



Section 3 Compliance Guide

Step 1: Identify Section 3 Workers

- Contractor advertises and hires employees (if already hired, simply skip to certification)
- Once hired, identify Section 3 Workers and document status

Two primary options for identifying and documenting Section 3 status:

Step 1(a): Advertise and Recruit Section 3 Workers

1. Worker Self Certification (Use provided Self-Certification Template Form Included Below)
 - Contractor advertises and hires employees (if already hired, simply skip to certification)
2. Employer Certification
 - Document advertising and recruitment efforts

Step 1(b)- Documenting Section 3 Status

Worker Self-Certification Options (One of the Following)

1. Income from the prior calendar year is below 80% area median income (HUD Exchange Income Limits)
2. Employed by a Section 3 Business Concern (will need employer confirmation)
3. Currently participating in the YouthBuild program

Employer Certification Options (One of the Following)

1. Employer confirms that the worker's income from that employer is below 80% area median income
2. Employer confirms that the worker is employed by a Section 3 Business Concern

Step 1(c): Identify Targeted Section 3 Workers

Worker Self-Certification Options (One of the Following)

1. Currently participating in the YouthBuild program
2. **Income from the prior calendar year is below 80% area median income and the employee lives within the project's service area (defined as within a one-mile radius of the project; if fewer than 5,000 people live within that radius, the circle may be expanded until that population is reached); residence must be confirmed by employer**

Employer Certification Options (One of the Following)

1. Employer confirms that the worker's income from that employer is below 80% area median income and lives within employment radius
2. Employer confirms that the worker is employed by a Section 3 Business Concern



Step 2- Track and Monitor Labor Hours

Labor Hours Reporting Requirements

- HUD sought to tie Section 3 reporting requirements with standard business practices – in that most developers, contractors, and subcontractors already track labor hours in a payroll system.
- For those employers who do not track labor hours in detail through a time-and-attendance system, HUD does not require employers to acquire such a system. Instead, they may provide a good faith assessment of the labor hours for an employee.

Step 3- Reporting Section 3 Efforts – HUD Form 4736, 4736A, and 4736B

- Developers (i.e., cities and counties) report Section 3 at completion.
- See HUD Form 4736 and (A and B) (Included Below)
- Documentation of Section 3 Identification (Step 1) and Documentation of Labor Hours (Step 2) will be requested.
- If Section 3 benchmarks are not met, then developers report on the **qualitative efforts** undertaken to meet those benchmarks.

What are Qualitative Efforts?

If a contractor cannot meet benchmarks, they should report on the efforts made by the contractor to recruit Section 3 workers.

Examples of appropriate efforts:

1. Outreach efforts to generate job applicants who are Targeted Section 3 workers
2. Training/apprenticeship opportunities
3. Holding Job Fairs
4. Provide assistance to apply for/or attend education/vocational training
5. Provide financial literacy training
6. Engage in outreach to identify and secure bids from Section 3 business concerns
7. Promote the use of Section 3 business registry and HUD Opportunity Portal

Documentation of Qualitative Efforts

Documentation of efforts to comply with Section 3 should be maintained. Examples include:

1. Copies of direct mail solicitations
2. Email and internet outreach efforts
3. Formal advertisements
4. Flyers or brochures about meetings
5. Sign-in lists from job fairs and other public meetings
6. Agendas and/or meeting notes from meetings with contractors

Section 3 Public Housing/Section 8 Certification Form	U.S. Department of Housing and Urban Development Office of Field Policy and Management	HUD FORM 4736 OMB Approval Number 2501-0041 (Exp. 04/30/2025)
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(In compliance with Section 3 of the HUD Act of 1968 and 24 CFR Part 75)

Public reporting for this collection of information is estimated to average 0.5 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. The regulations are found at 24 CFR Part 75. This collection of information is required in order to ensure that a worker can be certified as an eligible Section 3 worker as outlined in 24 C.F.R. § 75.31. The information will be used by the Department to ensure compliance with Section 3 of the HUD Act of 1968 employer certification requirements listed in 24 CFR § 75.31, 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 to ensure they are complying with their recordkeeping requirements found in the regulation, and 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. 2501-0041. 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.

