



# HIGHLIGHTS OF HUD'S PROPOSED RULE

## AMENDING SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968



### **What is Section 3?**

Section 3 of the Housing and Urban Development Act of 1968 (Section 3) ensures that HUD-funded jobs training, and contracts are provided to local low-income residents, particularly those that reside in public housing, and businesses that substantially employ them.

### **Why is HUD Publishing a Proposed Rule to Amend the Current Section 3 Regulation?**

The current Section 3 regulation at 24 CFR § 135 is vague in areas that have proved to be confusing and lead to differing interpretations. The Section 3 proposed rule seeks to: 1) clarify obligations for PHAs and other grantees; 2) incorporate HUD programs that have been created since the publication of the current regulation; and 3) codifies "best practices" that have proved successful for providing employment and contracting opportunities.

### **What is the Status of the Section 3 Proposed Rule?**

On [insert date] the Section 3 Proposed Rule was published in the Federal Register for a 60 day public comment period. To review the Section 3 Proposed Rule or provide public comments, please visit:

[www.huduser.org/portal/economicOpportunities.html](http://www.huduser.org/portal/economicOpportunities.html)

All comments must be received by:  
May 26, 2015

### **What Are the Major Highlights of the Section 3 Proposed Rule?**

The Section 3 Proposed Rule:

1. Establishes clearer guidelines for achieving compliance "to the greatest extent feasible".
2. Requires "new hires" to work a minimum percentage of hours.
3. Revises the definition of a "Section 3 Business".
4. Sets a new funding threshold for non-PHA grantees.
5. Removes the 3% minimum numerical goal for non-construction contracts.
6. Requires PHAs and other grantees to monitor contractor payroll data.
7. Mandates reference to Section 3 requirements in Project Labor Agreements.
8. Incentivizes job retention and the provision of apprenticeship opportunities for Section 3 residents.
9. Allows grantees to accept self-certifications or presume eligibility.
10. Imposes penalties for failure to submit Section 3 annual reports.
11. Imposes program sanctions on PHAs and grantees that fail to comply.
12. Stipulates that relief may possibly be provided to aggrieved entities.

### **How Do I Find Out More Information About Section 3?**

Please visit: [www.hud.gov/section3](http://www.hud.gov/section3)