they will comply with the requirements of Section 3. HUD has the legal responsibility to monitor recipients for compliance and can impose penalties upon those that fail to meet these obligations.

These guidelines have been prepared to provide information and guidance to Funding entities on how the City of Lansing ("**the City**") will administer the Section 3 regulations. This guide should not be treated as a comprehensive recitation of the Section 3 Act and regulations. It is a summary of the pertinent provisions and focuses on the requirements imposed on the developer, general contractor, and subcontractor receiving the requisite amount of Section 3 funds. Developers, general contractors, and subcontractors bear the responsibility to familiarize themselves with the Section 3 Act and regulations prior to accepting Section 3 covered assistance.

Policy Statement

When construction and rehabilitation projects receive at least \$200,000 of Federal Housing and Community Development financial assistance, or \$100,000 from the Lead Hazard Control and Healthy Homes Program, all funding entities shall provide opportunities to low- and very low-income people living in Clinton, Eaton, and Ingham counties, and to businesses meeting the definition of "Section 3 Business Concern."

Accordingly, the funding entity shall implement policies and procedures ensuring Section 3 regulations, when required, are followed for all contracts where labor and/or professional services are provided. The funding entity shall be responsible to regularly ensure tracking, reporting, and compliance with all such policies and procedures.

This policy shall not apply to contractors who only furnish materials or supplies through Section 3 covered assistance. It applies to contractors who install materials or equipment (*see the definition of "Section 3 Contractor" in the Glossary section*).

Where federal housing and community development assistance provides partial funding for a Section 3 covered project or activity, the entire project or activity is subject to Section 3 requirements. Nothing in this policy shall be construed to require the employment or contracting of Section 3 Workers or contractors who do not meet the qualifications of the position to be filled or who cannot fulfill the contract requirements.

Successful compliance with the Section 3 Act and regulations by the developer and/or general contractor will be a factor in determining future awards of Section 3 covered projects.

According to the Section 3 regulations, located at 24 CFR Part 75, funding entities are required to provide employment, training and contracting opportunities to Section 3 Workers, Targeted Section 3 Workers, or Section 3 Business Concerns. A funding entity that does not engage in hiring or training new employees may not be directly covered by these requirements. However, if that funding entity awards contracts to developers and general contractors that will hire and train new employees in connection with Section 3 covered projects, that funding entity is still responsible for ensuring compliance with the Section 3 Act by their developers, general contractors, and subcontractors.

To Whom and What Does Section 3 Apply?

The following definitions are intended to describe the differences between “funding entities” and “contractors.”

Funding entities. The City of Lansing is a funding entity because it receives more than \$200,000 in Section 3 covered federal Housing and Community Development funds, and because it funds Section 3 Projects with the same. In addition to the City, any entity that receives more than \$200,000 in Housing and Community Development funding from the City for a housing rehabilitation, housing construction, or other public construction project or that receives more than \$100,000 from the Lead Hazard Control and Healthy Homes Program for a lead hazard remediation project is a funding entity.

A funding entity has the responsibility to comply with Section 3 in its own operations, and to ensure Section 3 Act compliance for all projects and activities undertaken by its contractors and subcontractors when the funding thresholds listed above are met.

Section 3 Projects and Activities. A Section 3 Project or Activity includes:

- 1) Housing rehabilitation, housing construction, demolition, and other public construction (e.g. streets, sidewalks, sewers, community centers, etc.), AND;
- 2) The site or sites together with any building(s) and improvements on the site(s) that are under common ownership, management, and financing, AND;
- 3) Any project or activity that receives more than \$200,000 of HUD Housing and Community Development (HCD) financial assistance, or any project that receives more than \$100,000 in financial assistance from the Office of Lead Hazard Control and Healthy Homes (OLHCHH)

Section 3 covered contracts do not include contracts for the purchase of supplies and materials unless the contract includes the installation of the materials. Where federal housing and community development assistance provides partial funding for a Section 3 covered project or activity, the entire project or activity is subject to Section 3 requirements.

