

# OCCD | Spring Meeting April 28, 2021



## Let's keep this simple!

What you need to know about  
Section 3 changes



Roma Yengo | Management  
Analyst  
Columbus Field Office



# Opening Remarks

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Thomas Leach  
Columbus Field Office Director

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Matthew LaMantia  
Community Planning and Development  
Director, Columbus Field Office

# The Purpose



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

Section 3 of the Housing and Urban Development Act of 1968

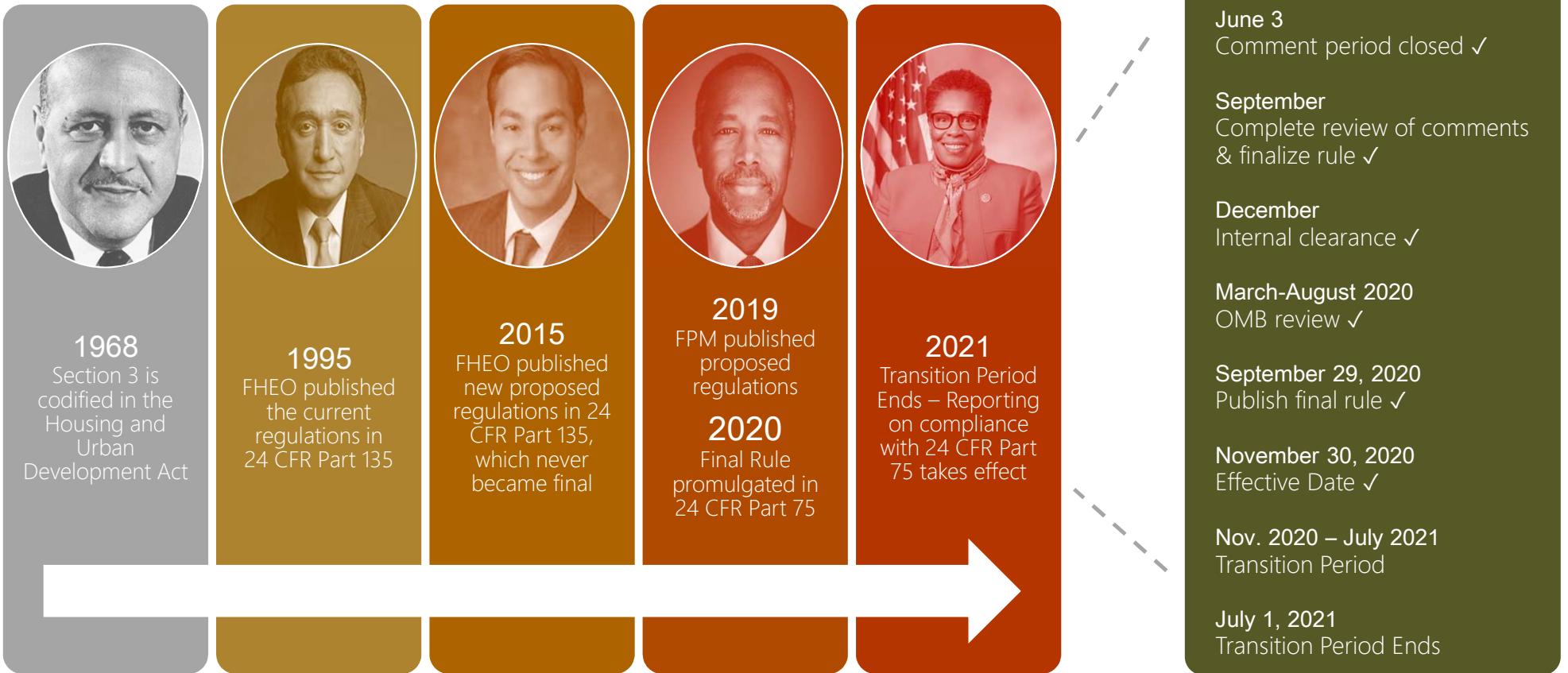
Section 3 is not just a  
grantee requirement.

It' s a path toward  
self-sufficiency.





# Authority



# What does Section 3 do?

By directing HUD-funded economic opportunities to residents and businesses in the community where the funds are expended, the expenditure can have the dual benefit of creating new or rehabilitated housing and other facilities while providing opportunities for employment and training for residents of these communities.

Job opportunities arising  
from Housing and  
Community Development  
programs



Low- and very low-income  
workers residing in the  
service area of project

## Part 75 - Economic Opportunities For Low- And Very Low-income Persons

PART 75 - ECONOMIC OPPORTUNITIES FOR LOW- AND VERY LOW-INCOME PERSONS Authority:12 U.S.C. 1701u; 42 U.S.C. 3535(d). Source:85 FR 61562, Sept. 29, 2020, unless otherwise noted.

