



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.

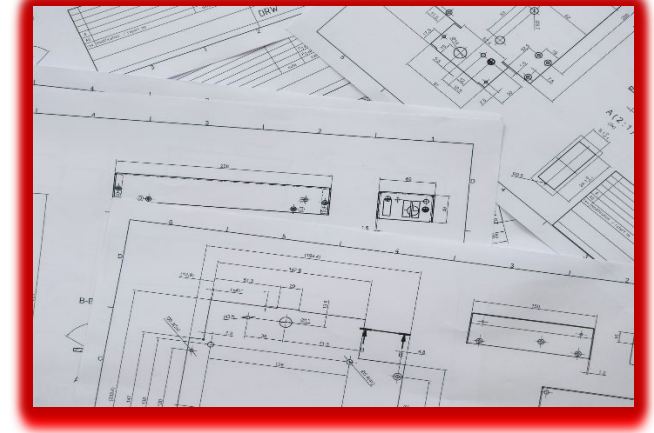
To ensure that the **employment and other economic opportunities** generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons



JOBS



TRAINING



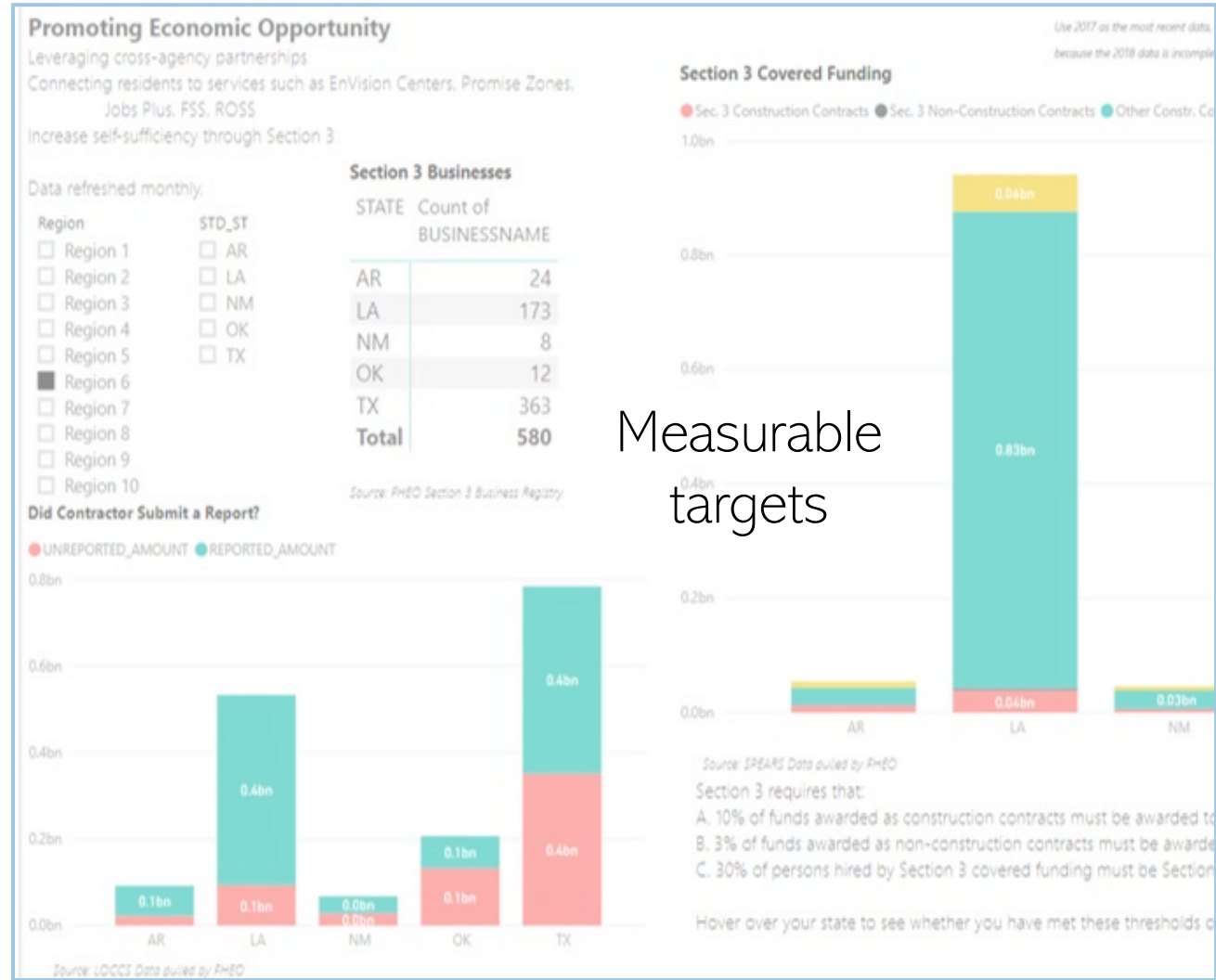
