

City of Boston

Department of Neighborhood Development

Section 3 Implementation Procedures



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SUMMARY: Section 3 requirements provide preference but not a guarantee to Section 3 residents and Section 3 businesses when new jobs, training, or contracting opportunities are created as a result of HUD funds.

Section 3 is triggered when the normal completion of construction and rehab projects creates the need for new employment, contracting and training opportunities.

Section 3 Minimum Goals: award 10% construction contracts to Section 3 businesses (*defined as being 51% or more owned by Section 3 residents or employing at least 30% Section 3 residents*), 30% new hires Section 3 residents (*defined as public housing residents or households with income 80% or below median*) and 3% contracted dollars awarded to Section 3 businesses.

The purpose of this document is to outline the policies and procedures the Department of Neighborhood Development (DND) has adopted to ensure compliance with the requirements of Section 3 in the department's own operations and to ensure compliance in the operations of its contractors and sub-contractors. DND is a recipient of several housing and community development assistance programs covered by Section 3, as implemented by 24 CFR Part 135.3(a)(2). Section 3 applies to training, employment, contracting and other economic opportunities arising in connection with the expenditure of housing assistance that is used for:

- Housing rehabilitation
- Housing construction
- Demolition
- Other public construction (roads, sewers, etc.)

Section 3 applies to the entire covered project or activity regardless of whether the activity was fully or partially funded with covered assistance. The Section 3 requirements, and these policies and procedures, apply to:

1. DND as the recipient of more than **\$200,000** in HUD funds for housing and community development assistance. And, Developers awarded more than **\$200,000** in HUD funded assistance.
2. Contractor or subcontractors receiving contracts that exceed **\$100,000** for projects/activities (rehab, construction, demolition and public construction) that trigger Section 3.

Two types of records should be kept:

1. Documentation of **efforts** made to comply with Section 3. Examples include outreach, advertisements, sign-in lists from job fairs and other public meetings, flyers or brochures, direct mail, etc.

2. Documentation of **actual** Section 3 hiring and contracting activity such as contractor reports.

The requirements apply to DND's four program divisions as follows:

Office of Business Development (OBD)

OBD provides assistance for public construction as defined in Section 3, primarily through its Commercial Real Estate Development Program. For all Section 108, Economic Development Initiative (EDI), Brownfields EDI or CDBG-funded commercial construction or rehabilitation projects, regardless of the amount of the contract or subcontract, OBD Project Managers are required to submit a completed Contract and Subcontract Activity Form HUD 2516 (Appendix D) with the final requisition upon completion of the project.

Boston HOME Center

Section 3 applies to BHC housing rehabilitation projects if one or more contracts exceed \$200,000. Follow the same procedures outlined below for NHD.

For all federally-funded housing rehabilitation projects, regardless of the amount of the funding award, contract or subcontract, **BHC Project Managers** are required to submit a completed Contract and Subcontract Activity Form HUD 2516 (Appendix D) with the final requisition upon completion of the project.

Real Estate Management and Sales (REMS) Division

Section 3 applies to REMS demolition project if one or more contracts exceed \$200,000. Follow the same procedures outlined below for NHD. For projects that **do exceed** these thresholds, the same **procurement procedures** will be followed as outlined below for the Neighborhood Housing Development Division (NHD). For all federally-funded housing rehabilitation or demolition projects, regardless of the amount of the contract or subcontract, **REMS Property Managers** are required to complete and submit a Contract and Subcontract Activity Form HUD 2516 (Appendix D) with the final requisition upon completion of the project.

Neighborhood Housing Development (NHD) Division

NHD provides financial assistance for housing construction and housing rehabilitation. Section 3 applies to housing rehabilitation and housing construction projects assisted by NHD if a developer contract exceeds \$200,000. For all federally-funded housing construction or rehabilitation projects, regardless of the amount of the contract or subcontract, **Contractors** are required to complete and submit a Contract and Subcontract Activity Form HUD 2516 (Appendix D).

ALL DIVISIONS - Completing HUD 2516 (Appendix D) & Certifications:

- The requisite contractor and subcontractor data (HUD 2516, appendix D), including the Section 3 status, is to be completed for all contractors and subcontractors receiving \$10,000 in CDBG funding.
- The requisite contractor and subcontractor data, including the Section 3 status, is to be completed for all contractors and subcontractors receiving ***any amount*** of federal funding except CDBG.
- For each contractor identified as a Section 3 business on HUD form 2516 (column 7g or 7i, respectively), a DND Section 3 Business Certification Form (Appendix F) must remain on file with the Contractor.
- A Section 3 Resident Self-Certification Form (Appendix G) must be completed for all Section 3 employees and submitted to DND with the Final Requisition.

Procurement: The Department requires all successful bidders to document the efforts they have made to inform and outreach to Section 3 businesses and Section 3 residents. Section 3 requirements are identified in the following NHD Procedures:

Section 3 Procurement Procedures for NHD		
WHEN	WHO	REQUIRED FORMS
Request For Proposals	Development Officer	HUD's Section 3 Requirements

Contractor Bidders	Design Specialist	<p>HUD's Section 3 Requirements A111 Agreement (Owner and Contractor) <i>Model</i> Section 3 Plan Contract and Subcontract Activity Form (HUD 2516) Section 3 Summary Report (HUD 60002) Section 3 Business Certification Form Section 3 Resident Self-Certification Form</p>
Final Construction Contract	Design Specialist	<p>HUD's Section 3 Requirements A111 Agreement (Owner and Contractor) <i>Final</i> Section 3 Plan Contract and Subcontract Activity Form (HUD 2516) Section 3 Summary Report (HUD 60002) Section 3 Business Certification Form Section 3 Resident Self-Certification Form</p>
Final Requisition	Development Officer	<p><u>Completed</u> Contract and Subcontract Activity Form (HUD 2516) <u>Completed</u> Section 3 Summary Report (HUD 60002) <u>Completed</u> Section 3 Resident Self-Certification Form</p>

Required Notification: For contractors/developers receiving contracts that exceed \$200,000 for projects/activities (rehab, construction, demolition and public construction) the following items/steps must be in their Section 3 Plan to ***notify Section 3 Residents of Section 3 Training and Employment Opportunities*** generated by a Section 3 covered project:

1. Advertise the opportunities in the local media. Employment and training opportunities are to be advertised in one general circulation newspaper serving Boston (Boston Globe or Boston Herald) and one newspaper serving the neighborhood in which the project is located.
2. Notify the resident association of any Boston Housing Authority family housing developments within ½ mile of the Section 3 covered project. If there are no developments within ½ mile, notice must be given to the closest development.
3. Notify the resident association of any other non-elderly subsidized housing development within ½ mile of the Section 3 covered project.
4. Distribute notices to neighborhood associations or community-based organizations serving the neighborhood in which the Section 3 covered project is located. Notices are to be given to YouthBuild Boston, the local Action for Boston Community Development (ABCD), the local Boston Centers for Youth and Families facility and the Community Development Corporation.