

**STATE OF ILLINOIS**  
**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM**  
**SECTION 3 PLAN**

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## **OVERVIEW**

This Plan, put forth by the Illinois Department of Commerce & Economic Opportunity (DCEO), which administers the Community Development Block Grant (CDBG) Program, describes Section 3 of the Housing and Urban Development Act of 1968, as amended, (12 U.S.C. 1701u) ("Section 3") and its applicability to the State of Illinois CDBG-funded projects administered by DCEO.

Section 3 requires that economic opportunities generated by certain U.S. Department of Housing and Urban Development (HUD) financial assistance for housing and community development programs be directed to low- and very low-income persons. The priority of assistance should be to those who are recipients of government assistance for housing and business concerns which provide economic opportunities to low- and very low-income persons.

The Section 3 program was created to ensure that persons living in communities where HUD-assisted programs were being funded could economically benefit from the resources being spent. This would improve the overall socioeconomic condition of not only the community, but also the low- and very low-income residents within the neighborhoods.

The implementing regulation for Section 3 can be found at [24 CFR Part 75](#).

The State of Illinois' CDBG Program, administered by the Illinois Department of Commerce and Economic Opportunity (DCEO), the Department, shall comply with Section 3 requirements set forth at 24 CFR 75 of the federal regulation which states that, **to the greatest extent possible, businesses and employers working on HUD-funded projects must make a good faith effort to train and employ low-income individuals living in the local area and to contract with businesses owned by or that employ Section 3 workers.**

## **DEFINITIONS**

A **Section 3 project** means 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 to the project exceeds a threshold of \$200,000. The threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970 ([12 U.S.C. 1701z-1](#) or [1701z-2](#)), the Lead-Based Paint Poisoning Prevention Act ([42 U.S.C 4801 et seq.](#)); and the Residential Lead-Based Paint Hazard Reduction Act of 1992 ([42 U.S.C. 4851 et seq.](#)). **The project** is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.

A **Section 3 worker** is any worker who currently fits, or when hired within the past five years fit, at least one of the following categories, as documented:

- (1) The worker's income for the previous or annualized calendar year is below the income limit established by HUD
- (2) The worker is employed by a Section 3 business concern
- (3) The worker is a YouthBuild participant.

A **Targeted Section 3 worker**: any worker who currently fits, or when hired within the past five years fit, at least one of the following categories, as documented

- (1) A worker employed by a Section 3 business concern, or
- (2) Currently fits or when hired fit at least one of the following categories, as documented within the past five years:
  - (i) Low- or very low-income workers residing within a one-mile radius of the Section 3 project. If fewer than 5,000 people live within that one-mile radius, the circle may be expanded outward until that population is reached or the neighborhood of the project, as defined; or
  - (ii) A YouthBuild participant.

A **Section 3 Business Concern** is a business that meets at least one of the following criteria, documented within the last six-month period:

- It is at least 51 percent owned and controlled by low- or very low-income persons;
- Over seventy-five (75) percent of the labor hours performed by the business are performed by low- or very low-income persons; or
- It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

The **Service Area** or “neighborhood of the project” is defined as an area within one mile of the Section 3 project or if fewer than 5,000 people live within one mile of the project, within a circle centered on the project location that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.

### **REQUIREMENTS OF SECTIONS 3**

24 CFR Part 75 requires, to the greatest extent feasible, and consistent with existing, federal, state, and local laws and regulations, economic opportunities resulting from HUD financial assistance including employment, job training, and contracting are directed to low- and very low-income persons. The regulations seek to ensure that public housing residents and low- and very low-income persons, and the businesses that employ these individuals, are notified about the expenditure of HUD funds in their community and encouraged to seek opportunities, if created.

It is the policy of Illinois’ CDBG Program that all Grantees are required to make good faith efforts to provide **"to the greatest extent feasible"** opportunities to Section 3 area workers and Section 3 business concerns.

### **APPLICABILITY OF SECTION 3**

In accordance with 24 CFR Part 75, whenever any portion of CDBG funding is invested into projects involving housing construction, demolition or rehabilitation, commercial/private improvements for economic development, or other public construction (e.g., roads, sewers, community centers, and public facilities), the requirements of Section 3 may apply, based on the guidance provided below.

Section 3 requirements that apply to CDBG funded Projects:

In conjunction with construction activity, **Section 3 applies to projects that receive \$200,000 or more in CDBG assistance**, including projects that are financed in conjunction with state, local, or private matching or leveraged funds, provided that the Section 3 monetary threshold requirements are met. In particular:

- Section 3 applies to CDBG Grantees, and Contractors and subcontractors working on CDBG-grant

funded projects.

- Professional service contract labor hours (construction contract oversight, engineering, architectural, environmental and property evaluation, construction progress and construction draw inspection, and prevailing wage labor compliance) are not required to be reported. If a contract covers both professional services and other work and the recipient, contractor, or sub-contractor chooses not to report labor hours from professional services, the labor hours under the contract that are not from professional services must still be reported.
- Section 3 requirements do not apply to material supply contracts.
- The regulations should not be construed to mean that recipients are required to hire Section 3 Workers or award contracts to Section 3 Business Concerns other than what is needed to complete covered projects and activities.

If the expenditure of funding for an otherwise covered project and activity does not result in new employment, contracting, or training opportunities, **reporting is still required.**

### **SECTION 3 GOALS/BENCHMARKS**

Section 3 goals will be applied to CDBG-funded project as follows:

Contractors and sub-contractors will be required, to the greatest extent feasible, meet both of the Section 3 HUD benchmarks.

1. Twenty-Five (25) percent or more of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers.
2. Five (5) percent or more of the total number of labor hours worked by all workers on a Section 3 project are Targeted Section 3 workers.

If these benchmarks are not met, the Grantee and contractors must report on activities pursued in the absence of not meeting Section 3 benchmarks.

### **GRANTEE'S RESPONSIBILITIES TO ENSURE COMPLIANCE**

A local government that receives CDBG funding has the responsibility to comply with Section 3 requirements in its own operations and ensure compliance in the operations of its contractors/subcontractors. This responsibility includes:

1. Notifying Section 3 Workers and business concerns about jobs and contracts generated by Section 3 covered assistance so that they may submit bids/proposals for available contracts and job openings with the grantee.
2. Notifying potential contractors of their responsibilities under Section 3.
3. Including Section 3 language in all applicable contracts.
4. Requiring sub-recipients, contractors, and sub-contractors to meet the requirements of §75.19, regardless of whether Section 3 language is included in recipient or sub-recipient agreements, program regulatory agreements, or contracts.
5. Documenting action(s) taken to meet the HUD benchmarks.
6. Responding to Section 3 complaints.

7. Completing and submitting the required Section 3 Forms to the Department.

### **OUTREACH BEST PRACTICES**

Grantees must develop a Section 3 Plan, including outreach to Section 3 Workers and Businesses within the municipality. Best practices include:

1. Publication of opportunities in newsletters or other local newspapers, including those targeted to Limited English Proficient populations.
2. Use of signage at the project site and flyers posted in the project area.
3. Notification of potential training or employment opportunities to neighborhood and non-profit groups, including Public Housing Authorities, servicing low- and very low-income persons.
4. Communicate opportunities to employment agencies and career centers.
  - Use “Notice to Citizens...Opportunity for Work,” included in the Appendix to this Plan. Send the completed form to your local Illinois WorkNet/American Jobs Center. A list of the Illinois Comprehensive WorkNet/American Job Centers and a regional map to aid in locating the appropriate center for your area are also provided in the Appendix. A copy of the completed form and proof of submission should be submitted with the Pre-construction Conference Checklist to document outreach efforts.

### **PROCUREMENT & BID DOCUMENTS**

CDBG recipients must include Section 3 language in all procurement and bid documents. The required language to be included in these documents can be found in the Appendix to this Plan, titled “Section 3 Clause”. In addition to the Section 3 Clause, Grantees must include the “Intent to Comply with Section 3” and the “Contractor’s Requirements” forms with all bid documents.

### **PRIORITY CONSIDERATIONS**

CDBG Grantees and contractors shall provide priority consideration to Section 3 residents and Section 3 businesses for new training, employment, and contracting opportunities generated as a result of the expenditure of Section 3 covered financial assistance.

- Priority consideration should not be construed to be a quota or set-aside program, or as an entitlement to economic opportunities such as a particular job or contract.
- Section 3 residents must possess the same job qualifications, skills, eligibility criteria, and capacity as other applicants for employment and training opportunities being sought.
- Section 3 businesses must be selected in accordance with the procurement standards of 2 CFR 200, as appropriate, including price, ability and willingness to comply with Section 3, and other factors, to be considered lowest responsible bidders on contracting opportunities being sought.
- Priority consideration may be given to a Section 3 resident or business if such resident or business is qualified for the respective employment or contracting opportunities
- Priority consideration must be given to a Section 3 resident or business when that Section 3 resident or business is equally qualified with other individuals or businesses that would be offered employment or contracting opportunities.

## Employment and Training

CDBG Grantees that meet the funding thresholds shall direct their efforts to provide training and employment opportunities generated from the expenditure of Section 3 housing and community development financial assistance to Section 3 residents in the following order of priority consideration:

1. Section 3 residents residing in the neighborhood or service area where the housing and community development financial assistance is spent.
2. Section 3 residents participating in DOL Youth Build programs.
3. Other Section 3 residents.

## Contracting

Grantees and contractors shall direct their efforts to provide contracting or subcontracting opportunities generated from the expenditure of housing and community development financial assistance to Section 3 businesses in the following order of priority consideration:

1. Section 3 business concerns that provide economic opportunities for Section 3 residents in the service area or neighborhood where the Section 3 covered project is located.
2. Applicants selected to carry out DOL Youth Build programs.
3. Other Section 3 business concerns.

