OREGON HOUSING and
COMMUNITY SERVICES

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# Section 3 Compliance Acknowledgement

## PURPOSE OF SECTION 3

Section 3 is a provision of the Housing and Urban Development Act of 1968 that is regulated by the provisions of 24 CFR Part 75. Section 3 regulations 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.

## COMPLIANCE REQUIREMENTS

The following thresholds must be met for Section 3 compliance:

> ### Section 3 Compliance Benchmarks
>
> 1. **25%** or more of the total labor hours worked are Section 3 workers,
>    *and*
> 2. **5%** or more of the total labor hours worked are Targeted Section 3 workers. *

*The count of Targeted worker labor hours is included in the overall Section 3 worker labor hours.

Please review HUD's Section 3 Brochure for Workers and Businesses and Section 3 Job Aid for Contractors and Subcontractors for more detailed information on how to meet Section 3 goals and for definitions of Section 3 workers, Targeted Section 3 workers, and Section 3 businesses.

## REPORTING

Sponsor/Contractor/Subcontractor must report the following data to OHCS as part of the close out process using the OHCS Section 3 Summary Report:

1. Total number of labor hours worked
2. Total number of labor hours worked by Section 3 workers
3. Total number of labor hours worked by Targeted Section 3 workers

*Note: Professional service labor hours are excluded from the goals.*

If the threshold percentages outlined above are not met, the sponsor must report on qualitative efforts taken to reach Section 3 and Targeted Section 3 workers. The Section 3 Guidebook Key Regulatory Provisions (Benchmarks and Safe Harbor) includes a list of qualitative efforts that contractors and subcontractors may take to achieve this goal.

**RECORDKEEPING & CERTIFICATION**

Sponsor/contractor/subcontractor must maintain documentation, or ensure that a subrecipient, contractor, or subcontractor that employs the worker maintains documentation, to confirm that workers meet the definition of a Section 3 worker or Targeted Section 3 worker at the time of hire or the first reporting period. There are two options for certification:

1. **Worker Self-Certification**. A worker can verify their own eligibility via a self-certification form that determines the following:
   - Their income is at or below the low-income limit
   - They are a YouthBuild participant
   - They live in the service area or neighborhood of the project

2. **Employer Certification**. Employers certify that:
   - Worker's paid wage rate by the employer (if annualized on a full-time basis) is at or below the low-income limit
   - Worker is employed by a Section 3 business concern
   - Worker's address is in the service area or neighborhood of the project

There are two ways to qualify as a **Section 3 business concern**:

1. At least 51% of the business must be owned and controlled by low- or very low-income persons or by a public housing resident or resident living in Section 8 assisted housing

2. In the past 3 months, more than 75% of the labor hours worked for the business must be performed by Section 3 workers.

Sample certification and tracking forms can be found on the [HUD Exchange Section 3 Tools](#) page.

**SECTION 3 APPLICABILITY & ACKNOWLEDGEMENT**

I have received and read this Section 3 Acknowledgement, related to the HUD funded project,
_____, located in _____
and have been briefed on my responsibilities to comply with the requirements, regulations, and reporting of Section 3 (24 CFR Part 75).

X_____          Date: _____
*Signature of Project Sponsor*


*Printed Name of Project Sponsor*


X_____          Date: _____
*Signature of General Contractor*


*Printed name of General Contractor*