



Section 3

Job Training, Employment, &
Contracting Opportunities

The Purpose



“To ensure that the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing.”

Section 3 of the Housing and Urban Development Act of 1968

Section 3 is not just a
grantee requirement.

It's a path toward
self-sufficiency.





Section 3 is not a program.
It's a provision of HUD's law.

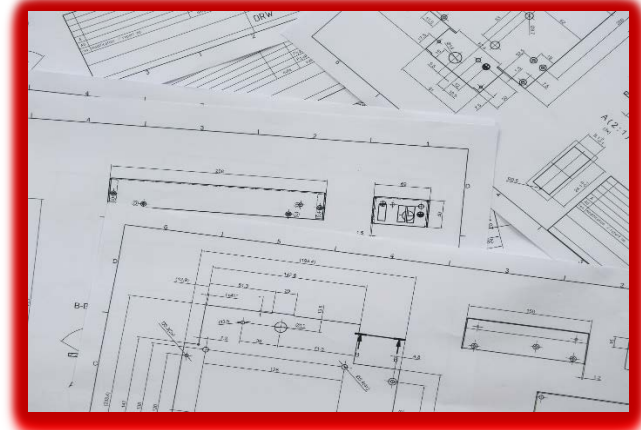
To ensure that the **employment and other economic opportunities** generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons



JOBS



TRAINING



CONTRACTS

administration,
management,
clerical
support,
construction:
accounting,
architecture,
appliance
repair,
bookkeeping,
bricklaying,
carpentry,
carpet
installation,
catering,
cement/
masonry,
computer/
information,
demolition,
drywall,
electrical,
elevator
construction,
engineering,
fencing,
florists,
Heating/HVAC,
iron works,
janitorial,
landscaping,
lawncare,
legal,
machine
operation,
maintenance,
manufacturing,
marketing,
painting,
payroll,
photography,
plastering,
plumbing,
printing,
purchasing,
research,
surveying,
tile
setting,
transportation,
welding,
word
processing

To ensure that the employment and other economic opportunities **generated by Federal financial assistance for housing and community development programs** shall, to the greatest extent feasible, be directed toward low- and very low-income persons

