



2023 NJNAHRO

# Spring Training Conference

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## SECTION 3 TRAINING

**LiUNA!**  
NEW JERSEY

*We don't just build buildings and roads...  
we build communities.*

 **Jersey City  
Housing Authority**  
Building Communities...Creating Opportunities...Transforming Lives

# Jersey City Housing Authority

## **Background**

The Jersey City Housing Authority (JCHA) was formed in 1938 to provide decent, affordable housing for low-income families, seniors, and persons with disabilities. JCHA is New Jersey's second largest public housing authority, serving over 15,000 residents. The JCHA is responsible for the administration of approximately 7,250 housing units in every ward of Jersey City, including approximately 2,250 public housing units and 5,000 Housing Choice Vouchers.

## **Mission**

Creating and investing in quality affordable housing opportunities for our residents and communities we serve.

The JCHA has been lauded as a champion of energy efficiency and green building practices and was the first public housing authority to meet the U.S. Department of Energy's Better Buildings Challenge in 2018, while promoting Section 3 hiring policies, and demonstrating a strong record of revitalizing distressed public housing.



# JCHA Asset Management Property Examples



Hudson Gardens



Thomas J. Stewart Apts.



Dwight Street Homes

# JCHA Mixed-Finance Development Examples

Mill Creek Gardens



Lafayette Village



Glennview Townhouses

# JCHA Future Development Examples



Holland Gardens Redevelopment



Mill Creek Family Phase II



Webb Apts. Acquisition & Conversion

# Section 3 Overview: What you need to know

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AGENDA What is Section 3?

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Biggest Changes to Note

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When & How does Section 3 Apply?

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Difference between Targeted/Section 3 Worker

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HUD Income Limits Tool

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What is a Section 3 Business Concern?

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When is Reporting Due?

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Best Practices

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# What is Section 3?

- Section 3 is a provision of the HUD Act of 1968 to increase individual and business self-sufficiency in distressed communities.
  - Originally designed as a geographic preference
  - 1995 Amendment: Changed the regulation from a geographic preference to an economic preference
  - 2020 Amendment: Changed goal from new-hires to labor-hours

## WHAT SECTION 3 IS NOT

- Is not a guarantee of employment
- Is not a race or gender specific goal
- Is not a set aside program
- Is not a guarantee of a contract
- Is not optional

It is not a “program”, it is a provision of 24 CFR part 75

# Biggest Changes To Note: Clarification

1. **Worker hours** is now the primary focus, not hiring or position openings
2. **Benchmark** percentages changed
3. **Creation of “Targeted Section 3”**
4. **Changes to definitions** of Section 3 worker and Section 3 Business Concerns
5. **No more \$ requirement** towards Section 3 Business Concerns
6. **No longer household income** that is counted, now individual income
7. **\$1 or more** of direct HUD funding triggers Section 3 compliance (in PHAs)
8. **PHA staffing** for non-HCV roles now included into Section 3 requirements
9. **Professional services** do not count towards total hours worked, but *may* be counted into the Total Section 3 Work Hours (if persons meet section 3 criteria)
10. **No more location restrictions** - “Service area” only applies to non-PHAs utilizing CDBG funding (1 mile from work site)
11. **Opportunity Portal** can be used by Section 3 Business Concerns to self-register
12. **Small PHAs** with less than 250 units of public housing only submit a qualitative report of their efforts (not quantitative)
13. **New Reporting system:** will soon be S3R, not SPEARS (which replaced HUD-60002)