Section 3 Programs

The following are examples of federally-funded housing and community development programs with construction activities that require Section 3 compliance:

- CDBG Housing Rehabilitation/Emergency Repair Program
- Lead Hazard Reduction Grant Program (“*Lead Safe Lansing*”)
- HOME Housing Development Program

Intended Beneficiaries of Section 3

For the federal housing and community development programs listed above, the intended beneficiaries of Section 3 are as follows:

Section 3 Workers. A Section 3 Worker is, or when hired in the past five years was:

- A low- or very low-income individual; or
- A YouthBuild participant; or
- Someone employed by a Section 3 Business Concern

Targeted Section 3 Workers. A Targeted Section 3 Worker is a Section 3 Worker who is:

- A resident of Clinton, Eaton, or Ingham counties; AND
- Employed by a Section 3 Business Concern; or
- Who currently fits or when hired fit one of the following definitions, as documented in the previous five years:
 - Living within the service area of the neighborhood of the project (i.e. within one mile of the project); or
 - A YouthBuild participant; or
 - Resident of public housing or Section 8 assisted housing; or
 - Resident of another project managed by the PHA

Section 3 Business Concerns. A Section 3 Business Concern is, documented within the last six-month period:

- 51% or more owned/controlled by low- or very low-income persons; or
- > 75% of labor hours performed over prior three-month period are performed by low- or very low-income workers; or
- 51% or more owned/controlled by current residents of public housing or Section 8 residents

Preferences for Employment and Training Opportunities

All developers, general contractors, and subcontractors undertaking Section 3 covered projects and activities are expected to meet the Section 3 requirements. A concerted effort shall be made to meet the goals set forth below for providing training, employment, and contracting opportunities to Section 3 Workers and Section 3 Business Concerns. To meet the goals, contractors must select Section 3 Workers based on the following priorities.

General Project Category (projects funded through CDBG, HOME, other HUD funded projects as applicable)

First Priority – Targeted Section 3 Workers.

Second Priority – Section 3 Workers living within Clinton, Eaton, or Ingham counties.

Quantitative Requirements

The Federal government has established quantitative requirements that demonstrate compliance with Section 3 regulations and priorities. These quantitative requirements serve as a tool for ensuring a funding entity's effectiveness in fulfilling its commitment to the economic well-being of Lansing's citizens as well as for monitoring compliance with HUD requirements.

The City of Lansing's Minimum Quantitative Requirements are as follows:

- 25% of the aggregate total labor hours spent on each project will be completed by Section 3 workers.
- 5% of aggregate total labor hours spent on each project will be completed by Targeted Section 3 Workers.
- 10% of the total dollar amount of all Section 3 covered construction contracts will be awarded to Section 3 Business Concerns.
- 3% of the total dollar amount of all covered non-construction contracts will be awarded to businesses that qualify as a Section 3 Business Concern.

Contractors and developers are required to utilize Section 3 Workers and Section 3 Business Concerns, *to the greatest extent feasible*, on all construction-related projects receiving funding from HUD. The above numerical goals must be explicitly set forth in all Section 3 Plans.

Formal Section 3 Plan

Prior to entering into an Agreement with any funding entity, a contractor or developer shall submit a comprehensive Section 3 Plan that includes Section 3 goals and strategies that will be implemented to meet those goals. The plan shall be signed by the general contractor or developer, as applicable, and submitted to the funding entity for review and approval.

All Section 3 Plans submitted to the funding entity must include a breakdown of job categories needed for the Section 3 covered project, an estimate of total labor hours needed by job category, an estimate of total labor hours that will be provided by permanent employees who are Section 3 Workers, and an estimate of the labor hours needed from additional Section 3 Workers not yet hired. If no employment opportunities will be available in connection with the Section 3 covered project, this must be reflected in the Section 3 Plan.

A Section 3 Plan template is available on the Development Office's website.

(<https://www.lansingmi.gov/296/Development-Housing>)

Upon receipt of the Section 3 Plan, the funding entity must review the Plan and either approve or deny the document. Suggested modifications will be included with any denial of a Section 3 Plan in order to assist the contractor or developer.

After the Section 3 Plan is approved, it shall be reviewed regularly to assess its implementation and the attainment of the Section 3 goals. As subcontracts are awarded in excess of Section 3 funding limits, those Subcontractors will be required to submit their own Section 3 Plan for review and approval by the funding entity prior to any contract awards.

The City shall also be provided with copies of bid documents, construction contracts, formal Section 3 plans, and any other related documentation upon execution of the contract between the funding entity and all contractors, subcontractors, or developers that receive in excess of the Section 3 funding limits.

