ST. LOUIS COUNTY

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

SECTION 3 ADMINISTRATIVE PLAN

Revised March 16, 2023

Table of Contents

1. Overview of Section 3 Requirements 3

A. WHAT IS SECTION 3? 3

B. PURPOSE OF THIS DOCUMENT 3

C. APPLICABILITY 3

2. Section 3 Coordination 3

3. Employment, Training, and Contracting Goals 4

A. SAFE HARBOR 4

B. SAFE HARBOR BENCHMARKS 4

C. CERTIFICATION OF PRIORITIZATION OF EFFORT FOR EMPLOYMENT, TRAINING, AND CONTRACTING 5

4. Section 3 Eligibility and Certifications 7

A. SECTION 3 WORKER AND TARGETED SECTION 3 WORKER CERTIFICATION 7

B. SECTION 3 BUSINESS CONCERN CERTIFICATION 8

5. Assisting Contractors with Achieving Section 3 Goals 9

6. Section 3 Outreach 9

A. OUTREACH EFFORTS FOR EMPLOYMENT AND TRAINING 9

B. OUTREACH EFFORTS FOR CONTRACTING 10

7. Section 3 Contracting Policy and Procedure 11

8. Section 3 Provisions/Contract Language 11

9. Reporting Requirements 11

A. ANNUAL REPORTING 11

10. Section 3 Complaint Procedure 12

11. Appendices 12

APPENDIX A: DEFINITIONS 12

APPENDIX B: MULTIPLE FUNDING SOURCES - CHART 15

APPENDIX C: FUNDING SOURCES CLARIFIED - CHART 15

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 St. Louis County and its subrecipients, contractors and subcontractors will comply with HUD's Section 3 requirements in implementing St. Louis County's Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), and Emergency Solutions Grant (ESG) programs. St. Louis County 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 Business Concerns) and require the same of its contractors.

St. Louis County may amend its Section 3 Plan 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 more clarification on the difference between Public Housing Assistance (PHA) and Housing and Community Development Assistance (HCD), refer to the graphic in appendix C.

For projects funded with Lead 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 Coordination

St. Louis County's Community Development Department will administer Section 3 requirements for its HUD funded projects outside of the City of Duluth. Subrecipients, contractors, subcontractors and other interested parties are encouraged to reach out to St. Louis County Community Development with questions regarding Section 3 compliance.

3. Employment, Training, and Contracting Goals

A. SAFE HARBOR

Safe Harbor, as used by HUD in relation to Section 3, means that an organization has met the requirements of Section 3 and is therefore safe from the repercussions of failing to meet the regulations. Contractors will be considered to have met safe harbor if 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, HUD requires that they provide evidence that they have made qualitative efforts to assist low and very low-income persons with employment and training opportunities. St. Louis County anticipates that it will not be possible for many of our subrecipients and contractors to meet the safe harbor benchmarks, and therefore has developed policies and procedures to ensure that all subrecipients and contractors that cannot meet the benchmarks will still have completed qualitative efforts that can be reported to HUD. St. Louis County's goal in instituting these policies and procedures is to protect the subrecipient and contractor from the negative repercussions of failing to comply with Section 3 requirements, which can include repayment of funds supplied by HUD.

B. SAFE HARBOR BENCHMARKS

St. Louis County 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 75.9 (for public housing financial assistance) and Part 75.19 (for housing and community development financial assistance). The safe harbor benchmark goals are as follows:

(For public housing financial assistance):

1) Twenty-five (25) percent or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the Public Housing Agency's (PHA's) fiscal year are Section 3 workers.

   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 employed with public housing financial assistance in the PHA's fiscal year are Targeted Section 3 workers, as defined in 24 CFR Part 75.11.

   Targeted Section 3 Labor Hours/Total Labor Hours = 5%

(For housing and community development financial assistance):

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.

   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 in 24 CFR Part 75.21.

   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. Given that the Section 3 benchmarks are subject to change every three years or sooner, St. Louis County will review and update the Section 3 Plan as needed.

It is the responsibility of the subrecipient and its 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 St. Louis County or its subrecipients 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 St. Louis County's Section 3 Program, contractors and subcontractors must make their best efforts to provide employment and training opportunities to Section 3 workers in the priority order listed below:

(For public housing financial assistance):

1) To residents of the public housing projects for which the public housing financial assistance is expended

2) 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

3) To participants in YouthBuild programs

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

(For housing and community development financial assistance):

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

2) Participants in YouthBuild programs

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

CONTRACTING

Under St. Louis County's Section 3 Program, subrecipients, 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:

(For public housing financial assistance):

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

2) 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 assistance

3) YouthBuild programs

4) 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

(For housing and community development financial assistance):

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:

    a) Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area or the neighborhood of the project

    b) YouthBuild programs

Contractors and subcontractors will be required to certify that they will and have made their best efforts to follow the prioritization of effort requirements prior to the beginning of 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 St. Louis County or its contractors/subcontractors for training, employment, or contracting opportunities generated by CDBG, HOME, or ESG funds. To qualify as a Section 3 worker, Targeted Section 3 worker, or a Section 3 business concern, each must self-certify using St. Louis County forms 1011-1012 that they meet the applicable criteria.

