

Updated as of December 2024

## What is Section 3?

Your contract is funded by, or associated with a project funded by, the HOME Investment Partnerships Program (HOME), which the City receives through the U.S. Department of Housing and Urban Development (HUD). The contract is subject to Section 3 of the HUD Act of 1968, which applies to projects that exceed a threshold of \$200,000 for:

1. Housing construction, rehabilitation, and remediation of lead-based paint;
2. Construction-related job training;
3. Public construction projects; or
4. Professional services and/or clerical services associated with HOME-funded construction and rehabilitation, such as architectural and engineering services, etc.

The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing laws and regulations, be directed to low- and very low-income persons living near assisted projects and to business concerns that provide economic opportunities to low- and very low-income persons.

**For mix-funded projects, please note that once HUD funding exceeds \$200,000, Section 3 requirements apply to the entire project and all funding sources and contracts.**

The regulations for Section 3 can be found in [24 CFR Part 75](#). A list of Frequently Asked Questions for Section 3 can be found at the following link: <https://www.hud.gov/sites/dfiles/FPM/documents/Section-3-FAQs.pdf>.

## Key Concepts

### What Does “Section 3 Worker” Mean?

A Section 3 worker is any worker who currently is, or was upon hiring within the past five years, within one of the following categories, as documented:

- The worker’s income for the previous or annualized calendar year is below 80 percent of the Area Median Income (AMI) for a household of one as established by HUD. The current limit for NYC is **\$87,100**; or
- The worker is employed by a Section 3 Business Concern (see next page for definition); or
- The worker is a YouthBuild participant.

### What Does “Targeted Section 3 Worker” Mean?

A Targeted Section 3 Worker is a Section 3 worker who:

- Is employed by a Section 3 Business Concern; or
- Currently is, or was upon hiring with the past five years:
  - Living within a one-mile radius of the Section 3 covered project; or
  - A YouthBuild participant.

**What Does “Section 3 Business Concern” mean?**

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

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

**What are the Section 3 Goals?**

The benchmarks for Section 3 projects are:

- 25 percent or more of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers; and
- 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.

## **Your Basic Responsibilities**

As a contractor on a Section 3-covered project, you are required to document the number of labor hours performed as follows:

1. For workers **in professional service titles**, document the number of labor hours performed by :
  - Section 3 workers; and
  - Targeted Section 3 workers.
2. For workers **in non-professional roles**, document the number of labor hours performed by
  - All workers;
  - Section 3 workers; and
  - Targeted Section 3 workers

Additionally, your entity must:

3. Notify Section 3 residents about employment and training opportunities for this contract. Methods of notifying residents include utilizing local media outlets, attending job fairs and hiring halls, and/or notifying local community organizations.
4. Submit bi-annual reports that summarize the number of labor hours performed by Section 3 workers, Targeted Section 3 workers, and non-Section 3 workers for each year that your contract is open. A completed "Summary Report Form for Contractors and Subcontractors" (enclosed) should be returned to the City agency administering your contract by each January 21st and July 21st and must cover the preceding six-month period.
5. Maintain documentation for Section 3 projects in your records for a minimum of five years. Documents may be retained in hard copy or via a labor compliance tool.
6. RECOMMENDED: If you wish to be considered as a Section 3 Business:
  - Calculate the number of labor hours performed by Section 3 and non-Section 3 workers on staff for the preceding three-month period; or
  - Calculate the percentage of ownership by low- or very low-income persons, public housing residents, or residents of Section 8-assisted housing.

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- Complete a Section 3 Business Self-Certification form (included in this packet) to confirm if your business qualifies as a Section 3 Business.

### **Further Responsibilities**

Any subcontract that you award as part of this project is also subject to the Section 3 requirements. Additionally, to the greatest extent feasible, subcontracts for work in connection with Section 3 projects should be awarded to Section 3 Businesses that provide economic opportunities to Section 3 workers residing within the area in which the Section 3 project is located. Accordingly, you must also:

1. Report to the agency administering your contract the number, dollar value, and types of subcontracts awarded.
2. Report whether each subcontractor is a Section 3 Business.
3. Inform the subcontractor of their responsibilities under Section 3.