Components of a Section 3 Plan

The Section 3 Plan must contain specific information, including but not limited to the following:

- a) Statement from the contractor, subcontractor, or developer certifying it intends to comply with the Section 3 Act and regulations, as well as the City's Section 3 Handbook;
- b) Statement from the contractor, subcontractor, or developer certifying they are aware of the goals and agree to work together to meet these goals;
- c) Name and contact information of the contractor, subcontractor, or developer's Section 3 coordinator (either official or designated);
- d) Identification of the Section 3 project area, including a map that displays the project address and defined area for Targeted Section 3 Workers;
- e) Contractor, subcontractor, or developer's current workforce roster as well as additional workforce necessitated by the Section 3 covered project;
- f) Methodology for documenting self-certification for current and future Section 3 and Targeted Section 3 Workers, as well as any Section 3 Business Concerns utilized during the project (*see Attachments B and C*);
- g) Section 3 employment, training, and contracting opportunity goals;
- h) Specific strategies for notifying Section 3 Workers and Targeted Section 3 Workers of Section 3 employment and training goals and specific strategies for notifying Section 3 Business Concerns of Section 3 contracting opportunities;
- i) Commitment to inform all subcontractors of the Section 3 Plan;
- j) Commitment to submit to the funding entity monthly Section 3 reports;
- k) Commitment to include the Section 3 Clause in all construction contracts. The Section 3 Contract Clause (*see Attachment A*) specifies the requirements for contractors hired for Section 3 covered projects. Failure to comply with the general conditions outlined in the clause may lead to sanctions which can include termination of the contract for default and suspension or debarment from future HUD-funded contracts.
- l) Commitment to conduct aggressive outreach and notification campaigns to Section 3 Workers and Section 3 Business Concerns regarding Section 3 goals, including the usage of site signage, flyers, etc.

Implementation Strategies for Employment, Training, and Contracting

To comply with the Section 3 Act and the Section 3 Regulations, the contractor, subcontractor, or developer, as applicable, shall implement an aggressive campaign to encourage participation of Section 3 Workers, Targeted Section 3 Workers, and Section 3 Business Concerns. Strategies to implement this campaign include the following:

- a) Publish in a local newspaper a notice of the potential employment and training opportunities for Section 3 Workers, Targeted Section 3 Workers, potential contracting opportunities for Section 3 Workers, and potential contracting opportunities for Section 3 Business Concerns. Written notice must be provided in sufficient time to enable business concerns the opportunity to respond to the bid invitation.
- b) Post in a prominent location at the Section 3 covered project site a notice of the potential employment and training opportunities for Section 3 Workers, Targeted Section 3 Workers, and potential contracting opportunities for Section 3 Business Concerns.
- c) Provide direct written notice to the residents of the defined Section 3 project area advising them of the employment, training, and contracting opportunities for the Section 3 covered project;
- d) Provide the residents of the defined Section 3 project area with information on how to become certified as a Section 3 Worker, Targeted Section 3 Worker, or a Section 3 Business Concern;
- e) Work with the Lansing Housing Commission (517-487-6550) to provide direct written notices to their residents regarding the Section 3 employment, training, and contracting opportunities for the Section 3 covered project;
- f) Provide information to residents of the defined Section 3 project area regarding established job training programs located within the defined Section 3 project area;
- g) Provide minority and women-focused labor and trade organizations with notice of Section 3 contracting opportunities as well as job postings and training opportunities;
- h) Work with the following organizations to provide written notices and other information related to the Section 3 employment, training, and contracting opportunities for the Section 3 covered project:

Organization Name	Phone	Address
Refugee Development Center Refugee and Immigrant Employment, Youth Services	(517) 999-5090	600 W. Maple St., Ste. A Lansing, MI 48906
St. Vincent Catholic Charities Support Services for Public Housing Residents	(517) 323-4734	2800 W. Willow Street Lansing, MI 48917
MSHDA Housing Choice Voucher Program Job Postings for Public Housing Residents	(517) 335-9885	735 E. Michigan Avenue Lansing, MI 48909
Capital Area Michigan Works Job Placement, Training	(517) 492-5500	2110 S. Cedar Street Lansing, MI 48910

Section 3 Certifications

Section 3 Worker. Any person seeking Section 3 preference in hiring and training shall complete the City of Lansing Development Office’s ‘Self-Certification for Section 3 Workers.’ (See *Attachment C*) The individual seeking Section 3 preference shall maintain and provide to the funding entity adequate documentation regarding permanent residence and income.

Section 3 Business Concern. Any business seeking Section 3 preference shall complete the City of Lansing Development Office’s ‘Self-Certification for Section 3 Business Concerns.’

(See Attachment B) This is a self-certification, and Section 3 business concerns ultimately bear the responsibility of maintaining their Section 3 status and complying with all related HUD regulations, including the certification of Section 3 Workers and Targeted Section 3 Workers.

