

# Hidalgo County Urban County Program

## Section 3 Plan

## RESOLUTION

A RESOLUTION TO ADOPT THE SECTION 3 PLAN  
TO COMPLY WITH 24 CFR, PART 75 OF THE  
UNITED STATES DEPARTMENT OF HOUSING  
AND URBAN DEVELOPMENT SECTION 3

**WHEREAS**, the United States Congress passed Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1992 (Section 3), to further the goal of ensuring that federal funds benefit the residents of projects funded wholly or in part by those funds; and

**WHEREAS**, Section 3 (24 CFR Part 75) 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 government assistance for housing; and

**WHEREAS**, the requirements of Section 3 create more effective incentives for employers to retain and invest in their low- and very low-income workers, streamline reporting requirements by aligning them with typical business practices, provide for program-specific oversight, and clarify the obligations of entities that are covered by Section 3; and

**WHEREAS**, the requirements of Section 3 apply to 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; and

**WHEREAS**, a Section 3 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.; and

**WHEREAS**, Hidalgo County Urban County Program (UCP) has created a Section 3 Plan to comply with 24 CFR Part 75 as prescribed in the Act.

**NOW, THEREFORE, BE IT RESOLVED THAT** the Hidalgo County Commissioner's Court authorizes the adoption and implementation the Section 3 Plan to ensure compliance with Federal Law.

**PASSED AND APPROVED** at a meeting of the County Commissioners' Court of the County of Hidalgo, on the 19<sup>th</sup> day of October, 2021.

---

Richard F. Cortez, Hidalgo County Judge

**ATTESTED BY:**

---

Arturo Guajardo, Jr.  
Hidalgo County Clerk

## Table of Contents

---

<b>Section 3 Plan (Sample)</b> .....	<b>i</b>
<b>About this Tool</b> .....	<b>i</b>
<b>Table of Contents</b> .....	<b>iii</b>
<b>1. Overview of Section 3 Requirements</b> .....	<b>5</b>
<b>A. WHAT IS SECTION 3?</b> .....	<b>5</b>
<b>B. PURPOSE OF THIS DOCUMENT</b> .....	<b>5</b>
<b>C. APPLICABILITY</b> .....	<b>5</b>
<b>2. Section 3 Coordinator</b> .....	<b>6</b>
<b>3. Employment, Training, and Contracting Goals</b> .....	<b>6</b>
<b>A. SAFE HARBOR COMPLIANCE</b> .....	<b>6</b>
<b>B. SAFE HARBOR BENCHMARKS</b> .....	<b>7</b>
<b>C. CERTIFICATION OF PRIORITIZATION OF EFFORT FOR EMPLOYMENT, TRAINING, AND</b> .....	<b>8</b>
<b>4. Section 3 Eligibility and Certifications</b> .....	<b>9</b>
<b>A. SECTION 3 WORKER AND TARGETED SECTION 3 WORKER CERTIFICATION</b> .....	<b>9</b>
<b>B. SECTION 3 BUSINESS CONCERN CERTIFICATION</b> .....	<b>10</b>
<b>5. Assisting Contractors with Achieving Section 3 Goals</b> .....	<b>11</b>
<b>6. Section 3 Outreach</b> .....	<b>12</b>
<b>A. OUTREACH EFFORTS FOR EMPLOYMENT AND TRAINING</b> .....	<b>12</b>
<b>B. OUTREACH EFFORTS FOR CONTRACTING</b> .....	<b>13</b>
<b>7. Section 3 Contracting Policy and Procedure</b> .....	<b>13</b>
<b>8. Section 3 Provisions/Contract Language</b> .....	<b>14</b>
<b>9. Reporting Requirements</b> .....	<b>14</b>
<b>A. MONTHLY REPORTING</b> .....	<b>14</b>
<b>B. ANNUAL REPORTING</b> .....	<b>14</b>
<b>C. REPORTING ON PROJECTS WITH MULTIPLE FUNDING SOURCES</b> .....	<b>15</b>
<b>10. Internal Section 3 Complaint Procedure</b> .....	<b>15</b>
<b>11. Appendices</b> .....	<b>17</b>

