



STATE OF MISSISSIPPI  
PHIL BRYANT, GOVERNOR  
MISSISSIPPI DEVELOPMENT AUTHORITY  
BRENT CHRISTENSEN  
EXECUTIVE DIRECTOR

**CSD POLICY STATEMENT #15-001**

**TO:** Local Units of Government, Non-Profit Organizations and Other Interested Parties

**FROM:** Steven C. Hardin, Director  
Community Services Division 

**DATE:** April 13, 2015

**SUBJECT:** Section 3 Policy and Procedures and Section 3 Compliance

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**Purpose:** To notify all Community Development Block Grants (CDBG), Emergency Solutions Grant (ESG), HOME Investment Partnerships Program (HOME) and Neighborhood Stabilization Program (NSP) Sub-recipients, Local Units of Government, Non-profit Organizations and other interested parties of the revisions to the Community Services Division (CSD) Section 3 Policy and Procedures and Section 3 Reporting requirements.

**Discussion:** Section 3 of the Housing and Urban Development Act of 1968 [12 U.S.C. 1701u and 24 CFR Part 135] is the U.S. Department of Housing and Urban Development's (HUD's) legislative directive for providing preference to low and very low-income residents of the local community (regardless of race or gender) and the businesses that substantially employ these persons for new employment, training, and contracting opportunities resulting from HUD-funded projects.

As a condition of receiving Federal funds from CSD, Sub-recipients certify that they will comply with the requirements of Section 3 annually pursuant to 24 CFR 570.607 (b). Accordingly, HUD and CSD have the legal responsibility to monitor Sub-recipients for compliance and can impose penalties upon those that fail to meet these obligations. The Section 3 Regulations apply to all federally funded programs (CDBG), (HOME), (ESG) and (NSP).

HUD and CSD considers Sub-recipients of covered funding to be in compliance with Section 3 if they meet the minimum numerical goals set forth at 24 CFR Part 135.30. Specifically:

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

Sub-recipients that fail to meet the minimum numerical goals above bear the burden of demonstrating why it was not possible to do so. Such justifications should describe the efforts that were taken, barriers encountered, and other relevant information that will enable CSD to make a compliance determination. Written justification should be submitted in writing from the Local Unit of Government and/or Non-profit Organization agency and signed by the Local Unit of Government Elected Official and/or the Non-profit Organization's Executive Director.

**Action:** Effective immediately, all Sub-recipients must submit the required acceptable HUD Form 60002 for the reporting period of **October 1, 2013 through September 30, 2014** to CSD by **Friday, May 15, 2015**. Failure to comply with the reporting due date shall result in sanctions including: suspension of payments or limited denial of participation in CSD federal funded programs. The HUD Form 60002 and a listing of all Sub-recipients who have not submitted the required form, can be download from the MDA website at [www.mississippi.org/csd](http://www.mississippi.org/csd) under the Federal Funded Projects Compliance Guidance and Forms and click the Section 3 link. Please return the HUD Form 60002 to the Mississippi Development Authority, Community Services Division, Post Office Box 849, Jackson, MS 39205-0849, via faxed to 601-359-3108 or via email to [Community@mississippi.org](mailto:Community@mississippi.org).

### **Section 3 Policy and Procedures and Reporting Revision**

Effective immediately, as of **April 13, 2015**, all Sub-recipients must submit the required HUD Form 60002 for all expenditures that reflects hiring and contracting in the reporting period of **October 1<sup>st</sup> through September 30<sup>th</sup>** by **October 31<sup>st</sup>** following the end of the reporting period. **For example, for the reporting period of October 1, 2014 through September 30, 2015, the HUD Form 60002 will be due to CSD by October 31, 2015.**

### **Section 3 Compliance and Project Close-Out Procedures**

All Sub-recipients must submit a final HUD Form 60002 that reflects hiring and contracting for the current reporting period along with any delinquent previous year reporting with the project Close-Out package. All Sub-recipients who fail to submit the required Section 3 reporting with the Close-Out package must be aware that CSD will not process the Close-Out package and will not process the final Request for Cash draw until compliance with the Section 3 reporting requirement has been satisfied. Furthermore, all Sub-recipients must be current on HUD Form 60002 to be eligible for future funding.

**Contact:** Inquiries regarding Section 3 reporting may contact Dean Patterson at 601.359.2364 or Tammie Lawrence at 601.359.9339. Inquiries regarding overall Section 3 Compliance Policy and Procedures may contact Ray Robinson, Jr. at 601.359.9273. The hearing impaired may contact us at 601.359.3199 (TTY).

We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, familial status, or national origin. The Mississippi Development Authority does not discriminate on the basis of disability in the admissions or access to or treatment or employment in its programs or activities.

