

City of Newburgh Community Development Block Grant (“CDBG”)

Section 3 Documentation

Public Works/Service Contracts

This document provides information about the U.S. Department of Housing and Urban Development (“HUD”) Section 3 Program as well as applicability to the City of Newburgh, and to contractors and residents. As the City of Newburgh receives an annual entitlement award through the HUD Community Development Block Grant (“CDBG”) program and meets certain requirements, the City of Newburgh participates in the Section 3 Program. (24 CFR Part 135 - Section 3 Regulations)

What is the HUD Section 3 Program?

The Section 3 program requires that recipients of certain HUD financial assistance “to the greatest extent possible, provide training, employment, contracting and other economic opportunities to low- and very low-income persons, especially recipients of government assistance for housing, and to businesses that provide economic opportunities to low- and very low-income persons.”

<https://www.hud.gov/section3>

Section 3 differs from the Minority Business Enterprise/Women Business Enterprise programs, as Section 3 is both race and gender neutral. The standards provided under this regulation are based on income-level and location. Section 3 regulations were designed to encourage 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 regardless of race and/or gender.

Important: Section 3 is not an entitlement program; therefore, employment and contracts are not guaranteed. Low- and very low-income individuals and Section 3 business concerns must be able to demonstrate that they have the ability or capacity to perform the specific job or successfully complete the contract that they are seeking.

SECTION 3 BENCHMARKS

The Section 3 benchmark for:

1. **Section 3 Workers** is set at 25 percent or more of the total number of labor hours worked by all workers on a Section 3 project.
2. **Targeted Section 3 Workers** is set at 5 percent or more of the total number of labor hours worked by all workers on a Section 3 project. This means that the 5 percent is included as part of the 25 percent threshold.

Public Works/Service businesses working under a contract fully or partially-funded by the City of Newburgh Community Development Block Grant (CDBG) program must provide the City of Newburgh with the efforts made to provide training, employment, contracting and other economic opportunities to low- and very low-income persons in the City of Newburgh. (ex. Job Posting, Outreach)

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DEFINITIONS

Section 3 Business Concern: 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.

Low-income and Very low-income: 80 percent and 50 percent of the area median individual income, respectively. HUD income limits: <https://www.huduser.gov/portal/datasets/il.html>.

Section 3 Worker: Any worker who currently fits, or when hired within the past five years fits, at least one of the following categories, as documented:

1. The worker’s income for the previous or annualized calendar year is below the income limit established by HUD (see attachment);
2. The worker is employed by a Section 3 business concern; or
3. The worker is a YouthBuild participant.

Targeted Section 3 Worker:

1. A worker who is employed by a Section 3 business concern; or
2. Currently fits or when hired fits 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 § 75.5; or
 - b. A YouthBuild participant.

YouthBuild: 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.

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CONTRACTOR RESPONSIBILITIES

The contractor must:

- Provide the City of Newburgh with the efforts made to provide employment to low- and very-low income residents in the City of Newburgh.
- Let the City of Newburgh know if they hired any low and very low-income residents in the City of Newburgh, and provide the following:
 - 1) The total number of labor hours worked by all Workers, (on the awarded job)
 - 2) The total number of labor hours worked by Section 3 Workers, and
 - 3) The total number of labor hours worked by Targeted Section 3 Workers.

Documentation from contractor that employs the worker also provides the following documentation to the City of Newburgh, to ensure that workers meet the definition of a Section 3 worker or Targeted Section 3 worker, at the time of hire:

For a worker to qualify as a Section 3 worker, one of the following must be documented:

- A worker's self-certification that their income is below the income limit from the prior calendar year;
- A worker's self-certification of participation in a program such as public housing or Section 8-assisted housing;
- Certification from a Public Housing Manager, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;
- An employer's certification that the worker's income from that employer is below the income limit when based on an employer's calculation of what the worker's wage rate would translate to if annualized on a full-time basis; or
- An employer's certification that the worker is employed by a Section 3 business concern.

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For a worker to qualify as a Targeted Section 3 worker, one of the following must be documented:

- An employer’s confirmation that a worker’s residence is within one mile of the work site or, if fewer than 5,000 people live within one mile of a work site, within a circle centered on the work site that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census;
- An employer’s certification that the worker is employed by a Section 3 business concern; or
- A worker’s self-certification that the worker is a YouthBuild participant.

**City of Newburgh Community Development Block Grant (CDBG)
Section 3 Worker Documentation Worksheet
Public Works/Service Contracts**

Project Name:	
Contractor Name:	

Worker	Worker Hours	Definition
Total number of labor hours worked by all Workers		Total number of labor workers on the job, including Section 3 and non-Section 3 labor.
Total number of labor hours worked by Section 3 Workers		Any worker who currently fits, or when hired within the past five years fits, at least one of the following categories, as documented: 1. The worker's income for the previous or annualized calendar year is below the income limit established by HUD (see attachment); 2. The worker is employed by a Section 3 business concern; or 3. The worker is a YouthBuild participant.
Total number of labor hours worked by Targeted Section 3 Workers		1. A worker who is employed by a Section 3 business concern; or 2. Currently fits or when hired fits 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 § 75.5; or b. A YouthBuild participant.

The Section 3 benchmark for:

- Section 3 Workers is set at 25 percent or more of the total number of labor hours worked by all workers on a Section 3 project.
- Targeted Section 3 Workers is set at 5 percent or more of the total number of labor hours worked by all workers on a Section 3 project. This means that the 5 percent is included as part of the 25 percent threshold.

**City of Newburgh Community Development Block Grant (“CDBG”)
Section 3 Hiring Effort Documentation
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Project Name:	
Contractor Name:	

Efforts made to Hire Low- and Very-Low City of Newburgh Residents

Please provide documentation (ex. Job Posting, Job Fair, etc.).

If job was posted, please attach copy of notice.