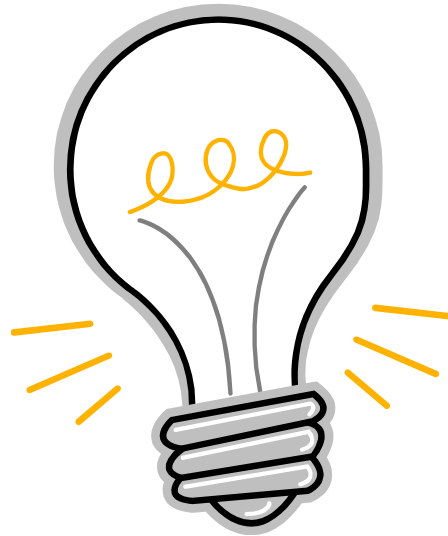


# HUD Section 3 Compliance



John Cimral  
CEO, Fedarra

# About Fedarra

- Thousands of federal reports completed annually for hundreds of clients (ARRA, RAMPS, FFATA, Section 3)
- A full-service expert based solutions (not software)
- First reporter in nation in every ARRA reporting period
- Regular compliance, reporting and audit readiness webinars
- 100% satisfaction guarantee
- Veteran-owned small business

# Fedarra's Section 3 Services

- Work with Section 3 compliance and reporting experts
- Personal Section 3 concierge will:
  - Review and plan Section 3 activities
  - Provide training materials for residents and contractors
  - Track implementation and recommend enhancements
  - Develop and submit Section 3 reports
  - Maintain Section 3 documentation
  - Respond to agency comments and auditor questions
- All for a very reasonable price starting \$199/quarter and/or \$99 per Section 3 report
- Telephone: 877-281-2772 ext- 2
- Website: [www.fedarra.com/ServicesSection3](http://www.fedarra.com/ServicesSection3)

# Agenda

- HUD Section 3 Overview
- Key Section 3 Definitions
- Elements of a Section 3 Compliance Program
- Section 3 Reporting Basics
- HUD's Section 3 Reporting System
- Section 3 audit readiness
- Questions

# HUD Section 3 Overview

- Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and 24 CFR part 13
- Create local low and very low income job opportunities.
- Create training and education opportunities.
- Not an equal opportunity program.
- Defined numeric goals.
- Mandated Section 3 plan.
- Mandated annual and close-out reporting.
- Section 3 has a well defined compliance process.
- Section 3 is subject to audit.

# Key Section 3 Definitions

- Section 3 fund recipient
  - All Public Housing and Indian Housing Authorities (excluding Section 8)
  - Housing and Community Development recipients
  - Example HUD grants: Operating, Capital, ARRA, CDBG, ROSS, FFS
- Section 3 residents
  - Public housing residents including disabilities
  - Low and very low income people in the community
- Section 3 business
  - Exceeds 51% Section 3 resident ownership
  - 30% of employees are Section 3 residents
  - Committed to use 25%+ Section 3 businesses

# Key Section 3 Definitions

- Section 3 business contracting preference
  - Ability to perform
  - Not always the lowest bidder 135.34(a)(2)
  - Section 3 performance record
- HUD Youthbuild program
- Section 3 clause
- Section 3 performance goals
  - 30% of new hires with PHA/IHA funds
  - 10% of annual aggregate construction contracts to Section 3 businesses
  - 3% of annual aggregate non-construction contracts to Section 3 businesses

# Section 3 Compliance Program Elements

- Document everything!
- Plan
  - Programs to facilitate hiring of Section 3 residents
  - Design outreach programs
  - Program to award contracts that meet Section 3 goals
  - Board approved Section 3 plan
- Implement
  - Notifications of residents and businesses
  - Train residents and businesses
  - Form community partnerships
  - Use Section 3 clause
  - Avoid Section 3 violators
- Report on time
- Document everything!

# Section 3 Reporting Basics

- Who:
  - Public and Indian Housing Authorities
  - Community Planning and Development assistance over \$200,000
- What: Basic data, hiring summary, contracting summary, and program summary
- When: With HUD annual reports, January 10<sup>th</sup>, within 10 days of close-out
- How: Submit form HUD-60002 via Web form, fax, or mail
- Why: Document numerical goal attainment

# Section 3 form HUD-60002

**Section 3 Summary Report**  
Economic Opportunities for Low and Very Low-Income Persons

U.S. Department of Housing and Urban Development  
Office of Fair Housing and Equal Opportunity

OMB Approval No. 2529-0043  
(exp. 12/31/2010)

\* HUD Field Office:

See Public Reporting Burden Statement below  
General Instructions

1. Recipient Name

Recipient Address

Street  
 City  
 State  
 Zip (or Postal Code)

2. Grant Number

3. Total Amount of Awards

Amount of All Contracts Awarded: \$  REIS-Only

4. Contact Person

5. Length of Grant

Month(s)

6. Date Report Submitted

(MM/DD/YYYY)

Program Codes:  
34 = Public/Indian Housing Development  
4 = Homeless Assistance  
7 = CDBG-Entitlement  
80 = Other Housing Programs

### Part III. Summary of Efforts

Indicate the efforts made to direct the employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, toward low- and very low-income persons, particularly those who are recipients of government assistance for housing.

