

City of High Point

*Municipal Office Building
211 S. Hamilton Street
High Point, NC 27260*



Meeting Agenda

Tuesday, September 13, 2022

4:00 PM

Council Chambers

Community Development Committee

*Christopher Williams, Chair
Wesley Hudson
Cyril Jefferson
Tyrone Johnson
Mayor Jay Wagner (Alternate)
Mayor Pro Tem Monica Peters (Alternate)*

Community Development Committee - Council Member Williams, Chair

CALL TO ORDER

PRESENTATION OF ITEMS

- [2022-398](#) Update-Local Codes regarding Minimum Housing Cases
Staff will be giving an update regarding the local codes for Minimum Housing Cases.
Attachments: [Local Codes Update - Blight Reduction Efforts](#)
- [2022-399](#) Approval Request-Homebuyer Assistance Programs
Staff will be providing an update regarding the homebuyer assistance provided through City Programs; and will be requesting a recommendation to city council for approval.
Attachments: [Homebuyer Assistance Update](#)
- [2022-400](#) Approval Request-Section 3 Policy with Revisions
Staff will discuss the Section 3 Policy with Revisions; and will be requesting a recommendation to city council for approval.
Attachments: [Section 3 Revision](#)
- [2022-401](#) Approval Request-Presumption of Affordability Provision
Staff will discuss the Presumption of Affordability Provision; and will be requesting a recommendation to city council for approval.
Attachments: [Recapture Resale Provisions Revised 9.2022](#)

ADJOURNMENT

CITY OF HIGH POINT

AGENDA ITEM

**Title: Homebuyer Assistance Programs Update**

From: Thanena S. Wilson, Interim Director,
Community Development & Housing

Meeting Date: September 13, 2022

Public Hearing: N/A

Advertising Date: N/A

Advertised By: N/A

Attachments: None

PURPOSE:

Community Development & Housing staff will provide an update on homebuyer assistance provided through City programs. Staff will discuss market trends and make recommendations for revisions to the program policy and underwriting guidelines.

BACKGROUND:

Down payment and closing cost assistance is provided to eligible homebuyers through the Homebuyer Assistance Program and the Core City Homebuyer Incentive Program. As buyers in the affordable housing market are having difficulty competing for available properties, there is a greater need for assistance and incentives that can make offers to purchase more attractive to sellers.

BUDGET IMPACT

None

RECOMMENDATION/ACTION REQUESTED:

The Community Development & Housing Department recommends City Council approval.

HOMEBUYER ASSISTANCE PROGRAMS

PROGRAM POLICY AND UNDERWRITING GUIDELINES

Recommended Revisions

CURRENT POLICY	RECOMMENDED REVISION
Maximum assistance is \$5,000	Increase maximum assistance to \$7,500
No provision	Maximum seller contribution is 6% of the sales price to be used only toward closing costs
Front-end housing expense ratio is 31%	Increase front-end housing expense ratio to 33%
Maximum asset limit is \$10,000 for buyers at or below 80% AMI	Increase asset limit to \$20,000 for buyers at or below 80% AMI
No asset limit for buyers over 80% AMI	Impose asset limit of \$50,000 for buyers over 80% AMI
Loan repayment terms for buyers at or below 80% AMI: deferred for 3 years, then payments at 3% interest over 5 years	Loan repayment terms for buyers at or below 80% AMI: deferred loan, 0% interest over 5 years; balance forgiven at a prorated amount of 20% each year

CITY OF HIGH POINT

AGENDA ITEM

**Title: Blight Reduction Efforts**

From: Thanena S. Wilson, Interim Director,
Community Development & Housing

Meeting Date: September 13, 2022

Public Hearing: N/A

Advertising Date: N/A

Advertised By: N/A

Attachments: None

PURPOSE:

This is to update the Committee on the trend Local Codes is seeing regarding minimum housing cases.

BACKGROUND:

The Local Codes Division of the Community Development & Housing Department was tasked in 2016 with reducing blight by proactively identifying substandard housing and public nuisance violations.

BUDGET IMPACT

None

RECOMMENDATION/ACTION REQUESTED:

No action is needed.