Certifications for Section 3 preference for business concerns must be submitted to the funding entity prior to the submission of bids for review. Section 3 Business Concerns shall provide any additional documentation upon request.

Section 3 Compliance and Monitoring

The City of Lansing Development Office may provide technical support to contractors, subcontractors, and developers participating in the development of Section 3 covered projects, specifically in the certification of Section Workers and Targeted Section 3 Workers. HUD also maintains a limited database of Self-Certified Section 3 Business Concerns and outreach agencies located in each state. (www.hud.gov/Sec3Biz)

Contractors, subcontractors, and developers are required to retain copies of all outreach attempts, copies of all responses to notices published in the paper and posted publicly, copies of all responses to bid invitations, and any other relevant information. This information shall be provided to the funding entity upon execution, and will include- but not be limited to- the following documents:

- Section 3 Compliance Plan
- Self-certifications for Section 3 Business Concerns, Section 3 Workers, and Section 3 Targeted Workers
- Final Section 3 Report, including both qualitative and/or quantitative requirements
- Copies of all public notices, direct mailings, and other marketing efforts
- Attendance records for all trainings, job fairs, and other employment events

The funding entity may conduct on-site reviews of the Section 3 covered project to determine whether the contractors, subcontractors, or developers are complying with their approved Section 3 Plan.

In the event the funding entity determines that the contractor, subcontractor, or developer is not meeting its contracting opportunity goals as set out in the approved Section 3 Plan, the respective party will be provided with a written notice of non-compliance by the funding entity. The notice will require the respective party to meet with the funding entity to determine if best efforts were used to meet Section 3 requirements and if further outreach attempts are necessary to meet Section 3 goals.

Attachment A: Section 3 Contract Clause

All Section 3 covered contracts shall include the following clause (referred to as the “Section 3 Clause”):

- A. The work to be performed under this agreement/contract is subject to the requirements of 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 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 persons who are recipients of HUD assistance for housing.
- B. The parties to this agreement/contract agree to comply with HUD’s regulations in 24 CFR Part 75, which implement Section 3. As evidenced by execution of this agreement/contract, the parties to this agreement/contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 75 regulations.
- C. The subrecipient/assisted entity/contractor agrees to send to each labor organization or representative of workers with which the subrecipient/assisted entity/contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers’ representative of the subrecipient/assisted entity/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 applications for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum numbers and job titles subject to hire; availability of apprenticeship and training positions and the qualifications for each; the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The subrecipient/assisted entity/contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR 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 CFR Part 75. The subrecipient/assisted entity/contractor will not subcontract with any subcontractor where the subrecipient/assisted entity/contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 75.
- E. The subrecipient/assisted entity/contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the agreement/contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 75 require employment opportunities to be directed, were not filled to circumvent the subrecipient/assisted entity/contractor’s obligations under 24 CFR Part 75.
- F. Noncompliance with HUD’s regulations in 24 CFR Part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD funded contracts.
- G. 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 in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b)

Attachment B: Sample Self-Certification for Section 3 Business Concerns

Name of Business _____

Address of Business _____

Type of Business: Corporation Partnership
 Sole Proprietorship Joint Venture

Attached is the following documentation as evidence of status:

For Business claiming status as a Section 3 resident-owned enterprise:

- Copy of resident lease
- Copy of receipt of public assistance
- Copy of evidence of participation in a public assistance program
- Other evidence

For business entity as applicable:

- Copy of Articles of Incorporation
- Certificate of Good Standing
- Assumed Business Name Certificate
- Partnership Agreement
- List of owners/stockholders and % ownership of each
- Corporation Annual Report
- Organization chart with names and titles and brief function statement
- Latest Board minutes appointing officers
- Additional documentation

For business claiming Section 3 status by subcontracting 25 percent of the dollar awarded to qualified Section 3 business:

- List of subcontracted Section 3 business(es) and subcontract amount

For business claiming Section 3 status, claiming at least 30 percent of their workforce are currently Section 3 residents or were Section 3 eligible residents within 3 years of date of first employment with the business:

- List of all current full-time employees
- List of employees claiming Section 3 status
- PHA/IHA Residential lease less than 3 years from day of employment
- Other evidence of Section 3 status less than 3 years from date of employment

Evidence of ability to perform successfully under the terms and conditions of the proposed contract:

- Current financial statement
- Statement of ability to comply with public policy
- List of owned equipment
- List of all contracts for the past two years

Authorizing Name and Signature

(Corporate Seal)

Attested by: _____

Attachment C: Sample Self-Certification for Section 3 Workers

RESIDENT EMPLOYMENT OPPORTUNITY DATA

Resident Employment Opportunity Data: Eligibility for Preference

A section 3 resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the recipient contractor, subcontractor, or developer, if requested, that the person is a Section 3 resident, as defined in Section 135.5. (An example of evidence of eligibility for the preference is evidence of receipt of public assistance, or evidence of low-income household status, as defined by HUD.)

