

Section 3 Reporting

Overview

The reporting requirements apply to any project receiving HOME funds from DCA, to lower-tier contracts and to their subcontractors. Each month, the primary contract recipient must submit to DCA one report form 60002 that contains a combined summary of both their own Section 3 activities and those of contractors they hired (24 CFR 135.90 Reporting). DCA will in turn report to HUD a summary of its contract awardees. DCA requires the recipient to submit a completed, final report during the final draw process.

General Concepts

The report Form-60002 must document the recipient accomplishments regarding employment, training, and contracting opportunities provided to low and very low-income persons* (24 CFR 135.30 (b)).

Reporting and Compliance Determinations

Absent evidence to the contrary, the Department considers recipients of covered funding to be in compliance with Section 3 if they meet the minimum numerical goals set forth at 24 CFR Part 135.30. Specifically:

- a. 30 percent of the aggregate number of new hires shall be Section 3 residents;
- b. 10 percent of the total dollar amount of all covered construction contracts shall be awarded to Section 3 business concerns; and
- c. 3 percent of the total dollar amount of all covered non-construction contracts shall be awarded to Section 3 business concerns.

Recipients that fail to meet the minimum numerical goals above bear the burden of demonstrating why it was not possible to do so. *The recipient must describe the efforts that were taken, barriers encountered, and other relevant information that will enable DCA to make a compliance determination.*

Recipients that submit Section 3 reports containing **all zeros**, without a sufficient explanation to justify their submission, are in **noncompliance** with the requirements of Section 3.

Failure to comply with the requirements of Section 3 may result in sanctions, including: debarment, suspension, or limited denial of participation in HUD programs pursuant to 24 CFR Part 24.

Detailed Instructions for Completing form HUD form-60002

The attached form has **three** parts, which are to be completed for all projects triggering Section 3 compliance. **Part I** relates to employment and training, **Part II** related to contracting, and **Part III** summarizes the efforts by the grantees to comply with Section 3. Grantees or contractors subject to Section 3 requirements must maintain appropriate documentation to establish that HUD financial assistance for housing and community development programs were directed toward low and very low-income persons.

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| 1. Recipient/Project Name and address: | Enter the name of the reporting project. |
| 2. Federal Identification Number (or DCA Nbr): | Enter DCA's assigned project funding round number. |
| 3. Total Amount of Award: | Enter the dollar amount received by the recipient or contractor. |
| 4. Contact person: | The person with knowledge of the award and the recipient's implementation of Section 3, DCA staff may contact with questions about this report. |
| 5. Phone: | The telephone number and email address of the contact person. |
| 6. Contract Begin and End Date: | Enter the project's contract dates – beginning, ending, revised ending. |
| 7. Reporting Period: | Month reported. |
| 8. Date Report Submitted: | Report data completion date. |
| 9. Program Code: | Select HOME State Administered, if box is empty. |
| 10. Program Name: | Corresponds with item 9. |

Part I: Employment and Training

- **Column A:** Job categories: “Professionals” include those with educationally-based expertise other than construction trades (i.e.: architects, engineers, surveyors, planners, and computer programmers). For construction positions, select trade names that most closely resemble the ones involved on your job site and provide data in columns B through F for each trade where person were employed.
- **Column B:** Enter the number of all new hires for each job category identified in Column A. “New Hire” refers to a person who is not on the award recipient’s or contractor’s payroll for employment at the time of selection for Section 3 award or at the time of receipt of Section 3 covered assistance.
- **Column C:** Enter number of Section 3 new hires for each category of workers identified in Column A in connection with this award. “Section 3 new hire” refers to a Section 3 resident (24 CFR 135.5 definitions) not employed by the contractor prior to contract award.
- **Column D:** This field will automatically calculate, dividing column C by B, for % of Aggregate Number of Staff Hours of New Hires that are Sec. 3 Residents
- **Column E:** Percent of Total Staff Hours for Section 3 Employees and Trainees. For each job category reporting new hires, enter Section 3 employees’ and trainees’ hours worked for this reporting period, under “S3E&TH” [E1]. Under “TSH” [E2] enter total staff hours worked in connection with this award. Section 3 residents hired prior to contract award count toward “all staff hours” but not toward “new hires.” The column under “=%” [E3] will calculate automatically, by dividing “S3E&TH” by “TSH.”
- **Column F:** Section 3 trainees. Enter the number of Section 3 trainees for this job category during this reporting period. Only if enrolled in a HUD-approved apprenticeship or DOL training program (HUD.gov), may workers count as “trainees”

Part II: Contracts

This section refers to contracts issued by the DCA recipient.

Construction

- **Item A:** Enter the total dollar amount of all construction contracts issued by the owner for this project.
- **Item B:** Enter the total dollar amount of construction contracts on this project awarded to Section 3 businesses.
- **Item C:** This field will automatically calculate, by dividing Item B by Item A.
- **Item D:** Number of construction contracts with Section 3 businesses (those 51% or more owned by Section 3 residents or in which 30% of permanent, full-time employees qualify as Section 3 residents, or in which the business commits to subcontract more than 25% of work to Section 3 businesses (24 CFR 135.5)).

Non-construction Contracts

- **Item A:** Enter the total dollar amount of all non-construction contracts issued by the owner for this project.
- **Item B:** Enter the total dollar amount of non-construction contracts on this project awarded to Section 3 businesses.
- **Item C:** This field will automatically calculate, by dividing Item B by Item A.
- **Item D:** Number of non-construction contracts with Section 3 businesses (those 51% or more owned by Section 3 residents or in which 30% of permanent, full-time employees qualify as Section 3 residents, or in which the business commits to subcontract more than 25% of work to Section 3 businesses (24 CFR 135.5)).

Part III: Outreach – Demonstration of Good Faith Efforts

Indicate which Section 3 outreach activities the recipient and its contractors performed prior to new hiring or contracting for the project.

Section 3 compliance – subject to monitoring, audit, and sanctions – depends on either meeting the numerical goals (24 CFR 135.30) or demonstrating why the recipient or contractor could not feasibly meet them. In such cases, the recipient must describe obstacles to achieving program goals, as well as describing efforts intended to overcome them.

A contract recipient may enact and report other economic opportunities, such as those listed in 24 CFR 135.40, which they use to meet Section 3 obligations.