Your Section 3 information will be aggregated and reported to HUD. HUD reviews the City's reports, investigates complaints, and reserves the right to monitor the performance of the City's contractors. In the event of a monitoring, HUD will examine employment and contract records for evidence of actions taken to train and employ Section 3 workers and to award contracts to Section 3 Businesses. Specifically, HUD will review:

- Whether all contracts and subcontracts contain the required Section 3 language; and  
Whether the Section 3 goals were met.

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## Section 3 Complaint Policy

If you have a complaint about the City's Section 3 process, you can direct it to the agency overseeing your contract. However, complaints may also be directed to HUD's New York Office:

U.S. Dept. of Housing and Urban Development

Jacob K. Javits Federal Office Building

26 Federal Plaza, Room 3532 • New York, NY 10278-0068

(212) 264-1290 • (800) 496-4294 • Fax: (212) 264-9829

Email: [complaints\\_office\\_02@hud.gov](mailto:complaints_office_02@hud.gov)

If you have a question regarding the forms, or HUD-mandated Section 3 requirements, please contact your agency representative, or the following:

**New York City Mayor's Office of Management and Budget (OMB)**

Julie Freeman

Director, Community Development Unit

255 Greenwich Street, 8<sup>th</sup> Floor

New York, NY 10007

[freemanj@omb.nyc.gov](mailto:freemanj@omb.nyc.gov)

(212) 788 - 6130

**New York City Mayor's Office of Talent and Workforce Development**

Matthew Walker

Section 3 Coordinator

One Liberty Plaza

New York, NY 10006

[MWalker@talent.nyc.gov](mailto:MWalker@talent.nyc.gov)

(212) 618 - 8736

## Appendix - Section 3 Definitions

**Contractor**: An entity entering into a contract with a City agency or subrecipient to perform work in connection with a Section 3 project.

**Labor hours**: The number of paid hours worked by persons on a Section 3 project.

**Low-income person**: A person whose annualized income is at or below 80 percent of the Area Median Income for a household of one, which is currently \$87,100 for the NYC metropolitan area.

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

**Professional services**: Non-construction services that require an advanced degree or professional licensing, including, but not limited to, legal services, financial consulting, accounting services, environmental assessment, architectural services, and civil engineering services.

**Recipient**: An entity that receives funding directly from HUD. In the context of New York City's Section 3-covered projects, Recipient refers to the City of New York, both as a whole and individual City agencies.

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

**Section 3 Business Concern**: 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.

**Section 3 project**: A 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 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.

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

- The worker is a low- or very low-income person as defined in this document.
- The worker is employed by a Section 3 Business Concern.
- The worker is a YouthBuild participant.

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

**Service area or the neighborhood of the project**: 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 radius sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.

**Subcontractor**: 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 Section 3 project.

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**Subrecipient:** An entity, usually but not limited to non-Federal entities, that receives a subaward from a pass-through entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

**Targeted Section 3 worker:** A Section 3 worker who:

- 1) Is 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. Living within the service area or the neighborhood of the project, as defined above; or
  - ii. A YouthBuild participant.

**Very low-income person:** A person whose annualized income is at or below 50 percent of the Area Median Income for a household of one, which is currently \$54,350 for the NYC metropolitan area.

**YouthBuild programs:** YouthBuild is a community-based pre-apprenticeship program that provides job training and educational opportunities for at-risk youth ages 16-24 who have previously dropped out of high school. YouthBuild participants learn vocational skills in construction, as well as in other in-demand industries that include health care, information technology, and hospitality. Youth also provide community service through the required construction or rehabilitation of affordable housing for low-income or homeless families in their own neighborhoods. For more information, please visit the following website: <https://www.dol.gov/agencies/eta/youth/youthbuild>.

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## Employee Self-Affirmation Form for Contractors/Subcontractors

To comply with Section 3 of the Housing and Urban Development Act of 1968, the City of New York is required to collect residency and income information for all persons involved with Section 3-covered rehabilitation and construction-related contracts. **Your response is voluntary, confidential, and will not affect your employment.** Your employer may claim Section 3 credit for Section 3 and Targeted Section 3 workers for up to five years.