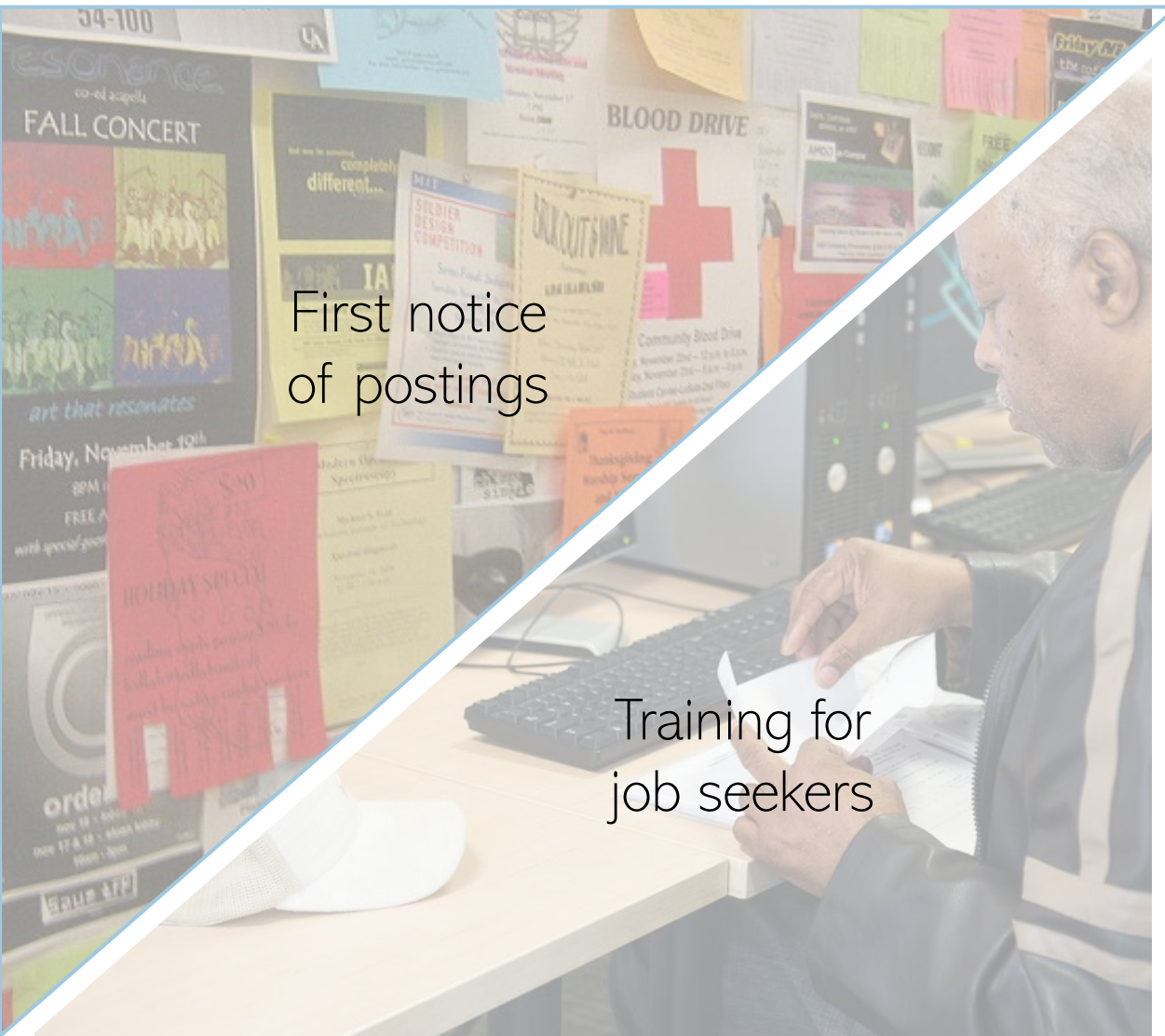
CONTRACTS

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



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



“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

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.