## **MAKING CONNECTIONS**

The Section 3 Business Registry and Opportunity Portal are two online registries that connect Section 3 Workers to training and employment opportunities and Section 3 businesses to contracting opportunities. Businesses who self-certify that they meet one of the regulatory definitions of a Section 3 business will be included in a searchable online database. The database can be used by agencies that receive HUD funds, developers, contractors, and others to facilitate the award of covered construction and non-construction contracts to Section 3 businesses. Section 3 Workers are encouraged to use the Opportunity Portal to identify businesses that may have HUD- funded employment opportunities available. Section 3 businesses are encouraged to post training, employment, and contracting opportunities to the Opportunity Portal. CDBG recipients should utilize HUD's Section 3 Business Registry to find Section 3 businesses that may be able to participate in the CDBG project.

Recipients can search through HUD's Section 3 registry here:

<https://portalapps.hud.gov/Sec3BusReg/BRegistry/SearchBusiness>

Businesses may register as a Section 3 Business through HUD's website here:

<https://portalapps.hud.gov/Sec3BusReg/BRegistry/RegisterBusiness>

The Opportunity Portal can be accessed through HUD's website here:

<https://hudapps.hud.gov/OpportunityPortal/>

It is important to note that Section 3 businesses are not entitled to receive contracts simply by being listed in HUD's Section 3 Business Registry database or Opportunity Portal.



## **PENALTIES FOR NON-COMPLIANCE**

CDBG Grantees have the responsibility of complying with Section 3 regulations and ensuring compliance among its contractors and subcontractors. Federal code established penalties for Section 3 violations and non-compliance (24 CFR Part 75 135.38(f)).

Failure to comply with the requirements of Section 3 may result in a monitoring finding or sanctions that may include:

- Debarment or suspension of funds
- Termination of Grant Agreement/Contract
- Limited denial of participation in State of Illinois CDBG programs.

## **SECTION 3 REPORTING REQUIREMENTS**

Reporting of Labor Hours - Recipients must report in a manner prescribed by HUD:

- The total number of labor hours worked;
- The total number of labor hours worked by Section 3 workers; and
- The total number of labor hours worked by Targeted Section 3 workers.

For all projects employing Section 3 workers, the Grantee, contractor/s must maintain one of the following (in order of priority) to demonstrate Section 3 status of the worker:

1. **Worker income self-certification:** Through the use of Section 3 Worker Certification Form provided to contractors and subcontractors working on the project. Each worker on the project must complete the provided certification form to be kept in the grant record for reference when tracking and aggregating labor hours worked.
2. **Worker is employed by a Section 3 Business Concern:** The contractor or subcontractor is able to provide documentation that it qualifies as a Section 3 Business Concern. All employees of a qualifying business will be considered Section 3 workers.
3. **Worker is a Youthbuild participant:** Verifiable documentation must be provided by the worker or the employer showing the worker is participating in a Youthbuild program.
4. **Employer wage record:** The employer is able to provide certified documentation that the worker's income from that employer is below the income limit for the corresponding family size when based on an employer's calculation of what the worker's wage rate would translate to if annualized on a full-time basis. Submit documentation with the Contractor's Permanent Workforce Form located in the Appendix to this Plan.

*NOTE: Documentation submitted by employers should only contain employee names, state and county of residence, annual income, and a certifying signature and date. Do not include any information such as social security numbers or bank account information.*

Nothing in the regulations shall be construed to require the employment of someone who meets the definition of a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of the position to be filled.

Contractors or subcontractors who wish to be identified as a Section 3 Business must complete the Section 3 Business Self-Certification form included in the Appendix to this Plan and provide requested

backup documentation.

While contracting and subcontracting with Section 3 Business Concerns is encouraged, nothing in the regulations shall be construed to require the contracting or subcontracting of a Section 3 Business Concern. Additionally, Section 3 Business Concerns are not exempt from meeting the specifications of the contract, including required licensures and certifications.

Businesses seeking Section 3 preference shall certify, or submit evidence to the Grantee, contractor, or subcontractor (if requested) verifying that they meet the definitions provided above. Grantees are allowed discretion to determine the required documentation to verify a Section 3 Business Concern. At monitoring, the Department will check that documentation has been received and is in the file, not for a specific type of documentation.

**Note:** If a business meets the definition of a Section 3 business, it is encouraged to register as a Section 3 Business through HUD's Business Registry here:

<https://portalapps.hud.gov/Sec3BusReg/BRegistry/RegisterBusiness>

Businesses who self-certify that they meet one of the regulatory definitions of a Section 3 Business Concern will be included in a searchable online database. The database can be used by agencies that receive HUD funds, developers, contractors, and others to facilitate the award of covered construction and non-construction contracts to Section 3 Business Concerns.

The Section 3 Contractor's report is a tool to be used to track Section 3 and Targeted Section 3 Worker Hours on CDBG funded projects. This spreadsheet should be maintained through the duration of the project. Recipients will be asked to provide DCEO with Section 3 and Targeted Section 3 Worker hours for each project, as well as other non-qualitative activities conducted to comply with Section 3 requirements. Recipients will provide this spreadsheet to DCEO as documentation of compliance with Section 3 reporting requirements. *Even if no Section 3 Workers were utilized, this report must be completed and submitted to DCEO at the completion of the project.*

Safe Harbor Compliance - Additional reporting is required if Section 3 benchmarks are not met. If the Grantee's reporting under paragraph (a) of the Regulations indicates that the recipient has not met the Section 3 benchmarks described in § 75.23, the recipient must report in a form prescribed by HUD on the qualitative nature of its activities and those its contractors and subcontractors pursued.

The Grantee and each contractor working on the project must complete the Safe Harbor Compliance Form, which must be maintained in the project file and submitted with the grant closeout package. The Qualitative efforts will be reported to HUD at the closeout of the grant-funded project.

### Annual Reporting

DCEO will report to HUD an aggregate of all labor hours worked, all labor hours worked by Section 3 workers, and all labor hours worked by Targeted Section 3 workers for all projects completed annually. This report will cover program year activities from January 1 to December 30. For projects that do not meet the Section 3 accomplishments, DCEO must report the qualitative efforts under Safe Harbor Compliance. This data will be collected using the Contractor's Report and the Safe Harbor Compliance forms, if applicable, submitted at the time of closeout.

## **STEPS FOR COMPLYING**

1. Include Section 3 language in all advertisements for RFQ/RFP and bid documents.
2. Check HUD registry for Section 3 businesses located in the county in which the project is taking place: <https://portalapps.hud.gov/Sec3BusReg/BRegistry/What>. Check Illinois' Disadvantaged Business Registry as part of the Business Enterprise Program (BEP) ([State of IL Central Management Services \(CMS\) \(diversitycompliance.com\)](#)) for potential bidders within the service area and share CDBG bid opportunities with those businesses. Keep documentation of any correspondence with Section 3 businesses.
3. Submit employment opportunities to Illinois WorkNet agencies and HUD's Opportunity Portal; Check Opportunity Portal for Section 3 Workers when filling open employment opportunities.
4. Include the "Contractors Requirements" and "Intent to Comply with Section 3 Requirements" forms with all procurement documents. "Intent to Comply with Section 3 Requirements" form must be signed by bidders and returned with bid documents.
5. If a Section 3 business submits a bid for an opportunity associated with the CDBG project, the Grantee must give priority to the greatest extent feasible. Refer to Priority Considerations for Contracting in this Plan for the order of priority that Section 3 businesses should be given.
6. Describe Section 3 requirements at pre-bid meeting and the pre-construction conference. Document through notes, official meeting minutes, etc. that this discussion took place and provide all required materials to the contractor/s.
7. Include Section 3 language with ALL contracts and subcontracts associated with the CDBG contract.
8. At the time the Grantee and contractor enter an agreement, identify if any employment/training opportunities will result from the CDBG funded project.
  - a) Post signs advertising employment, training, or subcontracting opportunities that will be available as a result of the Section 3 projects and activities in conspicuous places at the work site where potential applicants can review them.
  - b) Send notice of the opportunities to the Illinois WorkNet local job center, and HUD's opportunity portal. Use Section 3 Employment Notice provided in this Plan. See Additional efforts that may be taken to reach Section 3 workers.
  - c) Inform contractors/subcontractors of hiring and training preferences to be given to Section 3 workers and order of priority as described in this Plan.
  - d) Provide "Section 3 Contractor's Report," "Section 3 Business Certification," and "Section 3 Worker Certification" to contractor/subcontractors to document Section 3 Businesses and Workers.
  - e) Use submitted Section 3 Worker Certification forms to identify which workers are Section 3 workers and Targeted Section 3 workers. All hours worked, the hours worked by Section 3 workers and Targeted Section 3 workers must be reported to DCEO.
9. Collect Section 3 data on a per project basis from every contractor and subcontractor using the "Section 3 Contractor's Report."
10. Maintain documentation of qualitative efforts by the Grantee and contractors and subcontractors to engage Section 3 workers in employment and training opportunities and to contract with Section 3 Business Concerns for reporting of Safe Harbor Compliance when the Section 3 Goals/Benchmarks are not met.
11. Keep documentation of all Worker, Employer and Business Certifications, as well as outreach efforts to Section 3 Businesses and Section 3 Workers, on file for project monitoring.
12. Submit Section 3 Contractor's Report and Safe Harbor Compliance form to DCEO at the time of project closeout (not including leverage funded activities).

