



U. S. Department of Housing and Urban Development
Washington, D.C. 20410

OFFICE OF LEAD HAZARD CONTROL

POLICY GUIDANCE NUMBER: 95-02		DATE: April 14, 1995
SUBJECT:	U.S. Dept. of HUD Section 3 requirements: Reporting Form (HUD-60002) and pamphlet	
STATUS:	Current	
APPLICABILITY:	All grant rounds.	
RELATED GUIDANCES:	Policy guidance 96-02, 97-02.	
COMMENTS:	Included as a Notice of Funding Availability requirement.	

Dear Lead-Based Paint Hazard Control Grantee:

The purpose of this letter is to acquaint you with Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development of 1992 (Section 3). The primary focus of this effort is to provide economic opportunities to low-income persons and to businesses which provide economic opportunities to these persons.

The Lead-Based Paint Hazard Control Grant projects are ideally suited to the Section 3 effort and we strongly encourage our grantees to make it an important part of their programs. What does this commitment mean? Section 3 requires that, when employment or contract opportunities are generated, the recipient should give preference in hiring to low- and very low-income persons, or in contracting to businesses owned by or that employ substantial numbers of low and very low-income persons. To assist you in promoting this message, I have enclosed a brochure which summarizes the Section 3 program. Additional copies are available from the Fair Housing Information Clearinghouse which can be reached at 1-800-343-3442.

We also are asking grantees that are covered by Section 3 to submit completed forms HUD-60002 (attached) to their GTRs annually by January 10th and with the final report due at the end of the grant period of performance. Indeed, we would be pleased with any "success stories" you might pass along to

us at any time. (also attached is "Supplemental Guidance for Completion of the Section 3 Report" for your information).

If you have any questions, comments, or concerns regarding compliance with Section 3 requirements, please contact your GTR. Please remember that involvement of target area residents in all aspects of this grant program is basic to our overall success.

Thank you for your cooperation.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Ellis G. Goldman", with a long horizontal flourish extending to the left.

Ellis G. Goldman
Director, Division of Program
Management

Enclosures

**SUPPLEMENTAL GUIDANCE FOR COMPLETION OF THE SECTION 3
REPORT “ECONOMIC OPPORTUNITIES FOR LOW-AND VERY LOW-
INCOME PERSONS IN CONNECTION WITH ASSISTED PROJECTS”
FORM HUD-60002**

This guidance supplements the instructions contained in form HUD-60002, “Economic Opportunities for Low- and Very Low- Income Persons in Connection with Assisted Projects”.

The first eight items of the report form identify the recipient and provide information on the source of the financial assistance. The items are followed by three parts which document the recipient’s Section 3 efforts and accomplishments.

IDENTIFICATION INFORMATION

Items one through eight are unique for each report and are used to identify the recipient and provide information on the source of the financial assistance. All information requested in items one through eight pertains to the recipient.

1. Does the reporting form capture data on a project, activity, or program?
 - The report captures data on HUD assistance programs. Program codes that are used for the purpose of Section 3 reporting are at the bottom of page 1 of form HUD-60002.
 - HUD program recipients implement eligible activities or projects.
 - A separate report is submitted to HUD for each program that is identified by a unique Federal identification number (see block 2 of form). The “Program Codes” are set forth on the bottom of page 1 of form HUD-60002.
 - Where the “prime recipient” (see Definitions) receives funds for a single project, a separate report would be submitted for the project with a notation of the HUD-program under which that project is funded. Submission of a Form HUD-60002 for a single project generally would only apply to assisted housing such as Flexible Subsidy Section 202/811 or Nehemiah Grants.
 - The reports should include data on all projects and activities under the program. For example, if a Housing Agency (HA) has multiple modernization budgets in progress, the HA should submit one consolidated report for the Modernization program.
 - The program code, item 8, is entered in the block and the program name is entered in the shaded area adjacent to the program code.

2. Is a separate form completed for each program?
 - Yes, the recipient is required to use a separate form HUD-60002 to report the accomplishments of each program. Note, although public and Indian housing

assistance have a single code (3), the housing agency must submit three separate reports — one for development assistance, one for operating assistance and one for modernization assistance. The HA may further distinguish the code for the three programs in the following way: 3A-Development assistance, 3B-Operating assistance, and 3C-Modernization assistance. Other programs administered by an HA (e.g. HOPE VI OR family Investment Centers) would be reported on a separate form, by program, using the Other Housing Programs code (code 10).