**APPENDIX A: DEFINITIONS..... 17**  
**APPENDIX B: MULTIPLE FUNDING SOURCES - CHART ..... 20**  
**APPENDIX C: BUSINESS CONCERN CERTIFICATION FOR CONTRACTING ..... 21**  
**APPENDIX D: SECTION 3 WORKER AND TARGETED SECTION 3 WORKER SELF-CERT. .... 24**

<b>Version Number</b>	<b>Date Updated</b>	<b>Summary of Changes</b>
1.0	10/19/21	Initial Section 3 Plan due to HUD’s Final Rule Publication (9/29/20)

# 1. Overview of Section 3 Requirements

## A. WHAT IS SECTION 3?

Section 3 is a provision of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) that is regulated by the provisions of 24 CFR 75. Section 3 regulations ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

## B. PURPOSE OF THIS DOCUMENT

This plan outlines how the Hidalgo County Urban County Program (UCP) and its subrecipients, contractors and subcontractors will comply with HUD's Section 3 requirements in implementing UCP's CDBG, HOME, ESG, CDBG-CV, ESG-CV and HOME-ARP Programs. UCP will, to the greatest extent feasible, ensure that employment and other economic opportunities are directed to low- and very low-income persons (Section 3 workers and Targeted Section 3 workers) and to eligible businesses (Section 3 Businesses) and requires the same of its contractors.

Hidalgo County Urban County Program (UCP) may amend its Section 3 Policies and Procedures document as necessary to ensure continued compliance with HUD's requirements and/or to reflect updated Section 3 guidance and outreach strategies.

## C. APPLICABILITY

For public housing financial assistance, all funding is covered, regardless of the amount of expenditure or size of a contract. This plan applies to development assistance, operating funds, capital funds, and all mixed-finance development.

For housing and community development financial assistance, this plan applies to housing rehabilitation, housing construction, and other public construction projects that exceed \$200,000 or more of housing and community development financial assistance from one or more HUD programs. Applicability is determined at the project level.

For projects funded with Lead and Hazard Control and Healthy Homes Programs, this plan applies to projects that exceed \$100,000.

This plan also applies to projects that include multiple funding sources. Multiple funding source projects include projects that include public housing financial assistance, housing and community development financial assistance for single or multiple recipients, and the Lead Hazard Control and Healthy Homes Program.

Section 3 requirements do not apply to: 1) Material Supply Contracts - § 75.3(b), 2) Indian and Tribal Preferences - § 75.3(c), and 3) Other HUD assistance and other Federal assistance not subject to Section 3 §75.3 (d). However, for financial assistance that is not subject to Section 3, recipients are encouraged to consider ways to support the purpose of Section 3.

## 2. Section 3 Coordinator

Hidalgo County Urban County Program's (UCP) Section 3 Coordinator serves as the central point of contact for Section 3 compliance for UCP and its subrecipients, contractors and subcontractors supporting the program. Subrecipients, contractors, subcontractors and others are encouraged to reach out to UCP's Section 3 Coordinator with questions regarding Section 3 compliance:

PR Avila  
UCP Director  
patricio.avila@co.hidalgo.tx.us

## 3. Employment, Training, and Contracting Goals

### A. SAFE HARBOR COMPLIANCE

Hidalgo County Urban County Program's (UCP) will be considered to have complied with the Section 3 requirements and met safe harbor, if they certify that they followed the required prioritization of effort and met or exceeded the Section 3 benchmarks, absent evidence of the contrary.

Prior to the beginning of work, contractors and subcontractors will be required to certify that they will follow the required prioritization of effort for Section 3 workers, Targeted Section 3 workers, and Section 3 business concerns as outlined below in [section C](#). After completion of the project, on the Section 3 Cumulative Report, contractors and

subcontractors will be required to certify that they followed the prioritization of effort requirements.

If the contractor and subcontractor do not meet the safe harbor requirements, they must provide evidence that they have made qualitative efforts to assist low and very low-income persons with employment and training opportunities.