## Section 3 Clause

*All Section 3 covered contracts shall include the following clause (referred to as the Section 3 Clause):*

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3), contributes to the establishment of stronger, more sustainable communities by ensuring that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs are, to the greatest extent feasible, directed toward low- and very low-income persons, particularly those who receive Federal financial assistance for housing and those residing in communities where the financial assistance is expended.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 75, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 75 regulations.
- C. The contractor agrees to send to each labor organization or representative or workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The Contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 75. The Contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 75.
- E. The Contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the Contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 75.
- F. Noncompliance with HUD's regulations in 24 CFR part 75 may result in sanctions, termination of this Contract for default, and debarment or suspension from future HUD assisted contracts.

## **CONTRACTOR'S REQUIREMENTS**

- The Prime Contractor must submit the "Intent to Comply with Section 3" form with the bid packet. Failure to do so shall result in the bid being incomplete.
- The Prime Contractor must notify all sub-contractors of their responsibilities under Section 3
- The Prime Contractor must provide a permanent workforce breakdown of all current employees and identify those Section 3 workers that were hired within the last five years.
- The Prime Contractor must provide an estimated breakdown of potential hires for the awarded project and timeline of anticipated hiring
- The Prime Contractor must refrain from contracting with sub-contractors as to whom they have received notice or have knowledge that the sub-contractors have been found in violation of the regulations in 24 CFR 75.
- Maintain records that document a good faith effort to utilize Section 3 workers and Target Section 3 workers as trainees and employees and any other qualitative efforts to comply with Section 3. (Requirement applies to both contractors and sub-contractors.)

Recordkeeping requirements for recipients are found at 24 CFR § 75.31. The contractor is required to maintain documentation to demonstrate compliance with the regulations and is responsible for requiring their subcontractors to maintain or provide any documentation that will assist recipients in demonstrating compliance, including documentation that shows hours worked by Section 3 workers and Targeted Section 3 workers.

CDBG Grant # \_\_\_\_\_

Grantee Name \_\_\_\_\_

## INTENT TO COMPLY WITH SECTION 3 REQUIREMENTS

*(To be provided with procurement documents and returned with all submitted bids)*

Section 3 of the Housing and Urban Development Act of 1968 [12 U.S.C. 1701u and 24 CFR Part 75] is HUD's legislative directive for ensuring that economic opportunities resulting from HUD financial assistance, including employment, job training, and contracting are, to the greatest extent feasible, directed to low- and very low-income persons. The regulations seek to ensure that public housing residents and low- and very low- income persons, and the businesses that employ these individuals, are notified about the expenditure of HUD funds in their community and encouraged to seek opportunities, if created.

A Section 3 Worker is defined as any worker who currently fits or when hired within the past five years fit at least one of the following categories, as documented:

1. The worker's income for the previous or annualized calendar year is below the applicable income limit established by HUD;
2. The worker is employed by a Section 3 Business Concern; or
3. The worker is a YouthBuild participant.

A Targeted Section 3 Worker is defined as a Section 3 worker who fits one of the following categories:

1. a worker employed by a Section 3 business concern; or
2. a worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years:
  - a. Living within one mile of the project, or if fewer than 5,000 people live within one mile of the project, within a circle centered on the project that is sufficient to encompass a population of 5,000 people; or
  - b. a YouthBuild participant

A Section 3 Business Concern is defined as a business in which:

1. At least 51% owned by low- or very low-income persons;
2. Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
3. At least 51% owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing

**Note:** If your business meets the definition of a Section 3 business, you are encouraged to register as a Section 3 Business through HUD's Business

Registry here: <https://portalapps.hud.gov/Sec3BusReg/BRegistry/RegisterBusiness>

Businesses who self-certify that they meet one of the regulatory definitions of a Section 3 Business Concern will be included in a searchable online database. The database can be used by agencies that receive HUD funds, developers, contractors, and others to facilitate the award of covered construction and non-construction contracts to Section 3 Business Concerns.

**Please complete the following:**

1. If awarded a contract for this CDBG funded project, do you anticipate being able to determine employees' hourly wages and addresses?

Yes  No

If yes, please estimate the number of hours to be completed on the project by all workers:

\_\_\_\_\_

2. Is your business a Section 3 Business? Yes  No

3. Is the bidder willing to consider hiring Section 3 Workers for future employment opportunities that are a direct result of this CDBG funded project?

Yes  No

4. Is the bidder willing to consider subcontracting with Section 3 Businesses for this project?

Yes  No

5. Is the bidder willing to provide information on hours worked by Section 3 Workers and Targeted Section 3 Workers on this project?

Yes  No

I understand that this contracting opportunity is subject to HUD Section 3 requirements (24 CFR Part 75). I have read and understand the Section 3 requirements as generally described above and presented in the Section 3 contract language included in the procurement documents for this project. If awarded a contract, the business commits to following Section 3 requirements, as they apply to this project. If awarded a contract for this project, the business agrees to provide reports to (Community) \_\_\_\_\_ on Section 3 efforts and accomplishments.

\_\_\_\_\_  
Name of Contractor/Subcontractor

\_\_\_\_\_  
Address

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**CERTIFICATION OF BIDDER  
REGARDING SECTION 3  
AND SEGREGATED FACILITIES**

Note to Grant Administrators: Must be contained in all construction contracts, including subcontracts.

\_\_\_\_\_  
Name of Proposed Contractor

\_\_\_\_\_  
Project Name & Number

The undersigned hereby certifies that:

- a. Section 3 provisions are included in the Contract.
- b. An "Intent to Comply with Section 3" was certified and submitted as part of the bid proceedings
- c. No segregated facilities will be maintained.

Signer Name \_\_\_\_\_

Title \_\_\_\_\_

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE



## CONTRACTOR PERMANENT WORKFORCE FORM

This form is used to determine the Section 3 Workers already employed by the bidding contractor. Section 3 Worker Certification is needed for all employees working on site.

Employee Name	Job Title	Certified Section 3 Worker		Monthly Salary	Salary Below 80% of Median	
		YES	NO		YES	NO

I certify the above employees are permanent employees of \_\_\_\_\_. I certify the above employees are on our regular monthly payroll and have their W-2 tax forms for our records. These records will be available to the city/county for the above referenced project for verification purposes. I understand that falsifying information is perjury and subject to legal ramifications.

\_\_\_\_\_  
Signature \_\_\_\_\_  
Date Signed

Printed Name \_\_\_\_\_ Title \_\_\_\_\_

Company Name \_\_\_\_\_

## SECTION 3 WORKER CERTIFICATION

A Section 3 Worker seeking the preference in training and employment shall certify eligibility (as defined in Section 75.5) by residency and household income. Please certify below and submit documentation, if available and applicable, to the recipient contractor or subcontractor.

I (Name) \_\_\_\_\_, am a legal resident of (Community) \_\_\_\_\_

My permanent address is: \_\_\_\_\_

**Household Income Guidelines:**

Place a check mark beside the number of people in your (the worker's) household.

Place Check	Household/ Family Size	Income Limit
	1	
	2	
	3	
	4	
	5	
	6	
	7	
	8	

Income limits can be found at <https://www.huduser.gov/portal/datasets/il.html>

- My income for the previous year was below the amount next to the household/family size I checked on the table above.
- I am employed by a Section 3 business concern.
- I am a Youthbuild participant.
- I live within 1 mile of the project site for this federally funded project OR I have been informed I live within an allowed project service area.
- None of the above apply to me.

I affirm that the information contained in this report, including the above statements, are true, complete, and correct to the best of my knowledge and belief. Any false statements made knowingly and willfully may subject the signer to penalties under Section 1010 of Title 18 of the United States Code.

\_\_\_\_\_  
Worker's Signature

\_\_\_\_\_  
Date Signed

### Section 3 Business Concern Certification Form

To Self-certify as a Section 3 Business your company/firm per 24 CFR 75, must meet one of the listed categories below. You must provide that supporting documentation with this form to be properly and completely confirmed as a Section 3 business.

Section 3 Business Category	Required Documentation	Mark an "X" on Your Election
It is at least 51 percent owned by low- or very low-income persons;	Proof of ownership showing all owners and their percentages and a completed Section 3 Self-Certification form for all low- and very low-income owners	<input type="checkbox"/>
Over 75 percent of the labor hours performed for the business are performed by low- or very low- income persons; or	Provide the last 90 days full payrolls for the entire company, make a list of the names from the payrolls of the Section 3 workers, and provide a completed Section 3 Individual Self- Certification for all low- and very low-income workers you list	<input type="checkbox"/>
It is a business at least 51 percent owned by current public housing residents or residents who currently live in Section 8-assisted housing.	Proof of ownership showing all owners and their percentages and a Section 3 Worker Self Certification form for all public housing and/or Section 8 owners	<input type="checkbox"/>

I hereby certify to the US Department of Housing and Urban Development (HUD) that all of the information on this form is true and correct. I attest under penalty of perjury that my business meets the elected definition and understand proof of this information may be requested. If found to be inaccurate, I understand that I may be disqualified as a certified Section 3 business.

Signature \_\_\_\_\_ Date Signed \_\_\_\_\_

Printed Name \_\_\_\_\_ Title \_\_\_\_\_

Company Name \_\_\_\_\_

Address \_\_\_\_\_ Telephone \_\_\_\_\_

### SECTION 3 BUSINESS OWNER CERTIFICATION

A business owner seeking Section 3 Business Certification shall certify and submit this form in conjunction with the Section 3 Business Concern Self-Certification form.

Owner Name \_\_\_\_\_

Percent Ownership of Business: \_\_\_\_\_

**Household Income Guidelines:**

Place a check mark beside the number of people in your (the owner’s) household.