# Old Rule Versus New Rule

## Section 3 of the Housing and Urban Development Act of 1968

Old Rule - 24 CFR Part 135	New Rule - 24 CFR Part 75
<b>Focusing on sustained employment of low- and very low-income populations</b>	
A new hire for a temporary, one-month job and a new hire for a permanent, year-round job counted the same, instead of placing more value on long-term employment.	Recognizes the greater value of the permanent job by focusing on labor hours instead of new hires, creating an incentive for employers to invest in and retain their newly hired low-income workers.
<b>Crediting successful sustained employment in reporting benchmarks</b>	
<p>Former benchmarks:</p> <ul style="list-style-type: none"><li>• 30% of persons hired by Section 3 funding must be Section 3 residents</li><li>• 10% of total funds for construction contracts awarded to Section 3 businesses</li><li>• 3% of total funds for non-construction contracts awarded to Section 3 businesses</li><li>• No updates to these benchmarks</li></ul>	<p>Final rule benchmark notice:</p> <ul style="list-style-type: none"><li>• 25% of all labor hours must be performed by a Section 3 worker</li><li>• 5% of all labor hours must be performed by Targeted Section 3 workers</li><li>• Benchmark notice should be updated by the Secretary every three years</li></ul>

# Old Rule Versus New Rule

## Allowing varied outcomes for different geographies and activities

Section 3 residents are:

- Public housing residents
- Low- and very low-income persons who live in the metropolitan area or non-metropolitan county where a HUD assisted project for housing or community development is located

Section 3 workers are:

- Workers whose incomes for the previous or annualized calendar year are below the income limit established by HUD
- Employed by a Section 3 business concern
- YouthBuild participants

Under the old rule, there is no distinction or prioritization of hiring Targeted Section 3 workers.

New rule emphasizes the priority hiring of Targeted Section 3 workers living in public or Section 8-assisted housing or within a 1 mile radius of the project site.

Section 3 business concerns are:

- At least 51% owned by Section 3 residents
- At least 30% of employees are currently Section 3 residents, or were within first three years of employment
- Businesses that subcontract more than 25% of all subcontracts to a Section 3 business concern

Section 3 business concerns are:

- At least 51% owned and controlled by low- or very low-income persons
- Businesses where Section 3 workers perform over 75% of the labor hours over a three-month period
- At least 51% owned and controlled by current public housing or Section 8-assisted housing residents

## Integrating Section 3 into the program offices

Enforcement and compliance was performed by the Office of Fair Housing and Equal Opportunity.

Enforcement and compliance will be integrated into regular program office work.

## Reducing reporting requirements for grantees who are meeting benchmarks

# When Does Section 3 Apply?

## APPLICABLE HUD PROGRAMS

- Public Housing Operating Fund
- Public Housing Capital Fund
- Lead Hazard Control of Healthy Homes contracts over \$100,000
- Projects over \$200,000 including funds from:
  - Community Development Block Grant (CDBG)
  - HOME Investment Partnerships Program
  - Housing Trust Fund
  - Housing Opportunities for Persons with AIDS (HOPWA)
  - Emergency Solutions Grants (ESG)
  - Continuum of Care Program (CoC)

## NOT APPLICABLE

- Contracts for Materials
- Indian and Tribal Contracts or Grants
- Other HUD Assistance & Other Federal Assistance
- CDBG Contracts under \$200,000
- Section 8 project-based rental assistance contracts

For Public Housing contracts, any service contract that utilizes \$1 or more triggers Section 3 Compliance

**\*\*This includes PHA staff\*\***

# How does Section 3 Apply?

## Compliance goals: **Out of Total Work Hours**

- 25% worker hours by Section 3 Workers
- 5% worker hours by Targeted Section 3



## **Not Included in this Goal:**

- Professional Services (non-construction services that require an advanced degree or professional licensing) do not count towards total hours
- Material Supply Contracts do not apply

## Main Points

- 25% & 5% goals does not equal a 30% goal -- these hours will likely overlap!
- **Worker hours are the only thing measured** – not hires, number of workers or pay rates
- Professional services **may** count towards total Section 3 worker hours but **NOT** towards the total work hours

# What is the difference between a Section 3 worker and a Targeted Section 3 worker?

## Section 3 Worker

- A worker employed by a **Section 3 business concern**; or
- A **YouthBuild** participant
- A **Low/Very Low-income** worker as defined by HUD for the area in which they live

