**Section 3 Policy and Procedures**

**Title 24 CFR Part 75** Economic Opportunities for Low- And Very Low-income Persons, is the statutory repository for HUD’s Section 3 requirements.

**§ 75.1 Purpose**.

This part establishes the requirements to be followed to ensure the objectives of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) are met. The purpose of Section 3 is to ensure that economic opportunities, most importantly employment, generated by certain HUD financial assistance shall be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing or residents of the community in which the Federal assistance is spent.

To the greatest extent feasible, training, employment, contracting, and other economic opportunities generated by Section 3 covered financial assistance shall be directed to low-and very low-income residents of the neighborhood where the financial assistance is spent, particularly to those who are recipients of government assistance for housing, and to businesses that are either owned by low-or very low-income residents of the neighborhood where the financial assistance is spent, or substantially employ these persons. Therefore, it is imperative to notify Section 3 residents and businesses about economic opportunities.

Section 3 requirements apply to grantees that plan to obligate or commit an aggregate amount of $200,000 or more in CDBG assistance to projects involving housing rehabilitation, housing construction, barrier removal, demolition, other public buildings, facilities, or infrastructure. The $200,000 funding threshold is comprised of the combined expenditure of all sources of housing and community development financial assistance set forth in § 135.5.

HUD requires that to the extent practical; a recipient must prepare a strategic plan, action plan, or other such plan in accordance with HUD program regulations, such plans must include a general description of the recipient’s official Section 3 policies and procedures. Official policies and procedures must include, at a minimum, steps that the recipient will take to:

1. inform sub-recipients and contractors about Section 3 obligations.
2. evaluate potential bidders for Section 3 compliance during contract selection.
3. notify Section 3 residents and businesses about economic opportunities.
4. implement verification and/or certification procedures for residents and businesses.
5. provide priority consideration to qualified Section 3 residents and businesses.
6. monitor contractors for compliance.
7. establish consequences for noncompliance; and
8. utilize local community resources to meet its Section 3 requirements.

EOHLC has developed the following procedures for its grantees to follow to ensure that “**to the greatest extent feasible,”** when CDBG funds are used to assist housing and community development projects, preference for construction-related training, jobs, and contracting opportunities go to low- and very-low-income people and to businesses that are owned by low- and very-low-income persons or businesses that hire them. Grantees should:

* Include the new citation in the boilerplate construction contract (**24 CFR Part 75, replaces 24 CFR Part 135).**
* attend training which explains construction contracting and Section 3 requirements and modify bidding documents and project manuals to include required Section 3 materials.
* Review materials posted on HUD’s website including:
* [Understanding Section 3 Training Curriculum - HUD Exchange](https://www.hudexchange.info/trainings/section-3/)
* consider the inclusion of a Section 3 plan for bidders in qualified projects,
* provide the following forms to contractors so they can survey workers hired as of 11/20/20 (date of implementation of new Rule) to determine if the worker’s income for the previous or annualized calendar year is below the income limit established by HUD (*Income looks at individual income, not family or household)*:
* Section 3 Worker Employer Certification -<https://www.hud.gov/sites/dfiles/OCHCO/documents/4736A.docx>
* Section 3 Worker Self Certification -<https://www.hud.gov/sites/dfiles/OCHCO/documents/4736C.docx>
* Communicate with any contractor who is hiring to:
* Post signs advertising new employment, training, or subcontracting opportunities that will be available as a result of the Section 3 covered projects and activities in conspicuous places at the work site where potential applicants can review them.
* Select a Section 3 business concern, a section 3 workers residing in service area, and Youth Build participants
* Provide training or apprenticeship opportunities
* Provide outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act
* Grantees will be required to report to EOHLC on Section 3 compliance upon completion of each activity. The Section 3 Reporting Template should be uploaded to the miscellaneous tab and an email sent to the Program Rep. informing them this has been completed. Please note, if the Safe Harbor Benchmark is not met, the Nature of Agency Efforts will need to be completed.