

Guide for Review of Section 3 of the Housing and Urban Development Act of 1968			
Name of Program Participant:			
Staff Consulted:			
Name of Grant Program(s) Reviewed:			
Name(s) of Reviewer(s):		Date:	

NOTE: All questions that address requirements contain the citation for the source of the requirement (statute, regulation, NOFA, or grant agreement). If the requirement is not met, HUD must make a finding of noncompliance. All other questions (questions that do not contain the citation for the requirement) do not address requirements, but are included to assist the reviewer in understanding the participant's program more fully and/or to identify issues that, if not properly addressed, could result in deficient performance. Negative conclusions to these questions may result in a "concern" being raised, but not a "**finding**."

Instructions: This Exhibit is designed to examine the program participant's records to determine the following:

- If the program participant implemented procedures to notify Section 3 residents and business concerns about employment, training, and contracting opportunities generated by its agency or covered contractors;
- If the program participant notified covered contractors and subrecipients about their responsibilities pursuant to Section 3;
- If the Section 3 Clause is included in covered contracts;
- If the program participant monitored its covered contractors for compliance with Section 3 and imposed penalties for noncompliance as appropriate;
- If the program participant or its contractors met the minimum numerical goals for employment and contracting opportunities;
- If an explanation was provided by program participants that failed to meet the minimum numerical goals for Section 3;
- If the annual Section 3 reporting requirements were met on a timely basis;

This Exhibit is divided into six sections: Program Participant Responsibilities; Use of Section 3 Residents as Trainees; Use of Section 3 Residents as Employees; Contracts Awarded to Section 3 Business Concerns; Procurement Procedures; and Reporting and Recordkeeping. (See Section 22-5 of the introduction to this Chapter.)

The HUD reviewer is to respond to these questions by reviewing covered contracts and conducting interviews of program participant/subrecipient staff. Failure to maintain records is an indication of noncompliance with the record keeping requirements found at 24 CFR 135.92.

The CPD reviewer must complete this checklist; the checklist may not be forwarded or given to the program participant to complete on its own.* When possible, any supporting materials provided as evidence of compliance (or noncompliance) with Section 3 shall be copied and retained in the official monitoring files and forwarded to FHEO for further action. This documentation must come from appropriate documents and be described in detail. Saying that the documentation came from the program participants' own monitoring procedures or data forms, with no specification of what those procedures are, is not sufficient. Documentation based on "employee interviews" or by stating that issues with subrecipients are handled by "contract language" with the subrecipient is also not sufficient.

All Section 3 reporting must be done on form HUD-60002. Data in the format of the CAPER narrative, IDIS, a program participant statement, or contract language is not a legitimate substitute, although data from these sources can be used to develop or complement the required data.

Copies of this completed checklist must be submitted to the FHEO Economic Opportunity Division in Headquarters and the appropriate FHEO field/regional office.

Questions:

A. PROGRAM PARTICIPANT RESPONSIBILITIES

1.

<p>[OS] For the time period reviewed, did the program participant's records include written procedures governing:</p>	<p>(a) How Section 3 residents are to be notified about employment and training opportunities generated by program participant or its contractors as a result of the expenditure of covered financial assistance? [24CFR 135.32 (a)]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A</p>
<p>(b) How Section 3 business concerns are to be notified about contracting (or subcontracting) opportunities generated by the program participant or its contractors involving covered financial assistance? [24 CFR 135.32 (a)]</p>	<p>(c) How potential contractors for covered projects or subrecipients of covered funds are to be notified about their requirements pursuant to Section 3? [24 CFR 135.32(b) and 24 CFR 135.32(f)]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A</p>
<p>(d) How covered contractors and subrecipients are to be monitored for compliance with the requirements of Section 3? [24 CFR 135.32(d) and 24 CFR 135.32(f)]</p>	<p>(e) Steps taken by the program participant to facilitate meeting the minimum numerical goals for employment and contracting opportunities? [24 CFR 135.32(c)]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A</p>

* Asking the program participant to complete all, or part, of this Form is a violation of OMB requirements

(f) Did the program participant provide evidence and/or documentation of the procedures described above?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
Describe Basis for Conclusion:			

B. USE OF SECTION 3 RESIDENTS AS TRAINEES

2.

[OS] For the time period reviewed, did the program participant's records indicate:			
(a) The total number of training positions generated by the program participant or its contractors? [24 CFR 135.34(a)(2)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
(b) The number of training positions generated by the program participant or its contractors identified above that was provided to Section 3 residents? [24 CFR 135.34(a)(2)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
(c) Description of how the program participant or its contractors determined the eligibility for Section 3 residents? [24 CFR 135.34(b)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
Describe Basis for Conclusion:			

C. USE OF SECTION 3 RESIDENTS AS EMPLOYEES

3.

