

Exhibit B

Section 3 Procedures City of Columbus

Purpose and Implementation

Section 3 (S3) of the Housing and Community Development Act of 1968 helps foster local economic development, neighborhood economic development and individual self-sufficiency. The S3 program requires that recipients of certain HUD financial assistance, to the greatest extent feasible, provide job training, employment and contracting opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods. S3 is intended to ensure that when employment or contracting opportunities are generated because a covered project or activity **necessitates the employment of additional persons or the awarding of contracts for work**, preferences must be given to low- and very-low income persons or business concerns residing in the community where the project is located.

The requirements of S3 apply to recipients (City of Columbus) of HUD Community Planning and Development funding exceeding \$200,000. All projects/activities involving housing construction or rehabilitation of housing (including lead-based paint hazards), or other public construction such as street repair, sewage line repair or installation, etc. that are completed in whole or in part with covered funding are subject to the requirements of S3. This can include contracts for professional services for work arising from the covered project.

Contractors or subcontractors that receive contracts in excess of \$100,000* for S3 covered projects/activities are required to comply with the S3 regulations in terms of job training, offering employment and contracting opportunities for low- and very-low income residents, record keeping and reporting responsibilities.

If the contractor/subcontractor has a need to hire additional persons or to subcontract portions of the work to any other business to complete the S3 covered project, S3 requires them to first direct their newly created employment and/or subcontracting opportunities to S3 residents or business concerns.

*The Section 3 regulations should not be construed to mean that the recipients or contractors are **required** to hire Section 3 residents or award contracts to Section 3 business concerns other than what is needed to complete the covered project. If the expenditure of covered funding does not result in new employment, contracting or training opportunities, the requirements of Section 3 are not triggered.*

A Section 3 resident is: 1) a public housing resident; 2) a low- or very-low income person residing in the metropolitan area in which the S3 covered assistance is expended; or 3) a homeless individual.

A Section 3 business concern must meet one of the following criteria: 1) 51 percent or more owned by S3 residents; or 2) at least 30 percent of its full time employees include persons that are currently S3 residents, or within three years of the date of first employment with the business concern were S3 residents; or 3) provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications of 1 and 2.

In order to comply with S3, the City of Columbus has implemented the following procedures:

- The construction project is evaluated by the Department of Development to determine if it as a S3 covered project.
- The S3 clause is included verbatim in signed agreements with the city for projects that are S3 eligible (i.e. involve construction, meet thresholds etc.) This requirement is passed through the developer to the contractor and subcontractor.
- At the pre-construction conference, S3 is reviewed with the developer and general contractor. The S3 Contractor Packet, containing all necessary forms and instructions, is distributed and reviewed.

- If contractors/subcontractors hire new employees for the covered project, and none of these are S3 hires, they must document, on the S3 Employee Form, efforts that were made to hire S3 residents and why these efforts were not successful. If the contractor does not hire any additional employees to complete the project, the S3 Employee Form must still be submitted. The goal on each project is that 30% of new hires will be Section 3 residents.
- The covered sub-contractors (those with contracts in excess of \$100,000 on the project) are to complete and submit the S3 Employee Form to the general contractor at a time prescribed by the contractor to allow the general to complete and submit the report to the city by the designated deadline (January 31, for the period July - Dec and July 31, for the period Jan-June) for the duration of the project. (See S3 Employee Form Filing Instructions). If S3 employees are hired, the Resident Certification Form should accompany the S3 Employee Form forwarded to the general and the city. Both the S3 Employee Certification Form and the Business Certification Form are self certifying, meaning the employee or business concern will be able to select the criteria which qualify them for the preference and by signing the form they certify to the veracity of their statement.
- Results are gathered by the general contractor for all eligible sub contractors and sent to the city twice a year. **The following forms MUST BE SUBMITTED at the end of each six month period: 1) Section 3 Employee Form and Section 3 Contract Reporting Form; 2) IF Section 3 hires are made: Section 3 Resident Certificate; 3) IF Section 3 Businesses are used: Section 3 Business Certification Form.** In addition, to the January and July deadlines, all Section 3 forms will be required prior to receipt of the final draw on the project.
- All S3 forms will be collected, and data compiled by the Grants Management section of the Department of Finance and Management. This information will be used to complete the Section 3 HUD form 60002 to be included in the annual Consolidated Annual Performance and Evaluation Report (CAPER) and submitted separately to HUD's Economic Opportunity Division in Washington, D.C.

