

## **HUD Section 3 Sample Utilization Tool**

### **Public Housing Financial Assistance**

Public reporting for this collection of information is estimated to average 1.50 hours per response, including the time for reviewing instructions, searching existing data sources, gathering, and maintaining the data needed, and completing and reviewing the collection of information.

Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1992 (Section 3), and 12 U.S.C. § 1701u ensure 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 or residents of the community in which the Federal assistance is spent. The regulations are found at 24 CFR Part 75. This collection of information is required to ensure that Section 3 workers and Section 3 Business concerns participating in Housing and Community Development Projects and Public Housing Assistance Projects with HUD funding are documenting Section 3 labor hours to meet the requirements of Section 3 found in 24 CFR part 75. The information will be used by the Department to monitor program recipient's compliance with Section 3, to assess the results of the Department's efforts to meet the statutory objectives of Section 3, to prepare reports to Congress, and by recipients as a self-monitoring tool.

Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions to reduce this burden, to Anna P. Guido, Reports Management Officer, QDAM, Department of Housing and Urban Development, 451 7th Street, SW, Room 4176, Washington, DC 20410-5000. When providing comments, please refer to OMB Approval No. 2501-0040. HUD may not conduct and sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid control number. No assurances of confidentiality are provided for this information collection.

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This sample Utilization Tool is a sample tool for public housing entities and their contractors/subcontractors to document Section 3 labor hours for Section 3 workers and Section 3 business concerns. This document and accompanying Form 4737 and Form 4737A should be completed by businesses completing activities that utilize Public Housing funds. Please note that the procurement process and the Section 3 Worker or Section 3 business concern self-certification and verification process is completed outside of this tool.

### **Applicable Law**

Section 3 rules apply on projects and expenses with the following public housing assistance, including:

- Development assistance pursuant to Section 5 of the Housing Act of 1937 (1937 Act),
- Operating funds pursuant to Section 9(e) of the 1937 Act,
- Capital funds for development, modernization, and management assistance pursuant to Section 9(d) of the 1937 Act,
- The entirety of a mixed-finance development project as defined in 24 CFR § 905.604, and/or
- Any public housing funding identified through a Notice of Funding Availability (NOFA) as outlined in 24 CFR 75.7.

- o Example: Choice Neighborhood implementation or planning grants or Jobs Plus/Family Self-sufficiency/Resident Opportunities and Self-Sufficiency Grants.
- Rental Assistance Demonstration (RAD) Projects

**Section I      Funding Information**

HUD-funded entity: \_\_\_\_\_

Subrecipient: \_\_\_\_\_

Primary contact name and title: \_\_\_\_\_

Primary contact email and phone: \_\_\_\_\_

Fiscal year: \_\_\_\_\_

## Section II Funding Source

Work performed utilizing public housing financial assistance such as from any of the applicable laws listed above, may use this form as it pertains to the work of a procured contractor, subcontractor or subrecipient and reporting for this work.

Complete activities that apply to:

- development assistance pursuant to Section 5 of the Housing Act of 1937 (1937 Act),
- operating funds pursuant to Section 9(e) of the 1937 Act,
- capital funds for development, and modernization, and management assistance pursuant to Section 9(d) of the 1937 Act

If public housing financial assistance is provided, in any amount, to a mixed-finance development project as defined in 24 CFR § 905.604, **the entirety of the project** must report Section 3 utilization. This form may be used to report this information.

Public housing funding identified through a Notice of Funding Availability (NOFA) as outlined in 24 CFR §75.7 must report Section 3 utilization of business concerns and workers. Sample NOFAs include:

- Choice Neighborhood implementation; or
- Planning grants; or
- Jobs Plus/Family Self-sufficiency/Resident Opportunities and Self-Sufficiency Grants.