## **B. SAFE HARBOR BENCHMARKS**

Hidalgo County Urban County Program's (UCP) has established employment and training goals that subrecipients, contractors, and subcontractors should meet in order to comply with Section 3 requirements outlined in 24 CFR Part 75.19 - for housing and community development financial assistance. The safe harbor benchmark goals are as follows:

- 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;

$$\text{Section 3 Labor Hours/Total Labor Hours} = 25\%$$

And

- 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, as defined at 24 CFR Part 75.21.

$$\text{Targeted Section 3 Labor Hours/Total Labor Hours} = 5\%$$

HUD establishes and updates Section 3 benchmarks for Section 3 workers and/or Targeted Section 3 workers through a document published in the Federal Register, not less frequently than once every 3 years. Given that the Section 3 benchmarks are subject to change every three years or sooner, Hidalgo County Urban County Program will review its Section 3 Policy annually and will update the plan as needed.

It is the responsibility of contractors to implement efforts to achieve Section 3 compliance. Any contractor that does not meet the Section 3 benchmarks must demonstrate why meeting the benchmarks was not feasible. All contractors submitting bids or proposals to UCP are required to certify that they will comply with the requirements of Section 3.

## C. CERTIFICATION OF PRIORITIZATION OF EFFORT FOR EMPLOYMENT, TRAINING, AND CONTRACTING

### EMPLOYMENT AND TRAINING

Under the Hidalgo County Urban County Program's (UCP) Section 3 Program, contractors and subcontractors should make best efforts to provide employment and training opportunities to Section 3 workers in the priority order listed below:

Provide employment and training opportunities to Section 3 workers within the metropolitan area (or Nonmetropolitan County) in which the project is located in the priority order listed below:

- 1) Section 3 workers residing within the service area or the neighborhood of the project; and
- 2) Participants in YouthBuild programs.

Contractors and subcontractors will be required to certify that they will and have made best efforts to follow the prioritization of effort requirements prior to the beginning work and after work is completed.

### CONTRACTING

Under the Hidalgo County Urban County Program's (UCP) Section 3 Program, contractors and subcontractors must make their best efforts to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 workers in the following order or priority:

- 1) Business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which assistance is located in the following order of priority (*where feasible*):
  - a) Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area or the neighborhood of the project; and
  - b) YouthBuild programs.

Contractors and subcontractors will be required to certify that they will and have made best efforts to follow the prioritization of effort requirements prior to the beginning work and after work is completed.

## 4. Section 3 Eligibility and Certifications

Individuals and businesses that meet Section 3 criteria may seek Section 3 preference from Hidalgo County Urban County Program (UCP) or its contractors/subcontractors for training, employment, or contracting opportunities generated by housing and community development financial assistance. To qualify as a Section 3 worker, Targeted Section 3 worker or a Section 3 business concern, each must self-certify that they meet the applicable criteria.

Businesses who misrepresent themselves as Section 3 business concerns and report false information to Hidalgo County Urban County Program (UCP) may have their contracts terminated as default and be barred from ongoing and future considerations for contracting opportunities.

### A. SECTION 3 WORKER AND TARGETED SECTION 3 WORKER CERTIFICATION

A Section 3 worker seeking certification shall submit self-certification documentation ([Appendix D](#)) to the recipient contractor or subcontractor, that the person is a Section 3 worker or Targeted Section 3 worker as defined in 24 CFR Part 75. For the purposes of Section 3 worker eligibility, Hidalgo County Urban County Program (UCP) will use individual income rather than family/household income to determine eligibility. The income limits will be determined annually using the guidelines published at <https://www.huduser.org/portal/datasets/il.html>.

Persons seeking the Section 3 worker preference shall demonstrate that it meets one or more of the following criteria currently or when hired within the past five years, as documented:

- 1) A low or very low-income resident (the worker's income for the previous or annualized calendar year is below the income limit established by HUD); or
- 2) Employed by a Section 3 business concern; or
- 3) A YouthBuild participant.

