



**Homes and  
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# **Section 3 Reporting for HCR Projects**

# Ground Rules & Helpful Information

- Please mute
- Add questions to Chat or unmute yourself at the end
- **Slideshow deck will be emailed to participants & on our site**
- Website resources: <https://hcr.ny.gov/section-3-compliance>
  - Compliance manual
  - Training Decks
  - Up-to-date forms and guidance on how to use them
  - **TIP:** Check back often to make sure you are using the most up-to-date forms



# Section 3 Refresher



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# What is Section 3?

**“It is the policy of the Congress and the purpose of this section to ensure that the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing.”**

Race  
and  
Gender  
Neutral



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## Applicability Thresholds – Key Points

- ✓ Housing construction & rehabilitation, public works
- ✓ Greater than \$200,000 of total HUD Housing & Community Development assistance (e.g. HOME, CDBG, Federal HTF, etc.)
  - ✓ Note: Any amount of Federal Public Housing Assistance triggers Section 3
- ✓ Determined at project level (for projects with multiple sites, it is at site level).
- ✓ Applies to entire project, not just S3 amount



# Basic Components of Reporting by Awardee

HUD funding Awardees (Recipients such as Developers/ Owners, Municipalities, LPAs) must either:

- Show that they met the Safe Harbor Benchmark Goals & certify that they followed hiring and contracting prioritizations.
  - **25% of Total Labor Hours to Section 3 Workers, including**
  - **5% of Total Labor Hours to Targeted Section 3 Workers**

OR

- Provide narratives and evidence about the Greatest Extent Feasible (GEF) Efforts they took to assist low-income persons with employment and training opportunities.
- Certify that they followed hiring and contracting prioritizations.



## Section 3 Workers/Targeted Section 3 Workers & Safe Harbor Benchmarks



$$\frac{\# \text{ Section 3 Worker Labor Hours}}{\# \text{ Total Labor Hours}} = 25\%$$

AND

$$\frac{\# \text{ Targeted Section 3 Worker Labor Hours}}{\# \text{ Total Labor Hours}} = 5\%$$

See HCR Hiring Form to incorporate in HR Processes



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# “Total Labor Hours”

“Hours worked by all workers employed on a Section 3 Project”

Includes hours worked by employees and contractors of, for example:

- Recipients and Subrecipients,
- Owner,
- Contractors and Subcontractors.

Does not include:

- Material Supply Contracts & Vendors
- Professional Services Hours (see bonus tip on next page)

Calculate using payroll tracking systems (used for Davis Bacon) or, if not available, good faith efforts.

Note: Hours worked by upper mgmt. (CEO, COO) and 1099 employees that are billed to a Section 3 project are included in the total labor hours. Holidays, vacation and sick time that are billed to a Section 3 project should also be included in total labor hours.





# BONUS Opportunity & Professional Services Hours Exclusion

“Non-construction services that require an advanced degree or professional licensing.”

Examples include architects, accountants, engineers, etc.

Hours worked by these professionals are *excluded* from the Total Labor Hour calculation.

## HOWEVER, there is a Bonus Opportunity for Professional Services Labor Hours:

- Awardee may count any work performed by a professional services Section 3 worker or Targeted Section 3 worker as Section 3 labor hours and as Targeted Section 3 labor hours by adding to the numerator.
- Do not count the professional services as part of the total labor hours (i.e., in the denominator of the calculation).

→ Increases your Section 3 & Targeted Section 3 Labor Hour percentages 😊



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## “Section 3 Worker”

A Section 3 Worker is any worker who **currently fits, or when hired fits, as documented within the past 5 years**, at least one of the following categories:

- ✓ Low- or very low-income persons (as defined by HUD's income limits); OR
- ✓ Employed by a Section 3 Business; OR
- ✓ DOL YouthBuild participant