1. Do you wish to provide information to the City for federally-mandated Section 3 reporting?

☐ YES\* ☐ NO

*\* If you answered YES, please fill out form below.*

Employee Name: \_\_\_\_\_

Employee Title: \_\_\_\_\_

2. Which of the following best describes your job classification (choose one)?

- ☐ I work in a professional service title (e.g. office/clerical, legal, financial services, accounting, architectural).
- ☐ I work in a construction/laborer title, or I directly oversee/manage personnel working in that title.

### Section 3 Worker Determination

3. Are you a resident of the New York City Housing Authority (NYCHA)?

☐ YES ☐ NO

4. Are you a resident of Section 8-assisted housing?

☐ YES ☐ NO

5. Do you currently earn at, or below, **\$87,100** for a household of one?\*

\*If you do not reside within the NYC Metro area, please look up your local income limit for a household of one using the link below and write or enter the limit here: \_\_\_\_\_. Then, proceed to answer the question accordingly.

☐ YES ☐ NO

[huduser.gov/portal/datasets/il/il2024/select\\_Geography.odn](https://huduser.gov/portal/datasets/il/il2024/select_Geography.odn)

### Targeted Section 3 Determination

6. Are you a resident of the five boroughs of New York City (i.e. Bronx, Manhattan, Brooklyn, Queens, Staten Island)?

☐ YES ☐ NO

7. Do you live within a one-mile radius of a HOME-funded Section 3 project?

☐ YES ☐ NO

8. Are you a participant of YouthBuild?

☐ YES ☐ NO

If you selected 'Yes' to any question from 3 to 5, you may qualify as a Section 3 Worker. Additionally, if you also selected 'Yes' to Question 6 to 8, you may qualify as a Targeted Section 3 worker.

I affirm that the above statements are true, complete, and correct to the best of my knowledge and belief.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date Hired

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**CONTRACTORS MUST RETAIN THIS FORM IN THEIR SECTION 3 COMPLIANCE FILE FOR FIVE YEARS.**



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## Section 3 Business Self-Certification

Your business has a contract funded by, or related to a project funded by, the HOME Investment Partnerships Program (HOME), which the City of New York receives from the U.S. Department of Housing and Urban Development (HUD). To the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, HOME-funded contracts and employment opportunities shall be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

**Instructions:** Enter the following information and select all applicable criteria to confirm if your business qualifies as a Section 3 Business.

### Part I: Business Information

Business Name: \_\_\_\_\_

Address: \_\_\_\_\_

Contact Name & Title: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Email: \_\_\_\_\_

In the six months prior to the contract award date, please indicate if the business met any of the stated criteria:

### Part II: Section 3 Business Determination

- |  |                              |                             |
|--|------------------------------|-----------------------------|
| 1. At least 51 percent of the business is owned and controlled by individuals earning at, or below, <b>\$87,100*</b> .   | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 2. At least 51 percent of the business is owned and controlled by residents of the New York City Housing Authority (NYCHA).  | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 3. At least 51 percent of the business is owned and controlled by residents of Section 8-assisted housing.   | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 4. Over 75 percent of the labor hours in the preceding three-month period were performed by individuals earning at, or below, <b>\$87,100*</b> , and/or YouthBuild participants. | <input type="checkbox"/> YES | <input type="checkbox"/> NO |

\*The current Section 3 income limit for NYC is \$87,100. Should certain individuals reside outside of the NYC metro area, their respective local income limits for a household of one can be found using this link: [huduser.gov/portal/datasets/il/il2024/select\\_Geography.odn](https://huduser.gov/portal/datasets/il/il2024/select_Geography.odn)

If you have selected 'Yes' to questions 1 through 4, your business may qualify as a Section 3 Business.

I affirm that the above statements are true, complete, and correct to the best of my knowledge and belief.

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

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**CONTRACTORS MUST RETAIN THIS FORM AND DOCUMENTATION IN THEIR SECTION 3 COMPLIANCE FILE  
FOR FIVE YEARS.**

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## Section 3 Summary Form for Contractors/Subcontractors

Your contract is funded by, or related to a project funded by, the HOME Investment Partnerships Program (HOME) that the City of New York receives through the U.S. Department of Housing and Urban Development (HUD). These funds are subject to Section 3 of the HUD Act of 1968, which applies to projects for housing construction, rehabilitation, and remediation of lead-based paint; construction-related job training; public construction projects; or professional services associated with HOME-funded construction and rehabilitation.

The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns that provide economic opportunities to low- and very low-income persons.

