



SECTION 3 POLICY

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE (HACM)

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INTERNAL PROCEDURES, INSTRUCTIONS, and FORMS

This packet is designed to comply with the New HUD Section 3 Final Rule issued September 29, 2020, and became effective November 30, 2020. Therefore, these documents and instructions are related to the “Hours Worked Benchmarks” as called for in the 24 CFR Part 75 regulation. Most importantly, the rule does not require the hiring or contracting of any person or business that is not fully qualified to perform the work as would be charged. However, the rule makes clear that HUD is intent on ensuring Section 3 persons employed under the new rule receive measurable and sustainable employment. Therefore, Section 3 employees can be counted for up to five full years from the date of certification or hire respectively. HUD is expected to issue continued guidance on the new rule in the future so these documents may change in accordance with the rule.

If you should have any questions on this packet, please contact our Compliance Consultant:

J. Keith Swiney, President/CEO Motivation, Inc.
678-794-3066 keiths@motivation-inc.com

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.

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HACM 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.
- ✱ The rule does not require the hiring or contracting of any person or business that is not 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 housing authority MSA
- ✱ Targeted Section 3 Worker - Public Housing, Voucher Holder, YouthBuild participant

Contractors will provide these three (3) data sets to the HACM’s 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.

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 are those Section 3 income-qualified workers who are low-income and reside in the MSA.

Targeted are those Section 3 income-qualified workers who are low-income and reside in public housing, Section 8 or YouthBuild

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 month's report only.

Submit the Section 3 Hours Worked Reporting Form on a monthly basis to the contact person noted on your reporting form above.

SECTION 3 BUSINESS

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	← I N I T I A L ← H E R E ←
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: _____

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 HACM Public Housing or Section 8 Resident

My employer will certify that I am employed by a Section 3 business

I am a current YouthBuild participant

I am a low or very low-income person residing within the Milwaukee County MSA

My Individual Annual Income does not exceed: \$52,850*

The Milwaukee-Waukesha-West Allis, WI MSA contains the following areas: Milwaukee County, WI; Ozaukee County, WI; Washington County, WI; and Waukesha County, WI.

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 is as shown above, and that proof of this information may be requested. If found to be inaccurate, I understand that I may be disqualified as an applicant and/or a certified Section 3 individual. Finally, I authorize including my name on a list of Section 3 Residents seeking employment and to include my contact information so that contractors may contact me directly for any employment opportunities.

Signature: _____

Date: _____

SECTION 3

Hours Worked Reporting 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 tracking of hours worked by all person's employed by _____(company name) on the _____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 - are those Section 3 income-qualified workers who are low-income and reside in the MSA.

Targeted Section 3 Workers - are those Section 3 income-qualified workers who are low-income and reside in public housing, Section 8 or YouthBuild.

If your company employs any person you believe is low income now or was when they were hired within the past five years, please have them complete the SECTION 3 INDIVIDUAL LOWINCOME PERSON SELF-CERTIFICATION FORM" and return it immediately.

All hours worked by everyone on the project must be reported monthly electronically. If you have questions please contact the projects Section 3 Consultant:

Motivation Compliance and Training, Inc. (M-CAT) compliance@m-cat.co

678-794-3066

In the software, you will report this information for your team 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

The reporting system website is: To Be Provided Separately
Housing Authority of the City of Milwaukee

Section 3 New Rule Contractor Acknowledgement and Affidavit

(Return this form with your Bid/Quote/Response)

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 75.19 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 service area of a one-mile radius of the project where a 5,000 person population exists)
- 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: _____