

Section 3 Final Rule Guidance

This guidance document covers the Section 3 Final Rule, codified in 24 CFR Part 75. The Final Rule took effect on November 30, 2020, and updates HUD’s prior Section 3 regulations (Legacy Rule, codified in 24 CFR Part 135) to create more effective incentives for employers to retain and invest in their low- and very low-income workers, streamline reporting requirements by aligning them with typical business practices, provide for program-specific oversight, and clarify the obligations of entities that are covered by Section 3. These changes are intended to increase Section 3’s impact for low- and very low-income persons, increase compliance with Section 3 requirements, and reduce regulatory burden. HUD will continue to work with grantees and state and local agency partners to implement the new requirements and assess their ongoing effectiveness. The Final Rule applies only to new grants, commitments, contracts, or projects funded on or after November 30, 2020. Contracts entered into before that date remain subject to the Legacy Rule, and the GLO Guidance Document for those contracts can be found at <https://recovery.texas.gov/files/resources/infrastructure/section-3-policy.pdf>.

“Using an effective program under Section 3 of the Housing and Urban Development Act of 1968 may help members of protected classes gain economic opportunities necessary to allow them to exercise fair housing choice.” (January 2011, State of Texas Analysis of Impediments to Fair Housing)

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General Policy Statement

It is the policy of the Texas General Land Office (GLO) to comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u).

Section 3 Purpose

Section 3 of the Housing and Urban Development Act of 1968 requires the GLO to ensure that training, employment and other economic opportunities generated by certain HUD financial assistance are directed, to the greatest extent feasible and consistent with existing federal, state and local laws and regulations, to low- and very low-income persons.

The GLO will make its best effort to ensure recipients of Section 3-covered funding achieve compliance and the compliance of their contractors/subcontractors with the Section 3 requirements, as outlined in 24 CFR Chapter 75.

Key provisions to achieve this goal include:

- As part of this policy, **the GLO will have a designated Section 3 Coordinator(s) to assist, report, and monitor for compliance of Section 3 activities.** The Section 3 Coordinator(s) will provide technical assistance to Subrecipients regarding their Section 3 program requirements.
- **Subrecipients of awards over \$200,000 are encouraged to consider adopting a Section 3 plan locally.** While the final rule does not require recipients to have Section 3 plans, a Section 3 plan can serve as a guide for the community ensuring that the Section 3 requirements are properly implemented and communicated.
- **Subrecipients are also encouraged to consider designating a Section 3 Coordinator to oversee their efforts.** See Exhibit E attached to this document for a sample form. Though not required under the regulations, Section 3 coordinators can be very helpful in the development and implementation of an effective Section 3 compliance plan and strategy. Section 3 coordinators are those persons assigned to manage, support, and facilitate an effective Section 3 program on behalf of their organization and are expected to understand program requirements and communicate that understanding to stakeholders.
- **Providing Section 3 training for communities at the start of each project.** In addition, ongoing technical assistance (TA) will be conducted as needed.

Applicability

Section 3 projects are housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds \$200,000.

There are no minimum thresholds for Public Housing Authorities (PHAs). The requirements of Section 3 apply to all PHAs regardless of the amount of assistance received. Contractors hired by PHAs are required to comply with Section 3 regardless of the dollar amount of the contract. Section 3 does not apply to Homebuyer assistance activities (e.g., down payment assistance).

Section 3 requirements apply to an entire Section 3 project, regardless of whether the project is fully or partially assisted under HUD programs that provide housing and community development financial assistance, as described in 24 CFR 75.3(a)(2)(iii).

Covered projects include:

- Housing Rehabilitation (to include reduction of lead-based paint hazards and demolition);
- Housing Construction (to include reduction of lead-based paint hazards and demolition);
- Public Infrastructure (e.g., street repair, sewage line repair or installation, updates to building facades, etc.);
- Public Facilities and Park Improvements; and
- Job creating or job sustaining Economic Development Projects, as applicable.

Section 3 Definitions

Contractor — means any entity that enters into a contract with the GLO to perform work in connection with either the expenditure of public housing financial assistance, or for work in connection with a Section 3 covered project; or an entity that enters into a contract with a subrecipient for work in connection with a Section 3 project.

Housing and Community Development Assistance — “any financial assistance provided or otherwise made available through a HUD housing or community development program through any grant, loan, loan guarantee, cooperative agreement, or contract, and includes community development funds in the form of community development block grants, and loans guaranteed under Section 108 of the Housing and Community Development Act of 1974, as amended. Housing and community development assistance does not include financial assistance provided through a contract of insurance or guaranty.”

Labor Hours — the number of paid hours worked by persons on a Section 3 project or by persons employed with funds that include public housing financial assistance.

Low-income Person or Low-income Family— “families (including single persons) whose incomes do not exceed 80 per centum of the median income for the area.” To determine if a household’s income is considered low- income, HUD’s income limits may be obtained from <http://www.huduser.org/portal/datasets/il.html>

Metropolitan Area —a metropolitan statistical area (MSA), as established by the Office of Management and Budget.

Nonmetropolitan County — any county outside of a metropolitan area.”

Professional Services — means non-construction services that require an advanced degree or professional licensing, including, but not limited to, contracts for legal services, financial consulting, accounting services, environmental assessment, architectural services, and civil engineering services

Recipient — “any entity that receives directly from HUD public housing financial assistance or housing and community development assistance that funds Section 3 projects, including, but not limited to, any State, local government, instrumentality, PHA, or other public agency, public or private nonprofit organization. Recipient also includes any successor, assignee, or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

Section 3 — means section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u). It is a means by which HUD fosters local economic development, neighborhood economic improvement, and individual self-sufficiency. Section 3 is the legal basis for providing jobs for residents and awarding contracts to businesses in areas receiving certain types of HUD financial assistance. Under Section 3 of the HUD Act of 1968, wherever HUD financial assistance is expended for housing or community development, to the greatest extent feasible, economic opportunities will be given to Section 3 residents and businesses in that area.

Section 3 Business Certification form — A form used to document a business as a “Section 3 Business Concern.”

Section 3 Business Concern — A business concern that meets at least one of the following criteria, documented within the last six-month period: At least 51% owned and controlled by low- or very-low-income persons; At least 51% owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing; Over 75% of the labor hours performed for the business over the prior three-month period were performed by Section 3 workers.

Section 3 Covered Assistance — “assistance provided under any HUD housing or community development program that is expended for work arising in connection with: (i) Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement); (ii) Housing construction; or (iii) Other public construction project (which includes other buildings or improvements, regardless of ownership).”