3. Does the report include accomplishments for prime recipients only or for all recipients, contractors and subcontracts?
 - The report is submitted by the recipient which received funds directly from HUD (“prime recipient”).
 - The accomplishments of all recipients, and their contractors and subcontractors administering projects or performing work are included in the report submitted by the “prime recipient”.
 - A recipient may transfer funds to other organizations, contractors and subcontractors to administer activities or perform work on Section 3 covered projects. The “prime recipient” collects information from any other recipients, contractors and subcontractors on economic opportunities generated by Section 3 covered assistance. The “prime recipient” then reports to HUD the aggregate percentage of new hires that are Section 3 residents, staff hours worked by Section 3 employees and trainees and the number of Section 3 employee and trainees hired during that fiscal year.
4. Does the dollar amount requested in item number 3 refer to the award to the recipient or to the amount of a contract or subcontract ratified?
 - The "Dollar Amount of Award" requested in item number represents the total amount of the Section 3 covered assistance received by the prime recipient under the Federal identification number shown in block 2, regardless of whether it is a single year or multi-year award.
5. How are opportunities reported for multi-year awards?
 - Regardless of whether the Section 3 covered assistance is for a single or multi-year project, the report reflects new hires and employees during a reporting period. Hiring and contracting opportunities provided are submitted for the reporting period in which they occur. For multi-year projects, additional hiring and contracting opportunities generated are submitted for the reporting period in which they occur.

PART I: EMPLOYMENT AND TRAINING

1. Should the report include only opportunities on Section 3 covered projects?
 - Parts I and II only reflect economic opportunities generated directly from the expenditures or funds for Section 3 covered projects/activities.
 - Economic opportunities provided to Section 3 residents and Section 3 businesses on other projects/activities are reported under Part III: Summary. Recipients are encouraged to quantify these efforts and accomplishments if possible.
 - An example of "other training and employment related opportunities" would be hiring a low income neighborhood resident on a HOME rehabilitation project of \$175,000 by a contractor who had received \$80,000. (Note that the threshold is \$200,000 for recipients on such projects and \$100,000 for contractors).

An example of "other business related economic opportunities" would be the purchase of wiring supplies from a Section 3 business concern by a public housing contractor with a contract of \$85,000. (Note that Section 3 does not cover purchase of materials, supplies or equipment where installation is not involved).

2. Should the report include information on projects which were funded from assistance awarded prior to FY '95?
 - Yes. The report should include information on Section 3 covered projects and activities during the reporting period, regardless of the year the assistance was awarded by HUD to the prime recipient.

PART II. CONTRACTS AWARDED

1. How is the Total percentage computed?
 - For column B, add the total number of new hires that are Section 3 residents and divide that number by the total number of new hires (both Section 3 residents and all other new hires).
 - For column C, add the total number of staff hours worked by Section 3 employees and trainees (including but not limited to new hires) and divide that number by the total number of employees and hires (both Section 3 residents and all other employees and trainees.)
2. Does the "total dollar amount of all contracts awarded on the project for construction contracts" include all subcontracts as well as prime contracts?
 - Yes. Include prime contracts and all subcontracts covered by Section 3 when computing the total dollar amount. Please note that any awards to Section 3

business concerns on contracts not covered by Section 3 may be reported under Part III of the form.

PART III: SUMMARY

What kind of information should be reported under Part III?

- The recipient should describe efforts taken to provide jobs and other economic opportunities to Section 3 residents and business concerns on Section 3 covered projects and activities.
- Recipients may also describe any impediments which they encountered and report other economic opportunities provided to Section 3 residents and business concerns on projects and activities exempt from Section 3 requirements (refer to 135.40 of the regulation).

DEFINITIONS

1. Define "technician" and provide examples.
 - A term applied to a person who works in direct support of engineers or scientists, utilizing theoretical knowledge of fundamental scientific, engineering, mathematical, or draft design principles. Solves practical problems encountered in fields of specialization, such as those concerned with development of electrical and electronic circuits, and establishes testing methods for electrical, electronic, electromechanical, and hydromechanical devices and mechanisms. Applies engineering principles in solving design, development and modification problems of parts or assemblies for products or systems, and applies natural and physical science principles to basic or applied research problems in fields such as metallurgy, chemistry, and physics. Classifications are made according to specialization such as electronic technician, mathematical technician, etc. Technician alternate titles include: engineering aide, technical aide and technical assistant.
2. Is a Hasidic Jew a minority classification for reporting contract awards?
 - Hasidic-Jewish Americans are a close-knit sect of persons who practice Judaism. The Minority Business Development Agency determined that, for the purpose of activities to promote contract opportunities to minorities who are socially and economically disadvantaged, Hasidic-Jewish Americans are considered minorities.
 - Data on the level of participation by Hasidic Jews is required only for Part II: Contracts Awarded.
3. What is a "prime recipient"?
 - A prime recipient is the recipient (as defined at 24 CFR 135.5) which receives funding directly from HUD.