## Targeted Section 3 Worker (differs for PH or CDBG)

- A worker employed by a **Section 3 business concern**; or
- A worker who currently fits or when hired, fits at least one of the following categories, as documented within the past five years:
  - A **resident** of public housing or Section 8-assisted housing (Housing Choice Voucher);
  - A **resident** of other public housing projects or Section 8-assisted housing managed by the PHA that is providing the assistance; or
  - A **YouthBuild** participant

## Main Points

- The only way a Targeted Section 3 worker would NOT be considered a general Section 3 worker is if they receive more than the HUD low-income limit for the area they live in
- Targeted Section 3 must have that condition WHEN HIRED, and will maintain this status for a 5-year period

# HUD Income Limits Search Tool

Low- and very low-income limits are defined in Section 3(b)(2) of the Housing Act of 1937 and are determined annually by HUD. These limits are typically established at 80 percent and 50 percent of the area median individual income. HUD income limits may be obtained from: <https://www.huduser.org/portal/datasets/il.html>.

HUD income limits can be found here:

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



## FY 2023 INCOME LIMITS DOCUMENTATION SYSTEM

First select a state:

- Massachusetts - MA
- Michigan - MI
- Minnesota - MN
- Mississippi - MS
- Missouri - MO
- Montana - MT
- Nebraska - NE
- Nevada - NV
- New Hampshire - NH
- New Jersey - NJ

Then select a county:

- Atlantic County, NJ
- Bergen County, NJ
- Burlington County, NJ
- Camden County, NJ
- Cape May County, NJ
- Cumberland County, NJ
- Essex County, NJ
- Gloucester County, NJ
- Hudson County, NJ
- Hunterdon County, NJ

**View County Calculations**

Or view FY 2023 statewide Income Limits for New Jersey:

**View State Calculations**

Or select a FY 2023 HUD Metropolitan Fair Market Rent/Income Limits Area (HMFA):

Abilene, TX MSA

**View HMFA Calculations**



# FY 2023 INCOME LIMITS DOCUMENTATION SYSTEM

[HUD.gov](https://www.hud.gov) [HUD User Home](#) [Data Sets](#) [Fair Market Rents](#) [Section 8 Income Limits](#) [MTSP Income Limits](#) [HUD LIHTC Database](#)

# HUD Income Limits Search Tool

## FY 2023 Income Limits Summary

FY 2023 Income Limit Area	Median Family Income <a href="#">Click for More Detail</a>	FY 2023 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Jersey City, NJ HUD Metro FMR Area	\$100,900	Very Low (50%) Income Limits (\$) <a href="#">Click for More Detail</a>	42,600	48,700	54,800	<b>60,850</b>	65,750	70,600	75,500	80,350
		Extremely Low Income Limits (\$)* <a href="#">Click for More Detail</a>	25,550	29,200	32,850	<b>36,500</b>	39,450	42,350	45,420	50,560
		Low (80%) Income Limits (\$) <a href="#">Click for More Detail</a>	68,150	77,850	87,600	<b>97,300</b>	105,100	112,900	120,700	128,450

NOTE: **Hudson County** is part of the **Jersey City, NJ HUD Metro FMR Area**, so all information presented here applies to all of the Jersey City, NJ HUD Metro FMR Area. HUD generally uses the Office of Management and Budget (OMB) area definitions in the calculation of income limit program parameters. However, to ensure that program parameters do not vary significantly due to area definition changes, HUD has used custom geographic definitions for the Jersey City, NJ HUD Metro FMR Area.

The **Jersey City, NJ HUD Metro FMR Area** contains the following areas: Hudson County, NJ;

# What is a Section 3 Business Concern?

## Section 3 Business Requirements

- **A business concern meeting 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
  - At least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.
- **Does not need to be incorporated**
  - A Section 3 business concern can be any type of business, such as a sole proprietorship, LLC, partnership, or a corporation, properly licensed and meeting all legal requirements to perform the contract under consideration.