CITY OF HIGH POINT

AGENDA ITEM

**Title: Recapture and Resale Policy Revision**

From: Thanena S. Wilson, Interim Director,
Community Development & Housing

Meeting Date: September 13, 2022

Public Hearing: N/A

Advertising Date: N/A

Advertised By: N/A

Attachments: Presumption of Affordability Provision

PURPOSE:

To comply with HOME regulations pertaining to continued affordability of HOME-assisted homebuyer properties, the Recapture and Resale Policy is being revised to include the Presumption of Affordability provision.

BACKGROUND:

Section 215 of the HOME statute establishes specific requirements that all HOME-assisted homebuyer housing must meet to qualify as affordable housing. Specifically, all HOME-assisted homebuyer housing must have an initial purchase price that does not exceed 95 percent of the median purchase price for the area, be the principal residence of an owner whose family qualifies as low-income at the time of purchase, and be subject to either resale or recapture provisions. The HOME statute states that resale provisions must limit subsequent purchase of the property to income-eligible families, provide the owner with a fair return on investment, including any improvements, and ensure that the housing will remain affordable to a reasonable range of low-income homebuyers. The HOME statute also specifies that recapture provisions must recapture the HOME investment from available net proceeds to assist other HOME-eligible families. Each PJ must establish its resale and/or recapture provisions in writing and submit the provisions to HUD for approval.

BUDGET IMPACT

None

RECOMMENDATION/ACTION REQUESTED:

The Community Development and Housing Department requests a recommendation to City Council for approval.

Presumption of Affordability [§92.254(a)(5)(i)(B)]

In certain neighborhoods, housing can be presumed to provide a fair return to an original homebuyer upon sale, to be available and affordable to a reasonable range of low-income homebuyers, and to serve as the primary residence of a low-income family during the period of affordability. In such cases, the PJ does not need to impose resale restrictions because the characteristics of the neighborhood make it probable that these requirements will be met without the imposition of the restrictions. Instead, §92.254(a)(5)(i)(B) of the HOME rule states that the PJ may identify certain neighborhoods with housing and income conditions that will:

1. Provide ongoing affordable home prices,
2. Ensure that the sales price of a home will provide a fair return to the original homebuyer, and
3. Provide a pool of income-eligible homebuyers from the residents of the neighborhood.

A presumption of affordability will allow the City to meet the HOME resale requirements without the imposition of specific enforcement mechanisms. The City can also perform a combined market analysis for a limited number of contiguous neighborhoods that are similarly situated with respect to demographic profile, housing market, and economic conditions

To obtain a presumption of affordability, the City must complete a market analysis of the neighborhood in which the housing is located and submit the analysis for HUD review and approval. The market analysis must include an evaluation of the location and characteristics of the housing and residents in the neighborhood, including:

1. Sale prices,
2. Age and amenities of the housing stock,
3. Incomes of residents, and
4. Percentage of owner-occupants.

The City must compare these neighborhood-specific data to the housing conditions and incomes in the larger housing market area. Using an average period of affordability based on the expected investment per unit (e.g., 5, 10 or 15 years), the City must analyze the current and projected incomes of neighborhood residents and determine that such data supports the conclusion that a reasonable range of low-income families will continue to qualify for mortgage financing. An analysis of housing data must support the conclusion that home values are affordable, and will continue to be affordable, for the same average period of affordability.

If the City continues to provide homeownership assistance for housing in the neighborhood without the imposition of resale restrictions, it must annually verify that conditions have not changed. Every three to five years the City must undertake a new market analysis to ensure that it is still reasonable to presume continued affordability.

CITY OF HIGH POINT

AGENDA ITEM



Title: Section 3 Policy Revision

From: Thanena S. Wilson, Interim Director,
Community Development & Housing

Public Hearing: N/A

Attachments: Section 3 Policy with Revisions

Meeting Date: September 13, 2022

Advertising Date: N/A

Advertised By: N/A

PURPOSE:

Effective November 30, 2020, HUD completed the new Section 3 final rule found at 24 CFR Part 75, designed to improve the focus on economic opportunity outcomes while simultaneously reducing the regulatory burden on those entities that receive funds impacted by this requirement. These regulations are applicable to Section 3 projects for which assistance or funds are committed on or after July 1, 2021. The attached policy has been updated to reflect those changes and brings the City's policy in alignment with HUD's Section 3 final rule.

