



Missouri Housing
Development Commission

Section 3

HUD Programs

MHDC.com

Section 3 Requirements

- What is Section 3?
- Section 3 Plan
 - Owner/General Contractor
 - Subcontractors
- Section 3 Reporting
 - Benchmarks
 - Qualitative Efforts
 - Frequency of Reporting

What is Section 3

The section 3 program requires recipients of HUD funding to direct employment, training, and contracting opportunities to low-income individuals and the businesses that employ these persons within their community.

*Section 3 regulation were updated effective November 30, 2020. Updates included definitions, benchmarks, and reporting requirements.

Section 3 Plan

- Section 3 Plan provides for the commitment to comply with Section 3 requirements and achieve Section 3 goals.
- Owner/General Contractor submits a Section 3 Plan to MHDC with the FIRM submission documents.
- Subcontractor submits a Section 3 Plan to General Contractor
 - The Compliance Officer for the Developer will send a copy of the Subcontractor Plan to MHDC for records and filing.

Section 3 Plan Components

- Policy Statement/Purpose
- Section 3 Applicability
- Section 3 Goals/Safe Harbor Benchmarks
- Recipient and General Contractor Responsibilities
- Prioritization and Eligibility Requirements for Workers and Businesses
- Section 3 Certification Procedures for Workers and Business
- Reporting Deadlines
- Complaint Procedures

Safe Harbor Benchmarks

HUD determined threshold for Section 3 Compliance

25% or more of total labor hours worked is performed by Section 3 Workers

5% or more of the total labor hours worked is performed by Targeted Section 3 Worker

The Targeted Section 3 labor hours is included in the Section 3 Labor Hours

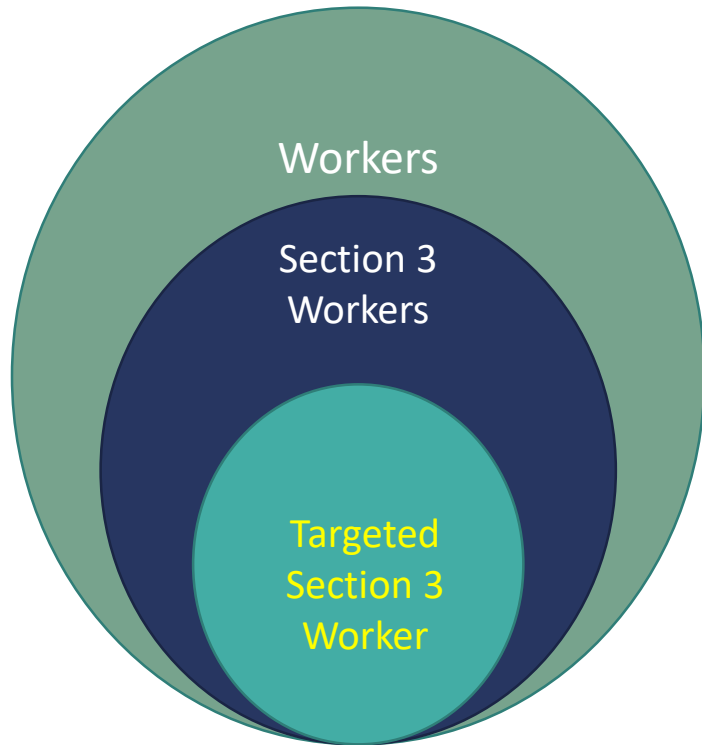
Benchmark Notice should be updated every three years.

Section 3 Worker



- A worker who currently fits or, when hired within the past 5 years, fits at least one of the following categories:
 - Is a low or very low-income person that met HUD income limits for the previous or annualized calendar year.
<https://www.huduser.gov/portal/datasets/il.html>
 - Is employed by a Section 3 business concern.
 - Is a YouthBuild Participant.

Targeted Section 3 Worker



- A worker who meets the definition of Section 3 worker plus one of the following:
 - Employed by a Section 3 business concern
 - Who currently fits or, when hired, fit 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
 - A YouthBuild Participant

YouthBuild Participant

- YouthBuild is a community-based pre-apprenticeship program administered by the U.S. Department of Labor that provides job training and educational opportunities for at-risk youth ages 16-24 who have previously dropped out of school.

References

HUD Notice: CPD-21-07

24 CFR Part 75

https://www.hud.gov/program_offices/comm_planning/home/section3

<https://www.huduser.gov/portal/datasets/il.html>

<https://mhdc.com/programs/hud-programs/section-3/>

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