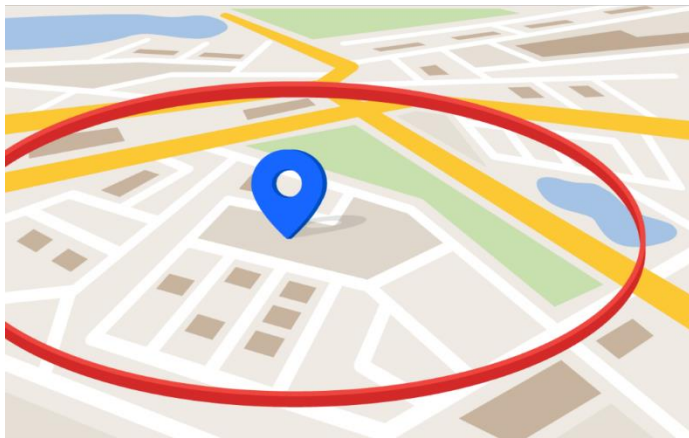
**TIP/REQUIREMENT:** Incorporate the S3 Hiring Form in your HR process to determine whether an employee and/or applicant is a Section 3 worker



# “Targeted Section 3 Worker”

Targeted Section 3 Workers are Section 3 Workers who:

- Are employed by a Section 3 Business; OR
- Currently fits or when hired fit one of these categories, **as documented within the last 5 years:**
  - DOL YouthBuild participant; OR
  - Lives in the neighborhood or service areas of the project:



This means the area within one mile of the Section 3 project site (or, if fewer than 5,000 people live within one mile of a Section 3 project, an expanded radius of circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census).



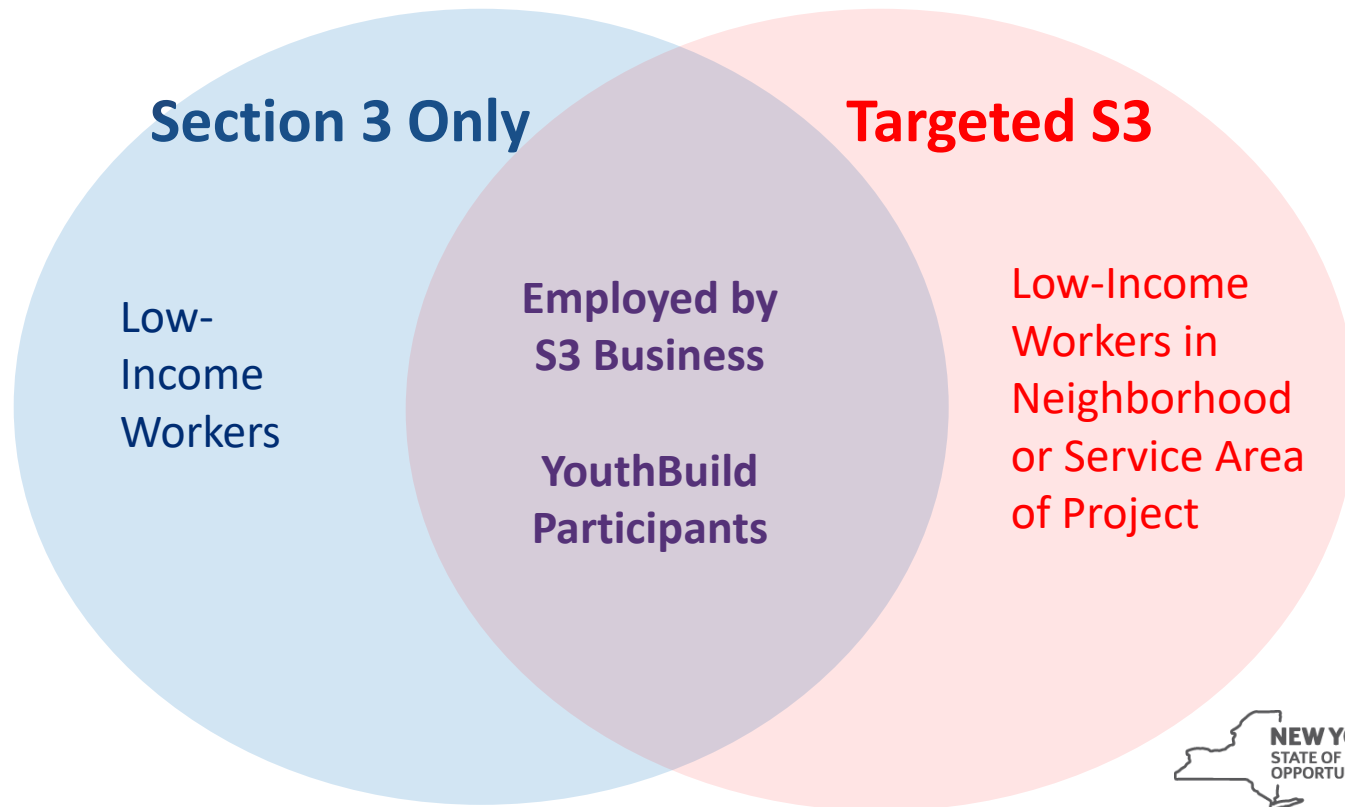
## “Section 3 Business”