Persons seeking the Targeted Section 3 worker preference shall demonstrate that it meets one or more of the following criteria:

- 1) Employed by a Section 3 business concern; or
- 2) Currently meets or when hired met at least one of the following categories as documented within the past five years:

- a) Living within the service area or the neighborhood of the project, as defined in 24 CFR Part 75.5; or
- b) A YouthBuild participant.

Section 3 workers and Targeted Section 3 workers who are seeking preference in training and employment must submit the Section 3 Worker and Targeted Section 3 Worker Certification Form ([Appendix D](#)). The certification procedure will consist of the following:

1. Fill out [Appendix D](#)
2. Submit to UCP Coordinator for certification and approval

## PROJECTS INVOLVING MULTIPLE SOURCES OF FUNDING

In cases where Section 3 covered projects include multiple sources of funds, including public housing financial assistance and housing and community development assistance, the [PHA] must follow the definition of Targeted Section 3 worker and priorities as outlined in subpart B of Part 75. For housing and community development financial assistance, Hidalgo County Urban County Program (UCP) may follow either subpart B or subpart C of Part 75.

In cases where Section 3 covered projects include multiple housing and development funding sources (financial assistance) from single or multiple recipients, Hidalgo County Urban County Program (UCP) will follow subpart C of Part 75 (Refer to chart in [Appendix B](#)).

## B. SECTION 3 BUSINESS CONCERN CERTIFICATION

The Hidalgo County Urban County Program (UCP), shall encourage contractors and subcontractors to make best efforts to award contracts and subcontracts to Section 3 business concerns.

Businesses may seek Section 3 Business Concern ([Appendix C](#)) preference by demonstrating that it meets one or more of the following criteria:

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

three-month period are performed by Section 3 workers.

Businesses that seek Section 3 preference shall certify, or demonstrate to Hidalgo County Urban County Program (UCP), contractors or subcontractors, that they meet the definitions provided in the above. Businesses shall demonstrate eligibility by submitting the Section 3 Business Concern Certification Form ([Appendix C](#)), located at 1916 Tesoro St., Pharr TX 78577.

Section 3 Business Concern Certification Forms ([Appendix C](#)) must be submitted at the time of bid/proposal. If the UCP previously approved the business concern to be Section 3 certified, then the certification can be submitted along with the bid, as long as the form is submitted within the prescribed expiration date. The Section 3 Business Concern Certification Form ([Appendix C](#)) will begin at the awarding of contract and expiration of contract. Certification of eligibility period allows the Hidalgo County Urban County Program (UCP) the ability to assess contractor performance to ensure the business is striving to meet the required goals.

## 5. Assisting Contractors with Achieving Section 3 Goals

In an effort to assist contractors with meeting or exceeding the Section 3 goals, Hidalgo County Urban County Program (UCP) will do the following:

- 1) Share Section 3 Plan with contractors and subcontractors and explain policies and procedures
- 2) Require contractors wishing to submit a bid/offer/proposal to attend pre-bid meeting
- 3) Require contractor to sign the Section 3 Plan at pre-construction conference
- 4) Review Section 3 benchmarks and prioritization of effort with contractors and subcontractors to ensure that the goals are understood. It is not intended for contractors and subcontractors to terminate existing employees, but to make every effort feasible to meet Section 3 benchmark goals by utilizing existing qualified workforce and by considering qualified eligible Section 3 workers and Targeted Section 3 workers (per the prioritization of effort outlined in Section #3) before any other person, when hiring additional employees is needed to complete proposed work to be performed with CDBG, HOME, ESG, CDBG-CV, ESG-CV and HOME-ARP Programs.
- 5) At the time of bid, require the contractor to present a list, of the number of total labor hours, Section 3 worker labor hours, and Targeted Section 3 worker labor hours expected to be generated from the initial contract and a list of projected number of available positions, to include job descriptions and wage rates.

