



## Section 3 Plan<sup>1</sup>

### **About the Salem Housing Authority (SHA)**

The SHA is a relatively small housing authority with 39 public housing units and 1,145 Section 8 housing choice vouchers. Both the units and the vouchers are federally subsidized by HUD. The SHA receives approximately \$43,000 annually from HUD's Capital Fund Program.

**Although the SHA intends to do it best to comply with Section 3, its size and funding are limiting factors.**

**NOTE: When the term "recipient" is used in this document, it is the same as saying the "SHA."**

### **Purpose of Section 3**

Section 3 of the Housing and Urban Development Act of 1968 [12 U.S.C. 1701u and 24 CFR Part 135] represents HUD's policy for providing preference for new employment, training, and contracting opportunities created from the use of covered HUD funds to low and very low-income residents of the community where certain funds are spent (regardless of race or gender), and the businesses that substantially employ these persons.

Under Section 3, wherever HUD financial assistance is expended for housing or community development, *to the greatest extent feasible*, economic opportunities will be given to Section 3 residents and businesses in that area.

It is a means by which HUD fosters local economic development, neighborhood economic improvement, and individual self-sufficiency. Section 3 is the legal basis for providing jobs for residents and awarding contracts to Section 3 businesses in areas receiving certain types of HUD financial assistance.

### **Applicability of Section 3**

Public Housing Authorities (PHAs) regardless of size or number of units are required to comply with Section 3. One exception is PHAs that only receive or administer tenant-based Housing Choice (Section 8) Vouchers and do not utilize any of the financial assistance described below. Although they are exempt, compliance with Section 3 is encouraged.

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<sup>1</sup> Much of the material here is drawn selectively from the HUD web site  
([http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/fair\\_housing\\_equal\\_opp/section3/section3](http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/section3/section3))

A Section 3 covered project involves the construction or rehabilitation of housing (including reduction of lead-based paint hazards), or other public construction such as street repair, sewage line repair or installation, updates to building facades, etc.

Section 3 Covered Assistance includes:

- Public and Indian Housing Operating Subsidy; Capital Funds; or Modernization assistance; and
- Housing and community development (HCD) assistance expended for housing rehabilitation, housing construction, or other public construction. (Note: Dollar thresholds apply to HCD assistance, but NOT for Public and Indian housing [PIH] programs.)

Examples of projects and activities covered by Section 3:

- Maintenance
- Reduction and abatement of lead-based paint hazards
- Demolition projects
- Professional service contracts provided that the work to be performed is generated by the expenditure of Section 3 covered PIH assistance, or for work arising in connection with projects involving housing rehabilitation, housing construction or other public construction.
- All new hiring by a PHA (using HUD capital, operating or development funds)
- Non-construction projects include maintenance contracts, including lawn care, repainting, routine maintenance, HVAC servicing and professional service contracts associated with construction (e.g., architectural, engineering, legal service, accounting, marketing, etc.)

### **Section 3 Residents and Business Concerns**

Section 3 Residents are:

- Residents of public and assisted housing
- Individuals that reside in the metropolitan area in which the Section 3 covered assistance is expended and whose incomes do not exceed the local income criteria of low-or very low-income, including participants in HUD YouthBuild programs and homeless persons.
  - Low income is defined as 80% or below the median income of that area
  - Very low income is defined as 50% or below the median income of that area

Section 3 Business Concerns are one of the following:

- 51 percent or more owned by Section 3 residents; OR
- 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 firm were Section 3 residents (could be previously unemployed persons, as well); OR
- Provide evidence of a commitment to subcontract in excess of 25 percent of the dollar amount of all subcontracts to be awarded to business that meet the qualifications described above



Residents and business concerns seeking Section 3 preference shall certify, or submit evidence to the recipient, contractor, subcontractor or sub-recipient (if requested) verifying that they meet the definitions provided above. NOTE: Recipients use their discretion for determining the type of verification that is required of prospective Section 3 residents and business concerns.

