# **SECTION 3 INFORMATION SHEET**

Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968 that helps foster local economic development, neighborhood economic improvement, and individual self-sufficiency. The Section 3 program requires recipients of certain HUD financial assistance to provide job training, employment, and contracting, to the greatest extent feasible, for low- or very low-income residents in connection with projects and activities in their neighborhoods. Section 3 is race and gender-neutral and is NOT the same as WBE/MBE.

Best efforts must be made to extend employment opportunities to Section 3 Workers and Section 3 Businesses. However, additional Section 3 labor compliance applies to projects receiving over $200,000 in HUD housing and community development funds or over $100,000 in Lead Hazard Control and Healthy Homes funds.

**Examples of Best Efforts to Meet Section 3 Goals**

* Engage in outreach efforts to generate job applicants who are Targeted Section 3 workers
* Provide training or apprenticeship opportunities
* Provide technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching)
* Assist or connect Section 3 workers with drafting resumes, preparing for interviews, and finding job opportunities
* Hold one or more job fairs
* Provide or refer Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, childcare)
* Provide assistance to apply for or attend community college, a four-year educational institution, or vocational/technical training
* Help Section 3 workers to obtain financial literacy training and/or coaching
* Engage in outreach efforts to identify and secure bids from Section 3 business concerns
* Provide 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
* Provide bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns
* Promote 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

**Programmatic Responsibilities**

If your project does require Section 3 employment opportunities to verified Section 3 residents and business concerns, your project must meet these *minimum* numeric goals:

* **Twenty-five percent (25%) of the total hours** on a Section 3 project must be worked **by Section 3 workers**; and
* **Five percent (5%) of the total hours** on a Section 3 project must be worked by **Targeted Section 3 workers** (or LMI workers that live within 1 mile of the project).

**Section 3 Worker**

* The worker lives within one mile of the Section 3 project (or, if fewer than 5,000 people live within one mile of the 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); or
* The worker is a HUD YouthBuild participant; or
* The worker's income for the previous or annualized calendar year is below 80% of the current area median income for the area in which the worker resides. (Use the worker's annual gross income based on AMI for a single-person household.) HUD income limits can be found at <https://www.huduser.gov/portal/datasets/il.html>)

**Section 3 Business**:

* Your business is at least 51% owned and controlled by low- or very low-income persons
* Over 75% of the labor hours performed by your business over the past three-month period were performed by Section 3 workers:
* Your business is at least 51% owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing

[Grantee or Subrecipient Name]

# **SECTION 3 PROJECT COMPLIANCE REPORT**

This form is required for all Section 3-triggered projects (over $200,000) and must be submitted according to the following schedule:

|  |  |
| --- | --- |
| Project Name: | Contractor: |
| Project Location: | Report Type: Quarterly Final |
| Reporting Period Start Date: | Reporting Period End Date: |

1. SECTION 3 CONTACT INFORMATION

Email:

Phone:

Contractor Section 3 Point of Contact:

1. SECTION 3 HOURS WORKED – *Report the number of Section 3 hours for this reporting period. Attach time records to support the information provided.*

|  |  |  |
| --- | --- | --- |
| 1. Total hours worked this period by   all workers | B. Number of Section 3 hours  worked this period | % Section 3 hours  (Divide column B by column A) |
|  |  |  |

1. TARGETED SECTION 3 HOURS WORKED – *Report the number of targeted Section 3 hours for this reporting period. Attach time records to support the information provided.*

|  |  |  |
| --- | --- | --- |
| 1. Total hours worked this period by   all workers | B. Number of targeted Section 3 hours  worked this period | % Targeted Section 3 hours  (Divide column B by column A) |
|  |  |  |

1. QUALITATIVE EFFORTS – If this report indicates numeric goals were not met, describe any qualitative efforts made to increase Section 3 participation for this reporting period.
2. ADDITIONAL ATTACHMENTS – If you included Section 3 hours above for workers or businesses that have not submitted Section 3 Applications with the OCD, please complete the forms on Page 2 or 3, respectively.