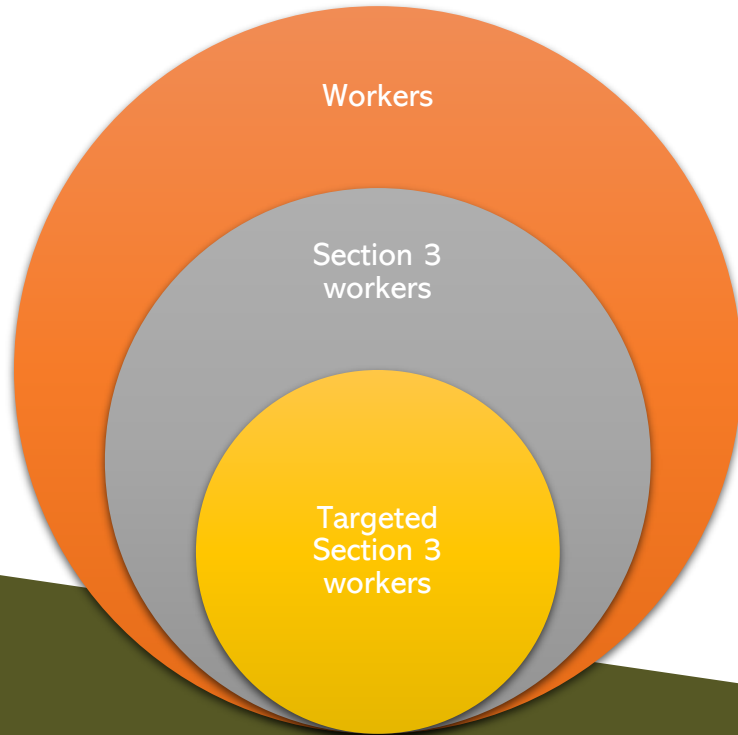
Key Changes

- **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 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) (That threshold is \$100,000)

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



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



Opportunity Portal

Who does it serve?



Section 3 Recipient → Post contract opportunities with a Section 3 preference



Section 3 Business → Post training and job opportunities for Section 3 residents



Section 3 Resident → Post resume and contact information

Employment Opportunities

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



Section 3
business



Job



Section 3
worker



Recipient Responsibilities

Recipient agencies must take an **active role** in ensuring Section 3 compliance.

- Designing and implementing procedures to comply with the requirements of Section 3
- Facilitating the training and employment of Section 3 workers
- Facilitating the award of contracts to Section 3 business concerns
- Ensuring Contractor and Subcontractor Awareness of and Compliance with Section 3 Benchmarks and responsibilities
- Ensuring Compliance and Meeting Numerical Benchmarks
- Reporting Requirements

Section 3 Opportunity Portal

Home

Search Jobs / Contracts

Help

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.

Section 3 Residents ⓘ

- [Search for jobs and training positions](#)
- Post your resume (*sign in required*)

Section 3 Recipients and Employers ⓘ

- Post jobs and training positions (*sign in required*)
- [Search for contracts](#)
- Post contracts (*sign in required*)
- Search job applicants (*sign in required*)

 LOGIN.GOV

Sign in

Search

Search the Section 3 Opportunities Portal for jobs, contracts, or registered businesses.

Job Search

Contract Search

Job Search

Enter keywords to search for a Section 3 job opportunity.

Location:

Job Search Options

Job Type

- ☒ Contract
- ☒ Internship
- ☒ Seasonal
- ☒ Temporary
- ☒ Permanent

Job Status

- ☒ Full-time
- ☒ Part-time

Search

Have an opportunity to post? [Login here](#)

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

Search

Search the Section 3 Opportunities Portal for jobs, contracts, or registered businesses.