Section 3 Resident Employment Data

**THE CITY OF LANSING
ELIGIBILITY FOR PREFERENCE**

Eligibility for Preference

A section 3 resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the recipient contractor or subcontractor, if requested, that the person is a Section 3 resident, as defined in Section 135.5. (An example of evidence of eligibility for the preference is evidence of receipt of public assistance, or evidence of participation in a public assistance program.)

Certification for Resident Seeking Section 3 Preference in Training and Employment

I, _____, am a legal resident of Ingham County Eaton County
 Clinton County and meet the income eligibility guidelines for a low- or very-low-income person as published on the reverse.

My permanent address is: _____

I have attached the following documentation as evidence of my status:

- | | |
|---|---|
| <input type="checkbox"/> Copy of lease | <input type="checkbox"/> Copy of receipt of public assistance |
| <input type="checkbox"/> Copy of Evidence of participation in a public assistance program | <input type="checkbox"/> Other evidence |

Signature

Print Name

Date

SECTION 3 INCOME LIMITS

All residents of public housing developments of Ingham, Eaton or Clinton County qualify as Section 3 residents. Additionally, individuals residing in Ingham, Eaton or Clinton County who meet the income limits set forth below, can also qualify for Section 3 status. A picture identification card and proof of current residency is required.

Eligibility Guideline		
Number in Household	Very Low Income	Low Income
1 individual	\$32,800	\$52,500
2 individuals	\$37,500	\$60,000
3 individuals	\$42,200	\$67,500
4 individuals	\$46,850	\$74,950
5 individuals	\$50,600	\$80,950
6 individuals	\$54,350	\$86,950
7 individuals	\$58,100	\$92,950
8 individuals	\$61,850	\$98,950

Attachment D: Sample Compliance Checklist for Section 3 Projects

As a recipient of financial assistance in excess of HUD Section 3 limits, you are required to comply with all Section 3 regulations. This means that you are obligated to meet the safe harbor goals even if none of your individual contracts exceed \$200,000 in community development funding, or \$100,000 in lead hazard remediation funding. You must also take active steps so that low- and very low-income residents and Section 3 Business Concerns have an opportunity to benefit from the project.

Please mark each of the following items as they are completed and submit this checklist along with all final construction documents at the conclusion of the Section 3 covered project.

- Include the wording from the Section 3 clause in all of your contracts. (*See Attachment A*)
- Submit the list of Section 3 business concerns used in selecting your contractors and that was distributed to your contractors and persons you provide funds under this project.
- Include a written requirement that your contractors and subcontractors provide copies of subcontracts showing inclusion of the Section 3 Clause and retain them for later review.
- Provide documentation of your qualitative efforts to identify and provide training and employment opportunities to Section 3 residents.
- Provide documentation of your qualitative efforts to provide contracts to Section 3 business concerns, for all contracts awarded on the Section 3 covered project.
- Provide photos, copies, or other documentation of direct marketing, job site signs, employment ads, and any other notices to potential Section 3 residents and/or Section 3 Business Concerns.
- Provide documentation of any new or existing Section 3 Workers, Targeted Section 3 Workers, or Section 3 Business Concerns that participated in the Section 3 covered project. (*See Attachments B and C*)
- Provide written explanation and supporting documentation for any obstacles that were encountered in hiring Section 3 residents or Section 3 business concerns, before any contracts are signed for the Section 3 covered project.
- Collect and submit completed Section 3 plans for all your contractors and subcontractors, which should detail each entity's efforts and success in providing training and employment opportunities to Section 3 residents and contracting with Section 3 business concerns.
- Submit all approved Section 3 data to the City of Lansing Development Office after the bids have been received but before construction contracts are signed. If new subcontractors are hired, submit the forms before their contracts are signed.

