

Section 3 CLAUSE
24 CFR Part 135.38, Effective July 1, 2021

All Section 3 covered contracts shall include the following clause (referred to as the 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, including persons who are recipients of HUD assistance for housing, with a preference for both targeted workers living in the service area or neighborhood of the Development and YouthBuild participants, as defined at 24 CFR Part 75 (“**Section 3 Regulations**”).

B. The Parties agree to comply with HUD's regulations in Section 3 Regulations, which implement Section 3. As evidenced by their execution of this Contract, the Parties certify that they are under no contractual or other impediments that would prevent them from complying with Section 3 Regulations.

C. The Award Recipient, Contractor, or Development Owner agrees to send to each labor organization or representative of workers with which the Award Recipient, Contractor, or Development Owner 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 and shall set forth the following: (i) minimum number and job titles subject to hire, (ii) availability of apprenticeship and training positions, (iii) qualifications for each (iv) the name and location of the person(s) taking applications for each of the positions, and (v) the anticipated date the work shall begin.

D. The Award Recipient, Contractor, or Development Owner agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in Section 3 Regulations, 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 violates the regulations in Section 3 Regulations. The Award Recipient, Contractor, or Development Owner will not subcontract with any subcontractor where the Award Recipient, Contractor, or Development Owner has notice or knowledge that the subcontractor has been found in violation of the regulations in Section 3 Regulations.

E. The Award Recipient, Contractor, or Development Owner will certify that any vacant employment positions, including training positions, that are filled (i) after a contractor is selected but before the contract is executed, and (ii) with persons other than those to whom the regulations of Section 3 Regulations require employment opportunities to be directed, were not filled to circumvent the Award Recipient, Contractor, or Development Owner's obligations under Section 3 Regulations.

F. Noncompliance with HUD's regulations in Section 3 Regulations may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

By: _____ [signature required]

(Print/type name and title)

Date: _____