## Main Points

- ALL employees of a Section 3 Business concern are considered Section 3/Targeted Section 3 workers
- PHA Procurement Policy should be designed to encourage Section 3 Businesses

Businesses may Self-Certify in the Section 3 Opportunity Portal

[Section 3 Opportunity Portal - Home \(hud.gov\)](https://www.hud.gov/section3)

Listing alone is not enough to be verified, you must also receive an email confirmation from the business



# Section 3 Opportunity Portal



HUD.GOV

U.S. Department of  
Housing and Urban Development



OMB Approval Pending

## Section 3 Opportunity Portal

- [Home](#)
- [Search](#) ▾
- [My Section 3 Portal](#) ▾
- [Help](#) ▾
- [My Account](#) ▾

### Welcome to HUD's Opportunity Portal

The Opportunity Portal helps match Section 3 Workers to jobs and training opportunities and Section 3 Businesses to contracting opportunities.

#### Section 3 Workers *i*

- [Search for jobs and training positions](#)
- Post your resume (*sign in required*)

#### Section 3 Businesses *i*

- [Search for contracts](#)
- [My registered business](#)

#### Section 3 Recipients and Employers *i*

- [Post jobs and training positions](#)
- [Post contracts](#)
- [Search job applicants](#)

U.S. Department of Housing and Urban Development  
451 7th Street S.W., Washington, DC 20410  
Telephone: (202) 708-1112 TTY: (202) 708-1455

### Section 3 Business Criteria

Your business is eligible to apply for preference as a Section 3 Business if, in addition to meeting all applicable state and local regulations, it self-certifies that it meets one or more of the following criteria (you must check at least one):

- A. At least 51 percent of the business is owned and controlled by low- or very low-income persons;
- B. 75 percent of the labor hours performed for the business over the prior three-month period were performed by Section 3 workers; or
- C. At least 51 percent of the business is owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

### Self Certification

*By Submitting this form, my business certifies that the statements and information contained on this form are true and accurate, and meet the required HUD Section 3 business self-certification eligibility requirements in accordance with 24 CFR Part 75. HUD accepts the firm self-certification that it meets the requirements of a Section 3 Business but has not validated this claim or substantiated its validity. HUD does not endorse the services provided by any terms that apply for self-certification. A Section 3 business is not entitled to a contract simply by being listed in the HUD Section 3 Business Registry database. Businesses that self-certify their eligibility may receive preference as a Section 3 business, subject to verification, or any contract(s) that may be awarded. Firms that misrepresent their eligibility to receive preference as a Section 3 business may face financial or criminal penalties.*

The above information is true/accurate.

[Cancel](#)

[Submit](#)

# Section 3 Reporting

- Normally, reporting is due at the end of a PHA's fiscal year
  - However, this has been currently extended because the new system, S3R, is not yet operational
  - Contractors are obligated to provide certified payrolls and worker logs to track this information
- If a PHA does NOT meet safe harbor, it will have to supply qualitative reports:
  - Benchmarks for safe harbor may change every 3 years
  - Qualitative “best efforts” “to the greatest extent feasible” to meet Section 3 goals include **workforce development initiatives** and **targeted outreach** to eligible populations

