NYC Recovery | Community Development Block Grant Disaster Recovery

CDBG-DR Section 3 Policy and Reporting Procedures

The **Section 3** program requires that New York City, as a recipient of Community Development Block Grant (CDBG-DR) funding, to the greatest extent possible, provide job training, employment, and contract opportunities for low- or very-low income residents in connection with CDBG-DR funded projects and activities in their neighborhoods.

OMB's Role and Responsibilities

- Provide HUD with the Annual Section 3 Summary Report through HUD's Section 3 reporting system (FORM HUD 60002)
- Provide guidance and Technical Assistance (TA) to all partner agencies on Section 3 policy and applicable updates from HUD
- Distribute OMB CDBG-DR Section 3 reporting templates to agency partners on an annual basis
- Monitor Section 3 compliance of all partner agencies
    - This may include on-site visits, documentation review, and record keeping compliance checks
- Collect and compile all Section 3 reports for partner agencies and their respective contractors/sub-contractors
- Formulate final report for the CDBG-DR program and submit to HUD following all applicable reporting deadlines. HUD Section 3 reporting is based on the Federal Fiscal Year.

Partner Agency Roles and Responsibilities

Section 3 Covered Project: CDBG-DR funded projects that have a scope of construction, rehabilitation, or repairs

City agencies with programs funded either in whole or in part through CDBG-DR funds must participate in Section 3 reporting. The City's CDBG-DR reporting templates must be completed by all agencies that manage Section 3 covered projects whose budgeted amount exceeds $100,000. All agencies should follow the reporting schedule and instructions provided by OMB's CDBG-DR Program Unit. This guidance will be circulated to all partner agencies prior to the end of each calendar year.

- Agencies are required to report on "Section 3 covered projects" only. Under the City's CDBG-DR program these are projects that have a scope of construction (housing or other public construction), rehabilitation, and/or demolitions.
    - An agency that manages the procurement of a CDBG-DR project is responsible for coordinating the Section 3 reporting for that project. This includes collecting the required Section 3 policy data, providing guidance to contractors about Section 3 compliance, and submitting completed CDBG-DR Section 3 reporting templates to OMB.
        - For this reporting period the attached CDBG-DR Section 3 Agency Reporting Form and the CDBG-DR Section 3 Contractor Reporting Form are due to OMB by **February 9, 2016**

An agency that manages the procurement of a CDBG-DR project is responsible for coordinating the Section 3 reporting for that project.

- Any employment resulting from the expenditures of CDBG-DR funds on Section 3 covered projects is subject to compliance with Section 3.

- Partner agencies must document the number of new, CDBG-DR funded agency employees hired in conjunction with programs covered by Section 3 and whether those employees are Section 3 residents.
    - To document the income of your employees, you should utilize the Employee Self-Affirmation Form distributed by the OMB CDBG-DR Unit. It is not mandatory that employees complete these forms. However, you should explain to your staff the importance of the form and that this information helps the City document compliance with federal regulations.
    - Agencies should also document all instances of employees failing to complete the form. Documentation of refusal includes the date the form was provided, date of refusal to sign, employee's name and job title, state circumstances of refusal, date, name, and signature of person documenting the refusal.
    - Under the New York City CDBG-DR program, there are **two provisions** that set the guidelines for determining who can be considered a Section 3 resident. Both provisions are based on HUD defined income limits.
        - Provision 1 – Individual Income: *An individual is eligible to be considered a Section 3 resident if their annual wage or salary is at, or under, the HUD income limit for a one-person family [the FY15 limit is $48,350]*
        - Provision 2 – Income based on Household Size: *An individual is eligible to be considered a Section 3 resident if they live in New York City public housing or in the five boroughs and have a household income that falls at or below HUD's income limit*
    - HUD issues Section 3 income limit data each year. The applicable income limits for each reporting period will be distributed by OMB to all partner agencies. They can also be found here: http://www.huduser.org/portal/datasets/il/il14/index.html

> The eligibility of a **Section 3 Resident** can be based on either:
>
> - Individual annual income **OR**
> - Income based on household size

- Document the number of **all** CDBG-DR funded Section 3 and non-Section 3 employees that are already part of the agency's staff.
    - Further information on Section 3 resident provisions can be found on Page 2 of the CDBG-DR Section 3 Agency Reporting Form and in the Appendix.
    - Data on the total number of New Hires and Section 3 New Hires should be documented in Part III and Part IV of the Agency Reporting Form.
    - **HUD defines Section 3 New Hires as "full time employees".** All full-time employees hired in connection with CDBG-DR projects should be captured in the chart on page 3 of the Agency and Contactor reporting forms under the "Hiring" section. Any part-time new hires should be captured under the "Training, Part-Time and Other Employees" section of the chart.
- Submit annual reports to OMB that summarize the number of Section 3 new hires, employees (part-time and full-time), and trainees for each year that your program is CDBG-DR funded.
- Maintain the Section 3 employment documentation in your files for a minimum of five years.

