

# **SECTION 3 INFORMATION**

## **WHAT YOU NEED TO KNOW ABOUT SECTION 3**

### **What is Section 3?**

Section 3 is a provision of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1992 (section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons, identified as Section 3 workers or targeted Section 3 workers.

### **What is a “Section 3 Worker”?**

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

1. The individual worker’s income for the previous or annualized calendar year is below the income limit established by HUD; the income limit for 2023 is \$52,400.
2. The worker is employed by a Section 3 business concern.
3. The worker is a YouthBuild participant.

### **What is a “Targeted Section 3 Worker”?**

A Section 3 targeted worker for Public Housing Financial Assistance projects are workers who:

1. Are employed by a Section 3 business concern; or
2. Currently fits or when hired fit at least one of the following categories, as documented within the past five years:
  - a. A resident of public housing or Section 8 assisted housing.
  - b. A resident of other public housing projects or Section 8 assisted housing managed by the PHA that is providing the assistance; or
  - c. A YouthBuild participant.

A Section 3 targeted worker for Housing and Community Development Financial Assistance projects are workers who:

1. Are employed by a Section 3 business concern.
2. Currently fits or when hired fit least one of the following categories, as documented within the past five years:
  - a. Living within the service area of the neighborhood of the project.
  - b. A YouthBuild participant.

### **What is a Section 3 Business Concern?**

A business concern meeting at least one of the following criteria, documented within the last six-month period:

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 prior three-month period are performed by Section 3 workers; or
3. It is a business at least 51% owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

### **Additionally,**

The business must be legally formed according to state law and be licensed in Virginia. Additional documentation may be requested to demonstrate the business has the capacity to perform the contract successfully under the terms and conditions of the proposed contract.

### **What type of Economic Opportunities may be available under Section 3?**

1. Employment opportunities
2. Training opportunities
3. Business Opportunities

### **Who will provide the Economic Opportunities?**

Recipients of HUD financial assistance and their contractors and subcontractors are expected to develop a Section 3 plan to assure that economic opportunities to the greatest extent feasible are provided to low and very low-income persons and to qualified Sections 3 businesses.

### **What is a Section 3 Project?**

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 a threshold of \$200,000. The threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs. 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.

### **What are Labor Hours?**

The number of paid hours worked by persons on the project or by persons employed with funds that include public housing financial assistance.

### **What is a Low/Very Low-Income Person?**

A worker's income is below the income limit established by HUD. These limits are typically established at 80% and 50% of the area median individual income.

**What are Benchmarks? (Targets that must be met to be considered in compliance with Section 3)**

Twenty-five (25) percent or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA's or other recipient's fiscal year are Section 3 workers. Also, five (5) percent or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA's or other recipient's fiscal year are Targeted Section 3 workers. For Section 3 projects, the benchmarks are the same as for public housing financial assistance, but with regards to the project itself rather than the recipient's fiscal year.

**What is YouthBuild?**

YouthBuild is a community-based pre-apprenticeship program that provides job training and educational opportunities for at-risk youth ages 16-24 that have previously dropped out of high school.

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### **SECTION 3 REQUIREMENTS**

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S. C. 170u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed to low- and very income persons, particularly those who are recipients of government assistance for housing and to business concerns which provide economic opportunities to low- and very low-income persons.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 75, which implements Section 3. As evidenced by this contract, the Parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 75 regulations.
- C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number of job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the persons taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 75.
- E. The contractor will certify that any vacant employment positions, training positions, and any subcontracting opportunities, that are required (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 75.
- F. Noncompliance with HUD's regulations in 24 CFR Part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contractors.



## Employee Tracking of Labor Hours

**Project Name:** \_\_\_\_\_

Location: \_\_\_\_\_ Contractor: \_\_\_\_\_

Date: \_\_\_\_\_ Month Covered: \_\_\_\_\_

Completed by: \_\_\_\_\_ Job Title: \_\_\_\_\_

- 1) Professional   2) Technician   3) Office/Clerical   4) Construction by trade   5) Laborer

**(PLEASE FILL THIS FORM OUT FOR EVERY EMPLOYEE WORKING ON THE PROJECT)**

Employee Name	Section 3 Worker: Yes or No	Targeted Section 3 Worker: Yes or No	Job Classification:	Total monthly hours worked:

**SECTION 3 BUSINESS SELF – CERTIFICATION FORM**

(In compliance with Section 3 of the HUD Act of 1968)

This purpose of this form is to comply with Section 3 of the HUD Act of 1968 business certification requirements. To count as a Section 3 Business your company must meet one of the listed categories below. Each category will require additional documentation to support the election. You must provide that supporting documentation with this form to be properly and completely confirmed as a Section 3 business. If this form is submitted without the required supplemental data, your certification will not be processed.

*Please make a selection below; additional documentation will be required.*

<i>Section 3 Business Category</i>	<i>Additional Required Data</i>	<b>Mark an "X" on one Election</b>
Business is at least 51 percent owned and controlled by low-or very low –income persons.	Proof of ownership showing all owners and their percentages and a completed Section 3 Individual Self-Certification form for all low-and very low-income owners.	
Over 75 percent of the labor hours performed for the business over the prior three-month period was performed by Section 3 workers.	Provide the last 90 days full payrolls for the entire company, make a list of the names from the payrolls of the Sections 3 workers, and provide a completed Section 3 Individual Self-Certification form for all low-and very low-income workers listed.	
Business is at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing	Proof of ownership showing all owners and their percentages and a Section 3 Individual Self-Certification form for all public housing and/or Section 8 residents.	