BACKGROUND:

The Section 3 program requires that recipients of certain HUD financial assistance, to the greatest extent possible, provide training, employment, contracting and other economic opportunities to low- and very low-income persons, especially recipients of government assistance for housing, and to businesses that provide economic opportunities to low- and very low-income persons. The City of High Point receives funding through the Community Development and Housing Department, to include CDBG and HOME funds, that requires the implementation of a Section 3 Plan.

BUDGET IMPACT

None

RECOMMENDATION/ACTION REQUESTED:

The Community Development and Housing Department requests a recommendation to City Council for approval.



Section 3 Plan

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I. General Policy Statement

It is the policy of the City of High Point to require its contractors to provide equal employment opportunity to all employees and applicants for employment without regard to race, color, religion, sex, national origin, disability, veteran's or marital status, or economic status and to take affirmative action to ensure that both job applicants and existing employees are given fair and equal treatment. The City implements this policy through the awarding of contracts to contractors, vendors, and suppliers, to create employment and business opportunities for Section 3 residents and other qualified low- and very low-income persons. The policy shall result in a reasonable level of success in the recruitment, employment, and utilization of High Point's Section 3 residents and other eligible persons and Section 3 businesses for contracts partially or wholly funded with Section 3 covered funding from the United States Department of Housing and Urban Development (HUD). The City shall examine and consider a contractor's or vendor's potential for success by providing employment and business opportunities to Section 3 residents prior to acting on any proposed contract award.

II. Section 3 Purpose

Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u) (Section 3) requires the City to ensure that employment and other economic and business opportunities generated by the Department of Housing and Urban Development (HUD) Section 3 financial assistance, to the greatest extent feasible, are directed to low- and very low-income persons (Section 3 workers and Targeted Section 3 workers) and to eligible businesses (Section 3 Businesses) and requires the same of its contractors.

III. Section 3 Contracting Policy and Procedure

The City will adopt a Section 3 Contracting Policy and Procedure to be included in all procurements generated for use with covered HUD funding. The policy and procedure contains goal requirements for awarding contracts to Section 3 Business Concerns. All contractors/businesses seeking Section 3 preference must complete certifications, as appropriate, as acknowledgement of the Section 3 contracting and employment provisions required before submitting bids/proposals to the City. Such certifications shall be adequately supported with appropriate documentation as referenced in the Section 3 Business Application.

For public housing financial assistance, all funding is covered, regardless of the amount of expenditure or size of a contract. This plan applies to development assistance, operating funds, capital funds, and all mixed-finance development.

For housing and community development financial assistance, this plan applies to housing rehabilitation, housing construction, and other public construction projects that exceed \$200,000 or more of housing and community development financial assistance from one or more HUD programs. Applicability is determined at the project level.

For projects funded with Lead and Hazard Control and Healthy Homes Programs, this plan applies to projects that exceed \$100,000.

This plan also applies to projects that include multiple funding sources. Multiple funding source projects include projects that include public housing financial assistance, housing, and community development financial assistance for single or multiple recipients, and the Lead Hazard Control and Healthy Homes Program.

Section 3 requirements **do not** apply to: 1) Material Supply Contracts - § 75.3(b), 2) Indian and Tribal Preferences - § 75.3(c), and 3) Other HUD assistance and other Federal assistance not subject to Section 3 §75.3 (d). However, for financial assistance that is not subject to Section 3, recipients are encouraged to consider ways to support the purpose of Section 3.

IV. Section 3 Plan

The City will maintain a Section 3 Action Plan to identify the goals, objectives, and actions that will be implemented to ensure compliance with the requirements of Section 3. In addition, contractors will be required to submit a Section 3 Action Plan on each Lead and Hazard Control and Healthy Homes projects over \$100,000. For all other development and construction projects, the threshold is \$200,000

V. Section 3 Employment & Training Goals

It is the policy of the City to utilize residents and other Section 3 eligible persons and businesses in contracts partially or wholly funded with Section 3 covered funding from the Department of Housing and Urban Development (HUD). The City has established employment and training goals that contractors and subcontractors should meet in order to comply with Section 3 requirements. (Reference 24 CFR 75 – Numerical goal for meeting the greatest extent feasible requirement). The numerical goals are:

(for public housing financial assistance)

- 1) Twenty-five (25) percent or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA's fiscal year are Section 3 workers;

Section 3 Labor Hours/Total Labor Hours = 25%

And

- 2) Five (5) percent or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA's fiscal year are Targeted Section 3 workers, as defined at 24 CFR Part 75.11.