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24:1.1.1.1.36.1	SUBPART A	<b>Subpart A - General Provisions</b>
24:1.1.1.1.36.1.59.1	SECTION 75.1	75.1 Purpose.
24:1.1.1.1.36.1.59.2	SECTION 75.3	75.3 Applicability.
24:1.1.1.1.36.1.59.3	SECTION 75.5	75.5 Definitions.
24:1.1.1.1.36.1.59.4	SECTION 75.7	75.7 Requirements applicable to HUD NOFAs for Section 3 covered programs.
24:1.1.1.1.36.2	SUBPART B	<b>Subpart B - Additional Provisions for Public Housing Financial Assistance</b>
24:1.1.1.1.36.2.59.1	SECTION 75.9	75.9 Requirements.
24:1.1.1.1.36.2.59.2	SECTION 75.11	75.11 Targeted Section 3 worker for public housing financial assistance.
24:1.1.1.1.36.2.59.3	SECTION 75.13	75.13 Section 3 safe harbor.
24:1.1.1.1.36.2.59.4	SECTION 75.15	75.15 Reporting.
24:1.1.1.1.36.2.59.5	SECTION 75.17	75.17 Contract provisions.
24:1.1.1.1.36.3	SUBPART C	<b>Subpart C - Additional Provisions for Housing and Community Development Financial Assistance</b>
24:1.1.1.1.36.3.59.1	SECTION 75.19	75.19 Requirements.
24:1.1.1.1.36.3.59.2	SECTION 75.21	75.21 Targeted Section 3 worker for housing and community development financial assistance.
24:1.1.1.1.36.3.59.3	SECTION 75.23	75.23 Section 3 safe harbor.
24:1.1.1.1.36.3.59.4	SECTION 75.25	75.25 Reporting.
24:1.1.1.1.36.3.59.5	SECTION 75.27	75.27 Contract provisions.
24:1.1.1.1.36.4	SUBPART D	<b>Subpart D - Provisions for Multiple Funding Sources, Recordkeeping, and Compliance</b>
24:1.1.1.1.36.4.59.1	SECTION 75.29	75.29 Multiple funding sources.
24:1.1.1.1.36.4.59.2	SECTION 75.31	75.31 Recordkeeping.
24:1.1.1.1.36.4.59.3	SECTION 75.33	75.33 Compliance.



# The Rule

**How things are changing**

**24 CFR Part 75**



# Section 3 Applicability

Section 3 applies to 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 from HUD programs exceeds a threshold of \$200,000
- Provide financial assistance through the Lead Hazard Control and Healthy Homes program where the amount of assistance exceeds a threshold of \$100,000 of LHCHH funds
  - LHCHH assistance is not included in calculating whether the assistance exceeds the \$200,000 threshold

A project for this purpose is the site or sites together with any building(s) and improvements on the site(s) that are under common ownership, management, and financing.

**\*\*New rule applies to section 3 projects for which assistance or funding committed on or after July 1, 2021.**

# Section 3 Applicability continued

Programs covered by Section 3 include (but are not limited to):

- HOME Investment Partnership
- Community Development Block Grant (CDBG)
- Emergency Solutions Grant (ESG)
- Housing Trust Fund (HTF)
- Neighborhood Stabilization Program Grants (NSP 1, 2, & 3)
- Housing Opportunities for Persons with AIDS (HOPWA)
- Economic Development Initiative Grant (EDI)
- Lead Hazard Control Grants & Healthy Homes Production Grants
- Rental Assistance Demonstration (RAD)
- Veterans Housing Rehabilitation & Modification Program
- 202/811 Grants

Contact [Section3@hud.gov](mailto:Section3@hud.gov) to determine applicability to a particular project/activity

# Key Changes to Section 3



Focusing reporting on key outcome metrics



Promoting sustained employment and career development



Creating targeted benchmarks for Section 3-covered assistance



Aligning reporting with standard business practices

# Section 3 Definitions

## Worker and Business Concern 24 C.F.R. Part 75.5



A **Section 3 worker** is, or when hired in the past 5 years\* was:



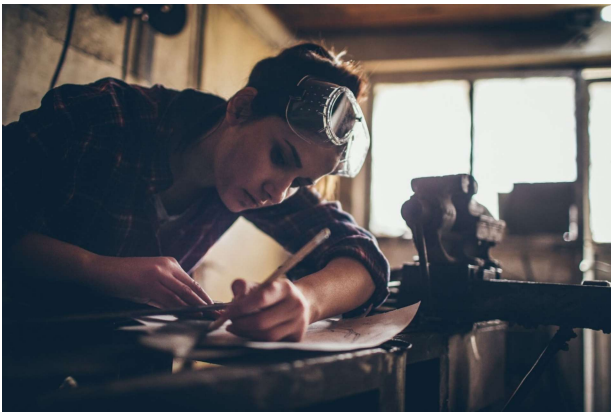
A low- or very low-income individual; or



A Youthbuild participant; or



Employed by a Section 3 business concern



A **Section 3 business concern** is, documented within the last six-month period\*:



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



> 75% labor hours are performed over prior three-month period performed by low- or very low-income workers; or



≥ 51% owned/controlled by current residents of public housing or Section 8-assisted housing



\*Do not look back prior to the effective date of the rule (November 30, 2020)



# Targeted Section 3 Workers

*Targeted Section 3 Worker*  
24 C.F.R. § 75.11 (PHA) or  
§ 75.21 (HCD)



A **targeted Section 3 worker** is a Section 3 worker who is:



**Public  
Housing  
Recipients**

- Employed by Section 3 business concern; or
- Who currently fits or when hired fit one of the following definitions, as documented in the previous five years:
  - ✓ Resident of public housing or Section 8 assisted housing; or
  - ✓ A resident of another project managed by the PHA; or
  - ✓ A YouthBuild participant



**Housing &  
Community  
Development  
Recipients**

- Employed by Section 3 business concern; or
- Who currently fits or when hired fit one of the following definitions, as documented in the previous five years:
  - ✓ Living within the service area or the neighborhood of the project; or
  - ✓ A YouthBuild participant

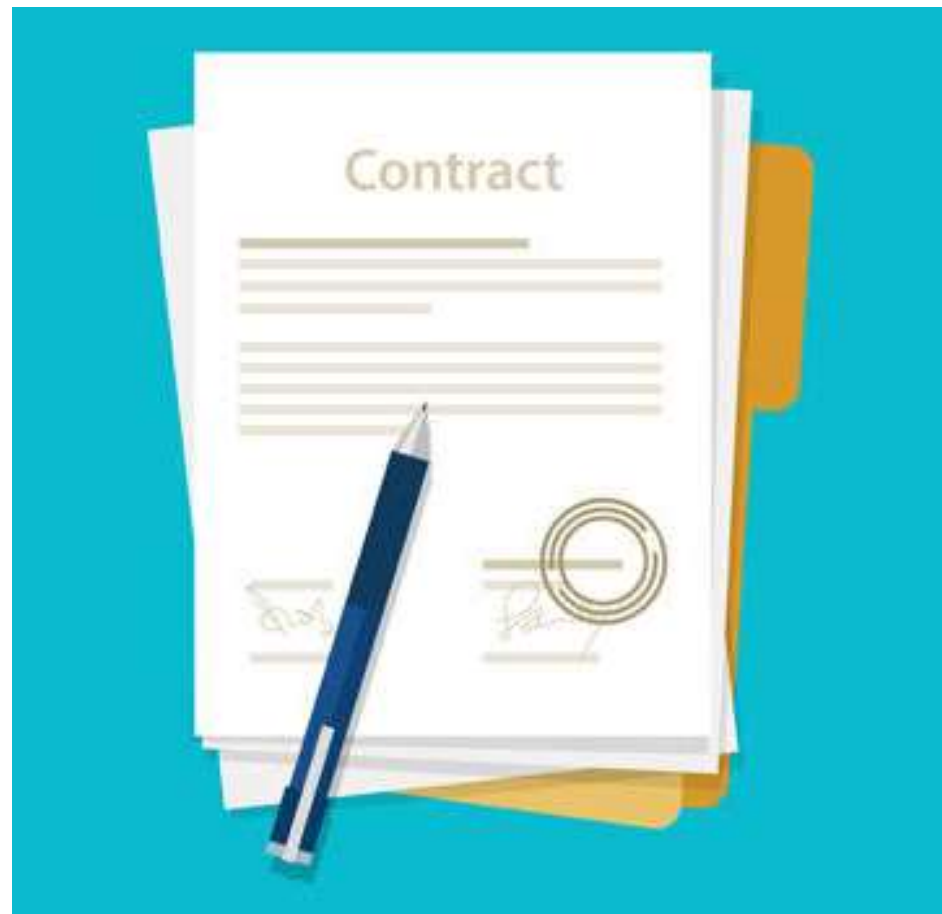
# Housing and Community Development



## Contracts and Agreements §75.27

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- (a) Recipients must include language applying Section 3 requirements in any subrecipient agreement or contract for a Section 3 project
- (b) Recipients of Section 3 funding must require subrecipients, contractors, and subcontractors to meet the requirements of 75.19, regardless of whether Section 3 language is included in recipient or subrecipient agreements, program regulatory agreements, or contracts



# §75.19 Requirements

## (a) Employment and training

- (1) To the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, recipients covered by this subpart 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
- (2) Where feasible, priority for opportunities and training described in paragraph (a)(1) of this section should be given to:
  - (i) Section 3 workers residing within the service area or the neighborhood of the project and,
  - (ii) Participants in YouthBuild program