**Are you a Section 3 Business? (Circle one) YES NO**

Company Name:	Title:
Print Name:	Date Signed:
Address:	Email:
Telephone Number:	Fax Number:

Type of Business: *(circle One)* Corporation Partnership Sole Proprietorship Other

**Please list all owners of the business and their percentage of ownership:**

_____	_____
_____	_____
_____	_____
_____	_____

**Contractor's License:** Class A: \_\_\_\_\_ Class B: \_\_\_\_\_ Class C: \_\_\_\_\_

**Certifications:** SWaM: \_\_\_\_\_ DBE: \_\_\_\_\_ Other: \_\_\_\_\_

I hereby certify to the US Department of Housing and Urban Development (HUD) that all of the information on this form is true and correct. I attest under penalty of perjury that my business meets that elected definition and understand proof of this information may be requested. I understand, if found to be inaccurate, I may be disqualified as a Section 3 business.

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*Signature of Business Owner or Authorized Representative* *Date*

**Notary Public Jurist:** City/County of \_\_\_\_\_ in the Commonwealth of Virginia

The foregoing instrument was subscribed and sworn before me thus \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by:

\_\_\_\_\_  
Notary (Print Name) \_\_\_\_\_  
Notary Signature

The commission expires: \_\_\_\_\_ Notary Registration Number: \_\_\_\_\_

# SECTION 3 INDIVIDUAL LOW-INCOME PERSON SELF-CERTIFICATION FORM

(In compliance with Section 3 of the HUD Act of 1968)

The purpose of this form is to comply with Section 3 of the HUD Act of 1968 self-certification income requirements. To count as a Section 3 individual, any legal resident of the United States annual income must not exceed the HUD income limits for the year before they were hired, or, the individual's current year annualized for the year you are being confirmed as low-income.

**Printed Name:** \_\_\_\_\_

**Street Address:** (No P.O. Box) \_\_\_\_\_ Apt # \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Phone #: \_\_\_\_\_ Email: \_\_\_\_\_

To qualify as a Section 3 person, you must meet one of the categories below.

**Check only one line below that describes your situation:**

I am a Public Housing Resident or Section 8 assists me with my rent.

I was a Public Housing Resident or Section 8 assisted me with my rent. If so what year and where did you reside:

\_\_\_\_\_

I receive no HUD support, but I am low-income because my individual income does not exceed \$52,400 and I live in the Hampton Roads Metropolitan area.

Are you currently or have you ever been a YouthBuild participant; if so when and where:

\_\_\_\_\_

**For additional comments:**

**I hereby certify to the US Department of Housing and Urban Development (HUD) that all of the information on this form is true and correct. I attest under penalty of perjury that my total income does not exceed the income that is shown above, and that proof of this information may be requested. I understand if found inaccurate, I may be disqualified as an applicant and/or a certified Section 3 individual. Finally, I authorize including my name on a list of Section 3 residents seeking employment and to include my contact information so that contractors may contact me directly for any employment opportunities.**

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_



**SECTION 3 COMPLIANCE FORM**

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**Contractor**

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**Address**

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**City, State, Zip Code**

**Reference Project:** \_\_\_\_\_

**Subject: Statement of Compliance with Section 3 Clause**

**In accordance with the provisions stated herein, I will to the “greatest extent feasible” provide training, employment and contract opportunities to qualified low-income residents and business concerns which provide economic opportunities to low-income persons in the area in which this project is located (Hampton Roads Metropolitan Area). This clause and reporting requirements will be incorporated into any lower tier contracts.**

**We will comply and seek out low-income persons for any open positions. Notices shall be posted in conspicuous places available to residents, employees and applicants for any open positions.**

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**Signature and Title**

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**Print Name**

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**Date Signed**

<p><b>Note, when submitting your response to the solicitation, provide a summary/documentation of your Section 3 outreach efforts and the outcomes.</b></p>
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**Examples of Recruiting Efforts**  
**(HUD Recipients & Contractors)**

\*Advertising the contracting opportunities through trade association papers, and newsletter, and through the local media, such as community television networks, newspapers of general circulation, and radio advertising. Distributing flyers via mass mailings, including emails, in common areas of the housing developments.

\*Establishing or sponsoring programs designed to assist residents of public housing/section 8 in the creation and development of resident-owned businesses.

\*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.

\*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.

\*Actively supporting joint ventures with Section 3 business concerns.

\*Actively supporting the development or maintenance of business incubators which assist Section 3 business concerns.

\*Skill based will be maintained of residents of public housing and Section 8-assisted housing.

\*Relationships will be developed with local area employers in an effort to solicit job vacancies to determine skills needed in their workplaces, thereby providing training to residents developing skills that will transfer into the external labor market.

**Note, when submitting your response to the solicitation, provide a summary/documentation of your Section 3 outreach efforts and the outcomes.**