
SECTION 3 GUIDELINES

SECTION 3 BUSINESS CONCERN CERTIFICATION

Housing Authority of the Birmingham District

SECTION 3 NEW RULE 24 CFR Part 75

On November 30, 2020, HUD put into effect a New and Final Section 3 Rule for all recipients. This rule is drastically different from the old rule and therefore, we want everyone to know these requirements and plan accordingly.

Every contractor must ensure this package is included in their sub-contracts. Every sub-contractor must include this package in their lower-tiered sub-contracts.

This new rule exempts all material and supply only agreements. The rule applies to all service-related contracts/agreements despite the dollar amount or project duration, except CPA's, Attorneys, Engineers, and Architects.

There is an Order of Priority for employment that needs to be followed in the event there are multiple "equally" qualified persons for a job. Contracting is based on "Economic Opportunities" provided to Section 3 persons. Please ask if you desire to do any of these things.

Documents included in this package:

- New Requirements Summary
- Monthly Reporting Instructions
- Section 3 Business Self-Certification Forms
- Section 3 Individual Self-Certification Forms
- Hours Worked Reporting Form
- Acknowledgment and Affidavit Form

The Acknowledgement and Affidavit must be executed and returned by Every Contractor.

Housing Authority of the Birmingham District
Annual "Section 3 Benchmarks" Requirement Summary

- * Twenty (20) percent or more of the total number of labor hours worked by all workers employed with public housing financial assistance in a HA's fiscal year are Section 3 workers; and
- * Five (5) percent or more of the total number of labor hours worked by all workers employed with public housing financial assistance in a HA's fiscal year are Section 3 workers
- * There are No specific hiring or contracting goals under this new rule.
- * There is No Section 3 Business Preference under the new rule and No points awarded for being a Section 3 Business.
- * All person or business be fully qualified to perform the work.

The two new categories of Section 3 are now referred to as:

- * Section 3 Worker - Any low or very low-income persons residing in the Metropolitan area
- * Targeted Section 3 Worker - Public Housing, Voucher Holder, and YouthBuild participants

Contractors will provide these three (3) data sets to the Section 3 Consultant within 45 days of the month after the hours have been worked by EVERY person that worked directly on the contract. No back-office staff hours are counted:

- * Total Hours Worked by all workers
- * Total Hours Worked by Section 3 Workers (Individual Self-Certification Form Required)
- * Total Hours worked by Targeted Section 3 Workers (Individual Self-Certification Form Required)

There are new definitions of how to be a Section 3 Business Concern:

- * It is at least 51 percent owned by low- or very low-income persons; with businesses at least 6 months old
- * Over 75 percent of the labor hours performed for the business are performed by low- or very low-income persons; or (Based on the prior 90 days of full business payrolls)
- * It is a business at least 51 percent owned by current public housing residents or residents who currently live in Section 8-assisted housing, with businesses at least 6 months old

The Order of Priority starts with the persons at the property where the work is being done and then other HABD properties and Section 8 residents, then YouthBuild participants, lastly to the area.

MONTHLY REPORTING INSTRUCTIONS

STEP ONE

Enter your company name and the name of the contract or task you are performing in the appropriate lines at the top of the form.

STEP TWO

Determine which workers qualify as Section 3 by having each complete a Section 3 Individual Low- Income Person Self-Certification Form. This form is submitted once per Section 3 employee or those that believe they meet the definition of a Section 3 employee.

The form is to be completed by the individual and stress to the employee that the form is **Voluntary**:

1. Complete contact info section
2. Check the box that describes your situation
3. Sign and date the form
4. Complete the employer information
5. Return to your employer

STEP THREE

After determining which workers are Section 3, determine their classification based on what they check in the box on the form as **Non-Targeted** or **Targeted**:

Non-Targeted Workers are those low-income people who reside within the Housing Authority of the Birmingham District metro area

Targeted Workers are those low-income people who are currently active Housing Authority of the Birmingham District public housing , or Section 8 residents, and/or YouthBuild participants.

STEP FOUR

Enter the monthly dates of reporting on the first line, then proceed as follows:

1. Enter total hours worked by ALL contract or project level staff with exceptions as noted above*
2. Enter total hours worked by all Section 3 staff **Non-Targeted**
3. Enter total hours worked by all Section 3 staff **Targeted**

List ONLY the individual names of the workers who have self-certified as Section 3 (**Non-Targeted** and **Targeted**) along with their total hours for this months report only.

STEP FIVE

Submit the Section 3 Hours Worked Reporting on a monthly basis in the electronic system provided by the Section 3 Consultant on a future communication.

Voluntary Self-Certification Form

IN COMPLIANCE WITH SECTION 3 OF THE HUD ACT OF 1968 UPDATED 24 CFR PART 75 11/30/2020

The purpose of this form is to comply with Section 3 of the HUD Act of 1968 Business Certification requirements. To count as a Section 3 Business your company/firm must meet one of the listed categories below. Each category will require additional documentation to support the election. You must provide that supporting documentation with this form properly completed to be confirmed as a Section 3 business. If this form is submitted without the required supplemental data, your certification will not be processed.

