Purpose and Overview: Section 3
Section 3 Covered Programs

Bruce Bailey
Office of Lead Hazard Control
and Healthy Homes
How Did We Get from There to Here?

- Civil rights movement of the 1950s and 60s
- Civil Rights Act of 1964, Voter Rights Act of 1965
- Riots and the Kerner Report
- Fair Housing Act of 1968 and HUD Act of 1968
- Section 3 regulations through the years
Purpose

To ensure that jobs, training and contracting generated by HUD funding shall be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to businesses that substantially employ those persons. § 135.1

Section 3 is race and gender-neutral
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 - § 135.3(a)(3)

• Shared responsibility with contractors that receive more than $100K - § 135.3(a)(3)

• Applies to HUD financed activity, fully or partially funded - § 135.3(b).

*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.*
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)
Section 3 Resident:

- *Public Housing Resident, or*
- Resident of metro area or non metro county in which the Section 3 covered assistance is expended, and who qualifies as a low-income or very low-income person.

  - *Low-income - 80% median area income*
  - *Very low-income 50% median area income*  § 135.5
## Dallas MSA Income Limits

**Marion County FY 2019**

<table>
<thead>
<tr>
<th>Very Low</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 person - $29,100</td>
<td>1 person - $46,550</td>
</tr>
<tr>
<td>2 person - $33,250</td>
<td>2 person - $53,200</td>
</tr>
<tr>
<td>3 person - $37,400</td>
<td>3 person - $59,850</td>
</tr>
<tr>
<td>4 person - $41,550</td>
<td>4 person - $66,500</td>
</tr>
<tr>
<td>5 person - $44,900</td>
<td>5 person - $71,850</td>
</tr>
<tr>
<td>6 person - $48,200</td>
<td>6 person - $77,150</td>
</tr>
</tbody>
</table>

*FY 2018*
Section 3 Business Concern:

• 51% or more owned by Section 3 Residents
• 30% of employees are Section 3 Residents
• 25% of subcontracts committed to Section 3 Businesses (must have identified Section 3 Business) \(24\text{ CFR § 135.5}\)
Section 3 Goals

- Employment: 30% of new hires

- Construction Contracting (Building Trades): 10% of Total Contract Award

- Non-construction (Professional services and maintenance): 3% of Total Contract Award  
  \[ §135.30 \]
Recipient Responsibilities

(a) Implementing procedures to notify Section 3 residents and business concerns about economic opportunities

(b) Notifying potential contractors for Section 3 covered projects of the requirements of this part, and incorporating the Section 3 clause (§ 135.38) in all solicitations and contracts.

(c) Facilitating the training and employment of Section 3 residents and the award of contracts to Section 3 business concerns…to reach the goals

d) Assisting …in obtaining the compliance of contractors and subcontractors …, and refraining from entering into any contract with any contractor that … has been found in violation.
(e) Documenting actions taken to comply with the requirements of this part, the results of actions taken and impediments, if any.

(f) A State or county which distributes funds for section 3 covered assistance to units of local governments, … must attempt to reach the numerical goals set forth in 135.30 … must inform units of local government … of the requirements of this part; assist local governments and their contractors in meeting the requirements and objectives of this part; and monitor the performance of local governments with respect to the objectives and requirements of this part. § 135.32
Section 3 Clause

- All Section 3 covered contracts must include the Section 3 clause, verbatim, found at 24 CFR Part 135.38

- The clause reiterates that work performed under contract is subject to the requirements of Section 3

- Parties to the contract agree to comply with HUD regulations and certify there are no impediments to prevent compliance

- Contractor agrees to notify labor organizations of this requirement

- Contractor agrees to include clause in every subcontract § 135.38
Direct recipients of Section 3 covered funding are responsible for documenting actions taken to comply, the results of actions taken and impediments if any. §135.32(e)

Examples:
Could include dates and attendance at job fairs, material distributed at pre-bid openings, registries of persons seeking employment by skill level, workforce utilization commitments and contract language incorporating the Section 3 clause.

HUD shall have access to all records, reports, and other documents or items of the recipient that are maintained to demonstrate compliance with Section 3. §135.92
Direct recipients of Section 3 covered funding must submit an annual report to the FHEO Assistant Secretary for the purpose of determining the effectiveness of the program. §135.90

Form HUD 60002 must be submitted electronically in the Section 3 Performance Evaluation and Registry System (SPEARS) after obtaining access through the Web Access Secure System (WASS), HUD’s Security Portal.
Section 3 - Performance Evaluation and Registry System (SPEARS) Reporting Trend

Successfully launched August 2015 for Section 3 Report Years beginning 2016.