### **Section 3 Numerical Goals (Safe Harbor language)**

The minimum numerical goal for employment: 30 percent of the aggregate number of **new** hires shall be Section 3 residents annually—i.e., 1 out of 3 new employees needed to complete a Section 3 covered project/activity shall be a Section 3 resident. For example, think of new need for maintenance and administrative staff.

The minimum goals for contracting are:

- 10 percent of the total dollar amount of all Section 3 covered contracts for building trades work for maintenance, repair, modernization or development of public and Indian housing or building trades work arising in connection with housing rehabilitation, housing construction and other public construction, shall be awarded to Section 3 businesses; and
- 3 percent of the total dollar amount of all non-construction Section 3 covered contracts shall be awarded to Section 3 businesses.

NOTE: These are not the same as set-asides and quotas. A set-aside guarantees that a specific portion of funds will be provided to a protected class. The numerical goals in the Section 3 regulations are goals that a recipient of HUD Section 3 covered financial assistance must try to meet in order to demonstrate Section 3 compliance. Documentation of efforts and results is key to compliance with the spirit of the law. The burden of proof is on the recipient (e.g., PHA).

### **Recipient Responsibilities Pursuant to Section 3**

Each recipient (and their covered contractors, subcontractors, or sub-recipients) are required to comply with the requirements of Section 3 for new employment, training, or contracting opportunities resulting from the expenditure of covered funding. This responsibility includes:

1. Implementing procedures to notify Section 3 residents and business concerns about training, employment, and contracting opportunities generated by Section 3 covered assistance;
2. Notifying potential contractors working on Section 3 covered projects of their responsibilities;
3. Incorporating the Section 3 Clause into all covered solicitations and contracts [see 24 CFR Part 135.38]
4. Facilitating the training and employment of Section 3 residents and the award of contracts to Section 3 business concerns;
5. Assisting and actively cooperating with HUD in making contractors and subcontractors comply;
6. Refraining from entering into contracts with contractors that are in violation of Section 3 regulations;
7. Documenting actions taken to comply with Section 3; and

8. Submitting Section 3 Annual Summary Reports (form HUD-60002) in accordance with 24 CFR Part 135.90.

NOTE: HUD provides fairly extensive guidance on these responsibilities and illustrates with “best practices” and awardee examples (see pages 4 and 5 of this document for a sampling).

### **Types of Opportunities**

- Job training
- Employment
- Contracts

| <b>Administrative/management</b> | <b>Services</b>      | <b>Construction</b>            |
|----------------------------------|----------------------|--------------------------------|
| Accounting                       | Appliance repair     | Architecture; engineering      |
| Payroll                          | Florists             | Bricklaying;<br>cement/masonry |
| Research                         | Marketing            | Carpentry; drywall             |
| Bookkeeping                      | Carpet installation  | Electrical; heating            |
| Purchasing                       | Janitorial           | Painting; plastering           |
| Word processing                  | Photography          | Iron works                     |
| Legal                            | Catering             | Machine operation              |
|                                  | Landscaping          | Plumbing                       |
|                                  | Printing             | Surveying                      |
|                                  | Computer/information | Elevator construction          |
|                                  | Manufacturing        | Fencing                        |
|                                  | Transportation       | Demolition                     |

### **Noncompliance**

There is a complaint process. Section 3 residents, businesses, or a representative for either may file complaints if they believe a violation of Section 3 requirements has occurred where a HUD-funded project is planned or underway. Complaints will be investigated; if appropriate, voluntary resolutions will be sought.