### PART I: BUSINESS INFORMATION

Business Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Contact Name and Title: \_\_\_\_\_  
 Phone Number: \_\_\_\_\_  
 Email Address: \_\_\_\_\_

### PART II: CONTRACT DETAILS

Contract Number: \_\_\_\_\_  
 Contract Amount: \_\_\_\_\_  
 Contract Award Date: \_\_\_\_\_  
 Reporting Period: \_\_\_\_\_  
 Administering Agency: \_\_\_\_\_

### PART III: EMPLOYMENT AND TRAINING OPPORTUNITIES

- Please complete the chart with the business's Section 3 labor hours for the specified HOME-funded contract.

		Labor Hours	Percentage
SECTION 3 WORKER LABOR HOURS			
a	Total number of labor hours worked by employees in professional service titles <sup>1</sup> :		
b	Total number of labor hours worked by employees in construction / rehabilitation, or laborer service titles <sup>2</sup> :		
TARGETED SECTION 3 LABOR HOURS			
c	Total number of labor hours worked by employees in professional service titles <sup>3</sup> :		
d	Total number of labor hours worked by employees in construction / rehabilitation, or laborer service titles <sup>4</sup> :		
NON-SECTION 3 LABOR HOURS			
e	Total number of labor hours worked by employees in construction / rehabilitation, or laborer service titles who are not Section 3 / Targeted Section 3 workers <sup>5</sup> :		
f	Total Labor Hours		

<sup>1</sup> Enter the total number of labor hours worked by covered staff that have classified as Section 3 workers hired within the preceding five calendar years in professional service titles.

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<sup>2</sup> Enter the total number of labor hours worked by covered staff classified as Section 3 workers hired within the preceding five calendar years in construction/rehabilitation, or laborer titles.

<sup>3</sup> Enter the total number of labor hours worked by covered staff classified as Targeted Section 3 workers hired within the preceding five calendar years in professional service titles.

<sup>4</sup> Enter the total number of labor hours worked by covered staff classified as Targeted Section 3 workers hired within the preceding five calendar years in construction/rehabilitation, or laborer titles.

<sup>5</sup> Enter the total number of labor hours worked by covered staff in construction / rehabilitation, or laborer service titles on the Section 3 project that do not classify as a Section 3 or Targeted Section 3 worker.

### PART IV: SUB-CONTRACTOR SECTION 3 & TARGETED SECTION 3 LABOR HOURS

2. Did your business hire subcontractors in connection with this award? ☐ YES ☐ NO

If answered 'Yes' to Question 2, inform subcontractors performing rehabilitation, and construction-related work of their responsibilities under Section 3, provide them with a copy of this Section 3 packet, and complete the section below (if more space is required, attach additional pages):

Subcontractor Name	Subcontractor Address	Nature of Contract	Contract Amount	Section 3 Business (Yes/No)

		Labor Hours	Percentage
SECTION 3 WORKER LABOR HOURS			
a	Total number of labor hours worked by employees in professional service titles <sup>1</sup> :		
b	Total number of labor hours worked by employees in construction / rehabilitation, or laborer service titles <sup>2</sup> :		
TARGETED SECTION 3 LABOR HOURS			
c	Total number of labor hours worked by employees in professional service titles <sup>3</sup> :		
d	Total number of labor hours worked by employees in construction / rehabilitation, or laborer service titles <sup>4</sup> :		
NON-SECTION 3 LABOR HOURS			
e	Total number of labor hours worked by employees in construction / rehabilitation, or laborer service titles who are not Section 3 / Targeted Section 3 workers <sup>5</sup> :		
f	Total Labor Hours		

<sup>1</sup> Enter the total number of labor hours worked by covered staff that have classified as Section 3 workers hired within the preceding five calendar years in professional service titles.

<sup>2</sup> Enter the total number of labor hours worked by covered staff classified as Section 3 workers hired within the preceding five calendar years in construction/rehabilitation, or laborer titles.

<sup>3</sup> Enter the total number of labor hours worked by covered staff classified as Targeted Section 3 workers hired within the preceding five calendar years in professional service titles.

<sup>4</sup> Enter the total number of labor hours worked by covered staff classified as Targeted Section 3 workers hired within the preceding five calendar years in construction/rehabilitation, or laborer titles.