Recipient Goals

Recipients of covered funding will be in compliance with S3 if they meet the minimum numerical goals established by HUD:

- 30 percent of the aggregate number of new hires shall be S3 residents;
- 10 percent of the total dollar amount of all covered construction contracts shall be awarded to S3 business concerns; and
- 3 percent of the total dollar amount of all covered non-construction contracts shall be awarded to S3 business concerns.

Recipients that fail to meet the minimum numerical goals listed above bear the burden of demonstrating why it was not possible to do so. This justification should describe the efforts that were taken, barriers encountered and other relevant information that will enable HUD to make a compliance determination.

*For purposes of Neighborhood Stabilization funds, this \$100,000 threshold is the combined amount of S3 covered funds per developer project, not the individual amount of each construction job in the project.

This clause must be included verbatim in all contracts used on S3 covered projects.

§ 135.38 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 135, 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 the part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of 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 135, 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 135. 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 135.

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 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

F. Noncompliance with HUD's regulations in 24 CFR part 135 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 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

**Section 3 Employee Form
Filing Instructions
City of Columbus**

The U.S. Department of Housing and Urban Development issued regulations that provide the directive to create job opportunities for low income persons. These regulations are known as Section 3 (S3). The purpose of Section 3 is to ensure that the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs, shall, to the greatest extent feasible, be directed toward low and very low income persons.

If, as a result of the Section 3 covered project, new full time personnel are hired or contracting opportunities are available, it is the responsibility of the contractor, or the recipient, to make their best efforts to hire Section 3 employees and contract with S3 businesses. HUD has established goals for the recipient that state that 30 percent of the annual aggregate number of **new hires** will be Section 3 employees; 10 percent of the total dollar amount of covered construction contracts and 3 percent of covered non-construction contracts will go to S3 business concerns. If a contractor does not need to hire any additional personnel for the covered project the Section 3 requirements are not triggered. However, the Section 3 Employee Form must still be completed and returned.

If no new hires are made for the project or new hires are made but none of these are Section 3 employees, the contractor must include a narrative explaining what actions were taken to comply with the requirements of Section 3 and to meet the minimum numerical goals.

Instructions:

Form is to be completed by general contractor and all sub-contractors with contracts greater than \$100,000 on Section 3 covered project (Except projects funded with Neighborhood Stabilization Program funds, all contracts, regardless of amount will report) by each given deadline until the project is finished, or the contractor completing the form no longer works on the project. The prime contractor must submit these forms to the city by July 31 and January 31. If you have any questions regarding this form, please call Carolyn Thurman, City of Columbus, Department of Finance and Management, at 614-645-8069 or e-mail CNThurman@Columbus.gov.

Follow the instructions after the letter (A-C below) that fits your company's situation.