### **The SHA's Section 3 Goals**

Within its limits the SHA's goals are:

1. 30% of annual new hires to be Section 3 residents.
2. 10 percent of the total dollar amount of all Section 3 covered contracts for building trades work for maintenance, repair, modernization or development of public or Indian housing or building trades work arising in connection with housing rehabilitation, housing construction and other public construction, shall be awarded to Section 3 businesses; and
3. 3 percent of the total dollar amount of all non-construction Section 3 covered contracts shall be awarded to Section 3 businesses.
4. Collaborate with local and regional agencies to provide job training for section 3 residents



## **Hiring**

For all job openings, the SHA will conduct outreach to public housing residents and voucher holders as well as advocacy groups serving the low-income\* in Salem

## **Section 3 Contracting**

All covered contracts shall contain the relevant section 3 language and goals (attached). To the extent possible, there shall be pre-bid or briefing sessions, at which time section 3 requirements and the low-income\* hiring requirements shall be reviewed. An outline and materials for the pre-bid/briefing session are attached.

\*The area median incomes for Salem are attached

## **Training**

The SHA will attempt to identify resident skills and training needs by survey or similar means. Additionally, the SHA will work with training and employment agencies to offer trainings to its residents and may subsidize some of the cost of relevant trainings.

## **Section 3 Coordinator**

The SHA's Executive Director, or her designee, shall be the Section 3 Coordinator and, as such, will be responsible for initiating, monitoring, and reporting on progress.

## **ATTACHMENTS**

- Area Median Incomes (AMIs) for Salem based on annual updates conducted by HUD
- Contractor's/Subcontractor's Section 3 Business Certification
- Contractor's Section 3 Certification
- Contractor's Section 3 Employee Certification
- Salem Housing Authority's Section 3 Employee Certification
- Briefing on Section 3 Requirements for Prospective Contractors with materials for pre-bid/briefing
- Section 3 language for bidding and contracts

Adopted by the SHA Board of Directors: December 14, 2016



# FY 2016 Income Limits Documentation System

- [HUD.gov](#)
- [HUD User Home](#)
- [Data Sets](#)
- [Fair Market Rents](#)
- [Section 8 Income Limits](#)
- [MTSP Income Limits](#)
- [HUD LIHTC Database](#)

## FY 2016 Income Limits Summary

| FY 2016<br>Income<br>Limit<br>Area | Median<br>Income<br>Explanation | FY 2016<br>Income Limit<br>Category                    | Persons in Family |        |        |               |        |        |        |        |
|------------------------------------|---------------------------------|--------------------------------------------------------|-------------------|--------|--------|---------------|--------|--------|--------|--------|
|                                    |                                 |                                                        | 1                 | 2      | 3      | 4             | 5      | 6      | 7      | 8      |
| Salem<br>city                      | \$98,100                        | Very Low<br>(50%) Income<br>Limits (\$)<br>Explanation | 34,350            | 39,250 | 44,150 | <b>49,050</b> | 53,000 | 56,900 | 60,850 | 64,750 |
|                                    |                                 | Extremely<br>Low Income<br>Limits (\$)*<br>Explanation | 20,650            | 23,600 | 26,550 | <b>29,450</b> | 31,850 | 34,200 | 36,730 | 40,890 |
|                                    |                                 | Low (80%)<br>Income Limits<br>(\$)<br>Explanation      | 51,150            | 58,450 | 65,750 | <b>73,050</b> | 78,900 | 84,750 | 90,600 | 96,450 |
|                                    |                                 |                                                        |                   |        |        |               |        |        |        |        |
|                                    |                                 |                                                        |                   |        |        |               |        |        |        |        |
|                                    |                                 |                                                        |                   |        |        |               |        |        |        |        |

Selecting any of the buttons labeled "Explanation" will display detailed calculation steps for each of the various parameters.

NOTE: Salem city is part of the **Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area**, so all information presented here applies to all of the **Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area**. The **Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area** contains the following areas:

**ESSEX COUNTY, MA TOWNS OF** Amesbury Town city, MA; Beverly city, MA; Danvers town, MA; Essex town, MA; Gloucester city, MA; Hamilton town, MA; Ipswich town, MA; Lynn city, MA; Lynnfield town, MA; Manchester-by-the-Sea town, MA; Marblehead town, MA; Middleton town, MA; Nahant town, MA; Newbury town, MA; Newburyport city, MA; Peabody city, MA; Rockport town, MA; Rowley town, MA; Salem city, MA; Salisbury town, MA; Saugus town, MA; Swampscott town, MA; Topsfield town, MA; Wenham town, MA;