Section 3 Covered Contract — “a contract or subcontract awarded by a recipient or contractor for work in connection with the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project.”

Note: Section 3 covered contracts do not include contracts awarded under HUD’s procurement program, which are governed by the Federal Acquisition Regulation (FAR). Section 3 covered contracts also do not include contracts for the purchase of supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a Section 3 covered contract.

Section 3 Covered Project — “housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000. The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.”

Section 3 Worker — “Any worker who currently fits or when hired within the past five years fit at least one of the following categories, as documented:

- The worker's income for the previous or annualized calendar year is below the income limit established by HUD.
- The worker is employed by a Section 3 business concern.
- The worker is a YouthBuild participant.

The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction. Nothing in this part shall be construed to require the employment of someone who meets this definition of a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of the position to be filled.”

Section 3 Worker and Targeted Section 3 Worker Self-Certification Form — form used to document a resident of a local community as a Section 3 Worker or Targeted Section 3 Worker.

Service Area or the Neighborhood of the Project — “an area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.”

Subcontractor — “any entity that has a contract with a contractor to undertake a portion of the contractor's obligation to perform work in connection with the expenditure of public housing financial assistance or for a Section 3 project”

Subrecipient — defined in the applicable program regulations or in 2 CFR 200.93: an entity, usually

but not limited to non-Federal entities, that receives a subaward from a pass-through entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award.

Targeted Section 3 Worker — a Section 3 worker who is: 1) a worker employed by a Section 3 business concern; or 2) a worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years:

- (i) A resident of public housing or Section 8-assisted housing;
- (ii) A resident of other public housing projects or Section 8-assisted housing managed by the PHA that is providing the assistance;
- (iii) living within the service area or the neighborhood of the project; or
- (iv) A YouthBuild participant.

Very low-income Person or Very low-income Family— “low-income families (including single persons) whose incomes do not exceed 50 per centum of the median income for the area.” To determine if a household’s income is considered very low-income , refer to HUD’s income limits at: <http://www.huduser.org/portal/datasets/il.html>

YouthBuild — refers to YouthBuild programs receiving assistance under the Workforce Innovation and Opportunity Act (29 U.S.C. 3226).

Compliance with Section 3

Subrecipients and contractors may demonstrate compliance with the “greatest extent feasible” requirement of Section 3 by certifying that they follow the prioritization in § 75.19 and meeting HUD’s benchmarks for providing training, employment, and contracting opportunities to Section 3 Workers and Targeted Section 3 Workers.

The benchmarks are:

- **25%** or more of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers; AND
- **5%** or more of the total number of labor hours worked by all workers on a Section 3 project are Targeted Section 3 workers, as defined in 24 CFR § 75.21.

For Subrecipients that award contracts to contractors that will engage in training, hiring, and subcontracting, Subrecipients must ensure that, to the greatest extent feasible, contractors will make good faith efforts to provide training, employment, and contracting opportunities to Section 3 Residents and Section 3 Business Concerns. The numerical goals established in this Section represent minimum goals and are considered safe harbor numerical targets. Subrecipients are strongly encouraged to adopt numerical goals that exceed the minimum requirements.

If a Subrecipient fails to meet the Section 3 minimum numerical goals, they must be prepared to demonstrate that efforts were made to meet the numerical goals and certify that they have followed the prioritization of efforts outlined in 24 CFR § 75. 19. Failure to meet numerical goals requires a documented explanation of efforts be submitted to the GLO. The GLO will then examine the Subrecipient's efforts and provide technical assistance as necessary.

Section 3 Workers and Targeted Section 3 Workers

Subrecipients and their contractors/subcontractors shall ensure that employment and training opportunities arising in connection with Section 3 projects are provided to Section 3 workers within the metropolitan area (or nonmetropolitan county) in which the project is located. Where feasible, priority for opportunities and training should be given to:

- Section 3 workers residing within the service area or the neighborhood of the project, and
- Participants of YouthBuild programs

A Targeted Section 3 worker for housing and community development financial assistance means a Section 3 worker who is:

- A worker employed by a Section 3 business concern; or
- A worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years: Living within the service area or the neighborhood of the project; or a YouthBuild participant. HUD has clarified that a Self-Certification is an acceptable means for establishing eligibility as a Section 3 Worker. Although not required, subrecipients may utilize acceptable support documentation with the Section 3 Worker and Targeted Section 3 Worker Self-Certification (Exhibit J attached to this document) which may include any of the following:

- Proof of residency in a public housing development;
- Evidence of participation in a HUD YouthBuild program operated in the metropolitan (or nonmetropolitan county) where the Section 3 covered assistance is spent;
- Copy of Section 8 voucher certificate or voucher;
- Evidence of eligibility or participation in a federally-assisted program for low- and very-low- income persons (e.g., Jobs, JTPA, Job Corps, etc.);
- Evidence that the individual resides in the Section 3 area and is a low- or very-low- income person, as defined in Section 3(b) (2) of the U.S. Housing Act of 1937 (1937 Act);
- Other documentation acceptable to the Subrecipient.

Section 3 Business Concerns

A Section 3 Business Concern is a business concern that meets at least one of the following categories,

within the last six-month period:

- At least 51% owned and controlled by persons who are low-income;
- At least 51% owned and controlled by current public housing residents or residents who currently live in Section 8 assisted housing;
- Over 75% of the labor hours performed for the business over the prior three-month period were performed by Section 3 workers

To determine if a business qualifies for Section 3 designation, Subrecipients should perform a local Section 3 Business Concern Certification (see sample form for a Business Concern Certification for Contracting, Exhibit I attached in this document. Contractors and Subcontractors should post all new hire opportunities with the local Workforce Solutions Center and WorkinTexas.com.

Contracting Obligations

Subrecipients must include language applying Section 3 requirements in any subrecipient agreement or contract for a Section 3 project, regardless of whether Section 3 language is included in recipient or subrecipient agreements, program regulatory agreements, or contracts.

The Final Rule includes no numerical goals for businesses. However, contracting with Section 3 businesses can expedite accrual of Section 3 labor hours by their employees. Section 3-covered award subrecipients, contractors, and subcontractors must fulfill the following obligations when they contract with other businesses to do work on the project (24 CFR 75.19 (b)):

- Include Section 3 requirements in all contracts and solicitations for Section 3 projects.
- "To the greatest extent feasible," make contracts with Section 3 business concerns.
- Give contracting priority to these 3 categories:
 - Section 3 business concerns that provide economic opportunities for residents of the public housing projects for which the assistance is provided;
 - Section 3 business concerns that provide economic opportunities for residents of other public housing projects or Section-8 assisted housing managed by the PHA that is providing the assistance;
 - YouthBuild programs; and
 - Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which the assistance is provided.
- HUD's "benchmarks" for Section 3 labor hours combine those of direct hires and workers hired by subcontractors (§75.25 Reporting).

