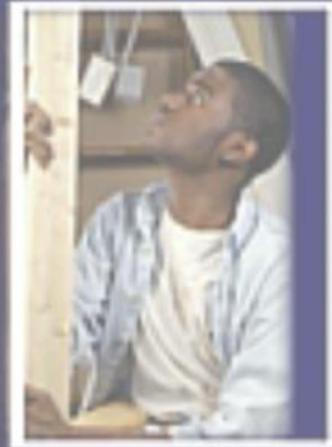
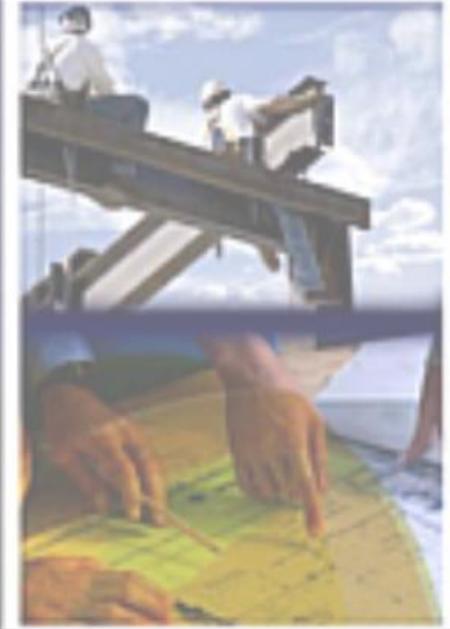


SCOTT  
DICKERSON

# SECTION 3 RESPONSIBILITIES OF RECIPIENTS AND CONTRACTORS



US Department of Housing  
and Urban Development

National Training  
**CONFERENCE 2018**

June 18 - 20<sup>th</sup>

SECTION **3**  
of the Housing and Urban  
Development Act of 1968



**HUD ACT**  
of 1968



*50 Years of Promoting*

*Economic Opportunity*

# **How FHEO Staff Performs Its Functions**

## **Section 3 Responsibilities of Recipients and Contractors**

### **Day 3**

### **June 20, 2018**

**Scott Dickerson**

FHEO

Fort Worth Regional Office

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## Requirements of Section 3 Covered Project

- Section 3 residents and businesses must be notified about economic opportunities connected with HUD-funded projects.
- Informing potential contractors of their obligations under Section 3. The “Section 3 clause” must be included in every solicitation and contract connected with a Section 3 covered project.
- Cooperating in ensuring Section 3 compliance by contractors and subcontractors involved in the Section 3 covered project.
- Undertaking activities to reach the numerical goals established by HUD for training and employment of Section 3 residents, as well as Section 3 business concerns.
- Reporting to HUD on the results of these activities.

## Measuring Section 3 Compliance

HUD has established numerical goals for training/employment and contracting outcomes. Unless otherwise noted, recipients and contractors will be considered to have complied with Section 3 if they meet the minimum numerical goals:

- 10% of new trainees and employees hired in the first year should be Section 3 residents. The percentage should increase to 20 percent and 30 percent in the following years.
- Section 3 business concerns should receive at least 10 percent of the total dollar amount of Section 3-covered contracts. In addition, 3 percent of the total dollar amount of all Section 3-covered contracts should be awarded to Section 3 businesses.



## Monitoring and Enforcing Section 3 Compliance

HUD may conduct reviews of a recipient's or contractor's compliance with Section 3 and report patterns of non-compliance with recommendations for corrective action. A follow-up review may be scheduled to confirm efforts are being made to correct the issues. Failure to comply with Section 3 can result in sanctions against the violator, such as suspension of the contract or debarment from participation in HUD-funded programs.

## Section 3 Recordkeeping Suggestions

- Maintain documents of all efforts made to comply with the Section 3 regulations (“good faith effort”) such as preconstruction conferences.
- Maintain a registry of eligible Section 8 residents and contractors/businesses.
- Provide documentation of notifications and training provided to contractors and residents and staff members.
- Has the Section 3 clause (24 CFR § 135.38) been included.
- Has there been a Section 3 Coordinator appointed?
- Document Section 3 collaboration with other entities.
- Document all technical assistance provided on Section 3.

# SECTION 3 RESPONSIBILITIES FOR RECIPIENTS AND CONTRACTORS

## Questions?

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