HOW HUD HANDLES THE SECTION 3 REPORT

1. When is the Section 3 report to be submitted to HUD?
 - The Section 3 report is submitted at the same time as the “performance report” for covered programs. For those programs where such a report is not required, the Section 3 report is submitted by January 10.
 - A partial listing of submission dates for program performance reports is set forth below
 - CDBG: Grantee Performance Report, 90 days after end of program year.
 - HOME: Case Management Reporting System, 90 days after end of program year.
 - Youthbuild Implementation: January 10th and with Performance Evaluation Report due at end of grant period.
 - CGP (including any CIAP programs being administered by a CGP agency): Performance and Evaluation Report, 90 days after end of program year.
 - CIAP: Progress Report, 30 days after period ending 9/30.
 - PIH Operating Subsidy: Financial Statement, 45 days after end of HA’s fiscal year.
 - Section 202/811: January 10th and with Final Report within 90 days of completion of construction.
 - Flexible Subsidy: January 10th and 90 days after completion of capital improvements financed with the flexible subsidy loan.
2. Who receives the Form HUD-60002 at HUD?
 - The recipient must submit two (2) copies of this report to the HUD Field Office Director, Fair Housing and Equal Opportunity.
3. What does FHEO Field staff do with the reports when they are received?
 - Keep one copy for review and monitoring purposes.
 - Forward the second copy to HUD Headquarters, FHEO, Director, Office of Economic Opportunity. FHEO staff should print at the top right hand corner of the report the State/Area Office and Field Office Contract person.
4. When is the first report due?
 - The first report should be submitted with the first program performance report submitted to HUD after August 1, 1994, the effective date of the Section 3 Interim Rule.

- The first report should include all available data with respect to new hires, employment, contract awards and efforts between August 1, 1994 and the end of the reporting period for the program.
- Where the program does not have an annual performance report, the first submission is due January 10, 1995 (or within 10 days of project completion) for all Section 3 covered projects which were not completed as of August 1, 1994.

03/23/95

Part II: Contracts Awarded

1. Construction Contracts:

A. Total dollar amount of all contracts awarded on the project	\$	
B. Total dollar amount of contracts awarded to Section 3 businesses	\$	
C. Percentage of the total dollar amount that was awarded to Section 3 businesses		%
D. Total number of Section 3 businesses receiving contracts		

2. Non-Construction Contracts:

A. Total dollar amount of all non-construction contracts awarded on the project/activity	\$	
B. Total dollar amount of non-construction contracts awarded to Section 3 businesses	\$	
C. Percentage of the total dollar amount that was awarded to Section 3 businesses		%
D. Total number of Section 3 businesses receiving non-construction contracts		

Part III: Summary

Indicate the efforts made to direct the employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. (Check all that apply.)

- Attempted to recruit low-income residents through: local advertising media, signs prominently displayed at the project site, contacts with community organizations and public or private agencies operating within the metropolitan area (or nonmetropolitan county) in which the Section 3 covered program or project is located, or similar methods.
- Participated in a HUD program or other program which promotes the training or employment of Section 3 residents.
- Participated in a HUD program or other program which promotes the award of contracts to business concerns which meet the definition of Section 3 business concerns.
- Coordinated with Youthbuild Programs administered in the metropolitan area in which the Section 3 covered project is located.
- Other; describe below.

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u., mandates that the Department ensure that employment and other economic opportunities generated by its housing and community development assistance programs are directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. The regulations are found at 24 CFR Part 135. The information will be used by the Department to monitor program recipients' compliance with Section 3, to assess the results of the Department's efforts to meet the statutory objectives of Section 3, to prepare reports to Congress, and by recipients as a self-monitoring tool. The data is entered into a data base and will be analyzed and distributed. The collection of information involves recipients receiving Federal financial assistance for housing and community development programs covered by Section 3. The information will be collected annually to assist HUD in meeting its reporting requirements under Section 808(e)(6) of the Fair Housing Act and Section 916 of the HCDA of 1992. An assurance of confidentiality is not applicable to this form. The Privacy Act of 1974 and OMB Circular A-108 are not applicable. The reporting requirements do not contain sensitive questions. Data is cumulative; personal identifying information is not included.

Instructions: This form is to be used to report annual accomplishments regarding employment and other economic opportunities provided to low- and very low-income persons under Section 3 of the Housing and Urban Development Act of 1968. The Section 3 regulations apply to any **public and Indian Housing programs** that receive: (1) development assistance pursuant to Section 5 of the U.S. Housing Act of 1937; (2) operating assistance pursuant to Section 9 of the U.S. Housing Act of 1937; or (3) modernization grants pursuant to Section 14 of the U.S. Housing Act of 1937 and to **recipients of housing and community development assistance in excess of \$200,000** expended for: (1) housing rehabilitation (including reduction and abatement of lead-based paint hazards); (2) housing construction; or (3) other public construction projects; and to **contracts and subcontracts in excess of \$100,000** awarded in connection with the Section-3-covered activity.