- 6) Maintain a local Section 3 worker/Targeted Section 3 worker database and provide the contractor with a list of interested and qualified Section 3 workers and Targeted Section 3 workers and contact information.
- 7) Inform contractors about the HUD Section 3 Opportunity Portal <https://hudapps.hud.gov/OpportunityPortal/>
- 8) Require contractors to notify Section 3 Coordinator of their interests regarding employment of Section 3 workers prior to hiring.
- 9) Encourage local business to register on the HUD Business Registry and direct contractors to the HUD Section 3 Business Registry <https://www.hud.gov/section3businessregistry>
- 10) Leverage Hidalgo County Urban County Program's (UCP) communication outlets (social media, website, bid advertisements, etc.) to effectively communicate employment and contracting opportunities that arise.

## 6. Section 3 Outreach

### A. OUTREACH EFFORTS FOR EMPLOYMENT AND TRAINING

In order to educate and inform workers and contractors, Hidalgo County Urban County Program's (UCP) Section 3 Coordinator will be prepared to provide training and technical assistance on a regular basis per program guidelines. When training opportunities are available, contractors and subcontractors should, to the greatest extent feasible:

- 1) Notify the Section 3 Coordinator when training opportunities are available
- 2) Provide information/handouts about Section 3 training opportunities to potential Section 3 workers and Targeted Section 3 workers
- 3) Conduct an annual training for Section 3 workers and Section 3 businesses

Contractors and subcontractors should employ several active strategies to notify Section 3 workers and Targeted Section 3 workers of Section 3 job opportunities, including:

- 1) Clearly indicating Section 3 eligibility on all job postings with the following statement: "This job is a Section 3 eligible job opportunity. We encourage applications from individuals that are low income and/or live in Public Housing and/or receive a Section 8 voucher";
- 2) Including the Section 3 Worker and Targeted Section 3 Worker Self-Certification Form (Appendix D) in all job postings
- 3) Establishing a current list of Section 3 eligible applicants

## B. OUTREACH EFFORTS FOR CONTRACTING

When contracting opportunities arise in connection with CDBG, HOME, ESG, CDBG-CV, ESG-CV and HOME-ARP Programs, Hidalgo County Urban County Program (UCP) will employ the following strategies to notify Section 3 Business Concerns of Section 3 contracting opportunities, including but not limited to:

- 1) Adding Section 3 language to all RFPs, procurement documents, bid advertisements and contracts.
- 2) Coordinating mandatory pre-bid meetings to inform Section 3 Business Concerns of upcoming contracting opportunities. The Section 3 Coordinator will participate in these meetings to explain and answer questions related to Section 3 policy.
- 3) Advertising contracting opportunities in local community papers and notices that provide general information about the work to be contracted and where to obtain additional information.
- 4) Providing written notice of contracting opportunities to all known Section 3 Business Concerns. The written notice will be provided in sufficient time to enable business concerns the opportunity to respond to bid invitations.
- 5) Coordinating with the prime contractor to publicize contracting opportunities for small businesses.

## 7. Section 3 Contracting Policy and Procedure

Hidalgo County Urban County Program (UCP) will incorporate Section 3 in its existing Procurement Policy and adopt a Section 3 Contracting Policy and Procedure to be included in all procurements generated for use with HUD funding. This policy and procedure contain requirements for making efforts to award contracts to Section 3 Business Concerns.

All contractors/businesses seeking Section 3 preference must complete certifications at the time of award. Such certifications shall be adequately supported with appropriate documentation as referenced in the Section 3 Business Concern Certification Form ([Appendix C](#)).

## 8. Section 3 Provisions/Contract Language

Hidalgo County Urban County Program (UCP) will include standard Section 3 language in all of its contracts to ensure compliance with regulations in 24 CFR Part 75. UCP will take

appropriate actions upon finding that a contractor is in violation of 24 CFR Part 75 and does not knowingly contract with any contractor that has been found in violation of the Section 3 regulations. On a periodic basis the Section 3 Coordinator will audit UCP contractors for compliance with the minimum Section 3 requirements outlined in the Section 3 Plan.

In addition, contractors and subrecipients are required to include language in all Section 3 covered contracts or agreements for subcontractors to meet the requirements of 24 CFR Part 75.19.

For businesses, 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.