*I declare that all statements contained in this form and any accompanying documents are true and correct, and made with full knowledge that all statements given are subject to investigation and that any false or dishonest answer to any question may be grounds for denial or revocation of funding or other penalties as prescribed under 18 U.S. Code § 1001.*

Signature: Date:

Print Name: Title:

[Grantee or Subrecipient Name]

## **SECTION 3 BUSINESS APPLICATION FORM**

Please complete this form to determine if your business may qualify as a Section 3 Business. Businesses that qualify will be contacted by [Grantee or Subrecipient Name] Section 3 Coordinator to complete a Section 3 Business Application and asked to provide additional documentation to verify their status as a Section 3 Business.

What is Section 3?

Section 3 is a provision of the Housing and Urban Development Act of 1968 (24 CFR Part 75) that requires recipients of certain HUD financial assistance, to the greatest extent possible, to provide job training, employment, and contract opportunities for low- or very low-income residents in connection with projects and activities in their neighborhood.

A business can qualify as Section 3 if it meets one of the following criteria:

1. It is at least 51% owned and controlled by low- or very low-income persons;
2. Over 75% of the labor hours performed for the business over the past three-month period were performed by workers who met at least one of the criteria below; or
3. It is at least 51% owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

Workers must meet one of the following criteria for a business to qualify as Section 3 under item B above:

* Reside within one mile of the Section 3 project (or, if fewer than 5,000 people live within one mile of the 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);
* Be a HUD YouthBuild participant; or
* Income for the previous or annualized calendar year is below 80% of the current area median income for the area in which the worker resides. (Use the worker’s annual gross income based on AMI for a single-person household.) HUD income limits can be found at <https://www.huduser.gov/portal/datasets/il.html>.)

Subcontractor Information

|  |
| --- |
| Company Name: |
| Contact Person: |
| Address: |
| City: State: Zip: |
| Phone: Email: |

I have reviewed the above information and my business MAY QUALIFY as a Section 3 Business. Please contact me about completing an application.

I have reviewed the above information and my business DOES NOT QUALIFY as a Section 3 Business.

## Signature of Business Owner Date

[Grantee or Subrecipient Name]

## **SECTION 3 WORKER APPLICATION FORM**

Please complete this form to determine if you may qualify as a Section 3 or Targeted Section 3 Worker. Workers who qualify will be contacted by [Grantee or Subrecipient Name] Section 3 Coordinator to complete a Section 3 Worker Application and asked to provide additional documentation to verify their status as a Section 3 or Targeted Section 3 Worker.

What is Section 3?

Section 3 is a provision of the Housing and Urban Development Act of 1968 (24 CFR Part 75) that requires recipients of certain HUD financial assistance, to the greatest extent possible, to provide job training, employment, and contract opportunities for low- or very low-income residents in connection with projects and activities in their neighborhood.

A worker can qualify as Section 3 if they meet one of the following criteria:

* Are employed by a Section 3 business concern;
* Are a HUD YouthBuild participant; or
* Their income for the previous or annualized calendar year is below 80% of the current area median income for the area in which the worker resides. (Use the worker’s annual gross income based on AMI for a single-person household.) HUD income limits can be found at <https://www.huduser.gov/portal/datasets/il.html>.)

A worker can qualify as targeted Section 3 if they meet one of the following criteria:

* Are employed by a Section3 business concern.
* Are a HUD YouthBuild participant; or
* Reside within one mile of the Section 3 project (or, if fewer than 5,000 people live within one mile of the 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);

Worker Information

|  |
| --- |
| Name: |
| Employer Name: |
| Address: |
| City: State: Zip: |
| Phone: Email: |

I have reviewed the above information and I MAY QUALIFY as a Section 3 or Targeted Section 3 worker. Please contact me about completing an application.

I have reviewed the above information and I DO NOT QUALIFY as a Section 3 or Targeted Section 3 worker.

## Signature Date