- Document the number and total dollar amount of CDBG-DR funded construction and non-construction construction contracts (non-building trade works), specific to Section 3 covered projects.
- Document the number and total dollar amount of Section 3 covered contracts that were awarded to Section 3 Business Concerns
- Your compliance with these requirements is essential to the City meeting its federally-mandated Section 3 goals, which are, on a calendar year basis:
    - 30% of all new hires on applicable projects will be Section 3 residents; *and*
    - 10% of the total dollar amount of all contracts' building trades work will be with Section 3 Business Concerns; *and*
    - 3% of the total dollar amount of all other applicable contracts per calendar year will be with Section 3 Business Concerns.
- **Notify your contractors of their Section 3 responsibilities**; monitor their compliance; ensure that Federal Riders- Appendix B and the Hurricane Sandy CDBG-DR Appendix, which includes the Section 3 clause are included in all CDBG-DR funded contracts; provide contractors with the Section 3 Appendix, Section 3 Business Certification Form and the CDBG-DR Contractor Reporting Form; and collect their completed reporting forms for all open, applicable contracts on an annual basis. If you award a contract for less than $100,000 but the contractor voluntarily hires low- and moderate-income persons, you may report those hires as well.
- *To the greatest extent feasible,* pursue contracting opportunities with Section 3 business concerns
    - Prioritize local work being done at NYCHA sites
    - If work is not being done at a NYCHA site, focus on awarding subcontracts to Section 3 business concerns

Section 3 Business Concern:

- 51% or more owned by Section 3 residents; OR
- At least 30% of full-time employees are Section 3 residents; OR
- Commitment to issue over 25% of subcontracts to an eligible Section 3 Business Concern that meets one of terms above

Contractor Responsibilities

Contractors that have been procured by City agencies for a CDBG-DR funded project in excess of $100,000 must do the following:

- Document the number of new hires for the CDBG-DR covered project:
    - Any new employment created as a result of the CDBG-DR project is subject to Section 3 compliance. New hires categories that should be counted include, but are not limited to: construction, administration, clerical, and management positions related to the Section 3 covered project
    - Contractors must track the number of new hires and any public works training positions AND
    - Report on the number of new hires that are filled by Section 3 residents
- If contractors have a collective bargaining agreement with any labor organization or other group of workers, they must send them a notice advising them of the Section 3 requirements.
    - The notice should state the minimum number 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.

  - The contractors must also post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can easily see the notice.

- Provide adequate notification to Section 3 residents about possible employment and training opportunities that result from the CDBG-DR funded project. Methods of notifying residents include utilizing local media outlets, prominently displaying signs at the project sites, and/or notifying local community organizations.

- Submit annual reports that summarize the number of Section 3 new hires, employees, and trainees for each year that their contract is open. The contractors should submit a completed "Summary Report Form for Contractors and Subcontractors" for the applicable reporting period. Section 3 reporting is based on the Federal Fiscal Year. City agencies will provide guidance on the time period covered for each reporting period.

- Document all efforts to comply with Section 3 Policy as outlined in the Section 3 Clause

  - Contractors should keep detailed narrative description of all actions taken to comply with Section 3 regulations

  - Contractors should document attempts to collect employee Self-Affirmation forms for Section 3 resident eligibility

- Maintain the Section 3 employment documentation in their files for a minimum of five years.

- Any subcontract in excess of $100,000 that contractors may award as part of their CDBG-DR funded project is also subject to the Section 3 requirements. Accordingly, the contractor must also:
  - Report to your agency the number, dollar value, and types of subcontracts awarded.
  - Report whether each subcontractor is a Section 3 Business Concern.