## 9. Reporting Requirements

For Section 3 covered contracts, contractors must submit the Section 3 Performance and Summary Report to Hidalgo County Urban County Program's (UCP) Section 3 Coordinator on a monthly basis, and the annual reporting requirement set forth in that form's instructions.

### A. MONTHLY REPORTING

- 1) Contractors are required to submit monthly activity reports to Hidalgo County Urban County Program's (UCP) Section 3 Coordinator [patricio.avila@co.hidalgo.tx.us](mailto:patricio.avila@co.hidalgo.tx.us) by the 15<sup>th</sup> day of each month.

### B. ANNUAL REPORTING

- 1) Once a project is completed, contractors must submit a final Section 3 cumulative report.
- 2) Upon the completion of a project, Hidalgo County Urban County Program's (UCP) Section 3 Coordinator will conduct a final review of the project's overall performance and compliance.
- 3) UCP's Section 3 Coordinator will submit the Section 3 data into applicable reporting data reporting system and before the applicable reporting period deadline to HUD.

### C. REPORTING ON PROJECTS WITH MULTIPLE FUNDING SOURCES

- 1) For Section 3 projects that include public housing financial assistance and housing and community development financial assistance, UCP and the applicable PHA will report on the project as a whole and will identify the

multiple associated recipients.

- 2) For projects assisted with funding from multiple sources of housing and community development assistance that exceed the thresholds of \$200,000 and \$100,000 for Lead Hazard Control and Healthy Homes Programs (LHCHH), the UCP will follow subpart C of Part 75 and will report to the applicable HUD program office, as prescribed by HUD. Note: LHCHH assistance is not included in calculating whether the assistance exceeds the \$200,000 threshold. HUD public housing financial assistance and HUD housing and community development financial assistance is not included in calculating whether the assistance exceeds the LHCHH \$100,000 threshold. Refer to chart in [Appendix B](#).

## 10.

### 11. Internal Section 3 Complaint Procedure

In an effort to resolve complaints generated due to non-compliance through an internal process, Hidalgo County Urban County Program (UCP) encourages submittal of such complaints to its Section 3 Coordinator as follows:

- 1) Complaints of non-compliance should be filed in writing and must contain the name of the complainant and brief description of the alleged violation of 24 CFR Part 75.
- 2) Complaints must be filed within 30 calendar days after the complainant becomes aware of the alleged violation.
- 3) An investigation will be conducted if complaint is found to be valid. Hidalgo County Urban County Program (UCP) will conduct an informal, but thorough investigation affording all interested parties, if any, an opportunity to submit testimony and/or evidence pertinent to the complaint.
- 4) The Hidalgo County Urban County Program (UCP) will provide written documentation detailing the findings of the investigation. UCP will review the findings for accuracy and completeness before it is released to complainants. The findings will be made available no later than 90 days after the filing of complaint. If complainants wish to have their concerns considered outside of UCP a complaint may be filed with:

U.S. Department of Housing and Urban Development (HUD)  
Office of Community Planning and Development  
Hipolito Garcia Federal Building/US Courthouse  
615 East Houston Street, Suite 347  
San Antonio, TX 78205-2001  
Phone: (210) 475-6866

Fax: (210) 475-6825  
TTY: (800) 877-8339

Complainants may be eligible to bring complaints under other federal laws. The U.S. Equal Employment Opportunity Commission (EEOC) is responsible for enforcing federal laws that make it illegal to discriminate against a job applicant or an employee because of the person's race, color, religion, sex (including pregnancy), national origin, age (40 or older), disability or genetic information (medical history or predisposition to disease). For more information about complainant rights, please contact EEOC at: [www.EEOC.gov](http://www.EEOC.gov).

The Department of Labor Office of Federal Contract Compliance Programs (OFCCP) enforces, for the benefit of job seekers and wage earners, the contractual promise of affirmative action and equal employment opportunity required of those who do business with the Federal government. More information about the services they provide can be obtained at: <http://www.dol.gov/ofccp/>.

## 12. Appendices

### APPENDIX A: DEFINITIONS

The terms *HUD*, *Public housing*, and *Public Housing Agency (PHA)* are defined in 24 CFR part 5.