**MIDDLESEX COUNTY, MA TOWNS OF** Acton town, MA; Arlington town, MA; Ashby town,



MA; Ashland town, MA; Ayer town, MA; Bedford town, MA; Belmont town, MA; Boxborough town, MA; Burlington town, MA; Cambridge city, MA; Carlisle town, MA; Concord town, MA; Everett city, MA; Framingham town, MA; Holliston town, MA; Hopkinton town, MA; Hudson town, MA; Lexington town, MA; Lincoln town, MA; Littleton town, MA; Malden city, MA; Marlborough city, MA; Maynard town, MA; Medford city, MA; Melrose city, MA; Natick town, MA; Newton city, MA; North Reading town, MA; Reading town, MA; Sherborn town, MA; Shirley town, MA; Somerville city, MA; Stoneham town, MA; Stow town, MA; Sudbury town, MA; Townsend town, MA; Wakefield town, MA; Waltham city, MA; Watertown city, MA; Wayland town, MA; Weston town, MA; Wilmington town, MA; Winchester town, MA; Woburn city, MA;

**NORFOLK COUNTY, MA TOWNS OF** Bellingham town, MA; Braintree Town city, MA; Brookline town, MA; Canton town, MA; Cohasset town, MA; Dedham town, MA; Dover town, MA; Foxborough town, MA; Franklin Town city, MA; Holbrook town, MA; Medfield town, MA; Medway town, MA; Millis town, MA; Milton town, MA; Needham town, MA; Norfolk town, MA; Norwood town, MA; Plainville town, MA; Quincy city, MA; Randolph town, MA; Sharon town, MA; Stoughton town, MA; Walpole town, MA; Wellesley town, MA; Westwood town, MA; Weymouth Town city, MA; Wrentham town, MA;

**PLYMOUTH COUNTY, MA TOWNS OF** Carver town, MA; Duxbury town, MA; Hanover town, MA; Hingham town, MA; Hull town, MA; Kingston town, MA; Marshfield town, MA; Norwell town, MA; Pembroke town, MA; Plymouth town, MA; Rockland town, MA; Scituate town, MA; Wareham town, MA;

**SUFFOLK COUNTY, MA TOWNS OF** Boston city, MA; Chelsea city, MA; Revere city, MA; Winthrop Town city, MA;

**ROCKINGHAM COUNTY, NH TOWNS OF** Seabrook town, NH; South Hampton town, NH; and South Hampton town, NH.

\* The FY 2014 Consolidated Appropriations Act changed the definition of extremely low-income to be the greater of 30/50ths (60 percent) of the Section 8 very low-income limit or the poverty guideline as established by the Department of Health and Human Services (HHS), provided that this amount is not greater than the Section 8 50% very low-income limit. Consequently, the extremely low income limits may equal the very low (50%) income limits.

Income Limit areas are based on FY 2016 Fair Market Rent (FMR) areas. For information on FMRs, please see our associated FY 2016 [Fair Market Rent documentation system](#).

For last year's Median Family Income and Income Limits, please see here:

[FY2015 Median Family Income and Income Limits for Salem city](#)

|                  |   |
|------------------|---|
| Salem city       |   |
| Salisbury town   | ▲ |
| Sandisfield town |   |
| Sandwich town    |   |
| Saugus town      | ▼ |
| Savoy town       |   |

Select a different county or county equivalent in Massachusetts:

[Select county or county equivalent](#)

Select any FY2016 HUD Metropolitan FMR Area's Income Limits:

[Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area](#)

[Select HMFA Income Limits Area](#)

Or press below to start over and select a different state: [Select a new state](#)

[Update URL For bookmarking or E-Mailing](#)

Prepared by the [Economic and Market Analysis Division](#), HUD.





