

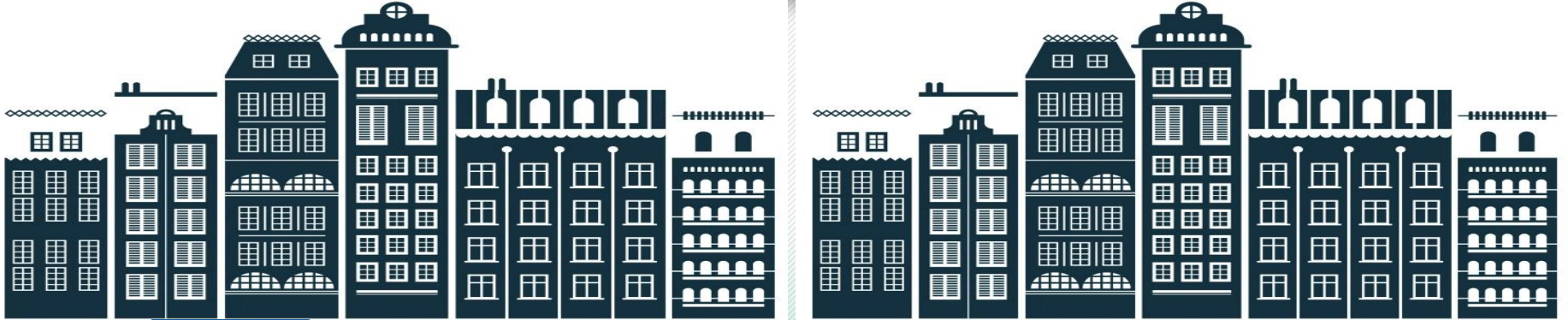
U.S. Department of Housing and Urban Development (HUD)
Office of Lead Hazard Control and Healthy Homes (OLHCHH)

FY2021 NEW GRANTEE ORIENTATION

Section 3 24 C.F.R. Part 75

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VIRTUAL CONFERENCE, MAY 3RD - MAY 14TH, 2021

The Purpose

Section 3 of the Housing and Urban Development Act of 1968

The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

Greatest Extent Feasible

Give the rule states “the greatest extent feasible” it is important that efforts to meet the rule requirements be well documented. When HQ releases new guidance and training materials, grantees and PHAs will be provided examples or suggestions of what they can do to help meet the new benchmarks

Some examples include:

Provide technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching).

Provide or connect Section 3 workers to employment opportunities and/or provide worker readiness skills training, resume writing, etc.

Hold job fairs and engage businesses to attend and offer economic opportunities to PHA residents.

Engage in outreach efforts to identify and secure bids from Section 3 business concerns.

Provided technical assistance to help Section 3 business concerns understand and bid on contracts.

Divide contracts into smaller jobs to facilitate participation by Section 3 business concerns.

Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns. Promoted use of business registries designed to create opportunities for disadvantaged and small businesses.

24 C.F.R. Subparts

- A. General Provisions 24 C.F.R. §§75.1 -75.7
- B. Public Housing 24 C.F.R. §§75.9 -75.17
- C. Housing & Community Development
24 C.F.R. §§75.19 -75.27
- D. Multiple Funding Sources, Recordkeeping, &
Compliance 24 C.F.R. §§ 75.29 75.33

Content

Section 3 is not just a grantee requirement, it's the law.

It's a path toward self-sufficiency.

The idea behind the passage of Section 3 was to keep HUD dollars local. When HUD funds are spent on community projects or improvements, the work generated by the investment should be maximized by having any employment opportunities generated by such projects be offered to persons living in publicly subsidized housing.

JOBS – CONTRACTS - TRAINING

HUD Programs Covered by Section 3

- PIH Capital Fund Program (CFP)
- PIH Operating Subsidy
- Rental Assistance Demonstration (RAD)
- Choice Neighborhoods Grants (formerly HOPE VI)
- **Community Development Block Grants (CDBG)**
- HOME Investment Partnership Grants
- Emergency Shelter Grants
- Disaster Recovery Grants
- Section 202/811
- **Lead Abatement Grants**
- Certain NOFA Competitive Grants
- Self Help Ownership Program (SHOP)

Applicability

- Public Housing Funding – covers development, operations and maintenance with **no thresholds**
- Housing and Community Development Funding (non PIH): construction and rehab related activity ONLY; Thresholds: \$200K - Shared responsibility with contractors that receive more than \$100K
- Applies to HUD financed activity, fully or partially funded –

Grantees must work with their contractors to achieve compliance by taking proactive steps to ensure employment and contracting opportunities are made available to intended beneficiaries

RAD Response

For RAD projects, Section 3 applies regardless of what money is used to pay for repairs. Per the RAD Notice, “While most RAD conversions do not utilize funding covered by Section 3, HUD has established the alternative requirement that any Work required by the conversion after the RAD Closing that involves housing rehabilitation or housing construction is subject to the Section 3 requirements applicable to housing and community development activities as set forth in 12 U.S.C. 1701u(c)(2) and (d)(2) and the regulations derived from such provisions except that, with the exception of transactions receiving HUD housing and community development assistance, such as CDBG (24 CFR part 570) or HOME (24 CFR part 92), first priority for employment and other economic opportunities shall be given to residents of public housing or Section 8 assisted housing. Otherwise, the receipt of Section 8 rental assistance does not, in itself, trigger the applicability of Section 3.”