(Select YES to all that apply. If a selection has not been made, Default is NO)

Select  Recruited low-income residents through: local advertising media, signs prominently displayed at the project site, contacts with community organizations and public or private agencies operating within the metropolitan area (or nonmetropolitan county) in which the Section 3 covered program or project is located, or similar methods.

Select  Participated in a HUD program or other program which promotes the training or employment of Section 3 residents.

Part 1. Employment and Training \* (Columns B, C, and F are mandatory fields.)

A Job Category	B Number of New Hires	C Number of New Hires that are Sec.3 Residents	D % of Section 3 New Hires	E % of Total Staff Hours for Section 3 Employees	F Number of Section 3 Trainees
<input type="button" value=""/> Professionals	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="button" value=""/> Technicians	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="button" value=""/> Office and Clerical	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="button" value=""/> Officials and Managers	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="button" value=""/> Sales	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="button" value=""/> Craft Workers (skilled)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="button" value=""/> Operatives (semiskilled)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="button" value=""/> Laborers (unskilled)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="button" value=""/> Service Workers	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="button" value=""/> Other (List)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>Total (Read-Only)</b>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

### Part II. Contracts Awarded

1. Construction Contracts:

- A. \*Total dollar amount of all construction contracts awarded on the project \$
- B. Total dollar amount of construction contracts awarded to Section 3 businesses \$
- C. Percentage of the total dollar amount that was awarded to Section 3 businesses (Read-Only)  %
- D. Total number of Section 3 businesses receiving construction contracts

2. Non-Construction Contracts:

- A. \*Total dollar amount of all non-construction contracts awarded on the project \$
- B. Total dollar amount of non-construction contracts awarded to Section 3 businesses \$
- C. Percentage of the total dollar amount that was awarded to Section 3 businesses (Read-Only)  %
- D. Total number of Section 3 businesses receiving non-construction contracts

meet the definition of Section 3 business concerns.

project is located.

# Basic Grant Information

**Section 3 Summary Report**  
Economic Opportunities for  
Low and Very Low-Income Persons

U.S. Department of Housing  
and Urban Development  
Office of Fair Housing  
and Equal Opportunity

OMB Approval No.2529-0043  
(exp. 11/30/2010)

\*HUD Field Office : CHICAGO, IL

See Public Reporting Burden Statement below  
General Instructions

**\*1. Recipient Name :** Some Housing Authority

**\*2. Grant Number :** IL1999000110D

**4. Contact Person :** Ms. Exec Director

**6. Length of Grant :** Month(s)

**\*8. Date Report Submitted :** 01/02/2011  
(MM/DD/YYYY)

**Recipient Address :** 1010 Main Street  
Flanagan City  
Illinois State  
62010 Zip (or Postal Code)

**\*3. Total Amount of Award :** \$ 196,000  
Amount of All Contracts Awarded: \$ read-only

**5. Phone :** 217-999-9999  
Fax:  
E-Mail: someha@aol.com

**\*7. Reporting Period :** 1 2011

**\*9. Program Code-Name :** 3B-Public/Indian Housing-Operation

**Embedded Help**

**Mandatory Information**

\* = Mandatory Field

# Employment and Training Summary

Job Types

Training

**Part I. Employment and Training\*** (Columns B, C, and F are mandatory fields.)

A Job Category	B Number of New Hires	C Number of New Hires that are Sec.3 Residents	D % of Section 3 New Hires	E % of Total Staff Hours for Section 3 Employees	F Number of Section 3 Trainees
Professionals	0	0	0	0	0
Technicians	0	0	0	0	0
Office and Clerical	2	1	25	50	1
Officials and Managers	0	0	0	0	0
Sales	0	0	0	0	0
Craft Workers (skilled)	0	0	0	0	0
Operatives (semiskilled)	0	0	0	0	0
Laborers (unskilled)	3	3	75	50	0
Service Workers	0	0	0	0	0
Other (List)	0	0	0	0	0
<b>Total (Read-Only)</b>	5	4			1

**Part II. Contracts Awarded**

1. Construction Contracts:

- A. \*Total dollar amount of all construction contracts awarded on the project
- B. Total dollar amount of construction contracts awarded to Section 3 businesses
- C. Percentage of the total dollar amount that was awarded to Section 3 businesses (Read-Only)
- D. Total number of Section 3 businesses receiving construction contracts

2. Non-Construction Contracts:

- A. \*Total dollar amount of all non-construction contracts awarded on the project
- B. Total dollar amount of non-construction contracts awarded to Section 3 businesses
- C. Percentage of the total dollar amount that was awarded to Section 3 businesses (Read-Only)
- D. Total number of Section 3 businesses receiving non-construction contracts

Contracting

Metric

\$ 123999

\$ 42000

33.9 %

2

\$ 45678

\$ 6345

13.9 %

1

# Section 3 Program Summary

## Part III. Summary of Efforts

Indicate the efforts made to direct the employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, toward low- and very low-income persons, particularly those who are recipients of government assistance for housing.