Form HUD-60002 has three parts which are to be completed for all programs covered by Section 3. Part I relates to **employment and training**. The recipient has the option to determine numerical employment/training goals either on the basis of the number of hours worked by new hires (columns B, D, E and F) or the number of new hires utilized on the Section 3 covered project (columns B, C and F). Part II of the form relates to **contracting**, and Part III summarizes recipients' **efforts** to comply with Section 3.

Recipients 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.* A recipient of Section 3 covered assistance shall submit two copies of this report to the local HUD Field Office. Where the program providing assistance requires an annual performance report, this Section 3 report is to be submitted at the same time the program performance report is submitted. Where an annual performance report is not required, this Section 3 report is to be submitted by January 10 and, if the project ends before December 31, within 10 days of project completion. **Only Prime Recipients are required to report to HUD. The report must include accomplishments of all recipients and their Section 3 covered contractors and subcontractors.**

HUD Field Office: Enter the Field Office name forwarding the Section 3 report.

1. Recipient: Enter the name and address of the recipient submitting this report.
2. Federal Identification: Enter the number that appears on the award form (with dashes). The award may be a grant, cooperative agreement or contract.
3. Dollar Amount of Award: Enter the dollar amount, rounded to the nearest dollar, received by the recipient.
- 4 & 5. Contact Person/Phone: Enter the name and telephone number of the person with knowledge of the award and the recipient's implementation of Section 3.
6. Reporting Period: Indicate the time period (months and year) this report covers.
7. Date Report Submitted: Enter the appropriate date.

Submit two (2) copies of this report to the to the HUD Field Office of Fair Housing and Equal Opportunity, Program Operations and Compliance Center Director, at the same time the performance report is submitted to the program office. For those programs where such a report is not required, the Section 3 report is submitted by January 10. Include only contracts executed during the reporting period specified in item 8. PHAs/HAs are to report all contracts/subcontracts.

* The terms "low-income persons" and "very low-income persons" have the same meanings given the terms in section 3(b)(2) of the United States Housing Act of 1937. **Low-income persons** 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

8. Program Code: Enter the appropriate program code as listed at the bottom of the page.
9. Program Name: Enter the name of the HUD Program corresponding with the "Program Code" in number 8.

Part I: Employment and Training Opportunities

Column A: Contains various job categories. Professionals are defined as people who have special knowledge of an occupation (i.e., supervisors, architects, surveyors, planners, and computer programmers). For construction positions, list each trade and provide data in columns B through F for each trade where persons were employed. The category of "Other" includes occupations such as service workers.

Column B: Enter the number of new hires for each category of workers identified in **Column A** in connection with this award. New Hire refers to a person who is not on the contractor's or recipient's payroll for employment at the time of selection for the Section 3 covered award or at the time of receipt of Section 3 covered assistance.

Column C: Enter the 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 who is not on the contractor's or recipient's payroll for employment at the time of selection for the Section 3 covered award or at the time of receipt of Section 3 covered assistance.

Column D: Enter the percentage of all the staff hours of new hires (Section 3 residents) in connection with this award.

Column E: Enter the percentage of the total staff hours worked for Section 3 employees and trainees (including new hires) connected with this award. Include staff hours for part-time and full-time positions.

Column F: Enter the number of Section 3 residents that were employed and trained in connection with this award.

Part II: Contract Opportunities

Block 1: Construction Contracts

Item A: Enter the total dollar amount of all contacts awarded on the project/program.

Item B: Enter the total dollar amount of contracts connected with this project/program that were awarded to Section 3 businesses.

Item C: Enter the percentage of the total dollar amount of contracts connected with this project/program awarded to Section 3 businesses.

Item D: Enter the number of Section 3 businesses receiving awards.

Block 2: Non-Construction Contracts

Item A: Enter the total dollar amount of all contacts awarded on the project/program.

Item B: Enter the total dollar amount of contracts connected with this project awarded to Section 3 businesses.

Item C: Enter the percentage of the total dollar amount of contracts connected with this project/program awarded to Section 3 businesses.

Item D: Enter the number of Section 3 businesses receiving awards.

Part III: Summary of Efforts - Self-explanatory

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 such that variations are necessary because of prevailing levels of construction costs or unusually high- or low-income families. **Very low-income persons** mean low-income 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.