A. If your company did not hire any employees for this project at all during the reporting period, you must:

1. Complete **Part I** of the Section 3 Employee Form, including the "number of new hires" (0);
2. Complete **Part III** Provide a written narrative explaining efforts made to hire Section 3 employees and why none of the new hires were Section 3
3. Complete **Part IV**; and
4. Submit form to the prime contractor by each deadline. (See page 2)

B. If your company hired new employees for this project but did not hire any Section 3 employees during the reporting period, you must:

1. Complete **Part I** of the Section 3 Employee Form, including the "number of new hires".
Record the number of all (Section 3 and non Section 3) new full-time hires during the reporting period. Full-time includes **temporary, seasonal, and permanent** employees hired for the purpose of completing a Section 3 covered project.
2. Complete **Part III**. Provide a written narrative explaining efforts made to hire Section 3 employees and why none of the new hires were Section 3;
3. Complete **Part IV**; and
4. Submit form to the prime contractor by each deadline. (See page 3)

C. If your company hired new employees for this project, including Section 3 employees during the reporting period, use the following directions to complete the Section 3 Employee Form and submit form to the prime contractor by each deadline.

1. Complete **Part I** of the Section 3 Employee Form, including the "number of new hires".

Record the number of new full-time hires during the reporting period. Full-time includes **temporary, seasonal, and permanent** employees hired for the purpose of completing a Section 3 covered project.

2. Complete **Part II** of the Section 3 Employee Form.

- i. **Section 3 Employee Name:** Enter the full name of each Section 3 New Hire who was hired during the reporting period to work on the Section 3 covered project. For this form, full-time includes **temporary, seasonal, and permanent** employees.
- ii. **Address/Phone:** Enter the address and phone number of each Section 3 employee.
- iii. **Job Description:** Enter the appropriate classification from the list below:

Professionals: Employees who have special knowledge of an occupation such as supervisors, architects, surveyors, planners, and computer programmers.

Technicians: Employees who work in direct support of engineers or scientists, utilizing knowledge of scientific, engineering, mathematical, or draft design principles.

Office/Clerical: Employees who provide support services such as word processing, answering phones, filing, record keeping etc.

Construction by Trade: For construction positions, record the TRADE that the employee is completing. Examples of trades are bricklaying, demolition, heating, drywall, etc.

- iv. **Date of Hire:** Enter the date when each full-time employee was first hired or the date a part-time employee became a full-time employee.
- v. **Last day of work:** Enter the last day this employee worked full-time. If s/he is still employed then leave blank.
- vi. **Salary/Hourly wage:** Enter the salary/wage each employee was earning at the time he/she became a full-time employee.
- vii. **Hours worked during reporting period:** Record the total number of hours worked by this employee during the reporting period.
- viii. **Section 3 Eligibility Criteria:**
List the type of criteria used to determine the eligibility of each Section 3 employee (e.g., income level, public housing resident etc...). There are several ways that an employee can satisfy Section 3 eligibility. Below are examples of acceptable eligibility criteria:
 1. Resident of public housing, or other income assisted housing.
 2. Homelessness
 3. Referral from a JTPA or OBES program (or other program which only serves low- income participants).
 4. Receives ADC benefits or other types of welfare assistance.
 5. Pay stub from previous employment which indicates an income below the income limits for low-income.
 6. A pay rate at time of hire which is at or below income limits for low income.

Median Income	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
\$78,000	\$43,700	\$49,950	\$56,200	\$62,400	\$67,400	\$72,400	\$77,400	\$82,400

To determine if an employee meets Section 3 income guidelines use the following information:

A Section 3 employee is someone who, currently or at the time of employment, was a homeless person, a public housing resident, a low-income person, or a very low-income person. In order to qualify as a low or very-low income person, **total family income** must fall at or below these numerical guidelines (updated guidelines will be provided as necessary):

If requested, the individual seeking employment or training preference provided by Section 3 should be able to provide evidence that they are eligible for the preference.

**Section 3 Employee Form
City of Columbus**

THIS FORM MUST BE SUBMITTED AT THE END OF EACH SIX MONTH REPORTING PERIOD

Please use the Section 3 Employee Form Filing Instructions to complete this form.