Job Search

Contract Search

Contract Search

Enter keywords to search for a Section 3 contract opportunity.

Location:

Contract Search Options

Contract Type

- ☒ Sealed-bid
- ☒ Unit Price
- ☒ Cost Plus
- ☒ Firm Fixed Price
- ☒ Time and Materials
- ☒ Other

Search

Have an opportunity to post? [Login here](#)

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.



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. 2529-0043 (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:	<input type="text" value="51"/>
b. Percent Owned by All Others:	<input type="text" value="49"/>
<input type="button" value="Check"/>	<input type="text" value="100%"/>
<input checked="" type="radio"/> 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*

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

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.

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.



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



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



Monitoring

Who is responsible for monitoring
Section 3 compliance?



Monitoring



Monitoring Section 3 will
be the responsibility of the
Program



CPD is updating Section 3
Checklists

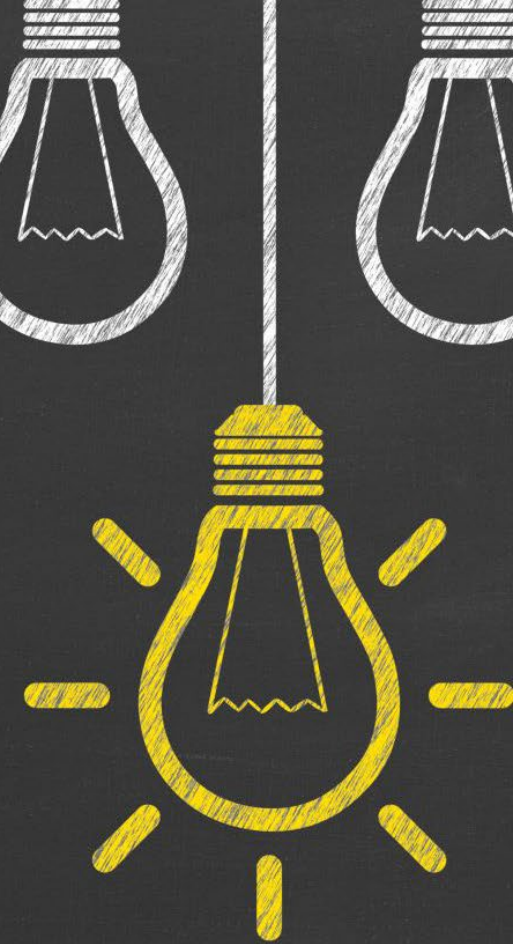


Grant Managers will be
trained on how to monitor
Section 3



DRGR:

Section 3 Reporting



Reporting



Section 3
Performance
Evaluation
And
Registry
System



Disaster
Recovery
Grant
Reporting

Disaster Recovery recipients will report Section 3 labor hours using Disaster Recovery Grant Reporting System (DRGR)

DRGR Section 3 Performance Measures

- **New** performance measures have been created in DRGR to allow grantees to report Section 3 labor hours
- For all **applicable construction activity types**, grantees must now enter projected Section 3 labor hours in **DRGR Action Plan** activities and report actual Section 3 labor hours in the **Quarterly Performance Report** (QPR) for the following performance measures:
 - *# of Total Labor Hours*
 - *# of Section 3 Labor Hours*
 - *# of Targeted Section 3 Labor Hours*

DRGR Section 3 Applicable Activity Types

- Acquisition, construction, reconstruction of public facilities
- Affordable Rental Housing
- Clearance and Demolition
- Construction of buildings for the general conduct of government
- Construction of new housing
- Construction of new replacement housing
- Construction/reconstruction of streets
- Construction/reconstruction of water lift stations
- Construction/reconstruction of water/sewer lines or systems
- Dike/dam/stream-river bank repairs
- MIT - Public Facilities and Improvements-Covered Projects Only
- MIT - Public Facilities and Improvements-Non-Covered Projects
- MIT - Rehabilitation/reconstruction of residential structures
- MIT - Residential New Construction
- Privately owned utilities
- Rehabilitation/reconstruction of a public improvement
- Rehabilitation/reconstruction of other non-residential structures
- Rehabilitation/reconstruction of public facilities
- Rehabilitation/reconstruction of public housing
- Rehabilitation/reconstruction of residential structures

Grantee Steps for Reporting Section 3 Labor Hours

- **Activities Previously Setup in DRGR Action Plan:**

- A grantee must review activities with applicable construction activity types and Section 3 meeting threshold requirements and provide projected accomplishments for Section 3 labor hour performance measures.
- **Note:** This step is required for grantees to report on these measures in the QPR.