Businesses who misrepresent themselves as Section 3 business concerns and report false information to St. Louis County 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 form 1011 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, St. Louis County 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 they meet 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)
2) Employed by a Section 3 business concern
3) A YouthBuild participant

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

(For public housing financial assistance):

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) A resident of public housing
    b) A resident of other public housing projects or Section 8-assisted housing
    c) A YouthBuild participant

(For housing and community development assistance):

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

    b) A YouthBuild participant

Section 3 workers and Targeted Section 3 workers who are seeking preference in training and employment must submit the *St. Louis County Section 3 Worker and Targeted Section 3 Worker Certification Form* (St. Louis County Form 1011).

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 Public Housing Agency 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, St. Louis County may follow either subpart B or subpart C of Part 75. Although St. Louis County may use subpart C, it is recommended to use subpart B to maintain consistency in reporting. This means that in the case of both sources of funding, St. Louis County will follow the regulations that pertain to public housing financial assistance.

In cases where Section 3 covered projects include multiple housing and community development funding sources (financial assistance) from single or multiple recipients, St. Louis County will follow subpart C of Part 75. Refer to the chart in Appendix B.

B. SECTION 3 BUSINESS CONCERN CERTIFICATION

St. Louis County should encourage contractors and subcontractors to make their best efforts to award contracts and subcontracts to Section 3 business concerns.

Businesses that believe they meet the Section 3 Business requirements may self-register in the HUD Business registry, here: http://www.hud.gov/Sec3Biz. Businesses may seek Section 3 Business Concern preference by demonstrating that they meet one or more of the following criteria:

1) At least fifty-one (51) percent of the business is owned and controlled by low- or very low-income persons
2) At least fifty-one (51) percent of the business is owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing
3) Over seventy-five (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 St. Louis County, contractors or subcontractors, that they meet the definitions provided above. Businesses shall demonstrate eligibility by submitting the St. Louis County Section 3 Contractor Compliance Plan (St. Louis County Form 1012).

Section 3 Contractor Compliance Plans must be submitted at the time of bid/proposal. If St. Louis County previously acknowledged the business concern to be Section 3 certified, then proof of acknowledgement can be submitted along with the bid, as long as the form is submitted within the prescribed expiration date. The Section 3 Business Concern acknowledgement will expire after five years. Establishing a five-year certification of eligibility period allows St. Louis County 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 Section 3 requirements, St. Louis County will do the following:

1) Share the Section 3 Plan with subrecipients, contractors, and subcontractors and explain policies and procedures
2) Consult with subrecipients prior to beginning the bid process to help ensure that Section 3 components are considered during the bid process
3) Prior to the Notice to Proceed, require the contractor to submit a signed Section 3 Plan (Form 1013), including 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 the projected number of available positions, to include job descriptions and wage rates
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 the 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 of this plan) before any other person, when hiring additional employees is needed to complete proposed work to be performed with CDBG, HOME, or ESG program funds
5) Inform contractors about the HUD Section 3 Opportunity Portal https://hudapps.hud.gov/OpportunityPortal/
6) Encourage local businesses to register on the HUD Business Registry and direct contractors to the HUD Section 3 Business Registry https://www.hud.gov/section3businessregistry
7) Require subrecipients to perform at least one qualitative effort per project, and to submit documentation of that effort to St. Louis County
8) Inform contractors about programs which help Section 3 workers find employment, such as SOAR Career Solutions or Move to Wellness
9) Require contractors working within a PHA to post any job availability on the site of the PHA.

6. Section 3 Outreach

A. OUTREACH EFFORTS FOR EMPLOYMENT AND TRAINING

In order to educate and inform workers and contractors, St. Louis County Community Development will be prepared to provide Section 3 training and technical assistance to subrecipients and contractors on a regular basis per program guidelines. When training opportunities are available, subrecipients, contractors and subcontractors should, to the greatest extent feasible:

1) Notify the St. Louis County Community Development Department 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 (or similar): "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 in all job postings
3) Working with St. Louis County Community Development to connect Section 3 workers and Targeted Section 3 workers with opportunities and/or utilize the Section 3 Opportunity Portal to find qualified candidates
4) Establishing a current list of Section 3 eligible applicants
5) Contacting local community organizations and provide them with job postings for Section 3 eligible applicants
6) Coordinating a programmatic ad campaign, which results in widespread job posting across diverse ad networks including
    a) Advertising job opportunities via social media
    b) Advertising job opportunities via flyer distributions and mass mailings and posting ad in common areas of housing developments and all public housing management offices
    c) Contacting resident councils, resident management corporations, and neighborhood community organizations to request their assistance in notifying residents of available training and employment opportunities

