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To: Real Estate Department Partners

Notice: **RED-12-35**

From: Real Estate Department

Date: June 25, 2012

Re: **Reminder on Section 3 Reporting Requirements**

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This notice is to remind all recipients of IHCD funding of the mandatory reporting requirements related to Section 3 that became effective as of January 1, 2012.

### **Section 3 Applicability**

Section 3 applies to recipients who have received \$200,000 in construction funding from all HUD Community Planning & Development (CPD) programs during a program year. Applicable CPD programs include:

- Community Development Block Grants (CDBG)
  - Home Investment Partnership (HOME) Assistance
  - Housing Opportunities for Persons with Aids (HOPWA)
  - Economic Development Initiative (EDI)
  - Brownfield Economic Development Initiative (BEDI)
  - Emergency Shelter Grants
  - Homeless Assistance
  - University Partnership Grants
  - Neighborhood Stabilization Program (NSP)
  - Certain Grants Awarded Under HUD Notices of Funding Availability (NOFAs)
- (See also HUD website for guidance on Sec 3 applicability to ARRA.)

Section 3 also applies to contractors or subcontractors that receive contracts in excess of \$100,000 for Section 3 covered projects/activities.

### **Section 3 Goals**

If it is determined that a recipient or contractor meets the threshold requirements above, the recipient or contractor must attempt to reach the following goals found at 24 CFR Part 135.30:

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Lieutenant Governor  
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- 1) Offer thirty percent (30%) of new employment opportunities to Section 3 residents.
- 2) Awarding ten percent (10%) of the total dollar amount of all covered construction contracts to Section 3 businesses.

See the “Definitions & Certification” section of the Section 3 chapter (Chapter 7) of the SIP Award Implementation Manual for the definitions of Section 3 residents and Section 3 businesses.

### **Mandatory Reporting Requirements**

Whether or not an IHEDA award generated a need for new employment or contracts, the recipient must still submit Section 3 quarterly reports to IHEDA indicating this information. This is because IHEDA is obligated to report this data in the aggregate for all our recipients to HUD.

Quarterly reports are due February 1, May 1, July 1, and November 1. Reports should be submitted using Form HUD-60002 (Exhibit A) of the Section 3 chapter (Chapter 7) of the SIP Award Implementation Manual. Recipients are also asked to submit their own annual reports to HUD using this same form.

IHEDA Quarterly Reports should be submitted to [section3@iheda.in.gov](mailto:section3@iheda.in.gov).

HUD Annual Reports should be submitted to [www.hud.gov/section3](http://www.hud.gov/section3).

Questions can be directed to:

Matt Rayburn, Compliance and Asset Manager  
Mike Recker, Compliance Auditor  
Devyn Smith, Compliance Auditor

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