Print Name

Signature

Date

Title of Signer

Funding Entity

Attachment E: Section 3 Plan Template

Construction Project	
Name of Project	
Address of Project	
Name of Neighborhood Where Project Resides <small>(Primary focus area for outreach attempts)</small>	

Submitted by			
Name of Contractor or Developer			
Business Address, City, State, & Zip			
Business Phone Number		Business Website	
Primary Contact Name			
Primary Contact Phone Number		Email	
For Federal Government Reporting Purposes – Principal Owner (51% or more) (Check ALL applicable boxes)			
<input type="checkbox"/> For-profit business	<input type="checkbox"/> Non-profit business	<input type="checkbox"/> Certified Section 3 business	
<i>If business is controlled with a board of directors, then check applicable boxes of board at 51% or more</i>			
<input type="checkbox"/> Female	<input type="checkbox"/> African American/Black	<input type="checkbox"/> Caucasian/White	<input type="checkbox"/> Hispanic
<input type="checkbox"/> Male	<input type="checkbox"/> Asian/Pacific Islander	<input type="checkbox"/> Hasidic Jews	<input type="checkbox"/> Native American/Eskimo
Name of General Contractor			
Business Address, City, State, & Zip			
Business Phone Number		Business Website	
Primary Contact Name			
Primary Contact Phone Number		Email	
For Federal Government Reporting Purposes – Principal Owner (51% or more) (Check ALL applicable boxes)			
<input type="checkbox"/> For-profit business	<input type="checkbox"/> Non-profit business	<input type="checkbox"/> Certified Section 3 Business	
<i>If business is controlled with a board of directors, then check applicable boxes of board at 51% or more</i>			
<input type="checkbox"/> Female	<input type="checkbox"/> African American/Black	<input type="checkbox"/> Caucasian/White	<input type="checkbox"/> Hispanic
<input type="checkbox"/> Male	<input type="checkbox"/> Asian/Pacific Islander	<input type="checkbox"/> Hasidic Jews	<input type="checkbox"/> Native American/Eskimo

Project Section 3 Contact Person	
The Developer and/or General Contractor’s Section 3 contact person will serve as the main point of contact for all Section 3 related information and issues on behalf of the developer, general contractor, and subcontractors.	
Section 3 Coordinator Name	
Section 3 Coordinator Contact Number	
Section 3 Coordinator Email Address	

For Internal Use Only

CDBG \$	HOME \$	Other (please specify):	
CPO#	CPA#	Other Amount \$	

General Statement

_____ and _____
 (funding entity or developer) (general contractor or subcontractor)

will review and are committed to comply with the Section 3 Regulation and the City of Lansing Development Office (“the City”) Section 3 policy, guidelines and all companion documents. It is our desire to work together to ensure compliance, to the greatest extent feasible, through the awarding of any contracts for work and services to Section 3 companies, and to provide employment and training to Section 3 workers and Targeted Section 3 workers. We commit to include Section 3 language in all construction contracts and subcontracts. All subcontractors interested in submitting bids for contracts will be informed of the Section 3 requirements.

Compliance and Benchmarks

The above recipients will be considered to have complied with the Section 3 requirements, if prioritization can be verified via the outreach efforts and met (or exceeded) the benchmarks. If the benchmarks are not met, then a qualitative report must be submitted regarding the outreach activities per project. Such activities are listed under “Outreach Efforts”. *Please refer to the City’s Section 3 Policy and other companion documents, and/or Section 3 regulation for definitions and detailed information.*

Employment and Training

To demonstrate compliance with the City’s Section 3 Policy, the best efforts to provide employment and training opportunities to Section 3 workers residing in the City of Lansing in the priority order listed below, where feasible:

1. Section 3 workers residing within the service area or the neighborhood of the project, and;
2. Participants in YouthBuild programs.

Note: The Section 3 worker must also reside within the City of Lansing and their income limit is based on the HUD Lansing-East Lansing Area AMI, <https://www.huduser.gov/portal/datasets/il.html>. The income limits are updated each fiscal year. The City of Lansing’s fiscal year is July 1 through June 30; for example, July 1, 2021, through June 30, 2022.

Contracting

To demonstrate compliance with the City’s Section 3 Policy, the best efforts to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 workers residing in the City of Lansing in the following order or priority, where feasible:

1. Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area or the neighborhood of the project, and;
2. YouthBuild programs.

Note: 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.

Section 3 Workers Quantitative Requirement

Twenty-five (25) percent or more of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers, and;

Targeted Section 3 Workers Quantitative Requirement

Five (5) percent or more of the total number of labor hours worked by all workers on a Section 3 project are Targeted Section 3 workers.