**CONTRACTOR'S/SUBCONTRACTOR'S  
SECTION 3 BUSINESS CERTIFICATION**

NAME OF CONTRACTOR/SUBCONTRACTOR: \_\_\_\_\_

CONTRACT NAME: \_\_\_\_\_

CONTRACT/SUBCONTRACT VALUE: \_\_\_\_\_

I CERTIFY THAT MY BUSINESS MEETS THE DEFINITION OF A SECTION 3 BUSINESS AS PER THE FOLLOWING DEFINITION (CHECK ALL THAT APPLY):

Section 3 Business Concerns are One of the Following:

- ☐ 51 percent or more owned by Section 3 residents; OR
- ☐ 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 firm were Section 3 residents (could be previously unemployed persons, as well); OR
- ☐ Provide evidence of a commitment to subcontract in excess of 25 percent of the dollar amount of all subcontracts to be awarded to business that meet the qualifications described above

**BY AFIXING MY SIGNATURE, I ATTEST THAT THE ABOVE STATEMENTS ARE TRUE.**

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_  
CONTRACTOR/SUBCONTRACTOR

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_  
WITNESS

.....  
**FOR SHA USE ONLY**



## CONTRACTOR'S SECTION 3 CERTIFICATION

CONTRACT: \_\_\_\_\_

CONTRACT VALUE: \_\_\_\_\_

AS THE CONTRACTOR OF RECORD ON THE AFOREMENTIONED CONTRACT, I CERTIFY THAT I HAVE TAKEN THE FOLLOWING ACTIONS IN REGARDS TO SECTION 3 COMPLIANCE:

**A. EXPLAIN SPECIFICALLY, WITH DOLLAR VALUES, NAMES, ETC. ANY SUBCONTRACTING WITH SECTION 3 BUSINESSES:**

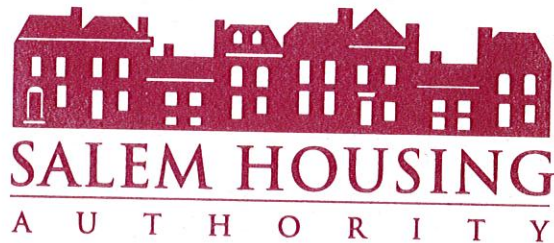
**B. EXPLAIN SPECIFICALLY, WITH NUMBER HIRED AND POSITIONS HIRED FOR, ANY HIRING OF SECTION 3 QUALIFIED INDIVIDUALS**

**BY AFIXING MY SIGNATURE, I ATTEST THAT THE ABOVE STATEMENTS ARE TRUE.**

**SIGNATURE:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

**WITNESS:** \_\_\_\_\_ **DATE:** \_\_\_\_\_





**CONTRACTOR'S  
SECTION 3 EMPLOYEE CERTIFICATION**

CONTRACT: \_\_\_\_\_

POSITION HIRED: \_\_\_\_\_

EMPLOYEE NAME: \_\_\_\_\_

\_\_\_\_\_ FULL-TIME      \_\_\_\_\_ PART-TIME

PAY: \_\_\_\_\_ per \_\_\_\_\_

DOES THE HIREE MEET THE ATTACHED LOW-INCOME REQUIREMENTS (SEE  
ATTACHED INCOME LIMITS)?

\_\_\_\_\_ YES      \_\_\_\_\_ NO (Attach any supporting information)

I CERTIFY THAT THE ABOVE IS TRUE TO THE BEST OF MY KNOWLEDGE.

\_\_\_\_\_  
CONTRACTOR'S SIGNATURE

\_\_\_\_\_  
DATE

.....  
**FOR SHA USE ONLY**



**SALEM HOUSING AUTHORITY'S  
SECTION 3 EMPLOYEE CERTIFICATION**

POSITION HIRED: \_\_\_\_\_

EMPLOYEE NAME: \_\_\_\_\_

\_\_\_\_\_ FULL-TIME \_\_\_\_\_ PART-TIME

PAY: \_\_\_\_\_ per \_\_\_\_\_

DOES THE HIREE MEET THE ATTACHED LOW-INCOME REQUIREMENTS (SEE  
ATTACHED INCOME LIMITS)?