Targeted Section 3 Labor Hours/Total Labor Hours = 5%

(for housing and community development financial assistance)

- 1) Twenty-five (25) percent or more of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers;

Section 3 Labor Hours/Total Labor Hours = 25%

And

- 2) Five (5) percent or more of the total number of labor hours worked by all workers on a Section 3 project are Targeted Section 3 workers, as defined at 24 CFR Part 75.21.

$$\text{Targeted Section 3 Labor Hours} / \text{Total Labor Hours} = 5\%$$

It is the responsibility of contractors, vendors and suppliers to implement progressive efforts to attain Section 3 compliance. Any contractor that does not meet the Section 3 numerical goals must demonstrate why meeting the goals were not feasible. All contractors submitting bids or proposals to the City are required to certify that they comply with the requirements of Section 3.

The Section 3 Contract Clause specifies the requirements for contractors hired for Section 3 covered projects. The Section 3 Clause must be included in all Section 3 covered projects. The Section 3 Contract Clause is included in Exhibit 1.

VI. Preference for Contracting With Section 3 Business Concerns

The City, in compliance with Section 3 regulations, will require contractors and subcontractors (including professional service contractors) who receive Section 3 covered funds (any federal funds that are housing rehabilitation, housing construction, and other public construction) to direct their efforts towards contracting with Section 3 business concerns in the following order of priority:

- **Category 1:** Business concerns that are 51% or more owned by residents of the housing development for which the work is performed, or whose full-time, permanent workforce includes 30% of these persons as employees.
- **Category 2:** Business concerns that are 51% or more owned by residents of the High Point Housing Authority (HPHA) other than the housing development where the work is to be performed; or whose full-time permanent workforce includes 30% of these persons as employees.
- **Category 3:** Business concerns that are 51% or more owned by a Section 3 resident(s), or whose permanent, full-time workforce includes no less than 30% Section 3 residents (category 4 business); or that subcontract in excess of 25% of the total amount of subcontracts to Section 3 business concerns.
- **Category 4:** HUD Youthbuild programs being carried out in the service area in which Section 3 covered assistance is expended.

All contractors and subcontractors who receive awards are expected to extend, to the greatest extent feasible, efforts to achieve the numerical goals established by City. In addition, contractors and subcontractors who receive awards exceeding \$200,000 in one program year have the responsibility of enforcing the Section 3 regulations and requirements- the threshold is \$100,000 for projects funded by Lead and Hazard Control and Healthy Homes.

VII. Assisting Contractors to Achieve Section 3 Goal Hiring and Contracting Goals

The City will assist contractors in achieving Section 3 hiring and contracting goals by:

1. Requiring the contractor to submit a Section 3 Action Plan, complete with the number of subcontracting and/or employment opportunities expected to be generated from the initial contract.
2. Section 3 Coordinator will provide contractor with a list of Section 3 business concerns interested and qualified for construction projects.
3. Section 3 Coordinator will review the new hire clause with contractors and subcontractors to ensure that the requirement is understood. It is not intended for contractors and subcontractors to terminate existing employees, but to make every effort feasible to employ Section 3 program participants before any other person, when hiring additional employees needed to complete proposed work to be performed with HUD (federal) funds.

VIII. Section 3 Business Certification Procedure

Any business seeking Section 3 preference in the awarding of contracts with the City shall complete the Section 3 Business Certification form (see Exhibit 3, Business Certification and Resident Application), which can be obtained from the City's Section 3 Coordinator. The business seeking Section 3 preference must be able to provide adequate documentation as evidence of eligibility for preference under the Section 3 Program. Certifications for Section 3 preference for business concerns must be submitted to the Section 3 Coordinator prior to the submission of bids for approval. If the Section 3 Coordinator previously approved the business concern to be Section 3 certified, then the certification can be submitted along with the bid. Section 3 business concerns certifying as "Subcontracting Commitment" must be certified on a per-project basis.

IX. Efforts to Award Contract Opportunities to Section 3 Business Concerns

The City may use the following methods to notify and contract with Section 3 business concerns when contracting opportunities exist.