Reporting Requirements

Subrecipients must document actions taken to comply with the employment, training and contracting requirements of Section 3, the results of actions taken, and impediments encountered (if

any). Subrecipients should maintain records of job vacancies, solicitation of bids or proposals, selection materials and contracting documents (including scope of work and contract amount), in accordance with Federal and State procurement laws and regulations. The documentation should demonstrate efforts taken towards the achievement of the Section 3 numerical goals.

Subrecipients must submit to the GLO:

- Section 3 Quarterly Report (via TIGR Portal or email, see Exhibit A for sample)
- Section 3 Annual Summary Report (via TIGR Portal or email, see Exhibit B for sample)

Reporting submitted by subrecipients must include:

- (i) The total number of labor hours worked;
- (ii) The total number of labor hours worked by Section 3 workers; and
- (iii) The total number of labor hours worked by Targeted Section 3 workers.
- Additional qualitative efforts undertaken (if any)

Qualitative efforts may include but are not limited to the following:

- Engaged in outreach efforts to generate job applicants who are Targeted Section 3 workers.
- Provided training or apprenticeship opportunities.
- Provided technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching). Provided or connected Section 3 workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.
- Held one or more job fairs.
- Provided or referred Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, child care).
- Provided assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.
- Assisted Section 3 workers to obtain financial literacy training and/or coaching.
- Engaged 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.
- Divided 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.
- Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.

Responsibility chain: HUD program (CDBG-DR, CDBG-MIT) awardees funded through GLO-CDR, must complete Section 3 Quarterly and Annual Reports, and submit them to GLO-CDR. These

summary reports must contain information about labor hours worked by (a) the subrecipient, and (b) all contractors and subcontractors that received contracts related to the project. In order to do this, the subrecipient must collect data from contractors and subcontractors prior to submitting its Section 3 Summary Report to GLO-CDR (HUD considers GLO-CDR as the “Recipient”). GLO-CDR reports the Section 3 data to HUD through the Disaster Recovery Grant Reporting System Report (DRGR). Subrecipients funded through GLO-CDR do not report directly to HUD.

Complaints

Complaints alleging failure of Section 3 compliance may be reported to the HUD program office responsible for the public housing financial assistance or the project, or to the local HUD field office. In the event that a complaint is received, the GLO Section 3 Coordinator(s) will assist or work with the applicable Subrecipient to obtain:

- Relevant information regarding the complaint at hand;
- Documentation used to comply with Section 3;
- Reports submitted to the Recipient to monitor Section 3 compliance;
- All other relevant information.

Exhibits

Exhibit A: Section 3 Quarterly Report Form

Exhibit B: Section 3 Annual Report Form

Exhibit C: Section 3 Projected Labor Hour Guidance

Exhibit D: Section 3 Closeout Form

Exhibit E: Appointment of Section 3 Coordinator

Exhibit F: Section 3 Best Practices

Exhibit G: Examples of Efforts to Award Contracts to Section 3 Business Concerns

Exhibit H: Examples of Efforts to Offer Training Opportunities to Section 3 Workers

Exhibit I: Section 3 Business Concern Certification for Contracting (Sample Form)

Exhibit J: Section 3 Worker and Targeted Section 3 Worker Self-Certification (Sample Form)



COMMUNITY DEVELOPMENT & REVITALIZATION
Texas General Land Office
Section 3 Quarterly Report - Labor Hours
(Final Rule Contracts Only)

1. Grantee/ Subrecipient Name and Address	2. GLO Contract Number		
	3. Contact Person / Section 3 Coordinator		
	4. Phone (including area code)		
	5. Email		
	6. Year	7. Quarter Being Reported	
	8. Application title	9. Program	

Do you have labor hours to report this quarter? (If not, skip to projected labor hours section)	Yes:	10. Contract type (select one)	Infrastructure:	Single-Family:	Multi-Family:	
	No:	Projected Labor Hours reporting				
Total Labor hours	Section 3 Workers Labor Hours	Targeted Section 3 Workers Labor Hours	Will work be completed in the upcoming quarter? If no work will be completed, enter N/A for Projected Hours	Projected Labor Hours for upcoming quarter	Projected Section 3 Labor hours for upcoming quarter	Projected Targeted Section 3 Labor Hours for upcoming quarter

Mark: Yes/No	Summary of Efforts				
	Recruited low-income residents through: local advertising media, signs prominently displayed at the project site, contracts with the community organizations and public or private agencies operating within the metropolitan area (or non-metropolitan county) in which the Section 3 covered program or project is located, or similar methods.				
	Participated in a HUD program or other program which promotes the training or employment of Section 3 residents.				
	Coordinated with Youthbuild Programs administered in the metropolitan area in which the Section 3 covered project is located.				
	Other efforts; Please describe below:				

Other Efforts:	Examples of other efforts: 1. Direct on the job training including apprenticeships 2. Held one or more job fairs 3. Entering "first source" hiring agreements with organizations representing Section 3 residents 4. Sponsoring a HUD-certified "Step-Up" employment and training program for Section 3 residents. 5. Conducting job interviews at the housing development or developments where category 1 or category 2 persons reside, or at a location within the neighborhood or service area of the Section 3 covered project. 6. Advertising the jobs to be filled through the local media, such as community television networks, newspapers of general circulation, and radio advertising. 7. Where there are more qualified Section 3 residents than there are positions to be filled, maintaining a file of eligible qualified Section 3 residents for future employment positions.
Submitted by:	Date Submitted:

Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1992 (Section 3), and 12 U.S.C. 1701u, ensure that employment and other economic opportunities generated by Federal financial assistance for housing and community development assistance programs are, to the greatest extent feasible, directed towards low- and very low-income persons, particularly those who receive government assistance for housing. The regulations are found at 24 CFR Part 75. This collection of information is required to ensure that Section 3 workers and Section 3 Business concerns participating in Housing and Community Development Projects and Public Housing Assistance Projects with HUD funding are documenting Section 3 labor hours to meet the requirements of Section 3 found in 24 CFR Part 75. The information gathered from this form will be used by HUD to monitor program recipients' compliance with Section 3, to assess the results of HUD's efforts to meet the statutory objectives of Section 3, to prepare reports for Congress, and by program recipients as a self-monitoring tool. No assurances of confidentiality are provided for this information collection.