Place Check	Household/ Family Size	Income Limit
<input type="checkbox"/>	1	
<input type="checkbox"/>	2	
<input type="checkbox"/>	3	
<input type="checkbox"/>	4	
<input type="checkbox"/>	5	
<input type="checkbox"/>	6	
<input type="checkbox"/>	7	
<input type="checkbox"/>	8	

Income limits can be found at <https://www.huduser.gov/portal/datasets/il.html>

- My income for the previous year was below the amount next to the household/family size I checked on the table above.
- I currently reside in public housing or Section 8 assisted housing.

I hereby certify that the information provided by me to be true and correct and understand any falsification of any of the information could subject me to disqualification from participation.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date Signed

## **Section 3 Compliance Targeted Section 3 And Section 3 Worker Tracking Form**

Section 3 established benchmark goals for:

- (a) 25% of total labor hours worked by Section 3 workers, and
- (b) 5% of total labor hours worked by Targeted Section 3 workers.

**See Section\_3\_Compliance.xls**

Grantees must use the Section 3 Compliance Form to track the labor hours of the workers across all contracts and subcontracts involved in the Section 3 project. This spreadsheet will keep a running total of the labor hours, Section 3 hours, and the Targeted Section 3 hours worked. The Section 3 benchmark percentages are automatically calculated and adjusted when labor hours are added, to allow the Grantee to always know where it stands with benchmark compliance.

The Workbook must be completed in its entirety for each contractor and subcontractor. The Prime shall submit all worksheets to the grant administrator weekly. The grant administrator is responsible for maintaining an accumulative workbook for the entire project to be submitted to DCEO at the end of the project.

Monitoring will be conducted to verify the grant records to document how Section 3 requirements are being met, that the appropriate documentation, forms, and certifications are maintained in the file, and to check the status of meeting the benchmarks.

If the benchmarks are not met, reporting is still required. See Safe Harbor Compliance Form.

## FINAL SECTION 3 UTILIZATION REPORT

(To be Completed by contractors and subs for all Projects at or exceeding \$200,000)

### A. SECTION 3 EMPLOYEE LABOR INFORMATION

<b>Name of CDBG Grantee:</b>		<b>CDBG Grant Number:</b>	
<b>Wage Decision Number:</b>			

Total Number of Labor Hours on Project	
Total Labor Hours:	
All Section 3 Worker Labor Hours:	
Targeted Section 3 Worker Labor Hours only:	

Labor Hour Percentage Results	%
*Section 3 Worker Benchmark = 25%	
*Targeted Section 3 Worker Benchmark = 5%	
Section 3 Worker Percentage:	00.00%
Targeted Section 3 Worker Percentage:	0.00%

<b>Name of Contractor/Sub Contractor:</b>			
<b>Mailing Address:</b>			
<b>Telephone Number:</b>		<b>Email Address:</b>	

### B. CERTIFICATION

**On behalf of the Company, I hereby certify that the above information is true and accurate and is reported fully as required by the Section 3 Affirmative Action Plan as part of the contract for this CDBG assisted construction project.**

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date Signed

CDBG Grant # \_\_\_\_\_

Grantee Name \_\_\_\_\_

### Safe Harbor Compliance Form

Per 24 CFR Part 75, If the recipient's reporting under paragraph (a) of this section indicates that the recipient has not met the Section 3 benchmarks described in § 75.23, the recipient must report in a form prescribed by HUD on the qualitative nature of its activities and those its contractors and subcontractors pursued. Such qualitative efforts may, for example, include but are not limited to the following:

- Engaged in outreach efforts to generate job applicants who are Targeted Section 3 workers.
- Provided training or apprenticeship opportunities.
- Provided technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching).
- Provided or connected Section 3 workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.
- Held one or more job fairs.
- Provided or referred Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, childcare).
- Provided assistance to apply for/ or attend community college, a four-year educational institution, or vocational/technical training.
- Assisted Section 3 workers to obtain financial literacy training and/or coaching.
- Engaged in outreach efforts to identify and secure bids from Section 3 business concerns.
- Provided technical assistance to help Section 3 business concerns understand and bid on contracts.
- Divided contracts into smaller jobs to facilitate participation by Section 3 business concerns.
- Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.
- Promoted use of business registries designed to create opportunities for disadvantaged and small businesses.
- Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.
- Other: \_\_\_\_\_

Signature \_\_\_\_\_ Date Signed \_\_\_\_\_

Printed Name \_\_\_\_\_ Title \_\_\_\_\_

Company Name \_\_\_\_\_

### Section 3

## NOTICE TO CITIZENS IN THE CITY/COUNTY OF \_\_\_\_\_

### OPPORTUNITY FOR WORK

The \_\_\_\_\_ (Grantee Name) has received a \$\_\_\_\_\_ Community Development Block Grant from the Illinois Department of Commerce and Economic Opportunity to \_\_\_\_\_  
\_\_\_\_\_ (description of project) in the City/County of \_\_\_\_\_  
(project location).

This grant will provide the \_\_\_\_\_ (Grantee Name) the opportunity to search for eligible local citizens interested in participating in the project. Section 3 of the Housing and Urban Development Act of 1968, as amended through 1994, provides that to the greatest extent feasible, preference for economic opportunities will be given to citizens in \_\_\_\_\_ (project location) who are determined to be low- and very low-income individuals. A low- and very low-income individual can be calculated by documenting household income of less than 80 percent of the county median income. Opportunities such as job training and employment that arise through this Community Development Block Grant project will be directed toward City/County residents. A Section 3 business concern can be eligible for a Section 3 contract as awarded in connection with CDBG projects if they meet at least one of the following criteria, documented within the last six-month period:

- It is at least 51 percent owned and controlled by low- or very low-income persons;
- Over seventy-five (75) percent of the labor hours performed by the business are performed by low- or very low-income persons; or
- It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

Section 3 requirements apply to the Community as a grantee, if the project activity is more than \$200,000 in funding from housing and community development financial assistance programs.

If you wish to determine if you qualify or have an interest in serving as a subcontractor for this project, please contact \_\_\_\_\_,

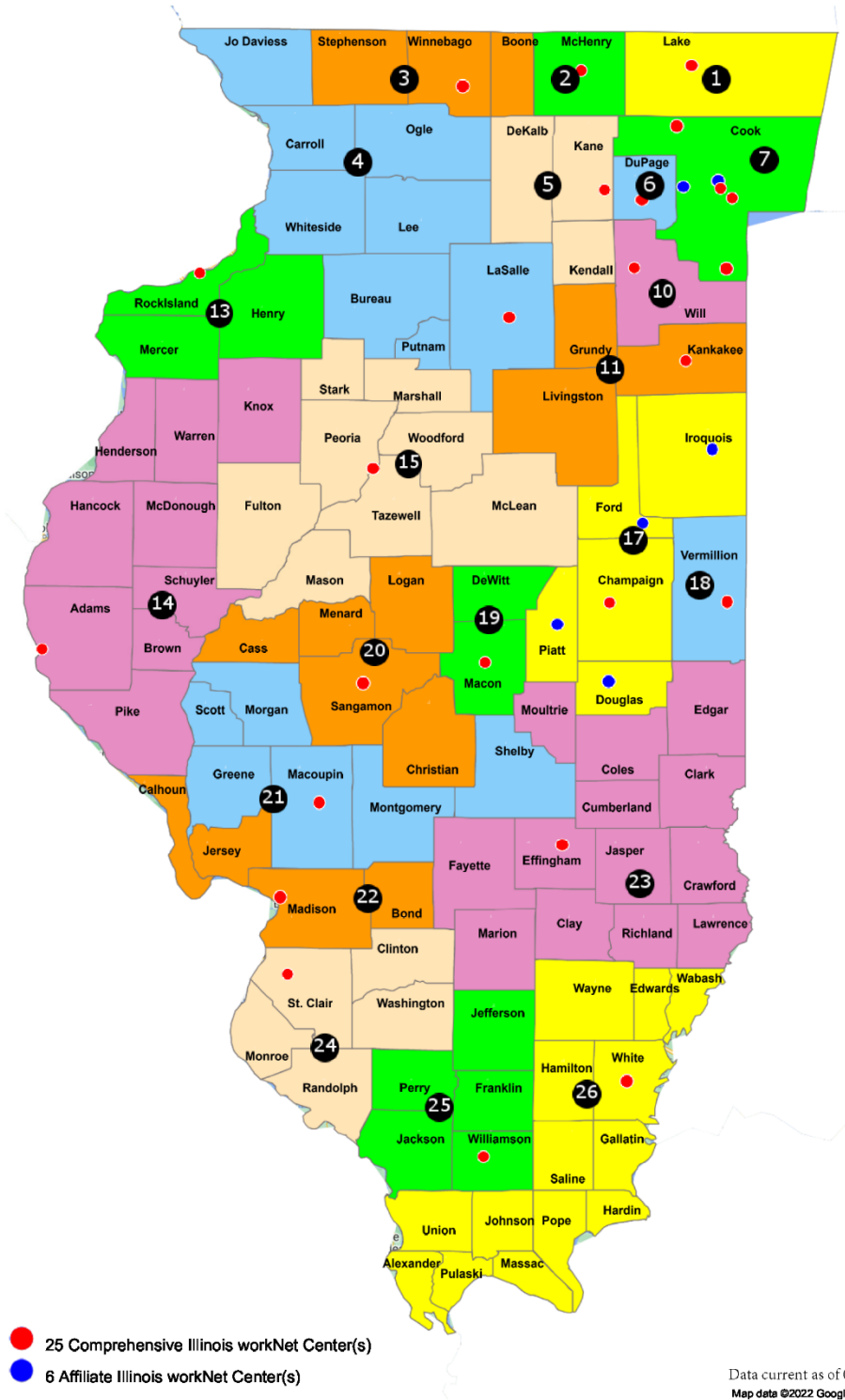
\_\_\_\_\_.