Over 42,538 reports have been submitted in SPEARS by over 4,206 agencies.
Section 3
Performance Evaluation and Reporting System (SPEARS)
Section 3 - Performance Evaluation and Registry System (SPEARS)

Annual Section 3 report submissions (Form 60002) are sent electronically to HUD’s FHEO Economic Opportunity Division via the Section 3 Performance Evaluation and Registry System (SPEARS).

The SPEARS 60002 system is now accessed through HUD’s Web Access Secure System (WASS) and has a direct interface to disbursement data from HUD’s Line of Credit Control System (LOCCS).
Section 3 - Performance Evaluation and Registry System (SPEARS)

- WASS Registration – HUD’s Secured Portal
- SPEARS extracts financial disbursement data from LOCCS
- SPEARS is accessed via WASS (Web Access Security Systems)
- SPEARS website (resources, quick guides, & FAQs)
- Accessing Form HUD 60002
- Helpdesk/Self-Help
- Questions
Accessing SPEARS - Web Access Secure System (WASS)

- Secured Portal for Multiple HUD Systems (AFFH, PIC, HEMS, SPEARS, etc.,)
- https://hudapps.hud.gov/HUD_Systems (Link to WASS)
- HUD’s secure systems provide a means for trusted business partners to submit and retrieve required program information
- User/WASS ID is MANDATORY to establish a secure connection to HUD’s secure systems from the internet.
- Register as Coordinator or User
  - Coordinators have More rights
- Assign roles/Actions
HUD Form 60002 Submission

• **Start/Resume Report**
  — Short Report
  — Standard Report

• **Expected Reports**

• **Notices of Expected Reports**
  — Email and in-application

• **Unreported Disbursements**

• **Submitted Reports**
  — View
  — Unlock
  — Delete
Agency Selection

Section 3 60002 Form Home

Public reporting for this collection of information is estimated to average 8 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB Number. Section 3 of the Housing and Urban Development Act of 1968, as amended, U.S.C. 1701u, mandates that the Department ensures that employment and other economic opportunities generated by its housing and community development assistance programs are directed toward low- and very-low income persons, particularly those who are recipients of government assistance for housing. The regulations are found at 24 CFR Part 135. The information will be used by the Department to monitor program recipients compliance with Section 3, to assess the results of the Department’s efforts to meet the statutory objectives of Section 3, to prepare reports to Congress, and by recipients as a self-monitoring tool. The data is entered into a database and will be analyzed and made available to the public upon request. The collection of information involves recipients receiving Federal financial assistance for housing and community development programs covered by Section 3. The information will be collected annually to assist HUD in meeting its reporting requirements under Section 808(e)(6) of the Fair Housing Act and Section 916 of the HCDA of 1992. An assurance of confidentiality is not applicable to this form. The Privacy Act of 1974 and OMB Circular A-108 are not applicable. The reporting requirements do not contain sensitive questions. Data is cumulative; personal identifying information is not included.

Welcome FIRST · MSCT01 LAST · MSCT01
Please select the disbursement agency: *
Select an Agency... ▼

If you are filing a report as an entity other than the agency to which funds were disbursed, you may identify your reporting entity later.
Agency Summary

- Expected Reports
- Notices
  - Reports
  - Audits
- Expected Reports
  - Easy start reports
- In Progress Reports
- Unreported Disbursements
- Submitted Reports
  - View
  - Unlock
  - Delete
  - Goals
Alerts on Agency Summary

Notice in application and via email

Notice

Date: 11/7/17
To: Michelle@statehousing.com
Subject: HUD Section 3 Expected Report
The fiscal cycle for Delaware State Housing Authority has ended and the following Section 3 report(s) are normally 30 days past due.

Per Notice [Insert link to HUD website: https://www.hud.gov/offices/FHA/PHASPORTDUE/14-17.PDF], the due date for all 2013 thru 2017 reports has been [Insert date].

<table>
<thead>
<tr>
<th>Report Period</th>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/01/2016-06/30/2017</td>
<td>Moving To Work: All Program Areas</td>
<td>$4,770,375.17</td>
</tr>
</tbody>
</table>

Use "Start Custom Report" to complete reports for disbursements listed in the Unreported Disbursements table, if the report you wish to file is not listed under Expected Reports.

