

CDBG, ESG and HOME Special Conditions

(Revised 5/2015)

I. The following requirements apply to contracts using CDBG, ESG and Home funding :

A. Section 3 Requirements

1. **General** – 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 that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-income persons, particularly persons who are recipients of HUD assistance for housing.
2. **Regulations** - The parties to the contract agree to comply with HUD’s regulations in 24 CFR part 135, 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 135 regulations.
3. **Notifications** – The Contractor agrees to send to each labor organization or representative of workers with which the Contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or worker’s representative of the Contractor’s commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth a minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
4. **Subcontracts** – The Contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Contractor will not subcontract with any subcontractor where the Contractor has notice or knowledge that the subcontractor has been found in violation of regulations in 24 CFR Part 135.
5. **Certifications** – The Contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the Contractor is selected but before the Contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the Contractor’s obligations under 24 CFR Part 135.

6. **Enforcement** – Non-compliance with HUD regulations in 24 CFR Part 135 may result in sanctions, termination of this Contract for default, and debarment or suspension from future HUD assisted contracts.
7. **Indian Housing** – With respect to work performed in connection with Section 3 covered Indian Housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

B. Property Records

The Contractor shall maintain real property inventory records which clearly identify properties purchased and sold. Properties retained shall continue to meet eligibility criteria and shall conform with the "changes in use" restrictions specified in 24 CFR Section 570.505.

C. Acquisition & Relocation

The Contractor agrees to comply with 24 CFR Section 570.606 relating to the acquisition of all real property utilizing grant funds and for displacement of persons, businesses, nonprofit organizations and farms occurring as a direct result of any acquisition of real property utilizing grant funds.

II. The following requirements apply *only* to CDBG funded contracts:

A. General Requirements

The Contractor agrees to comply with the requirements, as applicable, of:

1. Section 109 Of Title I Of The Housing And Community Development Act Of 1974 (The Fair Housing Act, 42 U.S.C. Section 5309; (24 CFR Part 6)).
2. 24 CFR Part 85 - Uniform Administrative Requirements for Grants and Cooperative Agreements To State, Local And Federally Recognized Indian Tribal Governments.

B. National Objectives

The Contractor agrees to maintain documentation that demonstrates that the activities carried out with funds provided under this contract meet one or more of the CDBG program's national objectives:

1. Benefit low/moderate income persons,
2. Aid in the prevention or elimination of slums or blight,
3. Meet community development needs having a particular urgency - as defined in 24 CFR Part 570.208.

C. Davis Bacon Applicability

Applicable for projects involving 8 or more housing units and \$2,000 or more for non-housing activities.

The Contractor agrees that, except with respect to the rehabilitation of residential property designed for residential use for less than eight (8) families, all contractors engaged in contracts of \$2,000 or more for construction, prosecution, completion or repair of any building or work financed in whole or in part with assistance provided under this Contract, shall comply with federal requirements adopted by the City pertaining to such contracts and with the applicable requirements of 40 U.S.C. Section 3141 et. seq. and the regulations of the Department of Labor, as promulgated under 29 CFR, Subtitle A, Parts 1, 3, 5, 6 and 7 governing the payment of wages and ratio of apprentices and trainees to journeymen; provided, that if wage rates higher than those required under the regulations are imposed by state or local law, nothing hereunder is intended to relieve the Contractor of its obligation, if any, to require payment of the higher wage. The Contractor shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of this paragraph, and, for contracts in excess of \$2,000, 29 CFR Section 5.1 (a) and Section 5.5.

D. Reversion of Assets

The agreement shall specify that upon its expiration the Subrecipient shall transfer to the recipient any CDBG funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG funds. It shall also include provisions designed to ensure that any real property under the sub-recipient's control that was acquired or improved in whole or in part with CDBG funds (including CDBG funds provided to the subrecipient in the form of a loan) in excess of \$25,000 is either:

1. Used to meet one of the national objectives in 24 CFR Section 570.208 until five years after expiration of the agreement, or for such longer period of time as determined to be appropriate by the recipient; or
2. Not used in accordance with paragraph 1 of this section, in which event the subrecipient shall pay to the recipient an amount equal to the current market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for the acquisition of, or improvement to, the property. The payment is program income to the recipient. (No payment is required after the period of time specific in paragraph 1 of this section.)

E. Lead Based Paint Poisoning Prevention

Lead based paint poisoning prevention in certain residential structures (42 U.S.C Section 4852 d and 40 CFR Part 745). The Contractor shall comply with the regulations in Subpart L including the licensing and work practice standards for certain housing with child-occupied facilities. The Contractor shall comply with the regulations in Subpart E for residential property renovation, repair and painting (RRP) work.