Definitions

Section 3 worker: A worker who currently fits or when hired within the past five years fit at least one of the following categories:

- A low- or very low-income individual Meets HUD's income limits in the previous calendar year, or (Low-income - 80% median area income Very low-income 50% median area income)
- A Youthbuild participant, or
- Employed by a Section 3 business concern

Definitions

Section 3 business:

- 51% or more owned by low or very-low income persons, or
- 51% or more owned by current residents of public housing or Section 8-assisted housing, or
- 75% or more labor hours are performed by low- or very low-income persons

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 Changes

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 worked 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

Opportunity Portal

Where residents and businesses connect



Section 3 Opportunity Portal: Login.gov



SECURE ACCESS TO
GOVERNMENT SERVICES



OFFERS THE PUBLIC ACCESS
TO PARTICIPATING
GOVERNMENT PROGRAMS



REQUIREMENTS: (EMAIL &
PHONE NUMBER)

Employment Opportunities

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



Section 3
business



Jobs



Section 3
worker

The screenshot displays the HUD.gov Section 3 Opportunity Portal. The header includes the HUD logo, 'HUD.GOV', and 'U.S. Department of Housing and Urban Development Secretary Ben Carson'. The main content area is titled 'Section 3 Opportunity Portal' and features a 'Welcome to HUD's Opportunity Portal' message. Below this, there are two main sections: 'Section 3 Residents' and 'Section 3 Recipients and Businesses'. The 'Section 3 Residents' section includes links for 'Search for jobs and training positions' and 'Post your resume (sign in required)'. The 'Section 3 Recipients and Businesses' section includes links for 'Post jobs and training positions', 'Search for contracts', 'Post contracts (sign in required)', and 'Search job applicants (sign in required)'. A 'LOGIN.GOV Sign in' button is prominently displayed. At the bottom, contact information for the U.S. Department of Housing and Urban Development is provided.

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	Job Status
<input checked="" type="checkbox"/> Contract	<input checked="" type="checkbox"/> Full-time
<input checked="" type="checkbox"/> Internship	<input type="checkbox"/> Part-time
<input checked="" type="checkbox"/> Seasonal	
<input checked="" type="checkbox"/> Temporary	
<input checked="" type="checkbox"/> Permanent	

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

The screenshot displays the HUD Section 3 Opportunity Portal. The header includes the HUD.GOV logo and the U.S. Department of Housing and Urban Development, Secretary Ben Carson. The main content area is titled "Section 3 Opportunity Portal" and features a "Welcome to HUD's Opportunity Portal" message. Below this, there are two main sections: "Section 3 Residents" and "Section 3 Recipients and Businesses". The "Section 3 Residents" section includes links for "Search for jobs and training positions" and "Post your resume (sign in required)". The "Section 3 Recipients and Businesses" section includes links for "Post jobs and training positions", "Search for contracts", "Post contracts (sign in required)", and "Search job applicants (sign in required)". A "LOGIN.GOV" sign-in button is prominently displayed. At the bottom, contact information for the U.S. Department of Housing and Urban Development is provided.

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

Contract Search
Enter keywords to search for a Section 3 contract opportunity.

Location:

Contract Search Options

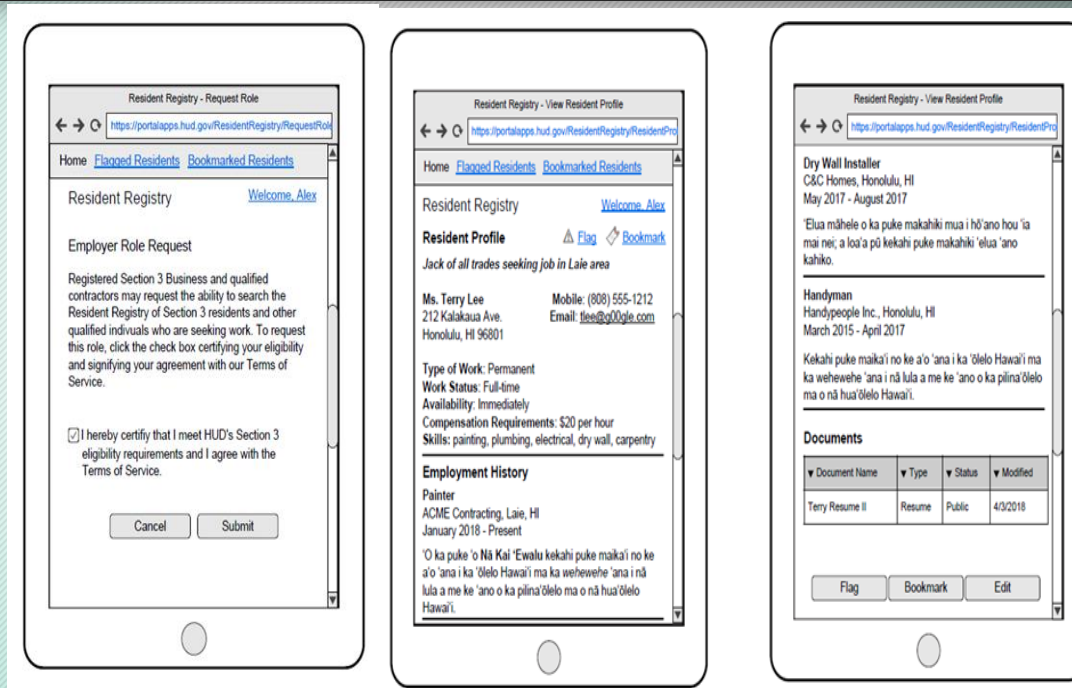
Contract Type

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

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.

Section 3 Resident Registry: Business Access/Bookmark



- Section 3 business and contractors will request access to the portal to search available candidates

- Section 3 businesses and contractors can Bookmark candidates they are interested in for follow-up

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

The screenshot shows the HUD.gov website interface. At the top, it says "HUD.GOV" and "U.S. Department of Housing and Urban Development Secretary Ben Carson". Below that, there are navigation links: "INSTRUCTIONS", "FAQS", "CONTACT US", "What is the Section 3 Business Registry", "Am I a Section 3 Business", "Register a Business", and "Search for a Business". The main heading is "Am I a Section 3 Business?". Below the heading, there is a "Check" button and a progress bar showing 100% completion. The question is: "1. Is 51% of Your Business Owned By Section 3 Residents?". The form has two input fields: "a. Percent Owned by Section 3 Residents:" with the value "51" and "b. Percent Owned by All Others:" with the value "49". A "Check" button is at the bottom left, and a "Yes" radio button is selected at the bottom right.

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

OK

2

The screenshot shows the second question: "2. Does 30% of Your Current Full-Time Staff Meet the Definition of a Section 3 Resident?". It has three input fields: "a. Total Number of Full-Time Employees:" with the value "30", "b. Number of Full-Time Employees That Currently Meet the Definition of a Section 3 Resident:" with the value "5", and "c. Number of Full-Time Employees That May Have Met the Definition of a Section 3 Resident Within the Last 3 Years:" with the value "3". A "Check" button is at the bottom left, and a "No" radio button is selected at the bottom right. A progress bar shows 27% completion.

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

OK

3

The screenshot shows the third question: "3. Does Your Business have Evidence of Firm Commitment(s) to Provide 25% of the Total Dollar Amount of Subcontracts to Section 3 Businesses?". It has two input fields: "a. Total Dollar Amount of Subcontracts To Be Awarded With HUD Funds:" with the value "\$ 100,000" and "b. Total Dollar Amount of HUD-Funded Subcontracts To Be Awarded To Section 3 Businesses:" with the value "\$ 25,000". A "Check" button is at the bottom left, and a "Yes" radio button is selected at the bottom right. A progress bar shows 25% completion.

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

Business Telephone Number Required

Street Address Required

Business Website Address

City, State Required
Click to input a City, State

Business Point of Contact Required

ZIP Required

Business Email Required

County 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 Wall

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: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

- | | | | |
|---|--|--|--------------------------------------|
| <input type="checkbox"/> Accounting | <input type="checkbox"/> Architecture | <input type="checkbox"/> Brick Masonry | <input type="checkbox"/> Carpentry |
| <input type="checkbox"/> Consulting | <input type="checkbox"/> Demolition | <input type="checkbox"/> Electrical | <input type="checkbox"/> Engineering |
| <input type="checkbox"/> General Contractor | <input type="checkbox"/> HVAC | <input type="checkbox"/> IT | <input type="checkbox"/> Janitorial |
| <input type="checkbox"/> Landscaping | <input type="checkbox"/> Lead Hazard Control | <input type="checkbox"/> Maintenance | <input type="checkbox"/> Other |
| <input type="checkbox"/> Painting Dry Wall | <input type="checkbox"/> Plumbing | <input type="checkbox"/> Roofing | <input type="checkbox"/> Security |

Additional Search Options

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

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

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

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

Q & A

section3@hud.gov

www.hud.gov/section3

www.hud.gov/sec3biz