Disclaimer: The Texas General Land Office has made every effort to ensure the information contained on this form is accurate and in compliance with the most up-to-date CDBG-DR and/or CDBG-MIT federal rules and regulations, as applicable. It should be noted that the Texas General Land Office assumes no liability or responsibility for any error or omission on this form that may result from the interim period between the publication of amended and/or revised federal rules and regulations and the Texas General Land Office's standard review and update schedule.



COMMUNITY DEVELOPMENT & REVITALIZATION
Texas General Land Office
Section 3 Annual Report - Labor Hours
(Final Rule Contracts Only)

1. Grantee/ Subrecipient Name and Address	2. GLO Contract Number		
	3. Contact Person / Section 3 Coordinator		
	4. Phone (including area code)		
	5. Email		
	6. Year	7. Quarter Being Reported	
	8. Application title	9. Program	

Do you have labor hours to report this quarter? (If not, skip to projected labor hours section)	Yes:	10. Contract type (select one)	Infrastructure:	Single-Family:	Multi-Family:	
	No:		Projected Labor Hours reporting			
Total Labor hours	Section 3 Workers Labor Hours	Targeted Section 3 Workers Labor Hours	Will work be completed in the upcoming quarter? If no work will be completed, enter N/A for Projected Hours	Projected Labor Hours for upcoming quarter	Projected Section 3 Labor hours for upcoming quarter	Projected Targeted Section 3 Labor Hours for upcoming quarter

Mark: Yes/No	Summary of Efforts				
	Recruited low-income residents through: local advertising media, signs prominently displayed at the project site, contracts with the community organizations and public or private agencies operating within the metropolitan area (or non-metropolitan county) in which the Section 3 covered program or project is located, or similar methods.				
	Participated in a HUD program or other program which promotes the training or employment of Section 3 residents.				
	Coordinated with Youthbuild Programs administered in the metropolitan area in which the Section 3 covered project is located.				
	Other efforts; Please describe below:				

Other Efforts:	Examples of other efforts: 1. Direct on the job training including apprenticeships 2. Held one or more job fairs 3. Entering "first source" hiring agreements with organizations representing Section 3 residents 4. Sponsoring a HUD-certified "Step-Up" employment and training program for Section 3 residents. 5. Conducting job interviews at the housing development or developments where category 1 or category 2 persons reside, or at a location within the neighborhood or service area of the Section 3 covered project. 6. Advertising the jobs to be filled through the local media, such as community television networks, newspapers of general circulation, and radio advertising. 7. Where there are more qualified Section 3 residents than there are positions to be filled, maintaining a file of eligible qualified Section 3 residents for future employment positions.
Submitted by:	Date Submitted:

Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1992 (Section 3), and 12 U.S.C. 1701u, ensure that employment and other economic opportunities generated by Federal financial assistance for housing and community development assistance programs are, to the greatest extent feasible, directed towards low- and very low-income persons, particularly those who receive government assistance for housing. The regulations are found at 24 CFR Part 75. This collection of information is required to ensure that Section 3 workers and Section 3 Business concerns participating in Housing and Community Development Projects and Public Housing Assistance Projects with HUD funding are documenting Section 3 labor hours to meet the requirements of Section 3 found in 24 CFR Part 75. The information gathered from this form will be used by HUD to monitor program recipients' compliance with Section 3, to assess the results of HUD's efforts to meet the statutory objectives of Section 3, to prepare reports for Congress, and by program recipients as a self-monitoring tool. No assurances of confidentiality are provided for this information collection.

Disclaimer: The Texas General Land Office has made every effort to ensure the information contained on this form is accurate and in compliance with the most up-to-date CDBG-DR and/or CDBG-MIT federal rules and regulations, as applicable. It should be noted that the Texas General Land Office assumes no liability or responsibility for any error or omission on this form that may result from the interim period between the publication of amended and/or revised federal rules and regulations and the Texas General Land Office's standard review and update schedule.



Section 3 – Final Rule Guidance

Reporting Projected Labor Hours

Projected Labor Hours

The Section 3 Final Rule (also known as the New Rule) went into effect on November 30, 2020, with a transitional period lasting until July 1, 2021. All construction and housing contracts executed after November 30, 2020, are subject to compliance with the Section 3 Final Rule. This guidance provides direction on a new reporting requirement that involves making Section 3 Labor Hour projections for the subsequent reporting quarter. Projected hours are not required for Annual reporting.

Final Rule Safe Harbor Goals

- 25% of all labor hours must be performed by Section 3 workers.
- 5% of that 25% should be performed by Targeted Section 3 workers.
- Please note that Targeted workers are Section 3 workers. Therefore, the 5% allocation for targeted Section 3 workers contributes directly to the overall 25% requirement.

Reporting Projected Section 3 Labor Hours

The final rule requires grantees to report Projected Labor Hours for Section 3 workers on a quarterly basis. We understand that each project is unique and projecting labor hours may be challenging; therefore, we have provided some basic guidance for calculating these *estimated* projection totals. Projected Section 3 Labor Hours for Section 3 workers and Targeted Section 3 workers can be calculated by dividing each safe harbor goal by 2. Dividing the total number of Section 3 labor hours by 2 provides a more reasonable projection target. Please see the example below.

Example

You have a construction project with an estimated 7,200 total labor hours. This total is determined by multiplying the estimated crew size by the estimated weekly hours and the estimated duration of the project. The 25% Safe Harbor goal has been achieved in this example by reaching 20% Section 3 Labor Hours and 5% Targeted Section 3 Labor Hours. To determine Projected Labor Hours, simply divide each Safe Harbor Goals by 2. Remember, these projections are estimates and do not need to be precise. For the example below, a 12-week timeframe was used to represent a full reporting period (one quarter).

Crew size	Time frame (weeks)	Estimate of weekly hours	Total hrs.	S3 Goal (20%)	S3 Labor Hr. Projection	T-S3 goal (5%)	T-S3 Labor Hr. Projection
12	12	50	7,200	1,440	720	360	180

$$\text{Total labor hours} = ((\text{Crew size} \times \text{Weekly hours}) \times \text{Time frame})$$

$$((12 \times 50) \times 12) = \mathbf{7,200}$$

$$\text{Section 3 hours} = \frac{(\text{Total labor hours} \times .2)}{2}$$

$$\frac{(7,200 \times .20)}{2} = 720$$

$$\text{Targeted Section 3 hours} = \frac{(\text{Total labor hours} \times .05)}{2}$$

$$\frac{(7,200 \times .05)}{2} = 180$$

Updated on October 1, 2023



Section 3 – Final Rule Guidance

Reporting Projected Labor Hours

Other methodologies to determine projections may include averages calculated from past projects of similar type, e.g., single-family housing project using averages calculated from a past single-family housing project. Please note, methods for determining projected Section 3 labor hours are at the contractor's discretion. The examples above are suggestions of possible methods to determine projected labor hours but are by no means the only options.