The purpose of this form is to comply with Section 3 of the HUD Act of 1968 certification requirements listed in 24 CFR § 75.31. This form should be completed by either a representative of a Public Housing Authority, the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing.

Please provide the worker's information below:

Printed Name of Worker: _____

Street Address (Not a PO Box) Apt# City State Zip

Phone #: _____ Email: _____

I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct information and certifies that the worker identified above is a participant in a PHA or Section 8 assisted housing program. **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; 31 U.S.C. §3729, 3802)

Housing Representative Signature

Date

Section 3 Housing and Community Development Employer Certification Form	U.S. Department of Housing and Urban Development Office of Field Policy and Management	HUD FORM 4736A OMB Approval Number 2501-0041 (Exp. 04/30/2025)
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(In compliance with Section 3 of the HUD Act of 1968 and 24 CFR Part 75)

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The purpose of this form is to comply with Section 3 of the HUD Act of 1968 employer certification requirements listed in 24 CFR § 75.31. To qualify as a Section 3 worker, the United States legal resident's annual income must not exceed the HUD income limits for the year before the worker was hired, or the individual's current income annualized on a full-time basis for the year must be below the HUD income limit. Additionally, an individual can qualify as a Section 3 worker and Targeted Section 3 worker, if an employee of a Section 3 Business Concern. To qualify as a Targeted Section 3 worker, an employer can confirm that the employee lives within the service area or neighborhood of the project.

Please provide the following information about the business/employer:

Name of Business: _____

Street Address _____ City _____ State _____ Zip _____

Phone #: _____ Email: _____

Please Provide the following information about the worker/employee:

Printed Name of Worker: _____

Street Address (Not a PO Box) _____ Apt# _____ City _____ State _____ Zip _____

Phone #: _____ Email: _____

Please indicate which of the following is true for the worker listed above: (Select all that apply)

<input type="checkbox"/> Worker's income from your employment is below the income limit based on a calculation of what the worker's wage rate would translate to if annualized on a full-time basis*	Income limit \$XX,XXX
<input type="checkbox"/> Worker is employed by a Section 3 Business Concern (Select if your business qualifies as a Section 3 Business Concern)	
<input type="checkbox"/> Worker's residence is within the service area or neighborhood of the project	

*Currently or at the time of hire if hired within the past 5 years.

I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct and certifies that the worker identified above meets the definition of a Section 3 worker. **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; 31 U.S.C. §3729, 3802)

Signature

Date

Section 3 Employer Certification Form-Public Housing	U.S. Department of Housing and Urban Development Office of Field Policy and Management	HUD FORM 4736B OMB Approval Number 2501-0041 (Exp. 04/30/2025)
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(In compliance with Section 3 of the HUD Act of 1968 and 24 CFR Part 75)

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The purpose of this form is to comply with Section 3 of the HUD Act of 1968 employer certification requirements listed in 24 CFR § 75.31. This form is to be filled out by a representative of an employer of a Section 3 worker.

Please provide the following information about the business/employer:

Name of Business: _____

Street Address _____ City _____ State _____ Zip _____

Phone #: _____ Email: _____

Please provide the following information about the worker/employee:

Printed Name of Worker: _____

Street Address (Not a PO Box) Apt# City State Zip

Phone #: _____ Email: _____

Please indicate which of the following is true for the worker listed above: (Select all that apply)

<input type="checkbox"/> Worker's income from your employment is below the income limit based on a calculation of what the worker's wage rate would translate to if annualized on a full-time basis*	Income limit \$XX,XXX
<input type="checkbox"/> Worker is employed by a Section 3 Business Concern (Select if your business qualifies as a Section 3 Business Concern)	

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Signature

Date