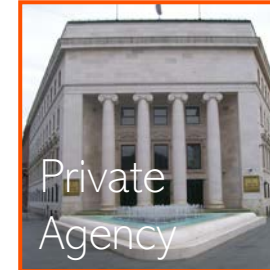
Local Government



Builder



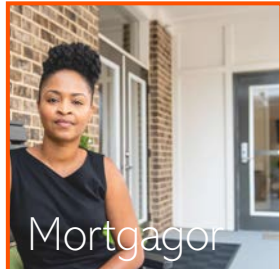
Nonprofit



Private Agency



Developer



Mortgagor



Property Manager



Public Housing Agency



Cooperative

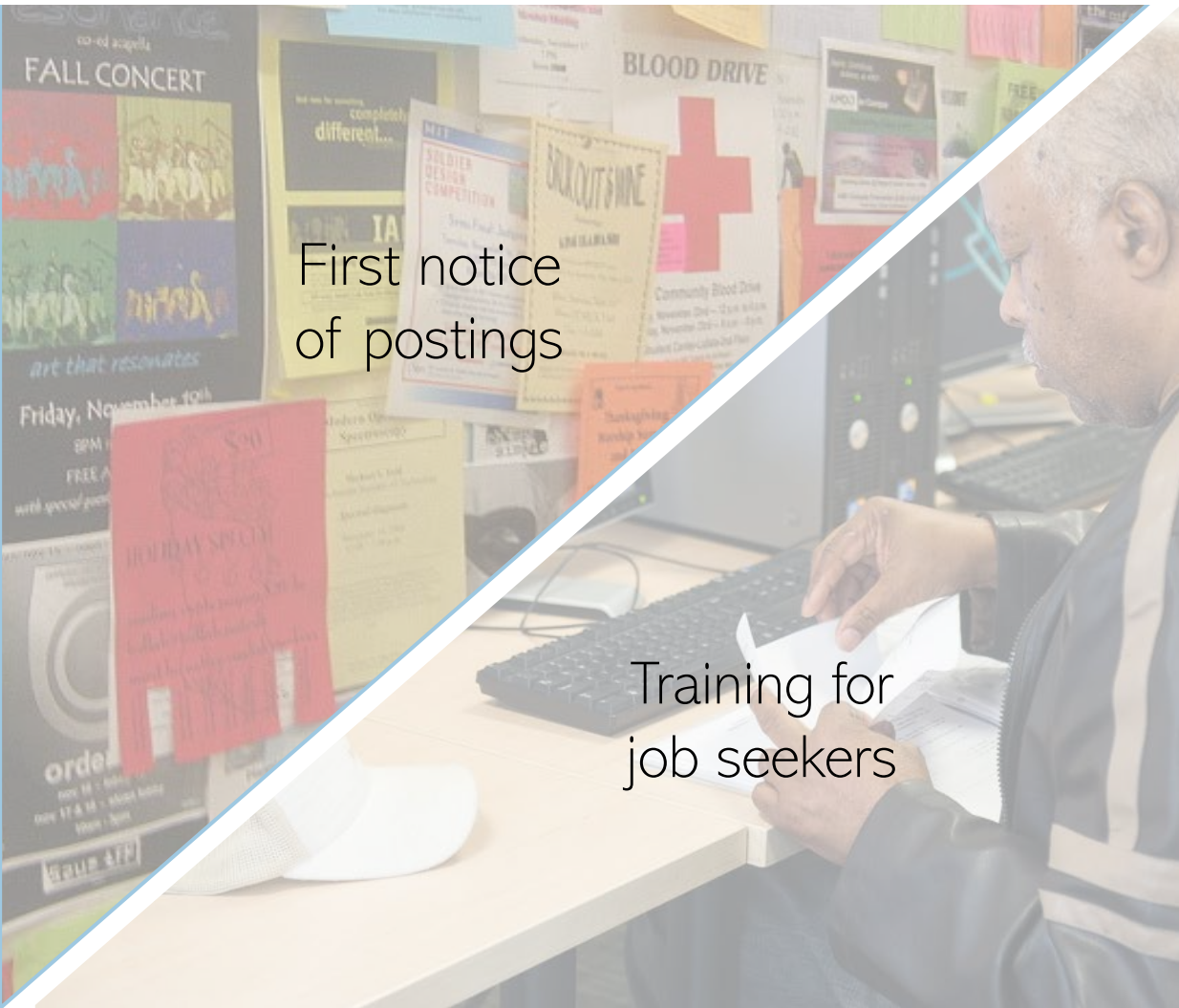


Resident Council



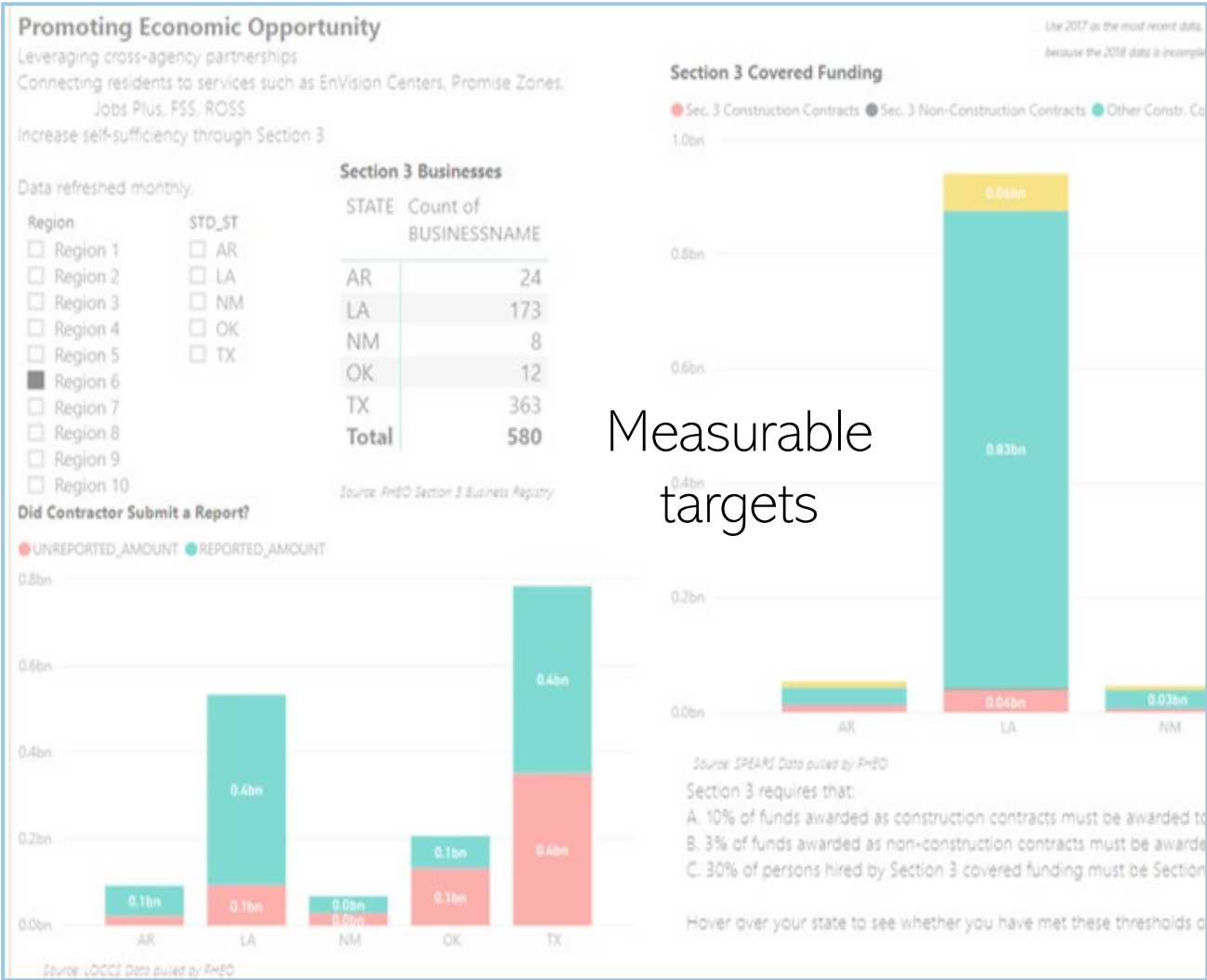
Community Housing Development Organization