Part I

Name of Project:	Funding Source:	
Reporting Period: <input type="checkbox"/> January 1-June 30 (due end of July) or <input type="checkbox"/> July 1-December 31 (due end of January) <small>Please check one box</small>		
Contractor Name:		
Contractor Address and Phone #:		
Type of Business:		
Contact Person Name:	Ph. #	e-mail:

Total number of New Full-Time employees hired for this project (this includes non Section 3 employees):
--

Part II

List all Section 3 Employee Information Below

Name	Address/Phone Number	NSP3 Project Vicinity Hire Y/N	Job Description	Hire Date	Last Day Of Work	Salary/ Hourly Rate	# Hrs worked during reporting period	Sec 3 Eligibility Criteria*
		No						
		No						
		No						
		No						
		No						
		No						
		No						
		No						
		No						
		No						

* Choose number from Employee Form Filing Instructions-Part C (2) viii

Part III: Efforts to direct employment

NSP3 Funded Projects

Explain efforts made to direct employment and other economic opportunities generated by NSP3 funding toward qualified individuals who reside in the vicinity of this project.

CDBG/HOME/NSP1/NSP2/NSP3 Funded Projects

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 in which the Section 3 covered 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 a Section 3 business concern.
- Coordinated with Youthbuild Programs administered in the metropolitan area in which the Section 3 covered project is located.
- Other actions. Provide narrative to illustrate efforts made to direct newly created employment opportunities to Section 3 residents.

Part IV

I certify that the above information is true to the best of my knowledge. This information will be used to ensure compliance with the Department of Housing and Urban Development-Section 3 requirements.

Name

Sign and Date

Title

**Report should be submitted by general contractor at the end of January and the end of July.
Send completed reports to: Carolyn Thurman, Department of Finance and Management, 90 W. Broad Street,
Columbus, Oh 43215. CNThurman@Columbus.gov**

**Section 3
Resident Certificate
City of Columbus**

For new hires. Please complete the following information and sign your name

1. My current address is (give street address, city, state, and zip code)

_____.

2. I do do not reside in public housing. If you do, please give the name of your public housing community, City and State.

_____.

3. I do do not receive assistance from a Housing Choice voucher (Section 8). If you do, please give the name of the agency that issued you the Housing Choice Voucher.

_____.

4. The total number of individuals in my family (include all family members currently living in the household) is

_____.

5. Find your family size in the box below. Is your family income equal to or less than the income listed below that box?

YES NO

Median Income	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
\$78,000	\$43,700	\$49,950	\$56,200	\$62,400	\$67,400	\$72,400	\$77,400	\$82,400

6. I understand that the information above relating to the size and annual income of my family may require verification. Upon request, I agree to provide documents verifying this information. I also authorize my employer to release this information for the United States Department of Housing and Urban Development, the City of Columbus and the prime and/or sub-contractors to verify my status as a "Section 3 Resident".

Please print your name

Employer's Name

Please sign your name

Section 3 Covered Project

Address

Individual Completing Form/Phone #

**Section 3
Contracts Reporting Form
City of Columbus**

THIS FORM MUST BE SUBMITTED AT THE END OF EACH SIX MONTH REPORTING PERIOD

Project:	
General Contractor:	
Reporting Period:	<input type="checkbox"/> January 1-June 30 or <input type="checkbox"/> July 1-December 31
Individual Completing Form:	Phone #

Construction Contracts

A: Enter the total dollar amount of all construction contracts awarded on the project/program **during this reporting period.**

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

\$ _____

List those Section 3 Businesses and the amount awarded to each:

Section 3 Business	Amount of Contract

C. The percentage of the total dollar amount of contracts on this project that were awarded to Section 3 businesses.

_____ %

Non-Construction Contracts

Item A: Enter the total dollar amount of all non-construction contracts awarded on the project/program **during this reporting period.** (Professional service contracts such as architects, engineers, administrative staff, appraisers, attorneys or accountants)

\$ _____

B. Enter the total dollar amount of non-construction contracts connected with this project awarded to Section 3 businesses.