- **New Activities Created in DRGR Action Plan:**

- Grantees should enter projected Section 3 accomplishments when setting up new activities with the applicable construction activity types and meeting threshold requirements.
- **Note:** In instances where projections are unavailable at the time of activity selection, a grantee may enter “0” as a placeholder until actual projections are available for entry.

- **Reporting Section 3 Labor Hours in Quarterly Performance Report:**

- Similar to how grantees report other DRGR performance measures accomplishments, Section 3 actual accomplishments are entered into the QPR for Section 3 requirements and benchmarks.
- **Note:** Once projected Section 3 measures are entered in the Action Plan, the proposed measures will appear in the data tables in the QPR as a row in the Proposed Accomplishments section.

DRGR Action Plan – Manage Activity

 **Manage Activity** [Back](#)

Grant Number: B-16-ND-01-0001

Grantee Name: rogco

Appropriation Code: 2013 NDR

National Objective: Urgent Need

Project Number: NDR-04

Project Title: CDBG-DR Funded Project 02

Activity Number: 542021

Activity Title: Bayou Buyout 2021

Activity Type: Rehabilitation/reconstruction of residential structures

Projected Start & End Date: 2021-05-02 - 2021-08-21

Benefit Report Type: N/A

Responsible Organization: City of Green Acres1

Activity Status: ✓ Under Way

[Edit](#)

Financials

Details

Documents

Measures

Environmental

Performance Measures

Benefit Reporting Performance


[Edit](#)

Proposed Accomplishments

Performance Measure	Proposed Total
# of Properties	
#Energy Star Replacement Windows	
#Additional Attic/Roof Insulation	
#High efficiency heating plants	
#Efficient AC added/replaced	

[Edit](#)

DRGR Action Plan – Manage Activity

 **Manage Activity** [Back](#)

Grant Number: B-16-ND-01-0001

Grantee Name: rogco

Appropriation Code: 2013 NDR

National Objective: Urgent Need

Project Number: NDR-04

Project Title: CDBG-DR Funded Project 02

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Responsible Organization: City of Green Acres1

Activity Status: ✓ Under Way

[Edit](#)

Financials

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Documents

Measures

Environmental

Performance Measures

Benefit Reporting Performance

[Edit](#)

Proposed Accomplishments

Performance Measure	Proposed Total
# of Properties	
#Energy Star Replacement Windows	
#Additional Attic/Roof Insulation	
#High efficiency heating plants	
#Efficient AC added/replaced	

[Edit](#)

DRGR Action Plan – Proposed Accomplishments

CPD

Disaster Recovery Grant Reporting System

B-16-ND-01-0001

✓ Saved

#Clothes washers replaced

#Dishwashers replaced

#Units with solar panels

#Low flow toilets

#Low flow showerheads

#Units with bus/rail access

#Units exceeding Energy Star

#Sites re-used

#Units deconstructed

#Units with other green

Activity funds eligible for DREF (Ike Only)

ELI Households (0-30% AMI)

of Substantially Rehabilitated Units

of Elevated Structures

of Total Labor Hours100

of Section 3 Labor Hours50

of Targeted Section 3 Labor Hours10

Proposed Beneficiaries








Performance Measure	Proposed Total	Low	Mod
No Proposed Beneficiaries selected			

Edit

Manage Performance Report – Activity

Every Grant Reporting System

X-21-DMI-MJ-0319

Fort
T02

Performance Report—Activity

Activity Title:	BMJ ACT 4 test
Activity Type:	Construction of new housing
National Objective:	Low/Mod
Performance Report Start Date:	04/01/2021
Performance Report End Date:	06/30/2021
Completed Activity Actual End Date:	

Organization:	Louisiana Housing Corporation
Activity Title:	JM ACT Direct(HH Renter/Owner) 4
Activity Type:	ADMI_04
National Objective:	2013 SDY
Performance Report Start Date:	X-21-DMI-MJ-0319
Performance Report End Date:	Planned
Completed Activity Actual End Date:	

Financials

Narratives

Documents

Measures

Addresses

Performance Measures

Reporting Performance	Benefit Report Type: Housing Units:	Direct Benefit - HH - Renter/Owner Housing Units - Single/Multi Family
-----------------------	--	---


[illegible]

Edit Accomplishments









Enter the values and click save.