B. OUTREACH EFFORTS FOR CONTRACTING

When contracting opportunities arise in connection with HUD program funding, St. Louis County and its subrecipients and contractors 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 Requests for Proposals/Qualifications (RFPs/RFQs), procurement documents, bid offerings and contracts
2) 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
3) Coordinating with the prime contractor to publicize contracting opportunities for small businesses
4) Coordinating with business assistance agencies and contractor associations to inform them of contracting opportunities and request their assistance in identifying Section 3 business concerns. Could include local community development organizations, business development agencies (Chamber of Commerce), and minority contracting associations
5) Connecting Section 3 business concerns with resources to support business development to assist in obtaining contracting opportunities (e.g., bonding and insurance assistance, etc.). Contractors will also be encouraged to collaborate with St. Louis County as subcontract opportunities arise in an effort to notify eligible Section 3 business concerns about the contracting opportunities

7. Section 3 Contracting Policy and Procedure

St. Louis County will incorporate Section 3 in all applicable procurements. This policy and procedure contain requirements for making efforts to award applicable contracts to Section 3 Business Concerns.

All contractors/businesses seeking Section 3 preference must, before submitting bids/proposals to St. Louis County or its subrecipients be required to complete certifications, as appropriate. Such certifications shall be adequately supported with appropriate documentation as referenced in the Section 3 Business Concern Certification Form.

8. Section 3 Provisions/Contract Language

St. Louis County and its subrecipients will include standard Section 3 language in all applicable contracts to ensure compliance with regulations in 24 CFR Part 75. St. Louis County 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, St. Louis County Community Development will audit contractors for compliance with the minimum Section 3 requirements outlined in the Section 3 Plan.

In addition, subrecipients, contractors, and subcontractors are required to include language in all Section 3 covered contracts or agreements for subcontractors to meet the requirements of 24 CFR Part 75.9 (for public housing financial assistance) and Part 75.19 (for housing and community development financial assistance).

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. Noncompliance may also result in the repayment of funds to St. Louis County or to HUD.

9. Reporting Requirements

For Section 3 covered contracts, contractors must submit a Section 3 performance and summary report to St. Louis County Community Development annually.

A. ANNUAL REPORTING

1) Once a project is completed, contractors must submit a final Section 3 cumulative report for the program year.
2) Upon the completion of a project, St. Louis County will conduct a final review of the project's overall compliance and submit the findings to HUD via the Integrated Disbursement and Information System.

B. 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, St. Louis County and the 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), St. Louis County 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 are not included in calculating whether the assistance exceeds the LHCHH $100,000 threshold. Refer to the chart in Appendix B.

10. Section 3 Complaint Procedure

In an effort to resolve complaints generated due to non-compliance through an internal process, St. Louis County encourages the submittal of such complaints to the Community Development Department as follows:

1) Complaints of non-compliance should be filed in writing and must contain the name of the complainant and a brief description of the alleged violation of 24 CFR Part 75.
2) Complaints must be made within 180 calendar days after the complainant becomes aware of the alleged violation.
3) An investigation will be conducted if the complaint is found to be valid. St. Louis County will process complaints and attempt to work with relevant parties to correct the issue. If the issue is not resolved or if the complaint is particularly complex, St. Louis County will forward the complaint to the HUD field office.
4) If complainants wish to have their concerns considered outside of St. Louis County, a complaint may be filed with the HUD program office responsible for the public housing financial assistance or the Section 3 project, or to the local HUD field office. These offices can be found on the HUD website, www.hud.gov/.

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.

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/.

11. 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

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

(3) Another contractor 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

(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 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
Public Housing and Housing and Community Development	**PHA** – must follow subpart B of Part 75 **HCD** – may follow subpart B or C of Part 75	None *Any amount of PH assistance triggers Section 3	**PHA** – must follow subpart B of Part 75 **HCD** – may follow subpart B or C of Part 75	**PHA** – must follow subpart B of Part 75 **HCD** – may follow subpart B or C of Part 75 Both - Must report on project as a whole and identify the multiple associated recipients
Multiple Sources of Housing and Community Development *(single or multiple recipients)*	Must follow subpart C of Part 75	Exceeds $200,000 for Section 3 projects *LHCHHP exceeds $100,000	Must follow subpart C of Part 75	Must follow subpart C of Part 75 Must report on project as a whole and identify the multiple associated recipients Must report to the applicable HUD program office, as prescribed by HUD

APPENDIX C: FUNDING SOURCES CLARIFIED - CHART

	Public Housing Financial Assistance (PHA)	**Housing and Community Development Financial Assistance (HCD)**
Source:	HUD's Office of Public and Indian Housing	HUD's Office of Community Planning and Development
Reference:	CFR 75.3(a)(1)	CFR 75.3(a)(2)(i)
Example:	Local HRAs and Public housing developments receiving HUD funding	Projects funded through HOME, CDBG, and ESG.