CATEGORY	DOCUMENTATION REQUIRED	YOUR ELECTION
a business at least 51 percent owned by low- or very low-income persons;	Proof of ownership showing all owners and their percentages and a completed Section 3 Individual Self-Certification form for all low- and very low-income owners	←
Over 75 percent of the labor hours performed for the business are performed by low- or very low-income persons; or	Provide the last 90 days full payrolls for the entire company, make a list of the names from the payrolls of the Section 3 workers, and provide a completed Section 3 Individual Self-Certification for all low- and very low-income workers you list	←
It is a business at least 51 percent owned by current public housing residents or residents who currently live in Section 8-assisted housing.	Proof of ownership showing all owners and their percentages and a Section 3 Individual Self-Certification form for all public housing and/or Section 8 owners	←

I hereby certify to the US Department of Housing and Urban Development (HUD) that all of the information on this form is true and correct. I attest under penalty of perjury that my business meets the elected definition and understand proof of this information may be requested. If found to be inaccurate, I understand that I may be disqualified as a certified Section 3 business.

Full Name: _____

Company Name: _____

Street Address: _____

City: _____ State: _____ Zip: _____

Signature: _____

Date: _____

SECTION 3 INDIVIDUAL LOW-INCOME PERSON

Voluntary Self-Certification Form

IN COMPLIANCE WITH SECTION 3 OF THE HUD ACT OF 1968 UPDATED 24 CFR PART 75 11/30/2020

The purpose of this form is to comply with Section 3 of the HUD Act of 1968 self-certification income requirements. To count as a Section 3 individual, any legal resident of the United States annual income must not exceed the HUD income limits for the year before they were hired, or, the individual's current year income annualized for the year they are being confirmed as low-income.

Print Name

Phone

Email

Address

City

County

State

Zip

To qualify as a Section 3 Person, you must meet one of the standards in the brackets below and your individual annual income must not exceed the number in the box below.

Check only one box below that describes your situation:

- I am a low or very low-income person residing in the Housing Authority of the Birmingham District Metropolitan Area below
- My employer will certify that I am employed by a Section 3 business
- I reside in a Housing Authority of the Birmingham District Public Housing property
- I live in Section 8 housing administered by Housing Authority of the Birmingham District
- I am a current YouthBuild participant

The Birmingham-Hoover, AL HUD Metro FMR Area contains the following areas: Bibb County, AL; Blount County, AL; Jefferson County, AL; St. Clair County, AL; and Shelby County, AL.

I hereby certify to the US Department of Housing and Urban Development (HUD) that all of the information on this form is true and correct. I attest under penalty of perjury that my total income does not exceed the one shown above, and that proof of this information may be requested. If found to be inaccurate, I understand that I may be disqualified as a certified Section 3 individual.

Signature: _____

Date: _____

Income Limits website: <https://www.huduser.gov/portal/datasets/il/il2021/2021summary.odn>

Required Hours Worked Reporting

IN COMPLIANCE WITH SECTION 3 OF THE HUD ACT OF 1968 UPDATED 24 CFR PART 75 11/30/2020

The purpose of this form is to comply with Section 3 of the HUD Act of 1968 tracking of hours worked by all person's employed on a [Housing Authority of the Birmingham District](#) contract, including those meeting the Section 3 income requirements as low- or very low-income.

Section 3 Employees are now defined to as:

Section 3 Workers - Any low or very low-income persons residing in the Housing Authority of the Birmingham District Metropolitan Area (MSA)

Targeted Section 3 Workers - I reside in public housing or Section 8 housing managed by Housing Authority of the Birmingham District or a current YouthBuild participants (If a program is active in the area)

If your company employs any person it believe is low income now or was when they were hired within the past five years, please have them complete the SECTION 3 INDIVIDUAL LOW-INCOME PERSON SELF-CERTIFICATION FORM" and return it with their first report of employment in the Hours Worked Reporting System.

All hours worked by everyone on the project must be reported monthly in a manner prescribed by the Section 3 Coordinator. If you have questions to the following:

Jacqueline R. French
Director of Workforce Development/Section 3 Coordinator
Phone: 205.521.0614 - Cell: 205.329.0002 - Fax: 205.449.1221
jfrench@habd.net

You will report this information for your company as they apply.

- Total Hours Worked by non-Section 3 staff
- Total hours worked by all **Non-targeted Section 3** employees
- Total hours worked by all **Targeted** Section 3 employee

Housing Authority of the Birmingham District
Section 3 New Rule Contractor Acknowledgement and Affidavit
(Return this form with your Bid/Quote/Response/Contracts)

Company Name: _____

Contract or Project Name: _____

Trade Work/Classification: _____

I hereby certify to the US Department of Housing and Urban Development (HUD) that I have read all of the information in this policy package and agree to follow the requirements for complying with the order of prioritization in 75.9 and reporting of all labor hours associated with my contract as required. I further understand that failure to comply with these requirements will cause my payments to be held and not processed or not released until I come into full compliance with this policy.

Monthly, I will be required to provide these data points for all contract staff working directly on the contract not including any back-office staff:

- Total Hours Worked by all employees (Section 3 and regular employees)
- Total Hours Worked by All **Non-Targeted Section 3 employees** (Low-Income persons residing in the Housing Authority of the Birmingham District Metropolitan Area (MSA))
- Total Hours Worked by All **Targeted Section 3 employees** (Public Housing, Section 8, YouthBuild)

You are required to enter the names and hours worked by each Section 3 employee individually.

Signature: _____ Print: _____ Date: _____