Section 3 Complaint Policy

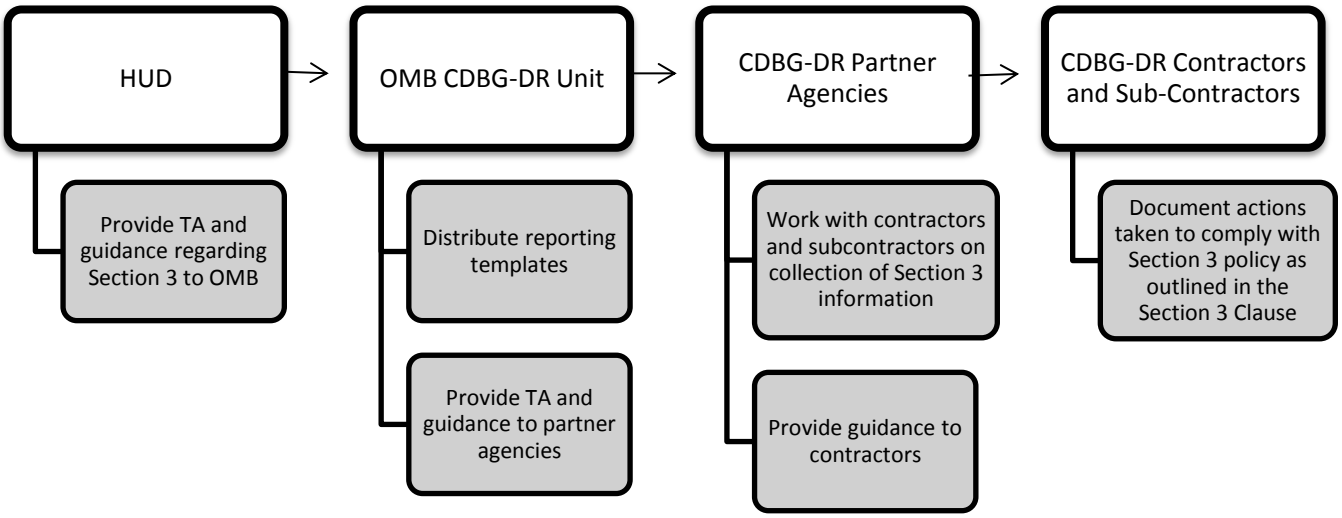
As a general policy, your agency must thoroughly investigate any complaints of non-compliance with Section 3 requirements. However, complaints may also be directed to HUD's New York Office:

U.S. Dept. of Housing and Urban Development
Jacob K. Javits Federal Office Building
26 Federal Plaza, Room 3532 • New York, NY 10278-0068
(212) 542-7519 • TTY (212) 264-0927

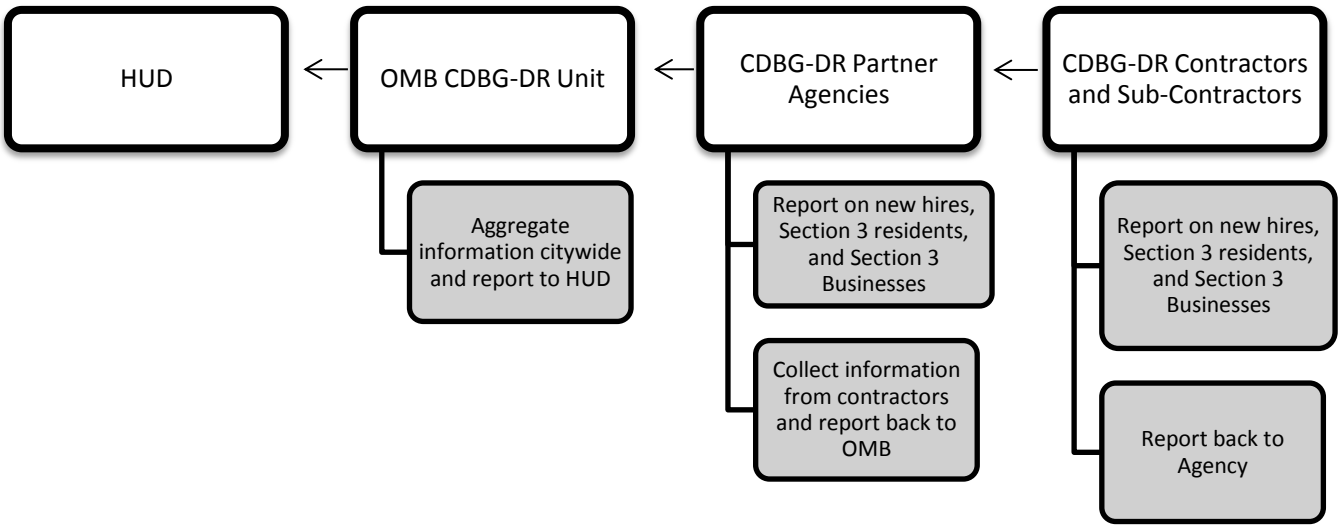
A written complaint should contain the name and address of the person filing the complaint; name and address of subject of complaint (HUD recipient, contractor or subcontractor); a description of acts or omissions in alleged violation of Section 3; and a description of the corrective action sought. Complaints must be filed no later than 180 days from the date of the action or omission upon which the complaint is based.