If you are interested in job training or other employment resources, please contact:

Office of Employment & Training  
Illinois Department of Commerce and Economic Opportunity  
217.785.6006  
[workforce@illinois.gov](mailto:workforce@illinois.gov)  
<https://www.illinoisworknet.com/>



### Illinois workNet Center Map



### Illinois Regional Workforce Centers

LWIA	Name	Address	City	State	ZIPCode	Phone
1	Job Center of Lake County - Waukegan	1 North Genesee	Waukegan	IL	60085	847-377-3450
2	McHenry County Workforce Center	500 Russel Court	Woodstock	IL	60098	815-338-7100 ext. 2771
3	The Workforce Connection - Rockford	303 North Main Street	Rockford	IL	61101	815-847-7574
4	NCI Works! One Stop Center - Ottawa	1550 First Avenue	Ottawa	IL	61350	815-640-9406
5	workNet Batavia	143 First Street	Batavia	IL	60510	630-762-2120
6	workNet DuPage Career Center	2525 Cabot Dr, Suite 302	Lisle	IL	60532	630-955-2030
7	Near West American Job Center	1700 W. 18th	Chicago	IL	60608	855-994-8300
7	North Suburban Cook County American Job Center	1400 South Wolf Road	Wheeling	IL	60090	847-484-8187
7	South Suburban American Job Center @ Prairie State	202 South Halsted St	Chicago Heights	IL	60411	708-709-7975
7	Mid-South American Job Center	4314 S. Cottage Grove Ave	Chicago	IL	60653	773-538-5627
10	Workforce Center of Will County	2400 Glenwood Avenue	Joliet	IL	60435	815-727-4444
11	Kankakee Workforce Services	450 N. Kinzie	Bradley	IL	60915	815-802-8960
13	American Job Center - Rock Island	500 42nd Street	Rock Island	IL	61201	309-788-7587
14	Quincy Workforce Center	107 N. 3rd	Quincy	IL	62301	217-221-6241
15	Career Link - Peoria	406 Elm Street	Peoria	IL	61605	309-321-0260
17	Illinois workNet Center-Champaign	1307 North Mattis Ave	Champaign	IL	61821	217-531-8282
18	Vermilion County American Job Center	407 North Franklin	Danville	IL	61832	217-442-0296 ext. 101
19	Illinois workNet Center - Decatur	757 West Pershing Road	Decatur	IL	62526	217-875-8751
20	Illinois workNet Center - Springfield	1300 South Ninth Street	Springfield	IL	62703	217-524-5996
21	The Job Center-Carlinville	116 South Plum Street	Carlinville	IL	62626	217-854-9642
22	Southwestern Illinois workNet Center- Wood River	101 East Edwardsville Rd	Wood River	IL	62095	618-296-4301
23	Illinois workNet Center - Effingham	2311 Hoffman Dr.	Effingham	IL	62401	217-342-4382
24	Illinois workNet Center - American Job Center - Belleville	7650 Magna Drive Ste 120	Belleville	IL	62223	618-277-3090
25	Man-Tra-Con Corporation	3117 Civic Circle Blvd	Marion	IL	62959	618-998-0970
26	Illinois workNet Center - SIC-Carmi	1700 College Ave	Carmi	IL	62821	618-252-6020 ext. 1

## Examples of Efforts to Award Contracts to Section 3 Businesses

1. Advertising contracting opportunities by posting notices, which provide general information about the work to be contracted and where to obtain additional information, in the common areas or other prominent areas of the housing development or developments owned and managed by the Housing Authority.
2. Utilizing the HUD Opportunity Portal to identify Section 3 Businesses in the project's service area and providing written notice of the contracting opportunity or sending invitations to bid directly to those businesses. Checking Illinois' Disadvantaged Business Registry as part of the Business Enterprise Program (BEP) ([State of IL Central Management Services \(CMS\)](https://www.cms.state.il.us/) ([diversitycompliance.com](https://diversitycompliance.com)). Please note that CMS does not track or certify for Section 3. However, the businesses listed may be interested in becoming a Section 3 Business Concern.
3. Following up with Section 3 business concerns that have expressed interest in the contracting opportunities by contacting them to provide additional information on the contracting opportunities.
4. Providing technical assistance to help Section 3 business concerns understand and bid on contracts.
5. Advising Section 3 business concerns as to where they may seek assistance to overcome limitations such as inability to obtain bonding, lines of credit, financing, or insurance.
6. Where appropriate, breaking out contract work items into economically feasible units to facilitate participation by Section 3 business concerns.
7. Contacting agencies administering HUD YouthBuild programs, and notifying these agencies of the contracting opportunities.
8. Encouraging financial institutions, in carrying out their responsibilities under the Community Reinvestment Act, to provide no or low interest loans for providing working capital and other financial business needs.

## **Examples of Outreach Efforts to Offer Contracting, Training and Employment Opportunities to Section 3 Workers**

1. Advertising the jobs to be filled through the local media, such as community television networks, newspapers of general circulation, and radio advertising.
2. Advertising the training and employment positions by distributing flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) to public housing units and common areas of all developments within the project's service area. Consult the CDBG Management Guide to determine the project's service area.
3. Utilizing HUD Opportunity Portal and Section 3 Business Registry to post employment opportunities, or to find Section 3 Businesses and/or Workers in the project's service area
4. Referring Section 3 workers to ILWorkNet job centers or other providers that offer resume building, interview preparation, job search and placement, financial literacy or other job readiness services.
5. Referring Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, childcare).
6. Conducting job interviews at the housing development or developments where Section 3 workers reside, or at a location within the neighborhood or service area of the Section 3 project.
7. Contacting agencies administering HUD Youthbuild programs and requesting their assistance in recruiting HUD Youthbuild program participants for any training and employment opportunities.
8. Holding one or more job fairs.
9. Providing assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.

3051 (42 U.S.C. 14043e *et seq.*); E.O. 13279, 67 FR 77141, 3 CFR, 2002 Comp., p. 258; and E.O. 13559, 75 FR 71319, 3 CFR 2010 Comp., p. 273.

#### § 5.105 [Amended]

■ 2. Amend § 5.105(a) by removing “; section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135.”

### PART 14—IMPLEMENTATION OF THE EQUAL ACCESS TO JUSTICE ACT IN ADMINISTRATIVE PROCEEDINGS

■ 3. The authority for part 14 continues to read as follows:

**Authority:** 5 U.S.C. 504(c)(1); 42 U.S.C. 3535(d).

#### § 14.115 [Amended]

■ 4. Amend § 14.115 by removing and reserving paragraph (a)(5).

■ 5. Add part 75 to read as follows:

### PART 75—ECONOMIC OPPORTUNITIES FOR LOW- AND VERY LOW-INCOME PERSONS

#### Subpart A—General Provisions

Sec.

75.1 Purpose.

75.3 Applicability.

75.5 Definitions.

75.7 Requirements applicable to HUD NOFAs for Section 3 covered programs.

#### Subpart B—Additional Provisions for Public Housing Financial Assistance

75.9 Requirements.

75.11 Targeted Section 3 worker for public housing financial assistance.

75.13 Section 3 safe harbor.

75.15 Reporting.

75.17 Contract provisions.

#### Subpart C—Additional Provisions for Housing and Community Development Financial Assistance

75.19 Requirements.

75.21 Targeted Section 3 worker for housing and community development financial assistance.

75.23 Section 3 safe harbor.

75.25 Reporting.

75.27 Contract provisions.

#### Subpart D—Provisions for Multiple Funding Sources, Recordkeeping and Compliance

75.29 Multiple funding sources.

75.31 Recordkeeping.

75.33 Compliance.

**Authority:** 12 U.S.C. 1701u; 42 U.S.C. 3535(d).

#### Subpart A—General Provisions

##### § 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.

##### § 75.3 Applicability.

(a) *General applicability.* Section 3 applies to public housing financial assistance and Section 3 projects, as follows:

(1) *Public housing financial assistance.* Public housing financial assistance means:

(i) Development assistance provided pursuant to section 5 of the United States Housing Act of 1937 (the 1937 Act);

(ii) Operations and management assistance provided pursuant to section 9(e) of the 1937 Act;

(iii) Development, modernization, and management assistance provided pursuant to section 9(d) of the 1937 Act; and

(iv) The entirety of a mixed-finance development project as described in 24 CFR 905.604, regardless of whether the project is fully or partially assisted with public housing financial assistance as defined in paragraphs (a)(1)(i) through (iii) of this section.

(2) *Section 3 projects.* (i) Section 3 projects means 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 to the project exceeds a threshold of \$200,000. The threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z-1 or 1701z-2), the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4801 *et seq.*); and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 *et seq.*). The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.

(ii) The Secretary must update the thresholds provided in paragraph (a)(2)(i) of this section not less than once every 5 years based on a national construction cost inflation factor through **Federal Register** notice not subject to public comment. When the Secretary finds it is warranted to ensure

compliance with Section 3, the Secretary may adjust, regardless of the national construction cost factor, such thresholds through **Federal Register** notice, subject to public comment.

(iii) The requirements in this part apply to an entire Section 3 project, regardless of whether the project is fully or partially assisted under HUD programs that provide housing and community development financial assistance.

(b) *Contracts for materials.* Section 3 requirements do not apply to material supply contracts.

(c) *Indian and Tribal preferences.*

Contracts, subcontracts, grants, or subgrants subject to Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5307(b)) or subject to tribal preference requirements as authorized under 101(k) of the Native American Housing Assistance and Self-Determination Act (25 U.S.C. 4111(k)) must provide preferences in employment, training, and business opportunities to Indians and Indian organizations, and are therefore not subject to the requirements of this part.

(d) *Other HUD assistance and other Federal assistance.* Recipients that are not subject to Section 3 are encouraged to consider ways to support the purpose of Section 3.