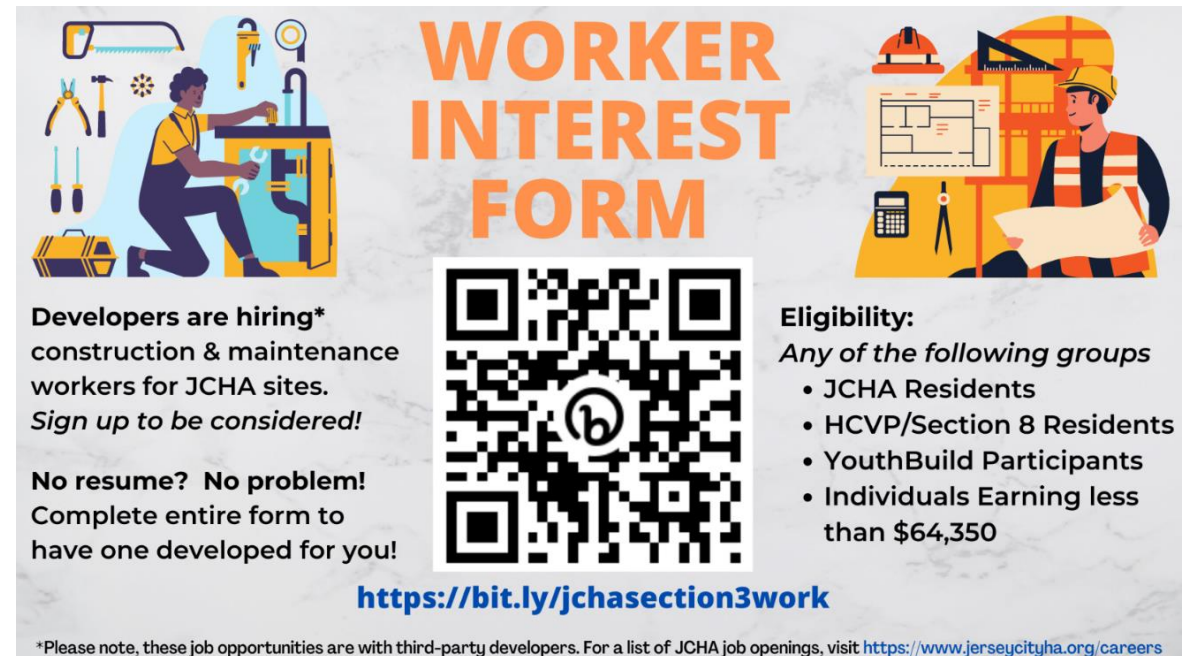
## Main Points

- In [PIH Notice 2022-38](#), HUD announced that Section 3 compliance reporting requirements for public housing funding have been delayed until further notice.
- The SPEARS system is no longer utilized for reporting, the new system will be S3R

# Best Practices Ideas

## Some ideas for best practice from JCHA

- PHA to adopt a comprehensive ECO (Employment & Contracting Opportunity) Plan addressing Section 3, MBE, & AAP, tailored to the particular PHA's needs & resources
- Have a Section 3 worker interest form available at events
- Maintain a shareable listing of eligible Section 3 worker interests that can be given to employers upon request
- Provide connections for persons on the Section 3 worker interest list with skill building courses and professional development
- Share the Section 3 Opportunity Portal with potential businesses that may be able to register as a Section 3 business concern

A graphic for a 'Worker Interest Form'. It features two illustrations: on the left, a worker in a yellow shirt and dark pants is kneeling and working on a piece of machinery; on the right, a worker in a yellow hard hat and orange safety vest is holding a large blueprint. The text 'WORKER INTEREST FORM' is written in large, bold, orange letters in the center. Below this is a large QR code with a small 'b' logo in the center. To the left of the QR code, there is text about hiring and resume requirements. To the right, there is text about eligibility criteria. At the bottom, there is a URL and a disclaimer.