## (b) Contracting

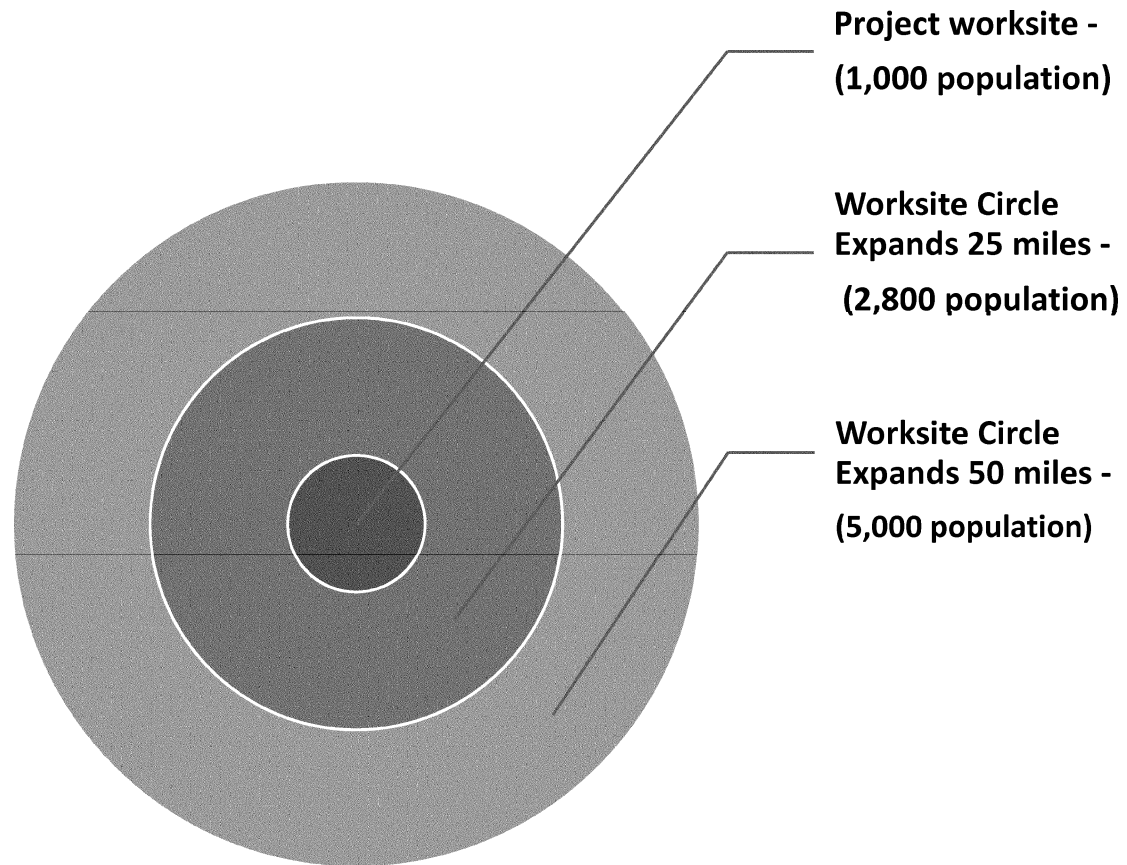
- (1) To the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, recipients covered by this subpart shall ensure contracts for work awarded in connection with Section 3 projects are provided to business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which the project is located.
- (2) Where feasible, priority for contracting opportunities described in paragraph (b)(1) of this section should be given to:
  - (i) Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area or the neighborhood of the project, and
  - (ii) YouthBuild programs



# “Service Area” Definition

Service area or the neighborhood of the project means 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.





*Above: Graphic depiction showing how the one-mile radius can be expanded where there are fewer than 5,000 people until the 5,000-person population is found.*

# Housing and Community Development Projects: Benchmarks

## “5 in 25” Benchmarks

$$\frac{\text{Section 3 worker labor hours}}{\text{Total Section 3 project labor hours}^*} \geq 25\%$$

MUST INCLUDE WITHIN THE TOTAL (“AND”)

$$\frac{\text{Targeted Section 3 worker labor hours}}{\text{Total Section 3 project labor hours}^*} \geq 5\%$$



# More on Labor Hours

Use of Labor Hours encourages long-term hiring and steady employment.

**Labor Hours:** number of paid hours worked by persons employed with Section 3 funds.

**Professional services:** non-construction services that require an advanced degree or professional licensing such as legal services or accounting.

**BONUS:** may count hours worked by Section 3 workers engaged in professional services without including those hours in the total labor hours.