##### § 75.5 Definitions.

The terms *HUD*, *Public housing*, and *Public Housing Agency (PHA)* are defined in 24 CFR part 5. The following definitions also apply to this part:

*1937 Act* means the United States Housing Act of 1937, 42 U.S.C. 1437 *et seq.*

*Contractor* means any entity entering into a contract with:

(1) A recipient to perform work in connection with the expenditure of public housing financial assistance or for work in connection with a Section 3 project; or

(2) A subrecipient for work in connection with a Section 3 project.

*Labor hours* means the number of paid hours worked by persons on a Section 3 project or by persons employed with funds that include public housing financial assistance.

*Low-income person* means a person as defined in Section 3(b)(2) of the 1937 Act.

*Material supply contracts* means contracts for the purchase of products and materials, including, but not limited to, lumber, drywall, wiring, concrete, pipes, toilets, sinks, carpets, and office supplies.

*Professional services* means non-construction services that require an

advanced degree or professional licensing, including, but not limited to, contracts for legal services, financial consulting, accounting services, environmental assessment, architectural services, and civil engineering services.

*Public housing financial assistance* means assistance as defined in § 75.3(a)(1).

*Public housing project* is defined in 24 CFR 905.108.

*Recipient* means 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.

*Section 3* means Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u).

*Section 3 business concern* means:

(1) A business concern meeting at least one of the following criteria, documented within the last six-month period:

(i) It is at least 51 percent owned and controlled by low- or very low-income persons;

(ii) Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or

(iii) It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

(2) The status of a Section 3 business concern shall not be negatively affected by a prior arrest or conviction of its owner(s) or employees.

(3) Nothing in this part shall be construed to require the contracting or subcontracting of a Section 3 business concern. Section 3 business concerns are not exempt from meeting the specifications of the contract.

*Section 3 project* means a project defined in § 75.3(a)(2).

*Section 3 worker* means:

(1) Any worker who currently fits or when hired within the past five years fit at least one of the following categories, as documented:

(i) The worker's income for the previous or annualized calendar year is below the income limit established by HUD.

(ii) The worker is employed by a Section 3 business concern.

(iii) The worker is a YouthBuild participant.

(2) The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction.

(3) Nothing in this part shall be construed to require the employment of

someone who meets this definition of a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of the position to be filled.

*Section 8-assisted housing* refers to housing receiving project-based rental assistance or tenant-based assistance under Section 8 of the 1937 Act.

*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.

*Small PHA* means a public housing authority that manages or operates fewer than 250 public housing units.

*Subcontractor* means any entity that has a contract with a contractor to undertake a portion of the contractor's obligation to perform work in connection with the expenditure of public housing financial assistance or for a Section 3 project.

*Subrecipient* has the meaning provided in the applicable program regulations or in 2 CFR 200.93.

*Targeted Section 3 worker* has the meanings provided in §§ 75.11, 75.21, or 75.29, and does not exclude an individual that has a prior arrest or conviction.

*Very low-income person* means the definition for this term set forth in section 3(b)(2) of the 1937 Act.

*YouthBuild programs* refers to YouthBuild programs receiving assistance under the Workforce Innovation and Opportunity Act (29 U.S.C. 3226).

#### **§ 75.7 Requirements applicable to HUD NOFAs for Section 3 covered programs.**

All notices of funding availability (NOFAs) issued by HUD that announce the availability of funding covered by § 75.3 will include notice that this part is applicable to the funding and may include, as appropriate for the specific NOFA, points or bonus points for the quality of Section 3 plans.

#### **Subpart B—Additional Provisions for Public Housing Financial Assistance**

##### **§ 75.9 Requirements.**

(a) *Employment and training.* (1) Consistent with existing Federal, state, and local laws and regulations, PHAs or other recipients receiving public housing financial assistance, and their contractors and subcontractors, must make their best efforts to provide employment and training opportunities generated by the public housing

financial assistance to Section 3 workers.

(2) PHAs or other recipients, and their contractors and subcontractors, must make their best efforts described in paragraph (a)(1) of this section in the following order of priority:

(i) To residents of the public housing projects for which the public housing financial assistance is expended;

(ii) To residents of other public housing projects managed by the PHA that is providing the assistance or for residents of Section 8-assisted housing managed by the PHA;

(iii) To participants in YouthBuild programs; and

(iv) To low- and very low-income persons residing within the metropolitan area (or nonmetropolitan county) in which the assistance is expended.

(b) *Contracting.* (1) Consistent with existing Federal, state, and local laws and regulations, PHAs and other recipients of public housing financial assistance, and their contractors and subcontractors, must make their best efforts to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 workers.

(2) PHAs and other recipients, and their contractors and subcontractors, must make their best efforts described in paragraph (b)(1) of this section in the following order of priority:

(i) To Section 3 business concerns that provide economic opportunities for residents of the public housing projects for which the assistance is provided;

(ii) To Section 3 business concerns that provide economic opportunities for residents of other public housing projects or Section-8 assisted housing managed by the PHA that is providing the assistance;

(iii) To YouthBuild programs; and

(iv) To Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which the assistance is provided.

##### **§ 75.11 Targeted Section 3 worker for public housing financial assistance.**

(a) *Targeted Section 3 worker.* A Targeted Section 3 worker for public housing financial assistance means a Section 3 worker who is:

(1) A worker employed by a Section 3 business concern; or

(2) A worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years:

(i) A resident of public housing or Section 8-assisted housing;

(ii) A resident of other public housing projects or Section 8-assisted housing managed by the PHA that is providing the assistance; or

(iii) A YouthBuild participant.

(b) [Reserved]

#### § 75.13 Section 3 safe harbor.

(a) *General.* PHAs and other 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 § 75.9; and

(2) Meet or exceed the applicable Section 3 benchmarks as described in paragraph (b) of this section.

(b) *Establishing benchmarks.* (1) HUD will establish Section 3 benchmarks for Section 3 workers or Targeted Section 3 workers or both through a document published in the **Federal Register**. HUD may establish a single nationwide benchmark for Section 3 workers and a single nationwide benchmark for Targeted Section 3 workers, or may establish multiple benchmarks based on geography, the type of public housing financial assistance, or other variables. HUD will update the benchmarks through a document published in the **Federal Register**, subject to public comment, not less frequently than once every 3 years. Such notice shall include aggregate data on labor hours and the proportion of PHAs and other recipients meeting benchmarks, as well as other metrics reported pursuant to § 75.15 as deemed appropriate by HUD, for the 3 most recent reporting years.

(2) In establishing the Section 3 benchmarks, HUD may consider the industry averages for labor hours worked by specific categories of workers or in different localities or regions; averages for labor hours worked by Section 3 workers and Targeted Section 3 workers as reported by recipients pursuant to this section; and any other factors HUD deems important. In establishing the Section 3 benchmarks, HUD will exclude professional services from the total number of labor hours as such hours are excluded from the total number of labor hours to be reported per § 75.15(a)(4).

(3) Section 3 benchmarks will consist of the following two ratios:

(i) The number of labor hours worked by Section 3 workers divided by the total number of labor hours worked by all workers funded by public housing financial assistance in the PHA's or other recipient's fiscal year.

(ii) The number of labor hours worked by Targeted Section 3 workers, as defined in § 75.11(a), divided by the total number of labor hours worked by

all workers funded by public housing financial assistance in the PHA's or other recipient's fiscal year.

#### § 75.15 Reporting.

(a) *Reporting of labor hours.* (1) For public housing financial assistance, PHAs and other recipients must report in a manner prescribed by HUD:

(i) The total number of labor hours worked;

(ii) The total number of labor hours worked by Section 3 workers; and

(iii) The total number of labor hours worked by Targeted Section 3 workers.

(2) Section 3 workers' and Targeted Section 3 workers' labor hours may be counted for five years from when their status as a Section 3 worker or Targeted Section 3 worker is established pursuant to § 75.31.

(3) The labor hours reported under paragraph (a)(1) of this section must include the total number of labor hours worked with public housing financial assistance in the fiscal year of the PHA or other recipient, including labor hours worked by any contractors and subcontractors that the PHA or other recipient is required, or elects pursuant to paragraph (a)(4) of this section, to report.

(4) PHAs and other recipients reporting under this section, as well as contractors and subcontractors who report to PHAs and recipients, may report labor hours by Section 3 workers, under paragraph (a)(1)(ii) of this section, and labor hours by Targeted Section 3 workers, under paragraph (a)(1)(iii) of this section, from professional services without including labor hours from professional services in the total number of labor hours worked under paragraph (a)(1)(i) of this section. If a contract covers both professional services and other work and the PHA, other recipient, contractor, or subcontractor chooses not to report labor hours from professional services, the labor hours under the contract that are not from professional services must still be reported.

(5) PHAs and other recipients may report on the labor hours of the PHA, the recipient, a contractor, or a subcontractor based on the employer's good faith assessment of the labor hours of a full-time or part-time employee informed by the employer's existing salary or time and attendance based payroll systems, unless the project or activity is otherwise subject to requirements specifying time and attendance reporting.

(b) *Additional reporting if Section 3 benchmarks are not met.* If the PHA's or other recipient's reporting under paragraph (a) of this section indicates

that the PHA or other recipient has not met the Section 3 benchmarks described in § 75.13, the PHA or other recipient must report in a form prescribed by HUD on the qualitative nature of its Section 3 compliance activities and those of its contractors and subcontractors. Such qualitative efforts may, for example, include but are not limited to the following:

(1) Engaged in outreach efforts to generate job applicants who are Targeted Section 3 workers.

(2) Provided training or apprenticeship opportunities.

(3) Provided technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching).

(4) Provided or connected Section 3 workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.

(5) Held one or more job fairs.

(6) Provided or referred Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, child care).