To submit a Form HUD 0002, login to SPEAKS using HUD Secure Systems at [https://hudapps.hud.gov/HUD_Systems](https://hudapps.hud.gov/HUD_Systems). For more information, visit the Section 3 website at [https://www.hud.gov/section3] or email questions to 0002Questions@hud.gov.
## Agency Summary Expected Reports

### Expected Reports:

<table>
<thead>
<tr>
<th>Start</th>
<th>Period</th>
<th>Program Area</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/01/2012-09/30/2013</td>
<td>Operating Fund (OFND)</td>
<td></td>
<td>$2,575,939.00</td>
</tr>
<tr>
<td>10/01/2013-09/30/2014</td>
<td>Special Needs Assistance (SNAP)</td>
<td></td>
<td>$144,402.06</td>
</tr>
</tbody>
</table>

- Expected Reports auto fills
  - Report Start/Report End
  - Program Area
  - Disbursed Amount
  - Easy Start
### Unreported Disbursements

#### Section 3 Program Areas with unreported disbursements

<table>
<thead>
<tr>
<th>Program</th>
<th>Report Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Needs Assistance (SNAP)</td>
<td>2014</td>
<td>$144,402.06</td>
</tr>
</tbody>
</table>

- Click on dollar amounts to see details on disbursed funds that have not been reported on grouped by Section 3 Program Area.
### Agency Summary Submitted Reports

<table>
<thead>
<tr>
<th>Report ID</th>
<th>Period</th>
<th>Type</th>
<th>Coverage</th>
<th>Amount</th>
<th>Submitted</th>
<th>Goals</th>
<th>Unlock/Delete</th>
</tr>
</thead>
<tbody>
<tr>
<td>36229</td>
<td>07/01/2012-12/31/2012</td>
<td>PA</td>
<td>Capital Fund Program (CFP)</td>
<td>$82,684.58</td>
<td>06/11/2018</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>36226</td>
<td>01/01/2015-12/31/2015</td>
<td>PA</td>
<td>Lead-Based Paint Abatement (LBA)</td>
<td>$304,524.40</td>
<td>06/11/2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36225</td>
<td>01/01/2016-12/31/2016</td>
<td>PA</td>
<td>Lead-Based Paint Abatement (LBA)</td>
<td>$1,050,501.94</td>
<td>06/11/2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36201</td>
<td>01/01/2017-12/31/2017</td>
<td>PA</td>
<td>Lead-Based Paint Abatement (LBA)</td>
<td>$903,134.05</td>
<td>06/11/2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36232</td>
<td>07/01/2016-06/30/2017</td>
<td>PA</td>
<td>Operating Fund (OFND)</td>
<td>$3,222,872.00</td>
<td>06/11/2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36231</td>
<td>10/01/2015-06/30/2016</td>
<td>PA</td>
<td>Capital Fund Program (CFP)</td>
<td>$806,538.77</td>
<td>06/11/2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36230</td>
<td>07/01/2012-09/30/2012</td>
<td>PA</td>
<td>Operating Fund (OFND)</td>
<td>$508,875.00</td>
<td>06/11/2018</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>36228</td>
<td>10/01/2014-09/30/2015</td>
<td>PA</td>
<td>Capital Fund Program (CFP)</td>
<td>$426,294.05</td>
<td>06/11/2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36224</td>
<td>10/01/2013-09/30/2014</td>
<td>PA</td>
<td>Capital Fund Program (CFP)</td>
<td>$719,680.95</td>
<td>06/11/2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36223</td>
<td>10/01/2012-09/30/2013</td>
<td>PA</td>
<td>Capital Fund Program (CFP)</td>
<td>$984,540.55</td>
<td>06/11/2018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**View** – Select Report ID

**Unlock** – Select the Lock icon

**Goals** – Advises goal compliance

**Delete** – Select the X option

Showing 1 to 10 of 16 entries
The disbursement agency name, address, and tax ID are displayed along with the program area, reporting period and the amount disbursed.

**Preliminary Questions**

- a. Select the yes or no answer option for both preliminary questions.
- b. The icon will display information for each question.

**Reporting Entity**

**Contact Person**
• If the user selects No to both preliminary questions on the New Report screen, the user will be presented with the Short Report.
  ▶ Verify that the information is correct.
  ▶ A text box is provided below for you to describe efforts taken to achieve Section 3 compliance. This information is optional for the short form.
  ▶ [Click] **Submit Form**.
  ▶ A confirmation dialog will be displayed:
  ▶ [Select] **Submit Form** to submit the form to HUD.
  ▶ **Note**: The user will be presented with an option to save and download the form from the Agency Summary screen after submitting the form.
  ▶ After successful submission, you will be returned to the Agency Summary screen.
Moving to Work (MTW)

Some agencies are approved under MTW
And therefore allowed to submit their report with combined program area funds.
Employment & Training Opportunities

• Enter **Employment and Training Opportunities** details into the table provided, if applicable.