To ensure that the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, **to the greatest extent feasible**, be directed toward low- and very low-income persons



First notice
of postings

Training for
job seekers



Measurable
targets

“To ensure that the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons”

Section 3 of the Housing and Urban Development Act of 1968

provided under section 8 of the 1937 Act (42 U.S.C. 1437f) pursuant to 24 CFR part 882, subpart G.

Service area means the geographical area in which the persons benefitting from the section 3 covered project reside. The service area shall not extend beyond the unit of general local government in which the section 3 covered assistance is expended. In HUD's Indian housing programs, the service area, for IHAs established by an Indian tribe as a result of the exercise of the tribe's sovereign power, is limited to the area of tribal jurisdiction.

Subcontractor means any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of section 3 covered assistance, or arising in connection with a section 3 covered

the availability of funding covered by section 3 shall include a provision in the NOFA that notifies applicants that section 3 and the regulations in part 135 are applicable to funding awards made under the NOFA. Additionally the NOFA shall require as an application submission requirement (which may be specified in the NOFA or application kit) a certification by the applicant that the applicant will comply with the regulations in part 135. (For PHAs, this requirement will be met where a PHA Resolution in Support of the Application is submitted.) With respect to application evaluation, HUD will accept an applicant's certification unless there is evidence substantially challenging the certification.

(b) *Statement of purpose in NOFAs.* (1) For competitively awarded assistance in which the grants are for activities administered by an HA, and those activities are anticipated to generate sig-

Law is supported by regulation.



The Rule

How things are changing

24 CFR Part 75

Authority



1968

Section 3 is codified in the Housing and Urban Development Act



1995

FHEO published the current regulations in 24 CFR Part 135



2015

FHEO published new proposed regulations in 24 CFR Part 135, which never became final



2019

FPM published proposed regulations in 24 CFR Part 75

April 3

Published proposed rule ✓

June 3

Comment period closed ✓

September

Complete review of comments and finalize rule

December

Internal clearance

March-August 2020

OMB review

September 2020

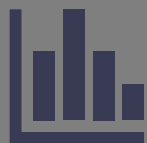
Publish final rule

July 2021

Compliance on new regulation begins

Final Rule

The proposed rule seeks to improve effectiveness in several ways, including:



Focusing reporting on
key outcome metrics



Aligning reporting with
standard business practices



Promoting sustained employment
and career development



Changing thresholds for
Section 3-covered assistance

Key Change

Redefining Section 3 worker



A Section 3 worker is:



A low- or very low-income individual

OR



A Youthbuild participant

OR



Employed by a Section 3 business concern

Key Change

Redefining Section 3 businesses



A Section 3 business is:



51% or more owned by low or very-low income persons

OR



75% or more labor hours are performed by low- or very low-income persons

OR



51% or more owned by current residents of public housing or Section 8-assisted housing