# Multiple Funding Sources

- Housing rehabilitation, construction, or other public construction is funded by **Public Housing and Housing and Community Development funds**:
  - Public Housing must follow their normal requirements (Subpart B)
  - Grantees may follow *either* their normal requirements (Subpart C) **OR** public housing requirements (Subpart B)
    - May use either definition of a Targeted Section 3 worker (75.11 or 75.21)
  - Recipients of both sources of funding shall report on the project as a whole and shall identify the multiple associated funding sources while reporting:
    - Total labor hours worked on the project;
    - Total labor hours worked by Section 3 workers on the project; and
    - Total labor hours worked by Targeted Section 3 workers on the project

Housing rehabilitation, construction, or other public construction is funded by **multiple sources of Housing and Community Development funds** exceeding the appropriate thresholds:

- Follow normal requirements (Subpart C) and report to the applicable HUD program office as prescribed by the grant

# Establishing Section 3 Status



A **Section 3 business concern** status:



Businesses verify their status as a Section 3 business concern at the time the contract is awarded.\*



Once verified a Section 3 business concern maintains its Section 3 status for as long as it continues to meet the definition (24 C.F.R. § 75.5)



A **Section 3 worker** status:



Workers are established as Section 3 workers or Targeted Section 3 workers at either:

- Date of initial hire/contract; or
- Employee Certification Date



Established Section 3 workers or Targeted Section 3 workers may count their labor hours for five-years from the date used to establish their status.\*



Workers may reestablish their status as a Section 3 worker or Targeted Section 3 worker at end of the five-year period.

\*Do not look back prior to the effective date of the rule (November 30, 2020)

# Recordkeeping Requirements

Recipients must maintain documentation, or ensure that a subrecipient, contractor, or subcontractor maintains documentation, to ensure workers meet that definition of a Section 3 worker or targeted section 3 worker:

## Section 3 worker record requirements


- ✓ 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
- ✓ 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
- ✓ Employer's certification that the worker's income from that employer is below the income limit when based on an employer's calculation of what the worker's wage rate would translate to if annualized on a full-time basis
- ✓ Employer's certification that the worker is employed by a Section 3 business concern.

## Targeted Section 3 worker record requirements (HCD definition)

- ✓ An employer's confirmation that a worker's residence is within one mile of the work site or, if fewer than 5,000 people live within one mile of a work site, within a circle centered on the work site that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census;
- ✓ An employer's certification that the worker is employed by a Section 3 business concern; or
- ✓ A worker's self-certification that the worker is a YouthBuild participant.

# Section 3 Safe Harbor

- (a) Recipients will be considered to have complied with requirements in this part, in the absence of evidence to the contrary if they:
- (1) Certify that they have followed the prioritization of effort in 75.19; and
  - (2) Meet or exceed the applicable Section 3 benchmark


$$\frac{\text{Section 3 worker labor hours}}{\text{Total Section 3 project labor hours}^*} \geq 25\%$$

MUST INCLUDE WITHIN THE TOTAL ("AND")

$$\frac{\text{Targeted Section 3 worker labor hours}}{\text{Total Section 3 project labor hours}^*} \geq 5\%$$



A **Section 3 worker** is, or when hired in the past 5 years\* was:



A low- or very low-income individual; or



A Youthbuild participant; or



Employed by a Section 3 business concern



# Reporting

## § 75.25

### Frequency:

- Benchmarks reported annually, unless otherwise provided by the grant, and
- Where required when reporting qualitative efforts, on all projects completed within the reporting year in a manner consistent with the funding program

Report you meet Section 3  
benchmarks (Safe Harbor)

If benchmarks are not met, then



Report on the qualitative efforts  
undertaken to meet the Section 3  
benchmarks



# Examples of Qualitative Reporting



- Outreach efforts to generate job applicants who are Targeted Section 3 workers
- Training/apprenticeship opportunities
- Technical assistance provided to help Section 3 workers compete for jobs (resume assistance, etc.)
- Provide/connect Section 3 workers with assistance in seeking employment
- Holding job fairs
- Provide/refer Section 3 workers to services supporting work readiness and retention
- Provide assistance to apply for/or attend education/vocational training
- Provide financial literacy training
- Engage in outreach to identify and secure bids from Section 3 business concerns
- Provide technical assistance to Section 3 business concerns to help them understand Section 3 requirements
- Provide bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns
- **Promote use of Section 3 business registry and HUD Opportunity Portal**
- Outreach, engagement, or referrals with the state one-stop system

A large, solid dark blue triangle is positioned on the left side of the image, pointing towards the bottom right corner. It occupies approximately the left third of the frame.

# HUD Business Registry and Opportunity Portal

# Business Registry

<http://hud.gov/Sec3Biz>

[sec3biz@Hud.gov](mailto:sec3biz@Hud.gov)



Businesses self-certify  
to meet the definition  
of  
a Section 3 business



Grantees find  
Section 3 businesses  
to hire



Residents find  
Section 3 businesses  
to inquire about jobs

# Am I a Section 3 Business?

<http://hud.gov/Sec3Biz>

1

 HUD.GOV

U.S. Department of Housing and Urban Development  
Secretary Ben Carson



**Section 3 Business Registry**

OMB Approval No. 2549-0043 (exp. 11/30/2018)

[INSTRUCTIONS](#) [FAQS](#) [CONTACT US](#)

[What is the Section 3 Business Registry](#) [Am I a Section 3 Business](#) [Register a Business](#) [Search for a Business](#)

## Am I a Section 3 Business?

Please complete the information below and click the "Check" button. If you qualify based on at least one basis below then your organization is considered a Section 3 business.