Reporting

All reporting metrics under the final rule should to be entered in TIGR. Subrecipients or their designees will report actual labor hours, qualitative measures, and may include comments on those qualitative measures in the "other" field of the Section 3 report in TIGR. **Until further notice, please include Total Section 3 Projected Labor Hours and Projected Section 3 Targeted Labor Hours in the "Other" section of the reporting page.** Projection totals should be entered for the subsequent quarter. For example, Q4 Projected Labor Hours will be included in Q3's report.

Projections should be entered in TIGR each quarter starting with FY23-Q4, due on September 10, 2023. For FY23-Q4, please include projection totals for FY24-Q1. The Section 3 reporting schedule is summarized below:

FY Reporting Schedule		
Report Type	Reporting Period	Due Date
Quarter 1	September 1 to November 30	December 10 th
Quarter 2	December 1 to February 28	March 10 th
Quarter 3	March 1 to May 31	June 10 th
Quarter 4	June 1 to August 31	September 10 th
Annual	September 1 to August 31	September 30 th

F.A.Q.

- Am I required to provide labor hour projections for contracts that were executed after November 30th, 2020, but prior to this guidance?**

Answer: Contractors will be required to provide labor hour projections for open contracts that are subject to the Section 3 final rule. Reporting projection totals for previous quarters will not be required. Projection totals should be entered in TIGR each quarter starting with FY23-Q4 (due September 10, 2023). For FY23-Q4, please include projection totals for FY24-Q1.

- Am I required to provide projected hours for contracts that were executed prior to November 30th, 2020?**

Answer: No, this only applies to contracts that are subject to Section 3 Final Rule and were executed after the end of the transition period on July 1, 2021



Section 3 – Final Rule Guidance

Reporting Projected Labor Hours

3. If no work is completed for a particular quarter, am I still required to enter labor hour projections?

Answer: No. If no work is projected for the next quarter, you may simply include a note in TIGR stating, "No work is projected to be completed for the quarter."

4. Will there be a penalty for not meeting projections?

Answer: There will be no penalties for failing to meet projected numbers. However, GLO's Section 3 coordinator will continue to review quarterly and annual reports to evaluate all quantitative and qualitative measures performed.

5. Why is this required, and what is the purpose?

Answer: The Section 3 Final Rule is a requirement under 24 CFR Part 75 and is meant to promote sustained employment and career development for Section 3 workers while focusing reporting on key metrics that align with standard business practices.

6. Will this need to be reported for each individual project?

Answer: Reporting is required for all applicable portions of a contract. For example, you will report projected labor hours for a single-family housing contract as a whole, not the individual single-family units that fall under that contract. To explain this further if you have two contracts to construct 10 single family homes, with the contract numbers 22-123-123-J333 and 22-123-123-J334 you will submit separate reports for J333 and J334 which would encompass all 10 homes under each work order number rather than 20 individual reports.

7. What if I do not have TIGR access?

Answer: If you do not have access to TIGR please reach out to the GLO Section 3 coordinator who can provide you with a form to report labor hours.

8. Will we still be required to report on old rule projects?

Answer: Yes, you will continue to report on old rule projects using the same processes you have been.

For any questions or assistance, reach out to the GLO's Section 3 Coordinator, Justin Garcia, at justin.garcia.glo@recovery.texas.gov or the Section 3 inbox at Section3Inbox@recovery.texas.gov



COMMUNITY DEVELOPMENT & REVITALIZATION

Texas General Land Office

Section 3 Reporting Closeout Form

(Final Rule Contracts Only)

1. Grantee/ Subrecipient Name and Address	2. GLO Contract Number	
	3. Contact Person / Section 3 Coordinator	
	4. Phone (including area code)	
	5. Email	
	6. Construction start date	7. Construction complete date
	8. Application title	9. Program or Disaster
	10. Total labor hours	11. Total Section 3 labor hours
		12. Total targeted section 3 labor hours

The contract referenced above has entered the closeout process. Construction is complete, and no further Section 3 activity will occur. To avoid the requirement of submitting Section 3 reports while awaiting final contract closeout, you may fill out this form and return it to the GLO. If this form is not submitted, you will be required to continue submitting Section 3 reports until the contract is fully closed out by the GLO.

Certification: By checking each of the following statements, you certify that they are true for this project.

Construction is fully complete

The certificate of occupancy has been issued for the project

All Section 3 reports have been submitted

X



COMMUNITY DEVELOPMENT & REVITALIZATION
 Texas General Land Office
 Section 3 Annual Report - Labor Hours
 (Final Rule Contracts Only)

1. Grantee/ Subrecipient Name and Address		2. GLO Contract Number	
		3. Contact Person / Section 3 Coordinator	
		4. Phone (including area code)	
		5. Email	
		6. Construction start date	
8. Application title		9. Program	
10. Total labor hours		11. Total Section 3 labor hours	12. Total targeted section 3 labor hours

As of this date, the contract referenced above has entered the closeout process, Construction is complete and no further Section 3 activity will occur. If you wish to avoid being required to submit Section 3 reports while awaiting the final contract closeout, you may fill out this form and return it to the GLO. Should you choose not to submit this form, you will be required to continue to submit Section 3 reports until the contract is fully closed out by the GLO.

By checking each of the following statements, you certify that they are true for this project.

- Construction is fully complete
- All Section 3 reports have been submitted

X



COMMUNITY DEVELOPMENT & REVITALIZATION
The Texas General Land Office
Appointment of Section 3 Coordinator

Economic Opportunities for Low- and Very- Low-Income Persons

Subrecipient:

Contract No:

Contract Award Date:

Section 3 Coordinator Information:

Appointed Section 3 Coordinator:
(Print Name)

I will serve as the Section 3 Coordinator for the aforementioned contract. I understand Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u) and the GLO-CDR Section 3 Policy. My contact information is as follows:

Address:

City: State: Zip:

Phone No: E-mail Address:

Section 3 Coordinator Signature: Date:

Authorized Subrecipient Representative:
(Print Name) *(Title)*

Authorized Subrecipient Representative: Date:
(Signature)

Section 3 Best Practices

A variety of approaches have evolved over time for meeting and exceeding Section 3 benchmark goals. These approaches include certifying Section 3 workers and Section 3 business concern businesses; maintaining a list of eligible Section 3 workers and Section 3 business concerns; preparing Section 3 plans to articulate policies and procedures; developing Section 3 hiring and contracting utilization schedules; and employing social media, websites, and other digital formats to effectively interact with intended beneficiaries.