- Advertise contracting opportunities via newspaper, mailings, posting notices that provide general information about the work to be contracted and where to obtain additional information.
- Provide written or electronic notice of contracting opportunities to all known Section 3 business concerns. The notice will be provided in sufficient time to enable business concerns the opportunity to respond to the bid invitation.
- Conduct workshops on contracting procedures to include bonding and insurance requirements, and other pertinent requirements, in a timely manner in an effort to allow Section 3 business concerns the opportunity to take advantage of any upcoming contracting opportunities.
- Contact business assistance agencies, Minority and Women's Business Enterprise (M/WBE) contractor associations and community organizations to inform them of contracting opportunities and to request their assistance in identifying Section 3 businesses.
- Establish relationships with the Small Business Administration (SBA), Minority and Women's Business Enterprise M/WBE association, Community Development Corporations, and other sources as necessary to assist with educating and mentoring residents with a desire to start their own businesses.

- Seek out referral sources in order to ensure job readiness for Section 3-qualified residents through on-the-job-training and mentoring to obtain necessary skills that will transfer into the external labor market.

X. Contractor's Requirements in Employing Section 3 Participants

Under the City of High Point Section 3 Program, contractors and subcontractors are required to:

- Provide employment opportunities to Section 3 residents/participants in the priority order listed below:
 - a) Category 1 – Section 3 Resident
Residents of the housing development or developments for which the contract shall be expended.
 - b) Category 2 – Section 3 Resident
Residents of other housing developments managed by the HPHA.
 - c) Category 3 – Section 3 Resident
Participants in HUD Youthbuild program being carried out in the project boundary area.
 - d) Category 4 – Section 3 Resident
Residents with a current Section 8 Housing Choice Voucher living in High Point or residents residing in the City who meet the income guidelines for Section 3 preference (refer to Section 3 Income Limits).
- Notify the Section 3 Coordinator of their interests regarding employment of Section 3 participants prior to hiring. GTCC will then be notified and will ensure that the participant is Section 3 eligible by assessing the Section 3 resident database to ensure job readiness.
- Submit a list of core employees (including administrative, clerical, planning and other positions pertinent to the construction trades) at the time of contract award and provide the number of new hires expected as a result of being awarded the contract. (This is part of the required Section 3 Action Plan.)
- Document the performance of Section 3 participants (positive and negative), regarding punctuality, attendance, etc.
- Immediately notify GTCC of any problems experienced due to the employment of Section 3 participants.
- Immediately notify GTCC if a participant quits, walks off, or is terminated for any reason. The contractor must provide written documentation of all such incidents to support such decisions to GTCC to determine if an investigation is warranted.

XI. Internal Section 3 Complaint Procedure

In an effort to resolve complaints generated due to non-compliance through an internal process, the City encourages submittal of such complaints to its Section 3 Coordinator as follows:

- Complaints of non-compliance should be filed in writing and must contain the name of the complainant and brief description of the alleged violation of 24 CFR 75.

- Complaints must be filed within thirty (30) calendar days after the complainant becomes aware of the alleged violation.
- An investigation will be conducted if complaint is found to be valid. The Section 3 Coordinator will conduct an informal, but thorough investigation affording all interested parties, if any, an opportunity to submit testimony and/or evidence pertinent to the complaint.
- The Section 3 Coordinator will provide written documentation detailing the findings of the investigation. The Community Development & Housing Director will review the findings for accuracy and completeness before it is released to complainants. The findings will be made available no later than thirty (30) days after the filing of complaint.

If complainants wish to have their concerns considered outside of the City, a complaint may be filed with:

Assistant Secretary for Fair Housing and Equal Opportunity
United States Department of Housing and Urban Development
451 Seventh Street, SW
Washington, DC 20410

The complaint must be received not later than 180 days from the date of the action or omission upon which the complaint is based, unless the time for filing is extended by the Assistant Secretary for good cause shown.

XII. Definitions

Applicant – Any entity which makes an application for Section 3 covered assistance, and includes, but is not limited to, any State, unit of local government, public housing agency or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization, resident management corporation, resident council, or cooperative association.

Assistant – the Assistant Secretary for Fair Housing and Equal Opportunity.

Business Concern – a business entity formed in accordance with State law, and which is licensed under State, county or municipal law to engage in the type of business activity for which it was formed.