### 1. Is 51% of Your Business Owned By Section 3 Residents?

a. Percent Owned by Section 3 Residents:	<input type="text" value="51"/>
b. Percent Owned by All Others:	<input type="text" value="49"/>
<input type="button" value="Check"/>	<div>100%</div>
<input checked="" type="radio"/> Yes	

Congratulations! Your firm meets the eligibility criteria to be certified as a Section 3 Business

OK

2

### 2. Does 30% of Your Current Full-Time Staff Meet the Definition of a Section 3 Resident?

a. Total Number of Full-Time Employees:	<input type="text" value="30"/>
b. Number of Full-Time Employees That Currently Meet the Definition of a Section 3 Resident:	<input type="text" value="5"/>
c. Number of Full-Time Employees That May Have Met the Definition of a Section 3 Resident Within the Last 3 Years:	<input type="text" value="3"/>
<input type="button" value="Check"/>	<div>27%</div>
<input checked="" type="radio"/> No	

Sorry! Your firm doesn't meet this eligibility criteria to be certified as a Section 3 Business

OK

3

### 3. Does Your Business have Evidence of Firm Commitment(s) to Provide 25% of the Total Dollar Amount of Subcontracts to Section 3 Businesses?

a. Total Dollar Amount of Subcontracts To Be Awarded With HUD Funds:	<input type="text" value="\$ 100,000"/>
b. Total Dollar Amount of HUD-Funded Subcontracts To Be Awarded To Section 3 Businesses:	<input type="text" value="\$ 25,000"/>
<input type="button" value="Check"/>	<div>\$ 25%</div>
<input checked="" type="radio"/> Yes	

Congratulations! Your firm meets the eligibility criteria to be certified as a Section 3 Business

OK



# Register a Business

<http://hud.gov/Sec3Biz>

## Register for Section 3 Self Certification

Use this form to self certify your Section 3 business and register it so that it may be found with the HUD Section 3 Business Registry.

### Business Information

Business Name

Required

Street Address

Required

City, State

Required

Click to input a City, State

ZIP

Required

County

Required

### Contact Information

Business Telephone Number

Required

Business Website Address

Business Point of Contact

Required

Business Email

Required

Contact Telephone Number

### Business Details

Number of Employees

Required

Business License

NAICS

Year Business Established

Required

DUNS Number

‡

Employer Identification Number

‡

Metropolitan Area Locations NOT Willing to Serve

Business Capabilities Narrative

### Business Designations ‡

☐ DOL Registered Apprenticeship Provider

☐ HUBZone Firm

☐ Minority-Owned Business

☐ SBA 8a Firm

☐ White House My Brother's Keeper (MBK) Initiative On-The-Job Training Provider

☐ DOL Youthbuild Participant/Grantee

☐ Labor Union Certified Firm

☐ Public Housing Resident-Owned Business

☐ White House My Brother's Keeper (MBK) Initiative Mentor

### Provided Services

☐ Accounting

☐ Consulting

☐ HVAC

☐ Lead Hazard Control

☐ Plumbing

☐ Other

Other (describe)

☐ Architecture

☐ Demolition

☐ IT

☐ Maintenance

☐ Roofing

### Currently Hiring

☐ Yes

☒ No

### Section 3 Business Criteria

Your business is eligible to apply for preference as a Section 3 Business if, in addition to meeting all applicable state and local regulations, it self-certifies that it meets one or more of the following criteria (you must check at least one):

☐ A. Fifty-one percent or more of the business is owned by Section 3 Residents;

☐ B. Thirty percent or more of the business' fulltime employees are Section 3 Residents; or

☐ C. The business can provide evidence of a firm commitment to subcontract a minimum of 25 percent of the total dollar amount of contracts to a business that meets the criteria listed in (a) and/or (b).

Businesses that self-certify that they meet the definition of a Section 3 business may be required to provide verification of their eligibility to recipients of HUD funding and/or the Department.

[Determine if you are a Section 3 business.](#)

#### Section 3 Residents Are

- A. Residents of Public and Indian Housing; or
- B. Residents of the Metropolitan Area or Non-Metropolitan County that Meet the Definition of Low- and Very Low-Income.

[Determine low-and very low-income thresholds for your area](#)

### Self Certification

By Submitting this form, my business certifies that the statements and information contained on this form are true and accurate, and meet the required HUD Section 3 business self-certification eligibility requirements in accordance with 24 CFR Part 135. HUD accepts the firm's self-certification that it meets the requirements of a Section 3 Business, but has not validated this claim or substantiated its validity. HUD does not endorse the services provided by any firms that apply for self-certification. A Section 3 business is not entitled to a contract simply by being listed in the HUD Section 3 Business Registry database. Businesses that self-certify their eligibility may receive preference as a Section 3 business, subject to verification from local recipient agencies or HUD. Information that is misrepresented on this form will be grounds for terminating Section 3 certification, or any contract(s) that may be awarded. Firms that misrepresent their eligibility to receive preference as a Section 3 business may face financial or criminal penalties.