\$ _____

List those Section 3 Businesses and the amount awarded to each:

Section 3 Business	Amount of Contract

C. The percentage of the total dollar amount of non-construction contracts connected with this project awarded to Section 3 businesses. (Use total amount of contracts from B)

_____ %

To be completed by the General Contractor and submitted with Employee forms by July 31 and January 31.

**Section 3
Business Certification
Form City of Columbus**

HUD's Section 3 regulations (24 CFR Part 135) define a Section 3 Business Concern as a business:

(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 subcontract in excess of 25 percent of the 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."

Contractors or subcontractors that receive contracts in excess of \$100,000 for a S3 covered project/activity are required to report on all contracts they make with both S3 and non S3 business concerns.

This form is a tool to determine and document the S3 status of the businesses under contract to work on this project; documentation of the status of S3 Businesses should be retained in the project files.

**City of Columbus
Section 3 Business Certification**

To be completed by the business claiming Section 3 Business Concern status

Business being certified

Owner: _____ Title: _____

Company Name: _____

Address: _____

Vicinity Hire? (NSP3 Funding Only) Yes No

Phone # _____ E-mail _____

Project information

Project Name: _____

Project Address: _____

Section 3 determination

1. Is your business owned (51% or more) by individuals whose household incomes are NO GREATER THAN 80% of Area Median Income (AMI)? See chart below: Yes No

Median Income	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
\$78,000	\$43,700	\$49,950	\$56,200	\$62,400	\$67,400	\$72,400	\$77,400	\$82,400

2. Do 30% (or more) of your full time, permanent employees have household incomes that are NOGREATER THAN 80% of Area Median Income (AMI)? (See chart) Yes No

3. Will you subcontract more than 25% of this contract with any business that is either 51% owned by Section 3 residents or 30% or more of its employees are Section 3 residents? Yes No

If any of the questions above are marked "yes", the business qualifies as a Section 3 business.

I certify that the above statements are true, complete, and correct to the best of my knowledge and belief.

Signature: _____

Print Name: _____ Date: _____

E-mail address: _____

FOR CITY USE ONLY:

Project Name _____

Type of funds (CDBG, HOME, CDBG-R, NSP) _____

Type of contract (check one): Cons ion/Non-C ruction

Type of contract (circle one): truct onst

Dollar amount of Contract with this company \$ _____

Form should be retained in general contractor project file. Copy submitted with semi-annual report to City of Columbus.

Section 3 Resource List

Resource	Phone #
Columbus Metropolitan Housing Authority Division of Public Housing http://www.cmhanet.com/	614-421-6680
Youthbuild Columbus http://www.youthbuildcolumbus.info/	614-291-0805
Building Trades Institute www.btiohio.com	740-548-8091
Minority Independent Contractors Association (MICA)	614-268-7800
Central Ohio Workforce Investment Corporation http://www.cowic.org/	614-559-5052
Central Ohio Minority Business Association http://www.comba.com/	614-252-8005
Homeless shelters	Phone #
Faith Mission http://faithmissionofohio.org/	614-224-6617
The Open Shelter http://www.theopenshelter.org/	614-461-0407
Homeless Families Foundation http://www.homelessfamiliesfoundation.com/	614-461-9247
Lutheran Social Services http://www.lssco.org/	614-228-5200
Southeast/Friends of the Homeless http://www.southeastinc.com/foh.php	614-225-0990
Community Shelter Board http://www.csb.org/	614-221-9195
Columbus Coalition for the Homeless http://www.columbushomeless.org/	614-228-1342
Community Development Organizations	Phone #
Homeport www.homeportohio.org	614-221-8889
Community Development For All People (CD4AP) http://www.4allpeople.org/	614-445-7342
East Columbus Development Company (ECDC) http://www.ecdcohio.org/	614-372-0884
Franklinton Development Association (FDA) http://www.franklinton.org/	614-275-4989
Homes on the Hill Community Development Corporation (HOTH) http://www.hoth-	614-275-4663

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