<table>
<thead>
<tr>
<th>Job Category</th>
<th>Number of New Hires</th>
<th>Number of New Hires that are Section 3 Residents</th>
<th>Aggregate Number of Staff Hours Worked (Optional)</th>
<th>Total Staff Hours Worked by Section 3 Employees (Optional)</th>
<th>Number of Section 3 Trainees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carpentry</td>
<td>▼ 22</td>
<td>10</td>
<td>38500</td>
<td>17500</td>
<td>1</td>
</tr>
<tr>
<td>Select Item...</td>
<td>▼</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Select Item...</td>
<td>▼</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Select Item...</td>
<td>▼</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Select Item...</td>
<td>▼</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Select Item...</td>
<td>▼</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**CATEGORY TOTAL:**

- 22
- 10
- 38500
- 17500
- 1

• If additional rows are needed to describe job categories, [Select] the **Add Rows** button to add a new row to the bottom of the table.
• To save changes to complete the report at a later time, [click] **Save**.
• To continue, [click] **Continue To Agency Contracting**.
Contracting Opportunities

- Enter details on Construction and Non-Construction Contracts awarded, if applicable.
- b. See the Form HUD 60002 Instructions for requirements on entering this data.
- [Click] Continue to Proceed.
- To save changes to complete the report at a later time, [click] Save.

- Construction

- Non-construction contracting
Best Efforts to Comply

- Agencies identify what actions they took to meet Section 3 Goals
- Best effort narrative required, if goals not met
- All data displayed
  - Auto-filled, and
  - User input
- Goals
- Certification

- A summary of compliance with Section 3 numerical goals will be displayed.
- Verify that the information is correct. If corrections are needed, [Select] the Exit Report button to go back to the Agency Summary screen.
- Select] Continue To Compliance to proceed.
Summary of Best Efforts to Comply

• Recipients that failed to meet any of the three minimum numerical goals for employment, construction contracts, or non-construction contracts **MUST** enter an explanation into the narrative box on this page.
• [Select] **Continue** to proceed.
Submit Form.

• A certification screen will be presented prior to submission.

• Verify that the Reporting Year, Program Area/Program Name information is correct.

• [Select] **Submit Form** to submit the form to HUD.

• **Note**: The user will be presented an option to save and download the form from the Agency Summary screen after submitting the form.
• On the **Agency Summary** page [Select] the button in the **Submitted Reports** or **Legacy Reports** section to **View**, **Print** or **Save** a copy of a submitted report in PDF format.

• Depending on the browser version used, the user will be presented the option to **Save** (download) or **Open** the PDF file which can then be printed.
Support

- REAC Technical Assistance Center (WASS/PIC)
  - Password reset
  - Locked out/terminated (90 days)
  - PHA Address/Name Change
  - 888-245-4860

- Multifamily Helpdesk
  - Address Change
  - Name Correction
  - 800-767-7588

- SPEARS Helpdesk
  - Reporting Problems
  - Edit/Delete Reports
  - (202) 402-2597
  - 60002questions@hud.gov
Section 3 Opportunity Portal: Login.gov

SECURE ACCESS TO GOVERNMENT SERVICES

OFFERS THE PUBLIC ACCESS TO PARTICIPATING GOVERNMENT PROGRAMS

REQUIREMENTS: (EMAIL & PHONE NUMBER)
Section 3 Opportunity Portal: Job Opportunity Postings

- Section 3 businesses and contracting companies will be able to post both Job and Contracting Opportunities in the Opportunity portal.
- Opportunities will be submitted for review to HUD or automatically posted to the site after 24 hours.
Section 3 Opportunity portal: Contracting opportunities Postings

- Section 3 businesses and contracting companies will be able to post both Job and contracting opportunities in the Opportunity Portal.
- Opportunities will be submitted for review to HUD or automatically posted to the site after 24 hours.
Section 3 Opportunity Portal:
Search Job and Contracting Opportunities

- Public users will be able to search Section 3 opportunities by Jobs, contracts or by businesses identified in the Section 3 SPEARS Registry.

- Opportunity searches will be by keyword or location which includes City, State, County and MSA.

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 Opportunity Portal: Search Businesses

Public users will be able to search Section 3 businesses identified in the Section 3 SPEARS Registry. Business searches will be by keyword or location which includes City, State, County and MSA.
Section 3 Opportunity Portal: Manage Business Opportunities

Section 3 Businesses and contracting companies will be able to manage both Job and contracting opportunities in the Opportunity Portal.
Section 3 Resident Registry

- Expansion of the Section 3 Business Registry to include Section 3 Residents Registry
- Will enable Section 3 Residents to upload contact information, skills summary, and resume
- Will allow Residents to edit/update their information with self-certification
- Resident information will be submitted for review to HUD or automatically posted to the site after 24 hours
- Will allow potential Employers to Search the Section 3 Residents Registry for skilled resident
- Similar to USA Jobs, will provide guidance regarding posting of Personally Identifiable Information (PII)
Section 3 Resident Registry: Add Resident Details

- Potential candidates can enter themselves in the Resident Registry
- Candidates enter their contact information, job skills and resumes
- Section 3 businesses will be able to search through a database of candidates by skills and location
Section 3 Resident Registry: Business Access/Bookmark