Performance Measure	Projected	This Report Period	To Date
# ELI Households (0-30% AMI)	0	<input type="text" value="0"/>	0
# of Elevated Structures	0	<input type="text" value="0"/>	0
# of Properties	0	<input type="text" value="0"/>	0
# of Section 3 Labor Hours	50	<input type="text" value="25"/>	35
# of Substantially Rehabilitated Units	0	<input type="text" value="0"/>	0
# of Targeted Section 3 Labor Hours	10	<input type="text" value="5"/>	7
# of Total Labor Hours	100	<input type="text" value="100"/>	120
#Additional Attic/Roof Insulation	0	<input type="text" value="0"/>	0
#Clothes washers replaced	0	<input type="text" value="0"/>	0
#Dishwashers replaced	0	<input type="text" value="0"/>	0
#Efficient AC added/replaced	0	<input type="text" value="0"/>	0
#Energy Star Replacement Windows	0	<input type="text" value="0"/>	0
#High efficiency heating plants	0	<input type="text" value="0"/>	0
#Light fixtures (outdoors) replaced	0	<input type="text" value="0"/>	0
#Light Fixtures (indoors) replaced	0	<input type="text" value="0"/>	0

Manage Performance Report – Measures

 Disaster Recovery Grant Reporting System

B-16-ND-01-0001

        Slaughter, Josep
[H52447]

FinancialsNarrativesDocumentsMeasuresAddresses

Performance Measures

Benefit Reporting Performance

Edit

Accomplishments

Performance Measure	Projected	This Report Period	To Date
# ELI Households (0-30% AMI)	0	0	0
# of Elevated Structures	0	0	0
# of Properties	0	0	0
# of Section 3 Labor Hours	50	25	35
# of Substantially Rehabilitated Units	0	0	0
# of Targeted Section 3 Labor Hours	10	5	7
# of Total Labor Hours	100	100	120
#Additional Attic/Roof Insulation	0	0	0

Manage Performance Report - Qualitative Efforts: Failure of Meeting Section 3 Benchmarks

The screenshot displays the 'Disaster Recovery Grant Reporting System' (DRGR) interface. A modal window titled 'Edit Narrative' is open, allowing users to edit the 'Overall Progress Narrative'. The modal includes a rich text editor with a menu bar (File, Edit, View, Insert, Format, Tools, Table) and a toolbar with icons for bold, italic, underline, text alignment, list creation, undo, redo, table insertion, link, and image. The background interface shows the 'Manage Performance' section with fields for Grant Number, Grantee Name, Appropriation Code, Action Plan Status, Grant Status, Contract Start Date, Contract End Date, and Report Status. A table displays financial data, and a red asterisk indicates a required field. The 'Save' button in the modal is highlighted with a red box.

CPD | Disaster Recovery Grant Reporting System

Johnson, Maria M
[T035GR]

Back View Report Download Report

Manage Performance

Grant Number:

Grantee Name:

Appropriation Code:

Action Plan Status:

Grant Status:

Contract Start Date:

Contract End Date:

Report Status:

Financials Details

Progress Narratives

* Overall Progress Narrative

\$57,800,000.00

\$57,800,000.00

\$300.00

\$57,800,300.00

03/31/2021

06/30/2021

Edit

History Upload

Edit

Cancel Save

HUD.GOV DRGR R0.4

MicroStrategy: Section 3 Report

- Report developed to assist grantees and HUD evaluate a grantee's progress toward meeting the Section 3 benchmarks for applicable activities
- Section 3 report will be available in **MicroStrategy > DRGR Analytics > Global Performance Folder**
 - **Report Name:** P35 – QPR – Section 3 Hours *(Pending Final Approval)*

DRGR Analytics > Shared Reports > HUD Super Users > In Development > Section 3 Report > TESTING - Section 3 Report part duce

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Thank You

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