Key Changes

- **Promote sustained employment and career development:**
 - Focuses on labor hours instead of new hires creating an incentive for employers to invest in and retain their newly hired low-income workers.
- **Align Section 3 reporting with standard business practices:**
 - Consistent with business practices which already track Davis-Bacon utilization (HUD wage rates, and with the entities' payroll systems)
- **Applicability and Thresholds:**
 - Assistance used for housing rehabilitation, housing construction, and other public construction is subject to Section 3 requirements.
 - Updated the threshold, exempting projects costing less than \$200,000
 - Provides an exemption threshold for Lead Hazard Control and Healthy Home grants of costing less than \$100,000.
- **Reporting and Targeted Section 3 Workers:**
 - Targeted Section 3 are those within the "1 Mile Radius" of the worksite.
 - Reporting and benchmarks will focus on "Targeted Section 3 Workers" representing the highest priority groups.
 - Priority groups would be low and very-low income workers residing within the service area or neighborhood of the project.

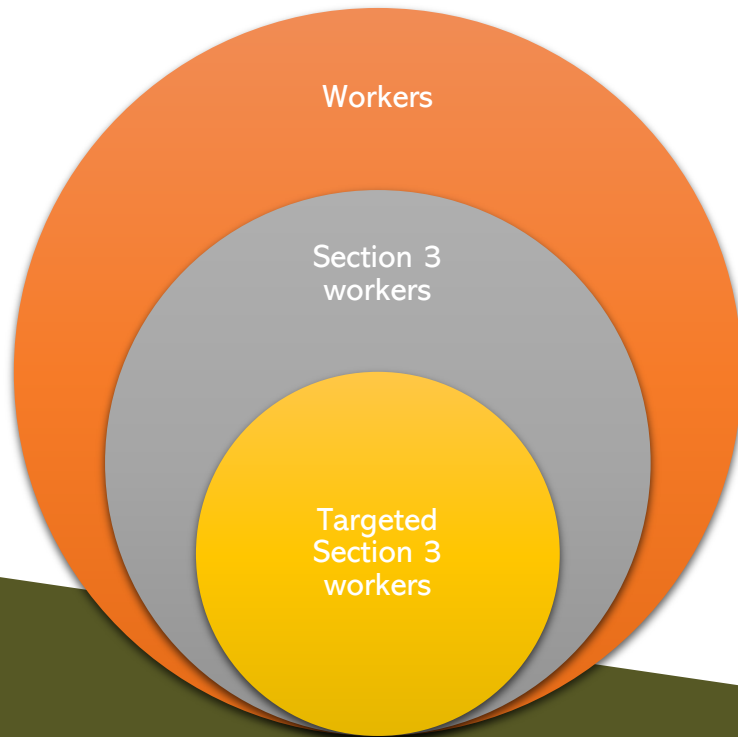
Key Changes

- **Benchmarks:**
 - Set by Notice and amended periodically as necessary. HUD can alter expectations and consider tailoring the benchmarks for different geographies and/or different activities as new information becomes available.
- **Multiple Funding Sources:**
 - For handling Section 3 for recipients that receive funds through more than one HUD program, and contractors that receive payment from funds under those programs.
 - Public housing financial assistance fund requirements in subpart B while the community development financial assistance may follow the requirements in subpart B or subpart C.
 - Ultimately, the same data will be collected across programs for consistency; the only difference will be how it looks when reported.
- **Integrate Section 3 into program enforcement:**
 - The new framework anticipates that program staff would incorporate Section 3 compliance into regular program oversight and make Section 3 a more integral part of their daily work.

Key Change

Benchmarks for Public Housing Financial Assistance

$$\frac{\text{Section 3 labor hours}}{\text{Total labor hours}} = 25\% \text{ AND } \frac{\text{Targeted Section 3 labor hours}}{\text{Total labor hours}} = 5\%$$



A **labor hour** is:



Hours worked by all workers employed with public housing financial assistance in a PHA's fiscal year



A **targeted Section 3 worker** is:



Resident of public housing or Section 8 assisted housing

OR

A resident of another project managed by the PHA

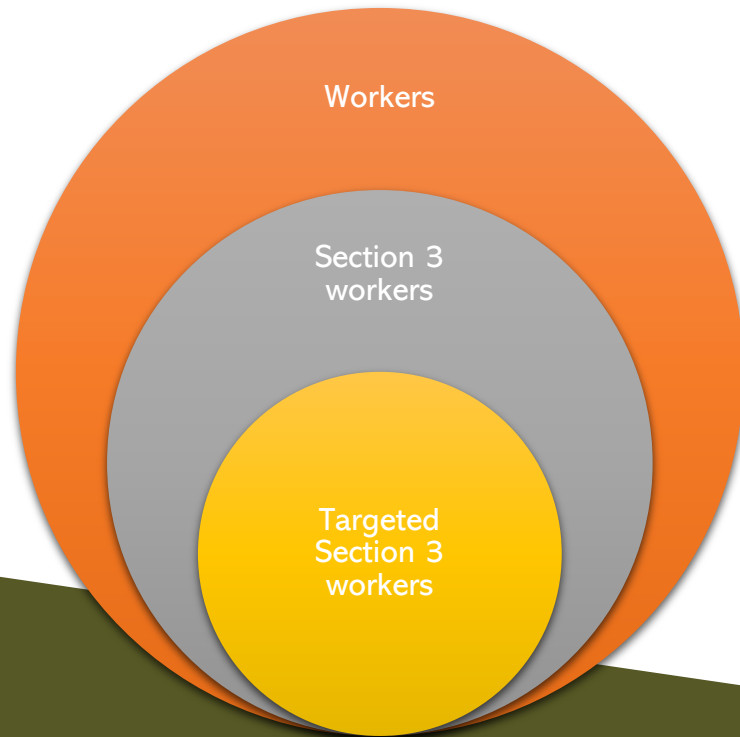
OR

A current YouthBuild participant

Key Change

Benchmarks for Section 3 projects (covers housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance where the amount of assistance to the project exceeds *a threshold of \$200,000* (Note: This threshold will not apply to HUD's Lead Hazard Control and Healthy Homes programs))

$$\frac{\text{Section 3 labor hours}}{\text{Total labor hours}} = 25\% \text{ AND } \frac{\text{Targeted Section 3 labor hours}}{\text{Total labor hours}} = 5\%$$



A **labor hour** is:



Hours worked by all worker employed on a Section 3 project



A **targeted Section 3 worker** is:



Employed by a Section 3 business concern

OR

A Section 3 worker living in the project's service area or neighborhood of the project

OR

A current YouthBuild participant



Opportunity Portal

Where residents and businesses
connect



Employment Opportunities

<https://hudapps.hud.gov/OpportunityPortal>



Section 3
business



Job



Section 3
worker

The screenshot displays the HUD's Section 3 Opportunity Portal. The main header reads "Section 3 Opportunity Portal" with navigation links for "Home", "Search Jobs / Contracts", and "Help". A welcome message states: "Welcome to HUD's Opportunity Portal. The Opportunity Portal helps match Section 3 Residents to jobs and training opportunities and Section 3 Businesses to contracting opportunities."

Two main sections are visible:

- Section 3 Residents**
 - Search for jobs and training positions
 - Post your resume (sign in required)
- Section 3 Recipients and Businesses**
 - Post jobs and training positions
 - Search for contracts
 - Post contracts (sign in required)
 - Search job applicants (sign in required)

A "LOGIN.GOV" sign-in button is present. At the bottom, contact information for the U.S. Department of Housing and Urban Development is provided.

Overlaid on the right is a "Search" modal window. It includes tabs for "Job Search" and "Contract Search". The "Job Search" section prompts the user to "Enter keywords to search for a Section 3 job opportunity." and includes a "Location:" field. Below these are "Job Search Options" with checkboxes for "Job Type" (Contract, Internship, Seasonal, Temporary, Permanent) and "Job Status" (Full-time, Part-time). A "Search" button is at the bottom of the modal.

At the bottom of the page, a link states: "Have an opportunity to post? [Login here](#)". A footer note explains: "If you have a job or contract opportunity to post to our portal, you can sign up for a user ID on our site via Login.gov and post the opportunity directly from our site. Opportunity postings generally go live within 24 hours."

Contract Opportunities

<https://hudapps.hud.gov/OpportunityPortal>



Grantee



Contract



Section 3
business

The screenshot shows the 'Section 3 Opportunity Portal' homepage. It features a navigation bar with 'Home' and 'Search Jobs / Contracts' links. The main content area includes a welcome message and two primary sections: 'Section 3 Residents' with links to 'Search for jobs and training positions' and 'Post your resume', and 'Section 3 Recipients' with links to 'Post jobs and training positions', 'Search for contracts', 'Post contracts', and 'Search job applicants'. A 'LOGIN.GOV' sign-in button is prominently displayed. Footer information includes the U.S. Department of Housing and Urban Development address and contact details.

