

GENERAL INFORMATION
SECTION 3 – PROVISION OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968

The Section 3 policy, a provision of the Housing and Urban Development Act of 1968, was established by Congress to guarantee that employment and other economic opportunities created by Federal financial assistance for housing and community development programs should, if possible, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing (i.e. the residents who live in the Housing Authority of the City of Frederick's public housing communities). 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 **Section 3 workers**, particularly those who are recipients of government assistance for housing, and to **Section 3 business concerns** which provide economic opportunities to low- and very low-income persons. Recipients of Section 3 covered financial assistance should make every effort within their disposal to meet and comply with the regulatory requirements. This requirement applies to ALL CONTRACTORS (& subcontractors) that receive awards from the Housing Authority of the City of Frederick (HACF), regardless of the dollar amount of the contract. More info: [Section 3/hiring-eligible-and-qualified-workers/](#) [Section 3 FAQs](#)

A **Section 3 worker** is any worker who is a low or very low income person, a public housing resident, or a YouthBuild participant. Low-income is defined as 80% or below the median income of the area and very low-income is defined as 50% or below the median income of the area. <https://www.huduser.gov/portal/datasets/il.html>

Section 3 business concerns are businesses that can provide evidence that they meet one (1) of the following criteria:

- a. At least 51 percent of the business is owned and controlled by low- or very low-income persons (Refer to income guidelines on page 00750-3).
- b. 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.
- c. 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 00750-4).

Recipients are required, to the greatest extent feasible, to provide all types of employment opportunities that are created as a direct result of the expenditure of Section 3 covered financial assistance to low- and very low-income persons, including seasonal and temporary employment, as well as long-term employment. **Employment goals are based on "new hires and accumulated labor hours"**, which are defined as employees for permanent, temporary, or seasonal employment opportunities, and the labor hours involved completing the project. If the Contractor or sub-contractor has the need to hire new persons to complete the *Section 3 covered project* or needs to sub-contract portions of the work to another business, they are required to direct their newly created employment and/or sub-contracting opportunities to qualified Section 3 residents who live in HACF's public housing units, and business concerns. In addition, the Contractor/sub-contractor must notify HACF about their efforts to comply with Section 3 requirements and submit any required documentation. The Contractor who is awarded the contract is required to hire QUALIFIED residents within the HACF communities before hiring from the outside public. The Contractor is to notify HACF of any possible job opportunities so that information can be posted and memos can be submitted informing the residents of a possible job opportunity.

A *Section 3 covered project* involves the construction or rehabilitation of housing or other public construction such as street repair, sewage line repair or installation, updates to building facades, etc.; the abatement of hazardous materials; demolition projects; professional service contracts; etc.

The Section 3 Agreement and Certification Form (page 00750-2) must be submitted by ALL Contractors who are bidding on the specific project. It is not necessary for the Contractor to be a Section 3 company; however, the form still needs to be submitted acknowledging your agreement to, and certifying that you will comply with, Section 3 regulations. At the time of the Pre-Construction Conference with the Contractor who is being awarded the contract, the Contractor will be required to submit a list of ALL employees who will be working on the specific project. This list will be compared to your Certified Payroll Statements, if applicable, and will inform HACF if you hired any persons for the specific project who are not on the approved employee list of workers, whether self-classified as a section 3 worker or not.

Purpose

"To ensure that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs are, to the greatest extent feasible, directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing."

Section 3 of the Housing and Community Development Act of 1968

Redefining Section 3 Business Concerns

A Section 3 business is:



- 51% or more owned and controlled by low or very-low income persons

OR



- 51% or more owned and controlled by current residents of public housing or Section 8-assisted housing

OR



- Over 75% of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers



Defining 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:



- A low or very low-income worker

OR



- Employed by a Section 3 business concern

OR



- A Youthbuild participant

What is Youthbuild? Academic and occupational skills training program serving youth ages 16 – 24 who have dropped-out of high school, or previously dropped-out and re-enrolled. More Info: <https://www.dol.gov/agencies/eta/youth/youthbuild>



Targeted Section 3 Worker



TIP: HCD recipients follow a different Targeted Section 3 Worker (using Subpart C)



Targeted Section 3 Worker is:



- Employed by a Section 3 business concern

OR



- Currently fits or when hired fit at least one of the following categories as documented within the past five years:
 - A resident of public housing or Section 8-assisted housing
 - A resident of other public housing projects or Section 8-assisted housing managed by the PHA that is providing the assistance
 - A YouthBuild participant

Subpart B of Part 75



Certification: Section 3 Worker

One of the following must be maintained:

Worker Self-Certifications

- A worker's self-certification that their income is below the income limit from the prior calendar year;
- A worker's self-certification of participation in a means-tested program such as public housing or Section 8- assisted housing;

PHA/Owner Certifications

- Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8- assisted housing that the worker is a participant in one of their programs;
- An employer's certification that the worker's income is below the income limit when based on an employer's calculation of what the worker's wage rate would be if annualized on a full-time basis; or
- An employer's certification that the worker is employed by a Section 3 business concern.



Certification: Targeted Section 3 Worker

One of the following must be maintained (Subpart B):

Worker Self-Certifications

- A worker's self-certification of participation in public housing or Section 8- assisted housing programs;
- A worker's certification that the worker is a YouthBuild participant.

PHA/Owner Certifications

- Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8- assisted housing that the worker is a participant in one of their programs;
- An employer's certification that the worker is employed by a Section 3 business concern.



Certification: Section 3 Business Concern

To qualify as a Section 3 Business, one of the following must be documented (within the last six-month period):



- 51% or more owned and controlled by low or very-low income persons

OR



- 51% or more owned and controlled by current residents of public housing or Section 8-assisted housing

OR



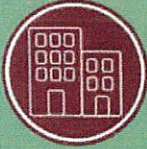
- Over 75% of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers



Certification: Section 3 Business Concern


- Business concerns may self-certify to claim eligibility
- Business concerns bidding on a Section 3 project should submit certification **during** the bidding or contracting process
- Section 3 status should be **verified before awarding** contracts or subcontracts to businesses that self-certified
- A Section 3 Business Concern will retain status for as long as it continues to meet the definition
- Eligible Section 3 Business Concerns are responsible for maintaining records that verify eligibility





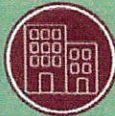
PH

What is a Labor Hour? Hours worked by all workers employed with public housing financial assistance in a PHA fiscal year



UNDERSTAND THE BASICS | PLAN AND IMPLEMENT | PROGRAM OVERSIGHT | REPORT AND EVALUATE

Benchmarks



PH

Workers

Section 3 workers

Targeted Section 3 workers


SECTION 3 WORKER

- 25% or more of all labor hours worked by all workers employed with public housing financial assistance in the PHA's or other recipient's **fiscal year** must be Section 3 workers.

TARGETED SECTION 3 WORKER

- 5% or more of all labor hours worked by all workers employed with public housing financial assistance in the PHA's or other recipient's **fiscal year** must be Targeted Section 3 workers.

$$\frac{\text{Section 3 labor hours}}{\text{Total labor hours}} = 25\% \quad \text{AND} \quad \frac{\text{Targeted Section 3 labor hours}}{\text{Total labor hours}} = 5\%$$



Section 3 Worker and Targeted Section 3 Worker Self-Certification

Updated as of July 2022

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 Frederick County? YES NO
3. In the field below, select the amount of individual income you believe you earn on an annual basis:

- | | | |
|--|--|---|
| <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 page 4 of Section 3 Worker Certification Form)

Employee Affirmation

I affirm that the above statements 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: _____