[OS] For the time period reviewed, did the program participant's records include information about:			
(a) The total number of permanent full-time positions generated by the program participant or its contractors as a result of the expenditure of covered funding? [24 CFR 135.30(b)(3)(iii)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
(b) The number of permanent full-time positions generated by the program participant or its contractors identified above that was filled by Section 3 residents? [24 CFR 135.30(b)(3)(iii)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
(c) Description of how the program participant or its contractors determined eligibility of Section 3 residents? [24 CFR 135.34(b)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
(d) Whether the minimum numerical goal for employment was met by the program participant or its contractors [30% of the aggregate number of new hires was Section 3 residents]? [24 CFR 135.30(b)(3)(iii)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

(e) If the minimum numerical goal for employment was not met, did the program participant provide an explanation of why it was not feasible to meet the goal? [24 CFR 135.30(d)(2)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
Describe Basis for Conclusion:			

D. CONTRACT AWARDS TO SECTION 3 BUSINESS CONCERNS

4.

[OS] For the time period reviewed, did the program participant's records include information about:			
(a) The total dollar amount of covered construction contracts generated as a result of the expenditure of covered financial assistance? [24 CFR 135.30(c)(1)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
(b) The total dollar amount of covered construction contracts (or subcontracts) listed above that were awarded to Section 3 business concerns? [24 CFR 135.30(c)(1)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
(c) Description of how the program participant or its contractors determined the eligibility of Section 3 business concerns? [24 CFR 135.36(b)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
(d) Whether the minimum numerical goal for contracting was met by the program participant or its contractors [10% of the total dollar amount of covered construction contracts were awarded to Section 3 business concerns]? [24 CFR 135.30(c)(1)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
(e) If the minimum numerical goal for construction contracts was not met, did the program participant provide an explanation of why it was not feasible to meet the goal? [24 CFR 135.30(d)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
Describe Basis for Conclusion:			

5.

[OS] For the time period reviewed, did the program participant's records include information about:			
(a) The total dollar amount of covered non-construction contracts generated as a result of the expenditure of covered financial assistance? [24 CFR 135.30(c)(2)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
(b) The total dollar amount of covered non-construction contracts (or subcontracts) listed above that were awarded to Section 3 business concerns? [24 CFR 135.30(c)(2)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
(c) Description of how the program participant or its contractors determined the eligibility of Section 3 business concerns? [24 CFR 135.36(b)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
(d) Whether the minimum numerical goal for contracting was met by the program participant or its contractors [3% of the total dollar amount of covered non-construction contracts were awarded to Section 3 business concerns]? [24 CFR 135.30(c)(2)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
(e) If the minimum numerical goal for non-construction contracts was not met, did the program participant provide an explanation of why it was not feasible to meet the goal? [24 CFR 135.30(d)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
Describe Basis for Conclusion:			

E. PROCUREMENT PROCEDURES

6.

[OS] For the time period reviewed, did the program participant's records include evidence of the following:			
(a) Notification of covered contractors regarding their responsibilities pursuant to the requirements of Section 3? [24 CFR 130.32(b)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
(b) Monitoring covered contractors for compliance with Section 3? [24 CFR 135.32(d)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
(c) The imposition of penalties upon contractors for noncompliance, including refraining from entering into contracts with any contractor that has violated the requirements of Section 3? [24 CFR 135.32(d)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

Exhibit 22-7
Fair Housing and Equal Opportunity (FHEO)

(d) Whether covered solicitations (RFPs, RFQs, IFBs, etc) contain the Section 3 clause found at 24 CFR 135.38 or otherwise indicates the applicability of Section 3 to the covered project? [24 CFR 135.32(b)]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
(e) Whether the Section 3 clause found at 24 CFR 135.38 was included in all covered contracts that were reviewed? [24 CFR 135.32(b)]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
Describe Basis for Conclusion: 	

F. REPORTING AND RECORDKEEPING

7.

(a) Did the program participant provide evidence of the submission of a Section 3 Summary Report to FHEO in Washington (form HUD-60002) at the time that the CAPER was submitted for the time period reviewed? [24 CFR Part 135.90]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
Describe Basis for Conclusion: 	
(b) For the time period reviewed, did the program participant's records include documentation of the actions taken to comply with the Section 3 regulations? (Such documentation may include the results of the actions taken and any impediments encountered during the implementation of the program(s) covered by Section 3.) [24 CFR 135.32(e)]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
Describe Basis for Conclusion: 	