The City will provide a timely response to every citizen complaint. The response will be provided within 15 working days of the receipt of the complaint, if practicable.

Responsibilities Overview



Reporting Overview



CDBG-DR Section 3 Contractor Reporting Form

The U.S. Department of Housing and Urban Development (HUD), through Community Development Block Grant-Disaster Recovery (CDBG-DR), funds all or a portion of your contract. HUD requires the City to collect staff information on every contractor/subcontractor that receives a CDBG-DR funded, construction-related contract in excess of $100,000, to ensure the City's compliance with Section 3 of the U.S. Housing & Urban Development Act of 1968.

Section 3 requires recipients of HUD financial assistance to provide training, employment and contracting opportunities to Section 3 residents and businesses to the greatest extent feasible, consistent with existing federal, state, and local laws and regulations.

The forms in this reporting packet must be completed by all firms working on a Section 3-covered project whose contract amount exceeds $100,000, even if the firm is not a "Section 3 Business."

You must complete these forms for each year that your CDBG-DR contract is open. **The forms must be submitted to your funding agency in a timely manner and cover the reporting period of Oct 1st, 2014 – Sept 30th, 2015.** If you subcontracted with another firm in excess of $100,000 as part of this project, please forward the subcontractor a separate copy of this form and have them complete Parts II-V.

PART I: FOR PRIME CONTRACTORS

Complete this section ONLY if you are the prime contractor on a CDBG-DR-funded project.

City Agency Overseeing Contract: _____

Project Name: _____

Project Site: _____

Name of Firm: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Report Period: _____

Contract Amount: _____

Date Submitted: _____

PART II: FOR SUBCONTRACTORS

Complete this section ONLY if you are a subcontractor on a CDBG-DR-funded project.

Name of Firm: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Firm Overseeing Subcontract: _____

Subcontract Amount: _____

Date Submitted: _____

INFORMATION ABOUT SECTION 3 RESIDENTS

A Section 3 resident is a public housing resident or an individual who resides in the five boroughs and who is considered to be a low- or moderate-income person.

Under the New York City CDBG-DR program, there are two provisions that set the guidelines for determining who can be considered a Section 3 resident. These two provisions are **Individual Income** and **Income Based on Household Size**. *Please note that the Section 3 Resident income provisions for the New York City CDBG Disaster Recovery grant are different than the guidelines for City's traditional CDBG program.* Please contact your agency liaison for questions related to determining Section 3 residents.

To document the income of your employees, you should utilize the "Employee Self-Affirmation Form" distributed by OMB to city agencies and also found with this CDBG-DR Section 3 reporting package.

Individual Income

Income is defined as the total annual income a person earns, all sources of income must be counted. Employees should refer to their tax returns from the year prior to their hire to determine whether their income falls below the limits. For example, an employee hired on January 1, 2015 would refer to their 2014 income.

For the **current reporting period** (FY15) Section 3 Resident can be defined as a single person who has an annual salary (before taxes) of $48,350 or less. This income limit went into effect 03/06/15 and applies to the majority of this reporting period. If FY 2014 data is needed, please contact your agency liaison.

Income Based on Household Size

Income is defined as the total annual income of all family and non-family members 18+ years old living within the household. All sources of income must be counted from all persons in the household.