Select the name of the HUD program that is providing funding and list the amount of funding in the project (if program is not listed, please use “other” option listed in the chart):

	<b>Name of HUD Program</b>	<b>Funded Amount</b>
	Public Housing Financial Assistance	\$ _____
	Housing and Community Development Funding (list program leveraging project costs _____)	\$ _____
	Other _____	\$ _____
<i>Total Funded Amount</i>		\$ _____

### **Section III     Prioritization Requirements**

#### **Employment and Training**

The PHA or other recipients receiving public housing financial assistance and their contractors or subcontractors will provide their best efforts to give any employment and training opportunities in connection with Section 3 and should give priority to Section 3 workers in the following order of priority:

1. Residents of the public housing project(s) for which the public housing financial assistance is expended;
2. Residents of the public housing project(s) managed by the PHA that is providing the assistance or for residents of Section 8-assisted housing managed by the PHA;
3. Participants in YouthBuild program(s); and
4. Persons of low- and very-low income residing within the metropolitan area (or nonmetropolitan county) in which the assistance is expended.

*NOTE: No statement in this document is intended to require the contracting or employment of a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of an available employment or training opportunity.*

#### **Contracting**

The PHA or other recipients receiving public housing financial assistance and their contractors or subcontractors will provide their best efforts to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 workers in connection with public housing financial assistance.

Contracted businesses should make best efforts to give priority in the following order listed:

1. Section 3 business concerns that provide economic opportunities for residents of the public housing project(s) for which the public housing financial assistance is expended;
2. Section 3 business concerns that provide economic opportunities for residents of the public housing project(s) or Section-8 assisted housing managed by the PHA that is providing the assistance;
3. Participants in YouthBuild program(s); and
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 expended.

*NOTE: No statement in this document is intended to require the contracting or procurement of a Section 3 business concern. Section 3 business concerns are not exempt from meeting the specifications of the bid or contract.*

#### **Section IV Identification and Recordkeeping for Section 3 Businesses**

For each Section 3 Business that is completing construction or rehabilitation activities for the project identified in Section I, complete PHA Form 4737 for *each* contractor as instructed on the form. Certification will be documented prior to the execution of a contract. Certification documentation must be maintained by the recipient, subrecipient, contractor, or subcontractor for the appropriate record retention period found in 2 CFR Part 200.

*NOTE: Professional service providers and recipient or subrecipient information may be entered on the form.*

Form 4737 is intended to provide a template for PHAs, non-Section 3 businesses and Section 3 business concerns to record all labor hours to document compliance with Section 3 on the HUD-funded project. Each contractor must document the total number of labor hours and enter the specific amount of Section 3 business labor hours worked on the project.

*NOTE: A business can also use a separate form or internal system that includes the same information on PHA Form 4737.*

#### **Section V Certification of Section 3 Worker and Targeted Section 3 Worker (PHA Form B)**

PHA Form 4737A is intended to provide a template for PHAs, non-Section 3 Businesses, and Section 3 Businesses to record individual labor hours to document compliance with Section 3 on the HUD-funded project, should they choose to use this. The form tracks the total number of labor hours for each construction business and professional business that is contracted to complete work on the project.

*NOTE: A business can also use a separate form or internal system that includes the same information on Form 4737A.*

For each Section 3 Worker or Targeted Section 3 Worker that is contributing labor hours to complete construction or rehabilitation activities for the project identified in Section I, complete PHA Form 4737A for each worker with name and appropriate information. Individuals (Section 3 workers and Targeted Section 3 workers) only need to be verified once. Documentation and verification must be maintained by recipient or its designee(s) for the appropriate record retention period found in 2 CFR Part 200. (See PHA Form 4737A attached)

## Section VI Certification

By signing this Section 3 Utilization Tool, [contractor/subcontractor] certifies that it meets the requirements of 24 CFR § 75.9 through § 75.17. [Contractor/subcontractor] agrees to make best efforts to ensure that employment, training, and contracting opportunities arising in connection with Section 3 are provided to Section 3 workers, Targeted Section 3 workers, YouthBuild participants, and Section 3 Business concerns that provide economic opportunities to Section 3 workers.

“I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct. **WARNING:** Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012, 1014; 31 U.S.C. §3729, 3802)”

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Printed Name of Signer

Date

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Signature

*Note: This form must be signed by a representative, officer, or agent of the entity or business signing and certifying this information.*