(7) Provided assistance to apply for/attend community college, a four-year educational institution, or vocational/technical training.

(8) Assisted Section 3 workers to obtain financial literacy training and/or coaching.

(9) Engaged in outreach efforts to identify and secure bids from Section 3 business concerns.

(10) Provided technical assistance to help Section 3 business concerns understand and bid on contracts.

(11) Divided contracts into smaller jobs to facilitate participation by Section 3 business concerns.

(12) Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.

(13) Promoted use of business registries designed to create opportunities for disadvantaged and small businesses.

(14) Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.

(c) *Reporting frequency.* Unless otherwise provided, PHAs or other recipients must report annually to HUD under paragraph (a) of this section, and, where required, under paragraph (b) of this section, in a manner consistent with reporting requirements for the applicable HUD program.

(d) *Reporting by Small PHAs.* Small PHAs may elect not to report under

paragraph (a) of this section. Small PHAs that make such election are required to report on their qualitative efforts, as described in paragraph (b) of this section, in a manner consistent with reporting requirements for the applicable HUD program.

#### § 75.17 Contract provisions.

(a) PHAs or other recipients must include language in any agreement or contract to apply Section 3 to contractors.

(b) PHAs or other recipients must require contractors to include language in any contract or agreement to apply Section 3 to subcontractors.

(c) PHAs or other recipients must require all contractors and subcontractors to meet the requirements of § 75.9, regardless of whether Section 3 language is included in contracts.

### Subpart C—Additional Provisions for Housing and Community Development Financial Assistance

#### § 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 programs.

(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.

#### § 75.21 Targeted Section 3 worker for housing and community development financial assistance.

(a) *Targeted Section 3 worker.* A Targeted Section 3 worker for housing and community development financial assistance means a Section 3 worker who is:

(1) A worker employed by a Section 3 business concern; or

(2) A worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years:

(i) Living within the service area or the neighborhood of the project, as defined in § 75.5; or

(ii) A YouthBuild participant.

(b) [Reserved]

#### § 75.23 Section 3 safe harbor.

(a) *General.* 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 as described in paragraph (b) of this section.

(b) *Establishing benchmarks.* (1) HUD will establish Section 3 benchmarks for Section 3 workers or Targeted Section 3 workers or both through a document published in the **Federal Register**. HUD may establish a single nationwide benchmark for Section 3 workers and a single nationwide benchmark for Targeted Section 3 workers, or may establish multiple benchmarks based on geography, the nature of the Section 3 project, or other variables. HUD will update the benchmarks through a document published in the **Federal Register**, subject to public comment, not less frequently than once every 3 years. Such notice shall include aggregate data on labor hours and the proportion of recipients meeting benchmarks, as well as other metrics reported pursuant to § 75.25 as deemed appropriate by HUD, for the 3 most recent reporting years.

(2) In establishing the Section 3 benchmarks, HUD may consider the industry averages for labor hours worked by specific categories of workers or in different localities or regions; averages for labor hours worked by Section 3 workers and Targeted Section 3 workers as reported by recipients pursuant to this section; and any other factors HUD deems important. In establishing the Section 3 benchmarks, HUD will exclude professional services from the total number of labor hours as such hours are excluded from the total number of labor hours to be reported per § 75.25(a)(4).

(3) Section 3 benchmarks will consist of the following two ratios:

(i) The number of labor hours worked by Section 3 workers divided by the total number of labor hours worked by all workers on a Section 3 project in the recipient's program year.

(ii) The number of labor hours worked by Targeted Section 3 workers as defined in § 75.21(a), divided by the total number of labor hours worked by all workers on a Section 3 project in the recipient's program year.

#### § 75.25 Reporting.

(a) *Reporting of labor hours.* (1) For Section 3 projects, recipients must report in a manner prescribed by HUD:

(i) The total number of labor hours worked;

(ii) The total number of labor hours worked by Section 3 workers; and

(iii) The total number of labor hours worked by Targeted Section 3 workers.

(2) Section 3 workers' and Targeted Section 3 workers' labor hours may be counted for five years from when their status as a Section 3 worker or Targeted Section 3 worker is established pursuant to § 75.31.

(3) The labor hours reported under paragraph (a)(1) of this section must include the total number of labor hours worked on a Section 3 project, including labor hours worked by any subrecipients, contractors and subcontractors that the recipient is required, or elects pursuant to paragraph (a)(4) of this section, to report.

(4) Recipients reporting under this section, as well as subrecipients, contractors and subcontractors who report to recipients, may report labor hours by Section 3 workers, under paragraph (a)(1)(ii) of this section, and labor hours by Targeted Section 3 workers, under paragraph (a)(1)(iii) of this section, from professional services without including labor hours from professional services in the total number of labor hours worked under paragraph (a)(1)(i) of this section. If a contract covers both professional services and other work and the recipient or contractor or subcontractor chooses not to report labor hours from professional services, the labor hours under the contract that are not from professional services must still be reported.

(5) Recipients may report their own labor hours or that of a subrecipient, contractor, or subcontractor based on the employer's good faith assessment of the labor hours of a full-time or part-time employee informed by the employer's existing salary or time and attendance based payroll systems, unless the project or activity is



otherwise subject to requirements specifying time and attendance reporting.

(b) *Additional reporting if Section 3 benchmarks are not met.* If the recipient's reporting under paragraph (a) of this section indicates that the recipient has not met the Section 3 benchmarks described in § 75.23, the recipient must report in a form prescribed by HUD on the qualitative nature of its activities and those its contractors and subcontractors pursued. Such qualitative efforts may, for example, include but are not limited to the following:

- (1) Engaged in outreach efforts to generate job applicants who are Targeted Section 3 workers.
- (2) Provided training or apprenticeship opportunities.
- (3) Provided technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching).
- (4) Provided or connected Section 3 workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.
- (5) Held one or more job fairs.
- (6) Provided or referred Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, child care).
- (7) Provided assistance to apply for/attend community college, a four-year educational institution, or vocational/technical training.
- (8) Assisted Section 3 workers to obtain financial literacy training and/or coaching.
- (9) Engaged in outreach efforts to identify and secure bids from Section 3 business concerns.
- (10) Provided technical assistance to help Section 3 business concerns understand and bid on contracts.
- (11) Divided contracts into smaller jobs to facilitate participation by Section 3 business concerns.
- (12) Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.
- (13) Promoted use of business registries designed to create opportunities for disadvantaged and small businesses.
- (14) Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.

(c) *Reporting frequency.* Unless otherwise provided, recipients must report annually to HUD under paragraph (a) of this section, and, where

required, under paragraph (b) of this section, on all projects completed within the reporting year in a manner consistent with reporting requirements for the applicable HUD program.

#### § 75.27 Contract provisions.

(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.

#### Subpart D—Provisions for Multiple Funding Sources, Recordkeeping, and Compliance

##### § 75.29 Multiple funding sources.

(a) If a housing rehabilitation, housing construction or other public construction project is subject to Section 3 pursuant to § 75.3(a)(1) and (2), the recipient must follow subpart B of this part for the public housing financial assistance and may follow either subpart B or C of this part for the housing and community development financial assistance. For such a project, the following applies:

(1) For housing and community development financial assistance, a Targeted Section 3 worker is any worker who meets the definition of a Targeted Section 3 worker in either subpart B or C of this part; and

(2) The recipients of both sources of funding shall report on the housing rehabilitation, housing construction, or other public construction project as a whole and shall identify the multiple associated recipients. PHAs and other recipients must report the following information:

(i) The total number of labor hours worked on the project;

(ii) The total number of labor hours worked by Section 3 workers on the project; and

(iii) The total number of labor hours worked by Targeted Section 3 workers on the project.

(b) If a housing rehabilitation, housing construction, or other public construction project is subject to Section 3 because the project is assisted with funding from multiple sources of housing and community development assistance that exceed the thresholds in § 75.3(a)(2), the recipient or recipients must follow subpart C of this part, and must report to the applicable HUD program office, as prescribed by HUD.

##### § 75.31 Recordkeeping.

(a) HUD shall have access to all records, reports, and other documents or items of the recipient that are maintained to demonstrate compliance with the requirements of this part, or that are maintained in accordance with the regulations governing the specific HUD program by which the Section 3 project is governed, or the public housing financial assistance is provided or otherwise made available to the recipient, subrecipient, contractor, or subcontractor.

(b) Recipients must maintain documentation, or ensure that a subrecipient, contractor, or subcontractor that employs the worker maintains documentation, to ensure 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:

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

(i) A worker's self-certification that their income is below the income limit from the prior calendar year;

(ii) A worker's self-certification of participation in a means-tested program such as public housing or Section 8-assisted housing;

(iii) 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;

(iv) 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

(v) An employer's certification that the worker is employed by a Section 3 business concern.

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

(i) For a worker to qualify as a Targeted Section 3 worker under subpart B of this part:

(A) A worker's self-certification of participation in public housing or Section 8-assisted housing programs;

(B) 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;

(C) An employer's certification that the worker is employed by a Section 3 business concern; or

(D) A worker's certification that the worker is a YouthBuild participant.

(ii) For a worker to qualify as a Targeted Section 3 worker under subpart C of this part:

(A) 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;

(B) An employer's certification that the worker is employed by a Section 3 business concern; or

(C) A worker's self-certification that the worker is a YouthBuild participant.

(c) The documentation described in paragraph (b) of this section must be maintained for the time period required for record retentions in accordance with applicable program regulations or, in the absence of applicable program regulations, in accordance with 2 CFR part 200.

(d) A PHA or recipient may report on Section 3 workers and Targeted Section 3 workers for five years from when their certification as a Section 3 worker or Targeted Section 3 worker is established.