This screenshot displays the search functionality of the portal. It includes a 'Search' header with a description and a 'Job Search' / 'Contract Search' toggle. The 'Contract Search' section has a text input for keywords and a 'Location' dropdown. Below this is a 'Contract Search Options' section with a 'Contract Type' list containing checkboxes for 'Sealed-bid', 'Unit Price', 'Cost Plus', 'Firm Fixed Price', 'Time and Materials', and 'Other'. A 'Search' button is at the bottom. A footer note provides information for users with opportunities to post, including a 'Login here' link and a 24-hour posting timeline.



Business Registry

Self-certification by HUD
qualifications



Business Registry

<http://hud.gov/Sec3Biz>



Businesses self-certify
to meet the definition of
a Section 3 business



Grantees find
Section 3 businesses
to hire



Residents find
Section 3 businesses
to inquire about jobs

Am I a Section 3 Business?

<http://hud.gov/Sec3Biz>

1

HUD.GOV U.S. Department of Housing and Urban Development Secretary Ben Carson

Section 3 Business Registry

INSTRUCTIONS FAQs CONTACT US OMB Approval No. 2542-0042 (exp. 11/30/2018)

[What is the Section 3 Business Registry](#) [Am I a Section 3 Business](#) [Register a Business](#) [Search for a Business](#)

Am I a Section 3 Business?

Please complete the information below and click the "Check" button. If you qualify based on at least one basis below then your organization is considered a Section 3 business.

1. Is 51% of Your Business Owned By Section 3 Residents?

a. Percent Owned by Section 3 Residents:	51
b. Percent Owned by All Others:	49
Check	100%
☒ Yes	

Congratulations! Your firm meets the eligibility criteria to be certified as a Section 3 Business

OK

2

2. Does 30% of Your Current Full-Time Staff Meet the Definition of a Section 3 Resident?

a. Total Number of Full-Time Employees:	30
b. Number of Full-Time Employees That Currently Meet the Definition of a Section 3 Resident:	5
c. Number of Full-Time Employees That May Have Met the Definition of a Section 3 Resident Within the Last 3 Years:	3
Check	27%
☐ No	

Sorry! Your firm doesn't meet this eligibility criteria to be certified as a Section 3 Business

OK

3

3. Does Your Business have Evidence of Firm Commitment(s) to Provide 25% of the Total Dollar Amount of Subcontracts to Section 3 Businesses?

a. Total Dollar Amount of Subcontracts To Be Awarded With HUD Funds:	\$ 100,000
b. Total Dollar Amount of HUD-Funded Subcontracts To Be Awarded To Section 3 Businesses:	\$ 25,000
Check	\$ 25%
☒ Yes	

Congratulations! Your firm meets the eligibility criteria to be certified as a Section 3 Business

OK

Register a Business

<http://hud.gov/Sec3Biz>

Register for Section 3 Self Certification

Use this form to self certify your Section 3 business and register it so that it may be found with the HUD Section 3 Business Registry.

Business Information

Business Name

Required

Street Address

Required

City, State

Required

Click to input a City, State

ZIP

Required

County

Required

Contact Information

Business Telephone Number

Required

Business Website Address

Business Point of Contact

Required

Business Email

Required

Contact Telephone Number

Business Details

Number of Employees

Required

Business License

NAICS

Year Business Established

Required

DUNS Number

?

Employer Identification Number

?

Metropolitan Area Locations NOT Willing to Serve

Business Capabilities Narrative

Business Designations ?

- ☐ DOL Registered Apprenticeship Provider
- ☐ DOL Youthbuild Participant/Grantee
- ☐ HUBZone Firm
- ☐ Labor Union Certified Firm
- ☐ Minority-Owned Business
- ☐ Public Housing Resident-Owned Business
- ☐ SBA 8a Firm
- ☐ White House My Brother's Keeper (MBK) Initiative Mentor
- ☐ White House My Brother's Keeper (MBK) Initiative On-The-Job Training Provider
- ☐ Woman-Owned Business

Provided Services

☐ Accounting☐ Architecture☐ Brick Masonry☐ Carpentry

☐ Consulting☐ Demolition☐ Electrical☐ Engineering

☐ HVAC☐ IT☐ Janitorial☐ Landscaping

☐ Lead Hazard Control☐ Maintenance☐ General Contractor☐ Painting Dry

☐ Plumbing☐ Roofing☐ Security

☐ Other

Other (describe)

