

Section 3 HUD Compliance Review Checklist

About this Tool

Description: HUD may conduct a compliance review of the recipient agency to determine compliance. This tool is designed to help grantees prepare for a HUD compliance review. It is intended to be a sample checklist to help grantees identify what type of records should be maintained for a HUD compliance review.

How to Adapt this Document: This document is intended to be used as a reference tool to help grantees prepare for HUD compliance reviews. It contains examples of records that can be maintained to support Section 3 compliance. Grantees are encouraged to adapt the suggestions to fit the resources within their individual communities and to meet the needs of their program.

Source of Document: This document was developed by consultants affiliated with the consulting firm ICF.

Disclaimer: The following is a Section 3 HUD Compliance Checklist that PHAs or Community Development Offices may wish to use to help demonstrate Section 3 compliance. They may work with their legal counsels to ensure it meets all local and state laws.

This resource will be part of a Section 3 Toolkit coming Fall of 2021. It will be hosted on the HUD Exchange at <https://www.hudexchange.info/>.

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An example of some records that recipients should maintain for a compliance review are:

Planning and Procedure Documents

- Copies of signed Consolidated Plan or Public Housing Annual Plan certifications/ assurances.
- Annual Plans or other performance reports (i.e., Consolidated Plans, Action Plans, CAPERs, PHA Annual Plans, Budget documents, etc.), to determine the beginning and end dates of the recipient's program or fiscal year and the dollar amount of covered projects/activities that were completed during the program or fiscal years under review.
- Recipient procedures for monitoring subrecipients, developers, contractors, and subcontractors for compliance.
- Descriptions of procedures used by the recipient, subrecipients, developers and contractors to verify the eligibility of Section 3 workers and businesses, to determine if these procedures are consistent with the regulation and to ensure that they do not create any undue burden to prospective beneficiaries.

Procurement and Contract Documents

- Procurement records, to identify the dollar amount of each covered contract awarded during the time span under review.
- Copies of bid solicitations, to ensure that Section 3 applicability is referenced.
- Contract documents, to ensure that they include a Section 3 clause in contracts awarded.
- Minutes, sign-in sheets, agendas, or other relevant evidence from pre-construction meetings, to determine if Section 3 requirements were discussed with prospective bidders. (g) Plans for meeting or exceeding benchmarks by recipients and contractors (i.e., contractors' proposals or business utilization plan).
- Lists of Section 3 business concerns that received contracts/subcontracts during the period under review. This information should include: name of contractor; address; telephone number; email address; contract amount; date awarded; and services provided.

Business and Worker Records

- Labor hour records of recipients and contractors, to determine the percentage of Section 3 workers and Targeted Section 3 workers in comparison to total labor hours.
- Lists of Section 3 workers and businesses maintained by the recipient, to determine the extent to which the recipient is attempting to provide economic opportunities to prospective beneficiaries.
- Lists of Section 3 workers or Targeted Section 3 workers employed by the recipient and/or its contractors during the period under review. This information should include: name of low- or very low-income individual; address; telephone number; date hired; position; and current status (employed, terminated, etc.).
- Correspondence or other records from Section 3 workers and business regarding training, employment or contracting opportunities (including Section 3 grievances), to determine how those inquiries were addressed or resolved.

Outreach Documents

- Evidence of outreach efforts, to determine how Section 3 workers or businesses were targeted or recruited for employment, training, or contracting opportunities.
- Evidence that developers, contractors, or subcontractors notified local labor unions about their Section 3 obligations.
- Evidence that developers, contractors, or subcontractors posted signs regarding job vacancies and/or subcontracting opportunities at the job site.

Other Documents

- Other specific information related to Section 3 complaints that are currently pending HUD investigation.
- Other specific information related to steps taken by the recipient to address previous findings from Section 3 compliance reviews or other HUD monitoring reviews.
- Other relevant data that may demonstrate Section 3 compliance by the recipient.