Outreach Efforts

Indicate the efforts that will be made to notify Section 3 workers and Targeted Section 3 workers for training and employment opportunities and Section 3 business concerns for contracting opportunities generated by this HUD financial assistance project. **Both tables below should be completed, and all efforts must be supported with documentation.** Submit copies of all publications, notices, pictures of posted notices, and any other outreach material utilized. Also, include informational lists of all Section 3 Workers, Targeted Section 3 Workers and Section 3 Business Concerns that responded to your outreach efforts.

Efforts to offer training and employment opportunities to individuals that may meet the Section 3 Worker and Targeted Section 3 Worker requirements	Yes	No	Projected Timing
1. Notify the City of Lansing Development Office when training opportunities are available			
2. Engage in outreach efforts to generate job applicants			
3. Provide training or apprenticeship opportunities and prepare written notices to be distributed to community outlets			
4. 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 Housing Choice Voucher."			
5. Include the Section 3 worker and Targeted Section 3 worker certification form in all job postings			
6. Contact, coordinate, and advertise with unions and local community organizations, provide them with job postings for Section 3 eligible applicants and request their assistance in notifying residents of available training and employment opportunities			
7. Coordinate and advertise job opportunities via social media			
8. Coordinate and advertise job opportunities via flyer distributions, direct mailings, and posting ads in common areas of housing developments and all public housing management offices			
9. Utilize the Section 3 Opportunity Portal to find qualified candidates, https://hudapps.hud.gov/OpportunityPortal/			
10. Establish a current list of Section 3 eligible applicants			

11. Provide technical assistance to help Section 3 workers and Targeted Section 3 workers compete for jobs (e.g., resume assistance, coaching)			
12. Provide or connect Section 3 workers and Targeted Section 3 workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services			
13. Hold one or more job fairs.			
14. Provide or refer Section 3 workers and Targeted Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, child care)			
15. Provided assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training			
16. Assisted Section 3 workers to obtain financial literacy training and/or coaching			

Further explain the above outreach efforts and any additional outreach efforts not listed:

Efforts to offer contracting opportunities to businesses that may meet the Section 3 Business Concern requirements	Yes	No	Projected Timing
17. Engage in outreach efforts to identify and secure bids from Section 3 business concerns			
18. Advertise contracting opportunities in local community paper and notices that provide general information about work to be contracted and where to obtain additional information			
19. Provide written notice of contracting opportunities to all known Section 3 business concerns with sufficient time to enable business concerns the opportunity to respond to bid invitations			
20. Utilize the Section 3 business registry to find potential Section 3 business concerns, http://hud.gov/Sec3Biz			
21. Coordinate with all business assistance agencies and contractor associations to inform them of contracting opportunities and request their assistance in identifying Section 3 business concerns including local community development organizations, business development agencies, and minority contracting associations			
22. Add Section 3 language to all RFPs, procurement documents, bid offerings and contracts			
23. Notify the City of Lansing Development Office of upcoming pre-bid meetings			
24. Coordinate mandatory pre-bid meetings to inform Section 3 business concerns of upcoming contracting opportunities			

Further explain the above outreach efforts and any additional outreach efforts not listed:

25. Divide contracts into smaller jobs to facilitate participation by Section 3 business concerns			
26. Contact businesses with resources to support business development to assist in obtaining contract opportunities			
27. Provide bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns			

All Funding Entities & Contract Awardees: Required Information and HUD Section 3 Language

All funding entities and contract awardees are required to meet at least the minimum HUD Section 3 quantitative requirements. As a funding entity and/or contract awardee, Section 3 is a requirement regardless of the Section 3 language included in agreements, program regulatory agreements, or contracts (§75.27). All parties are encouraged to review the Section 3 information and documentation on the City of Lansing web site, <https://www.lansingmi.gov/296/Development-Housing>.

Section 3 Language – 24 CFR Part 75

All HUD Section 3 covered contracts shall include the following language:

A. The work to be performed under 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. 1701u (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.

B. The Parties to this contract agree to comply with HUD’s regulation in 24 CFR Part 75 and Housing and Revitalization Department (HRD) policy and guidelines, 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 impediments that would prevent them from complying with the Part 75 regulation.

C. The contractor agrees to include this Section 3 language in every subcontract subject to compliance with HUD’s regulation in 24 CFR Part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 language, upon a finding that the subcontractor is in violation of HUD’s regulation in 24 CFR Part 75 and HRD’s policy and guidelines. 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 regulation, 24 CFR Part 75.