Contractor - any entity which contracts to perform work generated the expenditure of Section 3 covered assistance, or for work in connection with a Section 3 covered project.

Employment Opportunities Generated by Section 3 Covered Assistance – all employment opportunities generated by the expenditure of Section 3 covered public assistance (i.e., operating assistance, development assistance and modernization assistance, (as described in 24 CFR Part 75). With respect to Section 3 covered housing and community development assistance, this term means all employment opportunities arising in connection with Section 3 covered projects (as described in 24 CFR Part 75), including management and administrative jobs. Management and administrative jobs include

architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups; and jobs directly related to administrative support of these activities, e.g., construction manager, relocation specialist, payroll clerk, etc.

Housing Authority (HA) – Public Housing Agency.

Housing Development – low-income housing owned, developed, or operated by public housing agencies in accordance with HUD’s public housing program regulations codified in 24 CFR Chapter IX.

HUD Youthbuild Programs – programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (42 U.S.C. 12899), and provide disadvantaged youth with opportunities for employment, education, leadership development, and training in the construction or rehabilitation of housing for homeless individuals and members of low- and very low-income families.

JTPA – The Job Training Partnership Act (29 U.S.C. 1579 (a)).

Low-income person – families (including single persons) whose incomes do not exceed 80 percent of the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of the Secretary’s findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low-income families.

Metropolitan Area – a metropolitan statistical area (MSA), as established by the Office of Management and Budget.

New Hires – full-time employees for permanent, temporary or seasonal employment opportunities.

Recipient – any entity which receives Section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State unit of local government, PHA, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

Section 3 – Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u).

Section 3 Business Concern – a business concern, 1) That is 51 percent or more owned by Section 3 resident: or 2) Whose permanent, full-time employees include persons, at least 30 percent of whom are currently Section 3 residents, or within three years of the date of first employment with the business

concern were Section 3 residents; or 3) That provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontractors to be awarded to business concerns that meet the qualifications set forth in paragraphs 1 or 2 above.

Section 3 Covered Assistance –

- 1) Public housing development assistance provided pursuant to Section 5 of the 1937 Act;
- 2) Public housing operating assistance provided pursuant to Section 9 of the 1937 Act;
- 3) Public housing modernization assistance provided pursuant to Section 14 of the 1937 Act;
- 4) Assistance provided under any HUD housing or community development program that is expended for work arising in connection with housing rehabilitation, construction, or other public construction project (which includes other buildings or improvements, regardless of ownership).

Section 3 Clause – the contract provisions set forth in 24 CFR Part 75.

Section 3 Covered Contracts – a contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project. Section 3 covered contracts do not include contracts awarded under HUD's procurement program, which are governed by the Federal Acquisition Regulation (FAR). Section 3 covered contracts also do not include contracts for the purchase of supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a Section 3 covered contract.

Section 3 Covered Project – the construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance.

Section 3 Resident – a public housing resident or an individual who resides in the metropolitan area or non-metropolitan county in which the Section 3 covered assistance is expended and who is considered to be a low-to very low-income person.

Subcontractor – any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of Section 3 covered assistance, or arising in connection with a Section 3 covered project.

Very low-income person – families (including single persons) whose income do not exceed 50 percent of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 percent of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.

Exhibit 1 - Section 3 Clause

All Section 3 covered contracts shall include the following clause (referred to as the Section 3 Clause):

- A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). 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.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 75, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with 24 CFR Part 75 regulations.
- C. The contractor agrees to send to each labor organization or representative or workers with 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 this Section 3 clause, and 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.
- D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 75.
- E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 75.
- F. Noncompliance with HUD's regulations in 24 CFR Part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
- G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

Exhibit 2 - Section 3 Contracting Policy and Procedure

The purpose of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal State, and local laws and regulations, be directed to low and very-low income individuals, especially recipients of government assistance for housing, and to business concerns which provide economic opportunities to low and very-low income individuals. (Section 3 means section 3 of the Housing and Urban Development Act of 1968, as amended 12 U.S.C. 1701u).

Section 3 requirements apply to all contractors and subcontractors (including a professional service contract) performing work in connection with the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project, regardless of the amount of the contract or subcontract. Section 3 covered contracts do not include contracts for the purchase of supplies and materials unless the contract includes the installation of the materials.