<sup>5</sup> Enter the total number of labor hours worked by covered staff in construction / rehabilitation, or laborer service titles on the Section 3 project that do not classify as a Section 3 or Targeted Section 3 worker.

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3. In the section below, identify efforts made to fulfill Section 3 safe harbor benchmarks. Please describe your efforts in more detail in the space provided.

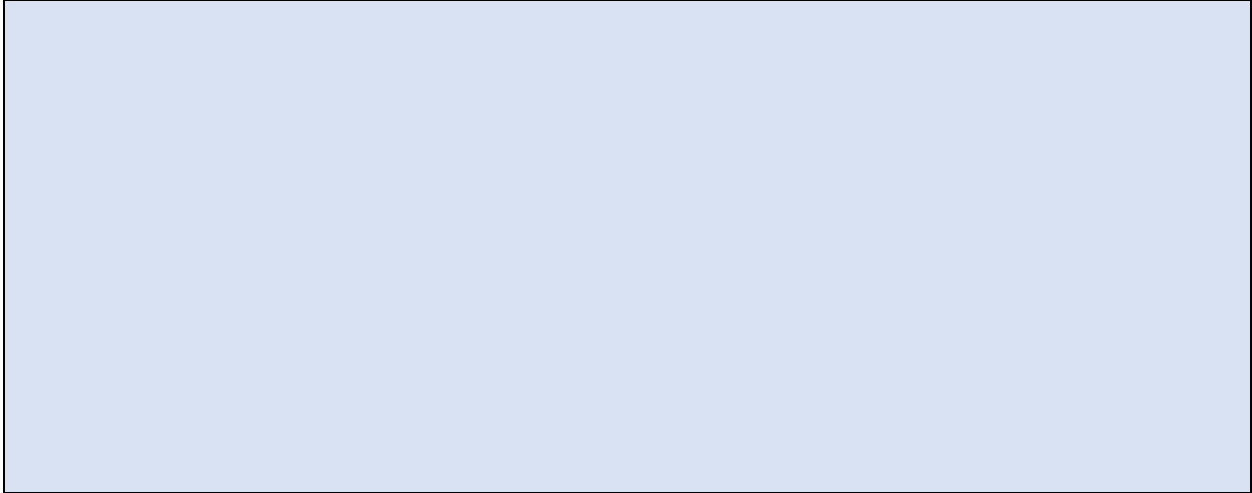
Check all that may apply and maintain records of any efforts for HUD review.

- ☐ Outreach efforts to generate job applicants who are Targeted Workers.
- ☐ Direct, on-the job training (including apprenticeships).
- ☐ Indirect training such as arranging for, contracting for, or paying tuition for, off-site training.
- ☐ Provided or connected residents with assistance in seeking employment including: drafting resumes, preparing for interviews, finding job opportunities, connecting residents to job placement services.
- ☐ Held one or more job fairs.
- ☐ Provided or connected residents with supportive services that can provide direct services or referrals.
- ☐ Provided or connected residents with supportive services that provide one or more of the following: work readiness health screenings, interview clothing, uniforms, test fees, transportation.
- ☐ Assisted residents with finding childcare.
- ☐ Assisted residents to apply for/or attend community college or a four-year educational institution.
- ☐ Assisted residents to apply for or attend vocational/technical training.
- ☐ Assisted residents to obtain financial literacy training and/or coaching.
- ☐ Provided or connected residents with training on computer use or online technologies.
- ☐ Technical assistance to help Section 3 Workers compete for jobs (e.g., resume assistance, coaching).
- ☐ Outreach efforts to identify and secure bids from Section 3 Business Concerns.
- ☐ Technical assistance to help Section 3 Business Concerns understand and bid on contracts.
- ☐ Division of contracts into smaller jobs to facilitate participation by Section 3 Business Concerns.
- ☐ Bonding assistance, guaranties, or other efforts to support viable bids from Section 3 Business Concerns.

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4. In the space provided below, describe any additional efforts your agency undertook to meet Section 3 benchmarks. If you require additional space, continue on a separate page.



### **PART IV: SIGNATURE**

I affirm that the statements contained in this report are true, complete, and correct to the best of my knowledge and belief.

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature of Contractor Representative

\_\_\_\_\_  
Date