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Office of Community Development
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SUBJECT: Procurement Requirements for Federally Funded OCD Programs
ISSUED: Effective July 1, 2021
DISTRIBUTED TO: Office of Community Development Award Recipients and their Affiliates

PROGRAM POLICY

Pursuant to 2 CFR 200.317, the Office of Community Development (OCD) adopted the Procurement Standards in Subpart D of 2 CFR Part 200 (§200.318 - §200.327) for grantee procurement actions associated with federally assisted OCD awards made on or after July 1, 2015. This Policy provides guidelines for procurement actions associated with federally funded OCD Programs. This policy replaces Program Policy Notice 20-02.

As a general policy, an OCD grantee must use its own documented procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in 2 CFR 200. No aspect of this policy may be interpreted as relieving a grantee of its obligation to abide by applicable provisions of the Ohio Revised Code or the procurement standards at 2 CFR 200.318-327.

Applicability

This policy applies to procurement actions undertaken by local government and nonprofit organization recipients of grant awards from federally funded OCD programs. A list of federally funded OCD programs is available in the current [Ohio Consolidated Plan](#). A recipient of a grant award from a State funded OCD program must use its own documented procurement procedures which reflect applicable State and local laws and regulations. This policy does not apply to the rehabilitation of privately-owned property if the rehabilitation contract is solely procured and executed by a private property owner as the beneficiary of a loan or grant associated with a federally funded OCD program. OCD will address private owner procurement in a separate policy.

I. Limitation on Procurement Actions Pending Environmental Review

Except for grant administration activities, grantees may not execute contracts for any OCD-assisted work until OCD issues a release of environmental conditions.

II. Notice of Contract Award

Grantees must submit a Notice of Contract Award (NOCA) to OCD for each procurement action funded in whole or in part by a federally funded OCD program. Grantees enter NOCA data

directly into OCD's OCEAN grant management system. OCD provides submission instructions directly to OCD grantees semi-annually.

III. General Procurement Standards

A. Standards of Conduct

1. A grantee must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by an OCD grant if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the grantee may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, grantees may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the grantee.
2. If the grantee has a parent, affiliate, or subsidiary organization that is not a local government, the grantee must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the grantee is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.
3. If a potential conflict of interest has been identified, it is the responsibility of the grantee to resolve the potential conflict. [Program Policy Notice: OCD 15-07](#) provides guidance on resolving potential conflicts of interest under Ohio law and federal law.

B. Use of Most Economical Approach

A grantee's procurement procedures must be designed to avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Grantees must evaluate alternatives to determine the most economical approach.

C. Contractor Selection

Grantees must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. Grantees must verify contractor eligibility in the System for Award Management ([SAM.gov](#)) and may not award contracts to debarred, suspended, ineligible, or otherwise excluded contractors.

D. Recordkeeping

Grantees must maintain records sufficient to detail the history of procurement. Applicable records include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

IV. Competition

A. Full and Open Competition

All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of 2 CFR 200.319-320. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

1. Placing unreasonable requirements on firms in order for them to qualify to do business;
2. Requiring unnecessary experience and excessive bonding;
3. Noncompetitive pricing practices between firms or between affiliated companies;
4. Noncompetitive contracts to consultants that are on retainer contracts;
5. Organizational conflicts of interest;
6. Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the procurement; and
7. Any arbitrary action in the procurement process.

B. Geographical Preferences

Grantees must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. This prohibition does not preempt state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

C. Written Procedures

Grantees must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

1. Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and
2. Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

D. Prequalified Lists

Grantees must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, grantees must not preclude potential bidders from qualifying during the solicitation period.

V. Contract cost and price

- A. Grantees must perform some form of cost or price analysis in connection with every procurement action. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but, at a minimum, grantees must make independent estimates before receiving quotations, bids, or proposals.
- B. Grantees must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed.
- C. Costs or prices based on estimated costs are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the grantee under Subpart E—Cost Principles of 2 CFR 200.
- D. The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

VI. Methods of Procurement

Grantees apply the following methods of procurement in accordance with applicable State and local laws and regulations, the standards identified in 2 CFR 200.320, and the guidelines provided below.

A. Micro-Purchases

1. Cost Threshold: Less than \$2,000 for construction projects; less than \$10,000 for non-construction projects
2. Summary: The acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold. Micro-purchases may be awarded without soliciting competitive price or rate quotations if the grantee considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly. To the extent practicable, grantees must distribute micro-purchases equitably among qualified suppliers.

B. Small Purchases

1. Cost Threshold: Less than \$50,000
2. Summary: Obtain price or rate quotations from an adequate number of qualified sources (i.e., three to five). Ensure that quotations are specific enough to enable comparison.