Currently Hiring

- ☐ Yes
- ☒ No

Section 3 Business Criteria

Your business is eligible to apply for preference as a Section 3 Business if, in addition to meeting all applicable state and local regulations, it self-certifies that it meets one or more of the following criteria (you must check at least one):

- ☐ A. Fifty-one percent or more of the business is owned by Section 3 Residents;
- ☐ B. Thirty percent or more of the business' fulltime employees are Section 3 Residents; or
- ☐ C. The business can provide evidence of a firm commitment to subcontract a minimum of 25 percent of the total dollar amount of contracts to a business that meets the criteria listed in (a) and/or (b).

Businesses that self-certify that they meet the definition of a Section 3 business may be required to provide verification of their eligibility to recipients of HUD funding and/or the Department.

[Determine if you are a Section 3 business.](#)

Section 3 Residents Are

- A. Residents of Public and Indian Housing; or
- B. Residents of the Metropolitan Area or Non-Metropolitan County that Meet the Definition of Low- and Very Low-Income.

[Determine low-and very low-income thresholds for your area](#)

Self Certification

By Submitting this form, my business certifies that the statements and information contained on this form are true and accurate, and meet the required HUD Section 3 business self-certification eligibility requirements in accordance with 24 CFR Part 135. HUD accepts the firm's self-certification that it meets the requirements of a Section 3 Business, but has not validated this claim or substantiated its validity. HUD does not endorse the services provided by any firms that apply for self-certification. A Section 3 business is not entitled to a contract simply by being listed in the HUD Section 3 Business Registry database. Businesses that self-certify their eligibility may receive preference as a Section 3 business, subject to verification from local recipient agencies or HUD. Information that is misrepresented on this form will be grounds for terminating Section 3 certification, or any contract(s) that may be awarded. Firms that misrepresent their eligibility to receive preference as a Section 3 business may face financial or criminal penalties.

Register Business

Search for a Business

<http://hud.gov/Sec3Biz>

Search for a HUD Section 3 Business

Metropolitan Area Required

Alternative location (State, City, County, Zip) search options are available using the [advanced search](#).

Business Capabilities Search Options +

Additional Search Options +

Search For Business

Disclaimer
HUD has not verified the information submitted by businesses listed in this registry and does not endorse the services that they provide. Users of this database are strongly encouraged to perform due diligence by verifying Section 3 eligibility before providing preference or awarding contracts to firms that have self-certified their Section 3 status with the Department.

How Do I Notify HUD if I Suspect that a Business in this Registry Does Not Meet Section 3 Eligibility Criteria?
If you believe that a firm has misrepresented itself as a Section 3 Business, please [email the U.S. Department of Housing and Urban Development at Sec3Biz@hud.gov](mailto:email_the_U.S._Department_of_Housing_and_Urban_Development_at_Sec3Biz@hud.gov).

Your email should contain the following information:

- Your name, telephone number, and email address (this information will not be shared outside of HUD)
- Name, city, and state of firm that has allegedly misrepresented their status as a Section 3 business.
- Any narrative explanations describing why you believe that this firm does not meet the Section 3 Business eligibility criteria.

Business Capabilities Search Options

☐ Accounting	☐ Architecture	☐ Brick Masonry	☐ Carpentry
☐ Consulting	☐ Demolition	☐ Electrical	☐ Engineering
☐ General Contractor	☐ HVAC	☐ IT	☐ Janitorial
☐ Landscaping	☐ Lead Hazard Control	☐ Maintenance	☐ Other
☐ Painting Dry Wall	☐ Plumbing	☐ Roofing	☐ Security