A business that meets at least one of the following criteria, documented within the last **6-month period**:

- ✓ At least 51% owned and controlled by low- or very low-income persons;
- ✓ Over 75% of the labor hours performed for the business over the prior 3-month period are performed by Section 3 Workers; or
- ✓ A business at least 51% owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

**TIP/REQUIREMENT:** Section 3 certifications are required for every Section 3 business.





# Reporting Using the Consolidated Reporting Form

# Steps to Completing Consolidated Reporting Form

- Awardee's Section 3 Coordinator:
  1. Collects Sub-reporting forms from contractors and subcontractors including:
    - Hiring Forms
    - Section 3 Business Certifications
    - Documentation of Greatest Extent Feasible (GEF) Efforts
  2. Consolidates all sub-reporting forms and supporting documentation
  3. Completes consolidated Section 3 form through link provided
  4. Submits Consolidated Section 3 electronic reporting form AND all GEF documentation to HCR (Use of dropbox link OK)
- HCR reports to HUD (through IDIS system)



# Consolidated Awardee Reporting Form

- Reporting form to be completed by the Awardee's Section 3 Coordinator (Municipality, Developer, Local Non-Profit)
- Report CONSOLIDATES the information in Sub reporting forms to report this information to HCR.
- Tool to report ALL Labor Hours and Section 3 Worker hours for Recipient, Contractor and all Subs.
- Link electronic form were sent by email and available on FEHO's website:  
<https://forms.office.com/g/XtC2LpxJ4w>
- Reports that are not received through this electronic form will be rejected.
- Reporting is *cumulative* since the beginning of the project.
- Reports are required 2x/year and at the end of the project.





# Components of Consolidated Form

- Recipient (Awardee) Information
- Project Identification
- Contractors and Subcontractors
- Benchmark Goals and Safe Harbor
- Qualitative Efforts Reporting (if project did not meet benchmark goals)
  - Documentation of Efforts (space for narrative)
    - Hiring
    - Contracting
- Certification



## What is Getting Consolidated? → Sub-Reporting Form & Greatest Extent Feasible Efforts Checklist

- Double-Duty Form for Subs
  - Reporting of Section 3 Utilization (quantitative reporting)
  - Reporting of qualitative effort (GEF checklist)
- Section 1 – Project Info
- Section 2 – Section 3 Utilization Reporting
  - Total Paid Labor Hours worked on the project
  - Total Section 3 Worker Hours (goal: 25% of total work hours)
  - Total Targeted Section 3 Worker Hours (goal: 5% of total work hours)
    - 5% is part of the 25%
- Section 3 – Mandatory Minimum Requirements
- Section 4 – Hiring Efforts
- Section 5 – Contracting Efforts