C. Competitive Sealed Bids

1. Cost Threshold: \$50,000 or more, or when competitive sealed bidding would be advantageous to the particular procurement situation.
2. Summary: Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, regardless of estimated cost.
3. Conditions: For sealed bidding to be feasible, the following conditions should be present:
 - a. A complete, adequate, and realistic specification or purchase description is available;
 - b. Two or more responsible bidders are willing and able to compete effectively for the business; and
 - c. The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.
4. Requirements: If sealed bids are used, the following requirements apply:
 - a. Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids. Local governments must publicly advertise the invitation for bids in accordance with applicable provisions of the Ohio Revised Code;

- b. The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
- c. All bids will be opened publicly at the time and place prescribed in the invitation for bids;
- d. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. For public improvements subject to Ohio Revised Code 153.12, the contract price may not exceed the cost estimate by more than 10%; and
- e. Any or all bids may be rejected if there is a sound documented reason.

D. Competitive Proposals (RFP)

- 1. Cost Threshold: \$50,000 or more, or when competitive proposals would be advantageous to the particular procurement situation.
- 2. Summary: Proposals are publicly solicited and either a fixed price or cost-reimbursement type contract is awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered. This method is generally used when conditions are not appropriate for the use of competitive sealed bids. The competitive proposals method of procurement is the preferred method to use when procuring grant administration or consulting services, regardless of estimated cost.
- 3. Requirements:
 - a. Requests for proposals must be publicized in accordance with applicable provisions of the Ohio Revised Code and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
 - b. Proposals must be solicited from an adequate number of qualified sources;
 - c. The grantee must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
 - d. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

E. Qualifications Based Selection (RFQ)

- 1. Cost Threshold: \$50,000 or more, or when qualifications-based selection would be advantageous to the particular procurement situation.
- 2. Summary: Grantees may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E

professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

F. Cooperative Purchasing

1. Cost Threshold: None
2. Summary: Local government grantees may participate in a joint purchasing program operated by or through a national or state association of political subdivisions. Local government grantees may also voluntarily become members of the Cooperative Purchasing Program, administered by the Ohio Department of Administrative Services (DAS), to participate in contracts into which DAS has entered for the purchase of supplies and services.
3. Requirements:
 - a. For requirements and procedures associated with joint purchasing programs, see Ohio Revised Code 9.48.
 - b. For the DAS Cooperative Purchasing Program, follow procedures outlined at Ohio Revised Code 125.04 and the DAS [Cooperative Purchasing website](#).

G. Force Account

1. Cost Threshold: Varies by project type
2. Summary: Under certain circumstances, and subject to OCD approval, a grantee may use existing, qualified local government employees to perform construction work on projects assisted by OCD's Community Development Block Grant (CDBG)-funded Community and Economic Development Programs. Using local government employees, termed "force account" labor, is an exception to competitive bidding requirements that grantees may use for road, bridge, culvert, or other public facility projects that meet defined cost thresholds. Materials and equipment acquired from outside vendors, and all subcontracted labor, remain subject to applicable competitive procurement requirements, in accordance with state and federal laws and regulations.
3. Requirements: See [Program Policy Notice 16-02](#) - Use of Force Account Labor in Community and Economic Development Programs.

H. Noncompetitive Procurement

1. Cost Threshold: None, unless the noncompetitive procurement involves a micro-purchase (see VI.A. Micro-Purchases).
2. Summary: Procurement through solicitation of a proposal from only one source. This method of procurement may only be used under specific circumstances.
3. Conditions:
 - a. The acquisition of property or services, the aggregate dollar amount of which does not exceed the micropurchase threshold (see VI.A. Micro-Purchases);

- b. The item is available only from a single source;
- c. The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation; or
- d. After solicitation of a number of sources, competition is determined inadequate.
- e. Procurement through Interagency Agreement (see VI.I Interagency Agreement).

I. Interagency Agreement

- 1. Cost Threshold: None
- 2. Summary: In accordance with applicable provisions of the Ohio Revised Code, local government grantees may noncompetitively procure services, including grant administration services, from any department, division, agency, or political subdivision of the state; from a port authority; from a regional or county planning commission; from a metropolitan housing authority; or from a water or sewer district.

VII. Bonding Requirements

A. General Bonding Requirements

Grantees shall adhere to the applicable bonding requirements in the Ohio Revised Code for all procurement actions.