Register Business

# Search for a Business

<http://hud.gov/Sec3Biz>

## Search for a HUD Section 3 Business

Metropolitan Area Required

Alternative location (State, City, County, Zip) search options are available using the [advanced search](#).

Business Capabilities Search Options

Additional Search Options

Search For Business

### Disclaimer

HUD has not verified the information submitted by businesses listed in this registry and does not endorse the services that they provide. Users of this database are strongly encouraged to perform due diligence by verifying Section 3 eligibility before providing preference or awarding contracts to firms that have self-certified their Section 3 status with the Department.

### How Do I Notify HUD if I Suspect that a Business in this Registry Does Not Meet Section 3 Eligibility Criteria?

If you believe that a firm has misrepresented itself as a Section 3 Business, please [email the U.S. Department of Housing and Urban Development](#) at [Sec3Biz@hud.gov](mailto:Sec3Biz@hud.gov).

#### Your email should contain the following information:

- Your name, telephone number, and email address (this information will not be shared outside of HUD)
- Name, city, and state of firm that has allegedly misrepresented their status as a Section 3 business.
- Any narrative explanations describing why you believe that this firm does not meet the Section 3 Business eligibility criteria.

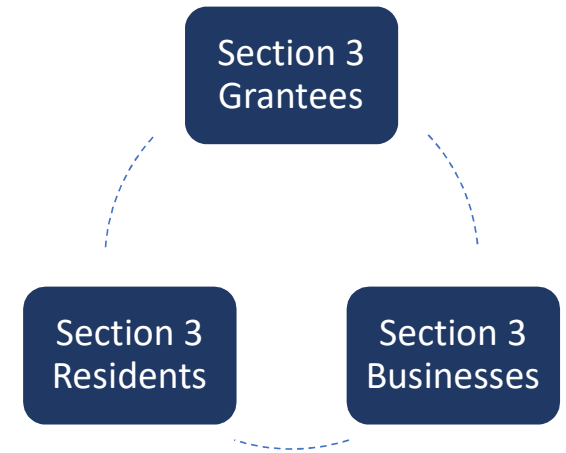
#### Business Capabilities Search Options

- |   |  |  |                                      |
|---|--|--|--------------------------------------|
| <input type="checkbox"/> Accounting         | <input type="checkbox"/> Architecture        | <input type="checkbox"/> Brick Masonry | <input type="checkbox"/> Carpentry   |
| <input type="checkbox"/> Consulting         | <input type="checkbox"/> Demolition          | <input type="checkbox"/> Electrical    | <input type="checkbox"/> Engineering |
| <input type="checkbox"/> General Contractor | <input type="checkbox"/> HVAC                | <input type="checkbox"/> IT            | <input type="checkbox"/> Janitorial  |
| <input type="checkbox"/> Landscaping        | <input type="checkbox"/> Lead Hazard Control | <input type="checkbox"/> Maintenance   | <input type="checkbox"/> Other       |
| <input type="checkbox"/> Painting Dry Wall  | <input type="checkbox"/> Plumbing            | <input type="checkbox"/> Roofing       | <input type="checkbox"/> Security    |

#### Additional Search Options

- |  |  |
|--|--|
| <input type="checkbox"/> Minority-Owned Business                                 | <input type="checkbox"/> Woman-Owned Business  |
| <input type="checkbox"/> Public Housing Resident-Owned Business                  | <input type="checkbox"/> HUBZone Firm  |
| <input type="checkbox"/> SBA 8a Firm   | <input type="checkbox"/> Labor Union Certified Firm  |
| <input type="checkbox"/> DOL Youthbuild Participant/Grantee                      | <input type="checkbox"/> DOL Registered Apprenticeship Provider  |
| <input type="checkbox"/> White House My Brother's Keeper (MBK) Initiative Mentor | <input type="checkbox"/> White House My Brother's Keeper (MBK) Initiative On-The-Job Training Provider |
| <input type="checkbox"/> Hiring  |  |

# HUD Opportunity Portal



Who does it serve?