# Consolidated Awardee Reporting Form

- 64 questions –
  - Must complete all the way through
    - *If project does not meet applicability conditions outlined in Q18, the form will skip to the end (Q19).*
    - *Projects that met the Section 3 benchmarks will also skip to the end and not have to complete sections about “Greatest Extent Feasible Efforts”*
  - A local PDF can be printed from the reporting link so that you can see an offline version and prepare answers
  - TIP: Create local word document and answers that can be filled in offline and then entered into the form, and later replicated for each reporting period.
- SEND ALL SUPPORTING DOCUMENTATION TO: [Section3MWBE@hcr.ny.gov](mailto:Section3MWBE@hcr.ny.gov)  
[file sharing links like dropbox can be used]



# KEY WORD = *CONSOLIDATED*

25. Does this Report include, as required, the Section 3 performance of Awardee (the reporting entity) and all sub-awardees (if any), contractors and subcontractors who have done any work on the Project? \*

Yes

No

Other



# Consolidation of Contractors & Subcontractors

21. List all Subawardees (if any), contractors and subcontractors that have worked on the Project:

\*

Enter your answer

22. Confirm that all these subawardees, contractors and subcontractors have submitted a Section 3 Sub Reporting Form to Awardee (the entity completing this form), which this electronic Form now consolidates. Email the Sub Reporting Forms to [Section3MWBE@hcr.ny.gov](mailto:Section3MWBE@hcr.ny.gov) (subject = Name of Project) \*

Yes. Confirmed.

No.

Other



# Consolidation of Section 3 Businesses Utilized

23. List any Section 3 Businesses contracted/subcontracted on this Project (Name, Location, Contact Information, Date of Contract and Type of Work performed). \*

Enter your answer

24. For any Section 3 Businesses listed above, confirm that Section 3 Business Certifications were collected upon contract-signing with the Section 3 Business. Email the Certifications to [Section3MWBE@hcr.ny.gov](mailto:Section3MWBE@hcr.ny.gov). Certification Forms available here: <https://hcr.ny.gov/S3BusinessSelfCert> \*

- Yes. Confirmed.
- No.
- Not applicable. No Section 3 Businesses worked on Project.
- Other



**STEP 1: QUANTITATIVE REPORTING:**

**DID PROJECT MEET THE NUMERICAL SAFE  
HARBORS?**



# Total Labor Hours

26. Total Labor Hours worked on Project by Awardee and ALL subawardees (if any), contractors and subcontractors that work or worked on the Project since the Start of the Project: \*

(Total Labor Hours do NOT include hours worked by Professional Services Providers, which are non-construction services that require an advanced degree or professional licensing, including, but not limited to, contracts for legal services, financial consulting, accounting services, environmental assessment, architectural services, and civil engineering services))

Enter your answer





# Consolidate S3 Worker Hours from Sub Form(s)

27. Section 3 Worker Hours: Total Labor Hours worked by Section 3 Workers. Benchmark Goal is 25% of Total Labor Hours worked on Project. \*

A Section 3 Worker is an individual employed by Awardee or its Subs who works on the Section 3 Project and who currently fits, or when hired within the past 5 years fit, at least one of the following criteria, as documented:

- Their income for the previous or annualized calendar year is categorized as low-income (80% AMI or less);
  - Residents/recipients of the following benefits are likely to meet the low-income criteria: Medicaid – Public Assistance/TANF, SNAP/Food Stamps, Section 8-assisted housing, Public Housing.
- They are employed by a Section 3 Business (these are also Targeted Section 3 Workers); or
- They are a YouthBuild participant (these are also Targeted Section 3 Workers).

BONUS OPPORTUNITY: If there are Section 3 Workers at a Professional Services company (either at Awardee or a contractor) that did work on the Project (e.g. junior accountants, architects, etc.) their work hours can be counted as a Section 3 Worker hours in this field while not counted in the Total Labor Hours, above. This may increase the Section 3 Worker hour percentages.

CONSOLIDATE ALL SECTION 3 WORKER CERTIFICATIONS (ALSO KNOWN AS THE "SECTION 3 HIRING FORM") SUPPORTING THIS NUMBER FOR NYSHCR/HUD INSPECTION.

