

Attachment B – Section 3 Contract Requirements

This project is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), as amended. Section 3 is a provision of the HUD Act that requires recipients of certain HUD financial assistance, to the greatest extent feasible, to provide job training, employment, and contracting opportunities for low- or very low-income residents in connection with projects and activities in their neighborhoods.

Learn more about Section 3 on the HUD website: <https://www.hud.gov/section3>

A. Employment and Training

The contractor agrees to provide employment, training, and apprenticeship opportunities to Section 3 residents whenever feasible. Contractors must make efforts to:

- Hire low- or very low-income persons residing within the project area.
- Provide notice of employment opportunities to Section 3 residents and community organizations.

B. Contracting

The contractor agrees to make efforts to award contracts and subcontracts to Section 3 business concerns, defined as:

- Businesses that are at least 51% owned by Section 3 residents, or
- Businesses whose permanent, full-time workforce includes at least 30% Section 3 residents.

C. Documentation and Reporting

The contractor shall maintain records and submit documentation to the Ozaukee Nonprofit Center as necessary to demonstrate compliance with Section 3 requirements, including:

- Employment and training records for Section 3 residents.
- Contracts or subcontracts awarded to Section 3 businesses.
- Documentation of outreach efforts and hiring/contracting outcomes.

D. Compliance and Enforcement

Failure to comply with Section 3 requirements may result in:

- Termination of the contract for default,
- Withholding of payment,
- Suspension or debarment from future federally funded projects.

E. Flow-Down Requirements

The contractor agrees to include this Section 3 clause in all subcontracts exceeding \$100,000, and to require all subcontractors to similarly comply with Section 3 requirements.