B. Additional Bonding Requirements

Additionally, for construction and facility improvement contracts exceeding the Simplified Acquisition Threshold (see 48 CFR part 2, subpart 2.1), grantees must adhere to the following minimum bonding requirements:

- 1. A bid guarantee from each bidder equivalent to five percent of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.
- 2. A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.
- 3. A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

VIII. Required Federal Contract Provisions

In addition to other provisions required under state law, all contracts made by grantees under OCD's federally assisted programs must contain provisions covering the following, as applicable:

- A. Contracts for more than the simplified acquisition threshold, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
- B. All contracts in excess of \$10,000 must address termination for cause and for convenience by the grantee including the manner by which it will be effected and the basis for settlement.
- C. Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of “federally assisted construction contract” in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, “Equal Employment Opportunity” (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and implementing regulations at 41 CFR part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”
- D. Davis-Bacon Act, as amended (40 U.S.C. 3141-3148).¹ All prime construction contracts in excess of \$2,000 awarded by grantees must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The grantee must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The grantee must report all suspected or reported violations to the OCD. The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The grantee must report all suspected or reported violations to OCD.
- E. Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708).² Where applicable, all contracts awarded by the grantee in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker

¹ Grantees must incorporate HUD-4010, Federal Labor Standards Provisions, into contracts subject to the Davis-Bacon Act, as amended.

² HUD-4010, Federal Labor Standards Provisions, includes appropriate language for contracts subject to the Contract Work Hours and Safety Standards Act.

is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

- F. Rights to Inventions Made Under a Contract or Agreement. If the grant award meets the definition of "funding agreement" under 37 CFR §401.2 (a) and the grantee wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the grantee must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.
- G. Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended. Contracts of amounts in excess of \$150,000 must contain a provision that requires the grantee to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to OCD and the Regional Office of the Environmental Protection Agency (EPA).
- H. Debarment and Suspension (Executive Orders 12549 and 12689). A contract award must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.
- I. Byrd Anti-Lobbying Amendment (31 U.S.C. 1352). Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.
- J. Procurement of recovered materials. A local government grantee and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management

services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

K. Prohibition on certain telecommunications and video surveillance services or equipment.
See 2 CFR 200.216.

L. Domestic preferences for procurements.

1. As appropriate and to the extent consistent with law, grantees should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). These requirements must be included in all contracts and purchase orders for work or products under grant awards from federally funded OCD programs.

2. For purposes of this requirement:

a. "Produced in the United States" means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.

b. "Manufactured products" means items and construction materials composed in whole or in part of nonferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

IX. Other Requirements for Federally funded Grants

A. Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms

Per 2 CFR 200.321, grantees must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. Affirmative steps must include:

1. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
2. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
4. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
5. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the U.S. Department of Commerce; and

6. Requiring the prime contractor, if subcontracts are to be permitted, to take the affirmative steps listed in paragraphs (1) through (5) above.

B. Section 3 of the Housing and Urban Development Act of 1968, as amended

In accordance with the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (Section 3) and implementing regulations at 24 CFR part 75, grantees shall ensure that employment and other economic opportunities generated by the use of HUD financial assistance are, to the greatest extent feasible, directed to low- and very low-income³ persons and to business concerns that provide economic opportunities to low- and very low-income persons.

1. Applicability. Section 3 projects are HUD-assisted housing rehabilitation, housing construction, and other public construction projects when the total amount of assistance to the project exceeds \$200,000 and the assistance is committed on or after July 1, 2021 (i.e., PY 2021 grants and beyond). Section 3 requirements do not apply to material supply contracts.
2. Requirements. See [Program Policy Notice 21-04 – Section 3 Policy and Procedures](#) for Section 3 standards, procedures, and reporting requirements.
3. Contracting.
 - a. To the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, grantees shall ensure contracts for work awarded in connection with Section 3 projects are provided to business concerns that provide economic opportunities to Section 3 workers⁴ residing within the metropolitan area (or nonmetropolitan county) in which the project is located.
 - b. Where feasible, priority for contracting opportunities associated with Section 3 projects should be given to:
 - i. Section 3 business concerns⁵ that provide economic opportunities to Section 3 workers residing within the service area or the neighborhood of the project.
 - ii. YouthBuild programs.

³ Low- and very low-income limits are defined in Section 3(b)(2) of the Housing Act of 1937 and are determined annually by HUD. These limits are typically established at 80 percent and 50 percent of the area median individual income. HUD income limits may be obtained from: <https://www.huduser.gov/portal/datasets/il.html>.

⁴ Any worker who currently fits or when hired within the past five years fit at least one of the following categories, as documented: (i) The worker's income for the previous or annualized calendar year is below the income limit established by HUD. (ii) The worker is employed by a Section 3 business concern. (iii) The worker is a YouthBuild participant.

⁵ A business concern meeting at least one of the following criteria, documented within the last six-month period: (i) It is at least 51 percent owned and controlled by low- or very low-income persons; (ii) Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or (iii) It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

- c. Nothing in this policy or 24 CFR 75 shall be construed to require the contracting or subcontracting of a Section 3 business concern. Section 3 business concerns are not exempt from meeting the specifications of the contract.
4. Contract Provisions. Grantees must include language⁶ applying Section 3 requirements in contracts for Section 3 projects.

⁶ Section 3 Clause. Format provided by OCD.