Puerto Rico Public Housing Administration

Modernization Program

**Procedure for Section 3**

**Introduction**

The purpose of Section 3 of the Housing and Urban Development Act of 1968, as amended, 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. In addition to employment, job training and contracting opportunities are provided to the residents where HUD invests Federal funds in housing and community development projects (24 CFR 135.1).

**Applicability**

1. Section 3 applies to construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), and other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance (24 CFR 135.3).

2. In modernization projects the requirements of this Section apply to all contractors and sub-contractors performing work in connection with projects and activities funded by public and Indian Housing assistance covered by Section 3, regardless of the amount of the contract or sub-contract.

**Priorities**

Receive priority under Section 3:

1. For training and employment

a) Persons in Public and assisted housing.

b) Persons in the neighborhood.

c) Participants in HUD in youth build programs.

d) Homeless persons.

2. For contracting.

Business owned by Section 3 residents or employ Section 3 residents in full-time positions or subcontracts with businesses, which provide economic opportunities to low income persons.

**Program Manager Responsibilities under Section. 3**

Pursuant to the agreement between Program Managers and Puerto Rico Public Housing Administration for R.F.P No. A. V.P.-R.F.P-97-98-O.I.F.

1. To the greatest extent feasible, the Program Manager shall utilize and require all contractors, subcontractors and other contract awardees to utilize public housing residents first and then other lower income neighbors to fill new hiring needs for trainees and employees whenever the opportunity to do so arises during the execution of work under this agreement. Only after a good faith effort is made to fill these positions will the Program Manager, contractor, subcontractor or other contract awardees fill these positions with people outside the residents' population.

A minimum of thirty percent (30%) of new hires of the labor component of each contractor and subcontractor's work force must be constituted by the residents of the public housing development being modernized. The PRPHA may reduce this number if provided with acceptable evidence that the minimum number herein required of public housing development residents is not feasible.

2. Additionally, the Program Manager and its' contractors and subcontractors shall to the greatest extent feasible, subcontract with business owned by the PRPHA residents or business whose work force comprises 30% or more the PRPHA residents.

**Responsibilities of the Contractor under Section 3**

1. The contractor will send to each labor organization or representation of workers for which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers representative of the contractor's commitments under Section 3 clause.

2. The contractor will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each and the name and location of the person(s) taking applications for each of the positions and the anticipated date the work shall begin. The notice shall also be posted.

3. The contractor shall send the notice to any employment organization in the neighborhood.

4. The contractor shall include a Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135 and agrees to take appropriate action upon finding that the subcontractor is in violation of the regulations in 24 CFR part 135.

5. The contractor shall maintain an inventory of all persons available to work in the project under Section 3 ([**Attachment A**](Formato%20de%20INVENTARIO%20DE%20EMPLEADO%20de%20seccion%2031.xls)).

6. The contractor shall maintain a record of all persons employed under Section 3 ([**Attachment B**](Formato%20de%20Registro%20DE%20EMPLEADO%20de%20seccion%2031.xls)).

**Procedure to Assure Compliance with Section 3**

1. The Program Manager will verify in the project if the contractor complied with the following:

a) Posted the employment notices.

b) Contacted the labor organizations and the employment companies.

c) Maintained records of persons available for employment under Section 3 and persons employed ([**Attachment A**](Formato%20de%20INVENTARIO%20DE%20EMPLEADO%20de%20seccion%2031.xls)[**and B**](Formato%20de%20Registro%20DE%20EMPLEADO%20de%20seccion%2031.xls)).

2. The Program Manager will prepare a report to PRPHA Associate Administrator Operations Area with quarterly indications of the persons employed in each project under Section 3 ([**Attachment C**](Formato%20de%20informe%20de%20seccion%2031.xls)).

3. The Program Manager shall notify PRPHA of any contractor who is not in compliance with Section 3 and recommend actions to be taken against the contractor pursuant to the provisions of 24 CFR 135.

4. The Program Manager will submit to PRPHA Associate Administrator Operations Area not later than August 30 of each year a Section 3 Summary Report (form HUD-60002) ([**Attachment D**](HUD%2060002.pdf)) that will be used by PRPHA to prepare the annual report to HUD.