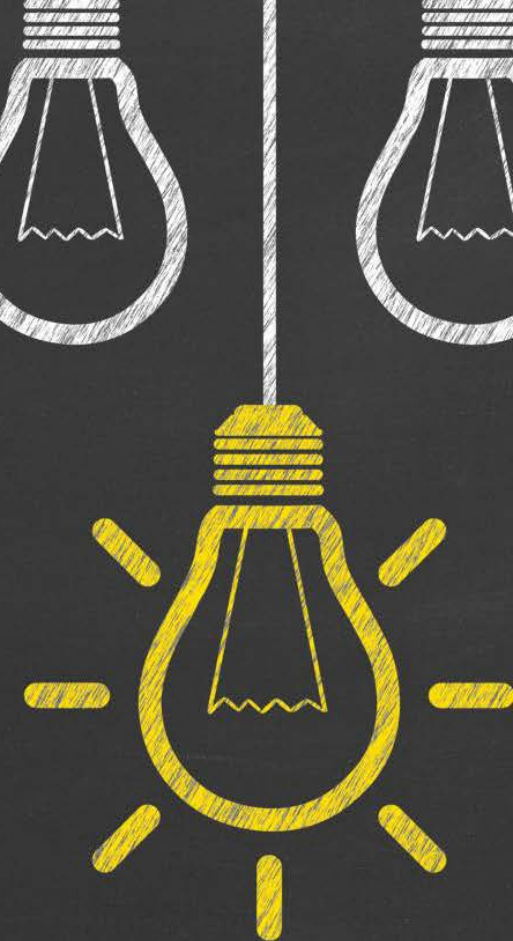
Additional Search Options

☐ Minority-Owned Business	☐ Woman-Owned Business
☐ Public Housing Resident-Owned Business	☐ HUBZone Firm
☐ SBA 8a Firm	☐ Labor Union Certified Firm
☐ DOL Youthbuild Participant/Grantee	☐ DOL Registered Apprenticeship Provider
☐ White House My Brother's Keeper (MBK) Initiative Mentor	☐ White House My Brother's Keeper (MBK) Initiative On-The-Job Training Provider
☐ Hiring	



The Data

What we know



Reporting

Funding recipients report annually or project based depending on program area:

- Total labor hours of Section 3 workers
- Total labor hours of Targeted Section 3 workers
- Qualitative Efforts

CPD Programs will report Section 3 activities using Integrated Disbursement and Information System (IDIS)/CAPER

- CDBG
- HOME
- HTF

Disaster Recovery recipients will report using Disaster Recovery Grant Reporting System (DRGR)

Rental Assistance Demonstration will report in the Resource Desk

Healthy Homes grantees will report in Healthy Homes Grant Management System HHGMS

Reporting questions may be directed to 60002Questions@hud.gov with a copy to the NV HUD Office and Region IX Section 3 Representative

Section 3 Performance Evaluation And Registry System



1 Expected Report(s) 2 Reporting Entity Details 3 Report Identifying Details 4 Section 3 Labor Hours 5 Nature Of Agency Efforts 6 Report Summary

Disbursement Agency Details:
AGRA HOUSING AUTHORITY (400902459)
223 N MAIN ST,
AGRA, KS 66401
Housing Authority Code: KS050

Program Details:
PDY USED FOR MOD
07/01/2017 through 09/30/2018
\$2,926,130.00

Contact Details:
Jackie Steven
Harry.Smith@hud.gov
(703) 453-2342

Section 3 Labor Hours

Total Labor Hours * 1000 Public Housing Targeted Labor Hours * 50

Section 3 Total Labor Hours * 500 Other Funding Targeted Labor Hours * 50

Section 3 Work Safe Harbor Benchmark:
S3 Total Labor Hours = 25%
Total Labor Hours 60 % ✓

Targeted S3 Work Safe Harbor Benchmark:
S3 Targeted Labor Hours = 5%
Total Labor Hours 5 % ✓

☒ I certify I have followed the prioritization of effort in §75.9 and meet or exceed the Section 3 benchmarks and have complied with requirements in 24 CFR part 75, subpart B.

Previous Save & Continue

If there is no system activity (keystrokes or mouse movement) after ten-minutes, this application will timeout and your data will be lost.



Technical Assistance

What's coming in training events and resources



Community Compass



Technical Assistance

- Direct (on-site and remote)
- Tools and products
- Needs assessment
- Self-directed and group learning
- Knowledge management

Grants Management

Cooperative Agreement

Office of Community Planning & Development



Departmental TA

- Office of Public and Indian Housing
- Office of Community Planning and Development
- Office of Housing
- Office of Equal Employment Opportunity
- EnVision Centers
- Crosscutting
 - Knowledge management
 - Fair housing
 - **Section 3**
 - Healthy Homes
 - Better Buildings
 - Disaster preparedness
 - Building Future
 - Environmental
 - Energy

Thank You

Photos from HUD Flickr, Unsplash, and Creative Commons

Who to Contact:

General Inquiries:

Tamara.S.Thomas@hud.gov

Mimi.M.Woodruff@hud.gov

SPEARS or reporting related questions:

60002Questions@hud.gov

Robert.A.Jamieson@hud.gov