A business concern seeking to qualify for a Section 3 contracting preference shall certify or submit evidence that the business concern qualifies as a Section 3-business concern. The Section 3 business must also be able to demonstrate its ability to complete the contract. The ability to perform successfully under the terms and conditions of the proposed contract is required of all contractors and subcontractors subject to the procurement standards of 24 CFR 85.36, 24 CFR 85.36b(8).

Contractors who do not qualify as Section 3 business concerns, but who enter into contracts with the City of High Point must agree to comply with certain general conditions (refer to Section 3 Clause). All contractors and subcontractors, including Section 3 businesses, must comply with these general conditions. Failure to comply with these general conditions may lead to sanctions which can include termination of the contract for default and suspension or debarment from future HUD-assisted contracts.

Exhibit 3 – Business Certification and Resident Application

SECTION 3 CERTIFICATION PROGRAM ELIGIBILITY CRITERIA

Section 3 business concern means a business as defined in this section.

- 1) That is 51 percent or more owned by Section 3 residents; or
- 2) Whose permanent, full-time employees include persons, at least 30 percent of whom are currently Section 3 residents, or within three years of the date of first employment with the business concern were Section 3 residents, or
- 3) That provides evidence of a commitment to contract in excess of 25 percent of the total dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in paragraphs (1) or (2) in this definition of “Section 3 business concern”.

Section 3 resident means, for the purposes of the City of High Point:

- 1) A High Point public housing resident; or
- 2) An individual who resides in High Point and who is:
 - a. *A low-income person*, as this term is defined in section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2)). Section 3(b)(2) of the 1937 Act defines this term to mean families (including single persons) whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low income families; or
 - b. *A very low-income person*, as this term is defined in section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2)). Section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2)) defines this term to mean families (including single persons) whose incomes do not exceed 50 per centum of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.

Section 3 covered assistance means:

- 1) Assistance provided under any High Point housing or community development program that is expended for work arising in connection with:
 - a. Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement);
 - b. Housing construction; or

- c. Other public construction projects (which includes other buildings or improvements, regardless of ownership).

Application Checklist for Completeness

Applicants must provide ALL of the attachments indicated for their respective Section 3 application:

DOCUMENT		Application Type		
		51% Ownership	30 % Employment	25 % Commitment
Application Form – Part 1. Company Information				
Application Form – Part 2, A. Ownership Information				
Application Form – Part 2, B. Company Employee Information				
Application Form – Part 2, C. Subcontracting Commitment				
Application Form –Attestation				
Application Form – Section 3 Resident Application:				
AND	Section 3 Resident Application			
	Copy of Documents Verifying Eligibility			
Certifications by other government agencies (if applicable)				
Certificate of Assumed Business Name (if applicable)				
Partnership Agreement (if applicable)				
Articles of Incorporation/Organization				
Purchase Agreements (if needed to demonstrate ownership)				
Stock Certificates (if needed to demonstrate ownership)				
List of All Employees				
Payroll Records				
List of Sub-contracts (for reference purposes)				

Application

Part 1. Company Information

Company Name: _____
Doing Business As (DBA): _____
Street Address: _____
City: _____ County: _____ State: _____ Zip: _____
Mailing Address (if different than above): _____
City: _____ State: _____ Zip: _____
Primary Contact: _____ Title: _____
Phone: _____ Fax: _____
Web Site Address: _____ Email Address: _____
Description of Product(s) and/or Service(s) (use additional sheet if necessary):

Federal Tax ID #: _____ State Tax ID #: _____

Legal Structure:

- ☐ Individual/Sole Proprietorship ☐ Partnership ☐ C-Corporation ☐ S-Corporation
☐ Limited Liability Company

Part 2. Select Section 3 Certification Type

A. ☐ Category 1 - Section 3 Ownership (51% Ownership by Section 3 Resident)

If there is more than one owner, attach the following information for each additional owner on a separate sheet.

