

*Nevada Governor's Office of*  
**ECONOMIC DEVELOPMENT**  
**COMMUNITY DEVELOPMENT BLOCK GRANT**

**SECTION 3 PROVISIONS FOR CONTRACTS**

**I. PURPOSE**

To ensure that employment and other economic opportunities generated by the Community Development Block Grant (CDBG) funds shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly those who reside in government-assisted housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

**II. APPLICABILITY**

The requirements apply to contractors and subcontractors performing work on Section 3 covered project(s) for which the amount exceeds \$100,000.

**III. DEFINITIONS**

*Applicant* means any entity which makes a application for CDBG funds, and includes but is not limited to, any State, unit of local government, public housing agency, Indian housing authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization (CHDO), resident management corporation, resident council, or cooperative association.

*Business concerns* means a business entity formed in accordance with State law, and which is licensed under State, county, or municipal law to engage in the type of Business activity for which it was formed.

*Contractor* means any entity which contracts to perform work generated by the expenditure of Section 3 covered assistance or for work in connection with Section 3 covered project.

*Employment opportunities generated by Section 3 covered assistance* means all employment opportunities generated by the expenditure of Section 3 covered projects, including architectural, engineering, or related professional services required to prepare plans, drawings, specifications, or work write-ups; and jobs directly related to administrative support of these activities, e.g., construction manager, relocation specialist, payroll clerks, etc.

*Housing and Community Development Assistance* means any financial assistance made available through any grant, loan, loan guarantee, cooperative agreement, or contract.

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*New hires* mean full-time employees for permanent, temporary or seasonal employment opportunities.

Section 3 business concern means a business concern, as defined in this section—

- (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.”

*Section 3 Clause* means the contract provisions set forth in 135.38.

*Section 3 covered activity* means any activity, which is funded by CDBG.

*Section 3 covered contract* means a contract or subcontract involving work generated by a recipient or contractor. Section 3 covered contracts do not include procurements activities which involve contracts only for the purchase of materials.

*Section 3 resident* is an individual who resides in the county, which the Section 3 covered assistance is expended, and who is:

- (1) a public housing resident; or
- (2) *a low-income person*, as defined in Section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2), means families (including single person) whose income do not exceed 80 per centum of the median income for the area; or
- (3) *a very low-income person*, as defined in Section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2), means families (including single person) whose income do not exceed 50 per centum of the median income for the area.

A person seeking preference for providing Section 3 training and employment bears the responsibility of providing evidence (if requested) that the person is eligible for the preference.

*Service area* means the geographical area in which the persons benefiting from the Section 3 covered project reside. The service area shall not extend beyond the unit of general local government in which Section 3 covered assistance is expected.

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*Subcontractor* means any entity (other than a person who is an employee of the contractor) which has a contract to undertake a portion of the contractor's obligation for the performance of the work generated by expenditure of Section 3 covered assistance, or arising in connection with Section 3 covered projects.

### IV. NUMERICAL GOALS FOR MEETING THE GREATEST EXTENT FEASIBLE REQUIREMENTS:

- A. *General:* Contractors may demonstrate compliance with the "greatest extent feasible" requirement of Section 3 by meeting the numerical goals set forth in the section for providing training, employment, and contracting opportunities to Section 3 residents and Section 3 business concerns.
- B. The numerical goals established in this section represent minimum numerical targets.
- C. *Training and employment:* The numerical goals set forth in this section apply to the aggregate of new hires. Efforts to employ Section 3 residents, to the greatest extent feasible, should be made at all levels.
- D. *Contracts:* Each contractor and subcontractor may demonstrate compliance with the requirements of this part by committing to award to Section 3 business concerns:
  - (1) At least 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 construction; and
  - (2) At least three percent of the total dollar amount of all Section 3 covered contracts.
- E. *Safe harbor and compliance determinations:* (1) In absence of evidence to the contrary, a contractor that meets the minimum numerical goals set forth in this section will be considered to have complied with the Section 3 preference requirements. (2) A contractor also can indicate other economic opportunities, such as those listed in Section V.

### IV. PROVIDING OTHER ECONOMIC OPPORTUNITIES

- A. *General:* In Accordance with the finding of Congress, as stated in Section 3, that other economic opportunities offer an effective means of empowering low-income persons, a recipient is encouraged to undertake efforts to provide to low-income persons economic opportunities other than training, employment, and contract awards, in connection with Section 3 covered assistance.

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- B. *Other training and employment related opportunities* include but need not to be limited to:
- (1) use of “upward mobility”, “bridge” and trainee positions to fill vacancies;
  - (2) hiring Section 3 residents in management and maintenance positions within other developments; and
  - (3) hiring Section 3 residents in part-time positions.
- C. *Other business related economic opportunities:* (1) A recipient or contractor may provide economic opportunities to establish, stabilize, or expand Section 3 business concerns, including microenterprises. Such opportunities include but are not limited to:
- (a) the formation of Section 3 joint ventures;
  - (b) financial support for affiliating with franchise development;
  - (c) Use of labor only contracts for building trades;
  - (d) Purchase of supplies and materials from housing authority resident-owned businesses;
  - (e) Purchase of materials and supplies from public housing authority resident-owned businesses and use the procedures under 24 Part 963 regarding Housing Authority contracts.
- A contractor may employ these methods directly or may provide incentives to non Section 3 businesses to utilize such methods to provide other economic opportunities to low-income persons.
- D. *A Section 3 joint venture* means an association of business concerns, one of which qualifies as a Section 3 business concern, formed by written joint venture agreement to engage in and carry out a specified business venture for which purpose the business concerns combine their efforts, resources, and skills for joint profit, but not necessarily on a continuing or permanent basis for conducting business generally, and for which the Section 3 business concern.
- (1) Is responsible for a clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and
  - (2) performs at least 25 percent of the work and is contractually entitled to compensation proportionate to its work.