



## City of Mishawaka Section 3 Plan

### **Policy Statement**

The City of Mishawaka supports the Department of Housing and Urban Development's (HUD's) legislative efforts to provide preference to low- and very low-income residents of the local community (regardless of race and gender), and the businesses that substantially employ these persons, for new employment, training, and contracting opportunities resulting from HUD funded projects.

### **What is Section 3?**

Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u) (Section 3) requires the City of Mishawaka to ensure that employment and other economic and business opportunities generated by the Department of Housing and Urban Development (HUD) financial assistance, to the greatest extent feasible, are directed to public housing residents and other low-income persons, particularly recipients of government housing assistance, and business concerns that provide economic opportunities to low- and very-low income persons.

Section 3 is applicable when the normal completion of construction and rehabilitation projects creates the need for new employment, contracting, or training opportunities. If the expenditure of covered funding does not result in new employment, contracting, or training opportunities, the requirements of Section 3 are not applicable.

As a recipient of HUD Community Planning and Development assistance, the City of Mishawaka certifies it will comply with the requirements of Section 3. HUD Community Planning and Development programs include the CDBG, HOME, and Neighborhood Stabilization Programs. The requirements of Section 3 also apply to contractors or subcontractors that receive contracts in excess of \$100,000 for Section 3 eligible projects / activities.

HUD's regulations on Section 3 can be found in the Code of Federal Regulations, at 24 CFR 135.

### **Eligible Projects**

All projects / activities involving housing construction, demolition, rehabilitation, or other public construction, i.e., roads, sewers, community centers, etc., that are completed with HUD Community Planning and Development funding are subject to the requirement of Section 3.

### **Section 3 Residents**

1. Are residents of Public and Indian Housing; or
2. Are individuals that reside in the metropolitan area in which the Section 3 applicable assistance is expended and whose income does not exceed the local HUD income limits set forth for low- or very low-income households.

### **Section 3 Business Concerns**

To be considered a Section 3 Business Concern, at least one of the following must apply:

1. Business is 51% or more owned by Section 3 residents;
2. At least 30% of the business's permanent, full-time employees are currently Section 3 residents, or within three years of the date of first employment with the firm were Section 3 residents; or
3. Business provides evidence of a commitment to subcontract in excess of 25% of the dollar amount of all subcontracts to be awarded to businesses that meet the qualification described above.

In accordance with the regulation, residents and business concerns seeking Section 3 preference shall certify, and/or submit evidence to the City of Mishawaka, contractor, or subcontractor, verifying that they meet the definitions provided above.

### **Implementing Procedures to Ensure Section 3 Requirements**

The following Bid Specifications & Contract clause is included in all City of Mishawaka bid specifications and contracts whose funding is derived from HUD and involves housing construction, demolition, rehabilitation, or other public construction, i.e., roads, sewers, community centers, etc.

*'The work to be performed under this bid specification / contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended. 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'*

### **Compliance to Section 3:**

To ensure compliance with Section 3 requirements, the City of Mishawaka will document actions taken to comply, including but not limited to:

1. Facilitating the training and employment of Section 3 residents by notifying the Mishawaka Housing Authority, local job training centers, and Workforce One of new employment, training, or contracting opportunities resulting from the expenditure of covered funding;
2. Assisting and actively cooperating with HUD in ensuring contractors and subcontractors comply with Section 3;
3. Refraining from entering into contracts with contractors that are in violation of Section 3 regulations; and
4. Documenting actions taken to comply with Section 3 and submitting Section 3 Summary reports (HUD Form 60002).