The following definitions also apply to 24 CFR Part 75 HUD's Economic Opportunities for Low-and Very Low-Income Persons:

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

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, at or below 80% AMI. Note that Section 3 worker eligibility uses individual income rather than family/household income.

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 24 CFR Part 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 Coordinator is person tasked with overseeing all Section 3 responsibilities for the PHA/CD office.

Section 3 project means a project defined in 24 CFR Part 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 24 CFR Part 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 (at or below 50% AMI).

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

APPENDIX B: MULTIPLE FUNDING SOURCES - CHART

TYPE OF FINANCIAL ASSISTANCE	DEFINITIONS *TARGETED SECTION 3 WORKER	THRESHOLDS	PRIORITIZATION	REPORTING
<b>Public Housing and Housing and Community Development</b>	<p><b>PHA</b> – must follow subpart B of Part 75</p> <p><b>HCD</b> – may follow subpart B or C of Part 75</p>	<p>None</p> <p>*Any amount of PH assistance triggers Section 3</p>	<p><b>PHA</b> – must follow subpart B of Part 75</p> <p><b>HCD</b> – may follow subpart B or C of Part 75</p>	<p><b>PHA</b> – must follow subpart B of Part 75</p> <p><b>HCD</b> – may follow subpart B or C of Part 75</p> <p>Both - Must report on project as a whole and identify the multiple associated recipients</p>
<p><b>Multiple Sources of Housing and Community Development</b> <i>(single or multiple recipients)</i></p>	<p>Must follow subpart C of Part 75</p>	<p>Exceeds \$200,000 for Section 3 projects</p> <p>*LHCHHP exceeds \$100,000</p>	<p>Must follow subpart C of Part 75</p>	<p>Must follow subpart C of Part 75</p> <p>Must report on project as a whole and identify the multiple associated recipients</p> <p>Must report to the applicable HUD program office, as prescribed by HUD</p>

## Appendix C: Business Concern Certification for Contracting

---

**Instructions:** Enter the following information and select the criteria that applies to certify your business' Section 3 Business Concern status.

### Business Information

Name of Business \_\_\_\_\_

Address of Business \_\_\_\_\_

Name of Business Owner \_\_\_\_\_

Phone Number of Business Owner \_\_\_\_\_

Email Address of Business Owner \_\_\_\_\_

### Preferred Contact Information

- Same as above

Name of Preferred Contact \_\_\_\_\_

Phone Number of Preferred Contact \_\_\_\_\_

### Type of Business (select from the following options):

- Corporation    Partnership    Sole Proprietorship    Joint Venture

### Select from ONE of the following three options below that applies:

- At least 51 percent of the business is owned and controlled by low- or very low-income persons (Refer to income guidelines on page 9).
- At least 51 percent of the business is owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.
- Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers (Refer to definition on page 9).

*(frontside)*

---

### Business Concern Affirmation

I affirm that the above statements (on the frontside of this form) are true, complete, and correct to the best of my knowledge and belief. I understand that businesses who misrepresent themselves as Section 3 business concerns and report false information to [insert name of recipient/grantee] may have their contracts terminated as default and be barred from ongoing and future considerations for contracting opportunities. I hereby certify, under penalty of law, that the following information is correct to the best of my knowledge.

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

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

\*Certification expires within six months of the date of signature

Information regarding Section 3 Business Concerns can be found at [24 CFR 75.5](#)

**FOR ADMINISTRATIVE USE ONLY**

Is the business a Section 3 business concern based upon their certification?

**YES**

**NO**

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

*(backside)*

## Hidalgo County Urban County Program (UCP) Section 3 Income Limits

### Eligibility Guidelines

The worker’s income must be at or below the amount provided below for an individual (household of 1) regardless of actual household size.

#### Individual Income Limits *(Effective 4/1/21)*

FY 2021 Income Limit Area	Income Limits Category	FY 2021 Income Limits
McAllen-Edinburg-Mission, TX MSA	Extremely Low Income Limits (30% AMI)	\$ 12,880
	Very Low Income Limits (50% AMI)	\$ 21,350
	Low Income Limits (80% AMI)	\$ 34,100

See <https://www.huduser.gov/portal/datasets/il.html> for most recent income limits.