(Select **YES** to all that apply. If a selection has not been made, Default is **NO**)

Yes Recruited low-income residents through: local advertising media, signs prominently displayed at the project site, contacts with community organizations and public or private agencies operating within the metropolitan area (or nonmetropolitan county) in which the Section 3 covered program or project is located, or similar methods.

No Participated in a HUD program or other program which promotes the training or employment of Section 3 residents.

No Participated in a HUD program or other program which promotes the award of contracts to business concerns which meet the definition of Section 3 business concerns.

Yes Coordinated with Youthbuild Programs and administered in the metropolitan area in which the Section 3 covered project is located.

Yes Other Efforts; Please describe.

Section 3 is covered at pre-bid conferences. We ask each contractor to review their staff to see if they can qualify as a Section 3 business. The contractors must certify in writing if no new hires have been made with these funds.

**Critical Narrative Section**

**Error Check And Submit**

Submit

Reset value

Cancel

# Report Submission

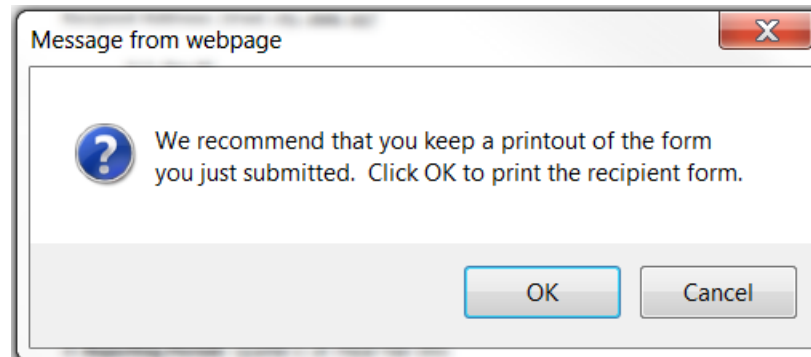
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[Edit](#) | [Recipient Form](#) | [Printer-Friendly Version](#) | [Save](#)

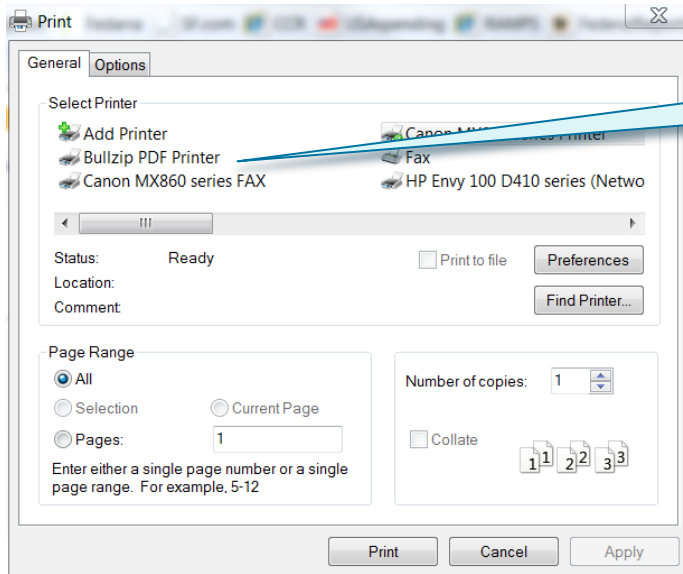
**EDGAR HOUSING AUTHORITY Report** has been submitted. January 2, 2011

<b>Section 3 Summary Report</b> Economic Opportunities for Low and Very Low-Income Persons	<b>U.S. Department of Housing and Urban Development</b> Office of Fair Housing and Equal Opportunity	<b>OMB Approval No.2529-0043</b> (exp. 11/30/2010)
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See Public Reporting Burden Statement below **HUD Field Office** : : CHICAGO, IL



# Report Printing



Print to zip

Proof of Submission

Section 3 - Print Recipient

Page 1 of 3

EDGAR HOUSING AUTHORITY Report has been submitted.

January 2, 2011

# Section 3 Audit Readiness

- Document everything!
- Board approved plan
- Implementation logs and notes
- On-time audit-ready reporting
- Contractor certifications
  - Section 3 businesses
  - No hiring
- Non-attainment justifications
- Section 3 is subject to A-133 audits

# Contact Fedarra

We can help!

Fedarra

877-281-2772

[www.fedarra.com](http://www.fedarra.com)