First Name: _____ Middle Initial: _____ Last Name: _____

Title: _____ Social Security Number: _____

Phone: _____

Residence Address: _____

City: _____ State: _____ Zip: _____

Have there been any changes in ownership in the last year? ☐ Yes* ☐ No

**If yes, please provide details on a separate sheet.*

% of Ownership: _____ Owner Since (mm/yyyy): _____

Hours Devoted to Business per Week: _____

- ☐ Each owner has completed a Participant Survey (blank copy is provided in this application)
- ☐ Each owner has made copies of family income verification and proof of residency and attached to this application

B. ☐ Category 2 - Section 3 Employees (30% Employment of Section 3 residents)

Each employee requesting Section 3 preferences must submit a Section 3 Resident Form and include family income verification and proof of residency.

List all the company's employees on a separate form. Provide a copy of your company's payroll records. Indicate the total number of full and part time employees: FT _____ PT _____

C. ☐ Category 3 - Subcontracting Commitment Information - 25% Subcontracts will be awarded to certified Section 3 business(es)*

***This Section 3 certification is completed on a per-project basis.**

List all the company's subcontractors to be utilized on a separate sheet. Include company name and contact information.

Indicate the total dollar amount to be subcontracted:

Indicate the dollar amount awarded to Section 3 businesses:

Attestation

This section must be completed by an authorized representative of the business that is applying for certification.

I certify that the statements provided in this application are true and correct. Furthermore, I understand that the information provided herein is subject to North Carolina General Statute's governing Local Government activities or other applicable laws, that it would likely be classified as public, and that it is the responsibility of the Applicant Firm to claim and defend any other classification. I understand that the certifying entities reserve the right to request additional information and to perform on-site checks as necessary. I also understand that intentionally supplying false information for the purpose of obtaining certification will be sufficient reason for rejection of this application and/or removal from the Section 3 Certification Program.

Signature

Date

Print Name

Title

___ I have attached the documents on the Checklist for Completion

Section 3 Resident Application

Legal Last Name _____ **Legal** First Name _____
 Middle Initial _____ Age _____ Social Security Number _____
 Street Address _____ Apt. # _____
 City _____ Zip _____ Cell Phone # _____
 Email Address: _____
Gender: ☐ Male ☐ Female
Ethnicity: ☐ Hispanic or Latino ☐ Non-Hispanic or Non-Latino
Race (check all that apply): ☐ American Indian/Alaskan Native ☐ Asian
☐ Black/African American ☐ Hawaiian Native/Pacific Islander ☐ White
☐ Other _____

FAMILY MEMBERS		
Name (First, Last)	Age	Relationship to you
1.		SELF
2.		
3.		
4.		
5.		
6.		

INCOME SOURCES

To determine your family's income, check all of the following and calculate the gross income that any family member 18 years and older received, or is expected to receive in the next 12 months:

- ☐ Wages, salaries, overtime pay, commissions, fees, tips, bonuses, or other compensation
- ☐ Income or gain from CD's, money market accounts, brokerage accounts, stocks, bonds, or Treasury Bills
- ☐ Periodic payments from Social Security, disability/death benefits, pensions, retirement funds, annuities, insurance policies, or similar types of periodic benefits payments
- ☐ Payments in lieu of earnings, such as unemployment and disability compensation, workers compensation or severance pay
- ☐ Welfare assistance or TANF benefits
- ☐ Child support, spousal support/alimony, or regular contribution or gifts from persons not residing in the household including scholarships, parental gifts for tuition, etc.
- ☐ Revocable trust
- ☐ Lump sum payment or receipt of inheritances, capital gains, lottery winnings, victims' restitution or insurance settlements
- ☐ Real estate other than the primary residence or other capital investments

☐ Yes ☐ No Do you receive housing assistance (Section 8, Subsidized)?

\$_____ (amount)

Talk to agency staff for help in determining income category for your household.

I certify that the information on this application is accurate and complete. I authorize the City of High Point to verify the information provided if necessary.

Print Name of Applicant

Signature of Applicant

Date

Warning: Section 1001 of Title 18 of US. Code makes it a criminal offense to make false statements or misrepresentations to any Department or Agency of the U.S. as to matters within its jurisdiction.

Section 3 Acknowledgement

By signing below, you are acknowledging that you have read the City of High Point Section 3 Plan and understand the requirements of Section 3 as it applies to your agency and that your agency will comply with all Section 3 requirements and submit necessary documentation to the City of High Point.

Any failure to comply with Section 3 regulations may result in revocation of funds from the City of High Point and may jeopardize future funding opportunities from the City of High Point.

Signature of Authorized Official

Name of Authorized Official

Title

Date