Section 3 Sample Plan

While the final rule does not require recipients to have Section 3 plans, a Section 3 plan can serve as a guide for the community ensuring that the Section 3 requirements are properly implemented and communicated. This [sample plan](#) is intended to be used as a reference tool to guide grantees through the Section 3 planning process for program implementation.

Identify a Section 3 Coordinator

Though not required under the regulations, Section 3 coordinators can be very helpful in the development and implementation of an effective Section 3 compliance plan and strategy. Section 3 coordinators are those persons assigned to manage, support, and facilitate an effective Section 3 program on behalf of their organization and are expected to understand program requirements and communicate that understanding to stakeholders.

Build Capacity of Stakeholders

Facilitate trainings and engage in capacity building efforts with various stakeholders such as intended beneficiaries (e.g., low- or very low-income workers seeking employment and training), businesses seeking contracts, fellow staff members who play a vital role in reaching Section 3 goals, community advocates, business organizations, and educational institutions. These efforts to provide education on key Section 3 components may occur in number formats: one-on-one interactions; pre-bid conferences for prospective contractors; workshops, conferences, and/or industry group meetings; and other outlets.

Assist Contractors in Achieving Section 3 Benchmarks

Recipients and their Section 3 Coordinators, if applicable, should assist contractors in achieving Section 3 labor hour goals and employ such best practices as:

- Require the contractor to estimate their total labor hours expected and identify Section 3 worker and Targeted Section 3 worker hours expected to be generated from the initial contract;
- Add Section 3 language to project application forms, project set-up forms, and project completion forms;
- Provide assistance to contractors in their search for potential qualified Section 3 workers and targeted Section 3 workers that can perform the duties required under the contract;
- Provide assistance to contractors in their search for potential Section 3 business concerns qualified for the contract; and
- Review the benchmarks with contractors and subcontractors to ensure that requirements are understood. It is not intended for contractors and subcontractors to

terminate existing employees but to the greatest extent feasible provide opportunities to low- and very low-income individuals and businesses who qualify for the work necessary to be performed.

Recruit Section 3 Business Concerns

To increase the opportunities for recipients to contract with a Section 3 business concern, they may engage in the following:

- Advertise contracting opportunities using posting notices, newspapers, local small business associations or industry-specific organizations;
- Provide notice of contracting opportunities to known Section 3 business concerns; and
- Conduct workshops on contracting procedures including bonding insurance and other requirements for federal contracts.

Section 3 Business Concerns Role in Meeting Benchmarks

Employees of Section 3 business concerns can be counted as both Section 3 workers and Targeted Section 3 workers, depending on the funding source. Thus, contracting or subcontracting with Section 3 business concerns can play an important role in recipients' efforts to meet the benchmark requirements, as all employees of those Section 3 business employees will count as either Section 3 workers or Targeted Section 3 workers.

Recruit Section 3 and Targeted Section 3 Workers

Resources can be developed to support the recruitment of Section 3 and Targeted Section 3 workers by providing training and employment opportunities such as:

- Advertise training opportunities by distributing flyers or mass mailings. Post in common areas such as in housing projects or office spaces;
- Notify Resident Councils as well as other neighborhood community organizations for their assistance in sharing information on available opportunities.

Regional Collaboration and Networking with Local Institutions

Effective networking with organizations that share common objectives may provide a productive alliance towards compliance with Section 3 in the most feasible and cost-effective manner. Local PHAs and municipalities may have established lists of interested parties seeking opportunities through Section 3. Workforce Investment Boards sanctioned by the Department of Labor, community colleges, business development organizations, regional consortia, and community development advocates may share insights and connections that reduce barriers to complying with the Section 3 requirements and to meeting the benchmarks.

Exhibit G: Examples of Efforts to Award Contracts to Section 3 Business Concerns

Items appearing in Bold are options that can be done with minimal effort and/or expense.

- 1. In determining the responsibility of potential contractors, consider their record of Section 3 compliance as evidenced by past actions and their current plans for the pending contract.**
- 2. Contacting business assistance agencies, minority contractors' associations and community organizations to inform them of contracting opportunities and requesting their assistance in identifying Section 3 businesses which may solicit bids or proposals for contracts for work in connection with Section 3 covered assistance.**
- 3. Advertising contracting opportunities by posting notices, which provide general information about the work to be contracted and where to obtain additional information, in the common areas or other prominent areas of the housing development or developments in low-income areas.**
4. For Housing Authorities (HA), contacting resident councils, resident management corporations, or other resident organizations (where they exist) and requesting their assistance in identifying category 1 and category 2 business concerns.
- 5. Providing written notice to all known Section 3 business concerns of the contracting opportunities. This notice should be in sufficient time to allow the Section 3 business concerns to respond to the bid invitations or request for proposals.**
6. Following up with Section 3 business concerns that have expressed interest in the contracting opportunities by contacting them to provide additional information on the contracting opportunities.
- 7. Coordinating pre-bid meetings at which Section 3 business concerns could be informed of upcoming contracting and subcontracting opportunities.**
8. Carrying out workshops on contracting procedures and specific contract opportunities in a timely manner so that Section 3 business concerns can take advantage of upcoming contracting opportunities, with such information being made available in languages other than English where appropriate.
9. Advising Section 3 business concerns as to where they may seek assistance to overcome limitations such as inability to obtain bonding, lines of credit, financing, or insurance.
10. Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways to facilitate the participation of Section 3 business concerns.

- 11. Where appropriate, breaking out contract work items into economically feasible units to facilitate participation by Section 3 business concerns.**
12. Contacting agencies administering HUD YouthBuild programs, and notifying these agencies of the contracting opportunities.
- 13. Advertising the contracting opportunities through trade association papers and newsletters, and through the local media, such as community television networks, newspapers of general circulation, and radio advertising.**
- 14. Developing a list of eligible Section 3 business concerns.**
15. For HAs, participating in the “Contracting with Resident-Owned Businesses” program provided under 24 CFR part 963.
16. Establishing or sponsoring programs designed to assist residents of public or Indian housing in the creation and development of resident-owned businesses.
- 17. Establishing numerical goals (number of awards and dollar amount of contracts) for award of contracts to Section 3 business concerns.**
18. Supporting businesses which provide economic opportunities to low-income persons by linking them to the support services available through the Small Business Administration (SBA), the Department of Commerce and comparable agencies at the State and local levels.
19. Encouraging financial institutions, in carrying out their responsibilities under the Community Reinvestment Act, to provide no or low-interest loans for providing working capital and other financial business needs.
20. Actively supporting joint ventures with Section 3 business concerns.
21. Actively supporting the development or maintenance of business incubators which assist Section 3 business concern.

