**MANDATORY SECTION 3 CONTRACT CLAUSE**

This language is required in all contracts for work that is being performed on Section 3 Projects. For more information about Section 3, consult NYSHCR’s Section 3 Policy Manual available here: <https://hcr.ny.gov/section-3-compliance>

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, to the greatest extent feasible, that training, employment, contracting, and other economic opportunities generated by Section 3 covered financial assistance shall be directed to low-income residents of the neighborhood where the financial assistance is spent, and to businesses that are either owned by low-income residents of the neighborhood where the financial assistance is spent, or substantially employ these persons.

The parties to this contract agree to comply with federal regulations in 24 CFR part 75, 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 75 regulations.

The [Awardee/Subawardee/Contractor/Subcontractor(*choose applicable*)] agrees to agrees to notify potential contractors and subcontractors that are associated with Section 3 covered projects and activities about the requirements of Section 3, to include this Section 3 clause in every contract and subcontract subject to compliance with regulations in 24 CFR part 75, and to ensure that any subcontractors also include this Section 3 clause in their subcontracts for work performed on the project.

The [Awardee/Subawardee/Contractor/Subcontractor(*choose applicable*)] 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 75.

The [Awardee/Subawardee/Contractor/Subcontractor(*choose applicable*)] agrees to maintain hiring and contracting practices to the greatest extent feasible so that 25 percent of the total labor hours expended on the project are by Section 3 Workers, of which 5 percent are by Targeted Section 3 Workers as defined in 24 CFR part 75. As part of these practices, [Awardee/Contractor/Subcontractor (*choose applicable*)] agrees to provide priority consideration to eligible residents and businesses in accordance with 24 CFR Part 75, as applicable. If the [Awardee/Subawardee/Contractor/Subcontractor(*choose applicable*)] is not able to meet this benchmark goal, it must provide a narrative of efforts taken and supporting documentation explaining why it was unable to meet that goal, despite greatest extent feasible efforts taken.

If applicable, the [Recipient/Subrecipient/Contractor/Subcontractor(*choose applicable*)] agrees to notify each labor organization or representative of workers with which the [Awardee/Subawardee/Contractor/Subcontractor (*choose applicable*)] has a collective bargaining or similar labor agreement or other understanding, if any, about its obligation to comply with the requirements of Section 3 and ensure that new collective bargaining or similar labor agreements provide employment, registered apprenticeship, training, subcontracting, or other economic opportunities to Section 3 Workers and businesses, and to post notices in conspicuous places at the work site advising the labor union, organization, or workers’ representative of the contractor’s commitments under this part.

The [Awardee/Subawardee/Contractor/Subcontractor(*choose applicable*)] agrees to comply with all monitoring, reporting, recordkeeping, and other procedures specified by New York State Homes and Community Renewal and the United States Department of Housing and Urban Development (HUD). The [Awardee/Subawardee/ Contractor/Subcontractor (*choose applicable*)] is responsible for providing Section 3 performance metrics and supporting documentation for all its subrecipients, contractors, and subcontractors, as applicable.

Noncompliance with HUD's regulations in 24 CFR part 75 and New York State Homes and Community Renewal’s Section 3 policies may result in sanctions, penalties, termination of this contract for default, and debarment or suspension from future HUD assisted contracts