**Section 3 Worker Definition:**

- A low or very low-income resident (the worker’s income for the previous or annualized calendar year is below the income limit established by HUD); or
- Employed by a Section 3 business concern; or
- A YouthBuild participant.

**Targeted Section 3 Worker Definition:**

- Employed by a Section 3 business concern; or
- Currently meets or when hired met at least one of the following categories as documented within the past five years:
  - A resident of public housing; or
  - A resident of other public housing projects or Section 8-assisted housing; or
  - A YouthBuild participant.

## Appendix D: Section 3 Worker and Targeted Section 3 Worker Self-Certification

The purpose of HUD’s Section 3 program is to provide employment, training and contracting opportunities to low-income individuals, particularly those who are recipients of government assistance for housing or other public assistance programs. **Your response is voluntary, confidential, and has no effect on your employment.**

### Eligibility for Section 3 Worker or Targeted Section 3 Worker Status

A Section 3 worker seeking certification shall self-certify and submit this form to the recipient contractor or subcontractor, that the person is a Section 3 worker or Targeted Section 3 Worker as defined in 24 CFR Part 75.

**Instructions:** Enter/select the appropriate information to confirm your Section 3 worker or Targeted Section 3 Worker status.

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

- 1. Are you a resident of public housing or a Housing Choice Holder (Section 8)? YES NO Voucher
- 2. Are you a resident of the Hidalgo County YES NO
- 3. In the field below, select the amount of individual income you believe you earn on an annual basis. \*The grantee should confirm that their state and local laws do not prohibit this question.

- Less than \$12,880                       \$12,881 - \$21,350                       \$21,351 - \$34,100
- More than 34,101

Select from **ONE** of the following two options below:

I qualify as a:

- Section 3 Worker (as defined on page 9 of Section 3 Worker Certification Form)
- Targeted Section 3 Worker (as defined on pages 9-10 of Section 3 Worker Certification Form)

*(frontside)*

**Employee Affirmation**

I affirm that the above statements (on front side of this form) are true, complete, and correct to the best of my knowledge and belief. I hereby certify, under penalty of law, that the following information is correct to the best of my knowledge.

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

Print Name: \_\_\_\_\_ Date Hired: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**FOR ADMINISTRATIVE USE ONLY**

Is the employee a Section 3 worker based upon their self-certification?  **YES**  **NO**

Is the employee a Targeted Section 3 worker based upon their self-certification?  **YES**  **NO**

Was this an applicant who was hired as a result of the Section 3 project?  **YES**  **NO**

If Yes, what is the name of the company? \_\_\_\_\_

What was the date of hire? \_\_\_\_\_

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

*(backside)*

## Hidalgo County Urban County Program (UCP) Section 3 Income Limits

### Eligibility Guidelines

The worker’s income must be at or below the amount provided below for an individual (household of 1) regardless of actual household size.

#### Individual Income Limits *(Effective 4/1/21)*

FY 2021 Income Limit Area	Income Limits Category	FY 2021 Income Limits
McAllen-Edinburg-Mission, TX MSA	Extremely Low Income Limits (30% AMI)	\$ 12,880
	Very Low Income Limits (50% AMI)	\$ 21,350
	Low Income Limits (80% AMI)	\$ 34,100

See <https://www.huduser.gov/portal/datasets/il.html> for most recent income limits.

#### Section 3 Worker Definition:

- A low or very low-income resident (the worker’s income for the previous or annualized calendar year is below the income limit established by HUD); or
- Employed by a Section 3 business concern; or
- A YouthBuild participant.

#### Targeted Section 3 Worker Definition:

- Employed by a Section 3 business concern; or
- Currently meets or when hired met at least one of the following categories as documented within the past five years:
  - Living within the service area or the neighborhood of the project, as defined in 24 CFR 75.5; or
  - A YouthBuild participant.