Exhibit H: Examples of Efforts to Offer Training Opportunities to Section 3 Workers

1. Entering into "first source" hiring agreements with organizations representing Section 3 residents.
2. Sponsoring a HUD-certified "Step-Up" employment and training program for Section 3 residents.
3. Establishing training programs, which are consistent with the requirements of the Department of Labor, for public and Indian housing residents and other Section 3 residents in the building trades.
4. Advertising the training and employment positions by distributing flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) to every occupied dwelling unit in the housing development or developments where Section 3 workers reside.
5. Advertising the training and employment positions by posting flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) in the common areas or other prominent areas of the housing development or developments. For HAs, post such advertising in the housing development or developments where Section 3 workers reside; for all other recipients, post such advertising in the housing development or developments and transitional housing in the neighborhood or service area of the Section 3 covered project.
6. Contacting resident councils, resident management corporations, or other resident organizations, where they exist, in the housing development or developments where Section 3 workers reside, and community organizations in HUD assisted neighborhoods, to request the assistance of these organizations in notifying residents of the training and employment positions to be filled.
7. Sponsoring (scheduling, advertising, financing or providing in-kind services) a job informational meeting to be conducted by an HA or contractor representative or representatives at a location in the housing development or developments where Section 3 workers reside or in the neighborhood or service area of the Section 3 covered project.
8. Arranging assistance in conducting job interviews and completing job applications for residents of the housing development or developments where Section 3 workers reside and in the neighborhood or service area in which a Section 3 project is located.
9. Arranging for a location in the housing development or developments where category 1 persons reside, or the neighborhood or service area of the project, where job applications may be delivered to and collected by a recipient or contractor representative or representatives.

10. Conducting job interviews at the housing development or developments where Section 3 workers reside, or at a location within the neighborhood or service area of the Section 3 covered project.
11. Contacting agencies administering HUD YouthBuild programs, and requesting their assistance in recruiting HUD YouthBuild program participants for the HA's or contractor's training and employment positions.
12. Consulting with State and local agencies administering training programs funded through JTPA or JOBS, probation and parole agencies, unemployment compensation programs, community organizations and other officials or organizations to assist with recruiting Section 3 residents for the HA's or contractor's training and employment positions.
13. Advertising the jobs to be filled through the local media, such as community television networks, newspapers of general circulation, and radio advertising.
14. Employing a job coordinator or contracting with a business concern that is licensed in the field of job placement (preferably one of the Section 3 business concerns identified in Part 75), that will undertake, on behalf of the HA, other recipient or contractor, the efforts to match eligible and qualified Section 3 residents with the training and employment positions that the HA or contractor intends to fill.
15. For an HA, employing Section 3 residents directly on either a permanent or a temporary basis to perform work generated by Section 3 assistance. (This type of employment is referred to as "force account labor" in HUD's Indian housing regulations. See 24 CFR 905.102, and Sec. 905.201(a)(6).)
16. Where there are more qualified Section 3 residents than there are positions to be filled, maintaining a file of eligible qualified Section 3 residents for future employment positions.
17. Undertaking job counseling, education and related programs in association with local educational institutions.
18. Undertaking such continued job training efforts as may be necessary to ensure the continued employment of Section 3 residents previously hired for employment opportunities.
19. After selection of bidders but prior to execution of contracts, incorporating into the contract a negotiated provision for a specific number of public housing or other Section 3 residents to be trained or employed on the Section 3 covered assistance.

20. Coordinating plans and implementation of economic development (e.g., job training and preparation, business development assistance for residents) with the planning for housing and community development.

Section 3 Business Concern Certification for Contracting (Sample Form)

About this Tool

Description: Businesses seeking a preference in contracting on applicable Section 3 projects may qualify as a Section 3 business concern if they meet the following criteria: At least 51 percent of the business is owned and controlled by low- or very low-income persons, or at least 51 percent of the business is owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing, or over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers.

This tool is designed to help grantees and their subrecipients, contractors, and subcontractors comply with the Section 3 requirements and achieve the Section 3 goals. It is intended to be a sample form to help grantees certify and track Section 3 business concerns seeking a preference in contracting.

How to Adapt this Document: This document is intended to be used as a reference tool to help grantees certify Section 3 business concerns and provide the appropriate records to support the business' Section 3 status claims. Grantees are encouraged to adapt the form to fit the resources within their individual communities and to meet the needs of their program.

Source of Document: This document was developed by consultants affiliated with the consulting firm ICF.

Disclaimer: The following is a sample Section 3 Business Concern Certification form that PHAs or Community Development Offices may wish to use to begin developing their own form. They may work with their legal counsels to ensure it meets all local and state laws.

This resource will be part of a Section 3 Toolkit coming Fall of 2021. It will be hosted on the HUD Exchange at <https://www.hudexchange.info/>.

Updated as of: December 20, 2021

Section 3 Business Concern Certification for Contracting (Sample Form)

Instructions: Enter the following information and select the criteria that applies to certify your business' Section 3 Business Concern status.

Business Information

Name of Business _____

Address of Business _____

Name of Business Owner _____

Phone Number of Business Owner _____

Email Address of Business Owner _____

Preferred Contact Information

Same as above

Name of Preferred Contact _____

Phone Number of Preferred Contact _____

Type of Business (select from the following options):

Corporation

Partnership

Sole Proprietorship

Joint Venture

Select from **ONE** of the following three options below that applies:

At least 51 percent of the business is owned and controlled by low- or very low-income persons (Refer to income guidelines on page 4).

At least 51 percent of the business is owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers (Refer to definition on page 4).

(frontside)

Business Concern Affirmation

I affirm that the above statements (on the frontside of this form) are true, complete, and correct to the best of my knowledge and belief. I understand that businesses who misrepresent themselves as Section 3 business concerns and report false information to [insert name of recipient/grantee] may have their contracts terminated as default and be barred from ongoing and future considerations for contracting opportunities. I hereby certify, under penalty of law, that the following information is correct to the best of my knowledge.