\_\_\_\_\_ YES \_\_\_\_\_ NO (Attach any supporting information)

I CERTIFY THAT THE ABOVE IS TRUE TO THE BEST OF MY KNOWLEDGE,

\_\_\_\_\_  
SHA SIGNATURE

\_\_\_\_\_  
DATE

.....  
FOR SHA USE ONLY





## **BRIEFING ON SECTION 3 REQUIREMENTS FOR PROSPECTIVE CONTRACTORS**

### **WHAT IS SECTION 3?**

WHAT IS SECTION 3 HANDOUT

### **HOW CAN YOU COMPLY WITH SECTION 3?**

SUBCONTRACTING WITH SECTION 3 BUSINESSES  
HIRING SECTION 3 QUALIFIED INDIVIDUALS

### **SECTION 3 REPORTING (HANDOUTS)**

CONTRACTOR'S/SUBCONTRACTOR'S SECTION 3 BUSINESS CERTIFICATION  
CONTRACTOR'S SECTION 3 CERTIFICATON  
CONTRACTOR'S SECTION 3 EMPLOYEE CERTIFICATION  
INCOME LIMITS DOCUMENTATION SYSTEM (updated annually by HUD)



## **Section 3 Language for Bidding and Contract Documents**

**To the greatest extent possible, the bidder/contractor shall demonstrate that:**

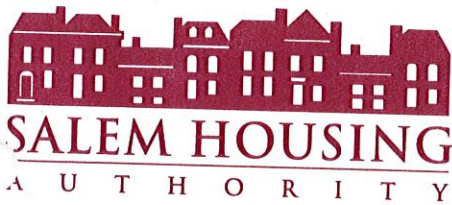
10 percent of the total dollar amount of all Section 3 covered contracts for building trades work for maintenance, repair, modernization or development of public of Indian housing or building trades work arising in connection with housing rehabilitation, housing construction and other public construction, shall be awarded to Section 3 businesses (refer to section 3 plan for definition of a section 3 business).

**Additionally, bidders and contractors are strongly encouraged to:**

1. hire Section 3 residents (refer to section 3 plan for definition of a Section 3 resident).
2. provide job training for Section 3 residents (refer to Section 3 plan for definition of a Section 3 resident).

**NOTE:** in their bids, bidders must specifically describe how they will achieve the above Section 3 objectives. These commitments shall become part of any successful contract, which will be regularly monitored by the SHA.





John A. Boris, Chairman  
Frank J. Milo, Vice Chairman  
Peter K. Strout, Second Vice Chairman  
Maureen Call, Treasurer  
William E. Luster, Assistant Treasurer  
Carol A. MacGown, Executive Director

EXTRACT FROM THE MINUTES OF THE  
REGULAR MEETING OF THE BOARD MEMBERS OF THE  
SALEM HOUSING AUTHORITY HELD ON  
WEDNESDAY, DECEMBER 14, 2016 AT 6:00 P.M.

The BOARD MEMBERS of the SALEM HOUSING AUTHORITY met in a REGULAR MEETING at the office of the Authority, 27 Charter Street in the City of Salem, Massachusetts on WEDNESDAY, DECEMBER 14, 2016 at 6:00 P.M., the place, hour, and date duly established for the holding of such meeting.

The meeting was called to order at 6:00 p.m. by John A. Boris, Chairman and upon a roll call, the following answered present:

Present

Maureen Call  
Frank J. Milo  
John A. Boris

Absent

William E. Luster  
Peter K. Strout

Also Present: Carol MacGown and Anne Cameron

The Chairman declared a quorum present.

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MOTION

The following resolution was introduced by John A. Boris, Chairman, read in full, and considered:

Maureen Call moved to adopt Salem Housing Authority's Section 3 Plan as presented. Frank J. Milo seconded the motion and the vote was as follows:

Ayes

3

Nays

0

The Chairman thereupon declared the motion carried.