D. Noncompliance with HUD’s regulation in 24 CFR Part 75 and HRD’s policy and guidelines may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

If we do not feel it is feasible to meet the minimum goals set forth above, we will be prepared to demonstrate why it was not possible. We understand failure to follow our Section 3 Plan outreach efforts could result in the HUD Office of Community Planning and Development finding us non-compliant with the Section 3 regulation.

I/We, being a duly authorized representative of the applicant, do hereby attest that the statements, documents, and responses provided in and with this HRD Section 3 Plan are true and correct to the best of my knowledge. I understand that I am making this statement subject to the penalties of perjury. I/We further understand that the City of Lansing reserves

HUD June 2023 Income Limits. Subject to change.

the right to request additional information in order to clarify and verify any information related to the Section 3 process.

Name of Applicant (Business): _____

Print Name of Authorized Representative: _____

Signature of Authorized Representative: _____

Authorized Representative's Title: _____ **Date of Signature:** _____

Section 3 Summary Report



City of Lansing Department of Economic
Development and Planning – Development
Office
01/21/2022) (rev.

Low – and Very Low-Income Persons
And Eligible Businesses

Public Reporting Burden statement printed below

1. Recipient Name & Address: (street, city, state, zip)	2. Tax Identification Number (TIN): 4. Contact Person	3. Total Amount Expended: 5. Telephone Number: (Include area code)
	6. Start Date of Reporting Period:	7. End Date of Reporting Period:
	8. Program Name: City of Lansing Development Office	9. Date Report Submitted:

Part I: Employment and Training Opportunities (All fields are mandatory fields.)

A Job Category	B Aggregate Number of all Staff Hours Worked for This Project	C Total Staff Hours Worked by all Section 3 Employees	D Percentage of Staff Hours Worked by Section 3 Employees	E Total Staff Hours Worked by Targeted Section 3 Employees	F Percentage of Staff Hours Worked by Targeted Section 3 Employees	G Number of Section 3 or Targeted Section 3 Workers Recruited for This Project
Professionals						
Clerical						
Administrative						
Case Management						
Facilities Management						
Technical						
Carpentry						
Painting						
Masonry						
Plumbing						
Electrical						
Janitorial						
Security						
Other: Describe						
Totals:						

HUD June 2023 Income Limits. Subject to change.

Part II: Contracting Opportunities

1. Construction Contracts	HUD Amount	Leveraged Amount	Total (HUD Amount + Leveraged Amount)
A. Total dollar amount of construction contracts awarded with covered funds expended during this project			
B. Total dollar amount of contracts awarded to Section 3 businesses during this project			
C. Percentage of the total dollar amount of construction contracts that were awarded to Section 3 businesses during this project (i.e., Item B/ Item A= %)			
D. Total number of Section 3 businesses receiving construction contracts during this project			
2. Non-Construction Contracts			
A. Total dollar amount of non-construction contracts awarded with covered funds expended during this project			
B. Total dollar amount of non-contracts awarded to Section 3 businesses during this project			
C. Percentage of the total dollar amount of non-construction contracts that were awarded to Section 3 businesses during this project (i.e., Item B/ Item A= %)			
D. Total number of Section 3 businesses receiving non-construction contracts during this project			

CITY OF LANSING DEVELOPMENT OFFICE WBE/MBE/SECTION 3 SUBCONTRACTOR REPORTING FORM

PLEASE NOTE: This form must be filled out and submitted for each completed project. If no subcontractors were used, please mark "NONE" in the table below. Failure to submit this form with your final payment request may delay or disqualify your final payment.

Project Address: _____

Owners Name(s): _____ **Date:** _____

Subcontractor Name	Business Address	Phone Number	Federal ID #	Amount Paid	Specify if WBE* or MBE**	Specify Racial Ethnic Code** *	Subcontractor Is a Section 3 Business Concern? Y/N
				\$			
				\$			
				\$			
				\$			
				\$			
				\$			
				\$			

***WBE (Woman Business Enterprise)** = A business with a majority ownership and control by a woman

****MBE (Minority Business Enterprise)** = A business with a majority ownership and control by a minority person

*****Racial Ethnic Codes:**

- | | |
|---------------------------|---------------------------|
| 1- White | 5- Asian/Pacific Islander |
| 2- African American/Black | 6- Other |
| 3- Native American | 0- Non-Profit |
| 4- Hispanic | |