

Section 3

Presented by:

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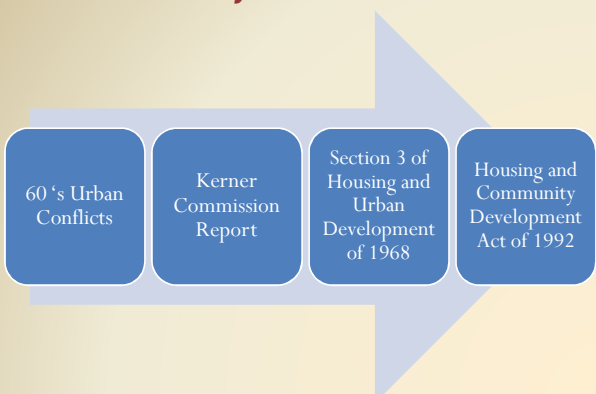


What is Section 3?

Provision of the Housing and Urban Development (HUD) Act of 1968 that promotes local economic development, neighborhood economic improvement, and individual self-sufficiency.



History of Section 3



The Intent of Section 3

Harness the economic power of HUD investments and expand economic opportunity for low-income families in the neighborhoods where they live.



Harnessing HUD's Economic Power

Help more families move toward economic empowerment and self sufficiency by directing economic opportunity to low income persons

Set the stage for long term economic growth by developing the skills and capacities of the work force

The Goal of Section 3

When there's a need to employ additional personnel, Recipients of HUD funds and their Contractors should direct employment and other economic opportunities, to the greatest extent feasible, to

**Section 3 Residents and
Section 3 Business Concerns**

NEW!!!! Section 3 Proposed Rule

- The Section 3 Proposed Rule was published March 27, 2015-the proposed rule seeks to:
 - clarify obligations for PHAs and other grantees
 - incorporate HUD programs that have been created since the publication of the current Regulation
 - codify “best practices” that have proven successful for providing employment and contracting opportunities.

<http://www.huduser.org/portal/economicOpporrtunities.html>

NEW!!!! Section 3 Proposed Rule

- 60 Day Public Comment Period from date published
- HUD plans to host a series of webinars to solicit input from stakeholders

****Until this Rule is finalized, however, the existing Section 3 Regulations are still in effect****

UNDERSTANDING SECTION 3

- Who does Section 3 help?
- Who must comply with Section 3?
- What are the Section 3 requirements?
- How to comply with Section 3

Who does Section 3 Help?

Section 3 Residents

A Section 3 Resident is a:

- Public Housing resident; or
- Low or very low income person residing in the metro area or non metro County in which the Section 3 covered assistance is expended

Who does Section 3 Help?

Section 3 Businesses

A Section 3 Business is a:

- Business that can provide evidence that it meets one of the following:
 - 51% + owned by Section 3 residents; or
 - 30%+ full time employees are Section 3 residents; or
 - Commitment to subcontract 25% + of the dollar award of all subcontracts to business concerns that meet the above qualifications

NEW!!!

Section 3 Business Registry

- A searchable, online database that lists firms that have self-certified that they meet one of the regulatory definitions of a Section 3 business
- To search the database for self-certified Section 3 businesses, register your business for inclusion, or for more information on the Business Registry, please visit <http://www.hud.gov/Sec3Biz>

Who must comply with Section 3?

*HUD Recipients and
Sub-Recipients*

*What is a Recipient and Sub
Recipient?*

Any entity which receives Section
3 covered assistance, directly
from HUD or from another
recipient

Who must comply with Section 3?

Contractors and Sub-Contractors

*What is a Contractor and Sub
Contractor?*

Any entity which contracts to perform
the work or a portion of the work
generated by the expenditure of
Section 3 covered assistance, or for
work in connection with a Section 3
covered project.

Covered Recipients

Public and Indian Housing

Housing and Community
Development

Public and Indian Housing (PIH)

Section 3 applies to all Public and Indian Housing (PIH) programs and all contractors who receive awards from PIH funds.

Section 8 only PHAs are exempt

Public and Indian Housing

Use development, operating and modernization assistance...

- Give preference to Section 3 Persons and Businesses in training, employment, contracting, economic opportunities

No Threshold

- Applies regardless of size or number of units
- Applies to contractors awarded with PIH funds regardless of contract amount

Housing and Community Development Assistance

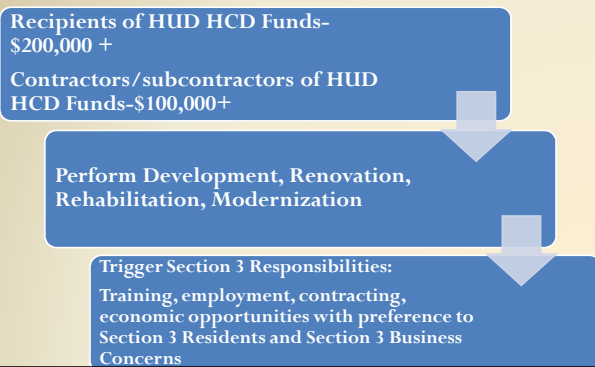
➤ Section 3 applies to Recipients of Housing and Community Development Assistance, such as:

CDBG Funding (incl. for Indian Tribes and Alaska Native Villages)	Housing Opportunity for Persons with AIDS (HOPWA)
Section 202 Supportive Housing for the Elderly	Section 811 Supportive Housing for the Disabled
HOPEVI Funds	HOME Funds
Continuum of Care Homeless Assistance Programs	Self-Help Homeownership Opportunity Programs