Print Name: _____

Signature: _____ Date: _____

*Certification expires within six months of the date of signature

Information regarding Section 3 Business Concerns can be found at [24 CFR 75.5](#)

FOR ADMINISTRATIVE USE ONLY

Is the business a Section 3 business concern based upon their certification?

YES **NO**

EMPLOYERS MUST RETAIN THIS FORM IN THEIR SECTION 3 COMPLIANCE FILE FOR FIVE YEARS.

(backside)



The City of (insert locality here)
Or
the (insert name here) Housing Authority
Section 3 Income Limits

Eligibility Guidelines

The worker’s income must be at or below the amount provided below for an individual (household of 1) regardless of actual household size.

Individual Income Limits for City of (insert locality here)
FY 20 (insert year here)

Income Limits Category	FY 20 (enter year here) Income Limits
Extremely Low Income Limits (30%)	
Very Low Income Limits (50%)	
Low Income Limits (80%)	

See <https://www.huduser.gov/portal/datasets/il.html> for most recent income limits.

Section 3 Worker Definition:

- A low or very low-income resident (the worker’s income for the previous or annualized calendar year is below the income limit established by HUD); or
- Employed by a Section 3 business concern; or
- A YouthBuild participant.

Targeted Section 3 Worker Definition:

- Employed by a Section 3 business concern or
- Currently meets or when hired met at least one of the following categories as documented within the past five years:
 - A resident of public housing; or
 - A resident of other public housing projects or Section 8-assisted housing; or
 - A YouthBuild participant.



Section 3 Worker and Targeted Section 3 Worker Self-Certification (Sample Form)

About this Tool

Description: This tool is designed to help grantees and their subrecipients, contractors, and subcontractors comply with the Section 3 requirements and achieve the Section 3 goals. It is intended to be a sample form to help grantees certify and track Section 3 Workers and Targeted Section 3 Workers seeking certification and/or a preference in employment.

How to Adapt this Document: This document is intended to be used as a reference tool to help grantees certify Section 3 workers and provide the appropriate documentation to support the workers' Section 3 status claims. Grantees are encouraged to adapt the form to fit the resources within their individual communities and to meet the needs of their program.

Source of Document: This document was developed by consultants affiliated with the consulting firm ICF.

Disclaimer: The following is a sample Section 3 Worker and Targeted Section 3 Worker Form that PHAs or Community Development Offices may wish to use to begin developing their own forms. They may work with their legal counsels to ensure it meets all local and state laws.

This resource will be part of a Section 3 Toolkit coming Fall of 2021. It will be hosted on the HUD Exchange at <https://www.hudexchange.info/>.

Updated as of: December 20, 2021

Section 3 Worker and Targeted Section 3 Worker Self-Certification (Sample Form)

The purpose of HUD's Section 3 program is to provide employment, training and contracting opportunities to low-income individuals, particularly those who are recipients of government assistance for housing or other public assistance programs. **Your response is voluntary, confidential, and has no effect on your employment.**

Eligibility for Section 3 Worker or Targeted Section 3 Worker Status

A Section 3 worker seeking certification shall self-certify and submit this form to the recipient contractor or subcontractor, that the person is a Section 3 worker or Targeted Section 3 Worker as defined in 24 CFR Part 75.

Instructions: Enter/select the appropriate information to confirm your Section 3 worker or Targeted Section 3 Worker status.

Employee Name: _____

1. Are you a resident of public housing or a Housing Choice Voucher Holder (Section 8)? YES NO
2. Are you a resident of the [City/County of insert name] YES NO
3. In the field below, select the amount of individual income you believe you earn on an annual basis. *The grantee should confirm that their state and local laws do not prohibit this question.

- | | | |
|--|--|---|
| <input type="checkbox"/> Less than \$10,000 | <input type="checkbox"/> \$30,001 - \$40,000 | <input type="checkbox"/> More than \$60,000 |
| <input type="checkbox"/> \$10,001 - \$20,000 | <input type="checkbox"/> \$40,001 - \$50,000 | |
| <input type="checkbox"/> \$20,001 - \$30,000 | <input type="checkbox"/> \$50,001 - \$60,000 | |

Select from **ONE** of the following two options below:

I qualify as a:

- Section 3 Worker (as defined on page 4 of Section 3 Worker Certification Form)
- Targeted Section 3 Worker (as defined on pages 4-5 of Section 3 Worker Certification Form)

(frontside)



Employee Affirmation

I affirm that the above statements (on frontside of this form) are true, complete, and correct to the best of my knowledge and belief. I hereby certify, under penalty of law, that the following information is correct to the best of my knowledge.

Employee Address: _____

Print Name: _____ Date Hired: _____

Signature: _____ Date: _____

FOR ADMINISTRATIVE USE ONLY

Is the employee a Section 3 worker based upon their self-certification? YES NO

Is the employee a Targeted Section 3 worker based upon their self-certification? YES NO

Was this an applicant who was hired as a result of the Section 3 project? YES NO

If Yes, what is the name of the company? _____

What was the date of hire? _____

EMPLOYERS MUST RETAIN THIS FORM IN THEIR SECTION 3 COMPLIANCE FILE FOR FIVE YEARS.

(backside)



The City of (insert locality here)

Or

the (insert name here) Housing Authority

Section 3 Income Limits

Eligibility Guidelines

The worker's income must be at or below the amount provided below for an individual (household of 1) regardless of actual household size.

**Individual Income Limits for City of (insert locality here)
FY 20 (insert year here)**

Income Limits Category	FY 20 (enter year here) Income Limits
Extremely Low Income Limits (30%)	
Very Low Income Limits (50%)	
Low Income Limits (80%)	

See <https://www.huduser.gov/portal/datasets/il.html> for most recent income limits.

Section 3 Worker Definition:

- A low or very low-income resident (the worker's income for the previous or annualized calendar year is below the income limit established by HUD); or
- Employed by a Section 3 business concern; or
- A YouthBuild participant.

Targeted Section 3 Worker Definition (for public housing)

- Employed by a Section 3 business concern or
- Currently meets or when hired met at least one of the following categories as documented within the past five years:
 - A resident of public housing; or
 - A resident of other public housing projects or Section 8-assisted housing; or



- A YouthBuild participant.

Targeted Section 3 Worker Definition (for housing and community development)

- Employed by a Section 3 business concern or
- Currently meets or when hired met at least one of the following categories as documented within the past five years:
 - Living within the service area or the neighborhood of the project, as defined in 24 CFR 75.5
 - A YouthBuild participant.