Household Size	Income Ranges
Household Size of 1	Total income less than $48,350
Household Size of 2	Total income less than $55,250
Household Size of 3	Total income less than $62,150
Household Size of 4	Total income less than $69,050
Household Size of 5	Total income less than $74,600
Household Size of 6	Total income less than $80,100
Household Size of 7	Total income less than $85,650
Household Size of 8	Total income less than $91,150

CDBG-DR Section 3 Contractor Reporting Form

PART III: EMPLOYMENT AND TRAINING OPPORTUNITIES

1. Did your firm hire or train any new individuals in connection with any CDBG-DR-funded construction projects within the past calendar year? ☐ YES ☐ NO	2. Did your firm hire any subcontractors in connection with this award? ☐ YES ☐ NO

3. If yes, was the value of any of these subcontracts in excess of $100,000?

☐ YES* ☐ NO

*If you answered yes, please forward each subcontractor a separate copy of this form and have them complete Parts II-V

CONTRACTOR EMPLOYMENT AND TRAINING OPPORTUNITIES	**Hiring** A New Hire refers to a person who was hired in connection with the Section 3-covered project and was hired during the period covered by this report. A Section 3 New Hire refers to a person from a low- and moderate-income household (as defined by the Employee Self Certification form) who was hired in connection with the Section 3-covered project.		**Training, Part-Time, and Other Employees** Training and Other Employment Related Opportunities: Include all employment opportunities generated by the expenditure of CDBG-DR funds on a section 3 covered project. Examples: use of "upward mobility", "bridge" and trainee positions to fill vacancies; hiring section 3 residents in management and maintenance positions within other housing developments; and hiring section 3 residents in part-time positions.	
Job Category	**TOTAL Number of New Hires**	**Number of New Hires That Are Section 3 Residents**	**TOTAL Number of Part-Time, Other Employees, and Trainees**	**Number of Part-Time, Other Employees, and Trainees That Are Section 3 Residents**
Professionals				
Technicians				
Office and Clerical				
Officials and Managers				
Sales				
Craft Workers (skilled)				
Operatives (semiskilled)				
Laborers (unskilled)				
Service Workers				
Other (List below)				
Total				

PART IV: SUMMARY OF EFFORTS

1. Did your firm recruit low- or moderate-income residents through local advertising media; signs prominently displayed at the project sites; contacts with community organizations, and/or private or public agencies operating within the five boroughs? ☐ YES ☐ NO	2. Did your firm participate in a program that promotes the training or employment of Section 3 residents? ☐ YES ☐ NO
3. Did your firm participate in a HUD program or other program that promotes the awards of contracts to business concerns which meet the definition of Section 3 business concerns? ☐ YES ☐ NO	
4. If you answered "Yes" to any of the previous questions, please describe your efforts in the space below. Use as much space as necessary.	

Part V: Signature

I affirm that the statements contained in this report are true, complete, and correct to the best of my knowledge and belief.

_____
Signature of Authorized Representative of Contractor / Subcontractor

_____
Print Name:

_____
Title Date

Employee Self-Affirmation Form for FFY2015 (10/1/14 – 9/30/15)

This position is funded through Community Development Block Grant-Disaster Recovery (CDBG-DR) funds, which New York City receives from the Federal Department of Housing and Urban Development (HUD). To comply with Section 3 of the Housing and Urban Development Act of 1968, the City is required to collect residency and income information for persons involved with construction-related programs with budgets of $100,000 or more. **Your response is voluntary, confidential, and has no effect on your employment.** However, the information on the form will help the City maintain the federal funds that support your position.

1. Do you wish to provide information?

☐ **YES** ☐ **NO***

*** *If you answer NO, please return this form to your employer.*

2. Are you a resident of the five boroughs of New York City?

☐ **YES** ☐ **NO****

*** *If you answer NO, please return this form to your employer.*

3. If YES, are you a resident of NYCHA public housing facilities?

☐ **YES** ☐ **NO**

4. Please check the box that most accurately describes your job classification.

☐ Professional
☐ Office and Clerical
☐ Sales
☐ Operative (semiskilled)
☐ Service Worker
☐ Technician
☐ Official / Manager
☐ Craft Worker (skilled)
☐ Laborer (unskilled)
☐ Other: _____

5. Under the New York City CDBG-DR program, there are two provisions that set the guidelines for determining who can be considered a Section 3 resident. These two provisions are detailed below as **Option A** or **Option B**. Choose the option that you believe you can answer most accurately.

OPTION A – Individual Income

What is the income range you believe **you** earn on an annual basis? Income is defined as the total annual income you earn. All sources of income must be counted. Please check one box:

☐$0 - $48,350 ☐$48,351+

OPTION B – Income based on household size

Find the number of persons in your household (HH) and then **check the box** that contains the income range you believe your **household** earns on an annual basis. Income is defined as the total annual income of all family and non-family members 18+ years old living within the household. All sources of income must be counted from all persons in the household.