Housing and Community Development Assistance

- Section 3 applies to recipients of Indian Housing Block Grant (IHBG) funds under the Native American Housing Assistance and Self Determination Act (NAHASDA)
- NAHASDA allows IHBG recipients to give preference to Native Americans
- IHBG Grantees should provide employment opportunities to low- and very low-income Native Americans and to businesses that are either owned by or substantially employ low- and very low-income Native Americans

Housing and Community Development Assistance



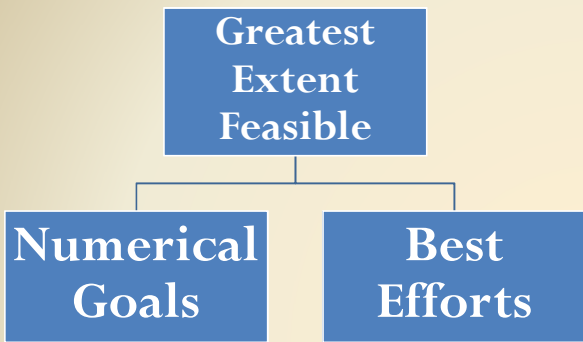
Section 3 Requirements (24 CFR Part 135.32)

- Notify Section 3 Residents about availability of training and/or employment opportunities
- Notify Section 3 Business Concerns about availability of contracting opportunities
- Notify contractors about Section 3 requirements
- Incorporate a Section 3 clause in contracts
- Train and employ Section 3 Residents

**Section 3 Requirements
(24 CFR Part 135.32)**

- Give preference to Section 3 Residents *(A Section 3 resident must meet the qualifications of the position to be filled)*
- Give preference to and award contracts to Section 3 Business Concerns *(A Section 3 business concern must have the ability and capacity to perform successfully under the terms and conditions of the proposed contract)*
- Document actions to comply with Section 3 and submit annual Section 3 Summary Report

Compliance with Section 3



Numerical Goals

Training and Employment of Section 3 Residents at all job levels

30% of total number of new hires

Numerical Goals

Contracts to Section 3 Businesses

At least 10% of the total dollar amount of all Section 3 contracts for building trades work

At least 3% of the total dollar amount of all Section 3 contracts for non-construction work

Failure to Meet Numerical Goals

- Does not equate to non-compliance with Section 3
- HUD will consider the following:
 - Why was it not feasible to meet the numerical goals?
 - What impediments were encountered despite actions taken?
 - What best efforts were taken to comply?

Best Efforts

Section 3 Residents

- Did you post notices and flyers in the common areas or other areas of low income housing, such as HUD assisted or Housing Authority complexes?
- Did you contact resident councils, resident management corporations and other resident organizations in low income housing, such as HUD assisted or Housing Authority complexes?

Best Efforts

Section 3 Residents

- Did you allow for job applications to be delivered/collected at and allow for job interviews to be conducted in the complexes where the Section 3 Residents reside (allowing for ease of applying)?
- Did you contact agencies administering the Youthbuild programs?
- Did you contact Worksource or other Unemployment Agency programs?

Best Efforts

Section 3 Businesses

- Did you contact business assistance agencies, minority contractor associations and community organizations?
- Did you provide notice to all known Section 3 Businesses of the contracting opportunities?
- Did you post notices in the common areas or other areas of HUD assisted or Housing Authority housing facilities?

Best Efforts

Section 3 Businesses

- What steps did you take to give preference to Section 3 Businesses?
 - Did you have a qualified Section 3 Business bid within 10% of the lowest qualified bid (if award based on lowest price)?
 - Did you provide for a range of 15-25% of the total rating points for Section 3 preference (if bids are based on other factors beyond price)?

See Appendix to Part 135 in 24 CFR Section 135 for additional examples of ways to comply with and demonstrate best efforts to comply with Section 3

HUD 60002

Section 3 Summary Report

- Submitted to HUD by **Recipients** of HUD funding
- Submit one form for each major program funding source
- Submit annually by January 10th or in accordance with the Annual Report (e.g. CAPER) submission to HUD

HUD 60002

Section 3 Summary Report

- Sub-recipients, contractors and sub-contractors should provide the direct recipient documentation of compliance with Section 3
- Recipients should obtain certification forms from Section 3 Businesses and Section 3 Residents (see sample forms at: <http://www.hud.gov/offices/fheo/section3/section3.cfm>)

HUD 60002

Section 3 Summary Report

Official Submission goes to the HUD's Office of Fair Housing and Equal Opportunity Economic Opportunities Division in HQ, using the Online Form

HUD 60002 Section 3 Summary Report – Online System

SPECIAL NOTE:

In January 2014, HUD's enhanced Section 3 Summary Reporting System that replaced the previous online system went down due to unanticipated technical problems. The Section 3 Summary Reporting System remains unavailable. No recipients will be held in noncompliance for failing to submit 2013 or 2014 Section 3 reports on time. HUD hopes to resolve the technical problems soon.

For additional information and questions...

Sign up for the Section 3 listserv at www.hud.gov/section3 to receive updates about the status of the Section 3 Proposed Rule, the Section 3 reporting system and other relevant information.

Also visit HUD's Section 3 website at:

<http://www.hud.gov/offices/fheo/section3/section3.cfm>

Feel free to also contact me with questions:

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QUESTIONS????