Enter your answer



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# Meeting Safe Harbors Shortens Form

35. Did the Project meet BOTH Section 3 Benchmarks, above ? If no, Project can take advantage of the Safe Harbor and this form will skip the sections regarding Greatest Extent Feasible efforts taken by Awardee and Subs, and will take respondent to the final Certification Section). \*

Yes

No

Other



# What happens if the Awardee doesn't meet the safe harbor benchmarks?

**GREATEST EXTENT FEASIBLE EFFORTS**

**+**

**DOCUMENTATION/EVIDENCE OF EFFORTS**

**+**

**CERTIFICATION THAT YOU FOLLOWED HIRING &  
CONTRACTING PRIORITIES**

**=**

**QUALITATIVE REPORTING**



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## **STEP 2: QUALITATIVE REPORTING:**

**What efforts did awardee, contractors and subcontractors make to hire and contract with low-income individuals and the companies that hire or are owned by them?**



# Mandatory Minimum Section 3 requirements for Projects that did not meet benchmarks goals

- A. Designated Section 3 Coordinator.
- B. All Hiring and contracting for the Project (including by Subs) included prioritization for Section 3 Workers and Section 3 Businesses, consistent with other state and federal laws.
- C. Used Section 3 Contract Clause included on ALL contracts for this project.
- D. All Subs on Project completed Section 3 Sub-Reporting and Greatest Extent Feasible Checklist form.
- E. The Section 3 Hiring Form to verify workers' Section 3 status was utilized
- F. Business Certification forms for Section 3 Businesses were collected at contract signing for all Section 3 Businesses that worked on the Project
- G. Included this language on all solicitations/requests for contactors and subcontractors: "This is a HUD Section 3 project with contracting priorities for businesses that hire or are owned by low-income persons".
- H. Included this language on all job descriptions and job postings: "This is a HUD Section 3 project with hiring priorities for businesses that hire or are owned by low-income persons".
- I. Posted job opportunities on the New York State Job Bank.
- J. Notified NYS Career Centers about job opportunities at the Project..



# Dates of Job Postings & Outreach

37. List the date(s) that job postings were posted on the New York State Job Bank, the entity/Sub that posted them and the job titles posted. Retain screenshots or email confirmations on file for HUD/NYSHCR inspection. \*

Enter your answer

38. List which YouthBuild, Public Housing Authorities and NYS Career Centers were notified, the date on which they were notified, the entity that notified them and the contents of the notifications (this is the "one-stop system referenced in Section 3 regulations). \*

Enter your answer



# TIP: Use Additional Narrative Space

39. Space for Explanation (if necessary) if Project did not complete all the Mandatory Minimum Requirements:

Enter your answer



# HIRING: Greatest Extent Feasible Efforts

## HIRING - GREATEST EXTENT FEASIBLE EFFORTS

REQUIRED FOR PROJECTS THAT DIDN'T MEET THE BENCHMARK GOALS. Consolidate the activities completed by the Awardee and its Subs with respect to hiring and training and describe below. The information should be consolidated from the Sub Reporting & Greatest Extent Feasible Efforts Forms completed by the GC and Subs on the Project. Email supporting documentation/proof to Dinorah Santiago at [Section3MWBE@hcr.ny.gov](mailto:Section3MWBE@hcr.ny.gov). Use of file sharing links like DropBox are approved.

40. (Consolidate answers in Section 4:A in the SubReporting Forms) Engaged in outreach efforts to generate job applicants who are Section 3 and Targeted Section 3 Workers. Describe, including which entity carried these activities out, the dates, location and format. Provide documentation.

Enter your answer





# CONTRACTING: Greatest Extent Feasible Efforts

## CONTRACTING - GREATEST EXTENT FEASIBLE EFFORTS

REQUIRED FOR PROJECTS THAT DIDN'T MEET THE BENCHMARK GOALS. Consolidate the activities completed by the Awardee and its Subs with respect to hiring and training and describe below. The information should be consolidated from the Sub Reporting & Greatest Extent Feasible Efforts Forms completed by the GC and Subs on the Project. Email supporting documentation/proof to Dinorah Santiago at [Section3MWBE@hcr.ny.gov](mailto:Section3MWBE@hcr.ny.gov). (use a dropbox or other file sharing platform for large files).