HH of 1:	☐ $0 - $48,350	☐ $48,351+
HH of 2:	☐ $0 - $55,250	☐ $55,251+
HH of 3:	☐ $0 - $62,150	☐ $62,151+
HH of 4:	☐ $0 - $69,050	☐ $69,051+
HH of 5:	☐ $0 - $74,600	☐ $74,601+
HH of 6:	☐ $0 - $80,100	☐ $80,101+
HH of 7:	☐ $0 - $85,650	☐ $85,651+
HH of 8:	☐ $0 - $91,150	☐ $91,151+

I affirm that the above statements are true, complete, and correct to the best of my knowledge and belief.

Signature _____ Date _____

Print Name _____ Date Hired _____

EMPLOYERS MUST RETAIN THIS FORM IN THEIR SECTION 3 COMPLIANCE FILE FOR FIVE YEARS

NYC Recovery | Community Development Block Grant Disaster Recovery

CDBG-DR Section 3 Business Certification Form

Your contract is funded either in whole or in part by the Community Development Block Grant- Disaster Recovery grant (CDBG-DR), which is provided through the United States Department of Housing and Urban Development (HUD). HUD requires the City to collect staff information on every developer, contractor, subcontractor, etc. that receives a CDBG-DR funded, construction-related contract in excess of $100,000, to ensure the City's compliance with Section 3 of the U.S. Housing & Urban Development Act of 1968. Section 3 requires recipients of HUD financial assistance to provide training, employment and contracting opportunities to Section 3 residents and businesses to the greatest extent feasible, consistent with existing federal, state, and local laws and regulations.

You can utilize this form to pre-certify that you are a Section 3 business concern during the RFP process or after being awarded a CDBG-DR funded contract.

Company: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

City Agency Overseeing Contract: _____

1. Is your company currently certified as a Section 3 business by the New York City Housing Authority (NYCHA)?

☐ **YES** ☐ **NO**

2. Is your business owned (51% or more) by residents of New York City Housing Authority (NYCHA)?

☐ **YES** ☐ **NO**

3. Is your business owned (51% or more) by individuals whose household incomes or individual income meets the Section 3 Income Limits in the Table to the right?

☐ **YES** ☐ **NO**

4. Do 30% (or more) of your full time, permanent employees have household incomes or individual incomes that meet the Section 3 Income Limits in the Table to the right?

☐ **YES** ☐ **NO**

SECTION 3 INCOME LIMITS

Under the New York City CDBG-DR program, there are two provisions that set the guidelines for determining who can be considered a Section 3 resident. These two provisions are detailed below as **Option A** or **Option B**.

OPTION A – Individual Income

Option A is based on the income range a person earns on an annual basis. Income is defined as the total annual income that you earn. All sources of income must be counted. The income limit for a Section 3 resident this reporting period is **$48,350**

OPTION B – Income based on household size

Find the number of persons in your household (HH) and then and the income range you believe your household earns on an annual basis. Income is defined as the total annual income of all family and non-family members 18+ years old living within the household. All sources of income must be counted from all persons in the household.

HH Size	Section 3 Income Limit
HH of 1:	$0 - $48,350
HH of 2:	$0 - $55,250
HH of 3:	$0 - $62,150
HH of 4:	$0 - $69,050
HH of 5:	$0 - $74,600
HH of 6:	$0 - $80,100
HH of 7:	$0 - $85,650
HH of 8:	$0 - $91,150

5. Are 30% (or more) of your full-time, permanent employees residents of New York City Housing Authority (NYCHA)? ☐ **YES** ☐ **NO**	6. Will you sub-contract more than 25% of this contract with any business that has any of the characteristics noted in Questions 1-5? ☐ **YES** ☐ **NO**

SUBCONTRACTOR LISTING

If you plan to subcontract for any of the work on this project, please complete the chart below for each subcontracting firm and return the form to the funding City agency.

Subcontractor Name	**Address**	**Type of Contract** *(i.e. specified building trade, professional services, etc.)*	**Amount of Subcontract**	**Is this business a Section 3 business?***
			$	
			$	
			$	
			$	
			$	
			$	
			$	
			$	
			$	

**If YES, a Section 3 Business Questionnaire should be completed by the business and must be attached.*

I certify that the above statements are true, complete, and correct to the best of my knowledge and belief.

Signature: _____

Print Name: _____

Title: _____

Date: _____

COPY THIS FORM AS NEEDED