Grantee → Post contract opportunities with a Section 3 preference



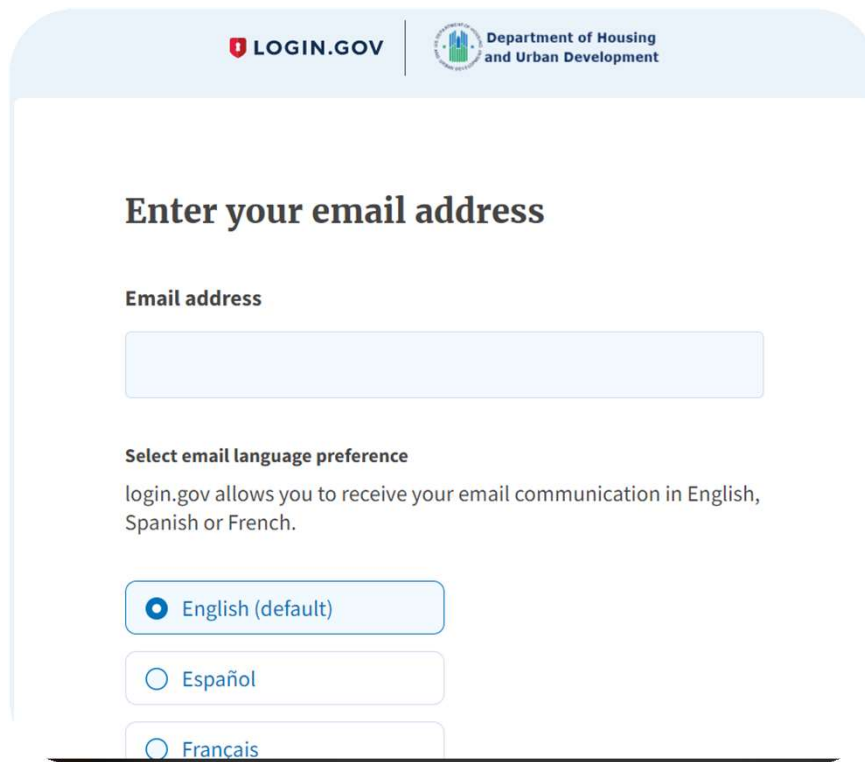
Section 3 Business → Post training and job opportunities for Section 3 residents



Section 3 Resident → Post your resume and contact information

*Connecting the right people to the right*

# HUD Opportunity Portal: Login



The screenshot shows the login interface for the HUD Opportunity Portal. At the top, there is a header bar with the 'LOGIN.GOV' logo on the left and the 'Department of Housing and Urban Development' logo on the right. Below the header, the main heading is 'Enter your email address'. Under this heading, there is a label 'Email address' followed by a text input field. Below the input field, there is a section titled 'Select email language preference' with a subtext: 'login.gov allows you to receive your email communication in English, Spanish or French.' There are three radio button options: 'English (default)' (which is selected), 'Español', and 'Français'.

Provides secure access to government services

Offers the public access to participating government programs

Requires: Email and Phone Number

# HUD Opportunity Portal

## Welcome to HUD's Opportunity Portal

The Opportunity Portal helps match Section 3 Residents to jobs and training opportunities and Section 3 Businesses to contracting opportunities.

### Section 3 Residents ⓘ

- [Search for jobs and training positions](#)
- Post your resume (*sign in required*)

### Section 3 Recipients and Employers ⓘ

- Post jobs and training positions (*sign in required*)
- [Search for contracts](#)
- Post contracts (*sign in required*)
- Search job applicants (*sign in required*)

**Sign in**



# Frequently Asked Questions

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## 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 who have previously dropped out of high school.

## What is the relationship between Section 3 and Davis Bacon requirements?

Compliance with Section 3 must be achieved consistent with the requirements of Davis-Bacon. Certain construction contracts are subject to compliance with the requirement to pay prevailing wages determined under the Davis-Bacon Act (40 U.S.C. 3141 et seq.) and implementing U.S. Department of Labor regulations in 29 CFR Part 5.

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# Frequently Asked Questions

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## Who is considered a recipient of Section 3 funding?

A recipient is 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. It does not include contractors or any intended beneficiary under the HUD program to which Section 3 applies, such as a homeowner or a Section 3 worker.

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# Frequently Asked Questions

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Are demolition projects covered by the requirements of Section 3?

Yes. Recipients of assistance covered by Section 3 should, where feasible, comply with Section 3 benchmarks.

When might a recipient agency be exempt from the quantitative reporting requirements of Section 3?

A Small Public Housing Agency (less than 250 units) may elect not to report on labor hours. If the agency does not elect to report on labor hours, it is required to report solely on qualitative efforts as permitted in 24 C.F.R. 75.15(d).

# Questions and Resources

General Section 3 questions – program area, local FPM contact, or email [Section3@hud.gov](mailto:Section3@hud.gov)

RAD Section 3 – [Rad Resource Desk](#)

Section 3 Business Registry issues – [sec3biz@hud.gov](mailto:sec3biz@hud.gov)

[Frequently Asked Questions document](#)



# Thank You!

## Contact

Roma Yengo | Management Analyst | Columbus  
Field Office

[Roma.k.yengo@hud.gov](mailto:Roma.k.yengo@hud.gov)  
[Section3@hud.gov](mailto:Section3@hud.gov)

## Technical Assistance – HUD Exchange

- Small group sessions (3hr)
- Robust, in-depth training with materials & examples
- Starts in June, sign up early!