**WORKER INTEREST FORM**

**Developers are hiring\***  
construction & maintenance workers for JCHA sites.  
*Sign up to be considered!*

**No resume? No problem!**  
Complete entire form to have one developed for you!

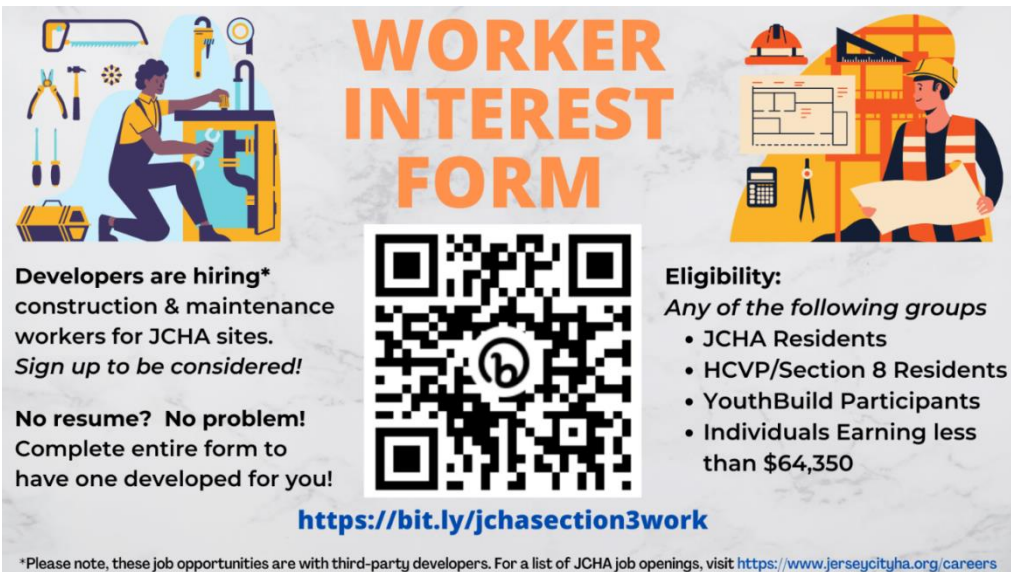
**Eligibility:**  
*Any of the following groups*

- JCHA Residents
- HCVP/Section 8 Residents
- YouthBuild Participants
- Individuals Earning less than \$64,350


<https://bit.ly/jchasection3work>

\*Please note, these job opportunities are with third-party developers. For a list of JCHA job openings, visit <https://www.jerseycityjha.org/careers>

# Flyer with FAQ



**WORKER INTEREST FORM**



**Developers are hiring\*** construction & maintenance workers for JCHA sites. *Sign up to be considered!*

**No resume? No problem!** Complete entire form to have one developed for you!

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## FREQUENTLY ASKED QUESTIONS (FAQ)

<b>What kind of work is available?</b>	Hands-on general labor, general construction and maintenance work are the most likely work opportunities at current JCHA development sites. Occasionally, there are some clerical and office work positions for larger jobs.
<b>Is work guaranteed?</b>	Submitting a form puts you on a list of qualified candidates for Section 3 work opportunities, but it is NOT a guarantee of employment. Employment is entirely up to independent contractors.
<b>Are JCHA residents from Marion, Hudson, Holland, Booker T, Curries, and other sites eligible?</b>	YES! All public housing residents are immediately eligible as targeted Section 3 workers
<b>Are Housing Choice Voucher holders or Section 8 participants eligible?</b>	YES! All public housing HCV/Section 8 participants are immediately eligible as targeted Section 3 workers
<b>Can someone who is not a housing authority resident or HCV/Section 8 register for section 3?</b>	YES! As long as the individual last year earned less than the HUD minimum to be considered a Low Income worker (currently \$64,350 for Hudson County) they may be eligible as a general section 3 worker (not targeted).
<b>Is this just for Jersey City?</b>	No, Section 3 opportunities exist at ALL large public housing sites performing development projects
<b>What is YouthBuild?</b>	YouthBuild is a community-based pre-apprenticeship program for 16–24-year-olds. There is a program in Newark. Current participants of YouthBuild are immediately eligible as targeted Section 3 workers.
<b>What if I cannot open the form?</b>	Try scanning the QR code with a data connected cell phone or tablet. If that does not work, you can complete the information on the back of this form and mail it to the JCHA central office along with your resume.