51. (Consolidate answers in Section 5:A in the SubReporting Forms) Engaged in outreach efforts to identify and secure bids from Section 3 Businesses. Describe, including which entity carried these activities out, the dates, location and format. Provide documentation.

Enter your answer

52. (Consolidate answers in Section 5:B in the SubReporting Forms) Provided technical assistance to help Section 3 Businesses understand and bid on contracts. Describe, including which entity carried these activities out, the dates, location and format. Provide documentation.



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# Certifications

61. I certify that the information contained in this Reporting Form includes the Greatest Extent Feasible Efforts undertaken for the Project by Awardee, as well as all the General Contractor and all other contractors and subcontractors . \*

Yes

No

62. I certify that all supporting documentation regarding the Greatest Extent Feasible efforts listed above and undertaken by Awardee and its Subs were emailed to Dinorah Santiago at [Section3MWBE@hcr.ny.gov](mailto:Section3MWBE@hcr.ny.gov). \*

Yes

No

63. ADDITIONAL SPACE FOR EXPLANATION (if necessary):

Enter your answer



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# Other Section 3 forms

Document	Summary	Required for Use by:	Link
Contract Clause	Mandatory language for all S3 projects	Awardee, GC, all Subs	<a href="https://hcr.ny.gov/S3ContractClause">https://hcr.ny.gov/S3ContractClause</a>
Sub-Reporting Form & Greatest Extent Feasible Checklist	Form GC and Subs use to report S3 performance up to Awardee	GC and all Subs	<a href="https://hcr.ny.gov/S3SubReportingForm">https://hcr.ny.gov/S3SubReportingForm</a>
Section 3 Business Self Certification	Forms businesses can use to self-certify that they meet the S3 definition for a S3 business within the 6 months prior to contract	Awardee must have on file for all S3 Businesses on Project	<a href="https://hcr.ny.gov/S3BusinessSelfCert">https://hcr.ny.gov/S3BusinessSelfCert</a>
Hiring Form	Form to be used to determine which employees/applicants are Section 3 Workers % Targeted Section 3 Workers	Awardee, GC, all Subs	Translated Versions available <a href="https://hcr.ny.gov/section-3-compliance#forms---documents">https://hcr.ny.gov/section-3-compliance#forms---documents</a>



# Resources

# Resources and Training

## HUD Exchange Section 3 Resources and Training

- Section 3 FAQs
- Section 3 Guidebook and Tools
- Section 3 Training
- Section 3 Video Series

[https://www.hudexchange.info/programs/section-3/?utm\\_source=HUD+Exchange+Mailing+List&utm\\_campaign=0e6172aacc-Section-3-Video-Series-Now-Available\\_12-20-23&utm\\_medium=email&utm\\_term=0\\_0e6172aacc-%5BLIST\\_EMAIL\\_ID%5D](https://www.hudexchange.info/programs/section-3/?utm_source=HUD+Exchange+Mailing+List&utm_campaign=0e6172aacc-Section-3-Video-Series-Now-Available_12-20-23&utm_medium=email&utm_term=0_0e6172aacc-%5BLIST_EMAIL_ID%5D)

- Periodic Section 3 training.
- Email me to be added to our Section 3 distribution list – if you registered for this Webex, you already are! 😊
- Many resources available at: <https://hcr.ny.gov/section-3-compliance>
- We offer 1 on 1 technical assistance on creating a successful Section 3 program.
- Training for project teams.



# Contact

## Fair and Equitable Housing Office

### New York State Homes & Community Renewal

641 Lexington Avenue

New York, NY 10021

(347) 213-1363

<https://hcr.ny.gov/section-3-compliance>

#### Contact:

Dinorah Santiago, Section 3 Coordinator

[Dinorah.Santiago@hcr.ny.gov](mailto:Dinorah.Santiago@hcr.ny.gov)

[Section3MWBE@hcr.ny.gov](mailto:Section3MWBE@hcr.ny.gov)



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