

## Section 3 Compliance Acknowledgement

### PURPOSE OF SECTION 3

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

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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. \*

\*Note: the count of Targeted worker labor hours is included in the overall Section 3 worker labor hours.

### REPORTING

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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.

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. Efforts include, but are not limited to:

- Outreach efforts to generate applicants who are Public Housing Targeted Workers.
- Outreach efforts to generate applicants who are Other Funding Targeted Workers.
- Direct, on-the job training (including apprenticeships).
- Indirect training such as arranging for, contracting for, or paying tuition for, off-site training.
- Technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching).
- Outreach efforts to identify and secure bids from Section 3 business concerns.
- Technical assistance to help Section 3 business concerns understand and bid on contracts.
- Division of contracts into smaller jobs to facilitate participation by Section 3 business concerns.

## RECORDKEEPING

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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, as follows:

For a worker to qualify as a Section 3 worker, one of the following must be maintained:

- 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,
- An 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, or
- An employer's certification that the worker is employed by a Section 3 business concern.

For a worker to qualify as a Targeted Section 3 worker, one of the following must be maintained:

- 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.

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

## SECTION 3 APPLICABILITY & ACKNOWLEDGEMENT

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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 \_\_\_\_\_  
Signature of Project Sponsor

Date:

Printed Name of Project Sponsor

X \_\_\_\_\_  
Signature of General Contractor

Date:

Printed name of General Contractor