#### § 75.33 Compliance.

(a) *Records of compliance.* Each recipient shall maintain adequate records demonstrating compliance with this part, consistent with other recordkeeping requirements in 2 CFR part 200.

(b) *Complaints.* Complaints alleging failure of compliance with this part may be reported to the HUD program office responsible for the public housing financial assistance or the Section 3 project, or to the local HUD field office.

(c) *Monitoring.* HUD will monitor compliance with the requirements of this part. The applicable HUD program office will determine appropriate methods by which to oversee Section 3 compliance. HUD may impose appropriate remedies and sanctions in accordance with the laws and regulations for the program under which the violation was found.

#### PART 91—CONSOLIDATED SUBMISSIONS FOR COMMUNITY PLANNING AND DEVELOPMENT PROGRAMS

■ 6. The authority citation for part 91 continues to read as follows:

**Authority:** 42 U.S.C. 3535(d), 3601–3619, 5301–5315, 11331–11388, 12701–12711, 12741–12756, and 12901–12912.

#### § 91.215 [Amended]

■ 7. Amend § 91.215(j) by removing “24 CFR part 135” and adding, in its place “24 CFR part 75”.

#### § 91.225 [Amended]

■ 8. Amend § 91.225(a)(7) by removing “24 CFR part 135” and adding, in its place “24 CFR part 75”.

#### § 91.325 [Amended]

■ 9. Amend § 91.325(a)(7) by removing “24 CFR part 135” and adding, in its place “24 CFR part 75”.

#### § 91.425 [Amended]

■ 10. Amend § 91.425(a)(1)(vii) by removing “24 CFR part 135” and adding, in its place “24 CFR part 75”.

#### PART 92—HOME INVESTMENT PARTNERSHIPS PROGRAM

■ 11. The authority citation for part 92 continues to read as follows:

**Authority:** 42 U.S.C. 3535(d), 12 U.S.C. 1701x and 4568.

■ 12. Amend § 92.508 as follows:

■ a. Remove paragraph (a)(7)(i)(B);

■ b. Redesignate paragraph (a)(7)(i)(C) as (a)(7)(i)(B); and

■ c. Add paragraph (a)(7)(xi).

The addition reads as follows:

#### § 92.508 Recordkeeping.

(a) \* \* \*

(7) \* \* \*

(xi) Documentation of actions undertaken to meet the requirements of 24 CFR part 75 which implements section 3 of the Housing Development Act of 1968, as amended (12 U.S.C. 1701u).

\* \* \* \* \*

#### PART 93—HOUSING TRUST FUND

■ 13. The authority citation for part 93 continues to read as follows:

**Authority:** 42 U.S.C. 3535(d), 12 U.S.C. 4568.

■ 14. Amend § 93.407 as follows:

■ a. Redesignate paragraphs (a)(5)(ii) through (ix) as paragraphs (a)(5)(iii) through (x);

■ b. Remove paragraph (a)(5)(i)(B);

■ c. Redesignate paragraph (a)(5)(i)(A) as paragraph (a)(5)(ii);

■ d. In newly redesignated paragraph (a)(5)(iv), remove “24 part 35” and add in its place “24 CFR part 35”; and

■ e. Add paragraph (a)(5)(xi).

The addition reads as follows:

#### § 93.407 Recordkeeping.

(a) \* \* \*

(5) \* \* \*

(xi) Documentation of actions undertaken to meet the requirements of 24 CFR part 75, which implements section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u).

\* \* \* \* \*

#### CHAPTER I—OFFICE OF ASSISTANT SECRETARY FOR EQUAL OPPORTUNITY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT [AMENDED]

■ 15. Under the authority of 42 U.S.C. 3535(d), in chapter I, remove designated subchapter headings A and B.

#### PART 135 —[REMOVED]

■ 16. Remove part 135.

#### PART 266—HOUSING FINANCE AGENCY RISK-SHARING PROGRAM FOR INSURED AFFORDABLE MULTIFAMILY PROJECT LOANS

■ 17. The authority citation for part 266 continues to read as follows:

**Authority:** 12 U.S.C. 1707; 42 U.S.C. 3535(d).

#### § 266.220 [Amended]

■ 18. Amend § 266.220(c) by removing “; section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), as implemented by 24 CFR part 135”.

#### PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS

■ 19. The authority citation for part 570 continues to read as follows:

**Authority:** 12 U.S.C. 1701x, 1701 x–1; 42 U.S.C. 3535(d) and 5301–5320.

#### § 570.487 [Amended]

■ 20. Amend § 570.487(d) by removing “24 CFR part 135” and adding in its place “24 CFR part 75”.

#### § 570.607 [Amended]

■ 21. Amend § 570.607(b) by removing “24 CFR part 135” and adding in its place “24 CFR part 75”.

#### PART 574—HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

■ 22. The authority citation for part 574 continues to read as follows:

**Authority:** 12 U.S.C. 1701x, 1701 x–1; 42 U.S.C. 3535(d) and 5301–5320.

#### § 574.600 [Amended]

■ 23. Amend § 574.600 by adding “and part 75” after the phrase “24 CFR part 5”.

#### PART 576—EMERGENCY SOLUTIONS GRANTS PROGRAM

■ 24. The authority citation for part 576 continues to read as follows:

**Authority:** 12 U.S.C. 1701x, 1701 x–1; 42 U.S.C. 11371 *et seq.*, 42 U.S.C. 3535(d).

**§ 576.407 [Amended]**

- 25. Amend § 576.407(a) by removing “24 CFR part 135” and adding in its place “24 CFR part 75”.

**PART 578—CONTINUUM OF CARE PROGRAM**

- 26. The authority citation for part 578 continues to read as follows:

**Authority:** 12 U.S.C. 1701x, 1701 x-1; 42 U.S.C. 11381 *et seq.*, 42 U.S.C. 3535(d).

**§ 578.99 [Amended]**

- 27. Amend § 578.99 by removing “federal” in the section heading and adding in its place “Federal” and removing “24 CFR part 135” in paragraph (i) and adding in its place “24 CFR part 75”.

**PART 905—THE PUBLIC HOUSING CAPITAL FUND PROGRAM**

- 28. The authority citation for part 905 continues to read as follows:

**Authority:** 42 U.S.C. 1437g, 42 U.S.C. 1437z-2, 42 U.S.C. 1437z-7, and 3535(d).

**§ 905.308 [Amended]**

- 29. Amend § 905.308(b)(10) by removing “24 CFR part 135” and adding in its place “24 CFR part 75”.

**PART 964—TENANT PARTICIPATION AND TENANT OPPORTUNITIES IN PUBLIC HOUSING**

- 30. The authority citation for part 964 continues to read as follows:

**Authority:** 42 U.S.C. 1437d, 1437g, 1437r, 3535(d).

- 31. Revise § 964.320 to read as follows:

**§ 964.320 HUD Policy on training, employment, contracting and subcontracting of public housing residents.**

In accordance with Section 3 of the Housing and Urban Development Act of 1968 and the implementing regulations at 24 CFR part 75, PHAs, their contractors and subcontractors shall make best efforts, consistent with existing Federal, State, and local laws and regulations, to give low and very low-income persons the training and employment opportunities generated by Section 3 covered assistance (as this term is defined in 24 CFR 75.3) and to give Section 3 business concerns the contracting opportunities generated by Section 3 covered assistance.

**PART 983—PROJECT-BASED VOUCHER (PBV) PROGRAM**

- 32. The authority citation for part 983 continues to read as follows:

**Authority:** 42 U.S.C. 1437f and 3535(d).

**§ 983.4 [Amended]**

- 33. Amend § 983.4 by removing the definition of “Section 3—Training, employment and contracting opportunities in development”.

**§ 983.154 [Amended]**

- 34. Amend § 983.154 by removing (c) introductory text and paragraph (c)(1) and redesignating paragraph (c)(2) as paragraph (c).

**PART 1000—NATIVE AMERICAN HOUSING ACTIVITIES**

- 35. The authority citation for part 1000 continues to read as follows:

**Authority:** 25 U.S.C. 4101 *et seq.*; 42 U.S.C. 3535(d).

- 36. Revise § 1000.42 to read as follows:

**§ 1000.42 Are the requirements of Section 3 of the Housing and Urban Development Act of 1968 applicable?**

No. Recipients shall comply with Indian preference requirements of Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5307(b)), or employment and contract preference laws adopted by the recipient’s tribe in accordance with Section 101(k) of NAHASDA.

**Benjamin S. Carson, Sr.,**  
*Secretary.*

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**Additional Section 3 Information & Resources**

Section 3 overview/ resources from HUD:	<a href="https://www.hudexchange.info/programs/section-3/">https://www.hudexchange.info/programs/section-3/</a>
Section 3 Frequently asked questions (FAQs):	<a href="https://www.hudexchange.info/section-3/faqs/">https://www.hudexchange.info/section-3/faqs/</a>
March 2021 FAQs:	<a href="https://www.hud.gov/sites/documents/11SECFAQS.PDF">https://www.hud.gov/sites/documents/11SECFAQS.PDF</a>
Section 3 Opportunity portal:	<a href="https://hudapps.hud.gov/OpportunityPortal/">https://hudapps.hud.gov/OpportunityPortal/</a>
Section 3 Business registry:	<a href="https://portalapps.hud.gov/Sec3BusReg/BRegistry/What">https://portalapps.hud.gov/Sec3BusReg/BRegistry/What</a>
DOL YouthBuild directory:	<a href="https://youthbuild.org/our-programs/">https://youthbuild.org/our-programs/</a>
Section 3 Complain Register Forms:	<a href="https://www.hud.gov/program_offices/field_policy_mgt/section3/complaint_register">https://www.hud.gov/program_offices/field_policy_mgt/section3/complaint_register</a>